

## FIFTY-NINTH DAY

St. Paul, Minnesota, Monday, May 21, 1979

The Senate met at 8:00 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:

Benedict	Hughes	Moe	Schmitz	Tennessee
Bernhagen	Keefe, S.	Ogdahl	Sieloff	Ueland, A.
Chmielewski	Kirchner	Olhoft	Sikorski	Ulland, J.
Coleman	Kleinbaum	Olson	Sillers	Vega
Davies	Knaak	Perpich	Solon	Wegener
Dieterich	Laufenburger	Peterson	Spear	Willet
Engler	Lessard	Pillsbury	Staples	
Frederick	Luther	Purfeerst	Stokowski	
Gearty	McCutcheon	Rued	Strand	
Gunderson	Menning	Schaaf	Stumpf	

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

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

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

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

The President declared a quorum present.

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

## MEMBERS EXCUSED

Mr. Schrom was excused from the Session of today. Messrs. Anderson, Ogdahl and Peterson were excused from the Session

of today from 8:45 o'clock a.m., to 12:30 o'clock p.m. Mr. Humphrey was excused from the Session of today until 11:00 o'clock a.m. Mr. Menning was excused from the Session of today until 9:05 o'clock a.m. Mr. Nelson was excused from the Session of today until 9:30 o'clock a.m. Mr. Sieloff was excused from the Session of today from 10:00 to 11:00 o'clock a.m.

### INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Ashbach introduced—

S. F. No. 1594: A bill for an act relating to the operation of state government; authorizing the governor to appoint a special investigator to follow up on evidence relating to audits of various state agencies and executive branch offices and to institute civil actions to recover state funds or other assets misappropriated; appropriating money; providing penalties.

Referred to the Committee on Governmental Operations.

Mr. Nichols introduced—

S. F. No. 1595: A bill for an act relating to highway traffic regulations; providing procedures for weighing certain suspected overweight motor vehicles; providing a penalty; amending Minnesota Statutes 1978, Section 169.85.

Referred to the Committee on Transportation.

Messrs. Purfeerst, Kirchner, Luther, Laufenburger and Setzpfandt introduced—

S. F. No. 1596: A bill for an act relating to motor vehicles; requiring mandatory annual inspection of motor vehicles; prescribing powers and duties of the commissioner of public safety and the pollution control agency; imposing fees for inspection; prescribing penalties; appropriating money.

Referred to the Committee on Transportation.

Messrs. Sikorski and Purfeerst introduced—

S. F. No. 1597: A bill for an act relating to agriculture; providing for agricultural preserves; providing property tax relief; appropriating money.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Solon, Bang and Laufenburger introduced—

S. F. No. 1598: A bill for an act relating to financial institutions; permitting industrial loan and thrift companies to take liens

on real estate; authorizing a charge for extended first payment periods on loans; permitting deferment charges; amending Minnesota Statutes 1978, Section 53.04, Subdivisions 3 and 4, and by adding a subdivision.

Referred to the Committee on Commerce.

#### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S. F. No. 765: A bill for an act relating to the state civil service; including veterans in the protected group for the purpose of the statewide affirmative action program; amending Minnesota Statutes 1978, Section 43.15, Subdivision 1.

Senate File No. 765 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 19, 1979

Mr. Chmielewski moved that S. F. No. 765 be laid on the table. The motion prevailed.

Mr. President:

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

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.

Four members of the House have been appointed to such committee on the part of the House as follows: Ellingson, Faricy, Crandall and Norman.

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

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 19, 1979

Mr. President:

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

S. F. No. 917: A bill for an act relating to workers' compensation; changing certain insurance rate making procedures; increas-

ing the membership of the workers' compensation court of appeals; directing certain studies; providing for certain schedules and lists; increasing certain staff; relocating workers' compensation court of appeals; changing availability amounts for certain benefits; changing rehabilitation procedures; changing certain presumptions; changing basis for attorneys' fees; changing notice provisions; establishing a workers' compensation reinsurance association; transferring self-insuring duties to the commissioner of insurance; establishing a reopened case fund; establishing a voluntary group self-insurance association; appropriating money; amending Minnesota Statutes 1978, Sections 79.01, Subdivision 2, and by adding subdivisions; 79.095; 79.10; 79.21; 79.22, by adding a subdivision; 79.25; 175.006, Subdivision 1; 175.08; 176.011, Subdivisions 9 and 15; 176.021, Subdivision 3; 176.061, Subdivision 5; 176.081, Subdivision 5; 176.101, Subdivisions 1, 3 and 4; 176.111, Subdivision 1; 176.131, Subdivisions 3, 10 and by adding a subdivision; 176.135, by adding a subdivision; 176.141; 176.155, Subdivision 2; 176.179; 176.181, Subdivision 2, and by adding a subdivision; 176.191; 176.231, Subdivisions 1 and 2; 176.235, Subdivision 1; 176.241; 176.271; 176.391, Subdivision 2; 176.521, Subdivision 1; Chapters 79, by adding sections; and 176, by adding a section; repealing Minnesota Statutes 1978, Sections 79.05; 79.06; 79.07; 175.092; and 176.101, Subdivision 7.

Four members of the House have been appointed to such committee on the part of the House as follows: Simoneau, Begich, Heinitz and Kaley.

Senate File No. 917 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 19, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 444 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 444 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 19, 1979

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 444

A bill for an act relating to intoxicating liquor; authorizing the city of Spring Lake Park to issue an on-sale intoxicating liquor license to a club in existence for less than 15 years.

May 19, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate



We, the undersigned conferees for H. F. No. 444, report that we have agreed upon the items in dispute and recommend as follows:

The Senate recede from its amendments and that H. F. No. 444 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 340.11, Subdivision 11, is amended to read:

Subd. 11. [ON-SALE LICENSES, INCLUDING HOTELS, CLUBS, RESTAURANTS, AND ON-SALE EXCLUSIVE LIQUOR STORES.] "On-sale" licenses may be issued by municipalities for the sale of intoxicating liquors in hotels, clubs, restaurants and establishments for the sale of "on-sale" liquors exclusively within the number authorized by this section. Except in a city of the first class and in addition to the number of licenses authorized by this section, an "on-sale" license may be issued, if approved by the commissioner of public safety, to a bona fide club which has been in existence for 15 years or more or to a congressionally chartered veterans' organization which has been in existence for 10 years. Such a club or veterans' organization shall be incorporated in order to be eligible to apply for a license, and the license issued shall be for the sale of intoxicating liquors to members and bona fide guests only. The license fee for such an "on-sale" license issued by a municipality pursuant to this subdivision is \$100 unless the municipality sets a higher amount. Except in cities of the first, second, and third class, a license may be issued jointly to congressionally chartered veterans' organizations which otherwise qualify under this subdivision.

Sec. 2. *Notwithstanding any law to the contrary, the cities of Spring Lake Park, Hermantown and Waseca may each issue one license for the on-sale of intoxicating liquor to a bona fide club, as defined in Minnesota Statutes, Section 340.07, Subdivision 15, which has been in existence for less than 15 years but which holds a charter from a national organization which has been in existence for 15 years or more. The license shall be subject to approval by the commissioner of public safety and shall be for the sale of intoxicating liquor to members and bona fide guests only. The fee for the license shall be \$100 unless the municipality sets a higher amount. The license so authorized shall be in addition to the number authorized by Minnesota Statutes, Section 340.11, Subdivision 5a.*

Sec. 3. *Section 2 of this act is effective for each of the cities named in section 2 upon approval by the governing body of the respective cities and compliance with the provisions of Minnesota Statutes, Section 645.021."*

Further amend the title as follows:

Delete the title and insert:

"A bill for an act relating to intoxicating liquor; allowing municipalities to set license fees in excess of \$100 for club on-sale licenses; allowing the cities of Spring Lake Park, Hermantown and Waseca to issue on-sale licenses to clubs in existence for less than 15 years; amending Minnesota Statutes 1978, Section 340.11, Subdivision 11."

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

House Conferees: (Signed) Paul McCarron, John J. Sarna, Bob Anderson, John S. Biersdorf

Senate Conferees: (Signed) David D. Schaaf, John C. Chenoweth, Nancy Brataas

Mr. Schaaf moved that the foregoing recommendations and Conference Committee Report on H. F. No. 444 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 444: A bill for an act relating to intoxicating liquor; allowing municipalities to set license fees in excess of \$100 for club on-sale licenses; allowing the cities of Spring Lake Park, Hermantown and Waseca to issue on-sale licenses to clubs in existence for less than 15 years; amending Minnesota Statutes 1978, Section 340.11, Subdivision 11.

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

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

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

Those who voted in the affirmative were:

Ashbach	Gearty	Laufenburger	Purfeerst	Spear
Benedict	Gunderson	Lessard	Renneke	Staples
Bernhagen	Hanson	Luther	Rued	Strand
Brataas	Hughes	McCutcheon	Schaaf	Stumpf
Chmielewski	Johnson	Moe	Schmitz	Tennessen
Coleman	Keefe, S.	Olhoft	Setzepfandt	Ueland, A.
Davies	Kirchner	Olson	Sieloff	Ulland, J.
Dieterich	Kleinbaum	Penny	Sikorski	Vega
Engler	Knaak	Perpich	Sillers	Wegener
Frederick	Knoll	Pillsbury	Solon	Willet

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

#### MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 772 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 772 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Transmitted May 19, 1979

**CONFERENCE COMMITTEE REPORT ON H. F. NO. 772**

A bill for an act relating to highways; allowing private landowners to install drainage tiles in highway right-of-way; amending Minnesota Statutes 1978, Section 160.20, by adding a subdivision.

May 19, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 772, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 772 be further amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 160.20, is amended by adding a subdivision to read:

*Subd. 3. [INSTALLATION OF DRAIN TILE ALONG OR ACROSS HIGHWAY RIGHT-OF-WAY.] (a) When the course of natural drainage of any land runs to a highway, the owner of the land who has been granted a permit as provided in this subdivision may install drain tile along or across the highway right-of-way along the general course of the natural drainageway, provided further that there will be no diversion of drainage waters away from the natural receiving drainageway immediately downstream from the highway. Any installation shall be made in accordance with specifications set forth in the permit and any rules that apply to the installations. When any installation is made pursuant to this subdivision the highway shall be left in as good condition in every respect as it was before the installation was made.*

*(b) Any road authority may accept applications for permits for installation of drain tile along or across the right-of-way of a highway under its jurisdiction. The road authority may adopt reasonable rules for the installations and may require a bond before granting any permit. Permits for installation along a highway right-of-way shall insure that the length of the installation is restricted to the minimum necessary to achieve the desired agricultural benefits. No permit shall allow any open trenches to be left on the right-of-way after installation of drain tile is completed. A road authority that grants a permit for drain tile installation shall not be responsible for any damage to that installation resulting from the action of the authority or any other permittee utilizing the right-of-way.*

(c) Any person who installs drain tile along or across a highway right-of-way without obtaining a permit as provided in this subdivision is guilty of a misdemeanor.

(d) The commissioner shall take no action pursuant to this subdivision which will result in the loss of any federal aid for highway construction in this state.

(e) For the purpose of this subdivision "highway" means any highway as defined in chapter 160 which is located outside the corporate limits of any home rule charter or statutory city.

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

Further, amend the title as follows:

Page 1, line 3, delete "in" and insert "along and across" and after "right-of-way" insert "under certain conditions; prescribing a penalty"

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

House Conferees: (Signed) Adolph L. Kvam, Cal R. Ludeman, Stanley J. Fudro, Bob McEachern

Senate Conferees: (Signed) Timothy J. Penny, Collin C. Peterson, Mel Frederick

Mr. Penny moved that the foregoing recommendations and Conference Committee Report on H. F. No. 772 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 772: A bill for an act relating to highways; allowing private landowners to install drainage tiles along and across highway right-of-way under certain conditions; prescribing a penalty; amending Minnesota Statutes 1978, Section 160.20, by adding a subdivision.

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

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

The roll was called, and there were yeas 46 and nays 2, as follows:

Those who voted in the affirmative were:

Ashbach	Hughes	McCutcheon	Schaaf	Tennesen
Bernhagen	Johnson	Moe	Schmitz	Ueland, A.
Brataas	Keefe, S.	Olhoff	Setzepfandt	Ulland, J.
Coleman	Kirchner	Olson	Sieloff	Vega
Davies	Kleinbaum	Penny	Sikorski	Wegener
Engler	Knaak	Perpich	Sillers	Willet
Frederick	Knoll	Pillsbury	Spear	
Gearty	Laufenburger	Purfeerst	Staples	
Gunderson	Lessard	Renneke	Strand	
Hanson	Luther	Rued	Stumpf	

Messrs. Benedict and Dieterich voted in the negative.

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

#### MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 218 and re-passed said bill in accordance with the report of the Committee, so adopted.

House File No. 218 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Transmitted May 19, 1979

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 218

A bill for an act relating to public utilities; removing cooperative telephone associations from the rate jurisdiction of the public service commission; granting associations an option as to rate regulation; amending Minnesota Statutes 1978, Section 237.06.

May 18, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 218, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and H. F. No. 218 be amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1978, Section 237.075, is amended by adding a subdivision to read:

*Subd. 9. For the purposes of this section, “telephone company” shall not include a cooperative telephone association organized under the provisions of chapter 308, or a municipal, unless the cooperative telephone association or municipal makes the election provided in this subdivision.*

*A cooperative telephone association may elect to become subject to rate regulation by the commission pursuant to this section. The election shall be (a) approved by the board of directors of the association in accordance with the procedures for amending the articles of incorporation contained in section 308.15, subdivision 1, excluding the filing requirements; or (b) approved by a majority of members or stockholders voting by mail ballot initiated by*

*petition of no fewer than five percent of the members or stockholders of the association. The ballot to be used for the election shall be approved by the board of directors and the department of public service. The department shall mail the ballots to the association's members who shall return the ballots to the department. The department will keep the ballots sealed until a date agreed upon by the department and the board of directors. On this date, representatives of the department and the association shall count the ballots. If a majority of the association's members who vote elect to become subject to rate regulation by the commission, the election shall be effective 30 days after the date the ballots are counted.*

*A municipal may elect to become subject to rate regulation by the commission pursuant to this section. The election shall be (a) approved by resolution of the governing body of the municipality; or (b) approved by a majority of the customers of the municipal voting by mail ballot initiated by petition of no fewer than 20 percent of the customers of the municipal. The ballot to be used for the election shall be approved by the governing body of the municipality and the department of public service. The department shall mail the ballots to the municipal's customers who shall return the ballots to the department. The department will keep the ballots sealed until a date agreed upon by the department and the governing body of the municipality. On this date, representatives of the department and the municipal shall count the ballots. If a majority of the customers of the municipal who vote elect to become subject to rate regulation by the commission, the election shall be effective 30 days after the date the ballots are counted.*

Sec. 2. Minnesota Statutes 1978, Section 237.081, is amended by adding a subdivision to read:

*Subd. 1a. Upon a complaint made against any cooperative telephone association or a municipal telephone utility by the governing body of any political subdivision, or by no fewer than five percent of the consumers of the particular cooperative telephone association or municipal telephone utility, that any of the rates, tolls, tariffs, charges or schedules or any regulation, measurement, practice, act or omission affecting or relating to the production, transmission, delivery or furnishing of telephone service or any service in connection therewith is in any respect unreasonable, insufficient or unjustly discriminatory, or that any service is inadequate or cannot be obtained, the commission shall proceed to make an investigation as it may deem necessary. The commission may dismiss any complaint without a hearing if in its opinion a hearing is not in the public interest.*

Sec. 3. Minnesota Statutes 1978, Section 237.081, Subdivision 4, is amended to read:

*Subd. 4. Whenever the commission shall find that any service which can be reasonably demanded cannot be obtained, or that any of the rates, tolls, tariffs, charges or schedules or any regulation, measurement, practice, act or omission affecting or relating*

*to the production, transmission, delivery or furnishing of telephone service or any service in connection therewith is in any respect unreasonable, insufficient or unjustly discriminatory, or that any service is inadequate, the commission shall determine and by order fix reasonable regulations, acts, practices or service to be furnished, imposed, observed and followed in the future in lieu of those found to be unreasonable, inadequate or otherwise unlawful, and shall make such other an order respecting such the rates, tolls, tariffs, regulation, act, omission, practice or service as shall be that is just and reasonable.*

**Sec. 4. [EFFECTIVE DATE.]** *This act is effective on the day following final enactment. This act is effective in respect to applications for cooperative telephone association or municipal rate changes pending before the commission on the effective date of this act and no refunds of increased cooperative telephone association or municipal rates ordered after the effective date of this act shall be necessary, unless the cooperative telephone association or municipal elects to be subject to rate regulation on or before 60 days after the effective date of this act."*

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

*"A bill for an act relating to telephone companies; requiring telephone cooperatives and municipals to obtain prior approval of rates only if they elect to be so regulated by the public service commission; giving the public service commission the power to investigate and determine cases upon complaint against telephone cooperatives and municipals; amending Minnesota Statutes 1978, Sections 237.075, by adding a subdivision; and 237.081, Subdivision 4, and by adding a subdivision."*

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

House Conferees: (Signed) David O. Fjoslien, Warren (Tom) Stowell, Leo G. Adams, David P. Battaglia

Senate Conferees: (Signed) Wayne Olhott, Jack Davies, Carl A. Jensen

Mr. Olhott moved that the foregoing recommendations and Conference Committee Report on H. F. No. 218 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

**H. F. No. 218:** A bill for an act relating to telephone companies; requiring telephone cooperatives and municipals to obtain prior approval of rates only if they elect to be so regulated by the public service commission; giving the public service commission the power to investigate and determine cases upon complaint against telephone cooperatives and municipals; amending Minnesota Statutes 1978, Sections 237.075, by adding a subdivision; and 237.081, Subdivision 4, and by adding a subdivision.

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

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

The roll was called, and there were yeas 47 and nays 4, as follows:

Ashbach	Hanson	McCutcheon	Schaaf	Stumpf
Bang	Hughes	Moe	Schmitz	Tennessee
Benedict	Kirchner	Olhoff	Setzepfandt	Ueland, A.
Bernhagen	Kleinbaum	Olson	Sieloff	Ulland, J.
Brataas	Knaak	Penny	Sikorski	Vega
Coleman	Knoll	Perpich	Sillers	Wegener
Davis	Knutson	Pillsbury	Solon	Willet
Engler	Laufenburger	Purfeerst	Staples	
Frederick	Lessard	Renneke	Stokowski	
Gearty	Luther	Rued	Strand	

Messrs. Dieterich; Johnson; Keefe, S. and Spear voted in the negative.

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

#### MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 990: A bill for an act relating to energy; clarifying the procedures for declaring an energy emergency; prescribing the powers of the governor and executive council in an emergency; providing for the issuance of emergency rules by the director of the energy agency; prescribing additional elements of the energy emergency conservation and allocation plan; providing for earth sheltered construction zoning variances; prohibiting local governments from banning earth sheltered construction; requiring certain building energy reports and audits; providing for an adult and post-secondary energy education plan; limiting the time for application for certain variances; providing a method for determining certain efficiencies for air conditioners; providing partial funding to school districts, municipalities and counties for energy audits and energy conservation measures; requiring the commissioner of administration to prepare plans for new buildings that utilize alternative energy sources; establishing a state building solar demonstration program; requiring notice to the Minnesota energy agency of the proposed discontinuance of municipal steam heat systems; appropriating funds to the energy agency for various energy related purposes; prescribing a penalty; authorizing a weatherization program for low-income persons; amending Minnesota Statutes 1978, Sections 12.02, Subdivision 1; 12.03, Subdivision 4, and by adding a subdivision; 12.21, Subdivisions 1 and 3, and by adding a subdivision; 12.28; 12.32; 16.32, by adding a subdivision; 116H.02, Subdivisions 3 and 5, and by adding subdivisions; 116H.08; 116H.09, Subdivisions 1, 4 and 5; 116H.11; 116H.12, Subdivisions 1a, 1b, 3a, 3b, and 10; 116H.122; 116H.123;



116H.124; 116H.126; 116H.13; 116H.15; 120.78, Subdivision 1; 325.989, by adding a subdivision; 394.25, Subdivision 3; 394.27, Subdivision 7; 451.09; 462.357, Subdivisions 1 and 6; 462A.02, by adding a subdivision; and Chapter 116H, by adding a section; and Chapter 268, by adding a section; repealing Minnesota Statutes 1978, Section 116H.125.

Four members of the House have been appointed to a Conference Committee on the part of the House as follows: Dean, Wigley, Nelson and Corbid.

House File No. 990 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives  
Transmitted May 19, 1979

Mr. Anderson moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 990, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

#### MOTIONS AND RESOLUTIONS

Mr. Peterson moved that the name of Mr. Sikorski be added as co-author to S. F. No. 1292. The motion prevailed.

Mr. Spear moved that H. F. No. 272 be taken from the table. The motion prevailed.

#### SUSPENSION OF RULES

Mr. Spear 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. 272 and that the rules of the Senate be so far suspended as to give H. F. No. 272 its second and third reading and place it on its final passage. The motion prevailed.

H. F. No. 272 was read the second time.

H. F. No. 272: A bill for an act relating to public welfare; child care services; defining a sliding fee schedule payment plan for child care; appropriating money; amending Minnesota Statutes 1978, Section 245.84, 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 52 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Bernhagen	Coleman	Frederick	Hanson
Bang	Brataas	Davies	Gearty	Hughes
Benedict	Chmielewski	Dieterich	Gunderson	Johnson

Keefe, S.	Luther	Purfeerst	Sillers	Ueland, A.
Kirchner	McCutcheon	Renneke	Solon	Ulland, J.
Kleinbaum	Moe	Rued	Spear	Vega
Knaak	Olhoft	Schaaf	Staples	Wegener
Knoll	Olson	Schmitz	Stokowski	Willet
Knutson	Penny	Setzepfandt	Strand	
Laufenburger	Perpich	Sieloff	Stumpf	
Lessard	Pillsbury	Sikorski	Tennessen	

So the bill passed and its title was agreed to.

#### MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Spear moved that S. F. No. 266, now on Special Orders be stricken and laid on the table. The motion prevailed.

Mr. Chmielewski moved that S. F. No. 765 be taken from the table. The motion prevailed.

S. F. No. 765: A bill for an act relating to the state civil service; including veterans in the protected group for the purpose of the statewide affirmative action program; amending Minnesota Statutes 1978, Section 43.15, Subdivision 1.

#### CONCURRENCE AND REPASSAGE

Mr. Chmielewski moved that the Senate concur in the amendments by the House to S. F. No. 765 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 765 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 52 and nays 3, as follows:

Those who voted in the affirmative were:

Ashbach	Gunderson	Luther	Renneke	Strand
Bang	Hanson	McCutcheon	Rued	Stumpf
Benedict	Johnson	Menning	Schaaf	Tennessen
Bernhagen	Keefe, J.	Moe	Schmitz	Ueland, A.
Brataas	Kirchner	Nichols	Setzepfandt	Ulland, J.
Chmielewski	Kleinbaum	Olhoft	Sieloff	Vega
Coleman	Knaak	Olson	Sikorski	Wegener
Davies	Knoll	Penny	Sillers	Willet
Engler	Knutson	Perpich	Solon	
Frederick	Laufenburger	Pillsbury	Staples	
Gearty	Lessard	Purfeerst	Stokowski	

Messrs. Dieterich; Keefe, S. and Spear voted in the negative.

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

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

#### REPORTS OF COMMITTEES

Mr. Davies from the Committee on Judiciary, to which was referred the following appointment as reported in the Journal for April 11, 1979:

**DEPARTMENT OF HUMAN RIGHTS  
COMMISSIONER**

Marilyn McClure

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

Mr. Davies from the Committee on Judiciary, to which was referred the following appointment as reported in the Journal for May 2, 1979:

**CRIME VICTIMS REPARATIONS BOARD**

John R. Lyght

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

Mr. Davies from the Committee on Judiciary, to which was referred the following appointment as reported in the Journal for April 16, 1979:

**CRIME VICTIMS REPARATIONS BOARD**

Dr. Johanna B. Miller

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

**SUSPENSION OF RULES**

Mr. Davies moved that the rules of the Senate be so far suspended as to allow consideration and confirmation of the following appointment. The motion prevailed.

**CONFIRMATION**

Mr. Davies moved that the report from the Committee on Judiciary reported May 21, 1979, be now adopted. The motion prevailed.

Mr. Davies moved that in accordance with the report from the Committee on Judiciary, reported May 21, 1979, the Senate, having given its advice, do now consent to and confirm the appointment of:

**DEPARTMENT OF HUMAN RIGHTS  
COMMISSIONER**

Marilyn McClure, 1908 Arona, Falcon Heights, Ramsey County, effective March 31, 1979, for a term expiring the first Monday in January, 1983.

The motion prevailed. So the appointment was confirmed.

**SUSPENSION OF RULES**

Mr. Davies moved that the rules of the Senate be so far suspended as to allow consideration and confirmation of the following appointments. The motion prevailed.

**CONFIRMATION**

Mr. Davies moved that the report from the Committee on Judiciary reported May 21, 1979, be now adopted. The motion prevailed.

Mr. Davies moved that in accordance with the report from the Committee on Judiciary, reported May 21, 1979, the Senate, having given its advice, do now consent to and confirm the appointments of:

**CRIME VICTIMS REPARATIONS BOARD**

John R. Lyght, 7300 Caribou Trail, Lutsen, Cook County, effective April 19, 1979, for a term expiring the first Monday in January, 1983.

Dr. Johanna B. Miller, 2909 Drew Avenue South, Minneapolis, Hennepin County, effective April 9, 1979, for a term expiring the first Monday in January, 1980.

The motion prevailed. So the appointments were confirmed.

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

S. F. No. 406: A bill for an act relating to labor; creating a full employment and economic equity study commission; appropriating money.

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

Page 1, line 7, delete "STUDY"

Page 1, line 8, delete "COMMISSION.] A study commission" and insert "ADVISORY TASK FORCE.] An advisory task force"

Page 2, lines 20 and 23, delete "commission" and insert "task force"

Page 3, line 14, before the period, insert ", subdivision 6"

Page 3, lines 15, 18, and 23, delete "commission" and insert "task force"

Page 4, line 1, delete "commission" and insert "task force"

Amend the title as follows:

Page 1, line 3, delete "study commission" and insert "advisory task force"

And when so amended the bill do pass.

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

## SECOND READING OF SENATE BILLS

S. F. No. 406 was read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

## MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 118 and the Conference Committee Report thereon were reported to the Senate.

## CONFERENCE COMMITTEE REPORT ON S. F. NO. 118

A bill for an act relating to crimes; defining the crime of receiving stolen property; amending Minnesota Statutes 1978, Section 609.53, Subdivision 2.

May 19, 1979

The Honorable Edward J. Gearty  
President of the Senate

The Honorable Rod Searle  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 118, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and S. F. No. 118 be further amended as follows:

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 1978, Section 609.53, Subdivision 1, is amended to read:

609.53 [RECEIVING STOLEN GOODS.] Subdivision 1. Any person who receives, *possesses, transfers*, buys or conceals any stolen property or property obtained by robbery, knowing the same to be stolen or obtained by robbery, may be sentenced as follows:

(1) If the value of the property received, bought or concealed is ~~\$100~~ \$150 or more, to imprisonment for not more than ten years or to payment of a fine of not more than \$10,000, or both;

(2) If the value of the property received, bought or concealed is less than ~~\$100~~ \$150, to punishment as a misdemeanor."

Page 1, after line 13, insert:

"Sec. 3. *This act is effective August 1, 1979 and applies to all offenses committed on or after that date and to all persons convicted of a crime committed on or after that date.*"

Renumber the sections in sequence

Further, amend the title as follows:

Page 1, line 4, delete "Subdivision" and insert "Subdivisions 1 and"

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

Senate Conferees: (Signed) Jack Davies, Gerry Sikorski, John Bernhagen

House Conferees: (Signed) Elliot Rothenberg, Glen A. Sherwood, Donald M. Moe, Steven G. Novak

Mr. Davies moved that the foregoing recommendations and Conference Committee Report on S. F. No. 118 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 118 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 55 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

#### MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 450 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S. F. NO. 450

A bill for an act relating to probate; clarifying the form for a self-proved will; amending Minnesota Statutes 1978, Section 524.2-504.

May 17, 1979

The Honorable Edward J. Gearty  
President of the Senate

The Honorable Rod Searle  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 450, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments

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

Senate Conferees: (Signed) Ron Sieloff, Neil Dieterich, Delores Knaak

House Conferees: (Signed) Ray W. Faricy, Tad Jude, Bill Peterson, William A. Crandall

Mr. Sieloff moved that the foregoing recommendations and Conference Committee Report on S. F. No. 450 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 450 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

#### MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 521 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S. F. NO. 521

A bill for an act relating to the city of St. Cloud; authorizing sale of liquor at the Municipal Sports Complex.

May 18, 1979

The Honorable Edward J. Gearty  
President of the Senate

The Honorable Rod Searle  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 521, report that we have agreed upon the items in dispute and recommend as follows:

Strike everything after the enacting clause and insert:

*"Section 1. Notwithstanding any statute, ordinance, or charter to the contrary, the governing body of the city of St. Cloud may by ordinance authorize any holder of an on-sale intoxicating liquor license issued by the city to dispense intoxicating liquor at any convention, banquet, conference, meeting or social affair at the premises known and used as the Municipal Sports Complex. The licensee must be engaged to dispense intoxicating liquor at such an event held by a person or organization permitted to use space at the arena, and may dispense intoxicating liquor only to persons attending the event. The dispensing of intoxicating liquor shall be subject to all laws and ordinances governing the dispensing of intoxicating liquor as are not inconsistent herewith. Nothing in this act shall authorize the dispensing of intoxicating liquor to any person attending or participating in any amateur hockey game, or elementary or secondary school or college athletic event being held on the Sports Complex premises. This section is effective upon its approval by the governing body of the city of St. Cloud and compliance with Minnesota Statutes, Section 645.021.*

*Sec. 2. In addition to the number permitted by Minnesota Statutes, Section 340.11, Subdivision 5a, and notwithstanding any other law to the contrary, the city of Bloomington may issue two on-sale licenses for the sale of intoxicating liquor. This section is effective upon approval by the governing body of the city of Bloomington and compliance with Minnesota Statutes, Section 645.021.*

*Sec. 3. Minnesota Statutes 1978, Section 340.11, Subdivision 11b, is amended to read:*

*Subd. 11b. [ON-SALE LICENSES TO CERTAIN NON-PROFIT CORPORATIONS.] "On-sale" licenses for the sale of intoxicating liquor may, in the discretion of the municipality, be issued in any city of the first class to any nonprofit corporation which was organized prior to January 1, 1962 1972 to promote, stimulate, and support community education, appreciation and development of the theater and cultural arts through dramatic performances and other means and which has operated a repertory theater in the city since at least January 1, 1964 1972. Such licenses may be issued notwithstanding any limitations imposed by law, charter or ordinance relating to liquor patrol limits, zoning, or school or church distance limitations and such licenses shall be in excess of any limitations imposed by subdivision 6, or otherwise. All other laws, charter provisions, or ordinances relating to*



the licensing and regulation of on-sale liquor establishments, including the granting, renewal, suspension or revocation of licenses shall apply. Any license issued pursuant to this subdivision shall authorize the sale of intoxicating liquor only to holders of tickets to dramatic performances presented by such nonprofit corporation and members of such nonprofit corporation and their guests.

Sec. 4. Minnesota Statutes 1978, Section 340.13, Subdivision 3, is amended to read:

Subd. 3. [LIMITATIONS ON A LICENSE ISSUED TO A PERSON OR PLACE; PENALTY.] No more than one *off-sale* intoxicating liquor license shall be directly or indirectly issued to any one person or for any one place in each municipality. It is a gross misdemeanor for any person, partnership, or corporation to knowingly have or possess a direct or indirect interest in more than one *off-sale* license in each municipality and upon conviction therefor the governing body of such municipality may immediately revoke all licenses in which such person, partnership or corporation has an interest. The term "interest" includes any pecuniary interest in the ownership, operation, management, or profits of a retail liquor establishment, but does not include: bona fide loans; bona fide rental agreements; bona fide open accounts or other obligations held with or without security arising out of the ordinary and regular course of business of selling or leasing merchandise, fixtures or supplies to such establishment; an interest in a corporation owning or operating a hotel but having at least 150 or more rental units holding a liquor license in conjunction therewith; or 10 percent or less interest in any other corporation holding a license. A person who receives moneys from time to time directly or indirectly from a licensee, in the absence of a bona fide consideration therefor and excluding bona fide gifts or donations, shall be deemed to have a pecuniary interest in such retail license. In determining "bona fides" the reasonable value of the goods or things received as consideration for any payment by the licensee and all other facts reasonably tending to prove or disprove the existence of any purposeful scheme or arrangement to evade the prohibitions of this subdivision shall be considered.

Sec. 5. Minnesota Statutes 1978, Section 340.13, Subdivision 7, is amended to read:

Subd. 7. [LICENSES IN CONNECTION WITH PREMISES OF ANOTHER.] No license shall be issued to any person in connection with the premises of another to whom no license could be issued under the provisions of the intoxicating liquor act; provided, that this provision shall not prevent the granting of a license to a proper lessee by reason of the fact that he shall lease premises of a minor, non-citizen, or a person who has been convicted of a crime other than a violation of the intoxicating liquor act. No more than one license shall be issued to any person in any municipality except as otherwise specifically provided for in the intoxicating liquor act.

Sec. 6. Minnesota Statutes 1978, Section 340.14, Subdivision 3, is amended to read:

Subd. 3. [SALES; WHERE FORBIDDEN.] No intoxicating liquors shall be sold in any of the following places:

(1) Within the capitol or upon the grounds thereof;

(2) Upon the state fairgrounds or at any place in a city of the first class within one-half mile of such fairgrounds except as hereinafter otherwise provided by charter;

(3) Upon the campus of the school institute of agriculture of the University of Minnesota or at any place in a city of the first class within one-half mile of such campus except as hereinafter otherwise provided by charter. *The city may issue one on-sale wine license to a vendor in the territory described in this clause that is not also included in the territory described in clause (2). The license is in addition to any others permitted in the city by other law or charter;*

(4) Within 1,000 feet of any state hospital, training school, reformatory, prison, or other institution under the supervision and control, in whole or in part, of the commissioner of public welfare or the commissioner of corrections. Whoever sells or otherwise disposes of intoxicating liquor at retail at a place prohibited by this clause is guilty of a gross misdemeanor;

(5) In any town or municipality in which a majority of votes at the last election at which the question of license was voted upon shall not have been in favor of license, or within one-half mile of any such municipality, except that any intoxicating liquor, manufactured within any such district, may be sold to be consumed outside of such district;

(6) At any place on the east side of the Mississippi river within one-tenth mile of the main building of the University of Minnesota unless the licensed establishment is on property owned or operated by a nonprofit corporation organized prior to January 1, 1940 for and by former students of the University of Minnesota; a license may be issued under this clause notwithstanding any local law to the contrary;

(7) Within 1,500 feet of any state university, except as hereinafter provided, or, when the place of sale is not within a municipality, within 1,500 feet of any public school outside of a municipality; within 1,200 feet at Winona state university, and at Southwest state university and in determining the distance, the measurement shall be along the most direct line from the nearest corner of the administration building of the university to the main entrance of the licensed premises; as to Mankato state university in the city of Mankato when the place of sale is within 1,500 feet as measured from the front door of the student union of the Highland campus;

(8) At more than five places on any one side of a block within and fronting upon the patrol limits of cities of the first class;

(9) The restrictions imposed by this subdivision shall not apply to any manufacturer or wholesaler of intoxicating liquors or to a

drug store or to any person lawfully licensed to sell intoxicating liquor immediately prior to the enactment of this subdivision.

*Sec. 7. Section 6 is effective the day following final enactment."*

Further, strike the title and insert:

"A bill for an act relating to liquor; providing for licenses in various cities; limiting licenses allowed to be issued to persons and places; amending Minnesota Statutes 1978, Sections 340.11, Subdivision 11b; 340.13, Subdivisions 3 and 7; and 340.14, Subdivision 3."

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

Senate Conferees: (Signed) Jack I. Kleinbaum, Otto T. Bang, Jr., Neil Dieterich

House Conferees: (Signed) Al W. Patton, James C. Pehler, Kathleen A. Blatz, John S. Biersdorf

Mr. Kleinbaum moved that the foregoing recommendations and Conference Committee Report on S. F. No. 521 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 521 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 48 and nays 8, as follows:

Those who voted in the affirmative were:

Ashbach	Gerty	Laufenburger	Rued	Stokowski
Bang	Hanson	Luther	Schaaf	Strand
Bernhagen	Hughes	McCutcheon	Schmitz	Stumpf
Brataas	Johnson	Moe	Setzepfandt	Tennessee
Chenoweth	Keefe, J.	Nichols	Sieloff	Ueland, A.
Chmielewski	Keefe, S.	Olson	Sikorski	Ulland, J.
Coleman	Kirchner	Penny	Sillers	Vega
Dieterich	Kleinbaum	Perpich	Solon	Wegener
Engler	Knaak	Pillsbury	Spear	
Frederick	Knoll	Purfeerst	Staples	

Those who voted in the negative were:

Benedict	Gunderson	Menning	Renneke	Willet
Davies	Lessard	Olhoft		

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

S. F. No. 186 and the Conference Committee Report thereon were reported to the Senate.

## CONFERENCE COMMITTEE REPORT ON S. F. NO. 186

A bill for an act relating to crimes; limiting a perpetrator's right to commercially exploit the crime; providing for the payment of crime victims; appropriating money; amending Minnesota Statutes 1978, Chapter 299B, by adding a section.

May 19, 1979

The Honorable Edward J. Gearty  
President of the Senate

The Honorable Rod Searle  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 186, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and S. F. No. 186 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Chapter 299B, is amended by adding a section to read:

**[299B.17] [LIMITING COMMERCIAL EXPLOITATION OF CRIMES; PAYMENT OF VICTIMS.]** *Subdivision 1. For purposes of this section "crime" means an offense which is a felony under the Laws of Minnesota.*

*Subd. 2. A legal entity that contracts with an individual person or the representative or assignee of a person who has been convicted of a crime in this state, or found not guilty by reason of insanity, regarding (a) the reenactment of the crime, by way of a movie, book, newspaper or magazine article, radio or television presentation, or live or recorded entertainment of any kind, or (b) the expression of the person's thoughts, feelings, opinions or emotions about the crime, shall notify the crime victims reparations board of the existence of the contract and pay over to the crime victims reparations board any moneys owed to that person or his representatives by virtue of the contract. If the crime occurred in this state, the proportion payable is one hundred percent. If the crime occurred in another jurisdiction having a law applicable to the case which is substantially similar to this section, the proportion payable is zero and this section does not apply. In all other cases, the proportion payable is that which fairly can be allocated to commerce in this state. This section does not apply to crimes occurring outside the United States. The board shall deposit the moneys pursuant to subdivision 7 and assign the amount received in each case for the benefit of any victim of crimes committed by the person. The moneys shall be paid by the board to any victim or the legal representative of a victim if (1) the person is convicted of the crime or found not guilty by reason of insanity, and (2) the claimant, within five years of the date of payment to the board in the case, brings a civil action in a court of competent jurisdiction and recovers a money judgment for damages against the per-*

son or his representatives. Notwithstanding any provision of law for the timely bringing of an action, an action may be brought pursuant to this section within a five year period which begins to run on the date payment is made to the board in a case; provided that once the person has been discharged from his sentence by court order or upon expiration of sentence, this section shall not apply.

Subd. 3. When the board receives a payment pursuant to this section, it shall attempt to notify any known victims of the crime and shall publish a notice of that fact in a newspaper having general circulation in the county where the crime was committed. The expenses of notification shall be paid from the amount received for that case.

Subd. 4. When the board has made payments to or on behalf of a crime victim pursuant to sections 299B.01 to 299B.16, to the extent of payment made, it is subrogated to any claim or judgment of the victim or his representative against the offender.

Subd. 5. Upon a showing by that person convicted of a crime or found not guilty by reason of insanity, or his representative, that five years have elapsed from the date of payment to the board in the case, and further that no actions are pending against him pursuant to this section, the board shall immediately pay over to him any moneys in the account related to the case.

Subd. 6. Notwithstanding any other provision of this section, the board shall make payments to a person convicted of crime or found not guilty by reason of insanity from the account of amounts received with reference to that person upon the order of a court of competent jurisdiction after a showing by that person that the moneys shall be used for the reasonable costs of defense in the appeal of his criminal conviction or in civil proceedings pursuant to this section.

Subd. 7. All moneys received by the board pursuant to this section shall be deposited in the state treasury, credited to a special account, and are appropriated to the board for the purposes of this section. Money in the special account may be invested pursuant to section 11.10. When so invested, any interest or profit shall accrue to, and any loss be borne by, the special account. The board shall allocate money in the special account to each case pursuant to this section.

Subd. 8. Any action taken, whether by way of execution of a power of attorney, creation of corporate or trust entities or otherwise, to defeat the purpose of this section shall be null and void as against the public policy of this state.

Sec. 2. [EFFECTIVE DATE.] This act is effective the day after final enactment and applies to contracts entered into after that date."

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

Senate Conferees: (Signed) Florian Chmielewski, Gerry Sikorski, John B. Keefe

**House Conferees: (Signed) Peggy Byrne, Paul McCarron, Elliot C. Rothenberg, M. D. (Mike) Fritz**

Mr. Chmielewski moved that the foregoing recommendations and Conference Committee Report on S. F. No. 186 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 186 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

#### MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 831 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON 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.

May 19, 1979

The Honorable Edward J. Gearty  
President of the Senate

The Honorable Rod Searle  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 831, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and S. F. No. 831 be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Laws 1967, Chapter 721, Section 2, as amended by Laws 1969, Chapter 885, Section 1; Laws 1971, Chapter 954, Section 1; and Laws 1973, Chapter 473, Section 1, is amended to read:

Sec. 2. [HENNEPIN COUNTY; PARK RESERVE DISTRICT; TAX LEVY.] To provide funds for the purposes of the Hennepin county park reserve district as set forth in its annual budget, in lieu of the levies authorized by any other special law for such purposes, the board of county commissioners of Hennepin county upon approval of each annual budget may levy taxes on all the taxable property in the county and park district at a rate not exceeding .67 1.0 mill on the assessed valuation thereof. To provide funds for the acquisition and betterment of park properties and facilities of the district in accordance with plans filed by it under Minnesota Statutes, Section 398.19, upon request of the board of park district commissioners by a resolution or resolutions regularly adopted by a majority of all members thereof, the board of county commissioners of Hennepin county may, in addition to bonds issued by the county for this purpose before January 1, 1973, by resolution issue and sell general obligation bonds of the county in the manner provided in Minnesota Statutes, Sections 475.60 to 475.753, in an aggregate amount not exceeding \$2,500,000. Taxes for the payment of the principal of and interest on such bonds shall be assessed and extended upon all taxable property in the county. Such bonds shall not be subject to the limitations of Minnesota Statutes, Sections 475.51 to 475.59, but the maturity years and amounts and interest rates of each series of bonds shall be fixed so that the maximum amount of principal and interest to become due in any year on the bonds authorized by this law and all bonds issued by the county for the purposes of the district before January 1, 1973, shall not exceed an amount equal to three tenths of one mill times the assessed value of all taxable property in the county as last finally equalized before the issuance of the new series.

Sec. 2. [HENNEPIN COUNTY PARK RESERVE DISTRICT; COMMISSIONERS.] *Subdivision 1. Effective January 1, 1983, and notwithstanding any provision of Minnesota Statutes, Sections 398.02 to 398.04, or any other law to the contrary, the board of park district commissioners of the Hennepin county park reserve district shall consist of seven commissioners appointed or elected as provided in this section.*

*Subd. 2. Three park district commissioners shall be appointed by the park and recreation board of the city of Minneapolis from among its membership. Each park district commissioner appointed pursuant to this subdivision shall serve for a term coinciding with his term on the park and recreation board of the city of Minneapolis, and until a successor is appointed and qualifies. If a vacancy occurs among the commissioners appointed pursuant to*

*this subdivision, the park and recreation board of the city of Minneapolis shall appoint a successor.*

*Subd. 3. Four park district commissioners shall be elected as provided in this subdivision to represent those portions of Hennepin county outside of the city of Minneapolis. One park district commissioner shall be elected without party designation from each of the districts established pursuant to subdivision 4. Elections under this subdivision shall be held at the same time and in the same manner as elections for the office of county commissioner. Each park district commissioner elected pursuant to this subdivision shall be a resident of the district he represents and shall serve for a term of four years and until a successor is elected and qualifies, except that the term of office of each park district commissioner elected at the general election held in the year of a federal census shall be only two years and until a successor is elected and qualifies. If a vacancy occurs in the office of any commissioner elected pursuant to this subdivision, the board of park district commissioners shall appoint a successor residing in that district to fill the unexpired term.*

*Subd. 4. By no later than August 1, 1980, and after at least 30 days notice and public hearing, the board of park district commissioners of the Hennepin county park reserve district shall divide the territory of Hennepin county outside the city of Minneapolis into four districts. Each district shall be composed of contiguous territory as regular and compact in form as practicable and as nearly equal in population as possible, provided that no district shall vary in population more than ten percent from the average of all the districts, unless compliance with this requirement requires division of a voting precinct. After each federal census and by not later than 120 days before the next ensuing general election, after at least 30 days notice and public hearing, the board of park district commissioners of the Hennepin county park reserve district shall redistrict the territory of Hennepin county outside the city of Minneapolis into new commissioner districts as necessary to comply with the provisions of this subdivision. The districts established pursuant to this subdivision shall remain effective until new districts are established. Any person aggrieved by a districting plan established pursuant to this subdivision may challenge the plan in the same manner as a county commissioner districting plan may be challenged pursuant to Minnesota Statutes, Section 375.025. The district court in reviewing any challenge to a districting plan under this subdivision shall proceed in the manner prescribed by Minnesota Statutes, Section 375.025. Each districting plan established pursuant to this subdivision shall be filed in the office of the director of finance of Hennepin county or any successor office and shall be effective 31 days after its publication in a newspaper of general circulation in the county.*

*Sec. 3. [TRANSITION TO ELECTED BOARD.] Notwithstanding any law to the contrary, until January 1, 1983, the park district commissioners of the Hennepin county park reserve district shall continue to be appointed and vacancies shall continue to be filled as provided in Laws 1963, Chapter 883, Section 1. On*



*January 1, 1983, the terms of office of all commissioners appointed pursuant to Laws 1963, Chapter 883, Section 1, shall expire and the first commissioners appointed or elected as provided in section 2 shall take office. Thereafter the park district commissioners of the Hennepin county park reserve district shall be appointed or elected and vacancies shall be filled as provided in section 2.*

**Sec. 4. [DECISIONS OF ENVIRONMENTAL QUALITY BOARD AFFECTING HENNEPIN COUNTY; REQUEST FOR RECONSIDERATION.]** *Notwithstanding any law to the contrary, any resident of Hennepin county 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 entire membership of the board not to require preparation of an environmental impact statement, may file a written request to the board to reconsider that decision. The request for reconsideration shall be filed with the board not later than 30 days after the effective date of this act. Upon receipt of a request authorized by this section, the board shall reconsider its previous decision and make a final decision concerning the petition. The board shall make its final decision by a majority vote of the entire membership of the board. No construction shall commence on any 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 as provided in this section.*

**Sec. 5. [REPEALER.]** *Laws 1963, Chapter 883, Section 2, is repealed, effective January 1, 1983.*

**Sec. 6. [EFFECTIVE DATE.]** *This act is effective the day following its final enactment."*

Further, delete the title and insert:

*"A bill for an act relating to Hennepin county; providing for the operation of the Hennepin county park reserve district; regulating its tax levies; providing for appointment and election of park commissioners; permitting certain residents of Hennepin county to request reconsideration of certain decisions of the environmental quality board affecting Hennepin county; amending Laws 1967, Chapter 721, Section 2, as amended; repealing Laws 1963, Chapter 883, Section 2."*

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

Senate Conferees: (Signed) Emily Anne Staples, William P. Luther, Harmon T. Ogdahl

House Conferees: (Signed) Robert L. Ellingson, Tad Jude, Jim Heap, Douglas R. Ewald

Mrs. Staples moved that the foregoing recommendations and Conference Committee Report on S. F. No. 831 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 831 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 46 and nays 9, as follows:

Those who voted in the affirmative were:

Bang	Hanson	Moe	Schaaf	Stumpf
Bernhagen	Hughes	Nelson	Schmitz	Tennessen
Chenoweth	Johnson	Nichols	Setzepfandt	Ueland, A.
Chmielewski	Keefe, J.	Olhoft	Sieloff	Ulland, J.
Davies	Keefe, S.	Olson	Sikorski	Vega
Dieterich	Kirchner	Penny	Sillers	Wegener
Engler	Laufenburger	Perpich	Solon	
Frederick	Luther	Purfeerst	Spear	
Gearty	McCutcheon	Renneke	Staples	
Gunderson	Menning	Rued	Strand	

Those who voted in the negative were:

Benedict	Knaak	Knutson	Pillsbury	Willet
Brataas	Knoll	Lessard	Stokowski	

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

#### MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 856 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S. F. NO. 856

A bill for an act relating to public health; authorizing waiver of minimum health maintenance organization requirements for demonstration projects; amending Minnesota Statutes 1978, Chapter 62D, by adding a section.

May 17, 1979

The Honorable Edward J. Gearty  
President of the Senate

The Honorable Rod Searle  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 856, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 856, be further amended as follows:

Page 2, line 11, before the period insert: "*and an out of hospital prescription drug benefit. The out of hospital prescription drug*

*benefit may be waived by the commissioner if the health maintenance organization presents evidence satisfactory to the commissioner that the inclusion of the benefit would restrict the operation of the demonstration project"*

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

Senate Conferees: (Signed) Emily Anne Staples, John B. Keefe, Tom A. Nelson

House Conferees: (Signed) Lyndon R. Carlson, James C. Swanson, John R. Kaley, John Drew

Mrs. Staples moved that the foregoing recommendations and Conference Committee Report on S. F. No. 856 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 856 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

## MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 1047 and the Conference Committee Report thereon were reported to the Senate.

## CONFERENCE COMMITTEE REPORT ON S. F. NO. 1047

A bill for an act relating to workers' compensation; providing for settlement of claims; amending Minnesota Statutes 1978, Section 176.521, Subdivisions 1 and 2.

May 18, 1979

The Honorable Edward J. Gearty  
President of the Senate

The Honorable Rod Searle  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1047, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate accede to the House amendments, and that S. F. No. 1047 be further amended as follows:

Page 1, line 14 of the Stadum amendment, delete *"The bureau"* and insert: *"Upon written request an insurer"*

Page 1, delete lines 17 through 20 of the Stadum amendment, and insert: *"This explanation shall be mailed to the insured within 30 days of the request."*

Renumber the sections in sequence

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

Senate Conferees: (Signed) George S. Pillsbury, Roger Laufenburg, Conrad M. Vega

House Conferees: (Signed) John R. Kaley, Tony E. Stadum, Wayne A. Simoneau, Joseph R. Begich

Mr. Pillsbury moved that the foregoing recommendations and Conference Committee Report on S. F. No. 1047 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 1047 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Gearty	Lessard	Purfeerst	Strand
Bang	Gunderson	Luther	Renneke	Stumpf
Benedict	Hanson	McCutcheon	Rued	Tennessee
Bernhagen	Hughes	Menning	Schaaf	Ueland, A.
Brataas	Johnson	Moe	Schmitz	Ulland, J.
Chenoweth	Keefe, J.	Nelson	Setzepfandt	Vega
Chmielewski	Keefe, S.	Nichols	Sieloff	Wegener
Coleman	Kirchner	Olhoft	Sikorski	Willet
Davies	Knaak	Olson	Solon	
Dieterich	Knoll	Penny	Spear	
Engler	Knutson	Perpich	Staples	
Frederick	Laufenburg	Pillsbury	Stokowski	

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

Pursuant to Rule 21, Mr. Luther moved that the following members be excused at 9:40 o'clock a.m. for a Conference Committee on S. F. No. 129:

Messrs. Luther, Pillsbury, Sikorski, Dieterich and Schaaf. The motion prevailed.

Pursuant to Rule 21, Mr. McCutcheon moved that the following members be excused at 10:00 o'clock a.m. for a Conference Committee on H. F. No. 1495:

Messrs. McCutcheon, Johnson, Hanson, Stokowski and Sillers. The motion prevailed.

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

### **INTRODUCTION AND FIRST READING OF SENATE BILLS**

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

Mr. Schaaf introduced—

S. F. No. 1599: A bill for an act relating to taxation; property tax; providing for assessment of real property at full market value; limiting property tax on homesteads to one percent of market value; amending Minnesota Statutes 1978, Sections 273.11, Subdivisions 1 and 5; 273.13, by adding a subdivision; and 273.17, Subdivision 1; repealing Minnesota Statutes 1978, Section 273.11, Subdivision 2.

Referred to the Committee on Taxes and Tax Laws.

Mr. Sieloff, Mrs. Knaak and Mr. Ashbach introduced—

S. F. No. 1600: A bill for an act relating to gambling; authorizing nonprofit organizations to participate in raffle ticket sales with licensed organizations; amending Minnesota Statutes 1978, Section 349.26, Subdivision 12.

Referred to the Committee on General Legislation and Administrative Rules.

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**

S. F. No. 1553: A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results and technical errors of a noncontroversial nature; providing for the effective date of Laws 1979, Chapter 56, Section 6; amending Laws 1979,

Chapter 63, Section 1, Subdivision 2; Minnesota Statutes 1978, Section 98.46, Subdivisions 3, as amended, and 18, as amended.

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:

Ashbach	Frederick	Knutson	Perpich	Solon
Bang	Gearty	Laufenburger	Pillsbury	Spear
Benedict	Gunderson	Lessard	Purfeerst	Strand
Bernhagen	Hanson	Luther	Renneke	Stumpf
Brataas	Hughes	Menning	Rued	Ueland, A.
Chenoweth	Johnson	Moe	Schaaf	Ulland, J.
Chmielewski	Keefe, J.	Nelson	Schmitz	Vega
Coleman	Keefe, S.	Nichols	Setzepfandt	Willet
Davies	Kleinbaum	Olhoff	Sieloff	
Dieterich	Knaak	Olson	Sikorski	
Engler	Knoll	Penny	Sillers	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S. F. No. 1157: A bill for an act relating to elections; authorizing corporations to establish political funds under certain conditions; exempting certain political funds from prohibitions against corporate political contributions; limiting solicitations by political funds established by corporations; requiring certain approval for transfer of union dues to a union political fund; establishing requirements for a negative checkoff; imposing criminal and civil penalties; amending Minnesota Statutes 1978, Sections 10A.12, by adding a subdivision; 10A.22, Subdivision 7; 210A.34, by adding a subdivision; and Chapter 10A, by adding a section.

Mr. Schaaf moved that S. F. No. 1157, No. 4 on Special Orders, be stricken and laid on the table. The motion prevailed.

### SPECIAL ORDER

H. F. No. 1084: A bill for an act relating to financial reports; requiring the preparation of annual reports on state finances; appropriating money; amending Minnesota Statutes 1978, Sections 16A.055, 16A.50, 16A.55, Subdivision 1; repealing Minnesota Statutes 1978, Section 16A.55, Subdivisions 2 to 9.

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:

Ashbach	Bernhagen	Chmielewski	Dieterich	Gearty
Bang	Brataas	Coleman	Engler	Gunderson
Benedict	Chenoweth	Davies	Frederick	Hughes

Keefe, J.	Luther	Perpich	Sieloff	Ueland, A.
Keefe, S.	Menning	Pillsbury	Sikorski	Ulland, J.
Kirchner	Moe	Purfeerst	Spear	Vega
Kleinbaum	Nelson	Renneke	Staples	Wegener
Knaak	Nichols	Rued	Stokowski	Willet
Knutson	Olthoff	Schaaf	Strand	
Laufenburger	Olson	Schmitz	Stumpf	
Lessard	Penny	Setzepfandt	Tennessee	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S. F. No. 956: A bill for an act relating to retirement; providing a post retirement increase in certain retirement annuities and benefits; appropriating money.

Mr. Stokowski moved that S. F. No. 956, No. 17 on Special Orders, be stricken and laid on the table. The motion prevailed.

### SPECIAL ORDER

S. F. No. 177: A bill for an act relating to state civil service; eliminating certain required qualifications for commissioners of departments and certain other agency branch heads; amending Minnesota Statutes 1978, Sections 4.11, Subdivision 2; 11.12; 16A.01, Subdivision 2; 43.001, Subdivision 2; 121.16, Subdivision 1; 144.011, Subdivision 1; 216A.03, Subdivision 1; 241.01, Subdivision 1; 245.03; 270.02, Subdivision 2; and 362.09, Subdivision 1.

Mr. Schaaf moved that S. F. No. 177, No. 5 on Special Orders, be stricken and laid on the table. The motion prevailed.

### SPECIAL ORDER

H. F. No. 852: A bill for an act relating to schools; requiring school boards to allow official representatives of military forces reasonable access to certain school facilities for recruitment presentations; amending Minnesota Statutes 1978, Section 123.36, by adding a subdivision.

Mr. Dieterich moved to amend the amendment placed on H. F. No. 852 by the Committee on Education, adopted by the Senate May 8, 1979, as follows:

*In the page 1, line 12 amendment, delete the new language and insert "If the board provides access to persons or groups which make pupils aware of occupational or educational options, the board shall provide access on the same basis to official recruiting representatives of the military forces of the state or the United States for the purpose of informing students on educational and career opportunities available in the military."*

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

H. F. No. 852 was then progressed.

**SPECIAL ORDER**

S. F. No. 480: A bill for an act relating to public health; authorizing the funding of a statewide poison information center; giving grant and program monitoring responsibilities to the commissioner of health; appropriating money.

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 48 and nays 1, as follows:

Those who voted in the affirmative were:

Bang	Gearty	Lessard	Pillsbury	Strand
Benedict	Gunderson	Luther	Purfeerst	Stumpf
Bernhagen	Hughes	Menning	Rued	Tennesen
Chenoweth	Keefe, J.	Moe	Schaaf	Ueland, A.
Chmielewski	Keefe, S.	Nelson	Schmitz	Ulland, J.
Coleman	Kirchner	Nichols	Setzepfandt	Vega
Davies	Kleinbaum	Olhoff	Sikorski	Wegener
Dieterich	Knaak	Olson	Solon	Willet
Engler	Knoll	Penny	Spear	
Frederick	Laufenburger	Perpich	Staples	

Mr. Renneke voted in the negative.

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

H. F. No. 368: A bill for an act relating to community social services; establishing a formula for allocating state and federal funds to counties for the administration and provision of community social services; providing for community social service tax levies; prescribing the duties of county boards and the commissioner of public welfare; establishing an experimental program of services for chronically mentally ill persons; appropriating money; amending Minnesota Statutes 1978, Sections 245.61; 245.62; 245.63; 245.64; 245.66; 245.68; 245.69; 245.84, Subdivisions 1 and 5; 245.85; 245.87; 252.21; 252.22; 252.24, Subdivisions 1, 3 and 4; 252.25; 252.26; 252.261; 253A.02, by adding a subdivision; 253A.07, Subdivisions 1 and 7; 253A.09, Subdivision 1; 253A.10, Subdivision 4; 253A.14, Subdivision 1; 253A.15, Subdivisions 6, 11, 12 and 13; 254A.05, Subdivision 1; 254A.07, Subdivisions 1 and 2; 254A.08, Subdivision 1; 254A.12; 254A.14; and 254A.16, Subdivision 2; repealing Minnesota Statutes 1978, Sections 245.65; 245.651; 245.691; 254A.07, Subdivision 3; 254A.08, Subdivision 3; and 254A.17.

Mr. Moe moved to amend H. F. No. 368, as amended by the Committee on Finance, adopted by the Senate on May 19, 1979, as follows:

Page 5, line 29, delete "state aids five percent" and insert "the next quarterly payment by an amount equal to one third of one percent of the county's annual entitlement"



Page 13, lines 31 and 32, delete "or another agency" and insert "*, a human services board, or a county welfare board*"

The motion prevailed. So the amendment was adopted.

Mr. Moe then moved to amend H. F. No. 368, as amended by the Committee on Finance, adopted by the Senate May 19, 1979, as follows:

Page 14, line 12, after the period insert "*Nothing in this subdivision shall be construed to negate any collective bargaining unit agreements that are operative on the effective date of sections 1 to 14 between currently existing exclusive representatives and the county.*"

The motion prevailed. So the amendment was adopted.

Mr. Moe then moved to amend H. F. No. 368, as amended by the Committee on Finance, adopted by the Senate May 19, 1979, as follows:

Page 6, line 5, delete "or" and insert a comma

Page 6, line 5, after "revise" insert "*, or promulgate*"

Page 18, line 3, delete "and"

Page 18, line 5, delete the period and insert a semicolon

Page 18, after line 5, insert:

*"(i) A coordination statement setting forth the relationship of the county social services plan to related human services programs and plans."*

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

Mrs. Staples moved to amend H. F. No. 368, as amended by the Committee on Finance, adopted by the Senate May 19, 1979, as follows:

Page 41 of the committee amendment, after line 22, insert:

*"Sec. 51. [HEARING IMPAIRED SERVICES.] Subdivision 1. [CITATION.] This section may be cited as the "hearing impaired services act".*

*Subd. 2. [PURPOSE.] It is the purpose of the "hearing impaired services act" to establish a statewide network of coordinated services to alleviate the developmental, social, educational and occupational deprivation of hearing impaired persons by establishing regional service centers and strengthening services delivered by state, local and regional agencies.*

*Subd. 3. [DEFINITIONS.] For the purposes of this section the terms defined in this section shall have the meanings given them, unless the context clearly indicates otherwise.*

*(a) "Hearing impaired person" means a person who has a loss of hearing in both ears and has difficulty hearing and understanding speech in the ear with better hearing.*

(b) "Regional service center" means a facility designed to provide an entry point for hearing impaired persons of that region in need of human services.

(c) "Human services" means correctional, educational, occupational, health, mental health, financial and social services.

(d) "Human services agency" means a state, regional or local agency that provides human services.

(e) "County welfare board" means a board established pursuant to Minnesota Statutes, Section 402.02.

(f) "Human services board" means a board established pursuant to section 402.02 or Laws 1974, Chapter 293.

(g) "Community mental health board" means a board established pursuant to section 245.66.

Subd. 4. [REGIONAL SERVICE CENTERS.] (1) [LOCATION.] The commissioner of economic security shall establish up to eight regional service centers for hearing impaired persons. The centers shall be co-located with existing vocational rehabilitation field offices and be distributed regionally to provide access for hearing impaired persons in all parts of the state.

(2) [RESPONSIBILITIES.] The regional service center shall:

(a) Serve as the central entry point for hearing impaired persons in need of human services and make referrals to the services needed;

(b) Employ staff trained to work with hearing impaired persons;

(c) Provide to all hearing impaired persons interpreter services which are necessary to help them obtain human services;

(d) Serve as the regional interpreter referral center for hearing impaired persons and human services agencies;

(e) Loan equipment and resource materials to hearing impaired persons; and

(f) Cooperate with the department of public welfare to provide access for hearing impaired persons to services provided by state, county and regional human services agencies.

(3) [ADVISORY COMMITTEE.] The commissioner of economic security, in consultation with the commissioner of public welfare shall appoint an advisory committee of eight persons for each regional service center. Members shall include four persons who are hearing impaired persons or who are the parents of a hearing impaired child and four representatives of county and regional human services, including representatives of private service providers. Members shall serve without payment by the state of per diem or expense. The commissioner of economic security shall designate one member as chairperson. The commissioners of economic security and public welfare shall assign staff to serve as ex-officio members of the committee.

**Subd. 5. [INTERPRETER SERVICES.] (1) [ESTABLISHMENT.]** *The commissioner of economic security shall supervise the development and implementation of a statewide interpreter referral service. The commissioner of economic security shall contract with appropriate organizations to provide this centralized service.*

**(2) [DUTIES.]** *The central interpreter referral service shall:*

*(a) Establish and maintain a statewide directory of interpreters who have received appropriate training and certification;*

*(b) Provide technical assistance to the regional service centers in implementing the interpreter referral service; and*

*(c) Assess the present and projected supply and demand for interpreting services statewide.*

**Subd. 6. [EMPLOYMENT SERVICES.]** *The commissioner of economic security shall develop and implement a plan to deal with the underemployment of hearing impaired persons. The plan shall provide for training regarding the nature of hearing handicaps for department staff who consult with prospective employers or who provide job placement services.*

**Subd. 7. [DUTIES OF THE COMMISSIONER OF PUBLIC WELFARE.]** *In order to ensure that hearing impaired persons have full access to all local, county and regional human service programs, the commissioner of public welfare shall:*

*(a) Provide training to the staff of county welfare boards, human services boards and community mental health boards to ensure that communication barriers which prevent hearing impaired persons from using services are removed;*

*(b) Assess the ongoing need and supply of services for hearing impaired persons in all parts of the state and cooperate with public and private service providers to develop these services;*

*(c) Provide training to state and regional human service agencies regarding program access for hearing impaired persons;*

*(d) Assist the regional service centers in the development of technical assistance and outreach programs; and*

*(e) Develop, where possible, innovative approaches to providing services to hearing impaired persons.*

**Subd. 8. [OFFICE ON HEARING IMPAIRMENT.] (1) [DUTIES.]** *The state council for the handicapped shall establish an office on hearing impairment. The office shall:*

*(a) Provide interagency leadership in programming for hearing impaired persons;*

*(b) Disseminate information to state, regional and local human services agencies to assist the agencies in planning programs for hearing impaired persons; and*

(c) Convene regular meetings of representatives of state human services agencies to assist in the coordination of services for hearing impaired persons.

(2) [ADVISORY COMMITTEE.] *The state council for the handicapped shall establish an eight member committee to advise the office on hearing impairment. The state council shall appoint four persons who are hearing impaired persons or who are the parents of a hearing impaired child, knowledgeable in human services, and the commissioners of education, economic security, health and public welfare shall each appoint one representative. The state council shall provide per diem and compensation for expenses to committee members in accordance with section 15.059. The state council for the handicapped shall designate the chairperson.*

*Subd. 9. [REGISTRY OF HEARING IMPAIRED PERSONS.] The commissioner of health shall develop and maintain a registry for those persons who risk having or developing a hearing impairment. The commissioner of health shall provide this information to the regional service centers and other appropriate state and local agencies for followup services. Special emphasis shall be placed on early identification of children from birth through age three.*

*Subd. 10. [SCREENING.] The commissioner of health shall develop and implement a plan to coordinate screening programs to detect possible hearing impairment in persons of all ages. Screening activities shall be conducted so that they do not duplicate other screening programs, but provide access for persons not currently served. Special emphasis shall be placed on children from birth through age four and persons over age 65.*

*Subd. 11. [IMPLEMENTATION STUDY.] The state planning agency shall study the implementation and effectiveness of the provisions of this section and report its findings, including proposed legislation, to the legislature by January 1, 1981.*

*Sec. 52. [APPROPRIATIONS.] Subdivision 1. The sum of \$1,006,500 is appropriated from the general fund to the agencies and for the purposes indicated in this section, to be available until June 30, 1981.*

**Subd. 2. [ECONOMIC SECURITY.]**

*For the purposes of sections 4 and 5* **\$498,500**

*Approved Complement*

**1980—14**

**1981—22**

**Subd. 3. [PUBLIC WELFARE.]**

*For the purposes of section 7* **\$330,400**

*Approved Complement*

**1980—6**

**1981—10**

**Subd. 4. [COUNCIL FOR THE HANDICAPPED.]**

*For the purposes of section 8* **\$111,000**

*Approved Complement—3*

**Subd. 5. [HEALTH.]**

*For the purposes of sections 9 and 10* **\$ 60,900**

*Approved Complement—2*

**Subd. 6. [STATE PLANNING.]**

*For the purposes of section 11* **\$ 5,700"**

*Renumber the remaining section*

*Amend the title as follows:*

*Page 1, line 4, delete "community"*

*Page 1, line 11, after "persons;" insert "establishing regional service centers, advisory committees, an office on hearing impairment, and a statewide referral service; providing for staff training; prescribing duties for the commissioners of public welfare, economic security, and health;"*

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

*Mr. Tennessen moved to amend H. F. No. 368, as amended by the Committee on Finance, adopted by the Senate May 19, 1979, as follows:*

*Page 1, line 27, delete "13" and insert "12"*

*Pages 1 and 2, delete Section 2*

*Page 3, line 3, delete "13" and insert "12"*

*Page 3, line 22, delete "5" and insert "4"*

*Page 3, line 24, delete "10" and insert "9"*

*Page 4, lines 2 to 6, delete clause (a)*

*Reletter the clauses in sequence*

*Page 5, line 20, delete "10" and insert "9"*

*Page 5, line 33, delete "7" and insert "6"*

*Page 6, line 6, delete "13" and insert "12"*

*Page 6, lines 21 and 22, delete "in relation to the goals stated in section 2, subdivision 2"*

*Page 6, line 24, delete "13" and insert "12"*

*Page 7, line 33, delete "section 6" and insert "section 5"*

*Page 9, line 4, delete "13" and insert "12"*

*Page 13, line 16, delete "10" and insert "9"*

*Page 13, line 22, delete "7" and insert "6"*

Page 13, line 22, delete "8" and insert "7"

Page 13, line 26, delete "13" and insert "12"

Page 14, line 11, delete "10" and insert "9"

Page 14, line 16, delete "7" and insert "6"

Page 14, line 16, delete "8" and insert "7"

Page 14, line 22, delete "4" and insert "3"

Page 18, line 32, delete "13" and insert "12"

Page 22, line 19, delete "6" and insert "5"

Page 27, line 22, delete "6" and insert "5"

Page 41, lines 13 and 18, delete "7" and insert "6"

Page 41, line 22, delete "13" and insert "12"

Renumber the sections in sequence

The motion prevailed. So the amendment was adopted.

H. F. No. 368 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 47 and nays 6, as follows:

Those who voted in the affirmative were:

Ashbach	Engler	Knoll	Purfeerst	Strand
Bang	Frederick	Knutson	Renneke	Stumpf
Benedict	Gearty	Laufenburger	Rued	Tennessee
Bernhagen	Gunderson	Lessard	Schaaf	Ueland, A.
Brataas	Hughes	Luther	Schmitz	Vega
Chenoweth	Humphrey	Merriam	Setzepfandt	Wegener
Chmielewski	Keefe, S.	Moe	Sieloff	Willet
Coleman	Kirchner	Olson	Sikorski	
Davies	Kleinbaum	Penny	Spear	
Dieterich	Knaak	Pillsbury	Staples	

Those who voted in the negative were:

Dunn	Nelson	Perpich	Solon	Ulland, J.
Menning				

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

### RECESS

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

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

### MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman introduced—

Senate Resolution No. 36: A Senate resolution relating to conduct of Senate business during the interim between sessions.

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

The powers, duties and procedures set forth in this resolution apply during the interim between the adjournment of the 71st Legislature, 1979 session and the convening of the 71st Legislature, 1980 session.

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

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

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

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

The Secretary of the Senate is authorized to employ after the close of the session such employees as may be necessary to finish the business of the Senate at the salaries paid such employees under the rules of the Senate for the 1979 regular session. He is authorized to employ the necessary employees to prepare for the 1980 session at the salaries in effect at that time.

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

The Secretary of the Senate shall correct and approve the Journal of the Senate for those days that have not been corrected and approved by the Senate, and shall correct printing errors found in the Journal of the Senate for the 1979 session. He may include in the Senate Journal proceedings of the last day, appointments by the Subcommittee on Committees to interim commissions created by legislative action, permanent commissions or committees established by statute, standing committees, official communications and other matters of record received on or after the 21st day of May, 1979.

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

The Secretary of the Senate, with the approval of the Committee on Rules and Administration, shall secure bids and enter into contracts for the printing of the daily Senate journals, bills, general orders, special orders, calendars, resolutions, printing and binding of the permanent Senate Journal, and other printing required by the Senate for the 71st Legislature, 1980 session, and any special session called prior to the 72nd regular session of the Legislature, shall secure bids and enter into contracts for remodeling and improvement of Senate office space, and shall purchase all supplies and equipment necessary to carry out the work of the Senate. Any contracts in excess of \$5,000 shall be signed by the Chairman of the Committee on Rules and Administration and another member designated by the Committee on Rules and Administration.

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

Mr. Coleman moved the adoption of the foregoing resolution.

#### CALL OF THE SENATE

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

Ashbach	Dunn	Knoll	Pillsbury	Spear
Bang	Frederick	Knutson	Purfeerst	Strand
Benedict	Gearty	Laufenburger	Renneke	Stumpf
Bernhagen	Hughes	Lessard	Rued	Ulland, A.
Chenoweth	Jensen	Menning	Schaaf	Ulland, J.
Chmielewski	Kirchner	Nelson	Schmitz	Vega
Coleman	Kleinbaum	Olson	Setzepfandt	Wegener
Davies	Knaak	Perpich	Solon	Willett

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

Mr. Ulland, J. moved to amend Senate Resolution No. 36 as follows:

Page 2, delete paragraph 3

The question was taken on the adoption of the amendment.

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

The roll was called, and there were yeas 18 and nays 36, as follows:

Those who voted in the affirmative were:

Ashbach	Brataas	Jensen	Knutson	Ulland, A.
Bang	Dunn	Keefe, J.	Pillsbury	Ulland, J.
Benedict	Engler	Kirchner	Renneke	
Bernhagen	Frederick	Knaak	Rued	



Those who voted in the negative were:

Chmielewski	Kleinbaum	Nelson	Schaaf	Tennessee
Coleman	Knoll	Nichols	Schmitz	Vega
Davies	Laufenburger	Olhoff	Setzepfandt	Wegener
Dieterich	Lessard	Olson	Sikorski	Willet
Gearty	Luther	Penny	Solon	
Gunderson	Menning	Perpich	Spear	
Hughes	Merriam	Peterson	Staples	
Keefe, S.	Moe	Purfeerst	Stumpf	

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

Pursuant to Rule 21, Mr. Menning moved that the following members be excused at 11:30 o'clock a.m. for a Conference Committee on S. F. No. 1504:

Messrs. Menning, Moe, Pillsbury, Ashbach and Kleinbaum. The motion prevailed.

Mr. Jensen requested that the resolution be divided as follows:

First portion:

Page 2, paragraph 3

Second portion:

The remainder of the resolution

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

The roll was called, and there were yeas 33 and nays 19, as follows:

Those who voted in the affirmative were:

Coleman	Keefe, S.	Nelson	Purfeerst	Staples
Davies	Laufenburger	Nichols	Schaaf	Stumpf
Dieterich	Lessard	Olhoff	Schmitz	Tennessee
Gearty	Luther	Olson	Setzepfandt	Vega
Gunderson	Menning	Penny	Sikorski	Willet
Hughes	Merriam	Perpich	Solon	
Humphrey	Moe	Peterson	Spear	

Those who voted in the negative were:

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

The motion did not prevail. So the first portion of the resolution was not adopted.

## RECONSIDERATION

Mr. Benedict moved that the vote whereby the first portion of Senate Resolution No. 36 failed to pass the Senate on May 21, 1979, be now reconsidered. The motion prevailed.

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

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

The roll was called, and there were yeas 38 and nays 19, as follows:

Those who voted in the affirmative were:

Chmielewski	Keefe, S.	Moe	Purfeerst	Strand
Coleman	Kleinbaum	Nelson	Schaaf	Stumpf
Davies	Knoll	Nichols	Schmitz	Tennessee
Dieterich	Laufenburger	Olhoft	Setzepfandt	Vega
Gearty	Lessard	Olson	Sikorski	Wegener
Gunderson	Luther	Penny	Solon	Willet
Hughes	Menning	Perpich	Spear	
Humphrey	Merriam	Peterson	Staples	

Those who voted in the negative were:

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

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

The question was taken on the adoption of the second portion of the resolution.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

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

The motion prevailed. So the second portion of the resolution was adopted.

Mr. Coleman introduced—

Senate Concurrent Resolution No. 12: A Senate Concurrent Resolution relating to adjournment until 1980.

BE IT RESOLVED, by the Senate, the House of Representatives concurring therein, that upon their adjournment May 21, 1979, the Senate may set its next day of meeting for Tuesday, January 22, 1980 at 12:00 o'clock noon, and the House of Representatives may set its next day of meeting for Tuesday, January 22, 1980 at 12:00 o'clock noon.

**BE IT FURTHER RESOLVED**, that this resolution is the consent of each House for the other to adjourn for more than three days following May 21, 1979.

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

Without objection, the Senate reverted to the Order of Business of Messages From the House.

#### **MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 1605: 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, and authorizing a special levy.

Six members of the House have been appointed to a Conference Committee on the part of the House as follows:

Anderson, D.; Erickson; Mehrkens; Swanson; Metzen and Sieben, M.

House File No. 1605 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

Mr. Moe moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 1605, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 1606: 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.

Six members of the House have been appointed to a Conference Committee on the part of the House as follows:

Anderson, D.; Erickson; Nelsen, B.; Osthoff; Anderson, G. and McCarron.

House File No. 1606 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

Mr. Moe moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 1606, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

#### **MOTIONS AND RESOLUTIONS—CONTINUED CONFIRMATION**

Mr. Tennesen moved that the report from the Committee on Commerce, reported May 19, 1979, pertaining to appointments, be taken from the table. The motion prevailed.

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

Mr. Tennesen moved that in accordance with the report from the Committee on Commerce, reported May 19, 1979, the Senate, having given its advice, do now consent to and confirm the appointment of:

#### **DEPARTMENT OF COMMERCE COMMISSIONER OF INSURANCE**

Michael Markman, 898 Osceola Avenue, St. Paul, Ramsey County, effective March 2, 1979, for a term expiring the first Monday in January, 1983.

The motion prevailed. So the appointment was confirmed.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

#### **MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce the 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. 787: A bill for an act relating to commerce; creating a small business assistance center within the department of economic development; appropriating money; amending Minnesota Statutes 1978, Sections 161.321, Subdivision 1; 362.42; and Chapter 362, by adding a section.

Senate File No. 787 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

**CONCURRENCE AND REPASSAGE**

Mrs. Staples moved that the Senate concur in the amendments by the House to S. F. No. 787 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 787: A bill for an act relating to commerce; creating a business assistance center within the department of economic development; amending Minnesota Statutes 1978, Sections 161.-321, Subdivision 1; 362.42; and Chapter 362, by adding sections.

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

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

The roll was called, and there were yeas 51 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Gearly	Knutson	Pillsbury	Stumpf
Bang	Gunderson	Lessard	Purfeerst	Tennesen
Benedict	Hughes	Luther	Rued	Ueland, A.
Brataas	Humphrey	Menning	Schaaf	Ulland, J.
Chenoweth	Jensen	Merriam	Schmitz	Vega
Chmielewski	Keefe, J.	Nelson	Setzepfandt	Wegener
Coleman	Keefe, S.	Olhoft	Sieloff	Willet
Davies	Kirchner	Olson	Sikorski	
Dieterich	Kleinbaum	Penny	Solon	
Engler	Knaak	Perpich	Staples	
Frederick	Knoll	Peterson	Strand	

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

**MESSAGES FROM THE HOUSE—CONTINUED**

Mr. President:

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

S. F. No. 129: A bill for an act relating to reapportionment of the legislature and congressional districts; proposing an amendment to the Minnesota Constitution, Article IV, Sections 2, 3 and 4 to provide for establishment of the boundaries of congressional and legislative districts by a commission, removing the requirement that all senators be elected at the first general election following an apportionment and limiting the power of the legislature to change the number of senators and representatives; implementing the proposed amendment by providing by law for the duties, powers and operation of the commission; and repealing Minnesota Statutes 1978, Sections 2.041 to 2.712 and 2.731 to 2.811.

Six members of the House have been appointed to such committee on the part of the House as follows:

Sieben, M.; Osthoff; Otis; Carlson, D.; Peterson and Ewald.

Senate File No. 129 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 60 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 60 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 60

A bill for an act relating to natural resources; modifying certain trespass laws; amending Minnesota Statutes 1978, Section 100.273, Subdivision 1.

May 19, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 60, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 60 be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 100.273, Subdivision 1, is amended to read:

100.273 [TRESPASS.] Subdivision 1. For purposes of this section, "agricultural lands" mean lands being used to raise agricultural products containing plowed or tilled fields, standing crops or their residues, or lands with a maintained fence for the purpose of enclosing domestic livestock ; except lands within 66 feet of the water's edge of streams or lakes .

Sec. 2. Minnesota Statutes 1978, Section 100.273, Subdivision 2, is amended to read:

Subd. 2. No person shall enter upon the agricultural lands of another for any recreational purpose as defined by section 87.021 with the intent of hunting big or small game nor shall any person intentionally enter upon the agricultural land of another for the purpose of pleasure driving, including snowmobiling or operating

any motorized vehicle, unless and until the permission of the owner, occupant, or lessee is obtained.

Sec. 3. Minnesota Statutes 1978, Section 100.273, Subdivision 4, is amended to read:

Subd. 4. No person while engaged in any recreational purpose as defined by section 87.021 shall enter or leave the lands of another, or pass from one portion of another person's land, through a closed gate without returning the gate to its original position, nor shall any person destroy, cut or tear down any fence, building, grain, crops, any sign erected pursuant to subdivision 6 or live trees, or wound or kill any domestic animals.

Sec. 4. Minnesota Statutes 1978, Section 100.273, Subdivision 7, is amended to read:

Subd. 7. In taking raccoon, when treed on private land with the aid of dogs, a person while on foot may, without permission of the landowner, enter such private land to retrieve any dogs and then shall immediately leave the premises. *During the season for taking big or small game, a hunter may on foot retrieve a wounded big or small game animal from agricultural land of another which is not posted pursuant to subdivision 6, without permission of the landowner, and shall then leave as soon as possible.*

Sec. 5. Minnesota Statutes 1978, Section 100.273, Subdivision 9, is amended to read:

Subd. 9. Violation of any provision of this section is a misdemeanor. Upon a person's first conviction for violating any provision of this section, any license issued to him pursuant to chapter 98, or any registration pursuant to section 84.82, under which he was exercising or attempting to exercise a privilege while violating this section shall immediately become null and void. Except as otherwise provided in this subdivision, if a person is convicted of a second or subsequent offense prohibited by any provision of this section, any license issued to him pursuant to chapter 98, or any registration pursuant to section 84.82, under which he was exercising or attempting to exercise a privilege while violating this section, shall immediately become null and void and he shall forfeit his right to secure any license for that purpose authorized in chapter 98 or any registration pursuant to section 84.82 for a period of three years from the date of the conviction. If a person is exercising or attempting to exercise a privilege under a license issued pursuant to chapter 98 when arrested for a second violation of this section and the purpose of the license is different from the purpose of the license under which he was exercising or attempting to exercise a privilege when arrested for the first offense, the license involved in the second violation shall immediately become null and void."

Further, amend the title as follows:

Page 1, line 4, delete "Subdivision 1" and insert "Subdivisions 1, 2, 4, 7, and 9"

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

**House Conferees:** (Signed) Al W. Wieser, Jr., John S. Biersdorf, Joseph R. Begich, David P. Battaglia

**Senate Conferees:** (Signed) Clarence M. Purfeerst, Gerry Sikorski, Collin C. Peterson

Mr. Purfeerst moved that the foregoing recommendations and Conference Committee Report on H. F. No. 60 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 60: A bill for an act relating to natural resources; modifying certain trespass laws; amending Minnesota Statutes 1978, Section 100.273, Subdivisions 1, 2, 4, 7 and 9.

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

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

The roll was called, and there were yeas 45 and nays 6, as follows:

Those who voted in the affirmative were:

Bang	Gunderson	Luther	Peterson	Solon
Benedict	Hughes	Menning	Pillebury	Staples
Bernhagen	Jensen	Moe	Purfeerst	Strand
Brataas	Keefe, S.	Nelson	Renneke	Stumpf
Chmielewski	Kleinbaum	Nichols	Rued	Tennesen
Coleman	Knaak	Olhoff	Schaaf	Ueland, A.
Engler	Knutson	Olson	Schmitz	Ulland, J.
Frederick	Laufenburger	Penny	Setzepfandt	Vega
Gearty	Lessard	Perpich	Sikorski	Wegener

Those who voted in the negative were:

Davies	Keefe, J.	Kirchner	Merriam	Sieloff
Dieterich				

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

Pursuant to Rule 21, Mr. Humphrey moved that the following members be excused at 12:30 o'clock p.m. for a Conference Committee on S. F. No. 1510:

Messrs. Humphrey; Willet; Keefe, S.; Chenoweth and Dunn. The motion prevailed.

Pursuant to Rule 21, Mr. Moe moved that the following members be excused at 1:00 o'clock p.m. for a Conference Committee on S. F. No. 1504:

Messrs. Moe, Menning, Kleinbaum, Ashbach and Pillsbury. The motion prevailed.

#### RECESS

Mr. Coleman moved that the Senate do now recess until 2:00 o'clock p.m. The motion prevailed.



The hour of 2:00 o'clock p.m. having arrived, the President called the Senate to order.

Pursuant to Rule 21, Mr. Luther moved that the following members be excused at 2:00 o'clock p.m. for a Conference Committee on S. F. No. 129:

Messrs. Luther, Pillsbury, Sikorski, Dieterich and Schaaf. The motion prevailed.

### CALL OF THE SENATE

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

Anderson	Frederick	Menning	Rued	Stumpf
Ashbach	Gearty	Moe	Schaaf	Ueland, A.
Bang	Hanson	Nelson	Sieloff	Ulland, J.
Benedict	Hughes	Olson	Sikorski	Vega
Chmielewski	Johnson	Penny	Sillers	Wegener
Coleman	Keefe, S.	Perpich	Solon	Willet
Davies	Kirchner	Peterson	Staples	
Dunn	Knaak	Pillsbury	Stokowski	
Engler	Laufenburger	Renneke	Strand	

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

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

### REPORTS OF COMMITTEES

#### APPOINTMENTS

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

S. F. No. 273: Messrs. Peterson, Sieloff and Sikorski.

S. F. No. 202: Messrs. Nelson, Kirchner and Perpich.

S. F. No. 486: Messrs. Dunn, Hughes and Anderson.

H. F. No. 990: Messrs. Anderson, Ogdahl and Peterson.

H. F. No. 1605: Messrs. Moe; Humphrey; Willet; Keefe, J. and Ashbach.

H. F. No. 1606: Messrs. Moe; Humphrey; Willet; Keefe, J. and Ashbach.

Mr. Coleman requested that the appointments on S. F. No. 273 be divided out.

Mr. Coleman moved that the foregoing appointments except on S. F. No. 273 be approved. The motion prevailed.

Mr. Coleman moved that S. F. No. 273 be laid on the table. The motion prevailed.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 317 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 317 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Transmitted May 21, 1979

### CONFERENCE COMMITTEE REPORT ON 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.

May 19, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 317, report that we have agreed upon the items in dispute and recommend as follows:

That the House accede to the Senate amendment.

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

House Conferees: (Signed) Stephen G. Wenzel, John T. Rose, Tony Onnen

Senate Conferees: (Signed) Myrton O. Wegener, John Bernhagen, Gerry Sikorski

Mr. Wegener moved that the foregoing recommendations and Conference Committee Report on H. F. No. 317 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 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.

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

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

The roll was called, and there were yeas 50 and nays 2, as follows:

Those who voted in the affirmative were:

Ashbach	Gunderson	Laufenburger	Peterson	Spear
Bang	Hanson	Lessard	Pillsbury	Stokowski
Benedict	Hughes	Luther	Purfeerst	Strand
Bernhagen	Humphrey	Menning	Renneke	Stumpf
Chmielewski	Jensen	Moe	Rued	Tennessen
Coleman	Johnson	Ogdahl	Schaaf	Ueland, A.
Davies	Kirchner	Olhoff	Schmitz	Ueland, J.
Dunn	Kleinbaum	Olson	Sikorski	Vega
Frederick	Knaak	Penny	Sillers	Wegener
Gearty	Knutson	Perpich	Solon	Willet

Messrs. Merriam and Sieloff voted in the negative.

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

#### MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 686 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 686 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 686

A bill for an act relating to public health; permitting use of plastic water well casings in additional counties; amending Minnesota Statutes 1978, Section 156A.031, Subdivision 2.

May 19, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 686, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 686 be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 156A.031, Subdivision 1, is amended to read:

156A.031 [PLASTIC CASINGS.] Subdivision 1. The use of plastic casings in water wells is expressly permitted within the state of Minnesota. Any plastic casing used for water wells must meet the current standard specifications of the American Society for Testing and Materials (ASTM) for thermoplastic water well casing pipe and couplings. All plastic water well casing shall be capable of withstanding pressures equal to or greater than 200 pounds per square inch (p.s.i.).

The state commissioner of health may supplement the provisions of this section with rules relating to the installation of plastic water well casing, providing, however, that such rules shall not delay the use of plastic water well casing meeting the requirements of this section.

Prior to January 31, 1978 1981, the state commissioner of health shall adopt rules of statewide application pursuant to chapter 15 concerning the installation and use of plastic water well casing pipes and couplings in the state.

Sec. 2. Minnesota Statutes 1978, Section 156A.031, Subdivision 2, is amended to read:

Subd. 2. *Until the commissioner implements the rules of statewide application required under subdivision 1, the permission for the use of plastic casings as granted by this section applies only to the counties of Traverse, Grant, Douglas, Stevens, Pope, Big Stone, Swift, Lac qui Parle, Chippewa, Kandiyohi, Yellow Medicine, Renville, Lincoln, Lyon, Pipestone, Murray, Rock, and Nobles to all counties except the counties of St. Louis, Lake, Cook, Carlton, Pine, Kanabec, Chisago, Anoka, Washington, Ramsey, Hennepin, McLeod, Carver, Sibley, Scott, Dakota, Redwood, Brown, Nicollet, LeSueur, Rice, Goodhue, Wabasha, Watonwan, Blue Earth, Waseca, Steele, Dodge, Olmsted, Winona, Faribault, Freeborn, Mower, Fillmore, Koochiching, Wright and Houston.*

Sec. 3. *This act is effective the day following its final enactment."*

Further, amend the title as follows:

Page 1, line 5, delete "Subdivision" and insert "Subdivisions 1 and"

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

House Conferees: (Signed) John R. Corbid, Dominic J. Elioff, Myron E. Nysether, Bob Anderson

Senate Conferees: (Signed) Marvin B. Hanson, Jerald C. Anderson, Robert G. Dunn

Mr. Hanson moved that the foregoing recommendations and Conference Committee Report on H. F. No. 686 be now adopted, and that the bill be repassed as amended by the Conference Com-

mittee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 686: A bill for an act relating to public health; permitting use of plastic water well casings in additional counties; amending Minnesota Statutes, 1978, Section 156A.031, Subdivisions 1 and 2.

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

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

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

Those who voted in the affirmative were:

Ashbach	Gunderson	Laufenburger	Pillsbury	Stokowski
Bang	Hanson	Lessard	Purfeerst	Strand
Benedict	Hughes	Luther	Renneke	Stumpf
Bernhagen	Humphrey	Merriam	Rued	Tennessen
Chmielewski	Jensen	Moe	Schaaf	Ueland, A.
Coleman	Johnson	Ogdahl	Schmitz	Ulland, J.
Davies	Kirchner	Olhoft	Sieloff	Vega
Dunn	Kleinbaum	Olson	Sikorski	Willet
Engler	Knaak	Penny	Sillers	
Frederick	Knoll	Perpich	Solon	
Gearty	Knutson	Peterson	Spear	

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

#### MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has not adopted the report of the Conference Committee on Senate File No. 1351 and has not repassed Senate File No. 1351 as amended by Conference. Senate File No. 1351 was returned by the House to the same Conference Committee.

S. F. No. 1351: A bill for an act relating to metropolitan government; providing for financing of metropolitan sports facilities; authorizing a revised site determination and establishing conditions for issuance of bonds; providing for appointment of members of the metropolitan sports facilities commission; exempting events sponsored at the metropolitan sports center from the three percent admission tax; appropriating money; amending Minnesota Statutes 1978, Sections 473.553, Subdivisions 2 and 4; 473.581, Subdivisions 2, 3, as amended, 4, as amended, and 5, as amended; 473.595, Subdivision 1; and Chapter 473, by adding sections; repealing Minnesota Statutes 1978, Section 473.568.

Senate File No. 1351 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

S. F. No. 1351 was returned to the Conference Committee as previously constituted.

**MOTIONS AND RESOLUTIONS—CONTINUED**

Mr. Willet moved that H. F. No. 866 be taken from the table. The motion prevailed.

**SUSPENSION OF RULES**

Mr. Willet 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. 866 and that the rules of the Senate be so far suspended as to give H. F. No. 866 its second and third reading and place it on its final passage. The motion prevailed.

H. F. No. 866 was read the second time.

H. F. No. 866: A bill for an act relating to peace officers; regulating part-time officers; appropriating money; amending Minnesota Statutes 1978, Sections 626.84 and 626.841; and Chapter 626, by adding sections.

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	Engler	Laufenburger	Pillsbury	Staples
Ashbach	Frederick	Lessard	Purfeerst	Stokowski
Bang	Gearty	Menning	Renneke	Strand
Benedict	Gunderson	Merriam	Rued	Stumpf
Bernhagen	Hughes	Moe	Schaaf	Tennessee
Chenoweth	Jensen	Ogdahl	Schmitz	Ulland, J.
Chmielewski	Johnson	Olhoft	Sieloff	Vega
Coleman	Kirchner	Olson	Sikorski	Wegener
Davies	Knaak	Penny	Sillers	Willet
Dieterich	Knoll	Perpich	Solon	
Dunn	Knutson	Peterson	Spears	

So the bill passed and its title was agreed to.

**MOTIONS AND RESOLUTIONS—CONTINUED**

Mr. Willet moved that S. F. No. 996, No. 10 on Special Orders, be stricken and laid on the table. The motion prevailed.

Mr. Johnson moved that S. F. No. 1344, No. 11 on Special Orders, be stricken and laid on the table. The motion prevailed.

Mr. Johnson moved that H. F. No. 1465, No. 14 on Special Orders, be stricken and laid on the table. The motion prevailed.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on

House File No. 1518 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1518 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

**CONFERENCE COMMITTEE REPORT ON H. F. NO. 1518**

A bill for an act relating to the organization and operation of state government; appropriating money for welfare, corrections, health, and other purposes with certain conditions; providing appropriations for the departments of public welfare, economic security, corrections, corrections ombudsman, health, health related boards; amending Minnesota Statutes 1978, Sections 145.917, by adding a subdivision; and 145.921, by adding subdivisions; repealing Minnesota Statutes 1978, Section 145.921, Subdivisions 2 and 4.

May 20, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 1518, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1518 be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [WELFARE, CORRECTIONS, HEALTH; APPROPRIATIONS.] The sums set forth in the columns designated "APPROPRIATIONS" are appropriated from the general fund, or any other fund designated, to the agencies and for the purposes specified in the following sections of this act, to be available for the fiscal years indicated for each purpose. The figures "1979", "1980", and "1981", wherever used in this act, mean that the appropriation or appropriations listed thereunder shall be available for the year ending June 30, 1979, June 30, 1980, or June 30, 1981, respectively.

**SUMMARY BY FUND**

	1979	1980	1981	TOTAL
General	\$6,109,000	\$615,711,900	\$655,502,300	\$1,277,323,200
Trk. Hwy.		\$ 269,700	\$ 269,700	\$ 539,400

## APPROPRIATIONS

Available for the Year  
Ending June 30,

1980

1981

\$

\$

## Sec. 2. COMMISSIONER OF PUBLIC WELFARE

Subdivision 1. Total Department Appropriation .....	518,176,200	559,742,200
---	-------------	-------------

Total Department

Approved Complement—6643.7

The amounts that may be expended from this appropriation for each program and activity and the approved complement for each program are more specifically described in the following subdivisions of this section.

Subd. 2. Program and Administrative Support	21,817,000	23,451,600
---	------------	------------

Approved Complement—171.2

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

## Special County Aids

1980	1981
\$3,569,700	\$4,251,200

All payments from money appropriated for equalization aid shall be based upon a formula that includes four factors: recipient rate, per capita income, per capita taxable value, and per capita expenditures for welfare.

Salary expenditures for computation of equalization aid shall not be included for purposes of computing county per capita welfare costs or in county welfare costs.

Notwithstanding any law to the contrary, initial payments for equalization aid to counties shall be made on or before October 1, 1979, for fiscal year 1980 and on or before October 1, 1980, for fiscal year 1981. Final payments shall be made before January 1 of the following fiscal year.



1980

1981

\$

\$

For the purposes of equalization aid, welfare costs shall be deemed to include all forms of public assistance and the administrative costs thereof, to-wit: medical assistance, aid to dependent children, Minnesota supplemental assistance, payments to the commissioner of public welfare for care and treatment of patients in state institutions, medical relief, hospital charges, maintenance of children not under state guardianship, general assistance, and all administrative costs except university hospitals care, care of children under state guardianships, and poor burials.

No county shall be entitled to the benefits of this act if it has transferred any money available for welfare purposes to any other county funds, except that where money is otherwise unavailable, a transfer may be made to the general revenue fund of the county for payment of rent of office space for the county welfare board. A transfer shall be made only with the approval of the governor after consultation with the Minnesota public relief advisory committee. Transfer of money for payment of rent shall not be considered an expenditure for equalization aid reimbursement. Any federal money received in lieu of taxes because of federal grants shall be available for welfare purposes.

No county shall receive from state money paid for equalization aid an amount in excess of 75 percent of its cost of welfare as defined in this subdivision.

Notwithstanding any law to the contrary, the formula used in this subdivision for equalizing welfare costs shall be used for computing distressed county aid for developmental achievement centers and community mental health centers.

Reimbursements for general relief—Indians and the Red Lake Band of Chippewa Indians shall be prorated if the appropriation made in this subdivision is insufficient to provide full reimbursement.

	1980	1981
	\$	\$

**County Administrative Cost Reimbursement**

\$13,537,600	\$14,480,200
--------------	--------------

**Administrative Support**

\$4,709,700	\$4,720,200
-------------	-------------

Estimated federal money to be deposited in the general fund that is earned by the various accounts of the department of public welfare is detailed on the worksheets of the conferees of the senate and house of representatives, a true copy of which is on file in the office of the commissioner of finance. If federal money anticipated is less than shown on the official worksheets, the commissioner of finance shall reduce the amount available from the specific appropriation by a like amount. The reductions shall be noted in the budget document submitted to the 72nd legislature in addition to an estimate of similar federal money anticipated for the 1981-1983 biennium.

Subd. 3. Social Services	14,893,500	16,054,500
--------------------------	------------	------------

**Approved Complement—103.5**

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

**Day Care**

\$1,161,600	\$1,161,600
-------------	-------------

**Cost of Care—****Emotionally Disturbed**

\$1,837,500	\$2,259,000
-------------	-------------

**Mentally Retarded**

\$5,027,500	\$5,743,000
-------------	-------------

**Aging, Blind, and Deaf Services**

\$6,213,000	\$6,226,000
-------------	-------------

Notwithstanding any other law, no client receiving aid from services for the blind for purposes of vocational rehabilitation shall be required to maintain grade point ratios or other scholastic requirements in excess of the educational or vocational institutions requirements for all students attending such institutions.

1980

1981

\$

\$

Employees of the Communication Center for the Blind shall be transferred without competitive examination on July 1, 1979 to the classified civil service of the state within the department of public welfare. Positions and employees shall be placed in the proper classification by the commissioner of personnel with compensation as those classifications carry. Incumbents of transferred positions shall receive the status and length of service credit as would have accrued to them had they originally been appointed to the classified civil service. However, the length of service credit shall not include seniority under the provisions of a collective bargaining agreement negotiated pursuant to sections 179.61 to 179.77, until the effective date of classified civil service status. All of the employee's accrued vacation and sick leave shall be transferred to their credit, provided that in no event shall the amount transferred exceed state limitations for classified employees.

Any permanent full time employee of the Communication Center for the Blind who was a permanent full time employee of the center on July 1, 1979, for whom the prior employment was not covered by the Minnesota state retirement system, may obtain allowable service credit in the Minnesota state retirement system by paying to the retirement system an amount equal to four percent of his or her current salary rate multiplied by the days and months of such prior service for which he or she desires to obtain allowable service credit plus a matching amount representing the employer's required contributions, except that the department, at its option, may agree to pay the matching amount on behalf of its employees.

Proof of prior permanent full time service and the duration thereof shall be established by the certification of the department to the executive director of the retirement system. The payments shall be made either in a lump sum or

1980

1981

\$

\$

by payroll deduction arranged for on or before July 1, 1980.

The department may use salary savings from this activity to pay the employee's matching contribution.

For the nutrition program, the commissioner of public welfare shall require that the cost of each meal provided shall be conspicuously posted in each facility where meals are served.

#### Social Services Support

\$653,900

\$664,900

This appropriation includes \$200,000 for the biennium to conduct a continuing education and training program designed to encourage the fullest degree of reporting of known and suspected cases of child abuse and neglect, including institutional abuse and neglect, and to improve communication and coordination among all agencies in the identification, prevention, and treatment of child abuse and neglect. The program shall inform the general public and professionals of the nature and extent of child abuse and neglect and their responsibilities, obligations and powers under Minnesota Statutes, Sections 245.813, 626.555 and 626.556. It shall also include information relating to the functions and procedures of the county child protection program and child protection team. The commissioner may contract with appropriate state and other agencies for the development of curriculum for and training of professionals in the respective disciplines.

This appropriation includes \$200,000 for the biennium for grants to public and private nonprofit organizations for experimental programs which encourage interagency cooperation in preventing or treating of child abuse and neglect. Each experimental program shall conform to guidelines developed by the commissioner. Applications for grants shall be made in the form prescribed by the commissioner and shall include a method whereby the program can be evaluated on the

1980

1981

\$

\$

basis of measurable program objectives. The guidelines and forms prescribed by the commissioner pursuant to this section shall be exempt from the administrative procedures prescribed in chapter 15.

This appropriation includes an appropriation to the commissioner of public welfare from the general fund in the sum of \$25,000 for each year of the biennium for the purpose of providing a grant-in-aid to NewBridge, a protected shelter for juvenile females, for its activities to provide a program that will offer short term residence and support for teenage women who wish to leave their involvement in prostitution. The funds shall be expended subject to the direction of the commissioner of public welfare. This appropriation expires June 30, 1981. It is the intention of the legislature that this shall be a final and non-recurring appropriation.

The commissioner of public welfare shall make a single calculation each year for the distribution of the money for the social services act. The excess resulting from that calculation shall cancel to the general fund. Such calculation shall be \$2,700,000 for the biennium.

If separate legislation for the social services act does not pass the 1979 legislature, \$1,350,000 per year of the Title XX money which the state receives shall be allocated to the department of economic security, division of vocational rehabilitation. A like amount of the state appropriation for that department shall cancel to the general fund.

Subd. 4. Income Maintenance ..... 330,165,000 367,795,600

Approved Complement—256

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

Aid to Families with Dependent Children, Medical Assistance, Minnesota Sup-

	1980	1981
	\$	\$
plemental Assistance, and Catastrophic Health Insurance		
	\$273,005,100	\$305,065,400
Medical Assistance Deficiency		
	\$6,109,000 for 1979	

The commissioner of public welfare shall provide supplementary grants, not to exceed \$150,000 per year, for aid to families with dependent children and shall include the following costs in determining the amount of the supplementary grants: major home repairs, repair of major home appliances, utility recaps, supplementary dietary needs not covered by medical assistance, and replacement of essential household furnishings and essential major appliances.

Notwithstanding the provisions of Minnesota Statutes, Sections 62E.52, Subdivision 2, Clause (1) and 62E.53, Subdivision 2, Clause (1), the appropriation for catastrophic health insurance includes funds which shall be used, under the Minnesota catastrophic health expense protection act of 1976, to increase payments for the qualified expenses of any eligible person and any dependents in any 12 consecutive months. The payment in 1980 shall not exceed 30 percent of household income up to \$15,000, plus 40 percent of household income between \$15,000 and \$25,000, plus 50 percent of household income in excess of \$25,000. The payment in 1981 shall not exceed 20 percent of household income up to \$15,000, plus 25 percent of household income between \$15,000 and \$25,000, plus 30 percent of household income in excess of \$25,000.

Notwithstanding the provisions of Minnesota Statutes, Sections 62E.52, Subdivision 3a and 62E.53, Subdivision 2, Clause (2), the appropriation for catastrophic health insurance includes funds which shall be used, under the Minnesota catastrophic health expense protection act of 1976, to increase payments for qualified nursing home expenses in fiscal years 1980 and 1981 to include any charge in-

1980

1981

\$

\$

curred for nursing home services after 24 months of continuous care provided to a person 64 years of age or younger in long-term care facilities.

The commissioner of public welfare in consultation with the commissioner of health is authorized to make the adjustments he deems necessary in the medical assistance and general assistance medical payments to assure expenditures do not exceed the appropriations for such programs. The initial adjustment shall be to eliminate inequities, and any adjustments thereafter shall be on a nondiscriminatory basis.

The commissioner of public welfare shall not transfer any money into the catastrophic health appropriation, but shall make adjustments to assure expenditures do not exceed the appropriation for this program, if such adjustments are necessary. The appropriation for the catastrophic health insurance program is \$14,500,000 for the biennium ending June 30, 1981.

Notwithstanding any law to the contrary, counties may retain one half of the non-federal share of medical assistance collections from estates which are directly attributable to county effort.

Provided that medical assistance may include personal care services in a recipient's home rendered by an individual, not a member of the family, who is qualified to provide the services, when the services are prescribed by a physician in accordance with a plan of treatment and are supervised by a registered nurse.

Notwithstanding any state law to the contrary, the commissioner of public welfare shall not adjust the budget standards for any categorical aid program in excess of the amount authorized by the legislature unless federal statute or regulation require it.

Recipients of Minnesota supplemental assistance living in nonmedical congregations

1980

1981

\$

\$

care or foster care shall receive the same personal needs allowance as recipients of medical assistance residing in intermediate care facilities.

The commissioner of public welfare shall adjust the benefits payable to the aged, blind and disabled recipients pursuant to Minnesota Statutes, Sections 256D.36 and 256D.37 who do not reside in congregate care or foster care facilities in an amount equivalent to the cost of living adjustments in the federal supplemental security income program.

In determining the amount of the aid to families with dependent children and general assistance grants, the commissioner shall effect a seven percent increase on July 1, 1979 and a seven percent increase on July 1, 1980.

The moneys received under the state and local fiscal assistance act, known as general revenue sharing, shall be deposited in the medical assistance account and the state appropriation shall be reduced by a like amount.

The appropriation made in Laws 1977, Chapter 453, Section 2, Subdivision 3 for general assistance may be transferred to the medical assistance appropriation in fiscal year 1979.

General Assistance and General Assistance Medical Care

\$46,991,000	\$52,607,000
--------------	--------------

Income Maintenance Support

\$10,168,900	\$10,123,200
--------------	--------------

If the appropriation for aid to families with dependent children, catastrophic health insurance, medical assistance, Minnesota supplemental assistance, general assistance and general assistance medical care is insufficient for either year, the appropriation for the other year shall be available by direction of the governor after consulting with the legislative advisory commission.



	1980	1981
	\$	\$
Subd. 5. Mental Health . . . . .	151,300,700	152,440,500

Total Approved Complement—6113

#### State Hospitals—5427

The complement for state hospitals includes up to 15 new positions for the program for emotionally disturbed to be located at Willmar state hospital.

The commissioner of public welfare is authorized to fill up to 150 the first year and 120 the second year human services technician positions in the state hospitals in addition to the approved complement specified in this subdivision for the purpose of alleviating recruitment delays in direct patient care, as salary savings become available to fund such positions.

All new positions granted in this subdivision for hospitals shall be direct patient care positions.

In addition to salary savings, \$500,000 per year is appropriated in the salary account for the state hospitals for this purpose.

As the hospital population decreases, the supportive staff complement shall be reduced in direct proportion.

#### Nursing Homes—617

#### Mental Health Support—69

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

#### Program Offices

##### Mentally Ill

\$	909,200	\$	909,200
----	---------	----	---------

##### Mentally Retarded

\$	926,000	\$	926,000
----	---------	----	---------

The commissioner of public welfare may fund up to 70 families for the mentally retarded family subsidy program.

Any unexpended balance remaining in the first year for the program office for men-

1980

1981

\$

\$

tally retarded shall not cancel, but shall be available for the second year.

#### Chemically Dependent

\$ 4,151,000      \$ 4,151,000

\$200,000 per year of the appropriation for the American Indian program shall be directed to the problems of Indians in the metropolitan community, as defined in Minnesota Statutes, Section 473.02, Subdivision 5.

The commissioner of public welfare shall set aside an amount of the state appropriation which is equal to the amount of federal reimbursement received for operating expenses of the Mash-ka-wisen residential treatment center. The appropriation which is set aside may not be expended without the approval of the commissioner of public welfare, who shall provide advance notice to the commissioner of finance, the chairman of the senate finance committee and the chairman of the house appropriations committee.

Counties shall consider the option of utilizing a special facility for providing treatment for the chemical dependency problems of American Indians prior to any other referral of American Indian persons. Referring counties shall pay the county's share of the cost of providing this treatment for American Indians who are county residents when referrals are approved by the appropriate county agencies.

The commissioner of public welfare shall present three options to the chairmen of the house appropriations committee and the senate finance committee for an evaluation of the chemical dependency programs. The chairmen will review the options and make a recommendation. The program evaluation shall provide for, but need not be limited to, an examination of the following factors: (1) comparative unit cost of program components including education, outreach, consultation, early detection, diagnosis and referral,

1980

1981

\$

\$

training, treatment and administration; (2) comparative success in reaching goals with respect to the number of clients served in specified program components; (3) comparative success in the design and implementation of an effective system of program evaluation; and (4) comparative success in outcomes for persons served, especially in the treatment component.

In allocating state and federal funds for chemical dependency services, priority shall be given to providers who (1) have done well in evaluations of their performance, (2) provide unique services or emphasize alternative or innovative service systems, (3) have demonstrated an ability to provide effective early outreach services, or (4) who direct their services primarily to persons who are chemically dependent.

#### Community Mental Health Centers

\$18,712,000      \$20,677,400

Notwithstanding any law to the contrary, county boards may select the appropriate contiguous region to associate with for community mental health services.

#### Developmental Achievement Centers

\$ 9,759,100      \$11,053,400

#### State Hospitals

##### Current Expense

\$11,818,300      \$11,818,300

##### Salaries

\$90,496,900      \$90,496,900

##### Repairs and replacements

\$1,318,500

##### Special Equipment

\$601,800

#### Nursing Homes

##### Current Expense

\$ 1,554,400      \$ 1,554,400

	1980	1981
	\$	\$
<b>Salaries</b>		
\$ 9,525,800	\$ 9,525,800	
<b>Repairs and replacements</b>		
\$ 128,800		
<b>Special Equipment</b>		
\$ 69,600		
<b>Mental Health Support</b>		
\$ 1,329,000	\$ 1,328,100	

Any unexpended balance remaining in the first year for special equipment and repairs and replacements shall not cancel but shall be available for the second year of the biennium.

The information for the budgets for the nursing homes, and hospitals shall be submitted to the 1981 legislature on an individual hospital basis together with a summary budget in the same format as the legislature appropriated money.

Positions and administrative money may be transferred between the various activities within each subdivision in this section, except for the institutions.

The commissioner of public welfare is authorized to establish an imprest cash fund at each of the state operated residential facilities to be utilized for payment to residents participating in on-campus work programs.

### Sec. 3. COMMISSIONER OF ECONOMIC SECURITY

Total Department Appropriation.....	14,881,700	15,543,100
-------------------------------------	------------	------------

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

#### Employment and Training

\$ 3,681,000	\$ 3,614,000
--------------	--------------

The appropriation in employment and training for the summer youth program shall be available immediately to provide the same level of program for each

1980

1981

\$

\$

summer of the biennium as was provided during the summer of 1978. If the appropriation for either year of the biennium is insufficient, the appropriation from the other year shall be available to supplement it.

Any unexpended balance remaining in the first year for the work equity project shall not cancel, but shall be available for the second year of the biennium.

#### Vocational Rehabilitation Services

\$ 9,558,300

\$10,253,300

Funds received from workers' compensation carriers for services provided by the division of vocational rehabilitation for the benefit of injured workers, shall be deposited in the accounts of the division of vocational rehabilitation, and reported in the same ratio to state and federal funds expended. Should such deposits of the state's share exceed the amount shown on worksheets of the conferees of the Senate and House of Representatives, the commissioner of finance shall reduce the amounts available from the general appropriation for the division of vocational rehabilitation by the amount of such excess. The federal share of these recoupments shall be deposited as required by federal law, regulation and guideline.

The commissioner of economic security may expend money received from school districts, governmental subdivisions, mental health authorities, and private nonprofit organizations for the purpose of conducting joint or cooperative vocational rehabilitation programs, and this money is appropriated for these purposes. Any unexpended balance remaining in the first year for vocational rehabilitation services shall not cancel, but shall be available for the second year of the biennium.

#### Management and Coordination

\$ 1,642,400

\$ 1,675,800

1980

1981

\$

\$

If the appropriation in management and coordination for the displaced homemaker program for either year of the biennium is insufficient, the appropriation from the other year is available for it.

This appropriation includes funds for at least one additional facility to serve those geographic areas currently without the displaced homemaker service. Geographic restrictions on participation in any center's program shall be eliminated.

Unless otherwise required by federal law, money paid by any state agency to a community action agency may be paid in the form of a grant and may be paid in advance of the receipt by the community action agency of matching federal money. This provision expires June 30, 1981.

This appropriation contains sufficient money to ensure that no community action program receives a reduction in funding as a result of implementation of a revised formula for distribution of money to community action agencies.

If the anticipated reduction in federal funding for the work equity program, comprehensive services for independent living, and statewide economic opportunity does not occur, the additional state appropriations shall cancel in a direct relationship.

#### Sec. 4. COMMISSIONER OF CORRECTIONS

Subdivision 1. Total Department Appropriation .....	54,808,600	55,162,400
---	------------	------------

Total Department Approved Complement—1980:	1369.4	
--	--------	--

1981:	1362.9	
-------	--------	--

The amounts that may be expended from the appropriation for each program and activity and the approved complement for each program are more specifically described in the following subdivisions of this section.

	1980	1981
	\$	\$
Subd. 2. General Support .....	4,758,900	4,629,600
Approved Complement—1980:	93.7	
1981:	88.2	

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

#### County Probation Reimbursement

\$ 1,296,900      \$ 1,445,200

No new positions eligible for county probation reimbursement under this activity shall be added by any county without the written approval of the commissioner of corrections. Any unexpended balance remaining for county probation reimbursement shall cancel to the general fund.

On or before October 30 of each even numbered year, each county or group of counties shall submit to the commissioner of corrections an estimate of the cost for county probation reimbursement. Reimbursement shall be made on the basis of the estimate submitted or the actual expenditure, whichever is less.

#### Subsidy Programs

\$ 388,300      \$ 394,300

#### Support

\$ 3,073,700      \$ 2,790,100

This appropriation includes money for training of group home parents in county homes.

Subd. 3. Special Services .....	5,646,700	4,060,600
---------------------------------	-----------	-----------

#### Approved Complement—52.8

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

#### Health Care

\$ 1,955,600      \$ 2,013,100

The health care appropriation shall be used to provide professional health care to persons confined in institutions under the control of the commissioner of corrections, and to cover costs of their care in hospitals and other medical facilities not under

1980

1981

\$

\$

the control of the commissioner of corrections, including the secure treatment unit operated by the St. Paul-Ramsey Hospital. All reimbursements for such health care services shall be deposited in the general fund.

Any person confined in a state correctional institution for adults who had been adjudicated to be mentally ill and in need of treatment, may be committed to the commissioner of corrections and placed in the psychiatric unit funded in this subdivision.

#### Education

\$ 334,400      \$ 334,400

#### Victim Services

\$ 3,042,100      \$ 1,395,800

\$2,995,700 of this appropriation shall be used to fund the battered women program heretofore established; to develop and implement a model treatment program for the violent partner of the battered woman, and to extend the battered women advisory task force for an additional two years to June 30, 1981. The commissioner of corrections may authorize the use of a percentage of a grant for the operation of an emergency shelter or make a separate grant for the rehabilitation of any facility owned by the grantee and used as a shelter to bring the facility into compliance with state and local laws pertaining to health, fire and safety and to provide security.

\$500,000 of this appropriation shall be available to the commissioner of corrections for awarding grants to cities, counties, and private nonprofit agencies for the provision of services to victims of sexual assault. Application for the grants shall be in a form prescribed by the commissioner. No more than 15 percent of this appropriation may be awarded within any one county. Up to five percent of this appropriation may be used for administrative and evaluation purposes.



1980

1981

\$

\$

Any unexpended balance remaining in the first year for the victim services appropriation shall not cancel, but shall be available for the second year of the biennium.

#### Support

\$ 314,600      \$ 317,300

Subd. 4. Community Services . . . . . 13,156,300      15,175,500

Approved Complement—1980:      79.4

1981:      78.4

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

#### Probation and Parole

\$ 1,853,800      \$ 1,837,100

#### Residential and Community Programs

\$ 1,355,800      \$ 1,407,600

The commissioner of corrections shall evaluate the women helping offenders program, and shall report on such by June 30, 1981.

#### Community Corrections Act

\$ 9,946,700      \$ 11,930,800

As counties begin participating in the corrections subsidy act, the complement of the central office shall be reduced by the number of positions transferred to the counties entering the act.

The commissioner of corrections shall select the counties that may participate under the corrections subsidy act after consulting with the appropriate finance committees of the legislature.

Of this appropriation, \$975,000 each year is available to the commissioner of corrections to be applied as a grant to a county or group of counties participating in the community corrections act that retain in the community those offenders for which the penalty of imprisonment provided by law is five years or less. The amount of

1980

1981

\$

\$

the grant to each county shall be determined by the commissioner who shall annually project the number of offenders who are retained in the community by participating counties. The commissioner shall allocate this appropriation based on the proportion of offenders retained in all participating counties, but the allocation shall be for no more than 75 percent of the per diem cost at the Minnesota state prison. The commissioner shall make necessary adjustments to the grants at the end of each fiscal year to reflect the actual number of these offenders retained in participating counties.

There shall be established a committee to study the financing of correctional services and the community corrections act in Minnesota. The membership of the committee shall be composed of the following: (a) two members of the Minnesota house of representatives, to be appointed by the speaker of the house; (b) two members of the Minnesota senate, to be appointed by the president of the senate; (c) two representatives of the department of corrections, to be appointed by the commissioner; (d) six representatives of community corrections act participating and nonparticipating counties, to be appointed by the association of Minnesota counties. The committee shall report its findings to the state legislature on or before January 1, 1980 and then shall disband as a committee.

No less than the equivalent of four percent of the appropriation made for the community corrections act may be expended for evaluation.

State officers and employees displaced by a county's participation in the community corrections act and hired by the participating county shall, in addition to the benefits provided in Minnesota Statutes 1978, Section 401.04, and in the manner provided therein, retain all fringe benefits and recall from layoff benefits accrued by seniority and en-

1980

1981

\$

\$

joyed by them while in the service of the state.

If in any biennium the subsidy is increased by an inflationary adjustment which results in the county receiving more actual subsidy than it did in the previous calendar year, the county shall be eligible for that increase only if the current level of spending is increased by a percentage equal to that increase within the same biennium.

Subd. 5. Correctional Institutions . . . 31,246,700      31,296,700

Approved Complement—1143.5

Current Expense

\$6,673,300      \$6,730,600

Salaries

\$23,927,500      \$23,974,100

Special Equipment

\$212,800      \$176,900

Repairs and Replacements

\$433,100      \$415,100

Any unexpended balances in special equipment and repairs and replacements remaining in the first year shall not cancel but shall be available for the second year of the biennium.

Notwithstanding any law to the contrary, effective July 1, 1979 and quarterly thereafter, the commissioner of corrections shall notify the commissioner of administration of the articles, supplies and services available from industrial activities conducted at state correctional institutions, and the commissioner of administration shall purchase from the state correctional institutions those articles, supplies and services needed by state departments and agencies, unless the commissioner of corrections shall certify that the correctional institutions cannot provide them at a price within five percent of the fair market price for comparable level of quality and within a

1980

1981

\$

\$

reasonable delivery time. In determining the fair market price the commissioner of administration shall use competitive bidding or consider open market bid prices in previous years for similar products and services, plus inflationary increases.

The commissioner of corrections shall collect a damage deposit from all staff who reside in housing on the grounds of the Thistledeew Corrections Camp at Togo, Minnesota and deposit the moneys in a savings account in a bank at interest. Withdrawals therefrom may be made to defray the cost of any damage to the residence caused by the tenant or to return the deposit to the tenant with accrued interest if the residence be vacated without damage. The commissioner shall keep accurate records in the name of each tenant so that the interest may be credited to the proper account.

The commissioner of corrections shall study and determine the most appropriate location for women committed to the Minnesota Correctional Institution for Women. Such report shall be submitted by November 15, 1979, to the chairmen of the senate finance committee and house appropriations committee.

#### Sec. 5. SENTENCING GUIDELINES COMMISSION

Salaries, Supplies and Expense . . . . .	194,800	194,800
--	---------	---------

The sentencing guidelines commission shall cease operations by July 1, 1983.

#### Sec. 6. CORRECTIONS OMBUDSMAN

Salaries, Supplies and Expense . . . . .	223,800	223,800
--	---------	---------

#### Sec. 7. COMMISSIONER OF HEALTH

Total Department Appropriation . . . . .	22,606,300	23,410,200
--	------------	------------

Total Department Approved  
Complement—1980: 320

1981: 321

1980

1981

\$

\$

The amounts that may be expended from this appropriation for each program and the approved complement for each are as follows:

#### Preventive and Personal Health Services

##### Approved Complement—180.8

\$ 8,179,200      \$ 7,971,200

Any unexpended balance remaining in the first year for wells, soil and chemical analysis, shall not cancel, but shall be available for the second year.

Notwithstanding any law to the contrary, the fee the commissioner of health charges for medical laboratory services may increase up to \$3, to cover costs, effective July 1, 1979.

Funds shall not be denied under Minnesota Statutes 1978, Section 145.925, Subdivision 3 to any applicant that provides community services in a multi-service center located in a building, upon which actual construction was begun before June 1, 1979, adjacent to a school building, where no indoor access other than emergency exits exists between the two buildings, and where the only family planning services provided to minors are counseling services.

#### Health Systems Quality Assurance

Approved Complement—1980:      64.7

1981:      65.7

\$ 2,462,100      \$ 2,479,800

Of this appropriation \$269,700 for fiscal year 1980 and \$269,700 for fiscal year 1981 are appropriated from the trunk highway fund for emergency medical services activities.

Notwithstanding any law to the contrary, the commissioner of health shall use joint commission on accreditation of hospitals accreditation as evidence of licensure for all hospitals so accredited except where review of the summary report inspections

	1980	1981
	\$	\$
of the joint commission on accreditation of hospitals indicates a need for further inspections.		

Notwithstanding any law to the contrary, the commissioner of health shall make grants to agencies which are publicly owned or nonproprietary operated by charitable organizations, for the purpose of converting hospitals having fewer than 40 acute care beds to nursing homes, provided that a certificate of need has been issued for the conversion. Such grants shall be only for those hospitals which convert 100 percent of their beds to nursing home beds. The grant shall be for up to 50 percent of the remodeling costs, not exceeding \$150,000 per facility. \$700,000 per year is appropriated for this purpose in the health systems quality assurance program. If any facility which receives a grant under this provision is sold, the seller shall return a portion of the grant amount to the state. The seller shall retain 10 percent of the grant amount for each year of operation under his continuous ownership. The state shall be entitled at the time of the sale to the remaining amount plus interest. Any unexpended balance remaining in the first year shall not cancel, but shall be available for the second year of the biennium.

Notwithstanding the provisions of sections 144A.01 to 144A.17, the commissioner of health shall routinely inspect nursing homes on a biennial basis to assure compliance with sections 144A.01 to 144A.17 and any rules promulgated thereunder. Nothing in this section may limit the ability of the commissioner to make nonroutine inspections of nursing homes, to inspect nursing homes for purposes of determining compliance with sections 144.651 and 144.652, to inspect nursing homes pursuant to complaints or to reinspect nursing homes to determine compliance with a correction order.

Health Support Services

Approved Complement—74.5

\$11,965,000	\$12,959,200
--------------	--------------

1980

1981

\$

\$

This appropriation includes \$25,000 each year of the biennium for grants to the migrant in action program located in St. Paul for the purpose of providing health care and referral services to migrant and ex-migrant agricultural workers.

As counties begin participating in the community health services act, the complement of the department shall be reduced by the number of positions transferred to the counties entering the act.

For the purposes of the community health services act, the commissioner of finance may authorize the transfer of money to the community health services activity from the other programs in this section.

If the appropriation for community health services or services to children with handicaps is insufficient for either year, the appropriation for the other year shall be available by direction of the governor after consulting with the legislative advisory commission.

Notwithstanding any law to the contrary, the formula for community health services act shall be increased by seven percent each year of the 1979-1981 biennium.

#### Sec. 8. HEALTH RELATED BOARDS

Subdivision 1. Board of Chiropractic Examiners .....	38,700	38,700
Subd. 2. Board of Dentistry .....	195,800	199,000
Subd. 3. Board of Medical Examiners.	299,100	299,100
Subd. 4. Board of Nursing .....	556,200	556,200
Subd. 5. Board of Examiners for Nursing Home Administrators .....	64,200	64,200

Notwithstanding the provision of section 144A.04, subdivision 5, a nonproprietary retirement home having less than 15 licensed nursing home beds may share the services of a licensed administrator with a nonproprietary nursing

	1980	1981
	\$	\$
home having less than 150 licensed nursing home beds which is located within 25 miles of the retirement home.		
Subd. 6. Board of Optometry.....	35,600	35,600
Subd. 7. Board of Pharmacy.....	224,400	224,400
Subd. 8. Board of Podiatry.....	5,400	5,400
Subd. 9. Board of Psychology.....	49,000	51,100
Subd. 10. Board of Veterinary Medicine .....	21,800	21,800

Subd. 11. The commissioner of finance shall not permit the allotment, encumbrance, or expenditure of any money appropriated in this section in excess of the anticipated biennial revenues.

Effective July 1, 1979, this provision shall not apply to transfers from the general contingent account to pay for any legal and investigative services provided by the office of the attorney general or the services of the state office of hearing examiners when the costs of services rendered exceed the amount appropriated for these services; and provided the amount transferred does not exceed the amount of surplus revenue accumulated during the previous five years.

#### Sec. 9. CONTINGENT FOR STATE INSTITUTIONS ..... 600,000

This appropriation shall be used for emergency purposes and for the purchase of food, clothing, drugs, utilities, and fuel for any of the institutions for which an appropriation is made in this act. No expenditure shall be made from this appropriation without the direction of the governor after consultation with the legislative advisory commission.

Any unexpended balance remaining in the first year shall not cancel but shall be available for the second year of the biennium.

The allowance for food may be adjusted annually according to the United States department of labor, bureau of labor



1980

1981

\$

\$

statistics publication wholesale price index, upon approval of the governor. Adjustments shall be based on the June, 1979, wholesale food price index, but the adjustment shall be prorated if the wholesale food price index adjustment would require money in excess of this appropriation.

**Sec. 10. CONTINGENT FOR HIGH SECURITY FACILITY ..... 3,000,000**

No expenditure shall be made from this appropriation without the direction of the governor after consultation with the legislative advisory commission.

Any unexpended balance remaining in the first year shall not cancel but shall be available for the second year.

**Sec. 11. [RECEIPTS.]** All funds, sums of money, or other resources provided or to be received as shown in the biennial budget document or in working papers of the two appropriations committees, including all receipts, collections, legislative allocations, transfers, and other income and receipts properly belonging to and to be used for financing activities, programs, and other projects other than the institutions now or hereafter under the supervision and jurisdiction of the commissioner of public welfare not otherwise specifically designated as income or credits to other state departments or funds by law, shall be credited to and become a part of the appropriations provided for in section 2, subdivisions 2, 3, and 4. Any such receipts in excess of those shown in the biennial budget shall not be available without the written approval of the governor who shall consult with the legislative advisory commission.

**Sec. 12. [PROVISIONS.]** Money appropriated under this act for the purchase of provisions within the item "current expense" shall be used solely for that purpose. The amounts appropriated for provisions are shown on the worksheets of the conferees of the senate and house of representatives, a true copy of which is on file in the offices of the commissioner of finance. Any money so provided and not used for purchase of provisions shall be cancelled into the fund from which appropriated, except that money so provided and not used for the purchase of provisions because of population decreases may be transferred and used for the purchase of medical and hospital supplies after consultation with the legislative advisory commission.

**Sec. 13. [TRANSFERS.]** Subdivision 1. The commissioner of public welfare, the commissioner of corrections, the commissioner of economic security and the commissioner of health shall not transfer any money to or from personnel services, or claims and

grants, as shown on the official worksheets of the conferees of the senate and house of representatives, a true copy of which is on file in the office of the commissioner of finance, except for those transfers that have the written approval of the governor, who shall consult with the legislative advisory commission.

Subd. 2. The commissioner of public welfare and the commissioner of health by direction of the governor after consulting with the legislative advisory commission may transfer unobligated appropriation balances and positions among all programs.

Subd. 3. The commissioner of corrections may transfer appropriations and authorized positions among all subdivisions in the best interest of the security and rehabilitation programs and for more efficient utilization of personnel and facilities. Transfers shall be made with the written approval of the governor after consulting with the legislative advisory commission.

Sec. 14. [APPROVED COMPLEMENT.] The approved complements indicated in this act are fulltime equivalent positions and apply only to positions paid for with money appropriated by this act.

Additional employees over the number of the approved complement may be employed on the basis of public necessity or emergency with the written approval of the governor, but the governor shall not approve the additional personnel until he has consulted with the legislative advisory commission. Any requests for increases in the approved complement shall be forwarded to the appropriate committees on finance of the legislature not less than 30 days prior to the legislative advisory commission meeting.

Sec. 15. [FISCAL NOTES.] Notwithstanding any other law to the contrary, the departments of health, public welfare, economic security, corrections and the health related boards shall not put into effect any rule, regulation, or standard, which has a fiscal impact in excess of \$100,000 annually without first providing the house appropriations and the senate finance committees with fiscal notes.

Sec. 16. [COMPUTER SYSTEM DEVELOPMENT.] In all cases where an appropriation made in this act includes money for computer system development, development shall not proceed beyond PRIDE phase I until the project has been reviewed and approved by the commissioners of administration and finance. All approved projects shall be reported to the chairmen of the house appropriations committee and senate finance committee to receive their recommendation on the project. In the case of rejected projects, the commissioner of finance shall cancel the unencumbered balance of the appropriation allotted for development of the project.

Sec. 17. The appropriation for the employment and training program in the department of economic security, section 3, shall be available immediately.

Sec. 18. Minnesota Statutes 1978, Section 256B.44, Subdivision 2, is repealed."

Further, delete the title in its entirety and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for welfare, corrections, health, and other purposes with certain conditions; providing appropriations for the departments of public welfare, economic security, corrections, corrections ombudsman, health, health related boards; repealing Minnesota Statutes 1978, Section 256B.44, Subdivision 2."

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

House Conferees: (Signed) Mary M. Forsythe, Al W. Wieser, Jr., Robert W. Reif, Paul McCarron, James I. Rice, Shirley A. Hokanson

Senate Conferees: (Signed) Roger D. Moe, George F. Perpich, Allan H. Spear, William G. Kirchner, Sam G. Solon

Mr. Moe moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1518 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1518: A bill for an act relating to the organization and operation of state government; appropriating money for welfare, corrections, health, and other purposes with certain conditions; providing appropriations for the departments of public welfare, economic security, corrections, corrections ombudsman, health, health related boards; repealing Minnesota Statutes 1978, Section 256B.44, Subdivision 2.

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

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

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

**MESSAGES FROM THE HOUSE—CONTINUED**

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1526 and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 1526: A bill for an act relating to the organization and operation of state government; appropriating money for education and related purposes with certain conditions, including the department of education, aids to libraries, higher education coordinating board, state universities, community colleges, and the university of Minnesota and its hospitals; amending Minnesota Statutes 1978, Sections 120.81, Subdivision 2; and 124.572, by adding a subdivision.

House File No. 1526 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

**CONFERENCE COMMITTEE REPORT ON H. F. NO. 1526**

A bill for an act relating to the organization and operation of state government; appropriating money for education and related purposes with certain conditions, including the department of education, aids to libraries, higher education coordinating board, state universities, community colleges, and the university of Minnesota and its hospitals; amending Minnesota Statutes 1978, Sections 120.81, Subdivision 2; and 124.572, by adding a subdivision.

May 19, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 1526, report that we have agreed upon the items in dispute and recommend as follows:

Delete everything after the enacting clause and insert:

“Section 1. [EDUCATION; APPROPRIATIONS.] The sums set forth in the columns designated “APPROPRIATIONS” are appropriated from the general fund, or any other fund designated, to the agencies and for the purposes specified in the following sections of this act, to be available for the fiscal year indicated for each purpose. The figures “1979”, “1980”, and “1981”, wherever used in this act, mean that the appropriation or appropriations listed thereunder or therefor shall be available for the year ending June 30, 1979, June 30, 1980, or June 30, 1981, respectively.

## SUMMARY BY FUND

	1979	1980	1981	TOTAL
General		\$397,246,964	\$403,036,924	\$800,283,888
Tr. Hwy.		15,700	15,700	31,400
Prm. Univ.		2,500,000	2,500,000	5,000,000
Total		399,762,664	405,552,624	805,315,288

APPROPRIATIONS  
Available for the Year  
Ending June 30,  
1980                      1981

## Sec. 2. DEPARTMENT OF EDUCATION

Subdivision 1. General Operations and Management .....\$22,896,400    \$21,647,000

## Approved Complement

State—            551.7        548.7  
Federal—        216.7        215.7

The amounts that may be expended from this appropriation for each program and activity are more specifically described in the following subdivisions of this section.

Subd. 2. Special and Compensatory Education ..... 5,553,600        5,322,000

Of this appropriation, \$650,000 in the first year, and \$600,000 in the second year is for Indian scholarships. Any unexpended balance remaining in the first year does not cancel but is available for the second year of the biennium.

\$109,300 the first year is for repair and purchase of equipment at the Minnesota School for the Deaf and the Minnesota Braille and Sight-Saving School. Any unexpended balance remaining in the first year does not cancel but is available for the second year of the biennium.

Subd. 3. Vocational Technical Instruction ..... 3,438,900        2,651,000

(a) \$275,000 the first year is for the Minnesota instructional materials center.

(b) \$168,800 the first year is for the vocational student organization center.

1980

1981

\$

\$

(c) \$201,100 the first year is for area agricultural coordinators.

(d) \$150,000 the first year is for the statewide curriculum articulation center.

(e) The amounts in (a), (b), (c), and (d) shall be spent pursuant to agreements between the state board of education and the recipients. The agreements are not subject to the contract approval procedures of the commissioner of administration.

Until June 30, 1980, the recipient may charge fees to users of these services designed to cover the cost to the recipient of duplication and distribution, plus ten percent.

Before January 15, 1980, the department of education shall provide a report to the appropriate committees of the legislature in regard to the activities of each of these services and make recommendations regarding the future need for these services, possibilities for alternative funding, and alternative methods of administration.

(f) Federal money received for state vocational education programs pursuant to the Vocational Education Act of 1963, Section 120, and required to be used for vocational education of the disadvantaged and handicapped shall be used only for grants and not for state administrative costs. This does not limit the use of grant money by a school district for its own administrative costs if otherwise permitted by federal law. The remainder of section 120 money not required to be used for eliminating sex bias in vocational education shall be used for grants for post-secondary vocational categorical aid.

Subd. 4. Special Services . . . . .	1,720,200	1,727,200
Subd. 5. Instructional Services . . . . .	1,321,700	1,321,700

Of the amounts provided by this subdivision, \$15,700 in 1980 and \$15,700 in 1981 are from the trunk highway fund.

1980

1981

\$

\$

The department of education is authorized to apply for and receive federal money for the career education program. The department of education shall not increase its expenditure of state money or its state complement involved in career education programs above the level of the spending and complement in fiscal year 1979. The department of education shall not apply for federal career education money if the application will require an appropriation of state money at any time in the future. The department of education shall present no budget requests for state appropriations for this program in future sessions.

Subd. 6. School Management Services .....	8,694,900	8,477,600
---	-----------	-----------

The commissioner of education with the approval of the commissioner of finance may transfer appropriations from other programs to the school management services program to support up to four positions, which may be transferred to this program during the biennium. All transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

(a) Salaries, Supplies, and Expenses  
       \$2,985,300       \$2,912,300

\$678,100 the first year and \$619,100 the second year is for continued development of the department's management information system. Any unencumbered balance remaining for this purpose in the first year does not cancel but is available for the second year of the biennium.

The department of education and the Minnesota educational computing consortium shall investigate ways to reduce the need for centralized user services for instructional computing and submit a report to the legislature by December 1, 1980.

(b) Claims, Grants, and Shared Revenue  
       \$5,709,600       \$5,565,300

1980

1981

\$

\$

(1) \$3,740,000 in 1980 and \$1,510,000 in 1981 is for conversion aids, regional support aids, and regional telecommunications aids for regional management information centers.

(2) The following amounts are appropriated from the general fund to a contingent account to be available for expenditure with the approval of the governor after consultation with the legislative advisory commission, using the procedures of Minnesota Statutes, Section 3.30:

\$300,000 in 1980 is for conversion aids for regional management information centers, to be used for the additional costs of converting to the regional management information system;

\$400,000 in 1980 is for additional regional support aids; and \$2,600,000 in 1981 is for regional support aids and shall be expended only after the legislature has reviewed the formation, structure and functions of the regional management information centers and has determined procedures for providing support grants for regional management information centers for fiscal year 1981.

(3) \$1,169,600 in 1980 and \$1,355,300 in 1981 is for instructional timesharing telecommunications costs.

(4) \$100,000 each year is for the department of education and the Minnesota educational computing consortium to conduct pilot programs to encourage school districts to purchase or use microcomputers that are not connected to the central timesharing computer via the telecommunications network, but that communicate with MECC via the U.S. Postal Service, courier services, or other low-cost communication methods. The department of education and MECC shall investigate methods to reduce the need for a communication subsidy for instructional timesharing and submit a report to the legislature on the methods



	1980	1981
	\$	\$
and on the results of the pilot projects with microcomputers by December 1, 1980.		
(5) The department of education in consultation with MECC shall submit to the chairman of the house appropriations committee and the chairman of the senate finance committee by July 15 and December 31 of each year a progress report, proposed plans, and expenditures.		
(6) Any unexpended balance remaining in (b) in the first year does not cancel but is available for the second year of the biennium.		
Subd. 7. Auxiliary and General Support Services .....	2,167,100	2,147,500

Subd. 8. Federal money received for strengthening state education agencies pursuant to the Elementary and Secondary Education Act of 1965, Title 4C, as amended, or pursuant to the Education Amendments of 1978, Section 404, Paragraph (a), Clause (9), or Title 5, Part B, shall be spent only for the activities and approved complement positions shown in the allocation plan for Title 4C money as approved by the conferees of the senate and house of representatives. The amounts available for expenditure for each activity are those shown in the allocation plan. Amounts necessary to support approved complement positions shown in the allocation plan may be added to or transferred among those activities by the commissioner of education, with the approval of the commissioner of finance and with notification to the committee on finance of the senate and the committee on appropriations of the house of representatives. Any other transfers or additions may be made only by the governor after consultation with the legislative advisory commission.

Subd. 9. It is the intent of the legislature that the department of education be allowed to transfer money among the

	1980	1981
	\$	\$

various object of expenditure categories and activities within each program.

Subd. 10. The department of education shall not use any federal or other money for the purpose of continuing any positions that have been deleted from the department's complement as shown on official conference committee work papers.

### Sec. 3. HIGHER EDUCATION CO-ORDINATING BOARD

Subdivision 1. General Operations and Management .....	44,478,800	45,833,900
--	------------	------------

The amounts that may be expended from this appropriation for each purpose are more specifically described in the following subdivisions of this section.

Subd. 2. Salaries and Expenses .....	1,657,500	1,871,000
--------------------------------------	-----------	-----------

This appropriation includes sufficient state money to offset anticipated loss of federal money in the policy planning and research activities. If any federal money becomes available for this activity, an equal amount of state money shall cancel to the general fund.

This appropriation includes money for the administration of the state students assistance programs, program planning and coordination, policy planning and research, and agency management services.

Subd. 3. State Scholarship, Nurses Scholarship and State Grant-In-Aid ....	22,200,000	23,152,000
--	------------	------------

Subd. 4. Part Time Student Subsidy ..	375,000	375,000
---------------------------------------	---------	---------

Subd. 5. Special Assistance .....	47,000	47,000
-----------------------------------	--------	--------

The University of Minnesota is not eligible to receive money from this appropriation.

Subd. 6. Interstate Tuition Reciprocity .....	10,075,500	9,363,000
---	------------	-----------

Subd. 7. State Work Study .....	2,600,000	3,600,000
---------------------------------	-----------	-----------

Subd. 8. Medical Student Loans .....	143,500	153,000
--------------------------------------	---------	---------

Subd. 9. AVTI Tuition Subsidy .....	1,792,500	1,792,500
-------------------------------------	-----------	-----------

	1980	1981
	\$	\$
Subd. 10. Private College Contracts . .	4,630,000	4,630,000
Any private educational institution that holds classes or other scheduled educational activities on evenings of precinct caucuses as defined by Minnesota Statutes, Chapter 202A is ineligible to receive money from this appropriation.		
Subd. 11. Regional Coordination and Service .....	234,200	234,200
Subd. 12. Minitex Library Program . .	475,000	515,000
Subd. 13. Southwest and West Central Consortium .....	53,600	56,200
No additional funding shall be available for the above program beyond June 30, 1981. A report of the activities and accomplishments of the consortium shall be submitted to the legislature by January 1, 1981.		
Subd. 14. Federal Small Business Institutes - State Matching .....	45,000	45,000
The higher education coordinating board shall provide matching grants to colleges and universities in Minnesota that receive grants under the small business management assistance program of the federal Small Business Administration, as authorized by Pub. L. 85-536, as amended, Sections 2, 8 and 9; Pub. L. 88-452, as amended, Sections 401, 402, 406, and 407; or any other federal law.		
Subd. 15. Minnesota Occupational Information System .....	150,000	
The higher education coordinating board shall prepare and submit to the appropriate legislative committees by January 15, 1980 an evaluation report dealing with the present operations, funding requirements, effectiveness, and demonstrated need for the continuation of the Minnesota occupational information system.		
Subd. 16. Any unexpended balances in this section, except subdivisions 2, 8, and 15 remaining in the first year do not can-		

1980

1981

\$

\$

cel but are available for the second year of the biennium.

Subd. 17. The higher education coordinating board shall conduct a study to determine the need for and availability of training programs in Minnesota and neighboring states for personnel who work with individuals having vision, hearing, and deaf-blind disabilities. The board shall assess the need for additional training programs and identify feasible delivery options including contracting with institutions in other states. The results and recommendations shall be submitted to the legislature by December 30, 1979.

Subd. 18. The higher education coordinating board shall conduct a study of the salaries and fringe benefits of unclassified professional employees in public and private post secondary education in Minnesota. The study shall examine existing compensation patterns in each system and institution as related to sex, rank, length of service, term of employment, professional preparation, and conditions of employment specified in any collective bargaining agreements. The study shall relate compensation to total educational costs, including, but not limited to long range enrollment projections, faculty student ratios, and the geographic distribution of institutional and faculty resources. The study shall also examine the policy of the institution in regard to the amount of earned income and the amount of time devoted to outside employment of unclassified employees in public post secondary education.

A report on the study shall be made to the legislature by July 1, 1980.

Subd. 19. The higher education coordinating board shall employ one staff member for the purpose of working with the Latino-Chicano Spanish communities in Minnesota in cooperation with the Spanish American Board with the aim

1980

1981

\$

\$

of increasing and enhancing their participation in postsecondary education.

This shall include, but not be limited to (1) increasing the knowledge of opportunities for postsecondary education, (2) exploring ways to facilitate more effective recruitment and admissions, (3) improving the retention and success of the students and (4) expediting access to financial and other assistance.

The coordinating board shall also study present conditions affecting the participation and retention of Latino-Chicano students in postsecondary education and make recommendations designed to more effectively meet their needs. A report of the findings shall be submitted to the legislature by January 5, 1981.

The appropriation in subdivision 2 includes \$30,000 each year for this purpose.

Subd. 20. In view of declining enrollments in some community colleges, the higher education coordinating board with the assistance of the state board for community colleges, shall conduct a study of, and make recommendations in regard to, the advisability of (1) discontinuance, or reduction of programs, activities, and services, (2) closing of colleges, (3) consolidation or merger, or both, of community colleges, (4) merger of community colleges with other post secondary institutions, and (5) other appropriate alternatives.

A report of the study shall be transmitted to the house appropriations committee and senate finance committee by January 6, 1981.

#### Sec. 4. STATE UNIVERSITY BOARD

Subdivision 1. General Operations and Management

75,040,160

76,563,255

The amounts that may be expended from this appropriation for each purpose are more specifically described in the following subdivisions of this section.

	1980	1981
	\$	\$
Subd. 2. Maintenance and Equipment .....	72,732,460	75,005,555

Within the money appropriated for this purpose by the 71st legislature, the commissioner of personnel and the state university board may implement those provisions of the collective bargaining agreements negotiated with the authorized employee representatives that establish wages and economic fringe benefits.

The provisions of collective bargaining agreements establishing severance pay are approved notwithstanding the provisions of Minnesota Statutes, Section 43.17.

The amounts appropriated in subdivisions 2 and 3 include a sum in each year for recruitment of unclassified staff.

Notwithstanding any other law to the contrary, until June 30, 1981 the state university board may purchase insurance coverage as it deems necessary and appropriate for activities ancillary to the programs of the state universities.

Subd. 3. State University Board Contingent .....	750,000	
--	---------	--

Any unexpended balance remaining in the first year does not cancel but is available for the second year of the biennium.

This appropriation shall be expended with the approval of the governor after consultation with the legislative advisory commission as provided by Minnesota Statutes, Section 3.30.

Subd. 4. Federal Student Loans - State Matching .....	175,000	175,000
Subd. 5. Federal Work Study - State Matching .....	518,000	518,000

Any unexpended balances in subdivisions 4 and 5 remaining in the first year do not cancel but are available for the second year of the biennium. If the amounts appropriated in subdivision 5 are insufficient to fully match federal money

	1980	1981
	\$	\$
available, the state university board may transfer money from the appropriations in subdivisions 1 or 3 to this program. No portion of the appropriation shall be used to defray obligations incurred prior to July 1, 1979.		

Subd. 6. Repairs and Betterments. . . .	864,700	864,700
---	---------	---------

Any unexpended balance remaining in the first year does not cancel but is available for the second year of the biennium.

The state university board, with the concurrence of the commissioner of finance and the chairmen of the senate finance and house appropriations committees, may transfer excess fuel and utility money appropriated in subdivision 2 to the repair and betterment account to fund energy conservation related building repairs and improvements.

Subd. 7. Notwithstanding the provisions of Minnesota Statutes, Chapters 15A and 43, the state university board may establish executive salaries within the state university system in accordance with a management compensation plan based on the level of responsibility and authority of various positions as well as appropriate market comparisons with similar positions in comparable public colleges and universities in the midwest.

The salary of the chancellor is the upper limit of compensation for all other positions in the state university system.

The state university board shall survey compensation levels in comparable public colleges and universities in the midwest during the 1979-81 biennium and report necessary adjustments in the above level of compensation to the governor and legislature as part of its 1981-83 biennial budget request.

Sub. 8. A report shall be submitted to the 72nd session of the legislature on the use of all money exempt from budgetary control by the commissioner of

1980

1981

\$

\$

finance pursuant to Minnesota Statutes, Sections 136.11, Subdivision 5; 136.144; and 136.37.

#### Sec. 5. STATE COMMUNITY COLLEGE BOARD

Subdivision 1. General Operations and Management .....	35,668,371	36,673,186
--	------------	------------

The amounts that may be expended from this appropriation for each purpose are more specifically described in the following subdivisions of this section.

Subd. 2. Operations and Maintenance.	33,958,471	35,688,286
--------------------------------------	------------	------------

This appropriation is for maintenance and equipment of the state community college board and the state community colleges. The state community colleges are encouraged to use off-campus courses to extend the benefits of this appropriation to as many Minnesota residents as possible.

Notwithstanding any other law to the contrary, the community college board may purchase insurance coverage as it deems necessary and appropriate for activities ancillary to the programs of the state community colleges.

Subd. 3. Program Development. ....	300,000	
------------------------------------	---------	--

Prior to use of this appropriation the chancellor of the community college system shall submit the proposed program and expenditures for review by the chairmen of the house appropriations and senate finance committees.

Subd. 4. Learning Centers. ....	225,300	225,300
---------------------------------	---------	---------

The board may establish one or more additional learning centers and survey the need for and suggested sites for additional learning centers.

The board shall report to the committee on finance of the senate and the committee on appropriations of the house of representatives by March 1, 1980 for the first year and January 1, 1981 for the



	1980	1981
	\$	\$
second year on the use of the money in this appropriation.		
Subd. 5. Federal Student Loan—State Matching .....	70,000	70,000
Subd. 6. Federal Work Study State Matching .....	291,500	291,500

If the amounts appropriated are insufficient to fully match federal money available, the community college board may transfer money available from the appropriation in subdivision 2 to this program.

Subd. 7. State Community College Board Contingent .....	300,000	
---	---------	--

This appropriation shall be expended with the approval of the governor after consultation with the legislative advisory commission, as provided by Minnesota Statutes, Section 3.30.

Subd. 8. Repairs and Betterments....	398,100	398,100
--------------------------------------	---------	---------

Any unexpended balances in this section, except subdivision 2, remaining in the first year does not cancel but is available for the second year of the biennium.

Subd. 9. Special Assessments.....	125,000	
-----------------------------------	---------	--

Sec. 6. UNIVERSITY OF MINNESOTA .....	220,278,333	223,298,983
---------------------------------------	-------------	-------------

The amounts that may be expended from this appropriation for each purpose are more specifically described in the following three sections of this act.

#### Sec. 7. UNIVERSITY OF MINNESOTA: GENERAL

Subdivision 1. Operations and Maintenance .....	173,846,759	177,625,220
---	-------------	-------------

These appropriations are made from:

(a) Income derived from investment of the permanent university fund, which is appropriated to the university as provided in Minnesota Statutes, Section 137.022. It is estimated that this income will not exceed \$2,500,000 for the first

1980

1981

\$

\$

year and \$2,500,000 for the second year; and

(b) The general fund. It is estimated that the amount required from the general fund will be at least \$171,346,759 for the first year and \$175,125,220 for the second year.

The university is authorized to retain two and one-half percent of the indirect cost recoveries and this amount shall be expended to improve its ability to attract non-state money. A report on the expenditures of this money with an analysis of apparent results shall accompany the university's annual report on expenditure of excess receipts.

On October 1, 1980 and 1981 the president of the university of Minnesota shall furnish the house appropriations and senate finance committees and the commissioner of finance the following information:

(1) The total amount of receipts during the fiscal year 1980 from all sources in excess of \$76,350,000 and during the fiscal year 1981 from all sources in excess of \$81,800,000;

(2) The sources of these receipts; and

(3) The purposes for which any excess receipts were expended and accounts to which transferred.

The board of regents shall certify to the commissioner of finance at the end of each quarter the amount of earnings derived from the investment of the permanent university fund.

If this income during any fiscal year exceeds the amounts stated in (a) above, the amount payable from the general fund is reduced accordingly.

State appropriations for fellowship programs shall cancel if replacement federal money becomes available during the 1979-1981 biennium.

	1980	1981
	\$	\$

In preparing the university's legislative budget request for the 1981-1983 biennium, all projected income from student tuition shall be based on a charge per credit hour schedule.

This appropriation provides necessary funding for the development of an automated student registration system, which shall be completed and in operation systemwide by the beginning of fall quarter 1981.

This appropriation includes money to provide direct support services to handicapped students.

Any excess money in the above appropriation resulting from delayed completion or occupancy of new space as projected in the budget document is cancelled to the general fund.

The university shall take necessary steps to reduce the amount of leased space and to discontinue leasing inefficient space. A report detailing the steps taken and results achieved, including projected energy savings, shall be submitted to the chairmen of house appropriations and senate finance committees by January 1, 1981.

The university shall continue to take the necessary steps to insure faculty salary equalization among the twin cities and coordinate campuses and submit a progress report to the legislature by January 15, 1981.

The university shall submit by January 1, 1981 a report to the chairman of the house appropriations committee and the chairman of the senate finance committee detailing the increased level of grants, contracts, other non-state support, and indirect cost recoveries as a result of an increased travel budget.

Subd. 2. Equipment Replacement . . .	750,000	750,000
Subd. 3. Student Loans—State Matching . . . . .	250,000	250,000
Subd. 4. Disadvantaged Students . . .	350,000	350,000

	1980	1981
	\$	\$
This appropriation shall be used for providing counseling, tutorial, and other direct services to disadvantaged students.		
Subd. 5. Library Supplement.....	1,644,900	1,706,400
Subd. 6. Intercollegiate Athletics....	1,158,577	1,427,298
The regents shall develop a plan for a unified department of intercollegiate athletics on the twin cities campus. The legal and fiscal implications of the plan shall be submitted to the chairmen of the house appropriations committee and the senate finance committee by September 1, 1980.		
Subd. 7. Summer School Tuition and Continuing Education Supplement....	1,052,000	1,052,000
The board of regents shall expend this money to equalize tuition rates among undergraduate students for regular session, summer session, and extension programs in order to facilitate to the maximum the use of campus units, buildings, and staff.		
Subd. 8. Family Practice and Graduate Residency Program.....	3,419,200	3,419,200
All hospitals receiving any portion of this appropriation shall furnish the house appropriations and senate finance committees with a full report by March 1, 1980 on all actual and reasonable costs resulting from graduate family practice residency education, and all fees and income to the hospital generated by the graduate residents in family practice and the purposes for which this money was expended. Expenditures from this appropriation shall be made only for activities directly related to the training of doctors in family practice.		
Subd. 9. Medical Services and Instruction .....	1,440,000	1,465,000
This appropriation includes money for the rural health physicians' associate program, drug abuse information and education, and public health and nurse clinician generalist program.		

	1980	1981
	\$	\$
Subd. 10. Health Sciences Contingent	2,425,000	
<p>Portions or all of the above appropriation are available upon submission of required documentation that federal health sciences capitation money has been reduced or phased out. Replacement of any capitation grant losses or reductions shall be computed by using the fiscal year 1976 level as the base year. The replacement will be adjusted to reflect faculty and civil service salary increases granted to the university for the 1979-1981 bien-nium. All requests shall be reviewed by the chairmen of the house appropriations and senate finance committees whose recommendations are advisory only. Failure to make a recommendation promptly is deemed a negative recommendation.</p>		
Subd. 11. Duluth Campus		
(a) Basic Sciences Program for Medical Training .....	2,267,600	2,267,600
(b) Dental Hygiene Program.....	230,000	230,000
(c) Graduate School of Social Work....	438,100	438,100
Sec. 8. UNIVERSITY OF MINNE-SOTA: RESEARCH		
Subdivision 1. General Research.....	1,750,000	1,750,000
<p>This appropriation is, as the board of regents may direct, for general research, business and economic research including Duluth, training for careers in fire prevention and protection, center for urban and regional affairs, museum of natural history, and juvenile justice seminar.</p>		
Subd. 2. Mineral Resource Research Center .....	300,000	300,000
Subd. 3. General Agricultural Research .....	7,584,500	7,584,500
<p>This appropriation includes money for research on aquatic plants (including wild rice), soybeans, avian disease, swine disease, corn improvement and irrigation.</p>		
Subd. 4. Hormel Institute—Austin....	129,400	129,400

	1980	1981
\$		\$
To support the operation of the institute and to promote research by the institute.		
Subd. 5. Medical Research.....	1,486,000	1,516,000
Subd. 6. Veterinary Diagnostic Laboratory and Teaching Hospital.....	850,000	850,000
Subd. 7. Geological Survey.....	501,000	501,000
Subd. 8. Lake Superior Basin Studies.	67,500	67,500
Subd. 9. Sea Grant.....	100,000	100,000
Subd. 10. Freshwater Biological Research Institute .....	224,200	224,200
Sec. 9. UNIVERSITY OF MINNESOTA: COMMUNITY SERVICES		
Subdivision 1. Agricultural Extension Service .....	7,065,690	7,065,690
This appropriation includes money for agriculture extension work, county agricultural agents, home demonstration and 4-H club work, and soil conservation. Any salary increases granted by the university to personnel paid from this appropriation shall not result in a reduction of the county portion of the salary payments.		
This appropriation includes money each year for the potato and sugar beet extension program in the Red River Valley, contingent on an equal amount being provided by the state of North Dakota.		
Subd. 2. For State's Share of Expenses of County Indigent Patients.....	2,000,000	2,000,000
Subd. 3. Special Hospitals, Community Service, and Educational Offset.....	6,466,300	6,466,300
Fees for service furnished to counties and individuals under this program shall be sought to augment the money appropriated; the fees are appropriated to the university hospitals, to be available until June 30, 1981.		
Subd. 4. University Galleries.....	45,000	45,000
Subd. 5. Industrial Relations Education Program .....	460,900	460,900

	1980	1981
	\$	\$
Subd. 6. Civil Service Base Adjustment .....	137,100	137,100
Subd. 7. Faculty Equity Adjustment ..	500,000	500,000
Subd. 8. Faculty Salary Increase .....	1,021,083	2,113,641
Subd. 9. Faculty Fringe Increase .....	317,524	506,934

The appropriations in section 7, subdivisions 2, 5, 8, and 11 paragraphs (a), (b), and (c); section 8, the veterinary medicine teaching hospital portion of subdivision 6, subdivision 10; and section 9, subdivision 4 shall be merged with the general operations and maintenance appropriation in fiscal years 1980 and 1981.

Notwithstanding any other law to the contrary, prior to preparing the 1981-1983 biennial budget request the university of Minnesota and the department of finance in cooperation with the staff of the house appropriations and senate finance committees shall develop improvements to the budget format. A progress report shall be submitted to the chairman of the house appropriations committee and the chairman of senate finance committee by January 15, 1980.

#### Sec. 10. MAYO MEDICAL

Subdivision 1. Medical School .....	1,304,600	1,392,300
-------------------------------------	-----------	-----------

The state of Minnesota shall pay a capitation of \$8,640 in fiscal year 1980 and \$9,160 in fiscal year 1981 for each student who is a resident of Minnesota for a maximum of 40 such students in each class.

Subd. 2. Family Practice and Graduate Residency Program .....	96,000	144,000
---	--------	---------

The state of Minnesota shall pay capitation of \$12,000 each for eight students in fiscal year 1980 and twelve students in fiscal year 1981.

Sec. 11. Minnesota Statutes 1978, Section 120.81, Subdivision 2, is amended to read:

Subd. 2. Notwithstanding the provisions of subdivision 1, the consortium is authorized to maintain a revolving fund for all receipts derived from computer services provided by the consortium

and further provided that . The Minnesota educational computing consortium shall charge users of consortium facilities for on-line computer time actually used. Receipts shall be deposited in the Minnesota educational computing consortium revolving fund and are appropriated to the consortium. The consortium board ~~may establish one management position~~ shall appoint an executive director who shall be its chief administrative officer. The executive director may be in the unclassified service. All other employees are in the classified service of the state.

Sec. 12. [120.83] [PURCHASE OF ANNUITIES FOR EMPLOYEES.] Subdivision 1. At the request of an employee, the consortium board may negotiate and purchase an individual annuity contract from a company licensed to do business in the state of Minnesota for an employee for retirement or other purposes and may allocate a portion of the compensation otherwise payable to the employee as salary for the purpose of paying the entire premium due or to become due under such contract. The allocation shall be made in a manner which will qualify the annuity premiums, or a portion thereof, for the benefit afforded under section 403(b) of the current federal internal revenue code or any equivalent provision of subsequent federal income tax law. The employee shall own such contract and his rights thereunder shall be nonforfeitable except for failure to pay premiums.

Subd. 2. All amounts so allocated shall be deposited in an annuity account, which is established in the state treasury. There is annually appropriated from the annuity account in the state treasury to the board all moneys deposited therein for the payment of annuity premiums when due or for other application in accordance with the salary agreement entered into between the employee and the board. The moneys in the annuity account in the state treasury are not subject to the budget, allotment, and encumbrance system provided for in chapter 16, and any act amendatory thereof.

Sec. 13. [EMPLOYEES TRANSFERRED.] On July 1, 1979, all employees of the Minnesota educational computing consortium shall be transferred without competitive examination to the classified civil service of the state. Positions and employees shall be placed in the proper classifications by the commissioner of personnel with compensation as those classifications carry. Employees above the maximum rate for their classifications shall receive no further salary increases, except for cost-of-living adjustments and those increases authorized by Minnesota Statutes, Section 43.122, Subdivision 1, until their salary rate falls within the range for their classification.

Incumbents of transferred positions shall receive the status and length of service credit that would have accrued to them had they originally been appointed to the classified civil service; however, the length of service shall not include seniority under the provisions of a collective bargaining agreement negotiated pursuant to sections 179.61 to 179.77, until the effective date of classified civil service status. All of the employees' accrued vacation and sick



*leave shall be transferred to their credit, provided that in no event shall the amount transferred exceed state limitations for classified employees. The position of executive director may be converted to the unclassified service by the consortium board upon notice to the commissioner of personnel.*

Sec. 14. Minnesota Statutes 1978, Section 123.38, Subdivision 3, is amended to read:

Subd. 3. The board may enter into a contract providing for the payment of cash benefits or the rendering or payment of hospital and medical benefits, or both to school children injured while participating in activities of the school, such contract to make the payment of such benefits or the rendering thereof the direct and sole obligation of the association or company entering into such contract with the district.

If the board deems it advisable, it may authorize employees to collect fees from the pupils enrolled in said school who are to be or are covered by such contract, and to make payment of the premium or other charge for such contract or protection. The payment of such premium or other charge may be made from funds received from the federal government or from the state or any governmental subdivision thereof, or from funds derived by a tax levy or the issuance of bonds.

The payment of any fees, premium or other charge by such child shall not thereby make the district liable for any injuries incurred from such school activities.

*The state board of education may purchase medical insurance coverage for the benefit of students of the school for the deaf or the braille and sight-saving school in the same manner and with the same effect as a school district board may do for its students under this subdivision.*

Sec. 15. Minnesota Statutes 1978, Section 124.572, is amended by adding a subdivision to read:

Subd. 10. *State money shall not be used to pay for more than 75 percent of the independent telephone communications training program and the Minnesota electric cooperative linepersons training program. The appropriate industry or association shall pay at least 25 percent of the cost of each program.*

Sec. 16. [124.625] [VETERANS TRAINING.] *The state board of education shall continue the veterans training program. All receipts to the veterans training revolving fund for the veterans training program are appropriated to the state board to pay the necessary expenses of operation of the program. The state board shall act as the state agency for approving educational institutions for purposes of 38 U.S.C. Chapter 36, relating to educational benefits for veterans and other persons. The state board may adopt rules to fulfill its obligations as the state approving agency. All federal money received for purposes of the veterans training program shall be deposited in the veterans*

*training revolving fund and is appropriated to the state board for those purposes.*

**Sec. 17. [PRIOR LAWS SUPERSEDED.]** *The provisions of the preceding section supersede and replace the provisions of Laws 1947, Chapter 599, Section 7, Clause 8, and Laws 1977, Chapter 449, Section 2, Subdivision 2, Clause (b), relating to the revolving fund for on the job training.*

**Sec. 18. [REPEALER.]** *Minnesota Statutes 1978, Section 197.78, Subdivision 2, is repealed.*

**Sec. 19.** *It is recommended that the education committees of the senate and the house review the creation of a center for older adult learners and make recommendations to the 1980 legislature."*

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for education and related purposes, including the department of education, higher education coordinating board, state universities, community colleges, and the university of Minnesota and its hospitals, with certain conditions; amending Minnesota Statutes 1978, Sections 120.81, Subdivision 2; 123.38, Subdivision 3; and 124.572, by adding a subdivision; repealing Minnesota Statutes 1978, Section 197.78, Subdivision 2."

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

House Conferees: (Signed) Wendell O. Erickson, William D. Dean, John L. Weaver, Michael R. Sieben, James C. Swanson, James P. Metzen

Senate Conferees: (Signed) Roger D. Moe, Robert J. Tennessen, Peter P. Stumpf, Harmon T. Ogdahl, Earl W. Renneke

Mr. Moe moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1526 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1526: A bill for an act relating to the organization and operation of state government; appropriating money for education and related purposes, including the department of education, higher education coordinating board, state universities, community colleges, and the university of Minnesota and its hospitals, with certain conditions; amending Minnesota Statutes 1978, Sections 120.81, Subdivision 2; 123.38, Subdivision 3; and 124.572, by adding a subdivision; repealing Minnesota Statutes 1978, Section 197.78, Subdivision 2.

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

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

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Knutson	Perpich	Solon
Ashbach	Hanson	Laufenburger	Peterson	Spear
Bernhagen	Hughes	Lessard	Pillsbury	Staples
Brataas	Jensen	Luther	Purfeerst	Stokowski
Chenoweth	Johnson	McCutcheon	Renneke	Strand
Chmielewski	Keefe, J.	Merriam	Rued	Stumpf
Davies	Keefe, S.	Moe	Schaaf	Ueland, A.
Dieterich	Kirchner	Nelson	Setzepfandt	Uiland, J.
Dunn	Kleinbaum	Ogdahl	Sieloff	Vega
Engler	Knaak	Olhoft	Sikorski	Willet
Frederick	Knoll	Penny	Sillers	

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

#### MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 738 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 738 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Transmitted May 21, 1979

#### CONFERENCE COMMITTEE REPORT ON 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.

May 21, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 738, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and H. F. No. 738 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1611] [GOVERNMENT DATA.] *Subdivision 1. All state agencies, political subdivisions and statewide systems shall be governed by sections 15.1611 to 15.1698.*

*Subd. 2. Sections 15.1611 to 15.1698 may be cited as the "Minnesota government data practices act."*

Sec. 2. Minnesota Statutes 1978, Section 15.162, Subdivision 1, is amended to read:

15.162 [COLLECTION, SECURITY AND DISSEMINATION OF RECORDS; DEFINITIONS.] Subdivision 1. As used in sections ~~15.162 to 15.1671~~ *15.1611 to 15.1698*, the terms defined in this section have the meanings given them.

Sec. 3. Minnesota Statutes 1978, Section 15.162, Subdivision 2a, is amended to read:

Subd. 2a. "Confidential data on individuals" means data which is: (a) made not public by statute or federal law applicable to the data and is inaccessible to the individual subject of that data; or (b) collected by a civil or criminal investigative agency as part of an active investigation undertaken for the purpose of the commencement of a legal action, provided that the burden of proof as to whether such investigation is active or in anticipation of a legal action is upon the agency. Confidential data on individuals does not include arrest information that is reasonably contemporaneous with an arrest or incarceration. The provision of clause (b) shall terminate and cease to have force and effect with regard to the state agencies, political subdivisions, statewide systems, covered by the ruling, upon the granting or refusal to grant an emergency *a temporary* classification pursuant to section 15.1642 of both criminal and civil investigative data, or on July 31, ~~1979~~ *1980*, whichever occurs first.

Sec. 4. Minnesota Statutes 1978, Section 15.162, Subdivision 6, is amended to read:

Subd. 6. "Responsible authority" in a state agency or statewide system means the state official designated by law or by the commissioner as the individual responsible for the collection, use and dissemination of any set of data on individuals, *government data*, or summary data. "Responsible authority" in any political subdivision means the individual designated by the governing body of that political subdivision as the individual responsible for the collection, use, and dissemination of any set of data on individuals, *government data*, or summary data, unless otherwise provided by state law.

Sec. 4A. Minnesota Statutes 1978, Section 15.162, is amended by adding a subdivision to read:

*Subd. 10. "Designee" means any person designated by a responsible authority to be in charge of individual files or systems containing government data and to receive and comply with requests for government data.*

*Sec. 5. Minnesota Statutes 1978, Section 15.162, is amended by adding a subdivision to read:*

*Subd. 11. "Government data" means all data collected, created, received, maintained or disseminated by any state agency, political subdivision, or statewide system regardless of its physical form, storage media or conditions of use.*

*Sec. 6. Minnesota Statutes 1978, Section 15.162, is amended by adding a subdivision to read:*

*Subd. 12. "Person" means any individual, partnership, corporation, association, business trust, or a legal representative of an organization.*

*Sec. 7. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:*

**[15.1621] [ACCESS TO GOVERNMENT DATA.]** *Subdivision 1. [PUBLIC DATA.] All government data collected, created, received, maintained or disseminated by a state agency, political subdivision, or statewide system shall be public unless classified by statute, or temporary classification pursuant to section 15.1642, or federal law, as not public, or with respect to data on individuals, as private or confidential. The responsible authority in every state agency, political subdivision and statewide system shall keep records containing government data in such an arrangement and condition as to make them easily accessible for convenient use. Photographic, photostatic, microphotographic, or microfilmed records shall be considered as accessible for convenient use regardless of the size of such records.*

*Subd. 2. [PROCEDURES.] The responsible authority in every state agency, political subdivision, and statewide system shall establish procedures, consistent with sections 15.1611 to 15.1698, to insure that requests for government data are received and complied with in an appropriate and prompt manner. Full convenience and comprehensive accessibility shall be allowed to researchers including historians, genealogists and other scholars to carry out extensive research and complete copying of all records containing government data except as otherwise expressly provided by law.*

*A responsible authority may designate one or more designees.*

*Subd. 3. [REQUEST FOR DATA.] Upon request to a responsible authority or designee, a person shall be permitted to inspect and copy government data at reasonable times and places, and if the person requests, he shall be informed of the data's meaning. The responsible authority or designee shall provide copies of government data upon request. The responsible authority may require the requesting person to pay the actual costs of making,*

*certifying and compiling the copies. If the responsible authority or designee is not able to provide copies at the time a request is made he shall supply copies as soon as reasonably possible.*

*If the responsible authority or designee determines that the requested data is classified so as to deny the requesting person access, the responsible authority or designee shall so inform the requesting person orally at the time of the request, and in writing as soon thereafter as possible, and shall cite the statute, temporary classification, or federal law on which the determination is based.*

Sec. 8. Minnesota Statutes 1978, Section 15.163, is amended to read:

15.163 [DUTIES OF RESPONSIBLE AUTHORITY.] Subdivision 1. [ANNUAL INVENTORY OF RECORDS.] *On or before August 1, 1976, The responsible authority shall prepare a public document containing his name, title and address, and a description of each category of record, file, or process relating to private or confidential data on individuals maintained by his state agency, statewide system, or political subdivision. Forms used to collect private and confidential data shall be included in the public document. Beginning August 1, 1977 and annually thereafter, the responsible authority shall update the public document and make any changes necessary to keep it accurate maintain the accuracy of the document. The document shall be available from the responsible authority to the public in accordance with the provisions of sections 7 and 15.17.*

Subd. 2. [COPIES TO COMMISSIONER.] The commissioner may require responsible authorities to submit copies of the public document required in subdivision 1, and may request additional information relevant to data collection practices, policies and procedures.

Subd. 3. [STANDARDS FOR COLLECTION AND STORAGE.] *Collection and storage of public, private or confidential data on individuals and use and dissemination of private and confidential data on individuals shall be limited to that necessary for the administration and management of programs specifically authorized by the legislature, local governing body or mandated by the federal government.*

Subd. 4. [COLLECTION AND USE OF DATA; GENERAL RULE.] *Private or confidential data on an individual shall not be collected, stored, used or disseminated by political subdivisions, statewide systems or state agencies for any purposes other than those stated to the individual at the time of collection in accordance with section 15.165, except as provided in this subdivision.*

*(a) Data collected prior to August 1, 1975, and which have not been treated as public data, may be used and disseminated for the purposes for which the data was originally collected or for purposes which are specifically approved by the commissioner as necessary to public health, safety, or welfare.*

(b) *Private or confidential data may be used and disseminated to individuals or agencies specifically authorized access to that data by state or federal law subsequent to the collection of the data.*

(c) *Private or confidential data may be used and disseminated to individuals or agencies subsequent to the collection of the data when specifically approved by the commissioner as necessary to carry out a function assigned by law.*

(d) *Private data may be used by and disseminated to any person or agency if the individual subject or subjects of the data have given their informed consent. Whether a data subject has given informed consent shall be determined by rules of the commissioner. Informed consent shall not be deemed to have been given by an individual subject of the data by the signing of any statement authorizing any person or agency to disclose information about him or her to an insurer or its authorized representative, unless the statement is:*

(1) *In plain language*

(2) *Dated;*

(3) *Specific in designating the particular persons or agencies the data subject is authorizing to disclose information about him or her;*

(4) *Specific as to the nature of the information he or she is authorizing to be disclosed;*

(5) *Specific as to the persons or agencies to whom he or she is authorizing information to be disclosed;*

(6) *Specific as to the purpose or purposes for which the information may be used by any of the parties named in clause (5), both at the time of the disclosure and at any time in the future;*

(7) *Specific as to its expiration date which should be within a reasonable period of time, not to exceed one year except in the case of authorizations given in connection with applications for life insurance or noncancelable or guaranteed renewable health insurance and identified as such, two years after the date of the policy.*

**Subd. 5. [DATA PROTECTION.]** *The responsible authority shall (1) establish procedures to assure that all data on individuals is accurate, complete, and current for the purposes for which it was collected; and (2) establish appropriate security safeguards for all records containing data on individuals.*

**Subd. 6. [CONTRACTS.]** *Except as provided in section 15, subdivision 5, in any contract between a governmental unit subject to sections 15.1611 to 15.1698 and any person, when the contract requires that data on individuals be made available to the contracting parties by the governmental unit, that data shall be administered consistent with sections 15.1611 to 15.1698. A contracting party shall maintain the data on individuals which it received according to the statutory provisions applicable to the data.*

**Subd. 7. [PREPARATION ON SUMMARY DATA.]** *The use of summary data derived from private or confidential data on individuals under the jurisdiction of one or more responsible authorities shall be permitted. Unless classified pursuant to section 15.1642, summary data is public. The responsible authority shall prepare summary data from private or confidential data on individuals upon the request of any person, provided that the request is in writing and the cost of preparing the summary data is borne by the requesting person. The responsible authority may delegate the power to prepare summary data (1) to the administrative officer responsible for any central repository of summary data; or (2) to a person outside of its agency if the person, in writing, sets forth his purpose and agrees not to disclose, and the agency reasonably determines that the access will not compromise private or confidential data on individuals.*

**Subd. 8. [PUBLICATION OF ACCESS PROCEDURES.]** *The responsible authority shall prepare a public document setting forth in writing the rights of the data subject pursuant to section 15.165 and the specific procedures in effect in the state agency, statewide system or political subdivision for access by the data subject to public or private data on individuals.*

**Subd. 9. [INTERGOVERNMENTAL ACCESS OF DATA.]** *A responsible authority shall allow another responsible authority access to data classified as not public only when the access is authorized or required by statute or federal law. An agency that supplies government data under this subdivision may require the requesting agency to pay the actual cost of supplying the data.*

*Data shall have the same classification in the hands of the agency receiving it as it had in the agency providing it.*

**Sec. 9. Minnesota Statutes 1978, Section 15.1642, Subdivision 1, is amended to read:**

**15.1642 [TEMPORARY CLASSIFICATION.] Subdivision 1. [APPLICATION.]** *The responsible authority of a state agency, political subdivision or statewide system may apply to the commissioner for permission to classify data or types of data on individuals as private or confidential, or data not on individuals as non-public, for its own use and for the use of other similar agencies, political subdivisions or statewide systems on an emergency a temporary basis until a proposed statute can be acted upon by the legislature. The application for emergency temporary classification is public.*

*Upon the filing of an application for emergency temporary classification, the data which is the subject of the application shall be deemed to be classified as set forth in the application for a period of 30 45 days, or until the application is disapproved or granted by the commissioner, whichever is earlier.*

**Sec. 10. Minnesota Statutes 1978, Section 15.1642, Subdivision 2, is amended to read:**



Subd. 2. [CONTENTS OF APPLICATION FOR PRIVATE OR CONFIDENTIAL DATA.] An application for ~~emergency temporary~~ classification of data on individuals shall include and the applicant shall have the burden of clearly establishing at least the following information ~~(a)~~ that no statute currently exists which either allows or forbids classification as private or confidential; and either

~~(b)~~ (a) That data similar to that for which the ~~emergency temporary~~ classification is sought has been treated as either private or confidential by other state agencies or political subdivisions, and by the public; and or

~~(c)~~ (b) That a compelling need exists for immediate ~~emergency temporary~~ classification, which if not granted could adversely affect the public interest or the health, safety, well being or reputation of the data subject.

Sec. 11. Minnesota Statutes 1978, Section 15.1642, is amended by adding a subdivision to read:

Subd. 2a. [CONTENTS OF APPLICATION FOR NON-PUBLIC DATA.] An application for temporary classification of government data not on individuals shall include and the applicant shall have the burden of clearly establishing that no statute currently exists which either allows or forbids classification as non-public; and either

(a) That data similar to that for which the temporary classification is sought has been treated as non-public by other state agencies or political subdivisions, and by the public; or

(b) Public access to the data would render unworkable a program authorized by law; or

(c) That a compelling need exists for immediate temporary classification, which if not granted could adversely affect the health, safety or welfare of the public.

Sec. 12. Minnesota Statutes 1978, Section 15.1642, Subdivision 3, is amended to read:

Subd. 3. [DETERMINATION.] The commissioner shall either grant or disapprove the application for ~~emergency temporary~~ classification within 30 45 days after it is filed. If the commissioner disapproves the application, he shall set forth in detail his reasons for the disapproval, and shall include a statement of what classification he believes is appropriate for the data which is the subject of the application. Ten Twenty days after the date of the commissioner's disapproval of an application, the data which is the subject of the application shall become public data on individuals, unless the responsible authority submits an amended application for ~~emergency temporary~~ classification which requests the classification deemed appropriate by the commissioner in his statement of disapproval or which sets forth additional information relating to the original proposed classification. Upon the filing of an amended application, the data which is the subject of the amended application shall be deemed to be classified

as set forth in the amended application for a period of 15 20 days or until the amended application is granted or disapproved by the commissioner, whichever is earlier. The commissioner shall either grant or disapprove the amended application within 15 20 days after it is filed. Five working days after the date of the commissioner's disapproval of the amended application, the data which is the subject of the application shall become public data on individuals. No more than one amended application may be submitted for any single file or system which contains data on individuals.

If the commissioner grants an application for emergency temporary classification, it shall become effective immediately, and the complete record relating to the application shall be submitted to the attorney general, who shall review the classification as to form and legality. Within 20 25 days, the attorney general shall approve the classification, disapprove a classification as confidential but approve a classification as private, or disapprove the classification. If the attorney general disapproves a classification, the data which is the subject of the classification shall become public data five working days after the date of the attorney general's disapproval.

Sec. 13. Minnesota Statutes 1978, Section 15.1642, Subdivision 5, is amended to read:

Subd. 5. [EXPIRATION OF TEMPORARY CLASSIFICATION.] *Emergency classifications granted before the effective date of this section are redesignated as temporary classifications. All emergency temporary classifications granted under this section prior to the effective date of this section and still in effect shall expire on July 31, 1979 1980. No emergency classifications shall be granted after July 31, 1979. For purposes of this section, all temporary classifications granted prior to December 1, 1979, shall be treated as if they were granted in 1979.*

*Subd. 5a. On or before January 15 of each year, the commissioner shall submit all temporary classifications granted in the prior year in bill form for legislative consideration. Unless enacted by law, each temporary classification so submitted shall expire 18 months after being granted and may not be renewed more than once.*

Sec. 14. Minnesota Statutes 1978, Section 15.166, is amended to read:

15.166 [CIVIL PENALTIES.] Subdivision 1. Notwithstanding section 466.03, a political subdivision, responsible authority or state agency which violates any provision of sections 15.162 to 15.1671 15.1611 to 15.1698 is liable to a person who suffers any damage as a result of the violation, and the person damaged may bring an action against the political subdivision, responsible authority, statewide system or state agency to cover any damages sustained, plus costs and reasonable attorney fees. In the case of a willful violation, the political subdivision, statewide system or state agency shall, in addition, be liable to exemplary damages of

not less than \$100, nor more than \$1,000 \$10,000 for each violation. The state is deemed to have waived any immunity to a cause of action brought under sections ~~15.162 to 15.1671~~ 15.1611 to 15.1698.

Subd. 2. A political subdivision, responsible authority, *state-wide system* or state agency which violates or proposes to violate sections ~~15.162 to 15.1671~~ 15.1611 to 15.1698 may be enjoined by the district court. The court may make any order or judgment as may be necessary to prevent the use or employment by any person of any practices which violate sections ~~15.162 to 15.1671~~ 15.1611 to 15.1698.

Subd. 3. An action filed pursuant to this section may be commenced in the county in which the individual alleging damage or seeking relief resides, or in the county wherein the political subdivision exists, or, in the case of the state, any county.

Subd. 4. *In addition to the remedies provided in subdivisions 1 to 3 or any other law, any aggrieved person may bring an action in district court to compel compliance with sections 15.1611 to 15.1698 and sections 10 to 12 and may recover costs and disbursements, including reasonable attorney's fees, as determined by the court. If the court determines that a request for government data is frivolous and without merit and a basis in fact, it may award reasonable costs and attorney fees to the responsible authority. The matter shall be heard as soon as possible. In an action involving a request for government data under section 7 or 15.165, the court may inspect in camera the government data in dispute, but shall conduct its hearing in public and in a manner that protects the security of data classified as not public.*

Sec. 15. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1691] [WELFARE DATA.] Subdivision 1. [DEFINITIONS.] *As used in this section:*

(a) "Individual" means an individual pursuant to section 15.162, subdivision 4, but does not include a vendor of services.

(b) "Program" includes all programs for which authority is vested in a component of the welfare system pursuant to statute or federal law.

(c) "Welfare system" includes the department of public welfare, county welfare boards, human services boards, community mental health boards, state hospitals, state nursing homes, and persons, agencies, institutions, organizations and other entities under contract to any of the above agencies to the extent specified in the contract.

Subd. 2. [GENERAL.] *Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:*

- (a) Pursuant to section 15.163;
- (b) Pursuant to a valid court order;
- (c) Pursuant to a statute specifically authorizing access to the private data;
- (d) To an agent of the welfare system, including appropriate law enforcement personnel, who are acting in the investigation, prosecution, criminal or civil proceeding relating to the administration of a program;
- (e) To personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;
- (f) To administer federal funds or programs; or
- (g) Between personnel of the welfare system working in the same program.

Subd. 3. [INVESTIGATIVE DATA.] Data collected, maintained, used or disseminated by the welfare system in an investigation, authorized by statute and relating to the enforcement of rules or law, is confidential pursuant to section 15.162, subdivision 2a, and shall not be disclosed except:

- (a) Pursuant to section 15.163;
- (b) Pursuant to statute or valid court order;
- (c) To a party named in a civil or criminal proceeding, administrative or judicial, for preparation of defense.

After presentation in court, the data shall be public data on individuals to the extent reflected in court records.

Subd. 4. [LICENSING DATA.] All data pertaining to persons licensed or registered under the authority of the commissioner of public welfare, except for personal and personal financial data submitted by applicants and licensees under the home day care program and the family foster care program, is public data. Personal and personal financial data on home day care program and family foster care program applicants and licensees is private data pursuant to section 15.162, subdivision 5a.

Subd. 5. [MEDICAL DATA; CONTRACTS.] Data relating to the medical, psychiatric or mental health of any person, including diagnosis, progress charts, treatment received, case histories, and opinions of health care providers, which is collected, maintained, used or disseminated by a private health care provider under contract to any agency of the welfare system is private data on individuals, and is subject to the provisions of sections 15.162 to 15.1671, and this section, except that the provisions of section 15.165, subdivision 3, shall not apply. Access to medical data referred to in this subdivision by the individual who is the subject of the data is subject to the provisions of section 144.335.

*Subd. 6. [OTHER DATA.] Data collected, used, maintained or disseminated by the welfare system that is not data on individuals is public pursuant to sections 7 and 15.17.*

Sec. 16. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

**[15.1698] [MEDICAL DATA.] Subdivision 1. [DEFINITION.]** *As used in this section, "directory information" means name of the patient, date admitted, general condition, and date released.*

*Subd. 2. [ACCESS TO RECORDS.] Access to medical data in the possession of a political subdivision, state agency, or statewide system, by the individual who is the subject of the data is subject to the provisions of section 144.335.*

*Subd. 3. [PUBLIC HOSPITALS; DIRECTORY INFORMATION.] If a person is a patient in a hospital operated by a state agency or political subdivision pursuant to legal commitment, directory information is public data. If a person is a patient other than pursuant to commitment in a hospital controlled by a state agency or political subdivision, directory information is public data unless the patient requests otherwise, in which case it is private data on individuals.*

*Directory information about an emergency patient who is unable to communicate which is public under this subdivision shall not be released until a reasonable effort is made to notify the next of kin. Although an individual has requested that directory information be private, the hospital may release directory information to a law enforcement agency pursuant to a lawful investigation pertaining to that individual.*

Sec. 17. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

**[15.1692] [PERSONNEL DATA.] Subdivision 1.** *As used in this section, "personnel data" means data on individuals collected because the individual is or was an employee of or an applicant for employment by a state agency, statewide system or political subdivision.*

*Subd. 2. Except for employees described in subdivision 6, the following personnel data on current and former employees of a state agency, statewide system or political subdivision is public: name; actual gross salary; salary range; actual gross pension; the value and nature of employer paid fringe benefits; the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary; job title; job description; education and training background; previous work experience; date of first and last employment; the status of any complaints or charges against the employee, whether or not the complaint or charge resulted in a disciplinary action; and the final disposition of any disciplinary action and supporting documentation.*

*Subd. 3. Except for applicants described in subdivision 6, the following personnel data on current and former applicants for em-*

ployment by a state agency, statewide system or political subdivision is public: veteran status; relevant test scores; rank on eligible list; job history; education and training; and work availability. Names of applicants shall be private data except when certified as eligible for appointment to a vacancy.

Subd. 4. Personnel examinations and answer keys are confidential, except pursuant to a valid court order.

Subd. 5. All other personnel data is private data on individuals, except pursuant to a valid court order.

Subd. 6. All personnel data maintained by any state agency, statewide system or political subdivision relating to an individual employed as or an applicant for employment as an undercover law enforcement officer is private data on individuals.

Sec. 18. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1693] [EDUCATIONAL DATA.] Subdivision 1. As used in this section:

(a) "Educational data" means data on individuals maintained by a public educational agency or institution or by a person acting for the agency or institution which relates to a student.

Records of instructional personnel which are in the sole possession of the maker thereof and are not accessible or revealed to any other individual except a substitute teacher, and are destroyed at the end of the school year, shall not be deemed to be government data.

Records of a law enforcement unit of a public educational agency or institution which are maintained apart from education data and are maintained solely for law enforcement purposes, and are not disclosed to individuals other than law enforcement officials of the jurisdiction are confidential; provided, that education records maintained by the educational agency or institution are not disclosed to the personnel of the law enforcement unit.

Records relating to a student who is employed by a public educational agency or institution which are made and maintained in the normal course of business, relate exclusively to the individual in that individual's capacity as an employee, and are not available for use for any other purpose are classified pursuant to section 17.

(b) "Student" includes a person currently or formerly enrolled or registered, and applicants for enrollment or registration at a public educational agency or institution.

(c) "Substitute teacher" means an individual who performs on a temporary basis the duties of the individual who made the record, but does not include an individual who permanently succeeds the maker of the record in his position.

Subd. 2. Except as provided in subdivision 4, educational data is private data on individuals and shall not be disclosed except as follows:

(a) Pursuant to section 15.163;

(b) Pursuant to a valid court order;

(c) Pursuant to a statute specifically authorizing access to the private data;

(d) To disclose information in health and safety emergencies pursuant to the provisions of 20 U.S.C., Section 1232g(b)(1)(l) and 45 C.F.R., Section 99.36 which are in effect on the effective date of this section; or

(e) Pursuant to the provisions of 20 U.S.C., Sections 1232g(b)(1), (b)(4)(A), (b)(4)(B), (b)(1)(B), (b)(3) and 45 C.F.R., Sections 99.31, 99.32, 99.33, 99.34 and Sec. 99.35 which are in effect on the effective date of this section.

Subd. 3. A student shall not have the right of access to private data provided in section 15.165, subdivision 3, as to financial records and statements of his parents or any information contained therein.

Subd. 4. Information designated as directory information pursuant to the provisions of 20 U.S.C., Section 1232g and regulations adopted pursuant thereto which are in effect on the effective date of this section is public data on individuals.

Sec. 19. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1694] [ATTORNEYS.] Notwithstanding the provisions of sections 15.162 to 15.17, the use, collection, storage, and dissemination of data by an attorney acting in his professional capacity for the state, a state agency or a political subdivision shall be governed by statutes, rules, and professional standards concerning discovery, production of documents, introduction of evidence, and professional responsibility; provided that this section shall not be construed to affect the applicability of any statute, other than sections 15.162 to 15.17, which specifically requires or prohibits disclosure of specific information by the attorney, nor shall this section be construed to relieve any responsible authority, other than the attorney, from his duties and responsibilities pursuant to sections 15.1611 to 15.17.

Sec. 20. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1695] [LAW ENFORCEMENT DATA.] Subdivision 1. When collected, created, or maintained by law enforcement agencies including municipal police departments, county sheriff departments, the bureau of criminal apprehension, the Minnesota state patrol, the peace officers standards and training board, or public prosecutors or defenders:

(a) Data on participants in crime prevention programs including lists of property with identification numbers or evaluations or recommendations related to structural security against unauthorized entry is private; and

(b) *Data contained on incident complaint reports, variously called logs or dockets, comprising a chronological record of events, shall be public; provided that data on individuals which could reasonably be used to determine the identity of an undercover agent, informant, or victim of criminal sexual conduct shall be private data on individuals; provided further that any other data classified by law as private or confidential contained in incident complaint reports shall remain private or confidential data.*

*Subd. 2. Nothing in this chapter shall prohibit the exchange of information by law enforcement agencies provided the exchanged information is pertinent and necessary to the requesting agency in initiating, furthering, or completing an investigation.*

*Subd. 3. Information reflecting deliberative processes or investigative techniques of law enforcement agencies is confidential; provided that information, reports, or memoranda which have been adopted as the final opinion or justification for decision of a law enforcement agency are public.*

*Subd. 4. Nothing in this section shall be held to expand or limit the scope of discovery available at law to any party in a civil, criminal, or administrative proceeding.*

Sec. 21. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1696] [DATA ACCESS FOR CRIME VICTIMS.] *The prosecuting authority shall release investigative data collected by a law enforcement agency to the victim of a criminal act or his legal representative upon written request unless the prosecuting authority reasonably believes:*

*(a) That the release of that data will interfere with the investigation; or*

*(b) That the request is prompted by a desire on the part of the requestor to engage in unlawful activities.*

Sec. 22. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1697] [ELECTED OFFICIALS; CORRESPONDENCE: PRIVATE DATA.] *Correspondence between individuals and elected officials is private data on individuals, but may be made public by either the sender or the recipient.*

Sec. 23. Minnesota Statutes 1978, Section 15.17, Subdivision 4, is amended to read:

*Subd. 4. [ACCESSIBLE TO PUBLIC.] Every custodian of public records shall keep them in such arrangement and condition as to make them easily accessible for convenient use. Photographic, photostatic, microphotographic, or microfilmed records shall be considered as accessible for convenient use regardless of the size of such records. Except as otherwise expressly provided by law, he shall permit all public records in his custody to be inspected, ex-*



amined, abstracted, or copied at reasonable times and under his supervision and regulation by any person; and he shall, upon the demand of any person, furnish certified copies thereof on payment in advance of fees not to exceed the fees prescribed by law. Full convenience and comprehensive accessibility shall be allowed to researchers including historians, genealogists and other scholars to carry out extensive research and complete copying of all public records except as otherwise expressly provided by law. Access to records containing government data is governed by section 7.

Sec. 24. [REPEALER.] *Minnesota Statutes 1978, Sections 15.1641; 15.1642, Subdivision 4; and 15.169 are repealed.*

Sec. 25. [EFFECTIVE DATE.] *Sections 1 to 6, 8 to 22, and 24 are effective July 1, 1979. Sections 7 and 23 are effective January 1, 1980."*

Further, amend the title by deleting it and inserting:

"A bill for an act relating to collection and dissemination of data; establishing a presumption that government data is public; classifying data; extending the period of time during which emergency classifications of data may be made; clarifying the duties of the responsible authority; providing for temporary classification of data; providing remedies; amending Minnesota Statutes 1978, Sections 15.162, Subdivisions 1, 2a, 6, and by adding subdivisions; 15.163; 15.1642, Subdivisions 1, 2, 3, 5, and by adding a subdivision; 15.166; 15.17, Subdivision 4; and Chapter 15, by adding sections; repealing Minnesota Statutes 1978, Sections 15.1641; 15.1642, Subdivision 4; and 15.169."

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

House Conferees: (Signed) Tom Stoa, Shirley A. Hokanson, William D. Dean, John A. Ainley

Senate Conferees: (Signed) Robert J. Tennesen, Jack Davies, John B. Keefe

Mr. Tennesen moved that the foregoing recommendations and Conference Committee Report on H. F. No. 738 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 738: A bill for an act relating to collection and dissemination of data; establishing a presumption that government data is public; classifying data; extending the period of time during which emergency classifications of data may be made; clarifying the duties of the responsible authority; providing for temporary classification of data; providing remedies; amending Minnesota Statutes 1978, Sections 15.162, Subdivision 1, 2a, 6, and by adding subdivisions; 15.163; 15.1642, Subdivisions 1, 2, 3, 5, and by adding a subdivision; 15.166; 15.17, Subdivision 4; and Chapter 15, by adding sections; repealing Minnesota Statutes 1978, Sections 15.1641; 15.1642, Subdivision 4; and 15.169.

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

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

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

Those who voted in the affirmative were:

Anderson	Gunderson	Knaak	Olhoft	Solon
Ashbach	Hanson	Knoll	Penny	Spear
Benedict	Hughes	Luther	Pillsbury	Staples
Brataas	Humphrey	McCutcheon	Purfeerst	Stokowski
Davies	Johnson	Menning	Schaaf	Stumpf
Dieterich	Keefe, J.	Moe	Schmitz	Tennessen
Dunn	Keefe, S.	Nelson	Sieloff	Ulland, J.
Gearty	Kirchner	Nichols	Sikorski	Vega

Those who voted in the negative were:

Bang	Frederick	Merriam	Rued	Wegener
Bernhagen	Jensen	Olson	Setzepfandt	Willet
Chenoweth	Knutson	Perpich	Sillers	
Chmielewski	Laufenburger	Peterson	Strand	
Engler	Lessard	Renneke	Ueland, A.	

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

Pursuant to Rule 21, Mr. Moe moved that the following members be excused at 3:15 o'clock p.m. for a Conference Committee on H. F. Nos. 1605 and 1606:

Messrs. Moe, Humphrey, Willet, Ashbach and Keefe, J. The motion prevailed.

#### MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1241 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1241 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 1241

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.

May 21, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 1241, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments.

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

House Conferees: (Signed) Arlene Lehto, Bernard Brinkman, Mar-  
nie Luknic, Steve Sviggum

Senate Conferees: (Signed) Gerald Willet, Clarence Purfeerst,  
Robert Dunn

Mr. Willet moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1241 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1241: 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.

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

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

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

**MESSAGES FROM THE HOUSE—CONTINUED**

**Mr. President:**

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S. F. Nos. 26, 709 and 1025.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

**Mr. President:**

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1047 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 1047: A bill for an act relating to workers' compensation; providing for settlement of claims; amending Minnesota Statutes 1978, Section 176.521, Subdivisions 1 and 2.

Senate File No. 1047 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

**Mr. President:**

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 856 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 856: A bill for an act relating to public health; authorizing waiver of minimum health maintenance organization requirements for demonstration projects; amending Minnesota Statutes 1978, Chapter 62D, by adding a section.

Senate File No. 856 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

**Mr. President:**

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 831 and repassed said bill in accordance with the report of the Committee, so 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 166D.04, Subdivision 3.

Senate File No. 831 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 450 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 450: A bill for an act relating to probate; clarifying the form for a self-proved will; amending Minnesota Statutes 1978, Section 524.2-504.

Senate File No. 450 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 186 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 186: A bill for an act relating to crimes; limiting a perpetrator's right to commercially exploit the crime; providing for the payment of crime victims; appropriating money; amending Minnesota Statutes 1978, Chapter 299B, by adding a section.

Senate File No. 186 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 118 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 118: A bill for an act relating to crimes; defining the crime of receiving stolen property; amending Minnesota Statutes 1978, Section 609.53, Subdivision 2.

Senate File No. 118 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 13 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 13 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 13

A bill for an act relating to obscenity; prohibiting the showing of obscene motion pictures at drive-in theatres; providing for a hearing in the courts to determine if a motion picture is obscene; prescribing penalties.

May 21, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 13, report that we have agreed upon the items in dispute and recommend as follows:

The Senate recede from its amendments and that H. F. No. 13 be further amended as follows:

Delete everything after the enacting clause and insert:

Section 1. [DEFINITIONS.] Subdivision 1. For the purposes of sections 1 to 2, the terms defined in this section have the meanings given them.

Subd. 2. A motion picture is "obscene" if:

(a) Considered as a whole, by an average person applying contemporary community standards, it is found to appeal predominantly to the prurient interest, that is, a shameful or morbid interest in nudity, sex or excretion; and

(b) Taken as a whole, it lacks serious literary, artistic, political, or scientific value; and

(c) It depicts or describes in a patently offensive way sexual conduct.

For the purpose of this subdivision, "community" means the political subdivision from which persons properly qualified to serve as jurors in a civil proceeding are chosen.

Subd. 3. "Nudity" means the showing of the human male or female genitals, pubic areas, or buttocks with less than a fully opaque covering, or the showing of an uncovered, or less than opaquely cov-

ered, female breast below a point immediately above the top of the nipple (or the breast with the nipple and immediately adjacent area only covered).

Subd. 4. "Sexual conduct" means any of the following depicted sexual conduct:

(a) Sadomasochistic abuse, meaning flagellation or torture by or upon a person who is nude, or clad in undergarments, a mask or bizarre costume, or the condition of being bound, fettered, or otherwise physically restrained on the part of one who is so clothed as an act of sexual stimulation or gratification;

(b) Human defecation or urination;

(c) The condition of human male or female genitals, or the breasts of the female when in a state of sexual stimulation, or the sensual experience of humans in engaging in or witnessing sexual conduct or nudity; or

(d) Human masturbation, sexual intercourse or sodomy, actual or simulated, or any touching of the genitals, pubic areas or buttocks of a human being, whether alone or between members of the same or opposite sex or between humans or animals in an act of apparent sexual stimulation or gratification.

**Sec. 2. [OBSCENE MOTION PICTURES; PROHIBITING EXHIBITION AT DRIVE-IN THEATRES.]** Subdivision 1. Subject to the exemptions of Minnesota Statutes, Section 617.295, a person who exhibits an obscene motion picture at a drive-in theatre is guilty of a misdemeanor.

Subd. 2. Whoever violates the provisions of subdivision 1 within two years of a previous conviction shall be sentenced to imprisonment for not less than 20 days nor more than one year and to payment of a fine of not more than \$1,000."

Amend the title as follows:

Page 1, delete line 4

Page 1, line 5, delete "if a motion picture is obscene;"

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

House Conferees: (Signed) Glen A. Sherwood, Paul M. Thiede, David P. Battaglia, Ray W. Faricy

Senate Conferees: (Signed) Marion Menning, Ron Sieloff

Mr. Menning moved that the foregoing recommendations and Conference Committee Report on H. F. No. 13 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion did not prevail.

Mr. Menning moved that H. F. No. 13 and the Conference Committee Report be laid on the table. The motion prevailed.

**MESSAGES FROM THE HOUSE—CONTINUED**

**Mr. President:**

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 810 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 810 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

**CONFERENCE COMMITTEE REPORT ON 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.

May 21, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 810, report that we have agreed upon the items in dispute and recommend as follows:

That the House accede to the Senate amendments and that H. F. No. 810 be further amended as follows:

Page 3, lines 22 through 28 of the Keefe amendment, delete the underscored material.

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

House Conferees: (Signed) Stanley J. Fudro, John J. Sarna, Marnie J. Luknic, Lyle G. Mehrkens

Senate Conferees: (Signed) Howard D. Olson, Steve Keefe, George S. Pillsbury

Mr. Olson moved that the foregoing recommendations and Conference Committee Report on H. F. No. 810 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 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.

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

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

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

Those who voted in the affirmative were:

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

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

#### MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 907 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 907 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 907

A bill for an act relating to retirement; judges retirement fund; including the conciliation court of the city of Duluth in certain provisions governing judicial retirement; transferring the obligations and assets of the county and probate court judges survivors' account to the judges retirement fund; amending Minnesota Statutes 1978, Sections 490.121, Subdivision 2; and 490.124, Subdivision 8; repealing Minnesota Statutes 1978, Section 490.12, Subdivisions 7 and 8.

May 19, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 907, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 907 be amended as follows:

Page 1, after line 13, insert:

"Section 1. Minnesota Statutes 1978, Section 43.051, Subdivision 3, is amended to read:

Subd. 3. Notwithstanding the provisions of subdivision 1, any employee of the state of Minnesota in a covered classification as defined in section 352.91, who is a member of the special retirement program for correctional personnel defined in chapter 352 established pursuant to sections 352.90 to 352.95, ~~must~~ shall retire from such employment in the covered ~~classification~~ correctional position upon having reached or upon reaching the mandatory retirement age as of the effective dates established herein:

Effective Date	Mandatory Retirement Age
July 1, 1974	65
January 1, 1975	62
July 1, 1975	59
January 1, 1976	57
July 1, 1976	55

*55 years, unless the person applies for and receives from the commissioner of corrections, or the commissioner of public welfare if the appointing authority is the Minnesota security hospital an extension beyond the conditional mandatory retirement age.*

A covered correctional employee may be employed beyond the mandatory retirement age for a period not to extend beyond July 1, 1980, but in no event not beyond the age of 62, subject to an annual medical examination and the written approval of the commissioner of corrections, whose decision shall be final 65 years. A correctional employee desiring employment beyond mandatory retirement age shall be examined at his own expense and the results and findings of the medical examination shall be transmitted to the commissioner of corrections prior to the date the employee would otherwise have to retire pursuant to this subdivision, prior to the date of reaching the conditional mandatory retirement age, and annually thereafter, request in writing to the person's appointing authority that he be authorized to continue in employment. Upon receiving the request, the appointing authority shall have a medical examination made of the employee. The results of the medical examination, together with the determination and certification of the appointing authority as to the mental and physical ability of the employee to continue to fulfill the duties of his employment for the following year, shall be transmitted to the commissioner of corrections or the commissioner of public welfare if the appointing authority is the Minnesota security hospital. If the determination of the appointing authority relating to an employee is adverse, the disposition of the matter shall be decided by the commissioner of corrections or of public welfare, whichever is applicable, based on

*the information provided to him. The decision of the applicable commissioner shall be made in writing and shall be final."*

Page 2, lines 14, 18, 26, 30 and 31, delete "*this act*" and insert "*sections 4 to 7*"

Page 3, lines 7, 8, 22, 25 and 30, delete "*this act*" and insert "*sections 4 to 7*"

Page 4, delete lines 1 through 3, and insert:

*"Sec. 8. Section 1 is effective May 1, 1979. The remainder of this act is effective the day following final enactment."*

Renumber the remaining sections.

Amend the title as follows:

Page 1, line 7, after the semicolon, insert:

*"mandatory retirement requirements for correctional officers;"*

Page 1, line 8, after "Sections" insert "43.051, Subdivision 3;"

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

House Conferees: (Signed) Leo J. Reding, Al W. Patton, John S. Biersdorf, Raymond J. Albrecht

Senate Conferees: (Signed) Eugene E. Stokowski, Harmon T. Ogdahl, Roger E. Strand

Mr. Stokowski moved that the foregoing recommendations and Conference Committee Report on H. F. No. 907 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 907: A bill for an act relating to retirement; judges retirement fund; including the conciliation court of the city of Duluth in certain provisions governing judicial retirement; transferring the obligations and assets of the county and probate court judges survivors' account to the judges retirement fund; mandatory retirement for correctional officers; amending Minnesota Statutes 1978, Sections 43.051, Subdivision 3; 490.121, Subdivision 2; and 490.124, Subdivision 8; repealing Minnesota Statutes 1978, Section 490.12, Subdivisions 7 and 8.

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

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

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

Those who voted in the affirmative were:

Anderson  
Benedict  
Bernhagen

Chenoweth  
Chmielewski  
Coleman

Davies  
Dieterich  
Dunn

Engler  
Frederick  
Gunderson

Hanson  
Hughes  
Humphrey

Jensen	Lessard	Olson	Setzepfandt	Tennessen
Johnson	Luther	Penny	Sieloff	Ueland, A.
Keefe, J.	McCutcheon	Perpich	Sikorski	Ulland, J.
Keefe, S.	Menning	Peterson	Sillers	Vega
Kirchner	Merriam	Pillsbury	Solon	Wegener
Kleinbaum	Moe	Purfeerst	Spear	Willet
Knaak	Nelson	Renneke	Staples	
Knoll	Nichols	Rued	Stokowski	
Knutson	Ogdahl	Schaaf	Strand	
Laufenburger	Olhoft	Schmitz	Stumpf	

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

#### MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1198 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1198 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 1198

A bill for an act relating to wild animals; altering or eliminating certain provisions in regard to the taking, possessing, or transporting of game or fish; amending Minnesota Statutes 1978, Sections 98.45, Subdivision 1; 100.27, Subdivision 4; 100.29, Subdivisions 7, 14, and 19; and 101.42, Subdivision 18, and by adding a subdivision.

May 21, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 1198, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1198 be amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1978, Section 98.45, Subdivision 1, is amended to read:

98.45 [REQUIREMENT.] Subdivision 1. Except as specifically permitted in chapters 97 to 102, no person may take, buy, sell, transport, or possess any protected wild animals of this state or

any aquatic plants without first procuring a license therefor as provided in section 98.46 or in section 98.48. Every license is issued for a year beginning on the first day of March and is void after the last day of the open season or the lawful time within that year during which the acts authorized may be performed. ~~No license to take beaver or otter may be issued to any person after the third day of the open season provided therefor for that year.~~ Except as provided in this section, no license to take deer with firearm or with bow and arrow may be issued after the day prior to the first day of the regular rifle season, and all license agents shall return all stubs and unsold license blanks to the county auditor on the first business day following the first day of such season. A resident who is discharged from the military or naval forces of the United States, or any active reserve or component thereof, during the regular season for taking deer by firearm or within ten days before its commencement, may be issued, at any time during the firearm deer season and upon a showing of his official discharge paper, a license to take deer with firearm. Only one license of each kind, except as authorized by order of the commissioner adopted pursuant to section 97.53 and except the non-resident short term angling license, may be issued to a person in any licensing year. No license may be transferred except as expressly authorized.

Sec. 2. Minnesota Statutes 1978, Section 100.27, Subdivision 4, is amended to read:

Subd. 4. Muskrats may be taken for a period not exceeding 60 days in the aggregate for the area, otter for a period not exceeding 15 days, only by trapping, and mink for a period not exceeding 90 days, in the areas of the state, during the times between ~~November 1st~~ *October 25th* and April 30th of the following year and subject to any other restrictions which the commissioner shall prescribe. Beaver may be taken, by trapping only, in the areas of the state, during the times between ~~December 1st~~ *October 25th* and April 30th of the following year and subject to any other restrictions which the commissioner shall prescribe.

Sec. 3. Minnesota Statutes 1978, Section 100.27, Subdivision 6, is amended to read:

Subd. 6. All migratory game birds, excepting ~~mourning doves~~ *Zenaida Macroura*, may be taken and possessed whenever and so long as the taking or possession is not prohibited by federal laws or regulations, subject, however, to all requirements of chapters 97 to 102, provided that it shall be unlawful to take any migratory game birds at any time in violation of any federal law or regulation. ~~Mourning doves~~ *Zenaida Macroura* shall not be taken and possessed in the state.

Sec. 4. Minnesota Statutes 1978, Section 100.29, Subdivision 7, is amended to read:

Subd. 7. It shall be unlawful to hunt deer ~~during the bow and arrow season~~ *big game with a bow and arrow* while in possession of, or having under control, any firearm, or ~~to hunt with any bow~~

drawn, held, or released by a mechanical device, or to hunt deer with any poisoned arrow or arrow with explosive tip. Arrow heads for big game hunting must be made of all steel barblless design, the blade or blades of hiearbon steel not less than one inch wide for single two edge blade and not less than three inch circumference for three or more blades, minimum weight of all types of 110 grain. Provided, that arrow heads with blades of mill tempered spring steel containing a plastic core or ferrule, conforming to the above dimensions, and with a minimum weight of 90 grain may be used. All arrow heads used for big game hunting shall be kept sharp.

Sec. 5. Minnesota Statutes 1978, Section 100.29, Subdivision 19, is amended to read:

Subd. 19. Any person may, and it shall be the duty of every conservation officer to, kill any dog pursuing or killing deer or moose, and no action for damages shall be maintained against the person for the killing. *The owner of any dog which is found pursuing or killing deer, moose, or domestic livestock shall be guilty of a petty misdemeanor.*

Sec. 6. Minnesota Statutes 1978, Section 100.29, Subdivision 30, is amended to read:

Subd. 30. It shall be unlawful to use a snowmobile or any type of all-terrain vehicle during the season open for the taking of beaver or otter and for two days thereafter, for the purpose of transporting or checking beaver or otter traps or transporting beaver or otter carcasses or pelts. However, the commissioner may issue a special permit to use a snowmobile or all-terrain vehicle to transport or check beaver or otter traps, or to transport beaver or otter carcasses or pelts, to any licensed trapper having any of the physical disabilities described in section 98.48, subdivision 12. The permit shall be issued in the same manner as provided in section 98.48, subdivision 12. *In addition, the commissioner may by order authorize the use of a snowmobile or other type of all-terrain vehicle to transport or check beaver or otter traps, or to transport beaver or otter carcasses or pelts in Lake of the Woods County.*

Sec. 7. Minnesota Statutes 1978, Section 101.42, Subdivision 18, is amended to read:

Subd. 18. Except as otherwise specifically permitted, it shall be unlawful to have in possession in an automobile or any vehicle or on their person, or at or near any waters, a spear, trap net, *dip net*, seine, or any other device capable of taking fish, ~~except dip nets and~~ except when acting under permit or contract to trap or seine from the division of fisheries, during the period of February 16 to the opening day for the taking of walleyed pike, April 30, inclusive and except that spears, dip nets, bows and arrows, and devices permitted in section 101.51 used for the taking of rough fish may be possessed between the hours of sunrise and sunset after April 30. This subdivision does not apply to nets used in the taking of trout and smelt in season or to seines or traps used for the taking of minnows for bait.

Sec. 8. Minnesota Statutes 1978, Section 101.42, is amended by adding a subdivision to read:

*Subd. 18a. Dip nets shall not be used between one hour after sunset to one hour before sunrise, except for the taking of smelt in season and for landing game fish taken by angling.*

Sec. 9. *This act is effective the day following final enactment.*"

Further, amend the title as follows:

Page 1, line 6, delete "Subdivision 4" and insert "Subdivisions 4 and 6"

Page 1, line 7, delete "14, and 19" and insert "19 and 30"

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

House Conferees: (Signed) David O. Fjoslien, Paul D. Aasness, Mary Murphy, Paul McCarron

Senate Conferees: (Signed) Collin C. Peterson, John Bernhagen, Bob Lessard

Mr. Peterson moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1198 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1198: A bill for an act relating to wild animals; altering or eliminating certain provisions in regard to the taking, possessing, or transporting of game or fish; amending Minnesota Statutes 1978, Sections 98.45, Subdivision 1; 100.27, Subdivisions 4 and 6; 100.29, Subdivisions 7, 19 and 30; and 101.42, Subdivision 18, and by adding a subdivision.

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

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

The roll was called, and there were yeas 52 and nays 7, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Lessard	Perpich	Staples
Benedict	Jensen	Luther	Peterson	Stokowski
Bernhagen	Johnson	Menning	Pillsbury	Strand
Chmielewski	Keefe, J.	Merriam	Renneke	Tennessee
Coleman	Keefe, S.	Moe	Rued	Ueland, A.
Davies	Kirchner	Nelson	Schaaf	Vega
Dieterich	Kleinbaum	Nichols	Schmitz	Wegener
Dunn	Knaak	Ogdahl	Sieloff	Willet
Engler	Knoll	Olhoff	Sikorski	
Gearty	Knutson	Olson	Sillers	
Gunderson	Laufenburger	Penny	Solon	

Those who voted in the negative were:

Bang	Hughes	Spear	Stumpf	Ulland, J.
Chenoweth	Purfeerst			

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

#### MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1206 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1206 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 1206

A bill for an act relating to energy; encouraging municipalities to use diseased trees.

May 19, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 1206, report that we have agreed upon the items in dispute and recommend as follows:

The Senate recede from its amendments, and H. F. No. 1206 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [DISEASED SHADE TREE UTILIZATION.]  
Subdivision 1. The department of agriculture, in cooperation with the Minnesota energy agency and the Minnesota shade tree advisory committee, shall draft recommendations for wood utilization or disposal systems as defined in Minnesota Statutes, Section 18.023. These recommendations shall encourage maximum utilization of diseased shade trees. In addition to insuring maximum utilization, the recommendations shall be designed to insure public safety and to assure compliance with approved disease control programs.

Subd. 2. A municipality operating a program of sanitation as defined in Minnesota Statutes, Section 18.023 and conforming to all regulations relating to shade tree disease control may, with due attention to the recommendations developed pursuant to sub-



division 1, institute a program of wood utilization and disposal which will, to the extent practicable, encourage utilization of diseased trees including but not limited to making the trees available to the public for use as firewood."

Further, amend the title as follows:

Page 1, line 3, delete "use" and insert "make maximum utilization of"

Page 1, line 3 after "diseased" insert "shade"

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

House Conferees: (Signed) Steve A. Sviggum, Richard E. Wigley, Henry J. Kalis, Lee Greenfield

Senate Conferees: (Signed) Steve Engler, Hubert H. Humphrey, III, Howard D. Olson

Mr. Engler moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1206 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1206: A bill for an act relating to energy; encouraging municipalities to make maximum utilization of diseased shade trees.

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

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

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

#### MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on

House File No. 1329 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1329 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Transmitted May 21, 1979

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 1329

A bill for an act relating to aeronautics; providing representation for affected communities on airport zoning boards; regulating the process of airport zoning; directing the metropolitan airports commission to consider a certain alternative; amending Minnesota Statutes 1978, Sections 360.061, Subdivision 3; 360.063, Subdivision 3; 360.065; and 473.608, by adding a subdivision.

May 19, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 1329, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1329 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 360.061, Subdivision 3, is amended to read:

Subd. 3. "Municipality" does not include a county unless the county owns or controls an airport, in which case such county may exercise all the powers granted by said sections to other municipalities. It specifically includes *a town, the metropolitan airports commissions created in and for contiguous cities of the first class commission established and operated pursuant to chapter 473, and the state of Minnesota.*

Sec. 2. Minnesota Statutes 1978, Section 360.063, Subdivision 3, is amended to read:

Subd. 3. [JOINT AIRPORT ZONING BOARD.] (1) Where an airport is owned or controlled by a municipality and any airport hazard area appertaining to such airport is located within the territorial limits of another county or municipality, the municipality owning or controlling the airport may request any county or municipality in which an airport hazard area is located:

(a) To adopt and enforce airport zoning regulations for the area in question that conform to minimum standards prescribed by the commissioner pursuant to subdivision 4; or

(b) To join in creating a joint airport zoning board pursuant to clause (2). The owning or controlling municipality shall determine which of these actions it shall request, *except as provided in clause (5) for the metropolitan airports commission. The request shall be made by certified mail to the governing body of each county and municipality in which an airport hazard is located.*

(2) Where an airport is owned or controlled by a municipality and any airport hazard area appertaining to such airport is located within the territorial limits of another county or municipality, the municipality owning or controlling the airport and the county or other municipality within which the airport hazard area is located may, by ordinance or resolution duly adopted, create a joint airport zoning board, which board shall have the same power to adopt, administer, and enforce airport zoning regulations applicable to the airport hazard area in question as that vested by subdivision 1 in the municipality within which such area is located. Each such joint board shall have as members two representatives appointed by the municipality owning or controlling the airport and two from the county or municipality, or in case more than one county or municipality is involved two from each county or municipality, in which the airport hazard is located, and in addition a chairman elected by a majority of the members so appointed. *All members shall serve at the pleasure of their respective appointing authority. Notwithstanding any other provision of law to the contrary, if the owning and controlling municipality is a city of the first class it shall appoint four members to the board, and the chairman of the board shall be elected from the membership of the board.*

(3) *If any county or municipality fails, within 60 days of receiving a request from an owning or controlling municipality pursuant to clause (1), fails to adopt, or thereafter fails to enforce, such zoning regulations or fails to join in creating a joint airport zoning board as requested by the owning or controlling municipality, pursuant to clause (1), the owning or controlling municipality, or a joint airport zoning board created without participation by all the subdivisions in which airport hazard areas are located fail to join the board, may itself adopt, administer, and enforce airport zoning regulations for the airport hazard area in question. In the event of conflict between such regulations and any airport zoning regulations adopted by the county or municipality within which the airport hazard area is located, the regulations of the municipality owning or controlling the airport or the joint zoning board shall govern and prevail.*

(4) "Owning or controlling municipality," as used in this subdivision, includes:

(a) A joint airport operating board created pursuant to section 360.042 that has been granted all the powers of a municipality in zoning matters under the agreement creating the board;

(b) A joint airport operating board created pursuant to section 360.042 that has not been granted zoning powers under the agreement creating the board, provided that such a board shall not itself adopt zoning regulations nor shall any joint airport zoning

board created at its request adopt zoning regulations unless all municipalities that created the joint operating board join to create the joint zoning board; and

(c) *A The metropolitan airports commission established and operated pursuant to chapter 473.*

(5) *A The metropolitan airports commission may shall request creation of one joint airport zoning board for each airport or for the entire system of airports operated under its authority.*

Sec. 3. Minnesota Statutes 1978, Section 360.065, is amended to read:

360.065 [REGULATION, PROCEDURE FOR ADOPTION.] Subdivision 1. [NOTICE, HEARING.] No airport zoning regulations shall be adopted, amended or changed under sections 360.011 to 360.076, except by action of the governing body of the municipality or county in question, or the boards provided for in section 360.063, subdivisions 3 and 7, or by the commissioner as provided in subdivisions 6 and 8, after a public hearing in relation thereto hearings , at which parties in interest and citizens shall have an opportunity to be heard. *At least 15 days A public hearing shall be held on the proposed regulations before they are submitted for approval to the commissioner and after that approval but before final adoption by the local zoning authority. Notice of the a hearing required pursuant to this subdivision shall be published by the local zoning authority at least three times during the period between 15 days and 5 days before the hearing in an official paper, or a paper of newspaper and in a second newspaper designated by that authority which has a wide general circulation , in the county in which is located the airport hazard area to be zoned area affected by the proposed regulations . The notice shall not be published in the legal notice section of a newspaper. Notice of a hearing shall also be mailed to the governing body of each political subdivision in which property affected by the regulations is located. Notice shall be given by mail at least 15 days before each hearing to any persons in municipalities that own land proposed to be included in safety zones A or B as provided in the rules of the department of transportation and to persons or municipalities that have previously requested such notice from the authority. For the purpose of giving mailed notice, the authority may use any appropriate records to determine the names and addresses of owners. A copy of the notice and a list of the owners and addresses to which the notice was sent shall be attested to by the responsible person and shall be made a part of the records of the proceedings. The failure to give mailed notice to individual property owners, or defects in the notice shall not invalidate the proceedings, provided a bona fide attempt to comply with this subdivision has been made. A notice shall describe the property affected by the proposed regulations and the restrictions to be imposed on the property by the regulations and shall state the place and time at which the proposed regulations are available for public inspection.*

Subd. 2. [REGULATIONS SUBMITTED TO COMMISSION-

ER.] Prior to the initial adopting any zoning ~~of~~ regulations for any airport hazard area under sections 360.011 to 360.076, the municipality, county, or joint airport zoning board which is to adopt the regulations shall submit its proposed regulations to the commissioner in order that he may determine whether it conforms to the minimum standards prescribed by him. He shall immediately examine such proposed regulations and report to the municipality, county, or joint airport zoning board his approval, or his objections, if any. If any objections are made by him on the ground that such regulations do not conform to the minimum standards prescribed by him for the class of airport involved, the municipality, county, or joint zoning board shall make such amendments as are necessary to meet such objections. The governing body of the municipality or county or the joint airport zoning board shall not hold its public meeting adopt the regulations or take other action until the proposed regulations are approved by the commissioner as conforming to such minimum standards. A copy of such regulations as adopted shall be filed with the county recorder in each county in which such zoned area is located.

Substantive rights existing prior to the passage of this subdivision and heretofore exercised shall not be affected by the filing of such regulations.

Sec. 4. Minnesota Statutes 1978, Section 473.608, is amended by adding a subdivision to read:

*Subd. 21. The corporation shall establish one joint airport zoning board for each airport operated under its authority in accordance with section 360.063, subdivision 3, clause (5). Notwithstanding the provisions of section 360.065, subdivision 1, mailed notice to property owners is not required for hearings concerning adoption of zoning regulations by a joint airport zoning board for Minneapolis-St. Paul International Airport.*

Sec. 5. *In assessing the need for the establishment of a new airport in the metropolitan area, as defined in section 473.121, the metropolitan airports commission shall consider the city of St. Cloud municipal airport as a possible site and shall report to the metropolitan council any amendments to the aviation chapter of the metropolitan development guide which would be necessary to implement the St. Cloud site.*

Sec. 6. *This act is effective the day after final enactment."*

Further, amend the title by deleting it, and inserting:

"A bill for an act relating to aeronautics; changing the representation on joint airport zoning boards for cities of the first class; clarifying town representation on joint airport zoning boards; requiring the metropolitan airports commission to establish separate zoning boards for each airport under its control; providing additional notice and hearing requirements for adoption or amendment of airport zoning regulations; requiring the metropolitan airports commission to consider the St. Cloud municipal airport as the site of an additional airport; amending Minnesota Statutes

1978, Sections 360.061, Subdivision 3; 360.063, Subdivision 3; 360.065; and 473.608, by adding a subdivision."

We request adoption of this report and repassage of the bill.  
House Conferees: (Signed) Arlene I. Lehto, Paul McCarron, Donald J. Valento, Warren (Tom) Stowell

Senate Conferees: (Signed) Sam G. Solon, James Ulland, Florian Chmielewski

Mr. Solon moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1329 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1329: A bill for an act relating to aeronautics; changing the representation on joint airport zoning boards for cities of the first class; clarifying town representation on joint airport zoning boards; requiring the metropolitan airports commission to establish separate zoning boards for each airport under its control; providing additional notice and hearing requirements for adoption or amendment of airport zoning regulations; requiring the metropolitan airports commission to consider the St. Cloud municipal airport as the site of an additional airport; amending Minnesota Statutes 1978, Sections 360.061, Subdivision 3; 360.063, Subdivision 3; 360.065; and 473.608, by adding a subdivision.

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

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

The roll was called, and there were yeas 54 and nays 3, as follows:

Those who voted in the affirmative were:

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

Messrs. Dunn, Kirchner and Pillsbury voted in the negative.

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

#### MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Menning moved that H. F. No. 13 and the Conference Committee Report thereon be taken from the table. The motion prevailed.

## CALL OF THE SENATE

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

Anderson	Gunderson	Lessard	Perpich	Spear
Bang	Hanson	Luther	Pillsbury	Staples
Benedict	Hughes	McCutcheon	Purfeerst	Stokowski
Bernhagen	Jensen	Menning	Rued	Strand
Chenoweth	Johnson	Merriam	Schaaß	Stumpf
Chmielewski	Keefe, J.	Nelson	Schmitz	Ueland, A.
Davies	Keefe, S.	Nichols	Setzepfandt	Ueland, J.
Dieterich	Kirchner	Ogdahl	Sieloff	Vega
Dunn	Kleinbaum	Olhoff	Sikorski	Wegener
Engler	Knaak	Olson	Sillers	Willet
Gearty	Knoll	Penny	Solon	

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

## RECONSIDERATION

Mr. Davies moved that the vote whereby the Conference Committee Report on H. F. No. 13 was not adopted on May 21, 1979, be now reconsidered. The motion prevailed.

Mr. Menning moved that the recommendations and Conference Committee Report on H. F. No. 13 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 13: A bill for an act relating to obscenity; prohibiting the showing of obscene motion pictures at drive-in theatres; prescribing penalties.

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

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

The roll was called, and there were yeas 48 and nays 10, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knutson	Olson	Solon
Ashbach	Gunderson	Laufenburger	Penny	Stokowski
Bang	Hanson	Lessard	Purfeerst	Strand
Benedict	Hughes	Luther	Renneke	Stumpf
Bernhagen	Jensen	McCutcheon	Rued	Ueland, A.
Chenoweth	Johnson	Menning	Schaaß	Vega
Chmielewski	Keefe, J.	Merriam	Schmitz	Wegener
Dieterich	Kleinbaum	Moe	Setzepfandt	Willet
Dunn	Knaak	Nichols	Sieloff	
Engler	Knoll	Olhoff	Sikorski	

Those who voted in the negative were:

Brataas	Keefe, S.	Ogdahl	Sillers	Staples
Davies	Nelson	Perpich	Spear	Ueland, J.

So the bill, as amended by the Conference Committee, was re-

passed and its title was agreed to.

### MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce 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. 1243: A bill for an act relating to waters; limiting the rule making power of the commissioner of natural resources in regard to flood plain management; amending Minnesota Statutes 1978, Section 104.05.

Senate File No. 1243 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

### CONCURRENCE AND REPASSAGE

Mr. Hanson moved that the Senate concur in the amendments by the House to S. F. No. 1243 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 1243: A bill for an act relating to waters; limiting the rule making power of the commissioner of natural resources in regard to flood plain management; authorizing counties within the southern Minnesota river basin area II to levy an additional tax for flood control, improved water quality and erosion and sediment control; amending Minnesota Statutes 1978, Sections 104.05, 275.50, Subdivision 5.

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

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

The roll was called, and there were yeas 55 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

### MESSAGES FROM THE HOUSE—CONTINUED



**Mr. President:**

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S. F. No. 618: A bill for an act relating to education; transferring certain functions of teacher licensing from the state board of education, the department of education and the commissioner of education to the board of teaching; eliminating the authority of the state board to require that superintendents have teaching experience; eliminating the requirement that certain rules of the board of teaching be approved by the board of education; reducing the membership of the board of teaching; requiring that the board of teaching adopt certain rules pursuant to chapter 15; eliminating certain requirements for rulemaking; providing that the expense of administering certain sections be paid for solely from appropriations made to the board of teaching; amending Minnesota Statutes 1978, Sections 125.05, Subdivisions 1 and 2; 125.08; 125.182, Subdivision 2; 125.183, Subdivisions 1 and 3; 125.185, Subdivisions 4, 4a, 6 and 9; and 179.63, Subdivisions 13 and 14; repealing Minnesota Statutes 1978, Section 125.182, Subdivision 4.

Senate File No. 618 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

Mr. Hughes moved that S. F. No. 618 be laid on the table. The motion prevailed.

Pursuant to Rule 21, Mr. Humphrey moved that the following members be excused at 4:30 o'clock p.m. for a Conference Committee on H. F. No. 261:

Messrs. Humphrey, Chenoweth, Anderson, Knoll and Ogdahl. The motion prevailed.

#### **MOTIONS AND RESOLUTIONS—CONTINUED**

Mr. Tennesen moved that H. F. No. 360 be recalled from the House of Representatives for further consideration. The motion prevailed.

#### **MESSAGES FROM THE HOUSE—CONTINUED**

**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. 59: A bill for an act relating to no-fault automobile insurance; modifying indemnification rights on certain commer-

cial vehicles; coordinating benefits with medicare; providing penalties for failure to provide security on motorcycles and motor vehicles; requiring evidence of insurance; authorizing the commissioner of insurance to limit coverage variations; increasing the interest rate on unpaid insurance benefits; amending Minnesota Statutes 1978, Sections 65B.53, Subdivision 1; 65B.54, Subdivision 2; 65B.61; 65B.67; 65B.68, by adding a subdivision; and Chapter 65B, by adding a section.

Senate File No. 59 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

### CONCURRENCE AND REPASSAGE

Mr. Davies moved that the Senate concur in the amendments by the House to S. F. No. 59 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 59 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 48 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knaak	Pillsbury	Solon
Bang	Gearty	Laufenburger	Purfeerst	Spear
Benedict	Gunderson	Lessard	Renneke	Stokowski
Bernhagen	Hanson	Menning	Rued	Strand
Chenoweth	Hughes	Merriam	Schaaf	Stumpf
Chmielewski	Humphrey	Nelson	Schmitz	Ueland, A.
Coleman	Jensen	Olhoft	Setzepfandt	Ulland, J.
Davies	Keefe, S.	Olson	Sieloff	Vega
Dieterich	Kirchner	Penny	Sikorski	
Dunn	Kleinbaum	Perpich	Sillers	

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

### MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S. F. No. 974: A bill for an act relating to the city of Duluth; changing the definition of conflict of interest for the city housing finance agency staff; providing for the issuance of revenue bonds; amending Laws 1977, Chapter 142, Section 3, Subdivision 1, and by adding a subdivision.

Senate File No. 974 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

### CONCURRENCE AND REPASSAGE

Mr. Ulland, J. moved that the Senate concur in the amendments by the House to S. F. No. 974 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 974 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 28 and nays 22, as follows:

Those who voted in the affirmative were:

Anderson	Dunn	Kirchner	Olson	Schmitz
Bang	Engler	Kleinbaum	Pillsbury	Sieloff
Bernhagen	Gearty	Knaak	Purfeerst	Solon
Brataas	Jensen	Laufenburger	Renneke	Ueland, A.
Chmielewski	Johnson	Lessard	Rued	
Dieterich	Keefe, S.	Olhoff	Schaaf	

Those who voted in the negative were:

Benedict	McCutcheon	Penny	Staples	Ulland, J.
Davies	Menning	Perpich	Stokowski	Vega
Gunderson	Merriam	Setzepfandt	Strand	
Hughes	Nelson	Sikorski	Stumpf	
Luther	Nichols	Spear	Tennessen	

So the bill, as amended, failed to pass.

### MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Anderson moved that S. F. No. 1074 be taken from the table. The motion prevailed.

### CONCURRENCE AND REPASSAGE

Mr. Anderson moved that the Senate concur in the amendments by the House to S. F. No. 1074 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 1074: A bill for an act relating to elections; increasing compensation for presidential electors; removing archaic language and masculine pronouns; amending Minnesota Statutes 1978, Sections 204A.23; 208.03; 208.04, Subdivision 1; 208.05; 208.06; 208.07; and 208.08.

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

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

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

Those who voted in the affirmative were:

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

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

### MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 1351 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S. F. NO. 1351

A bill for an act relating to metropolitan government; providing for financing of metropolitan sports facilities; authorizing a revised site determination and establishing conditions for issuance of bonds; providing for appointment of members of the metropolitan sports facilities commission; exempting events sponsored at the metropolitan sports center from the three percent admission tax; appropriating money; amending Minnesota Statutes 1978, Sections 473.553, Subdivisions 2 and 4; 473.581, Subdivisions 2, 3, as amended, 4, as amended, and 5, as amended; 473.595, Subdivision 1; and Chapter 473, by adding sections; repealing Minnesota Statutes 1978, Section 473.568.

May 21, 1979

The Honorable Edward J. Gearty  
President of the Senate

The Honorable Rod Searle  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1351, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and S. F. No. 1351 be amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Chapter 473, is amended by adding a section to read:

[473.572] [REVISED FINAL DETERMINATION.] *Subdivision 1. Notwithstanding any final determination reached by the commission on or before December 1, 1978, pursuant to section 473.571, subdivision 6, the commission shall make a revised determination on a sports facility or sports facilities which facility*

*or facilities (1) may be covered, (2) may include use of the existing or a remodeled metropolitan stadium for baseball, and (3) shall be located in Hennepin County. The decision shall be made within 30 days after the effective date of this act. In making its decision the commission may rely on data previously submitted and reviewed pursuant to section 473.571 and need not require new data even if modifications are made in an alternative previously considered. The commission shall give full consideration to the needs of the University of Minnesota when making its revised determination.*

*Subd. 2. Except as provided in this section, the council shall make all determinations required by section 473.581, subdivision 3, before it authorizes the issuance of bonds.*

*Subd. 3. It is the intent of the legislature that the commission shall, to the maximum extent possible consistent with the provisions of section 473.581, subdivision 3, impose rates, rentals and other charges in the operation of the sports facility which will make the sports facility self supporting so that the taxes imposed under section 11 will be at the lowest possible rate consistent with the obligations of the political subdivision levying those taxes as provided in sections 473.551 to 473.595.*

**Sec. 2. Minnesota Statutes 1978, Section 473.553, Subdivision 2, is amended to read:**

**Subd. 2. [MEMBERSHIP.]** The commission shall consist of six members, appointed by the governor during the period before substantial completion of construction of sports facilities pursuant to sections 473.551 to 473.595 and thereafter as hereinafter provided, plus a chairman appointed as provided in subdivision 3. Initial appointments of members shall be made within 30 days of May 17, 1977. One member shall be appointed from each of the following combinations of metropolitan commission precincts defined in section 473.141, subdivision 2: A and B; C and G; D and E; F and H. Two members shall be appointed from outside the metropolitan area. Upon substantial completion of construction of the sports facility, vacancies occurring on the commission, whether at the completion of or prior to the completion of a member's term, shall be filled by the city council of the city in which the stadium is located.

**Sec. 3. Minnesota Statutes 1978, Section 473.553, Subdivision 4, is amended to read:**

**Subd. 4. [QUALIFICATIONS.]** Each member appointed prior to substantial completion of construction of a sports facility constructed pursuant to sections 473.551 to 473.595 shall be a resident of the precincts or area of the state for which he is appointed and . A member appointed at any time shall not during his term of office hold the office of metropolitan council member or be a member of another metropolitan commission or hold any judicial office or office of state government. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, Article 5, Section 6. The oath, duly certified by the official

administering it, shall be filed with the chairman of the metropolitan council.

Sec. 4. Minnesota Statutes 1978, Section 473.556, Subdivision 4, is amended to read:

Subd. 4. [EXEMPTION OF PROPERTY.] Any real or personal property acquired, owned, leased, controlled, used, or occupied by the commission for any of the purposes of sections 473.551 to 473.595 is declared to be acquired, owned, leased, controlled, used and occupied for public, governmental, and municipal purposes, and shall be exempt from taxation by the state or any political subdivision of the state, provided that such properties shall be subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. No possible use of any such properties in any manner different from their use under sections 473.551 to 473.595 at the time shall be considered in determining the special benefit received by the properties. All assessments shall be subject to final confirmation by the council, whose determination of the benefits shall be conclusive upon the political subdivision levying the assessment. *The provisions of this subdivision, insofar as they require exemption or special treatment, shall not apply to any real property at the metropolitan sports area which is leased by the commission for development pursuant to subdivision 6.*

Sec. 5. Minnesota Statutes 1978, Section 473.556, Subdivision 6, is amended to read:

Subd. 6. [DISPOSITION OF PROPERTY.] The commission may sell or otherwise dispose of any real or personal property acquired by it which is no longer required for accomplishment of its purposes. The property shall be sold in the manner provided by section 458.196, insofar as practical and consistent with sections 473.551 to 473.595. *Real property at the metropolitan sports area (not including the indoor public assembly facility and adjacent parking facilities) which is no longer needed for sports facilities shall be sold or leased for commercial or industrial development in accordance with the procedures in section 458.196 within two years to a private, for-profit entity, and thereafter the property shall be subject to all applicable taxes and assessments and all government laws, regulations and ordinances bearing on use and development as if the property were privately owned. The proceeds from the sale of any real property at the metropolitan sports area shall be paid to the council and used for debt service.*

Sec. 6. Minnesota Statutes 1978, Section 473.556, Subdivision 7, is amended to read:

Subd. 7. [CONTRACTS.] The commission may contract for materials, supplies, and equipment in accordance with section 471.345, except that the commission may employ persons, firms, or corporations to perform one or more or all of the functions of architect, engineer, construction manager, or contractor for both

design and construction, with respect to all or any part of a project to build or remodel sports facilities. Such employment *Contractors* shall be *selected* through the process of public bidding, provided that it shall be permissible for the commission to narrow the listing of eligible bidders to those which the commission determines to possess sufficient expertise to perform the intended functions. Any such person, firm, or corporation *construction manager or contractor* shall certify, before the contracts are finally signed, a construction price and completion date to the commission and shall post a bond in an amount at least equal to 100 percent of the certified price, to cover any costs which may be incurred over and above the certified price, including but not limited to costs incurred by the commission or loss of revenues resulting from incomplete construction on the completion date. The commission shall secure surety bonds as required in section 574.26, securing payment of just claims in connection with all public work undertaken by it. Persons entitled to the protection of the bonds may enforce them as provided in sections 574.28 to 574.32, and shall not be entitled to a lien on any property of the commission under the provisions of sections 514.01 to 514.16.

Sec. 7. Minnesota Statutes 1978, Section 473.581, Subdivision 2, is amended to read:

Subd. 2. [PROCEDURE.] The bonds shall be sold, issued, and secured in the manner provided in chapter 475 for bonds payable solely from revenues, except as otherwise provided in sections 473.551 to 473.595, and the council shall have the same powers and duties as a municipality and its governing body in issuing bonds under that chapter. The bonds may be sold at any price and at public or private sale as determined by the council. They shall be payable solely from tax and other revenues referred to in sections 473.551 to 473.595, shall not be a general obligation or debt of the council or of the commission, and shall not be included in the net debt of any city, county, or other subdivision of the state for the purpose of any net debt limitation, *provided that nothing herein shall affect the obligation of any political subdivision to levy a tax pursuant to an agreement made under the provisions of section 11.* No election shall be required. The principal amount shall not be limited except as provided in subdivision 3.

Sec. 8. Minnesota Statutes 1978, Section 473.581, Subdivision 3, as amended by Laws 1979, Chapter 26, Section 1, is amended to read:

Subd. 3. [LIMITATIONS.] The principal amount of the bonds issued pursuant to subdivision 1, clause (a), shall not exceed the amounts hereinafter authorized. If the commission's proposal and the construction contracts referred to in clause (g) of this subdivision provide for the construction of a covered multipurpose sports facility, *the total cost of constructing the facility under the construction contracts, not including costs paid from funds provided by others, and the principal amount of bonds issued pursuant to subdivision 1, clause (a), shall be limited to \$55,000,000.* If the commission's proposal and the construction contracts do not provide for the construction of a cover on a proposed multipurpose

sports facility and the commission does not otherwise contract for the construction or acquisition of a cover for the sports facility, the principal amount shall be limited to \$42,000,000. If the site for the facility is in the county of Anoka, no more than \$3,000,000 of additional bonds may be issued for land acquisition, clearance, relocation and legal costs referred to in clauses (d) and (e) of this subdivision in connection with the construction of a multi-purpose stadium. If the commission's proposal and the construction contracts provide for the construction of a new sports facility for football and soccer and for remodeling the existing metropolitan stadium for baseball, the principal amount shall be limited to \$37,500,000. If the commission's proposal and the construction contracts provide for the reconstruction and remodeling of the existing metropolitan stadium as an uncovered multipurpose sports facility, the principal amount shall be limited to \$25,000,000. The bonds issued pursuant to subdivision 1, clause (a), shall bear an average annual rate of interest, including discount, not in excess of seven and one-half percent. The proceeds of the bonds issued pursuant to subdivision 1, clause (a), shall be used only for the acquisition and betterment of sports facilities suitable for baseball, football and soccer, with a seating capacity for football and soccer of approximately 65,000 persons. The council shall issue its bonds and construction of sports facilities may commence when the council has made the following determinations:

(a) The commission has executed agreements with major league professional baseball and football organizations to use its sports facilities for all scheduled regular season home games and play-off home games and, in the case of the football organization, for at least one-half of its exhibition games played each season. The agreements shall be for a period of not more than 30 years nor less than the term of the longest term bonds that in the council's judgment it may find it necessary to issue to finance the acquisition and betterment of the commission's sports facilities. *The agreements may contain provisions negotiated between the organizations and the commission which provide for termination upon conditions related and limited to the bankruptcy, insolvency, or financial capability of the organization.* The agreements shall provide that, in the event of breach of the agreements, the defaulting organization shall pay damages annually to the commission. The annual payment shall be in an amount equal to the annual average of all revenue derived by the commission from attendance at events and activities of the defaulting organization during the years prior to default, provided that the damages shall not exceed in any year an amount sufficient, with other revenues of the commission *but excluding proceeds of the taxes under section 11*, to pay all expenses of operation, maintenance, administration, and debt service for the facilities used by the defaulting organization during the same year. The damages shall be payable during the period from the occurrence of the default to the date on which another major league professional baseball or football organization, replacing the defaulting organization, enters into a use agreement with the com-



mission for not less than the then remaining term of the original agreement. The agreements with the teams shall provide that no closed circuit or pay television broadcasting of events in the sports facility may be allowed without the approval of the commission. The agreements shall include provisions protecting the commission and the council in the event of change in ownership of the professional teams.

(b) The commission has executed agreements with professional baseball and football major leagues which guarantee the continuance of franchises in the metropolitan area for the period of the agreements referred to in clause (a).

(c) The proceeds of bonds provided for in this subdivision will be sufficient, together with other capital funds that may be available to the commission, to construct or remodel and to furnish the sports facilities proposed by the commission, including the appropriate professional fees and charges but excluding, except as otherwise provided in this subdivision, the acquisition, clearance, relocation, and legal costs referred to in clauses (d) and (e).

(d) The commission has acquired, without cost to the commission or the council except as provided in this subdivision, title to all real property including all easements and other appurtenances needed for the construction and operation of any proposed sports facilities or has received a grant of funds or has entered into an agreement or agreements sufficient in the judgment of the council to assure the receipt of funds, at the time and in the amount required, to make any payment upon which the commission's acquisition of title and possession of the real property is conditioned.

(e) The commission has received a grant of funds or entered into an agreement or agreements sufficient in the judgment of the council to assure the receipt of funds, at the time and in the amount required, to pay all costs, except as provided in this subdivision, of clearing the real property needed for the construction and operation of any proposed sports facilities of all buildings, railroad tracks and other structures, including without limitation all relocation costs, all utility relocation costs, and all legal costs.

(f) The commission has executed agreements with appropriate labor organizations and construction ~~contractor organizations~~ *contractors* which provide that no labor strike or management lockout will halt, delay or impede construction.

(g) The commission has executed ~~contracts~~ *agreements which will provide* for the construction of its sports facilities *for a certified construction price and completion date and which include performance bonds in an amount at least equal to 100 percent of the certified price to cover any costs which may be incurred over and above the certified price, including but not limited to costs incurred by the commission or loss of revenues resulting from incomplete construction on the completion date.*

(h) The environmental impact statement for the sports facility or facilities has been accepted by the environmental quality board, and the pollution control agency and any other department, agency, or unit of government have taken ~~final action to approve or deny~~

~~any permits necessary for the actions necessary to permit the construction of the sports facility or facilities.~~

(i) At least 50 percent of the private boxes provided for in the ~~commission's proposal for the sports facility or facilities are sold or leased for at least five years.~~

(j) The anticipated revenue from the operation of the sports facility or facilities plus any additional available revenue of the ~~commission and the revenue from the taxes under section 11 will be an amount sufficient to pay when due all debt service plus all operating and maintenance expenses, unless the proposed facility is a covered multipurpose sports facility, in which case the aforementioned revenues need only be an amount sufficient to pay when due all debt service plus a substantial portion of all administration, operating and maintenance expense.~~

(k) The commission has studied and considered the needs of the university of Minnesota for athletic facilities for a prospective 20 year period.

(l) ~~The municipality where the facility is to be constructed has entered into an agreement as contemplated in section 11.~~

(m) ~~The commission has entered into an agreement or agreements with a purchaser or purchasers of tickets of admission for a period of not less than 20 years which will assure that, if the professional football organization cannot comply with the provisions of section 473.568, whenever more than 90 and less than 100 percent of the tickets of admission for seats at any professional football game, which were available for purchase by the general public 120 hours or more before the scheduled beginning time of the game either at the sports facility where the game is to be placed or at the box office closest to the sports facility, have been purchased 72 hours or more before the beginning time of the game, then all of such tickets which remain unsold will be purchased in sufficient time to permit the telecast to areas within the state which otherwise would not receive the telecast because of the terms of an agreement in which the professional football league has sold or otherwise transferred all or part of the rights of the league's member organizations in the sponsored telecasting of games of the organizations. The party or parties agreeing to the purchase of such unsold tickets shall be obligated for a period of at least 20 years in an amount determined by the council to be sufficient to assure the purchase of all such unsold tickets. An agreement or agreements satisfying the requirements of this clause shall free the professional football organization from the prohibition otherwise imposed on it by section 473.568.~~

(n) ~~The council has entered into an agreement with the brokerage firm or brokerage firms to be used in connection with the issuance and sale of the bonds guaranteeing that fees and charges payable to the brokerage firm or firms in connection therewith, including any underwriting discounts, shall not exceed fees and charges customarily payable in connection with the issuance and sale of bonds secured by the pledge of the full faith and credit of the municipality in which any new sports facility is to be located.~~

The validity of any bonds issued under subdivision 1, clause (a), and the obligations of the council and commission related thereto, shall not be conditioned upon or impaired by the council's determinations made pursuant to this subdivision. For purposes of issuing the bonds the determinations made by the council shall be deemed conclusive, and the council shall be and remain obligated for the security and payment of the bonds irrespective of determinations which may be erroneous, inaccurate, or otherwise mistaken.

Sec. 9. Minnesota Statutes 1978, Session 473.581, Subdivision 4, as amended by Laws 1979, Chapter 26, Section 1, is amended to read:

Subd. 4. [SECURITY.] To the extent and in the manner provided in ~~section sections 11 and 473.595, the taxes described in section 11,~~ the tax and other revenues of the commission described in section 473.595, and any other revenues of the commission shall be and remain pledged and appropriated for the payment of all necessary and reasonable expenses of the operation, administration, maintenance, and debt service of the commission's sports facilities until all bonds referred to in section 473.564, subdivision 2, and all bonds and certificates issued pursuant to this section are fully paid or discharged in accordance with law. The revenue bonds and interest thereon referred to in section 473.564, subdivision 2, may be refunded, whether at a lower or a higher rate of interest, by the issuance of new bonds pursuant to subdivision 1, clause (b), for the purpose of pledging revenues of the metropolitan sports area for the payment and security of bonds issued hereunder, and the council may provide that a portion of the new bonds shall be payable solely from the interest earnings derived from the investment of the bond proceeds. Until these revenue bonds are fully paid or the council's obligation thereon is discharged in accordance with law they shall be deemed a first and prior charge on those revenues and shall be secured by all provisions of the revenue bond resolution and the ownership and operations agreement. Bonds issued pursuant to this section and ~~bonds referred to in section 473.564, subdivision 2,~~ may be secured by a bond resolution, or by a trust indenture entered into by the council with a corporate trustee within or outside the state, which shall define the tax and other revenues pledged for the payment and security of the bonds. The pledge shall be a valid charge on the tax and other revenues referred to in sections 473.551 to 473.595 from the date when bonds are first issued or secured under the resolution or indenture and shall secure the payment of principal and interest and redemption premiums when due and the maintenance at all times of a reserve securing such payments. No mortgage of or security interest in any tangible real or personal property shall be granted to the bondholders or the trustee, but they shall have a valid security interest in all tax and other revenues received and accounts receivable by the commission or council hereunder, as against the claims of all other persons in tort, contract, or otherwise, irrespective of whether such parties have notice thereof, and without possession or filing as provided in the uniform commer-

cial code or any other law. In the bond resolution or trust indenture the council may make such covenants, which shall be binding upon the commission, as are determined to be usual and reasonably necessary for the protection of the bondholders. No pledge, mortgage, covenant, or agreement securing revenue bonds may be impaired, revoked, or amended by law or by action of the council or, commission, or city, except in accordance with the terms of the resolution or indenture under which the bonds are issued, until the obligations of the council thereunder are fully discharged.

Sec. 10. Minnesota Statutes 1978, Section 473.581, Subdivision 5, as amended by Laws 1979, Chapter 26, Section 1, is amended to read:

Subd. 5. [REVENUE ANTICIPATION CERTIFICATES.] At any time or times after approval by the council and final adoption by the commission of an annual budget of the commission for operation, administration, and maintenance of its sports facilities, and in anticipation of the proceeds from the taxes under section 11 and the revenues of the commission provided for in the budget, but subject to any limitation or prohibition in a bond resolution or indenture, the council may authorize the issuance, negotiation, and sale, in such form and manner and upon such terms as it may determine, of revenue anticipation certificates. The principal amount of the certificates outstanding shall at no time exceed 25 percent of the total amount of the tax and other revenues anticipated. The certificates shall mature not later than three months after the close of the budget year. Prior to the approval and final adoption of the first annual budget of the commission, the council may authorize up to \$300,000 in revenue anticipation certificates under this subdivision. So much of the anticipated tax and other revenues as may be needed for the payment of the certificates and interest thereon shall be paid into a special debt service fund established for the certificates in the council's financial records. If for any reason the anticipated tax and other revenues are insufficient, the certificates and interest shall be paid from the first tax and other revenues received, subject to any limitation or prohibition in a bond resolution or indenture. The proceeds of the certificates may be used for any purpose for which the anticipated revenues of the commission or taxes may be used or for any purpose for which bond proceeds under subdivision 1 may be used, provided that the proceeds of certificates issued after the first issuance of bonds under subdivision 1, clause (a) effective date of this act, shall not be used to pay capital costs of sports facilities constructed or remodeled pursuant to sections 473.551 to 473.595.

Sec. 11. Minnesota Statutes 1978, Chapter 473, is amended by adding a section to read:

[473.592] [TAX REVENUES.] Subdivision 1. [LOCAL SALES TAX.] Upon designation of a location for a sports facility pursuant to section 1, the municipality in which the facility is to be located may enter into an agreement with the metropolitan council and the commission which requires the municipality to impose a sales tax, supplemental to the general sales tax imposed in chap-

ter 297A, for the purposes and in accordance with the requirements specified in sections 473.551 to 473.595. The tax may be imposed on the gross receipts from all retail on-sales of intoxicating liquor and fermented malt beverages when sold at licensed on-sale liquor establishments and municipal liquor stores located within the municipality, or on the gross receipts from the furnishing for consideration of lodging for a period of less than 30 days at a hotel, motel, rooming house, tourist court, or trailer camp located within the municipality, or on both. The agreement between the municipality, the metropolitan council, and the commission shall require the municipality to impose the tax or taxes at whatever rate or rates may be necessary to produce revenues which are determined by the council from year to year to be required, together with the revenues available to the commission, to pay when due all debt service on bonds and revenue anticipation certificates issued under section 473.581, all debt service on bonds referred to in section 473.564, subdivision 2, and all expenses of operation, administration, and maintenance of the sports facilities. The agreement shall provide for the suspension, reimposition, reduction, or increase in tax collections upon determination by the metropolitan council that such actions are appropriate or necessary for the purposes for which the tax is imposed, provided that the balance in the debt service fund or funds, including any reserve for debt service, shall be maintained at least at an amount sufficient to pay the principal and interest on bonds which will become due within the next succeeding one year period and, except as otherwise provided by agreement, shall not be maintained at an amount greater than that required to pay principal and interest on bonds which will become due within the next succeeding two year period. The agreement shall be executed by the city, after approval by resolution of the city council and before the issuance of the bonds under section 473.581 and commencement of construction, and shall constitute a contract with and for the security of all holders of the bonds and revenue anticipation certificates secured by the tax. A sports facility shall not be constructed or remodeled in a municipality which has not entered into an agreement in accordance with this section. The tax shall be reported and paid to the commissioner of revenue with and as part of the state sales and use taxes, and shall be subject to the same penalties, interest, and enforcement provisions. The collections of the tax, less refunds and a proportionate share of the costs of collection, shall be remitted at least quarterly to the metropolitan council. The commissioner of revenue shall deduct from the proceeds remitted to the council an amount that equals the indirect statewide costs as well as the direct and indirect department costs necessary to administer, audit, and collect this tax. The amount deducted shall be deposited in the general fund of the state. The proceeds remitted shall be placed, together with the net revenues of the commission under section 473.595, into the debt service fund or reserve or special funds, established under section 473.581, and any funds established to secure payment of operating deficits of the commission. The proceeds may be used for payment of debt service on bonds and revenue anticipation certificates issued under section

473.581, debt service on bonds referred to in section 473.564, subdivision 2, and expenses of operation, administration, and maintenance of the sports facilities. The proceeds shall not be used for any capital costs of sports facilities constructed under sections 473.551 to 473.595, except that the proceeds may be used to pay interest on bonds during the construction period.

Subd. 2. [METROPOLITAN LIQUOR TAX.] All proceeds of the liquor tax collected by the council pursuant to the provisions of Minnesota Statutes 1978, Section 473.591, prior to August 1, 1979, not otherwise expended or applied as provided in chapter 473, together with any earnings derived from the investment of such revenues, may be used for any purpose for which the tax revenues under subdivision 1 may be used.

Sec. 12. Minnesota Statutes 1978, Section 473.595, Subdivision 1, is amended to read:

473.595 [COMMISSION FINANCES.] Subdivision 1. [ADMISSION TAX.] Effective January 1, 1978, the commission shall by resolution impose a three percent admission tax upon the granting, sale, or distribution, by any private or public person, association, or corporation, of the privilege of admission to activities; except for those activities sponsored by nonprofit organizations and conducted at the indoor public assembly facility at the metropolitan sports area known as the metropolitan sports center. Commencing with the operation of sports facilities constructed or remodeled by the commission pursuant to sections 473.551 to 473.595, the commission shall impose an additional seven percent admission tax upon activities conducted at such sports facilities. Effective January 1, 1978, no other tax, except the taxes imposed by chapter 297A, may be levied by any other unit of government upon any such sale or distribution. The admission tax shall be stated and charged separately from the sales price so far as practicable and shall be collected by the grantor, seller, or distributor from the person admitted and shall be a debt from that person to the grantor, seller, or distributor, and the tax required to be collected shall constitute a debt owed by the grantor, seller, or distributor to the commission, which shall be recoverable at law in the same manner as other debts. Every person granting, selling, or distributing tickets for such admissions may be required, as provided in resolutions of the commission, to secure a permit, to file returns, to deposit security for the payment of the tax, and to pay such penalties for nonpayment and interest on late payments, as shall be deemed necessary or expedient to assure the prompt and uniform collection of the tax.

Sec. 13. Minnesota Statutes 1978, Section 473.595, is amended by adding a subdivision to read:

Subd. 7. [SALE OF SEATS.] The commission may sell seats in any multipurpose sports facility constructed after June 30, 1979 at prices and subject to conditions consistent with this section. Ownership of a seat shall give the owner first preference for purchase of a season ticket of admission for professional sports exhibitions with a right to be seated in the owned seat. An

*owner may sell or otherwise transfer his rights on whatever terms he chooses. Rights to a seat may not be divided. No fee may be charged for a transfer of ownership of a seat. The commission may charge a maintenance fee not exceeding \$10 per year for each seat.*

**Sec. 14. [HIGHWAY USER TAX DISTRIBUTION FUND.]**  
*So long as the tax imposed pursuant to article XIV, section 10, of the Minnesota Constitution is at or below the rate fixed by law on January 1, 1979, no money derived from the highway user tax distribution fund shall be used to construct, relocate, or improve any streets, highways, or other public thoroughfares, except ones included in the municipal state aid street system established pursuant to article XIV, section 4, if such work is done in order to provide or improve access to a new sports facility constructed pursuant to sections 473.551 to 473.595. The commissioner of transportation shall determine whether expenditures are in violation of this section.*

**Sec. 15.** *Pursuant to article VI, section 2 of the Minnesota Constitution the supreme court shall have original jurisdiction of any action brought or maintained in which an issue is presented as to the validity of a provision of sections 1 to 14 of this act, and may hear and determine the issue as provided in title V of the rules of civil appellate procedure, after notice given as provided in rule 144.*

**Sec. 16.** *This act is effective the day following final enactment in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."*

Further, strike the title and insert:

*"A bill for an act relating to metropolitan government; providing for financing of metropolitan sports facilities; authorizing a revised site determination and establishing conditions for issuance of bonds; changing certain provisions relating to the powers and duties of the metropolitan council and sports facilities commission; providing for appointment of members of the metropolitan sports facilities commission; exempting events sponsored at the metropolitan sports center from the three percent admission tax; providing expedited court procedures; limiting use of the highway user tax distribution fund; authorizing local taxes; appropriating money; amending Minnesota Statutes 1978, Sections 473.553, Subdivisions 2 and 4; 473.556, Subdivisions 4, 6, and 7; 473.581, Subdivisions 2, 3, as amended, 4, as amended, and 5, as amended; 473.595, Subdivision 1, and by adding a subdivision; and Chapter 473, by adding sections."*

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

Senate Conferees: (Signed) Steve Keefe, A. O. H. Setzepfandt, Jim Nichols, Tom Nelson, Nancy Brataas

House Conferees: (Signed) Al W. Patton, Joel Jacobs, William Schreiber, Douglas W. Carlson, Jim Evans

#### CALL OF THE SENATE

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

Anderson	Gearty	Menning	Purfeerst	Staples
Bang	Gunderson	Merriam	Renneke	Stokowski
Benedict	Johnson	Nelson	Rued	Strand
Bernhagen	Keefe, S.	Nichols	Schaaf	Stumpf
Coleman	Kirchner	Olhoft	Schmitz	Tennessee
Davies	Kleinbaum	Olson	Setzepfandt	Ueland, A.
Dieterich	Knaak	Penny	Sieloff	Ulland, J.
Dunn	Lessard	Perpich	Sikorski	Vega
Engler	McCutcheon	Pillsbury	Spear	

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

Mr. Keefe, S. moved that the foregoing recommendations and Conference Committee Report on S. F. No. 1351 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 1351 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Bang	Hanson	Lessard	Peterson	Solon
Bernhagen	Humphrey	Menning	Pillsbury	Staples
Chmielewski	Jensen	Merriam	Purfeerst	Stokowski
Coleman	Johnson	Nelson	Rued	Strand
Dunn	Keefe, S.	Nichols	Schaaf	Ueland, A.
Engler	Kirchner	Olson	Schmitz	Ulland, J.
Frederick	Kleinbaum	Penny	Setzepfandt	Wegener
Gearty	Knoll	Perpich	Sillers	

Those who voted in the negative were:

Benedict	Hughes	Luther	Sieloff	Stumpf
Davies	Knaak	McCutcheon	Sikorski	Tennessee
Dieterich	Knutson	Olhoft	Spear	Vega
Gunderson	Laufenburger	Renneke		

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

#### MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman moved that S. F. No. 406 be withdrawn from the Subcommittee on Bill Scheduling and be placed on the Special Orders Calendar. The motion prevailed.

Without objection, the Senate reverted to the Order of Business of Messages from the House.

#### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the 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. 420: A bill for an act relating to agriculture; changing the eligibility requirements for a family farm security loan; changing the eligibility standards for payment adjustments received pursuant to a family farm security loan; amending Minnesota Statutes 1978, Sections 41.55; and 41.57, Subdivision 3.

Senate File No. 420 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

### CONCURRENCE AND REPASSAGE

Mr. Nichols moved that the Senate concur in the amendments by the House to S. F. No. 420 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 420 was read the third time, as amended by the House, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Anderson	Dunn	Knutson	Olson	Stokowski
Ashbach	Engler	Laufenburger	Penny	Strand
Bang	Frederick	Lessard	Perpich	Stumpf
Benedict	Gearty	Luther	Peterson	Tennessen
Bernhagen	Gunderson	McCutcheon	Pillsbury	Ueland, A.
Brataas	Hanson	Menning	Purfeerst	Ulland, J.
Chenoweth	Hughes	Merriam	Rued	Vega
Chmielewski	Johnson	Nelson	Schaaf	Wegener
Coleman	Kirchner	Nichols	Setzepfandt	Willet
Davies	Knaak	Ogdahl	Sikorski	
Dieterich	Knoll	Olhoft	Staples	

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

### RECONSIDERATION

Mr. Perpich moved that the vote whereby S. F. No. 1351 was passed by the Senate on May 21, 1979, be now reconsidered. The motion prevailed.

### CALL OF THE SENATE

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

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

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

S. F. No. 1351: A bill for an act relating to metropolitan government; providing for financing of metropolitan sports facilities; authorizing a revised site determination and establishing conditions for issuance of bonds; providing for appointment of members of the metropolitan sports facilities commission; exempting events sponsored at the metropolitan sports center from the three percent admissions tax; appropriating money; amending Minnesota Statutes 1978, Sections 473.553, Subdivisions 2 and 4; 473.581, Subdivisions 2, 3, as amended, 4, as amended, and 5, as amended; 473.595, Subdivision 1; and Chapter 473, by adding sections; repealing Minnesota Statutes 1978, Section 473.568.

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

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

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

Those who voted in the affirmative were:

Anderson	Humphrey	Lessard	Perpich	Staples
Bang	Jensen	Menning	Peterson	Stokowski
Bernhagen	Johnson	Merriam	Pillsbury	Strand
Brataas	Keefe, J.	Moe	Purfeerst	Ueland, A.
Chmielewski	Keefe, S.	Nelson	Rued	Ulland, J.
Dunn	Kirchner	Nichols	Schaaf	Wegener
Engler	Kleinbaum	Ogdahl	Schmitz	
Frederick	Knoll	Olson	Setzepfandt	
Gearty	Laufenburger	Penny	Sillers	

Those who voted in the negative were:

Ashbach	Dieterich	Knutson	Renneke	Stumpf
Benedict	Gunderson	Luther	Sieloff	Vega
Chenoweth	Hughes	McCutcheon	Sikorski	Willet
Davies	Knaak	Olhoft	Spear	

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

#### RECESS

Mr. Coleman moved that the Senate do now recess until 7:00 o'clock p.m. The motion prevailed.

The hour of 7:00 o'clock p. m. having arrived, the President called the Senate to order.

#### MEMBERS EXCUSED

Mr. Frederick was excused from the Session of today at 4:00 o'clock p. m. Mr. Keefe, J. was excused from the Session of today until 8:15 o'clock p.m.

Pursuant to Rule 21, Mr. Laufenburger moved that the following members be excused for a Conference Committee on H. F. No. 360:

Messrs. Laufenburger, Nichols and Keefe, S. The motion prevailed.

### CALL OF THE SENATE

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

Anderson	Dunn	Knaak	Perpich	Staples
Benedict	Engler	Knoll	Peterson	Strand
Bernhagen	Frederick	Lessard	Pillsbury	Tennessee
Brataas	Gearity	Luther	Rued	Ulland, J.
Chenoweth	Gunderson	McCutcheon	Schmitz	Willet
Chmielewski	Hanson	Menning	Setzepfandt	
Coleman	Jensen	Merriam	Sieloff	
Davies	Johnson	Nelson	Sikorski	
Dieterich	Kirchner	Penny	Spear	

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

Without objection, the Senate reverted to the Order of Business of Messages From the House.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S. F. No. 188.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

Mr. President:

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

S. F. No. 202: A bill for an act relating to health; providing for several types of life support transportation service; providing for health systems agencies to be involved in the licensing process; providing factors to be used in making licensing recommendations; providing for standards for services; forbidding inquiry as to ability to pay before provision of life support transportation services; requiring rules for nonemergency transportation reimbursement under medical assistance; exempting certain providers; amending Minnesota Statutes 1978, Sections 144.801; 144.802; 144.803; 144.804; 144.805; 144.807, Subdivision 1; 144.808; 144.809 and 144.8091, Subdivision 1.

Four members of the House have been appointed to such committee on the part of the House as follows:

Swanson; Carlson, L.; Reif and Forsythe.

Senate File No. 202 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 588: A bill for an act relating to the county of Anoka; authorizing the county to enter into agreements with the Anoka State Hospital for community mental health services.

Four members of the House have been appointed to a Conference Committee on the part of the House as follows:

Weaver, Dean, Berglin and Greenfield.

House File No. 588 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

Mr. Anderson moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 588, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 914 and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 914: A bill for an act relating to retirement; providing for continued membership in public safety employee pension funds for certain current public safety employees who may not have the power of arrest with a warrant; amending Minnesota Statutes 1978, Sections 352B.01, Subdivision 2; and 353.64, Subdivision 1.

House File No. 914 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 914

A bill for an act relating to retirement; providing for continued membership in public safety employee pension funds for certain

current public safety employees who may not have the power of arrest with a warrant; amending Minnesota Statutes 1978, Sections 352B.01, Subdivision 2; and 353.64, Subdivision 1.

May 21, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 914, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 914 be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 352B.01, Subdivision 2, is amended to read:

Subd. 2. "Member" means (a) all of the persons referred to and employed on and after July 1, 1943 pursuant to the provisions of Laws 1929, Chapter 355, and all acts amendatory thereof and supplementary thereto, currently employed by the state, whose salaries or compensation is paid out of funds of the state of Minnesota; (b) Any conservation officer employed under the provisions of section 97.50, currently employed by the state, whose salary or compensation is paid out of funds of the state; and (c) any crime bureau officer *who was employed by the crime bureau and was a member of the highway patrolmen's retirement fund on July 1, 1978, whether or not that person has the power of arrest by warrant after that date, or who is employed as police personnel, with powers of arrest by warrant, pursuant to the provisions of section 299C.04, and who is currently employed by the state, and whose salary or compensation is paid out of funds of the state.*

~~Member~~ The term "member" shall not include any person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act from and after March 30, 1978, unless the person has as of the later of March 30, 1978 or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive employment and training act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution.

Sec. 2. Minnesota Statutes 1978, Section 353.64, Subdivision 1, is amended to read:

353.64 [MEMBERSHIP; QUALIFICATIONS; POLICE OFFICER, FIRE FIGHTER.] Subdivision 1. Any person who prior to July 1, 1961, was a member of the police and fire fund, by virtue of being a police officer or fire fighter, shall as long as he remains in either position, be deemed to continue his membership in said fund. *Any person who was employed by a governmental subdivision as a police officer and was a member of the police and fire fund on July 1, 1978 by virtue of being a police officer as defined by this section on that date shall be entitled, if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date, to continue membership in the fund whether or not that person has the power of arrest by warrant after that date.* Any other employee serving on a full-time basis as a police officer or fire fighter on or after July 1, 1961, shall become a member of the public employees police and fire fund. Any employee serving on less than a full-time basis as a police officer or fire fighter, as determined by the rules prescribed by the board of trustees, shall become a member of the public employees police and fire fund only after a resolution is adopted by the governing body of the governmental subdivision employing such person declaring that the position such person holds is either that of a police officer or fire fighter. Any police officer or fire fighter who by virtue of his employment is required to contribute to any other pension, relief, or retirement fund established for the benefit of officers and employees of a governmental subdivision shall not be a member of this fund.

Sec. 3. *Notwithstanding section 11 of H. F. No. 746, section 9 of H. F. No. 746 as finally enacted by the 1979 legislature shall be effective August 1, 1979."*

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

House Conferees: (Signed) Al W. Patton, John J. Sarna, John S. Biersdorf, Dean E. Johnson

Senate Conferees: (Signed) Eugene E. Stokowski, Roger E. Strand, Harmon T. Ogdahl

Mr. Stokowski moved that the foregoing recommendations and Conference Committee Report on H. F. No. 914 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 914: A bill for an act relating to retirement; providing for continued membership in public safety employee pension funds for certain current public safety employees who may not have the power of arrest with a warrant; amending Minnesota Statutes 1978, Sections 352B.01, Subdivision 2; and 353.64, Subdivision 1.

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

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

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

Those who voted in the affirmative were:

Ashbach	Gearty	Luther	Pillsbury	Spear
Bang	Gunderson	McCutcheon	Purfeerst	Stokowski
Benedict	Hanson	Menning	Renneke	Strand
Bernhagen	Hughes	Merriam	Rued	Stumpf
Brataas	Humphrey	Moe	Schaaf	Tennessen
Chenoweth	Jensen	Ogdahl	Schmitz	Ueland, A.
Chmielewski	Johnson	Olhoft	Setzepfandt	Ulland, J.
Dieterich	Keefe, J.	Olson	Sieloff	Willet
Dunn	Kleinbaum	Penny	Sikorski	
Engler	Knaak	Perpich	Sillers	
Frederick	Lessard	Peterson	Solon	

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

#### MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 486: A bill for an act relating to education; changing the requirements for membership on the state university board and on the state board for community colleges; amending Minnesota Statutes 1978, Sections 126.12, Subdivision 1; and 136.61, Subdivision 1.

Four members of the House have been appointed to such committee on the part of the House as follows:

Ainley; Jennings; Johnson, C. and Nelson.

Senate File No. 486 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 19, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 521 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 521: A bill for an act relating to the city of St. Cloud; authorizing sale of liquor at the Municipal Sports Complex.

Senate File No. 521 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

**Mr. President:**

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1351 and repassed said bill in accordance with the report of the Committee, so adopted.

**S. F. No. 1351:** A bill for an act relating to metropolitan government; providing for financing of metropolitan sports facilities; authorizing a revised site determination and establishing conditions for issuance of bonds; providing for appointment of members of the metropolitan sports facilities commission; exempting events sponsored at the metropolitan sports center from the three percent admission tax; appropriating money; amending Minnesota Statutes 1978, Sections 473.553, Subdivisions 2 and 4; 473.581, Subdivisions 2, 3, as amended, 4, as amended, and 5, as amended; 473.595, Subdivision 1; and Chapter 473, by adding sections; repealing Minnesota Statutes 1978, Section 473.568.

Senate File No. 1351 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

#### **MOTIONS AND RESOLUTIONS—CONTINUED**

Mr. Solon moved that the name of Mr. Schaaf be added as co-author to S. F. No. 1406. The motion prevailed.

Mr. Ulland, J. moved that the name of Mr. Schaaf be added as co-author to S. F. No. 1212. The motion prevailed.

Mr. Sikorski moved that the name of Mr. Nelson be added as co-author to S. F. No. 1597. The motion prevailed.

#### **RECONSIDERATION**

Mr. Ulland, J. moved that the vote whereby S. F. No. 974 failed to pass the Senate on May 21, 1979, be now reconsidered. The motion prevailed.

Mr. Ulland, J. moved that the Senate do not concur in the amendments by the House to S. F. No. 974 and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee to be appointed on the part of the House. The motion prevailed.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

#### **MESSAGES FROM THE HOUSE**

**Mr. President:**

I have the honor to announce the adoption by the House of the following House Concurrent Resolution, herewith transmitted:



House Concurrent Resolution No. 8: A House Concurrent Resolution relating to adjournment until 1980.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

House Concurrent Resolution No. 8: A house concurrent resolution relating to adjournment until 1980.

BE IT RESOLVED, by the House of Representatives, the Senate concurring, that upon their adjournment May 21, 1979, the House of Representatives may set its next day of meeting for January 22, 1980 at 12:00 noon and the Senate may set its next day of meeting for January 22, 1980 at 12:00 noon.

BE IT FURTHER RESOLVED, that this resolution is the consent of each house for the other to adjourn for more than three days following May 21, 1979.

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

#### SPECIAL ORDER

H. F. No. 740: A bill for an act relating to Ramsey County; changing the day of county board meetings; amending Laws 1974, Chapter 435, Section 2.05, Subdivision 1, as amended.

Mr. Stumpf moved to amend H. F. No. 740 as follows:

Page 1, line 15, delete "*time and date*" and insert "*times and dates*"

Page 1, after line 17, insert:

"Sec. 2. Laws 1974, Chapter 435, Section 3.02, Subdivision 6, as amended by Laws 1978, Chapter 745, Section 1, is amended to read:

Subd. 6. [CLASSIFICATION OF SERVICE.] (a) [DEFINITION OF COVERAGE.] The officers and employees of Ramsey county and of a county or joint county and city agency, board, commission or committee supported in whole or in part by taxation upon the taxable property of the county, or appointed by the judges of the district court or probate court for the county, or by a board or agency composed of representatives of the county and a city in the county and employees employed in hospitals, preventoria, county nursing homes, and the welfare department are divided into the unclassified and classified service.

(b) [UNCLASSIFIED SERVICE.] The unclassified service comprises:

(1) An officer elected by popular vote or a person appointed to fill a vacancy in such an office.

(2) The head or principal administrative officer of a separate department of county government or agency created by law, the director of the welfare department.

(3) A chief deputy or principal assistant for each elected public official and for the county engineer and veterans' service officer.

(4) Each doctor, intern, student nurse and intern dietician employed by the county or a county agency.

(5) Each member of the teaching staff, supervisor and principal in the employ of the county, actually engaged in teaching or the supervision of teaching.

(6) A member of a board or commission appointed by the county, or the county and the city, or acting in an advisory capacity.

(7) A weed inspector, election judge, election clerk or other employee employed by the county for a limited period of time.

(8) A special police officer or special deputy sheriff serving without pay.

(9) A judge, court administrator, court reporter, receiver, referee, examiner or assistant examiner of titles, public defender, arbitrator, juror, clerk of probate court or a person appointed by the district or probate courts to make or conduct a special inquiry of a judicial and temporary character.

(10) The director of court services and three principal assistants or division supervisors.

(11) The employees of the municipal court of Ramsey county.

(12) The principal administrative officer of the detention and corrections department, his first assistant, the superintendent of each departmental facility and his first assistant or chief deputy.

(13) The chief executive officer of St. Paul-Ramsey Hospital and seven principal assistants.

(14) The executive secretary or the principal administrative officer of the county and seven principal assistants, appointed and terminated by the executive secretary or the principal administrative officer, except that until January 1, 1980 such appointments and terms shall be submitted to the Ramsey county government study commission. Such consideration shall be advisory only.

*(15) The Ramsey county sheriff, his chief deputy, two principal assistants and a personal secretary.*

*(16) The Ramsey county attorney, his first assistant, one principal assistant, and a personal secretary.*

(c) [CLASSIFIED SERVICE.] (1) The classified service includes all other offices or employments in the county and county agencies, and all officers and employees not expressly placed in the unclassified service.

(2) Each employee in the classified service is placed in a graded division except an employee whose position is in a certified bargaining unit as defined under the public employment labor relations act and an employee in an ungraded division established by the county board. The ungraded division, if one is established, includes each employee in a construction trade who is engaged in the work

of repair, alteration or construction of buildings for which trade there is a generally established and recognized scale of wages inside the county.

(3) (A) The superintendent and assistant superintendent of the Ramsey county nursing home are in the classified service.

(B) The provisions of Minnesota Statutes, Section 393.07, Subdivision 5, are hereby superseded insofar as they may be inconsistent with this section.

*Sec. 3. Funds appropriated for the Lake Owasso Children's Home pursuant to Laws 1975, Chapters 242, Section 2, and 434, Section 2, Subdivision 17, may be disbursed to renovate and rehabilitate the home in addition to any other purpose provided by law or contract."*

Page 1, line 18, delete "This act is" and insert "Sections 1 and 2 are"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon insert "amending the Ramsey County code by amending the civil service section; providing for certain unclassified employees; defining purposes for which funds appropriated for the Lake Owasso Children's Home may be spent;"

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

Page 1, line 4, before the period insert "; and 3.02, Subdivision 6, as amended"

The motion prevailed. So the amendment was adopted.

H. F. No. 740 was then progressed.

The question recurred on H. F. No. 852.

#### SPECIAL ORDER

H. F. No. 852: A bill for an act relating to schools; requiring school boards to allow official representatives of military forces reasonable access to certain school facilities for recruitment presentations; amending Minnesota Statutes 1978, Section 123.36, by adding a subdivision.

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 2, as follows:

Those who voted in the affirmative were:

Ashbach	Chmielewski	Frederick	Johnson	Luther
Bang	Coleman	Gearty	Kleinbaum	McCutcheon
Benedict	Davies	Hanson	Knaak	Menning
Bernhagen	Dieterich	Hughes	Knoll	Merriam
Brataas	Dunn	Humphrey	Knutson	Moe
Chenoweth	Engler	Jensen	Lessard	Nelson

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

Messrs. Gunderson and Spear voted in the negative.

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

The question recurred on H. F. No. 740.

### SPECIAL ORDER

H. F. No. 740: A bill for an act relating to Ramsey County; changing the day of county board meetings; amending Laws 1974, Chapter 435, Section 2.05, Subdivision 1, as amended.

Mr. Chmielewski moved to amend H. F. No. 740 as amended by the Stumpf amendment, as follows:

Page 1, after line 17, insert:

"Sec. 4. Minnesota Statutes 1978, Section 349.26, Subdivision 12, is amended to read:

Subd. 12. No compensation shall be paid to any person in connection with the operation of a gambling device or the conduct of a raffle by a licensed organization *except a licensed organization may elect to pay a percent of raffle ticket sales to nonprofit organizations selling for the licensed organization.* No person who is not an active member of an organization, or its auxiliary, or the spouse or surviving spouse of an active member may participate in the organization's operation of a gambling device or conduct of a raffle *except the licensed organization may utilize non-member nonprofit organizations in raffle ticket sales."*

Amend the title, as amended by the Stumpf amendment, as follows:

Page 1, line 3, after the semicolon, insert "authorizing nonprofit organizations to participate in raffle ticket sales with licensed organizations;"

Page 1, line 4, before the period, delete "and" and insert "; and 349.26, Subdivision 12"

The motion prevailed. So the amendment was adopted.

H. F. No. 740 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 38 and nays 15, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Merriam	Setzepfandt	Strand
Benedict	Hanson	Nelson	Sieloff	Stumpf
Chenoweth	Hughes	Olhoft	Sikorski	Ulland, J.
Chmielewski	Humphrey	Olson	Sillers	Vega
Coleman	Jensen	Perpich	Solon	Wegener
Davies	Keefe, J.	Peterson	Spear	Willet
Dieterich	Lessard	Schaaf	Staples	
Engler	Luther	Schmitz	Stokowski	

Those who voted in the negative were:

Ashbach	Dunn	Kirchner	McCutcheon	Renneke
Bernhagen	Frederick	Knaak	Menning	Rued
Brataas	Gunderson	Knutson	Pillsbury	Ueland, A.

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

### SPECIAL ORDER

S. F. No. 702: A bill for an act relating to health; requiring counties to establish local nursing home pre-admission screening teams; prescribing duties of the teams and the commissioner of public welfare; appropriating money; amending Minnesota Statutes 1978, Chapter 256B, by adding a section.

Mrs. Staples moved to amend S. F. No. 702 as follows:

Page 2, line 11 after "*needs.*" insert "*The individual's physician may elect to be a member of the screening team. If the physician who so elects disagrees with the findings of the team, the county agency shall automatically appeal the case and the individual can be placed in the nursing home. The nursing home shall be reimbursed for the patient's care until the case has been decided.*"

The motion prevailed. So the amendment was adopted.

S. F. No. 702 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 36 and nays 21, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Laufenburger	Pillsbury	Tennesen
Benedict	Hanson	Luther	Schaaf	Ulland, J.
Chenoweth	Hughes	McCutcheon	Sikorski	Vega
Coleman	Humphrey	Merriam	Sillers	Willet
Davies	Jensen	Nelson	Solon	
Dieterich	Johnson	Ogdahl	Spear	
Dunn	Keefe, S.	Olhoft	Staples	
Gearty	Knoll	Perpich	Stumpf	

Those who voted in the negative were:

Ashbach	Kirchner	Olson	Schmitz	Wegener
Bernhagen	Knaak	Penny	Setzepfandt	
Chmielewski	Knutson	Peterson	Sieloff	
Engler	Lessard	Renneke	Strand	
Frederick	Menning	Rued	Ueland, A.	

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

Without objection, the Senate reverted to the Order of Business of Messages From the House.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1467 and repassed said bill in accordance with the report of the Committee so adopted.

House File No. 1467 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Transmitted May 21, 1979

**CONFERENCE COMMITTEE REPORT ON H. F. NO. 1467**

A bill for an act relating to state employees; providing for wage and fringe benefits for certain state employees; ratifying collective bargaining agreements; amending Minnesota Statutes 1978, Sections 43.01, Subdivision 14; 43.12, Subdivisions 2, 3, 5, 6, 7, 8, 8a, 10, 12, 14, 16, 17, 23, 24, 25, and by adding subdivisions; 43.122, Subdivision 5; 43.17, Subdivision 3; 43.43, by adding a subdivision; 43.44, Subdivision 2; 43.50, Subdivision 1; 43.51; and 645.44, Subdivision 5.

May 21, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 1467, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and H. F. No. 1467 be further amended as follows:

Delete everything after the enacting clause and insert:

**"ARTICLE I**

Section 1. [TEMPORARY PROVISION: WAGE AND ECONOMIC FRINGE BENEFITS; AGREEMENTS APPROVED.] *Subdivision 1. [PREAMBLE.] The legislature finds that public employees provide a significant public service to the people of Minnesota. The legislature further finds that there is a need to study, clarify and change the laws relating to civil service and public employee labor relations in order to preserve equity in public employment wages, promote employee morale, expedite labor negotiations, and promote efficient management in the state civil service.*

*Subd. 2. The commissioner of personnel is authorized to implement those provisions of the agreements negotiated with the Minnesota state employees union, American federation of state, county and municipal employees, Council No. 6, AFL-CIO, the Minnesota teamsters public and law enforcement employees union, local No. 320, the international union of operating engineers, locals No. 34 and 49, the independent Minnesota association of government employees, the Minnesota highway patrol officers' association, the bureau of criminal apprehension association of forensic scientists, the bureau of criminal apprehension agents association, the Minnesota state university association of administrative and service faculty/Teamsters, the professional employee pharmacists of Minnesota, the middle management association, the Minnesota community college faculty association,*

*the Minnesota conservation officers association, the Minnesota highway patrol supervisors association, the Minnesota nurses association, the Minnesota government engineers council, the association of institutional dentists, the state residential schools education association, the Minnesota administrative hearing officers association, the inter-faculty organization/Minnesota education association, and the Minnesota state fire/arson investigators and fire inspectors, local No. S-13, I.A.F.F., which establish wages and economic fringe benefits.*

Sec. 2. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

**[3.985] [LEGISLATIVE COMMISSION ON EMPLOYEE RELATIONS.]** *Subdivision 1. [ESTABLISHMENT.] There is created the legislative commission on employee relations. The commission shall consist of six members of the senate and six members of the house of representatives. The senate members shall include the majority leader, the minority leader, the chairman of the governmental operations committee, the chairman of the finance committee, the chairman of the tax committee, and an additional member designated by the minority leader, or their designees. The house members shall include the speaker, the minority leader, the chairman of the governmental operations committee, the chairman of the appropriations committee, the chairman of the tax committee, and an additional member designated by the minority leader, or their designees. In the event that the membership of the house is evenly divided, the house members shall be selected pursuant to the rules of the house. The commission shall elect its own officers who shall serve for terms of two years. The chairmanship of the commission shall alternate between a member of the senate and a member of the house.*

*Subd. 2. [STATE EMPLOYEE NEGOTIATIONS.] Prior to the commencement of collective bargaining activities with state employees, the commission shall conduct hearings at which public employees, representatives of public employees and the commissioner of personnel shall be allowed to testify as to their beginning negotiating positions. The commissioner of personnel shall regularly advise the commission on the progress of collective bargaining activities with state employees pursuant to the state public employment labor relations act. The commission may make recommendations to the commissioner as it deems appropriate. The commissioner shall submit to the chairman of the commission any negotiated agreements or arbitration awards which the commissioner has approved within five days of the making thereof. If the commission disapproves of any agreement or award, the commission shall specify in writing to the parties those portions with which it disagrees and the reasons therefor. Upon receipt of the notice of disapproval from the commission, the commissioner of personnel will reopen the negotiations. If the commission approves of an agreement or award, it shall cause the matter to be submitted to the legislature to be accepted or rejected pursuant to section 179.74. Failure of the commission to disapprove of affected portions of an agreement or award within 30 days of its receipt shall*

*be deemed approval. Approval or disapproval by the commission shall not be binding on the entire legislature.*

**Subd. 3. [OTHER DUTIES.]** *In addition to the duties specified in subdivision 2, the commission shall perform the following:*

*(a) Continually monitor the state's civil service system, Chapter 43, and collective bargaining process, Sections 179.61 to 179.76, as applied to state employees;*

*(b) Research and analyze the need for improvements in those statutory sections; and*

*(c) Perform such other related functions as are delegated to it by the legislature.*

**Sec. 3. [DEFINITIONS.]** *Subdivision 1. As used in sections 3 to 7, the terms defined in this section have the meanings given them.*

**Subd. 2. "State agency"** *means every department and agency in the executive branch of state government having more than 40 state funded positions, but not including the constitutional officers, the state university system, the community college system nor the University of Minnesota.*

**Subd. 3. "State-funded positions"** *means all full-time equivalent personnel positions however authorized, except those funded entirely by federal money and those which provide direct care to residents at state hospitals.*

**Subd. 4. "Normal attrition"** *means vacancies occurring due to voluntary resignations, retirements, and deaths. It does not include vacancies due to involuntary dismissals and terminations.*

**Sec. 4. [REDUCTION OF STATE LABOR FORCE.]** *Subdivision 1. [PLAN PREPARATION.] The commissioner of finance shall submit to the chairmen of the senate finance and house appropriations committees, and the legislative commission on employee relations by October 1, 1980, a plan for reducing the number of state funded positions pursuant to sections 3 to 7 during the 1981-1983 biennium. The plan shall include (1) a description of the number and types of reductions in positions, (2) an analysis of how the reductions coordinate with departmental long range program plans, and (3) an analysis of the ratio of supervisory to non-supervisory employees in the agency.*

*The commissioner of finance shall, in consultation with the commissioner of personnel, prescribe procedures by which each state agency shall submit to the commissioner of finance the information necessary for him to comply with sections 3 to 7. The position reduction program shall be integrated to the extent possible with the program budgeting system and the evaluation of program functions conducted as part of the budgeting process.*

**Subd. 2. [PLAN APPROVAL.]** *Notwithstanding the provisions of sections 5 to 7, the plan prepared pursuant to subdivision 1 shall not be implemented until it has been reviewed by the senate finance committee and the house appropriations committees. The senate finance and house appropriations committees may accept,*



reject, or modify the plan. Any provisions of the plan which are accepted shall be submitted to the entire legislature for its approval.

**Sec. 5. [POSITION REDUCTIONS.] Subdivision 1. [VACANT POSITIONS.]** The commissioner of finance shall cancel every state funded position that has remained vacant for more than 90 days, unless (a) the commissioner of personnel has certified that the position has not been filled because the department of personnel was unable to certify any names pursuant to section 43.18, or (b) an exception has been requested pursuant to subdivision 4. If the exception is denied, the position shall be cancelled.

**Subd. 2. [NORMAL ATTRITION.]** The total number of state funded positions authorized on July 1, 1981, shall be reduced by up to four percent. Reductions shall be accomplished solely by cancellation pursuant to subdivision 1 and normal attrition. Subject to the needs of the state agency, the reductions shall be distributed among salary schedules in approximate proportion to the number of employees in each schedule. Positions providing custodial control of inmates of state correctional institutions, maintenance of state highways, or enforcement of state laws on state highways or public lands and waters shall not be eliminated unless the agency shows that it has no other feasible and prudent alternative. To the maximum extent feasible, one-half of the reduction shall be accomplished by June 30, 1982, and the remainder by June 30, 1983.

**Subd. 3. [TRANSFERS.]** A state agency may transfer positions to another agency pursuant to Minnesota Statutes, Section 16.125, but the number of positions on July 1, 1981 for each agency affected shall be adjusted to reflect the transfer. A position that is eliminated by transferring an employee to part-time, seasonal, or other status of employment by the same state agency does not count as a position reduction for purposes of meeting the goals set by this section.

**Subd. 4. [EXCEPTIONS; SHIFTS.]** Where the position cancellations and reductions required by this section would unduly impair the ability of a state agency to perform the duties assigned to it, the state agency may apply to the commissioner of finance for an exception permitting the agency to avoid the cancellation or make a lesser reduction than would otherwise be required.

**Sec. 6. [SPENDING PLANS.] Subdivision 1. [TRANSFERS.]** A state agency shall not transfer any money to or from personal services as shown on the official worksheets of the conferees of the senate and house of representatives, a true copy of which is on file in the office of the commissioner of finance, without the written approval of the commissioner of finance.

**Subd. 2. [SALARY SAVINGS.]** The commissioner of finance shall reduce the amount allotted or to be allotted to each state agency by the amount of any saving that can be effected upon previous spending plans through the position reductions required by section 5.

**Sec. 7. [REPORTING AND REVIEW.]** *Subdivision 1. The commissioner of personnel shall report monthly to the commissioner of finance the number of vacancies occurring in each state agency due to normal attrition.*

*Subd. 2. The commissioner of finance shall report monthly to the chairmen of the senate finance and house appropriations committees and to the legislative commission on employee relations the number of vacancies occurring in each state agency due to normal attrition, the number of state funded positions that have been eliminated as required by section 5, and a summary of personnel employed by each state agency showing by fund the number of full-time and full-time equivalent state funded and federal positions and the number of persons actually employed by the agency.*

*Subd. 3. The legislative commission on employee relations shall periodically review the progress of the state agencies in meeting the requirements of section 5.*

**Sec. 8. Minnesota Statutes 1978, Section 15.0411, Subdivision 2, is amended to read:**

**Subd. 2. "Agency"** means any state officer, board, commission, bureau, division, department, or tribunal, other than a court, having a statewide jurisdiction and authorized by law to make rules or to adjudicate contested cases. "Agency" also means the capitol area architectural and planning board. Sections 15.0411 to 15.052 do not apply to (a) agencies directly in the legislative or judicial branches, (b) emergency powers in sections 12.31 to 12.37, (c) corrections board and pardon board, (d) the unemployment insurance program in the department of economic security, (e) the director of mediation services, (f) the workers' compensation division in the department of labor and industry, (g) the workers' compensation court of appeals, (h) board of pardons, or (i) the department of military affairs. Sections 15.0418 to 15.0426 do not apply to the Minnesota municipal board or the public employment relations board.

**Sec. 9. Minnesota Statutes 1978, Section 15A.13, is amended to read:**

**15A.13 [OTHER TERMS AND CONDITIONS OF EMPLOYMENT.]** The annual salaries prescribed by chapter 15A for positions in the unclassified service of the executive branch of the state government are in addition to other terms and conditions of their employment as now or hereafter prescribed by law or the commissioner of personnel pursuant to section 43.127, Subdivision 6.

**Sec. 10. Minnesota Statutes 1978, Section 16A.123, is amended to read:**

**16A.123 [APPROVED COMPLEMENT.]** The approved complement set for an agency by law limits the number of persons who may be employed by personnel positions in the agency at any one time. The approved complement does not apply to independent contractors. In addition to the approved complement, part-time employees, seasonal or intermittent employees as

*defined by the commissioner of personnel*, summer student help, service workers, preservice trainees employed pursuant to affirmative action programs approved by the commissioner of personnel, CETA employees, or employees engaged in repair or construction projects may be employed with the advance approval of the commissioner of finance who shall determine the need for them and that money is available. The approved complement applies to persons employed by positions in the agency regardless of the fund or appropriation from which they are paid. *If more than one approved complement figure for an agency is shown in a law, the figures may be taken as cumulative, or a larger figure may be taken as a total or subtotal of related smaller figures, as the context indicates. Approved complement figures for an agency shown in separate laws enacted at the same biennial session of the legislature are cumulative.*

Additional full-time ~~employees~~ *positions* over the number of the approved complement may be ~~employed~~ *created* on the basis of public necessity or emergency. If the ~~employee position~~ *is to be paid from a direct an appropriation of money other than federal money*, the addition shall not be made without the written approval of the governor. The governor shall not approve the addition until after he has consulted with the legislative advisory commission and the commission has made its recommendation on the matter. The recommendation is advisory only. Failure or refusal to make a recommendation promptly is deemed a negative recommendation. If the ~~employee position~~ *is not to be paid from a direct an appropriation of federal money*, the addition may be made with the written approval of the commissioner of finance who shall determine the need for it and that money is available. The commissioner of finance shall promptly notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the additions.

Sec. 11. Minnesota Statutes 1978, Section 43.01, Subdivision 10, is amended to read:

Subd. 10. [POSITION.] "Position" means ~~an office, position, or employment~~ *a group of current duties and responsibilities assigned or delegated by competent authority, requiring the full time or part time employment of one person.*

Sec. 12. Minnesota Statutes 1978, Section 43.01, Subdivision 11, is amended to read:

Subd. 11. [APPOINTING AUTHORITY.] "Appointing authority" means the ~~appointing officer or authority of any state office or department~~ *a person or group of persons empowered by the constitution, by statute, or executive order to employ or to make appointments to positions in the state civil service.*

Sec. 13. Minnesota Statutes 1978, Section 43.01, Subdivision 14, is amended to read:

Subd. 14. [RECLASSIFICATION.] "~~Reallocation~~" "*Reclassification*" means a ~~reassignment~~ *reallocation*, or change in allocation,

of an individual position by raising it to a higher class, reducing it to a lower class, or moving it to another class at the same level, on the basis . A reclassification shall be considered a "reallocation" when the reclassification is the result of significant changes over a period of time in the kind, difficulty, or responsibility of the work performed in such position. A reclassification shall be considered a "change in allocation" when the reclassification is the result of changes in the organizational structure of an agency or abrupt changes in the duties and responsibilities of the position.

Sec. 14. Minnesota Statutes 1978, Section 43.01, is amended by adding a subdivision to read:

*Subd. 23. [PERMANENT.] "Permanent" means the employment status of an employee in the classified civil service who has been appointed to a position after successfully completing an initial probationary period as set forth in section 43.21.*

Sec. 15. Minnesota Statutes 1978, Section 43.05, Subdivision 2, is amended to read:

**Subd. 2. [SPECIFIED DUTIES.]** The commissioner shall:

(1) Attend all meetings of the board;

(2) ~~Prepare~~ *Promulgate* personnel rules for the purpose of carrying out the provisions of this chapter; these rules shall provide, among other things, for current records of efficiency, and standards of performance, for all officers and employees subject to the provisions of this chapter; the manner of completing appointments and promotions; rejection of eligible candidates; examinations; retention of examination records under the provisions of section 138.163; creation of eligible lists, with successful candidates ranked according to their ratings in the examinations; leaves of absence with and without pay; transfers, reinstatements, lay-offs, vacations, and hours of work; public notice of examinations; procedure for changes in rates of pay; compulsory retirement at fixed ages; and other conditions of employment. If a rule is made concerning sick leave for illness in the immediate family of an employee, the term "immediate family" shall be limited to the spouse, minor or dependent children, or parent where the parent has no other person to provide the necessary nursing care, living in the household of the employee;

(3) ~~Appoint temporary and permanent employees and officers as are necessary to carry out the provisions of this chapter; these employees and officers shall be chosen in accordance with and shall be subject to, the provisions of this chapter;~~

(4) ~~Keep in the office of the department of personnel an official roster of the state civil service Operate an information system from which data can be retrieved concerning employees in agencies under his jurisdiction showing the their employment history of each and every person who has been appointed to, employed, promoted, reduced, or reinstated in any position in the service; which roster shall show, in connection with each name, histories including the date of appointment, employment, promotion,~~

~~reduction demotion~~, reinstatement, increases or decreases in pay, the compensation and title of the position, changes in title, transfers, ~~sick or annual leaves~~, and separations from the service; and the commissioner shall have access to all public records and ~~papers private personnel data kept by an appointing authority~~, the examination of which will aid in the discharge of his duty in connection with the roster duties ;

~~(5)~~ (4) Prepare, in accordance with the provisions of this chapter and the rules adopted hereunder, examinations, eligible lists, and ratings of candidates for appointment;

~~(6)~~ (5) Make certifications for appointment within the classified service, in accordance with the provisions of this chapter;

~~(7)~~ (6) Make investigations concerning all matters touching the enforcement and effect of the provisions of this chapter and the personnel rules prescribed hereunder;

~~(8)~~ (7) Discharge such duties as are imposed upon him by this chapter;

~~(9)~~ (8) Establish, publish and continually review logical career paths in the classified civil service;

~~(10)~~ (9) Consider all requests for other than state appropriated funds from any state department or agency for personnel purposes all of which shall be submitted to him for comment before any such request is made of a federal, local, or private agency; and

~~(11)~~ (10) Prepare rules regulating the temporary placement designation of positions in the unclassified civil service;

~~(12)~~ (11) Review, establish or change titles for the positions in the unclassified civil service in the executive branch of state government except those established by law or by the constitution, to make titles descriptive of positions and consistent throughout the state service; and

~~(13)~~ (12) In conformance with the rule making provisions of chapter 15, promulgate a code of ethics establishing standards of conduct to be observed by state employees in the performance of their official duties.

Sec. 16. Minnesota Statutes 1978, Section 43.055, is amended to read:

43.055 [EXTENT OF AUTHORITY.] Whenever any power or authority is given to the commissioner of personnel by any provision of ~~chapters 15A or chapter 43~~, such power or authority shall extend to all ~~departments agencies~~ in the executive branch, but shall not extend to any ~~subdivisions or~~ employees in the judicial branch or legislative branch. The classified employees in the office of the legislative auditor, the Minnesota state retirement system, and teachers retirement association, however, shall be subject to the powers or authority of the commissioner of personnel.

Sec. 17. Minnesota Statutes 1978, Section 43.064, is amended to read:

43.064 [OTHER SALARIES SET BY COMMISSIONER OF PERSONNEL.] Notwithstanding any other law to the contrary, ~~salaries compensation~~ for all unclassified positions in the executive branch not enumerated in the listing described in section 15A.081, shall be established by the commissioner of ~~personnel~~ except for the following: (1) ~~positions listed in section 15A.083~~; (2) positions listed in section 299D.03; (3) (2) employees in the office of the governor whose salaries shall be determined by the governor; (4) (3) employees in the office of the attorney general; (5) (4) positions in the state university system, the community college system, and in the higher education coordinating board whose primary duties consist of instructing and counseling students, directing academic programs of schools, divisions or departments of colleges and community colleges, or conducting research on academic subjects, ~~or conducting academic support programs~~; and the positions of state university and community college presidents. Individual salaries for positions enumerated in clauses (3) and (4) and (5) ~~for classified hearing examiners in the office of hearing examiners~~ shall be determined by the attorney general, the state university board, the state board for community colleges, and the higher education coordinating board, and the chief hearing examiner, respectively, within the limits of salary plans which shall have been approved by the commissioner of ~~personnel~~ before becoming effective.

No provision of any subsequent law relating to salaries of state employees shall be construed as inconsistent with this section unless it is expressly provided in such subsequent act that the provisions of this section shall not be applicable or shall be superseded, amended, or repealed.

Sec. 18. Minnesota Statutes 1978, Section 43.09, Subdivision 2, is amended to read:

Subd. 2. [UNCLASSIFIED SERVICE.] The unclassified *civil* service comprises positions held by state ~~officers or~~ employees who are:

(1) Chosen by election or appointed to fill an elective office;

(2) Heads of department required by law to be appointed by the governor or other elective officers, and the executive or administrative heads of departments, divisions and institutions specifically established by law, except that with respect to state institutions, the provisions of section 246.02 are hereby continued in effect; provided, this clause shall not apply to heads of divisions now existing in the department of labor and industry, ~~nor to the director of the division of vocational rehabilitation in the department of education~~;

(3) Except as herein otherwise enlarged, one private secretary to each of the elective officers of this state, and in addition thereto, one deputy, clerk, or employee to the secretary of state, state auditor, and state treasurer;

(4) Intermittent help employed by the commissioner of public safety to assist in the issuance of vehicle licenses;

(5) Employees in the offices of the governor and of the lieutenant governor, and one confidential employee for the governor in the office of the adjutant general;

(6) Officers and employees of the senate and house of representatives of the legislature including temporary or permanent employees of legislative committees or commissions. Employees of the legislative audit commission, except for the legislative auditor, his deputy, and his confidential secretary, however, shall be employees in the classified civil service of the state;

(7) Teachers, research assistants, student employees on less than half-time pay basis or eligible under terms of the federal economic opportunity act work study program, presidents, deans, and administrative officers in the state universities *and community colleges*; but this clause shall not be construed to include the custodial, clerical, or maintenance employees, or any administrative officers, or clerical workers performing duties in connection with the business administration of these institutions;

(8) Officers and enlisted persons in the national guard;

(9) Attorneys, legal assistants, examiners, and three confidential employees appointed by the attorney general or employed with his authorization;

(10) All courts and all employees thereof, referees, receivers, jurors, and notaries public, except referees and adjusters employed by the department of labor and industry;

(11) ~~Patient and inmate help in state institutions;~~

(12) Members of the state highway patrol; provided that selection and appointment of highway patrol officers *troopers* shall be made in accordance with applicable laws governing the classified state civil service;

(13) ~~The deputy commissioner of agriculture, and the deputy director and assistant director of the Minnesota pollution control agency;~~

(14) ~~One employee of the state treasurer, for the purpose of receiving and safekeeping assets deposited and maintained with the state treasurer, pursuant to Laws 1943, Chapter 591, and whose salary or compensation is to be reimbursed to the state under said act;~~

(15) ~~(12) Seasonal help employed by the department of revenue;~~

(16) ~~(13) Employees of the department of administration permanently assigned to the ceremonial house ;~~

(14) *Examination monitors and intermittent training instructors employed by the department of personnel;*

(15) *Student workers;*

(16) *Unclassified pursuant to other statutory authority .*

Sec. 19. Minnesota Statutes 1978, Section 43.09, Subdivision 2a, is amended to read:

Subd. 2a. [ADDITIONAL UNCLASSIFIED POSITIONS.] Notwithstanding any other law to the contrary, the personnel board, upon the request of the governor, is hereby authorized to establish permanent unclassified positions, or to unclassify previously classified positions, provided that:

(1) Positions so established involve only deputy or assistant heads of departments or agencies, or director level positions which are not specifically established by law, and who are appointed by and report directly to a head of a department or agency who is required by law to be appointed by the governor, or by a gubernatorially appointed board; as well as one position for a personal secretary of any head of a department or agency listed in clause (4).

(2) Classified incumbents of such positions, if any, are not removed from that position for a period of one year except under applicable provisions of rules and laws governing classified state employees. An incumbent of a position that is declassified pursuant to this subdivision, if he so requests within 120 days after being removed from that position, shall be appointed to a classified position comparable to the position that was declassified, or if such a position is unavailable, to a position comparable to that which he held immediately prior to being appointed to the position that was declassified. If a position is declassified and the incumbent at the time the position was declassified had no classified status immediately prior to the appointment to the position that was declassified, he shall, if he so requests within 120 days after being removed from that position, be appointed to a comparable or lower classified position within two salary ranges of the position that was declassified.

(3) If an employee in the classified civil service accepts a newly created unclassified position, he shall retain an inactive classified civil service status and, upon his request, shall be reappointed to a classified position comparable to that which he held immediately prior to being appointed to the *unclassified* position ~~that was declassified~~ .

(4) Positions so established are limited in number to six in the departments of administration, corrections, economic security, finance, transportation, natural resources, public safety, public welfare, and revenue; to five in the departments of commerce, education, health, labor and industry, ~~and personnel and the housing finance agency~~ ; to four in the departments of agriculture, and economic development; to three in the department of public service, the planning agency, and the pollution control agency; and to two in the departments of human rights , ~~the crime control planning board~~ and veterans affairs. Departments or agencies not enumerated in this clause shall not be authorized to establish



additional unclassified positions under the provisions of this subdivision.

(5) Funds are available.

Sec. 20. Minnesota Statutes 1978, Section 43.12, Subdivision 2, is amended to read:

Subd. 2. [SALARY RANGES.] The following procedure will be used in establishing rates of pay for all state employees in the classified civil service whose positions are assigned to classes in the professional salary schedule, which schedule shall be known as salary schedule "A". Classes shall be assigned salary ranges within an area of compensation beginning at a prescribed minimum monthly rate of pay and extending upward by a maximum of 33 additional salary increments. Salary range assignments for each class of employment in this schedule shall include no more than ten salary steps. Effective July 6, 1977 4, 1979, the prescribed minimum monthly rate of pay shall be \$932 \$981. The maximum monthly rate of pay shall be \$3,394 \$3,598.

Sec. 21. Minnesota Statutes 1978, Section 43.12, Subdivision 3, is amended to read:

Subd. 3. All employees whose rates of pay are established according to salary schedule "A", effective July 6, 1977 4, 1979, shall be advanced in salary from their rate of pay and step in salary range immediately preceding that date to the comparable step in the new salary range for their class or to the new minimum rate of pay for their class, whichever rate is greater.

Employees who are paid at a rate which exceeds the maximum rate established for their class prior to July 6, 1977, but whose rate falls within the new range for their class, shall be assigned to the maximum of the new range. In the event the maximum rate established for a classification as of July 6, 1977, is equal to or less than the employee's salary on July 5, 1977, no adjustment shall be made; however, the employee shall suffer no reduction in pay and shall continue at his rate of pay as of July 5, 1977.

Sec. 22. Minnesota Statutes 1978, Section 43.12, Subdivision 5, is amended to read:

Subd. 5. The following procedure shall be used to establish rates of pay for all state employees in the classified civil service whose positions are assigned to classes in the maintenance and related trades schedule, which schedule shall be known as salary schedule "B". Classes shall be assigned an orientation and base rate, one consecutive wage step apart. The orientation rate shall be paid during the first six calendar months of service and the base rate shall be paid commencing at the beginning of the pay period nearest the completion of six calendar months of service. In assigning rates of pay to classes of work covered by this schedule, the commissioner shall give primary consideration to the median of rates paid by other public and private employers for similar types of work. Supplementary pay practices shall be evaluated and costs considered in comparing the rates being paid by other

employers. The commissioner is authorized to establish a percentage differential based upon full annual employment and tenure where such advantages are not common in employment outside of the state service.

Effective July 6, ~~1977~~ 4, 1979, the minimum hourly rate of pay in the salary schedule "B" shall be \$4.71 \$5.38. The schedule shall provide for 19 additional wage steps with a maximum rate of ~~\$8.21~~ \$9.51 per hour. *Effective July 2, 1980, the hourly rates of pay in salary schedule B shall each be increased by 2-1/2 percent, rounded to the nearest cent.*

Notwithstanding any provision of this chapter to the contrary, the commissioner is authorized to establish (a) hourly equipment rates to provide appropriate compensation to employees intermittently engaged in operating maintenance equipment, (b) an hourly rate to provide appropriate compensation to employees intermittently assigned to first level highway foreman work, (c) ~~an eight percent a 60 cent per hour differential rate rounded to the nearest cent~~ for journeyman skilled trade classes assigned to salary schedule B and employed at adult institutions of the department of corrections, and (d) a ten cent per hour differential for skilled trade classes assigned to salary schedule B and employed by the department of administration. The commissioner shall establish ~~regulations~~ rules and procedures to equitably implement such rates.

Sec. 23. Minnesota Statutes 1978, Section 43.12, Subdivision 6, is amended to read:

Subd. 6. All employees with more than six calendar months of service whose rates of pay are established according to salary schedule "B", effective July 6, ~~1977~~ 4, 1979, shall be advanced in salary to the established base rate for their class.

Employees with less than six calendar months of service whose rates of pay are established according to salary schedule "B", effective July 6, ~~1977~~ 4, 1979, shall be advanced in salary to the established orientation rate for their class.

Employees who are classified as highway maintenance worker, senior and who are employed by the department of transportation and assigned to the central office and districts 5 and 9 shall, in addition, be granted a one time lump sum payment of \$400.

Employees who are paid at a rate which exceeds the maximum rate established for their class prior to July 6, 1977, but whose rate falls within the new range for their class, shall be assigned to the maximum of the new range. In the event the maximum rate for a classification as of July 6, 1977, is equal to or less than an employee's salary on July 6, 1977, no adjustment shall be made; however, the employee shall suffer no reduction in pay and shall continue at his rate of pay as of July 6, 1979.

Sec. 24. Minnesota Statutes 1978, Section 43.12, Subdivision 7, is amended to read:

Subd. 7. The following procedure shall be used to establish rates of pay for all state employees in the classified civil service whose positions are assigned to classes in the general service salary schedule, which schedule shall be known as salary schedule "C". Classes shall be assigned salary ranges within an area of compensation beginning at a prescribed ~~monthly~~ *hourly* rate of pay and extending upward 34 37 additional fixed salary increments. Salary range assignments for each class of employment in this schedule shall not include more than eight salary steps. Effective July 6, 1977 4, 1979, the prescribed minimum ~~monthly~~ *hourly* rate of pay shall be \$456 \$3.09. The maximum ~~monthly~~ *hourly* rate of pay shall be \$1,409 \$9.13.

Sec. 25. Minnesota Statutes 1978, Section 43.12, Subdivision 8, is amended to read:

Subd. 8. All employees whose rates of pay are established according to salary schedule "C", effective July 6, 1977 4, 1979, shall be advanced in salary from their rate of pay and step in salary range immediately preceding that date, to the next step within the salary range for that classification. An employee whose classification is reassigned to a higher salary range shall, in addition, be adjusted to the comparable step in the new salary range for his *their* class or to the new minimum rate of pay for their class, whichever rate is greater. These step increases shall not affect an employee's eligibility for normal step progression increases provided by section 43.122, subdivision 3.

Employees who are paid at a rate which exceeds the maximum rate established for their class prior to July 6, 1977, but whose rate falls within the new range for their class, shall be assigned to the maximum of the new range. In the event the maximum rate for a classification as of July 6, 1977, is equal to or less than an employee's salary on July 5, 1977, no adjustment shall be made; however, the employee shall suffer no reduction in pay and shall continue at his rate of pay as of July 5, 1977.

Sec. 26. Minnesota Statutes 1978, Section 43.12, Subdivision 8a, is amended to read:

Subd. 8a. The following procedure shall be used to establish rates of pay for all state employees whose positions are assigned to the labor service. The labor service shall consist of four steps. Effective July 6, 1977 4, 1979, the hourly rate of pay for step A shall be \$4.47 \$5.14, for step B \$4.62 \$5.29, for step C \$5.22 \$5.90, and for step D \$5.37 \$6.09.

Tenured laborers who are on the payroll on July 6, 1977, shall be paid at the step D rate.

Non-tenured laborers who are on the payroll on July 6, 1977, and who were paid at the base rate on July 5, 1977, shall be paid at the step D rate. Such employees shall continue to be paid at the step D rate in subsequent years provided that their service in the previous calendar year was 800 hours or more.

Non-tenured laborers who are on the payroll on July 6, 1977, and who were paid at the orientation rate on July 5, 1977, shall be paid at the step C rate. Such employees shall advance to step D after completion of 800 hours of work in the second of two consecutive calendar years in which at least 800 hours at step C are worked; provided, however, that an employee whose service in calendar year 1976 was 800 hours or more shall advance to step D upon the completion of 800 hours in calendar year 1977.

For the purpose of this subdivision, service requirements must be fulfilled with the same appointing authority, at the same principal place of employment and performing similar work. Advancement to the next higher step shall be effective at the beginning of the first payroll period following completion of the service requirements.

Non-tenured laborers who are not on the payroll on July 6, 1977 but who have worked 800 hours or more in the 12 months immediately preceding July 6, 1977, and who return to work in the labor service prior to July 1, 1978 with the same appointing authority, at the same principal place of employment and to perform similar work, shall be paid at the rate which they would have received and advanced in pay in the same manner as if they had been on the payroll on July 6, 1977.

Tenured laborers whose employment relationship is severed and non-tenured laborers who in any calendar year fail to meet the service and hour requirements of this subdivision shall be subject to the hiring and advancement provisions of section 43.122, subdivision 5 if they are subsequently reappointed to the labor service.

Sec. 27. Minnesota Statutes 1978, Section 43.12, is amended by adding a subdivision to read:

*Subd. 9a. Employees who are paid at a rate which exceeds the maximum rate established for their class prior to July 4, 1979, but whose rate falls within the new range for their class, shall be assigned to the maximum of the new range. In the event the maximum rate for a classification as of July 4, 1979, is equal to or less than an employee's salary on July 3, 1979, no adjustment shall be made; however, the employee shall suffer no reduction in pay and shall continue at his rate of pay as of July 3, 1979. Conversion to a new compensation grid shall not change an employee's eligibility for step progression increases.*

Sec. 28. Minnesota Statutes 1978, Section 43.12, Subdivision 10, is amended to read:

*Subd. 10. For each full four-tenths point increase in the consumers revised consumer price index for urban wage earners and clerical workers for Minneapolis-St. Paul, as published by the Bureau of Labor Statistics for the months of January, 1977 October, 1979, and October, 1977 April, 1980, new series index (1967=100), all rates of pay in the "A", "B", "C", special teacher, and labor service salary schedules shall be increased by one cent per hour.*

The increase, if any, in wages and salaries generated by this formula shall be effective ~~January 4, 1978~~ *July 2, 1980*, and shall continue in effect until ~~July 5, 1978~~ *December 31, 1980*.

A redetermination of the cost of living allowance shall be made for ~~April, 1978~~ *October, 1980*. For each full four-tenths point increase in the *revised* consumer price index for urban wage earners and clerical workers for Minneapolis-St. Paul, as published by the Bureau of Labor Statistics for the months of ~~January, 1977~~ *October, 1979*, and ~~April, 1978~~ *October, 1980*, all rates of pay in the "A", "B", "C", special teacher, and labor *service* salary schedules shall be increased by one cent per hour. The increase, if any, in wages and salaries generated by this redetermination shall be effective ~~July 5, 1978~~ *December 31, 1980*.

During periods when such cost of living allowance is in effect, it shall be added to the applicable basic hourly ~~rates~~ *rate* of pay of each employee, including those that are above the maximum step of their range, and treated as a part thereof in all calculations involving employees' pay. Cost of living adjustments are not cumulative and allowances paid under an earlier determination shall cease when a redetermination takes effect.

Sec. 29. Minnesota Statutes 1978, Section 43.12, Subdivision 12, is amended to read:

Subd. 12. Overtime worked shall be compensated for either by cash payment or compensatory time off as provided for in overtime schedules approved under the provisions of the personnel rules or a collective bargaining agreement entered into under the provisions of sections 179.61 to 179.76.

Sec. 30. Minnesota Statutes 1978, Section 43.12, is amended by adding a subdivision to read:

*Subd. 12a. Notwithstanding any provision in this chapter to the contrary, the commissioner is authorized to pay for "work out of class" as required by the personnel rules or a collective bargaining agreement entered into under the provisions of sections 179.61 to 179.76.*

Sec. 31. Minnesota Statutes 1978, Section 43.12, Subdivision 14, is amended to read:

Subd. 14. Except for classification reassignments effective July 6, ~~1977~~ *4, 1979*, no class will be reassigned to a higher salary range by the commissioner during the ~~1977-1979~~ *1979-1981* biennium.

Sec. 32. Minnesota Statutes 1978, Section 43.12, Subdivision 15, is amended to read:

Subd. 15. Notwithstanding the provisions of any other law to the contrary, when prior to making an appointment to the unclassified civil service of the executive branch of government, *except for unclassified employees compensated in accordance with sections 15A.081 and 43.064*, the appointing authority shall provide the commissioner with a personal resume of the appointee and a

detailed job description outlining the duties and responsibilities of the position which the appointee will occupy in such form as the commissioner may prescribe. Any changes in work assignment shall be reported in writing to the commissioner. If, in the judgment of the commissioner, additional information is required in order to establish comparability with positions in the classified civil service, the commissioner shall review the duties of the position in the same manner as a position in the classified civil service would be investigated. All persons in the unclassified civil service of the executive branch of government, except those whose salary is set specifically by statute, shall be paid according to the compensation provisions applicable to employees performing comparable work in the classified civil service, but in no event shall unclassified personnel receive rates of pay which exceed the maximum rate of the salary range established for comparable work in the classified civil service. *The appointing authority shall provide the commissioner with a personal resume of the appointee at the time of appointment to a position subject to the provisions of this subdivision.*

Sec. 33. Minnesota Statutes 1978, Section 43.12, Subdivision 16, is amended to read:

Subd. 16. Effective July 9, 1975 4, 1979, employees whose positions are assigned to classes in the A, B, C, labor service, and special teachers salary schedules working an assigned shift that begins before 6:00 a.m. or which ends on or after 7:00 p.m. shall receive a shift differential of 15 20 cents per hour for all hours worked on that shift in addition to their regular rate of pay. Such Shift differential shall be included in all payroll computations for hours worked but shall not apply during periods of paid leave.

Employees working the regular day schedule who are required to work overtime or who are called back to work for special projects shall not be eligible for the shift differential.

Sec. 34. Minnesota Statutes 1978, Section 43.12, Subdivision 17, is amended to read:

Subd. 17. Effective July 1, 1977 1979, any employee who is separated from the state ~~classified~~ civil service by reason of death, mandatory retirement, *retirement at or after 65*, or layoff, excluding seasonal layoffs, or who is separated after completing 20 years of *continuous* state service, or who retires under a *state retirement program after completing ten years of state service from state service after ten years of continuous state service and is immediately entitled at the time of retirement to receive an annuity under a state retirement program, notwithstanding an election to defer payment of the annuity*, shall be entitled upon such separation, to pay in an amount equal to 40 percent of the employee's accumulated but unused sick leave balance at the time of separation, *which balance shall not exceed 900 hours, plus 25 percent of the employee's accumulated but unused sick leave in excess of 900 hours, times the employee's regular rate of pay at the time of separation.* Severance pay for community college system faculty employees and for state university system faculty employees

whose appointment and salary are based upon a nine month academic year shall be 35 percent of the employee's accumulated but unused sick leave balance. The provisions of this subdivision shall apply to unclassified employees in the same manner as they apply to employees in the classified civil service.

Should any employee who has received severance pay be subsequently reappointed to state service, eligibility for future severance pay shall be computed upon the difference between the amount of accumulated but unused sick leave to the employee's credit at the time the employee was separated and the amount of accumulated but unused sick leave balance at the time of the employee's subsequent eligibility for severance pay.

The base for computing the severance pay provided for in this clause shall not exceed 900 hours except for community college and state university system faculty employees whose base shall not exceed 112 days, nor shall said base include lapsed sick leave hours as defined by departmental rules and regulations.

Such severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits and shall be paid 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.

Sec. 35. Minnesota Statutes 1978, Section 43.12, Subdivision 23, is amended to read:

Subd. 23. Whenever, because of changes in the organizational structure of an agency, in the duties of a position, or for some other reason, a position appears to be improperly allocated, the commissioner shall, upon his own initiative, or upon the written request of a permanent employee or an appointing authority, investigate the duties of the affected position. Following that investigation he may ~~reallocate~~ *reclassify* it to an appropriate class. If the commissioner makes a ~~reallocation~~ *reclassification* or denies an application for ~~reallocation~~ *reclassification*, under this subdivision, he shall notify the appointing authority and the employee affected of his action. A permanent employee or appointing authority affected by any such action shall have the same right to make an application for reconsideration as is granted an appointing authority in the case of an original allocation by subdivision 22, and the procedure set out in subdivision 22 shall apply to such application. Except as provided in subdivision 26, any ~~reallocation~~ *reclassification* granted by the commissioner shall become effective upon the expiration of the time fixed for making an application for reconsideration, if none is made, or if one is made, at the date of notice by the commissioner of his final action.

Sec. 36. Minnesota Statutes 1978, Section 43.12, Subdivision 24, is amended to read:

Subd. 24. In case of any allocation under subdivision 21, or any ~~reallocation~~ *reclassification* under subdivision 23, no examination

of witnesses nor any trial or hearing shall be required, but the commissioner may act upon such matters as are submitted to him in writing by the employee whose position will be affected by a ~~reallocation~~ *reclassification*, or by the appointing authority who will be affected by an allocation or a ~~reallocation~~ *reclassification*, and reports and records of investigators of the department, and may take official notice of the records of the department and of allocations of other comparable positions. The matters of which he takes official notice shall be set out by him in a memorandum to be filed with his order or report of investigation and made a part of his record. In all cases of applications for ~~reallocation~~ *reclassification*, the burden of proof shall be upon the person requesting the ~~reallocation~~ *reclassification*.

Sec. 37. Minnesota Statutes 1978, Section 43.12, Subdivision 25, is amended to read:

Subd. 25. Except as provided in subdivision 26, the incumbent of a position which has been ~~reallocated~~ *reclassified* shall continue in the position only if he is eligible for and actually is appointed to the position of the new class in accordance with the *provisions of this chapter and the personnel rules of the commissioner or a collective bargaining agreement entered into under the provisions of sections 179.61 to 179.76 governing reallocation or change in allocation* of positions, promotion, transfer, and demotion. In any case in which the incumbent is ineligible to continue in the position and he is not transferred, promoted or demoted, the layoff provisions of this chapter and the *personnel rules of the commissioner or a collective bargaining agreement entered into under the provisions of sections 179.61 to 179.76* shall apply. Personnel changes required by the ~~reallocation~~ *reclassification* of positions shall be completed within a reasonable period of time, as prescribed by the commissioner, following the ~~reallocation~~ *reclassification* notice to an appointing authority. Any employee with permanent or probationary status whose position is reallocated shall be considered eligible to compete in any examination held to fill the reallocated position, as provided in the *personnel rules of the commissioner*.

Sec. 38. Minnesota Statutes 1978, Section 43.122, Subdivision 5, is amended to read:

Subd. 5. Employees who are hired after July 5, 1977, for positions assigned to the labor service shall be hired at step A. Such Employees shall advance to step B after 800 hours of service within a calendar year; to step C after completion of 800 hours in the second of two consecutive calendar years in which at least 800 hours at step B are worked; and to step D after completion of 800 hours in the second of two consecutive calendar years in which at least 800 hours at step C are worked. Advancement to the next higher step shall be effective at the beginning of the first payroll period following completion of the service requirement. Service requirements must be fulfilled with the same appointing authority, at the same principal place of employment, and performing similar work. Tenured laborers whose employment



relationship is severed and non-tenured laborers who fail to meet the service and hour requirements for advancement in any calendar year, shall be considered to be new employees for purposes of this subdivision if they are subsequently reappointed to the labor service and shall be reappointed at step A.

*Nontenured laborers who fail to meet the service and hour requirements for advancement in any calendar year and who are subsequently reappointed to the labor service with the same appointing authority within one year of termination shall be reappointed at the step at which they were last paid.*

*Tenured laborers who fail to meet the service and hour requirement for advancement in any calendar year shall continue at the step at which they were last paid until they meet the service and hour requirements for advancement.*

Sec. 39. Minnesota Statutes 1978, Section 43.127, Subdivision 6, is amended to read:

Subd. 6. [EMPLOYEE BENEFITS.] The commissioner may design an employee benefit system for employees defined as managerial providing flexibility between leave, insurance, and other compensation items, which may differ from those for other state employees. Retirement items shall not be included in the commissioner's authority. *The managerial benefits established under the provisions of this subdivision may be extended to unclassified managers, including those department heads and deputies whose salaries are established in section 15A.081, subdivisions 1 and 5.*

Sec. 40. Minnesota Statutes 1978, Section 43.15, Subdivision 5, is amended to read:

Subd. 5. [EXPANSION OF ELIGIBLE LISTS TO MEET AFFIRMATIVE ACTION GOALS.] When the commissioner of personnel determines that a disparity exists between the agency's work force and its approved affirmative action plan, the commissioner shall insure to the extent possible that members of the protected group groups for which the disparity exists are included on that portion of the eligible list of persons to be considered for appointment, which list is hereinafter referred to as the "appointment list". Notwithstanding any contrary provision of this chapter, when a position is to be filled by open competitive examination and fewer than three individuals of a all protected group groups for which a disparity has been determined to exist appear on the appointment list, the commissioner shall certify, if possible, as many additional names in order from the eligible list as are necessary so that an aggregate total of three persons from all the protected groups for which a disparity has been determined to exist have been added to appear on the appointment list. Notwithstanding any contrary provision of this chapter, when a position is to be filled by examination other than open competitive examination and fewer than one-third of the individuals on an appointment list are members of the protected group groups for which a disparity has been determined to exist, the commissioner shall

certify, if possible, as many additional names in order from the eligible list as are necessary so that persons from all the protected groups for which a disparity has been determined to exist comprise one-third of the appointment list or until an aggregate total of three persons from all the protected groups for which a disparity has been determined to exist have been added to appear on the appointment list, whichever comes first. *However, the appointment list shall not be expanded when the position to be filled is covered by a collective bargaining agreement which provides for the filling of vacancies by seniority and the appointment list developed in accord with section 43.18 includes the names of one or more employees within the bargaining unit in which the vacancy exists.* Notwithstanding any provision of this subdivision to the contrary, no person shall be added to an appointment list as a result of this subdivision if that person received a score of less than 70 on the applicable test.

Sec. 41. Minnesota Statutes 1978, Section 43.17, Subdivision 3, is amended to read:

Subd. 3. [CERTIFIED LISTS; APPOINTMENTS MADE FROM.] Appointments shall be made from the appropriate eligible list, but if no such list exists, then the commissioner may certify from such other list as he deems the next most nearly appropriate. A new and separate list shall be created for a stated position only when there is no satisfactory list determined appropriate by the commissioner. *Where the vacancy to be filled is in a position covered by a collective bargaining agreement, the appointment list shall be made available upon request to the exclusive representative as defined in sections 179.61 to 179.76.* The commissioner shall have authority to establish separate eligible lists applicable to various localities. No person shall be appointed or employed under any title not appropriate to the duties performed, and no person shall be transferred to, nor assigned, *except pursuant to the "work out of class" provisions of the personnel rules or a collective bargaining agreement,* to perform the duties of, any position in the classified service, unless he has previously qualified therefor under the provisions of this chapter.

Sec. 42. Minnesota Statutes 1978, Section 43.17, Subdivision 4a, is amended to read:

Subd. 4a. Notwithstanding any law to the contrary, persons may be employed by any governmental department agency in the classification of service worker or be employed as a pre-service trainee, as defined by applicable personnel job description or personnel rule, in excess of any personnel limitations, quotas or complements as established by law. Said employment shall be subject to restrictions contained in section 46.173 16A.123 and shall be subject to the advance approval of the commissioner of administration finance.

Sec. 43. Minnesota Statutes 1978, Section 43.19, is amended to read:

43.19 [VACANCIES; PROMOTIONS; DISMISSALS.] Subdivision 1. [VACANCIES FILLED BY PROMOTION.] (1) Vacancies in positions shall be filled, so far as practicable, by promotion from among persons holding positions in the *classified executive branch of the state civil service, or the legislative branch of state civil service, and classified positions on the staff of the legislative auditor, Minnesota state retirement system and teachers retirement association* and, subject to such exceptions as the commissioner may provide, from the lower class and in accordance with section 43.18 and personnel rules. Except as provided in clause (2), promotions shall be based upon merit and fitness, to be ascertained by competitive examinations in which the employee's efficiency and job-related conduct shall constitute a factor. For positions defined by personnel rule as "non-managerial" seniority shall also constitute a factor.

(2) The commissioner may authorize the appointing authority of any state agency to promote any employee in that agency to a position in a higher class requiring peculiar and exceptional qualifications of an administrative, scientific, professional, or expert character, following a non-competitive examination, which shall be practical and shall involve only the duties of the position provided his position has been reallocated as the result of gradual changes in the job which have occurred over a period of time and he has performed satisfactorily in the position.

(3) The commissioner shall give the non-competitive examinations provided for in clause (2) upon request of any appointing authority, in accordance with personnel rules.

Subd. 2. [INCREASE, WHEN A PROMOTION.] For the purpose of this section, the commissioner shall determine, by personnel rule, what shall constitute a promotion.

Subd. 3. [RESTORATION TO POSITION AFTER DISMISSAL.] Any promotional appointee who is either dismissed during the probationary period from the position to which he has been promoted for cause other than misconduct or delinquency on his part from the position to which he has been promoted either during the probationary period, or who does not attain permanent civil service status in the class to which he has been promoted in accord with section 43.21 at the conclusion thereof by reason of the failure of the appointing authority to file a request for his continuance in the position of the probationary period, shall be restored to the a position in the class and agency from which he was promoted. Nothing contained in this section shall be construed to prevent any employee of the classified civil service from competing for places upon registers of persons eligible for original appointments.

Subd. 4. [MANAGERIAL OR PROFESSIONAL POSITION, FILLING.] Notwithstanding any provision in this chapter, to the contrary, every vacancy in a managerial or professional position shall be open to any state employee in the executive branch or legislative branch and any classified employee of the legislative auditor, Minnesota state retirement system and teachers retirement association qualifying through examination and in accord-

ance with the provisions of section 43.18, subdivision 1. The commissioner of personnel may require the filling of this type of vacancy by any qualified person, but in no case shall the filling of such a vacancy be limited to only the employees of a department or agency. *For professional positions seniority in length of service shall also be one of the factors in an appointment in the manner as provided by personnel rule.*

Subd. 5. [PROMOTIONS; WORK STATION LOCATION.] No employee of any agency in the executive branch shall be deemed ineligible for promotion to a position solely because of the location of the employee's current work station or the location of the work station to which the employee would be assigned if promoted to that position.

Sec. 44. Minnesota Statutes 1978, Section 43.20, Subdivision 3, is amended to read:

Subd. 3. In case of an emergency, an appointment may be made without regard to the provisions of this chapter, but in no case shall it continue longer than ~~ten 30 working days, and in no case shall successive emergency appointments be made;~~ . This provision shall apply to both persons and positions; ~~and .~~ No person shall ~~receive be employed more than three 30 working days on emergency appointments in any one or different positions within any 12 month period by the same appointing authority .~~

Sec. 45. Minnesota Statutes 1978, Section 43.20, Subdivision 5, is amended to read:

Subd. 5. Where the services to be rendered by an appointee are for a temporary period ~~not to exceed an accumulation of six months in any 12 month period,~~ the commissioner shall , *when practicable,* certify from an eligible list for the temporary service any person he deems qualified; the acceptance or refusal by an eligible of a temporary appointment shall not affect his standing on the register for permanent employment, nor shall the period of temporary service be counted as a part of the probationary period in case of subsequent appointment to a permanent position. *Where certification from an eligible list is impractical, the commissioner may authorize the temporary appointment of an individual designated by the appointing authority. The commissioner shall refer to the appointing authority the names of employees on layoff from the legislature who are available for appointment to temporary positions with duties and responsibilities comparable to work performed in the legislature. The secretary of the senate and the chief clerk of the house shall supply the names of legislative employees on layoff status who are available for appointment. No temporary appointment shall exceed an accumulation of six months except to fill a vacancy created by an approved leave of absence not to exceed one year or where the commissioner grants an extension of temporary appointment to the maximum of one year in the best interests of the state. No person shall receive successive temporary appointments, nor be employed in tempo-*

*rary appointments for more than 12 months within any 24 month period.*

Sec. 46. Minnesota Statutes 1978, Section 43.227, is amended to read:

43.227 [TIME OFF IN EMERGENCIES.] ~~At the request of a department head, and An appointing authority, after consultation with the commissioner of public safety, the commissioner may authorize the requesting department head to excuse state employees from duty with full pay in the event of a natural or man made emergency, if continued operation would involve a threat to the health or safety of individuals. Absence with pay shall not exceed 16 working hours at any one time unless the governor commissioner authorizes a longer duration.~~

Sec. 47. Minnesota Statutes 1978, Section 43.24, is amended to read:

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

*Subd. 1a. For the purposes of this section, "just cause" includes, but is not limited to, consistent failure to perform assigned duties, substandard performance, insubordination, and serious violation of written policies and procedures, provided the policies and procedures are applied in a uniform, non-discriminatory manner. "Just cause" excludes the religious beliefs, political beliefs, race, sex, disability status and age of the employee, subject however to mandatory retirement ages specified by law and excludes discharge for mere whim or caprice.*

Subd. 2. [APPEAL TO BOARD; PUBLIC HEARINGS, FINDINGS, HEARING CONFERENCE.] Any permanent employee who is removed, discharged, suspended without pay *for more than 30 days*, or reduced in pay or position and who has not elected to proceed pursuant to a grievance procedure, if such procedure is

available, pursuant to sections 179.61 to 179.77, may appeal to the board within 30 days after the effective date of such removal, discharge, suspension or reduction in pay or position. In no event may an employee avail himself of both the procedure under this section and the grievance procedure under sections 179.61 to 179.77. Upon such appeal, both the appealing employee and the appointing authority or their representatives shall meet with the hearing officer, at a place and on such date as set by him for the purpose of determining the facts at issue. Prior to the hearing conference, both parties may stipulate on mutually agreed matters relevant to the dismissal or other disciplinary action referred to in this subdivision. If the hearing officer is successful in reaching a mutually agreed settlement between both parties, such agreement shall be certified to the board, with copies furnished to both parties, and such agreement, if approved by the board, shall become binding on both parties. The hearing conference shall be conducted in such manner and follow such procedures as prescribed by the board. The issues and facts on which agreement has not been reached will be decided during the hearing at which hearing technical rules of evidence shall not apply. If the board finds that the action complained of was not taken by the appointing authority for just cause, the employee shall be reinstated to his position, or an equal position in another department or division, without loss of pay. If the board finds that there exist sufficient grounds for institution of dismissal but extenuating circumstances are brought out in testimony and evidence, it may in its discretion reinstate the employee, with full, partial, or no pay, or it may modify the appointing authority's action by substituting a lesser disciplinary action. The hearing officer shall recommend to the board an appropriate disposition of the case. If no exceptions are made, the hearing officer's recommended disposition shall, at the option of the board, become final. If exceptions are taken, the board, upon a review of the record, may accept the officer's recommendations with or without additional oral or written evidence from the parties, may remand the case to the officer for further hearing, adopt the hearing officer's report with any changes warranted by the record, or issue its own report of findings and orders. In those cases in which the board finds just cause for dismissal, the findings and recommendations of the board shall be submitted to and considered by the appointing authority, who may, not later than 30 days after receipt of such findings and recommendations, reinstate the employee with or without pay for the period of suspension, or otherwise modify his original decision of suspension, demotion, or discharge. When any permanent employee is dismissed and not reinstated after appeal, the board may direct that his name be placed on an appropriate reemployment list, for employment in any similar position other than the one from which he has been removed, which direction shall be enforced by the commissioner.

Subd. 3. [REQUEST FOR WRITTEN STATEMENT.] When any such permanent employee shall be suspended without pay, he shall, within 30 days time after being notified of such disciplinary action, be furnished with a statement in writing specifically set-

ting forth the reasons for the disciplinary action, and a copy of such statement shall then also be filed with the commissioner.

Sec. 48. Minnesota Statutes 1978, Section 43.32, Subdivision 4, is amended to read:

Subd. 4. [HUMAN RESOURCES PLANNING.] The commissioner, *in conjunction with state agency heads*, shall develop a statewide system of manpower planning in cooperation with state departments and agencies which shall provide for an assessment of present and future manpower needs *analyze and assess current and future human resource requirements*.

The commissioner shall coordinate ~~departmental~~ agency training activities and other personnel actions throughout the state civil service in order to meet the current and projected personnel human resource requirements of the state.

Sec. 49. Minnesota Statutes 1978, Section 43.327, Subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER TO MAKE RULES ON TRAVEL.] (1) The commissioner shall ~~make promulgate~~ personnel rules relating to *special expenses and travel of state employees on state business and expenses incurred thereon*. For purposes of this subdivision, "special expense" means a necessary reimbursable expense for meals, lodging, registration, conference fees or other expenses incurred in connection with assigned official duties of a state employee and where the employee's attendance or participation will accrue primarily to the state.

(2) When unusual difficulty in recruiting qualified applicants is being encountered, the commissioner may authorize the appointing authority to pay travel expenses incurred by applicants invited for oral examinations or for employment interviews in the same manner and amounts authorized by personnel rules for state employees.

Sec. 50. Minnesota Statutes 1978, Section 43.327, Subdivision 3, is amended to read:

Subd. 3. [COMMISSIONER OF FINANCE TO ENFORCE RULES.] The commissioner of finance shall enforce the personnel rules concerning travel ~~or~~, relocation and special expenses and provide for the payment of expenses actually incurred or for payment on a daily flat rate as the personnel rules may permit. The commissioner of finance may delegate the authority to approve travel and special expenses to the appointing authority. Subsequent delegation by the appointing authority must be approved in advance by the commissioner of finance and filed with the secretary of state. The commissioner of finance shall periodically review authority that has been delegated to ensure compliance with personnel rules relating to travel and special expenses and may modify or withdraw the delegation at any time upon written notice to the appointing authority.

Sec. 51. Minnesota Statutes 1978, Section 43.43, is amended by adding a subdivision to read:

*Subd. 9. "Dental insurance" means:*

*A plan that provides coverage for, or pays, or reimburses expenses for dental care, including orthodontics for an eligible employee's eligible dependent children from age 8 to 19.*

Sec. 52. Minnesota Statutes 1978, Section 43.44, Subdivision 2, is amended to read:

Subd. 2. A state employee determined to be eligible for the benefits provided in sections 43.42 to ~~43.49~~ 43.50 shall continue to be eligible therefor so long as he appears on a state payroll for at least one working day during each payroll period except as otherwise provided in this subdivision. *Vacation leave, compensatory time or sick leave cannot be used for the purpose of continuing state paid insurance by keeping an employee on a state payroll for one working day per payroll period during the time the employee is on an unpaid leave of absence.* If the state employee is employed on the basis of a school year and whose his employment contemplates absences from the state payroll during the summer months and during vacation periods occurring at Christmas, New Years, and Easter scheduled by the appointing authority which occur during the regular school year, he nonetheless shall continue to be eligible for such benefits provided he appears on his regular payroll for at least one working day for the payroll period immediately preceding such vacation periods. An academic employee of the University of Minnesota, the state university board, or the state board for community colleges, otherwise eligible for basic life insurance, *basic dental insurance* and basic health benefits coverage paid for by the state shall have continuous basic coverages maintained during the period of a sabbatical leave.

If the state employee is granted a leave of absence to work for the legislature or either branch thereof, during a regular or special legislative session, he nonetheless shall continue to be eligible for such benefits provided he appears on the state payroll or the legislative pay roll for at least one working day for each payroll period.

*If a state employee who has three years or more of continuous service is laid off he nonetheless shall continue to be eligible for the benefits provided in sections 43.42 to 43.50 for a period of six months from the date of layoff.*

A state employee who is disabled and off the state payroll as a result of personal injury arising out of and in the course of employment with the state and is otherwise eligible for the basic life insurance, *basic dental insurance* and basic health benefits coverage paid for by the state shall be eligible for state paid coverage and shall continue to be eligible therefor for state paid coverage during the period such employee is receiving workers' compensation payments for temporary total or temporary partial disability pursuant to an award of the workers' compensation court of appeals or is on disability leave pursuant to the rules of the department of personnel or a collective bargaining agreement entered into under the provisions of sections 179.61 to 179.76.



Sec. 53. Minnesota Statutes 1978, Section 43.47, Subdivision 2, is amended to read:

Subd. 2. An emergency, temporary, or intermittent employee of the state; *student workers hired after July 1, 1979 and interns of the state*; a part time or seasonal employee of the state serving on less than a 75 percent time basis; but this exclusion shall not apply to a part time or seasonal employee of the state in the classified service who prior to April 1, 1967 was eligible for state paid basic life insurance and health benefits;

Sec. 54. Minnesota Statutes 1978, Section 43.491, Subdivision 5, is amended to read:

Subd. 5. Notwithstanding the restrictions contained in section 43.44, subdivision 2, a retired state employee who is eligible for, applies for and receives an annuity under a state retirement program shall be eligible to continue to participate at his own expense in the hospital benefits coverage and medical benefits coverage provided for other state employees by sections 43.42 to 43.50. The retired employee may also, at his own expense, continue hospital benefits coverage and medical benefits coverage for his dependents who meet the general dependent eligibility requirements for those coverages. The coverage shall be coordinated with relevant health insurance benefits provided through the federally-sponsored medicare program. Within 30 days after ~~April 6, 1978~~ *August 1, 1979*, or within 30 days after the effective date of his retirement, whichever day is later, the employee shall notify the commissioner or his designee of his intention to continue the coverage. The commissioner shall establish forms and procedures, *including provisions for notice to the retired or retiring employee*, for exercise of the option provided by this section and for payment of necessary premiums.

Sec. 55. Minnesota Statutes 1978, Section 43.50, Subdivision 1, is amended to read:

43.50 [PAYMENT OF PREMIUMS.] Subdivision 1. Each department of the state government shall pay the amounts due for basic life insurance, basic dental insurance, and basic health benefits coverage authorized for eligible state employees as provided by this chapter. Effective July 1, ~~1977~~ *1979*, each department of the state government shall contribute up to ~~\$58~~ *\$64* per year toward the cost of the approved annual health evaluation and screening program for each eligible employee who elects to participate *and who elects health insurance coverage under Blue Cross and Blue Shield of Minnesota. Eligible employees who elect coverage under a health maintenance organization shall only be eligible to receive this benefit if the health maintenance organization in which the employee is enrolled does not make available without additional cost, on an annual basis, the tests performed for state employees by the approved program.*

Additionally, and notwithstanding any law to the contrary, effective the first day of the first payroll period commencing on or after July 1, ~~1977~~ *1979*, each department of the state government

shall contribute \$45 up to \$60 per month or 90 percent of the cost, whichever is greater, toward the cost of dependent hospital-medical insurance coverage premiums for their eligible employees who have eligible dependents. Effective the first day of the first payroll period commencing on or after July 1, 1978, Each department shall pay the full cost for such dependent hospital-medical coverage and, for all eligible employees carrying dependent dental insurance coverage, shall also contribute one-half the difference between single and family dental coverage per month except that no department shall pay an amount in excess of the contribution for dependent hospital-medical and dental coverage in effect on June 30, 1979 for all eligible employees carrying dependent dental insurance coverage. To enable employees to receive benefit from this provision, open enrollment periods from August 15 through September 30, 1977 1979 and from August 15 through September 30, 1978 1980, are established. During open enrollment periods employees may enroll their dependents in dental coverage and hospital-medical coverage without proof of insurability. Effective January 1, 1977, the state contribution of \$30 per month shall apply to eligible members of the legislature who have eligible dependents. Effective January 1, 1979 1981, the increased *changed* benefits provided in this section shall apply to eligible members of the legislature and their eligible dependents. Each of the departments shall pay such amounts from accounts and funds from which the department receives its revenues, including appropriations from the general fund and from any other fund, now or hereafter existing for the payment of salaries and in the same proportion as it pays therefrom the amounts of salaries. In order to enable the commissioner of finance to maintain proper records covering the appropriations pursuant to this section, he may require certifications in connection therewith as he may deem necessary from any state agency, the Minnesota historical society, or the university of Minnesota whose employees receive benefits pursuant to this chapter. The accounts and funds referred to from which departments receive appropriations under the terms of this section are hereby declared to be a source of revenue for the purposes of any other law or statutory enactment.

Sec. 56. Minnesota Statutes 1978, Section 43.51, is amended to read:

43.51 [DEATH BENEFIT FOR RETIRED EMPLOYEES.] Employees who retire from state service on or after July 1, 1977, shall be entitled to a \$500 cash death benefit payable to a beneficiary designated by the employee, if, at the time of the employee's death, the employee is *receiving entitled* to an annuity under a state retirement program. A \$500 cash death benefit shall also be payable to the designated beneficiary of an employee who becomes totally and permanently disabled after July 1, 1979, and who at the time of death is receiving a state disability benefit and is eligible for a deferred annuity under a state retirement program.

Sec. 57. Minnesota Statutes 1978, Section 62D.22, Subdivision 7, is amended to read:

Subd. 7. A *licensed health maintenance organization* shall be deemed to be a prepaid group practice plan for the purposes of chapter 43 and shall be allowed to participate as a carrier for state employees subject to any negotiated labor agreement and reasonable restrictions applied to all carriers.

Sec. 58. Minnesota Statutes 1978, Section 179.63, Subdivision 11, is amended to read:

Subd. 11. "Essential employee" means any person within the definition of subdivision 7 whose employment duties involve work or services essential to the health or safety of the public and the withholding of such services would create a clear and present danger to the health or safety of the public *firefighters, police officers, highway patrolmen, guards at correctional institutions, employees of hospitals other than state hospitals and registered nurses, as defined in section 148.171, engaged in the practice of professional nursing and employed in a state hospital or state nursing home*.

Sec. 59. Minnesota Statutes 1978, Section 179.64, Subdivision 7, is amended to read:

Subd. 7. ~~Either~~ A violation of section 179.68, subdivision 2, clause (9), or a refusal by the employer to request binding arbitration when requested by the exclusive representative pursuant to section 179.69, subdivision 3 or 5, or, as applied to state employees, a disapproval by the legislative commission on employee relations pursuant to section 2 or a failure by the legislature to approve a negotiated agreement or arbitration award pursuant to section 179.74, is a defense to a violation of this section, except as to essential employees. As to all public employees, no other unfair labor practice or violation of Laws 1973, Chapter 635 sections 179.61 to 179.76 by a public employer shall be a violation of this section but may be considered by the court in mitigation of or retraction of any penalties as to employees and employee organizations.

Sec. 60. Minnesota Statutes 1978, Section 179.65, Subdivision 6, is amended to read:

Subd. 6. Supervisory and confidential employees, principals and assistant principals may form their own organizations. An employer shall extend exclusive recognition to a representative of or an organization of supervisory or confidential employees, or principals and assistant principals, for the purpose of negotiating terms or conditions of employment, in accordance with all other provisions of Laws 1972, Chapter 635 sections 179.61 to 179.76, as though they were essential employees. Units of supervisory or confidential employees shall not participate in any joint negotiations which involve the participation of units of employees other than supervisory or confidential employees. Affiliation of a supervisory or confidential employee with another employee organization which has as its members non-supervisory employees or non-confidential employees is permitted.

Sec. 61. Minnesota Statutes 1978, Section 179.66, Subdivision 1, is amended to read:

**179.66 [RIGHTS AND OBLIGATIONS OF EMPLOYERS.]**  
Subdivision 1. A public employer is not required to meet and negotiate on matters of inherent managerial policy, which include, but are not limited to, such areas of discretion or policy as the functions and programs of the employer, its overall budget, utilization of technology, the organizational structure and selection and direction and number of personnel. *No public employer shall sign an agreement which limits the right of the public employer to select persons to serve as supervisory employees or state managers pursuant to section 43.127 or requires the use of seniority in their selection.*

Sec. 62. Minnesota Statutes 1978, Section 179.67, is amended by adding a subdivision to read:

*Subd. 4a. The director shall not consider a petition for a decertification election during the effective term of a contract covering employees of the executive branch of the state of Minnesota except for a period for not more than 270 to not less than 210 days before its date of termination.*

Sec. 63. Minnesota Statutes 1978, Section 179.72, is amended by adding a subdivision to read:

*Subd. 7a. Notwithstanding the provisions of subdivision 7, for employees of the executive branch of the state of Minnesota, the panel shall be restricted to selecting between the final offers on each impasse item submitted by the parties to the panel.*

Sec. 64. Minnesota Statutes 1978, Section 179.72, is amended by adding a subdivision to read:

*Subd. 7b. Notwithstanding the provisions of subdivision 7, for essential employees, supervisory employees, confidential employees, and principals and assistant principals who are not employees of the executive branch of the state of Minnesota, the panel shall be restricted to selecting between the final offers on each impasse item submitted by the parties to the panel.*

Sec. 65. Minnesota Statutes 1978, Section 179.74, Subdivision 4, is amended to read:

**Subd. 4.** The commissioner of personnel shall meet and negotiate with the exclusive representative of appropriate units in the manner prescribed by sections 179.61 to 179.77; provided, however, that the director of mediation services shall define appropriate units of state employees as all the employees under the same appointing authority except where professional, geographical or other considerations affecting employment relations clearly require appropriate units of some other composition. The positions and classes of positions in the classified and unclassified services defined as managerial by the commissioner of personnel in accordance with the provisions of section 43.326 and so designated in the official state compensation schedules, all unclassified positions in the state university system and the community college system

defined as managerial by their respective boards, all positions in the bureau of mediation services, *all hearing examiners in the office of hearing examiners*, employees who work in the personnel offices of an appointing authority in the executive branch and who have access to information subject to use by the appointing authority in meeting and negotiating or who actively participate in the meeting and negotiating on behalf of *the state employees*, shall be excluded from any appropriate unit. Regardless of unit determination, the governor may upon the unanimous written request of exclusive representatives of units and appointing authorities direct that negotiations be conducted for one or more appointing authorities in a common proceeding.

Sec. 66. Minnesota Statutes 1978, Section 179.74, Subdivision 5, is amended to read:

Subd. 5. The commissioner of personnel is authorized to and may enter into agreements. The provisions of *said the negotiated agreements which establish wages and economic fringe benefits and arbitration awards* shall be submitted to the legislature to be accepted, or rejected or *modified*. A state employee whose exclusive representative, as defined by section 179.63, subdivision 6, has not *executed an reached a proposed agreement with the state covering wages and economic fringe benefits which has been submitted by the commissioner to the legislative commission on employee relations* on or before *May* April 15 of *each an odd numbered year*, shall not receive the wage and economic fringe benefit increases provided pursuant to an agreement executed and approved under this subdivision. *Disapproval by the legislative commission on employee relations pursuant to section 2 or failure of the legislature to approve a negotiated agreement or arbitration award with respect to wages and economic fringe benefits by the time of adjournment of the regular legislative session in an odd numbered year shall be a defense to a violation of section 179.64.*

Sec. 67. Minnesota Statutes 1978, Section 223.02, is amended to read:

223.02 [LICENSE; BOND.] No person shall sell, or receive, or solicit shipments of such commodities for sale, without first obtaining a license from the department of *public service agriculture* to carry on the business of a commission merchant, and filing with the department a corporate surety bond to the state for the benefit of such consignors, approved by the department, and conditioned for the faithful discharge of his duties as such commission merchant and full compliance with all the laws of the state and rules of the department relative thereto. If the license authorizes the sale of grain the bond shall not be for a less sum than \$25,000 for each separate municipality in which the commission merchant maintains an office for the conduct of such business. If the license only authorizes the sale of hay and straw the bond shall be not less than \$8,000. In either case the department may at any time require such an additional amount of bond as it may deem necessary to protect the consignors.

Sec. 68. Minnesota Statutes 1978, Section 229.01, Subdivision 2, is amended to read:

Subd. 2. [PUBLIC HAY TRACKS.] The department of ~~public service~~ *agriculture* shall designate at convenient places on the several lines of railway entering terminal points in this state, tracks to be known as public hay tracks. The different railway companies either separately or jointly are hereby required to provide suitable tracks to meet the requirements of this chapter. Such public hay tracks may be established on each individual line of railway, or they may be so established as to serve for two or more railways.

Sec. 69. Minnesota Statutes 1978, Section 229.07, is amended to read:

229.07 [WEIGHERS AND INSPECTORS; APPEALS; RE-INSPECTION AND FINAL REVIEW.] The department of ~~public service~~ *agriculture* shall appoint a suitable number of persons to perform such weighing and inspecting of hay and straw. Such weighers and inspectors shall be under the immediate supervision of the department. In case of dissatisfaction of any interested person with the official acts of any inspector, reinspection may be had upon application to the department. A final appeal from the decision of the department may be made to the board of final review, to be provided for by the department under the rules it shall establish. The decision of such board of review shall be final, provided the department may provide suitable rules for the cancellation of any certificate of inspection issued upon original inspection, reinspection or upon final review when it appears that owing to the manner in which cars of hay or straw were loaded it was impossible for the inspector to obtain a fair sample.

Sec. 70. Minnesota Statutes 1978, Section 231.01, Subdivision 1, is amended to read:

231.01 [DEFINITIONS.] Subdivision 1. [DEPARTMENT.] The word "department," as used in this chapter, means the Minnesota state department of ~~public service~~ *agriculture*.

Sec. 71. Minnesota Statutes 1978, Section 231.01, Subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER.] The term "commissioner," as used in this chapter, means ~~one of the members of the commission~~ *commissioner of agriculture*.

Sec. 72. Minnesota Statutes 1978, Section 232.01, Subdivision 1, is amended to read:

232.01 [LOCAL GRAIN WAREHOUSES.] Subdivision 1. All elevators, flour, cereal and feed mills, malhousers or warehouses in which grain belonging to persons other than the warehouseman is received for storage, situate at any location other than Minneapolis, St. Paul or Duluth, shall be known as public local grain warehouses and shall be under the supervision and subject to the inspection of the department of ~~public service~~ *agriculture*. Provid-

ed, however, that nothing herein contained shall be construed as applying to public terminal warehouses as defined in section 233.01, subdivision 3.

Sec. 73. Minnesota Statutes 1978, Section 233.01, Subdivision 1, is amended to read:

233.01 [DEFINITIONS.] Subdivision 1. [DEPARTMENT.] Wherever the term "department" is used in this chapter it shall be construed to mean the department of ~~public service~~ *agriculture of the state of Minnesota*.

Sec. 74. Minnesota Statutes 1978, Section 233.03, is amended to read:

233.03 [DUTIES OF WAREHOUSEMEN.] Every warehouseman shall receive for storage and shipment as far as the capacity of his warehouse will permit, all grain in suitable condition for storage, tendered him in the usual course of business, without discrimination of any kind. All grain shall be inspected on receipt and stored with other grain of the same grade except as herein otherwise provided. At the time of the receipt of the grain, the warehouseman shall issue and deliver to the owner or consignee a warehouse receipt in the following form:

Warehouse Receipt No. .... Elevator Co.  
 ...., Minn., ..... 19.....  
 The ..... Elevator Company has received in store in its elevator known as .....  
 situated at ....., Minnesota, for storage from ..... owner, .....  
 bushels of ..... which has been duly inspected by a duly authorized inspector of grain appointed by the department of ~~public service~~ *agriculture of Minnesota*, or licensed by the Secretary of Agriculture of the United States, and has been graded by the inspector as No. ....  
 and is that grade. This grain, or an equal amount of grain of the same kind and grade, is deliverable upon the return of this receipt properly endorsed by the owner above named and the payment of all lawful charges; in case of grain stored separately in a special bin, at the request of the owner or consignee, the identity of such grain will be preserved while in store and the grain will be delivered as such separate lot or parcel, in accordance with the law, upon surrender of the receipt. Loss by fire, heating or the elements is at the owner's risk.

Countersigned by

.....  
 Secretary  
 The ..... Elevator Company

conducts this elevator as a public terminal warehouse and receives and stores therein grain of others for hire.

..... bushels ..... grade.

By .....

### STUB RECORD

Initial Car No. Bushels

Receipt No. .... 19....

Received in store from

.....

Bushels.... Lbs.... Grade....

Car No.	Bushels	Car No.	Bushels
---------	---------	---------	---------

The receipts shall be consecutively numbered and delivered to the owner immediately upon receipt of each lot or parcel of grain, giving the true and correct grade and weight thereof. The manner of receipt of such grain shall be stated in the receipt, and with the number and distinctive mark of each car, and the name of each barge or other vessel. The failure to issue such receipt as directed or the issuance of any warehouse receipt differing in form or language from that prescribed shall be a misdemeanor; provided that such warehouse receipt at the request of the owner or consignee, may provide for delivery of the grain represented thereby to the depositor, or any other specified person, and may have printed or stamped thereon the words "non-negotiable".

Sec. 75. Minnesota Statutes 1978, Section 234.02, is amended to read:

234.02 [CONSTRUCTION OF TERMS.] As used in this chapter, unless the context clearly evidences a contrary intention, the following terms shall be construed, respectively:

(1) Any local supervisory board of individual producers appointed by the department of *public service agriculture* under the provisions of this chapter;

(2) Any person whose duty it shall be under the provisions of this chapter to inspect, measure, and seal any granary, crib, bin, or other receptacle for the storage of grain;

(3) Any certificate or receipt evidencing the storage of grain under the provisions of this chapter and any rules or regulations promulgated thereunder shall be considered to be used herein in the same connection as the words "document of title," as defined in the uniform commercial code, section 336.1-201(15);

(4) Any person or persons (whether individuals, corporations, partners or copartners) who shall have title to and possession of any grain stored under the provisions of this chapter shall be



construed to have been used herein in the same connection as the word "warehouseman," as defined in the uniform commercial code, section 336.7-102(1) (h).

Sec. 76. Minnesota Statutes 1978, Section 234.10, is amended to read:

234.10 [SEALS.] Seals employed hereunder shall be furnished by the department and shall contain the following language:

"Sealed by authority State of Minnesota, Department of ~~Public Service~~ *Agriculture*.

Any person tampering with this seal or removing any grain herein shall be subject to a fine and imprisonment as provided by law.

Consecutive No. .... "

Sec. 77. Minnesota Statutes 1978, Section 235.01, is amended to read:

235.01 [SUPERVISION OVER GRAIN.] The department of ~~public service~~ *agriculture* shall exercise general supervision over the grain interests of the state and of buying, selling, handling, and storage of grain, and of the management of public warehouses and public grain markets, including chambers of commerce, boards of trade, and grain exchanges; investigate, on complaint or upon its own motion, all cases of fraud and injustice in the grain trade, unfair practices, or unfair discrimination in the buying or selling of grain; have the power to compel the discontinuance of such unfair practices or unfair discrimination; and make all proper rules and regulations for carrying out and enforcing the provisions of all laws of the state relating to such subjects.

Sec. 78. Minnesota Statutes 1978, Section 236.01, Subdivision 5, is amended to read:

Subd. 5. "Department" means the Minnesota department of ~~public service~~ *agriculture*.

Sec. 79. Minnesota Statutes 1978, Section 299D.03, Subdivision 2, is amended to read:

Subd. 2. [SALARIES.] (1) Each employee other than the chief supervisor, lieutenant colonel, majors, captains, corporals and sergeants hereinafter designated shall be known as patrol troopers.

(2) There may be appointed one lieutenant colonel; and such majors, captains, corporals, sergeants and troopers as the commissioner deems necessary to carry out the duties and functions of the highway patrol. Persons in above named positions shall be appointed by law and have such duties as the commissioner may direct and, except for troopers, shall be selected from the patrol troopers, corporals, sergeants, captains, and majors who shall have had at least five years' experience as either patrol troopers, corporals, sergeants, or supervisors.

(3) Commencing July 6, 1977 July 4, 1979, the salaries for all members of the highway patrol, except for the chief supervisor and the lieutenant colonel shall be as shown in the following table:

TOTAL YEARS OF SERVICE						
	Base Salary	6 Months	1 Year	2 Years	3 Years	
Trooper	\$1075 \$1186	1117 1229	1163 1327	1209 1377	1257 1439	
	4 thru 6 Years	7 thru 11 Years	12 thru 20 Years	After 20 Years		
Trooper	\$1308 \$1511	1359 1566	1413 1625	1470 1687		
	5 thru 11 Years	12 thru 20 Years		After 20 Years		
Trooper I	\$1359 \$1566	1413 1625		1470 1687		
		10 thru 20 Years		After 20 Years		
Corporal		\$1438 \$1650		1495 1712		
Staff Sergeant	Years					
	7	8	9	10	11	12 thru 20 After 20
	\$1442	1471	1500	1531	1561	1590 1648
	\$1656	1687	1719	1753	1786	1817 1880

## TIME IN RANK

	Base Salary	1 Year	2 Years	After 12 Years total Service	After 20 Years total Service
Captain	\$1720 \$1959	1778 2020	1835 2083	1892 2143	1945 2202
Major	1979 2239	2035 2301		2093 2363	2150 2425
Lt. Col.	2179	2236		2294	2350

Commencing July 2, 1980, the salaries for all members of the highway patrol, except for the chief supervisor and the lieutenant colonel shall be as shown in the following table:

TOTAL YEARS OF SERVICE					
	Base Salary	6 Months	1 Year	2 Years	3 Years
Trooper	\$1257	1303	1407	1460	1525
	4 thru 6 Years	7 thru 11 Years	12 thru 20 Years	After 20 Years	
Trooper	\$1602	1660	1723	1788	

	5 thru 11 Years	12 thru 20 Years	After 20 Years
<i>Trooper I</i>	\$1660	1723	1788
	10 thru 20 Years	After 20 Years	
<i>Corporal</i>	\$1747	1815	
	Years		
<i>Staff Sergeant</i>			
7	8	9	10
\$1755	1788	1822	1858
		11	12 thru 20
		1893	1926
			After 20
			1993

## TIME IN RANK

	Base Salary	1 Year	2 Years	After 12 Years Total Service	After 20 Years Total Service
<i>Captain</i>	\$2077	2141	2208	2272	2334
<i>Major</i>	\$2373	2439		2505	2571

Employees designated as station sergeants shall receive an additional three percent above the current rate rounded to the nearest dollar for the duration of the appointment. Employees permanently assigned exclusively to Twin City metropolitan freeway duty shall be designated freeway troopers and shall be compensated \$25 per month above their current salary when so assigned. Salary increases in accordance with the above schedule shall become effective for the payroll period nearest the employee's anniversary date of employment.

In addition to the rates of pay provided above, all employees compensated according to the above salary table shall be paid a cost of living allowance to be determined and redetermined in the following manner:

For each full four-tenths point increase in the consumer price index for urban wage earners and clerical workers for Minneapolis-St. Paul, Minnesota (new series index 1967=100) as published for the months January, 1977, and October, 1977, by the Bureau of Labor Statistics of the United States Department of Labor all hourly rates of pay shall be increased by one cent per hour. The increase, if any, in salaries generated by this formula shall become effective January 4, 1978, and shall continue in effect until July 5, 1978. A redetermination of the cost of living allowance shall be made for April, 1978. For each full four-tenths point increase in the consumer price index for urban wage earners and clerical workers for Minneapolis-St. Paul, (new series index 1967=100) as published for the months of January, 1977, and April, 1978, by the Bureau of Labor Statistics, all hourly rates of pay shall be increased by one cent per hour. The increase, if any, in salaries generated by this redetermination shall be effective July 5, 1978. For the purpose of this clause, the term "hourly rate of pay" means the monthly salary of a rank set forth herein divided by 174.

During periods when such cost of living allowance is in effect, it shall be added to the applicable monthly rates of pay for highway patrol trooper, corporal, sergeant, captain, major and lieutenant colonel, and treated as a part thereof in all calculations involving employees' pay. Cost of living adjustments are not cumulative and allowances paid under an earlier determination shall cease when a redetermination takes effect.

The commissioner of finance shall transfer to the department of public safety the necessary amount to finance the increased cost of the cost of living provisions of this clause. This amount is appropriated from the trunk highway fund to the department of public safety for this purpose.

(4) Upon promotion, the person will be paid at the base salary rate of pay in effect for that rank, and shall subsequently be eligible for the time in rank increases calculated from the effective date of promotion.

(5) Any time in rank increases in salary provided for in the tables in clause (3), shall be effective for the payroll period nearest the employee's anniversary date of employment.

The salary rates for all highway patrol troopers, corporals and sergeants as cited in clause (3) shall be deemed to include reimbursement for shift differential, meal and business expenses incurred by highway patrol troopers, corporals and sergeants in the performance of their assigned duties in their patrol areas; business expenses include, but are not limited to: uniform costs, home garaging of squad cars and maintenance of home office.

Sec. 80. Minnesota Statutes 1978, Section 299D.03, Subdivision 3, is amended to read:

Subd. 3. [AIR PATROL; SALARY ADJUSTMENT.] The commissioner of public safety shall increase the salary of any member of the Minnesota highway patrol in an amount not to exceed \$140 per month for operation of fixed wing aircraft and \$175 per month for operation of helicopter during the period in which such member of the patrol is assigned air patrol duty. The commissioner of public safety may appoint, from among the members of the patrol assigned to air patrol duty, a chief pilot who shall receive \$125 per month in addition to the air patrol duty salary differential permitted by this subdivision, *be compensated at the same rate of pay as a captain during the period of his assignment as chief pilot.*

Sec. 81. Minnesota Statutes 1978, Section 299D.03, Subdivision 9, is amended to read:

Subd. 9. [CHARGES AGAINST PATROLMEN.] (a) Charges against any state highway patrolman shall be made in writing and signed and sworn to by the person making the same, which written charges shall be filed with the commissioner. Upon the filing of same, if the commissioner shall be of the opinion that such charges constitute a ground for suspension, demotion, or discharge, he shall order a hearing to be had thereon and fix a time for such hearing and may designate a subordinate as his deputy to conduct

such hearing. Otherwise he shall dismiss the charges. At least ten days before the time appointed for the hearing, written notice specifying the charges filed and stating the name of the person making the charges, shall be served on the employee personally or by leaving a copy thereof at his usual place of abode with some person of suitable age and discretion then residing therein. If the commissioner orders a hearing he may suspend such employee pending his decision to be made after such hearing.

(b) ~~The exclusive representative of Members of the state highway patrol shall have the option of utilizing either the contractual grievance procedure or the legal remedies of this section, but in no event both. Notwithstanding the above, any employee may utilize the provisions of subdivisions 10 and 11.~~

(c) The commissioner, after having been informed by the exclusive representative that the employee against whom charges have been filed desires to utilize the grievance procedure of the labor agreement, may immediately suspend, demote or discharge the employee without the hearing required by clause (a).

Sec. 82. Minnesota Statutes 1978, Section 355.12, is amended to read:

355.12 [AGREEMENTS.] The state agency, ~~with the approval of the governor,~~ is hereby authorized to enter into an agreement with the secretary of health, education, and welfare, or to modify any such agreement previously made to obtain the benefits of the federal old age survivors insurance system in respect to services performed by employees of any employing unit.

Sec. 83. Minnesota Statutes 1978, Section 355.17, is amended to read:

355.17 [MODIFICATION OF AGREEMENT, RETROACTIVE EFFECT.] Employing units may individually determine whether they desire inclusion in the state social security agreement, and each employing unit desiring such inclusion shall so indicate by submitting a formal resolution to the state agency, including therein the desired starting date for social security coverage. The state agency, ~~with the approval of the governor,~~ may modify the agreement between the state and the secretary of health, education and welfare with respect to employees of any such employing unit, separately, so as to provide social security coverage therefor retroactive to any date subsequent to December 31, 1955.

Sec. 84. Minnesota Statutes 1978, Section 355.207, is amended to read:

355.207 [AGREEMENTS WITH FEDERAL AGENCY.] Upon the governor's certification pursuant to section 355.206, the state agency, ~~with the approval of the governor,~~ shall be authorized after June 30, 1978, to enter into an agreement with the secretary of health, education, and welfare, or modify any such agreement previously made with respect to teachers. The agreement or

modification shall contain such terms and provisions authorized by the social security act and the enabling act as the state agency finds proper.

Sec. 85. Minnesota Statutes 1978, Section 355.23, Subdivision 3, is amended to read:

Subd. 3. Upon such certification, the state agency, ~~with the approval of the governor,~~ shall become authorized to modify the agreement with the secretary of health, education and welfare, previously made as provided in the enabling act, to obtain the benefits of the federal old age and survivors insurance system in respect to services performed by teachers as defined in sections 355.21 to 355.27. Such modification may take effect retroactively to January 1 of the year in which the modification of the agreement is accepted by the secretary of health, education and welfare, and apply to all such services performed after the effective date by teachers who are such on the date the modification is entered into or thereafter, excepting any service of an emergency nature, any service performed by a student, and all services in any class or classes of part-time positions, or positions the compensation for which is on a fee basis.

Sec. 86. Minnesota Statutes 1978, Section 355.286, is amended to read:

355.286 [AGREEMENTS WITH FEDERAL AGENCY.] Upon the governor's certification pursuant to section 355.285, the state agency ; ~~with the approval of the governor,~~ shall be authorized after June 30, 1978, to enter into an agreement with the secretary of health, education, and welfare, or modify any such agreement previously made with respect to teachers. The agreement or modification shall contain such terms and provisions authorized by the social security act and the enabling act as the state agency finds proper.

Sec. 87. Minnesota Statutes 1978, Section 355.295, is amended to read:

355.295 [STATE-FEDERAL AGREEMENT.] Upon such certification as provided herein the state agency ~~or individual so designated with the approval of the governor~~ shall be authorized to enter into an agreement with the secretary of health, education and welfare or modify any such agreement previously made with respect to the employment by public employees. The agreement or modification authorized hereunder shall take effect retroactively and apply to all employment performed after the last day of the fifth calendar year preceding the year in which the agreement or modification is entered into by the employees who are such on the effective date of the agreement or modification. The agreement or modification shall further include within its application, effective with the date of entry into service as public employees, all employment of such public employees on the date of and subsequent to the approval of the agreement or modification as well as those who are such on the effective date thereof.

The agreement shall not include employment of any public employee who performs service in (a) any position the compensation for which is on a fee basis, (b) any position performing services which, under the social security act, may not be included in any agreement between the state and secretary of health, education and welfare, (c) any position which is an elective office of the state, and (d) any position in a public hospital for which employees are provided coverage under the old age, survivors, and disability insurance provisions of Title II of the Federal Social Security Act under another provision of law. This section applies only to hospitals in existence prior to July 1, 1971.

Sec. 88. Minnesota Statutes 1978, Section 355.308, is amended to read:

355.308 [AGREEMENTS WITH FEDERAL AGENCY.] Upon the governor's certification pursuant to section 355.307, the state agency, ~~with the approval of the governor,~~ shall be authorized after June 30, 1978, to enter into an agreement with the secretary of health, education, and welfare, or modify any such agreement previously made with respect to municipal employees. The agreement or modification shall contain such terms and provisions authorized by the social security act and the enabling act as the state agency finds proper.

Sec. 89. Minnesota Statutes 1978, Section 355.45, is amended to read:

355.45 [STATE AGENCY TO MAKE AGREEMENT WITH SECRETARY OF HEALTH, EDUCATION AND WELFARE.] Upon such certification the state agency, ~~with the approval of the governor,~~ shall be authorized to enter into an agreement with the secretary of health, education and welfare, or modify any such agreement previously made with respect to employment by state employees, public employees, and educational employees. The agreement or modifications shall take effect retroactively and apply to all such employment performed after December 31, 1955, by the employees who are such on that date, and shall include within its application effective with the date of entry into state, public or educational service, all employment by such employees on the date of and subsequent to the approval of the agreement or modification as well as those who are such on the approval date thereof.

Sec. 90. Minnesota Statutes 1978, Section 355.60, is amended to read:

355.60 [AGREEMENTS WITH FEDERAL AGENCY.] Upon such certification the state agency, ~~with the approval of the governor,~~ shall be authorized to enter into an agreement with the secretary of health, education, and welfare, or modify any such agreement previously made with respect to employment by educational employees. The agreement or modification shall contain such terms and provisions authorized by the social security act and the enabling act as the state agency finds proper.

Sec. 91. Minnesota Statutes 1978, Section 355.76, is amended to read:

355.76 [STATE-FEDERAL AGREEMENT.] Upon such certification the state agency ~~or individual so designated, with the approval of the governor,~~ shall be authorized to enter into an agreement with the secretary of health, education, and welfare or modify any such agreement previously made with respect to the employment by state employees, public employees, and educational employees. The agreement or modification authorized hereunder shall take effect retroactively and apply to all employment performed after December 31 of the year prior to the date of the agreement or modification, by the employees who are such on that date and shall include within its application, effective with the date of entry into service as a hospital employee, all employment by such hospital employees on the date of and subsequent to the approval of the agreement or modification as well as those who are such on the approval date thereof. The agreement under sections 355.71 to 355.81 shall not apply to services in positions the compensation for which is on a fee basis.

Sec. 92. Minnesota Statutes 1978, Section 645.44, Subdivision 5, is amended to read:

Subd. 5. [HOLIDAYS.] "Holiday" includes New Year's Day, January 1; Washington's and Lincoln's Birthday, the third Monday in February; Memorial Day, the last Monday in May; Independence Day, July 4; Labor Day, the first Monday in September; Christopher Columbus Day, the second Monday in October; Veterans Day, November 11; Thanksgiving Day, the fourth Thursday in November; and Christmas Day, December 25; provided, when New Year's Day, January 1; or Independence Day, July 4; or Veterans Day, November 11; or Christmas Day, December 25; falls on Sunday, the following day shall be a holiday and, provided, when New Year's Day, January 1; or Independence Day, July 4; or Veterans Day, November 11; or Christmas Day, December 25; falls on Saturday, the preceding day shall be a holiday. No public business shall be transacted on any holiday, except in cases of necessity and except in cases of public business transacted by the legislature, nor shall any civil process be served thereon. *However, for the executive branch of the state of Minnesota, "holiday" also includes the Friday after Thanksgiving but does not include Christopher Columbus Day. Other branches of state government and political subdivisions shall have the option of determining whether Christopher Columbus Day and the Friday after Thanksgiving shall be holidays. Where it is determined that Columbus Day or the Friday after Thanksgiving is not a holiday, public business may be conducted thereon.*

Any agreement between a public employer and an employee organization citing Veterans Day as the fourth Monday in October shall be amended to cite Veterans Day as November 11.

Sec. 93. *Employees who are represented by the international union of operating engineers, local No. 49, and who are employed*



by the department of transportation and assigned to the central office and districts 5 and 9, shall, in addition to the salaries provided by Minnesota Statutes, Section 43.12, receive a supplemental adjustment of 12 cents per hour.

Sec. 94. The one percent differential established by Laws 1977, Chapter 452, Section 30, for the classes crime laboratory analyst 1, 2, and 3 and identification officer shall continue in effect for the period July 4, 1979, to July 1, 1981.

Notwithstanding Minnesota Statutes, Section 43.12, Subdivision 14, effective July 2, 1980, one additional step shall be added to the salary ranges for the classes crime laboratory analyst 2 and 3 and identification officer. An employee assigned to one of those classes shall be advanced in pay from his rate of pay immediately preceding that date to the next step within the salary range for his classification. The salary increases provided by this section are in addition to the salaries provided by Minnesota Statutes, Section 43.12.

Sec. 95. In lieu of a birthday holiday, employees in the classes crime investigator 1 and 2, crime laboratory analyst 1, 2, and 3, assistant identification officer and identification officer, and employees represented by the Minnesota government engineers council shall receive a one time lump sum payment in an amount equal to the employee's regular hourly rate of pay on July 4, 1979 times 16 hours.

Sec. 96. The commissioner of public safety is authorized to reimburse employees covered by the agreement with the bureau of criminal apprehension association of forensic scientists up to a maximum of \$100 a year for professional dues for job related organizations.

Sec. 97. Employees who are represented by the Minnesota teamsters public and law enforcement employees union, local No. 320, and who are employed by the department of administration, or by the department of public safety in the classes security guard, law compliance representative 1, or liquor control investigator specialist and headquartered in the Minneapolis-St. Paul metropolitan area, Rochester and Duluth, or by the state board for community colleges in the classes general maintenance worker or general repair worker and assigned to Anoka-Ramsey, Inver Hills, Lakewood, Metropolitan, Normandale or North Hennepin community college shall receive, in addition to the salaries provided by, Minnesota Statutes, Section 43.12, a supplemental travel allowance of \$20 per month. The commissioner of personnel may extend the supplemental travel allowance of \$20 per month to employees who are employed by the department of transportation in the class right-of-way agent and assigned to the central office and districts 1a, 5, 6a and 9.

Sec. 98. In lieu of the salaries provided by Minnesota Statutes, Section 43.12, Subdivisions 2 and 3, employees of the department of public safety, bureau of criminal apprehension, who are

*represented by the bureau of criminal apprehension agents association shall receive the following salary increases:*

*(1) Effective July 4, 1979, the salary rates and ranges for the classes crime investigators 1 and 2 shall be increased 5.3 percent over the salary rates and ranges in effect on July 3, 1979.*

*(2) Effective July 2, 1980, the salary rates and ranges for the classes crime investigator 1 and 2 shall be increased 3.8 percent over the salary rates and ranges in effect on July 1, 1980.*

*Sec. 99. In lieu of the salaries and cost of living adjustments provided by Minnesota Statutes, Section 43.12, Subdivisions 2, 3, and 10, employees of the departments of corrections and public welfare who are represented by the professional employee pharmacists of Minnesota shall receive the following salary increases:*

*(1) Effective July 4, 1979, the salary rates and ranges for the classes hospital pharmacist and hospital pharmacist senior shall be increased by 6.5 percent over the salary rates and ranges in effect on July 3, 1979.*

*(2) Effective July 2, 1980, the salary rates and ranges for the classes hospital pharmacist and hospital pharmacist senior shall be increased by 5 percent over the salary rates and ranges in effect on July 1, 1980.*

*Sec. 100. In lieu of the salaries provided by Minnesota Statutes, Section 43.12, Subdivisions 2 and 3, employees of the department of transportation who are represented by the middle management association shall receive the following salary increases:*

*(1) Effective July 4, 1979, the salary rates and ranges for covered employees shall be increased by 13 percent over the salary rates and ranges in effect on July 7, 1977.*

*(2) Effective July 2, 1980, the salary rates and ranges for covered employees shall be increased 4.4 percent over the salary rates and ranges in effect on July 1, 1980.*

*Sec. 101. Notwithstanding the provisions of Minnesota Statutes, Section 43.50, for employees of the department of transportation who are represented by the middle management association, the department of transportation shall pay the full cost of dependent hospital-medical insurance coverage up to \$60 per month or the cost of the Blue Cross/Blue Shield premium attributable to dependent coverage, whichever is greater.*

*Sec. 102. In lieu of the salaries provided by Minnesota Statutes, Section 43.12, Subdivisions 2 and 3, employees of the department of natural resources who are represented by the Minnesota conservation officers association shall receive the following salary increases:*

*(1) Effective July 4, 1979, the salary rates and ranges for the classes natural resources specialist (conservation officer) 1, 2, 3, and 4 shall be increased 13 percent over the salary rates and ranges in effect on July 7, 1977.*

(2) Effective July 2, 1980, the salary rates and ranges for the classes natural resources specialist (conservation officer) 1, 2, 3, and 4 shall be increased 4.4 percent over the rates and ranges in effect on July 1, 1980.

(3) In addition to the adjustments made by paragraphs (1) and (2), each covered employee shall receive an increase of seven cents per hour in lieu of a birthday holiday. The seven cents per hour shall not be included in the wage rate base for purposes of determining the 4.4 percent increase effective July 2, 1980.

(4) Vehicles purchased by the state for the official use of conservation officers shall be equipped pursuant to the terms of the agreement. Officers shall be supplied with flak jackets pursuant to the terms of the agreement.

Sec. 103. In lieu of the salaries provided by Minnesota Statutes, Section 43.12, Subdivisions 2 and 3, effective July 4, 1979, employees of the department of public welfare who are represented by the Minnesota nurses association shall receive the following salary increases:

(1) Covered employees who were paid at a rate of \$1,014 or \$1,051 per month on July 3, 1979 shall be paid at a rate of \$1,133 per month.

(2) The salary rates and ranges for all other covered employees shall be increased by six percent over the salary rates and ranges in effect on July 3, 1979.

In lieu of a birthday holiday covered employees shall receive one floating holiday per year.

Sec. 104. Employees who are represented by the Minnesota government engineers council and who are employed by the department of transportation in the classes radio engineer I, principal highway technician and principal engineering aide shall receive, in addition to the salaries provided by Minnesota Statutes, Section 43.12, a one time lump sum payment of \$438.

Sec. 105. Notwithstanding the provisions of Minnesota Statutes, Section 43.12, Subdivision 17, the severance pay provisions of the collective bargaining agreements with the Minnesota community college faculty association, the IFO/MEA, the Minnesota State University Association of Administrative and Service Faculty/Teamsters, the Minnesota highway patrol officers association and the Minnesota highway patrol supervisors association are approved.

Sec. 106. The commissioner of transportation is authorized to reimburse employees covered by the agreement with the Minnesota government engineers council up to a maximum of \$50 a year for professional dues for job related organizations.

Sec. 107. Effective July 2, 1980, employees of the departments of welfare and corrections who are represented by the association

of institutional dentists shall receive, in addition to the salaries provided by Minnesota Statutes, Section 43.12, a 35 cent per hour differential.

**Sec. 108.** Employees of the department of corrections who are represented by the Minnesota teamsters public and law enforcement employees, local No. 320, shall receive, in addition to the salaries and differentials provided by Minnesota Statutes, Section 43.12, the following salary adjustments:

(1) Employees in the classes correctional counselor 1, 2 and 3, shall receive a 6 cent per hour differential.

(2) Employees in the classes electrician, painter and plant maintenance engineer shall receive a 10 cent per hour differential.

(3) Effective July 2, 1980, the hourly rate of pay for employees in the classes delivery van driver and janitor, senior shall be increased by 2½ percent, rounded to the nearest cent.

(4) These employees shall receive the same bonus as that provided for in section 115.

**Sec. 109.** Any employee except an emergency, project or temporary employee, who is compensated pursuant to section 43.12 and excluded from a bargaining unit by section 179.74, subdivision 4, or who is represented by the American federation of state, county and municipal employees, Council No. 6, AFL-CIO, shall receive:

(1) a lump sum bonus of \$225 payable no later than July 31, 1979, provided he was employed prior to January 1, 1979 and was still employed on July 1, 1979.

(2) A lump sum bonus of \$225 payable no later than July 31, 1980, provided he was employed prior to January 1, 1980 and was still employed on July 1, 1980. However, intermittent employees and nontenured laborers who otherwise meet the employment requirements of this section shall only be eligible to receive the bonus after completion of 100 working days in any 12 month period. Part time employees who meet the employment requirement of this section shall receive a bonus of \$137.50 on each of the dates specified in this section.

An employee shall be considered to be employed on July 1, 1979 and July 1, 1980 if he is in payroll status, on approved leave of absence, or on seasonal layoff on that date.

The bonus provided by this section shall not be considered as salary for the purposes of section 352.01, subdivision 13.

**Sec. 110.** The commissioner is authorized to establish a procedure for paying eligible employees, under the holiday pay provisions of the personnel rules or as required by a collective bargaining agreement, whichever is applicable, for a birthday holiday.

**Sec. 111.** Notwithstanding the provisions of section 179.74, subdivision 5, a state employee whose exclusive representative, as de-

*fined by section 179.63, subdivision 6, was unable to enter into an agreement with the state covering wages and economic fringe benefits on or before May 15, 1979, as a result of an order to cease and desist bargaining issued by the director of mediation services, shall receive the applicable wage and economic fringe benefit increases provided by this act.*

*Sec. 112. The duties, personnel complement of six persons, and appropriation involved in discharging the duties of the department of public service under Minnesota Statutes, Chapters 223, 229, 231, 232, 233, 234, 235, and 236 are transferred to the department of agriculture as of July 1, 1979. Nothing herein shall be construed as abrogating or modifying any rights now enjoyed by affected employees under the terms of an agreement between an exclusive representative of public employees and the state or one of its appointing authorities.*

*Sec. 113. [PERSONNEL SYSTEM STUDY; APPROPRIATION.] There is appropriated to the legislative commission on employee relations the sum of \$100,000 for the period ending July 1, 1981, to be used for a study of the state personnel system. A primary focus of the study will be the interrelationship of the civil service system with the public employment labor relations act, as that act applies to state employees. The goal of the study will be the preparation of a report for the legislature containing alternative recommendations by which improvements could be made in applicable laws, rules, structures and procedures. Specific areas to be studied include, but are not necessarily limited to, bargaining procedures, compensation, classification, work force size and turnover, and personnel administration. In performing this study, attention shall be given to methods for preserving and strengthening the role for collective bargaining in the system. Consideration shall also be given to past reports and studies dealing with the state's personnel system and to innovative improvements made in civil service systems by the federal government and other states. The study shall also examine state laws with respect to local civil service systems and local public employee labor negotiations.*

*The commission shall study and report to the legislature as to its recommendations, including proposed legislation, with respect to (1) merit pay system, progression, and cost of living adjustments for state employees (2) a mechanism for transferring the duty to negotiate with state employees on behalf of the state from the department of personnel to an independent office of state employee contract negotiations (3) the feasibility of an unfair labor practices board, and (4) the annual health evaluation and screening program.*

*To the extent practicable, use shall be made of existing legislative staff and other resources. In the performance of this study, there shall be frequent consultation with persons and groups involved with or directly affected by the state civil service system. The heads of state agencies shall give their full cooperation in the performance of this study.*

*The final report of the study, together with any proposed statutory amendments, shall be submitted to the commission no later than November 15, 1980. Any recommendations of the study which will substantially affect the collective bargaining process leading to the 1981-1982 biennium shall be submitted no later than December 1, 1979.*

Sec. 114. [REPEALER.] *Effective July 1, 1981, Minnesota Statutes 1978, Sections 43.03; 43.06; 43.062; 43.063; 43.064; 43.065; 43.067; 43.068; 43.069; 43.07; 43.09; 43.111; 43.12; 43.121; 43.122; 43.126; 43.127; 43.128; 43.13; 43.14; 43.162; 43.17; 43.18; 43.19; 43.20; 43.21; 43.22; 43.222; 43.223; 43.224; 43.23; 43.24; 43.245; 43.321; 43.322; 43.323; 43.324; 43.326; 43.327; 43.33; 43.44; 43.45; 43.46; 43.48; 43.49; 43.50; and 43.51 are repealed.*

Sec. 115. [APPROPRIATION.] *Subdivision 1. There is appropriated to the legislative commission on employee relations the sum of \$100,000 for the period ending July 1, 1981, to be used for its general operating purposes.*

*Subd. 2. There is appropriated to the commissioner of finance the sum of \$100,000 for the purpose of preparing the plan required by section 4.*

*Subd. 3. [OPEN APPROPRIATIONS: COMPENSATION INCREASES.] (a) The compensation and economic benefit increases covered by this clause are those paid to classified and unclassified employees in the executive, legislative, and judicial branches of state government, and to employees of the Minnesota historical society and nonacademic employees of the university of Minnesota who are paid from state appropriations, if the increases are authorized by law during the 1979 session of the legislature or by appropriate resolutions for employees of the legislature. The amounts necessary to pay compensation and economic benefit increases covered by this clause are appropriated from the various funds in the state treasury from which salaries are paid to the commissioner of finance for the fiscal years ending June 30, 1980, and June 30, 1981.*

*(b) The cost of living increases covered by this clause are those paid to classified employees pursuant to sections 43.12, subdivision 10 and 43.127, those paid to unclassified employees who are paid salaries comparable to employees in the classified service, and those paid to unclassified employees in the executive, legislative, and judicial branches of state government, and to employees of the Minnesota historical society and nonacademic employees of the university of Minnesota who are paid from state appropriations, if the increases are authorized by law during the 1979 session of the legislature or by appropriate resolutions for employees of the legislature. The amounts necessary to pay cost of living increases covered by this clause are appropriated from the various funds in the state treasury from which their salaries are paid to the commissioner of finance for the fiscal years ending June 30, 1980, and June 30, 1981.*

*(c) The amounts necessary to pay increased premium rates for basic life insurance and basic health benefit coverage authorized*

for eligible state employees and their dependents, in the event that these rates are increased over the rates in existence at the time of the passage of this act, are appropriated from the various funds in the state treasury from which these premiums are paid, to the commissioner of finance for the fiscal years ending June 30, 1980 and June 30, 1981.

(d) The commissioner shall transfer the necessary amounts to the proper accounts and shall promptly notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the amount transferred to each appropriation account.

(e) Money certified as needed by the university of Minnesota and transferred to it under this subdivision shall be used only for the purpose certified. Any amount transferred that exceeds the actual amount of cost of living increases or insurance premium increases paid to or for university employees until June 30, 1981 shall be returned to the general fund.

Sec. 116. [EFFECTIVE DATE.] The effective dates for Article I are as follows: sections 2, 4, 8, 40, 45, 46, 47, 58, 61, 65, 82-91, and 113 are effective upon final enactment. Section 64, is effective June 30, 1980. Sections 3, 5, 6 and 7 are effective July 1, 1981. The remaining provisions of Article I are effective July 1, 1979. The provisions of section 47 shall apply to all disciplinary actions taken on or after the effective date of section 47. The provisions of sections 63, 93 to 111 and 113 shall expire on July 1, 1981. The provisions of section 137.02, subdivision 4, shall not apply to sections 93 to 111.

## ARTICLE II

Section 1. Minnesota Statutes 1978, Section 15A.081, is amended to read:

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

	Base Salary or Range		
	Effective July 1, 1979	Effective July 1, 1980	
Administration, department of commissioner	\$41,000	\$44,000	\$47,000
Agriculture, department of commissioner	36,000	38,000	40,000
Attorney general, office of deputy attorney general	23,000-42,000		

	Base Salary or Range		
		<i>Effective July 1, 1979</i>	<i>Effective July 1, 1980</i>
	\$	\$	\$
Commerce, department of			
commissioner of banks	32,000	34,000	36,500
commissioner of insurance	32,000	34,000	36,500
commissioner of securities	32,000	34,000	36,500
<i>director of consumer services</i>		28,000	30,000
<del>executive secretary</del>			
<del>commerce commission</del>	27,000		
Community college system			
chancellor	41,000	44,000	46,000
Corrections, department of			
commissioner	36,000	42,000	45,000
ombudsman	32,000	33,000	35,000
Crime <del>prevention and control</del>			
<i>planning board,</i>			
<del>governor's commission on</del>			
executive director	32,000	33,000	35,000
Economic development, department of			
commissioner	32,000	34,000	36,000
Economic security, department of			
commissioner	41,000	43,000	45,000
Education, department of			
commissioner	41,000	43,000	45,000
Energy agency			
director	36,000	38,000	40,000
Finance, department of			
commissioner	45,000	48,000	50,000
Health, department of			
commissioner	41,000	47,000	49,000
Hearing examiners office			
chief hearing examiner	36,000	38,000	40,000
Higher education coordinating board			
executive director	36,000	40,000	42,000
Housing finance agency			
executive director	36,000	39,000	41,000
Human rights, department of			
commissioner	29,000	31,000	33,000
Indian affairs board			
executive director	25,000	27,000	29,000



	Base Salary or Range		
		<i>Effective July 1, 1979</i>	<i>Effective July 1, 1980</i>
	\$	\$	\$
Investment, board of executive secretary	41,000	42,000	44,000
Iron range resources and rehabilitation board commissioner	29,000	30,000	31,000
Labor and industry, department of commissioner	36,000	38,000	40,000
judge of the workers' compensation court of appeals	36,000	38,000	40,000
<i>Mediation services, bureau of director, mediation services</i>	29,000	36,000	38,000
Natural resources, department of commissioner	41,000	44,000	47,000
Personnel, department of commissioner	41,000	44,000	47,000
Planning agency director	41,000	43,000	45,000
Pollution control agency director	36,000	38,000	40,000
Public safety, department of commissioner	36,000	38,000	41,000
Public service, department of commissioner, public service commission	32,000	34,000	36,000
director	32,000	34,000	36,000
Public welfare, department of commissioner	41,000	44,000	48,000
Revenue, department of commissioner	41,000	44,000	47,000
State university system chancellor	41,000	44,000	46,000
Transportation, department of commissioner	41,000	44,000	48,000
Veterans affairs, department of commissioner	29,000	31,000	33,000

Subd. 5. A deputy of a position listed in subdivision 1, ~~other than the attorney general~~, shall be paid a base salary equal to 90 95 percent of the salary of the head of that department or agency as listed in subdivision 1.

Subd. 6. The following salaries are provided for the constitutional officers of the state:

		<i>Effective July 1, 1979</i>	<i>Effective July 1, 1980</i>
Governor	\$58,000	\$62,000	\$66,500
Attorney general	40,000	52,500	56,000
Lieutenant governor	36,000	38,000	40,000
Auditor	30,000	34,000	36,000
Secretary of state	30,000	34,000	36,000
Treasurer	30,000	34,000	36,000

The salaries of the *chief deputy attorney general*, deputy auditor, deputy secretary of state and deputy treasurer shall be 90 95 percent of the salaries of their respective superior constitutional officers. The deputies shall be eligible for achievement awards as provided in section 43.069.

Subd. 7. The following salaries are provided for officers of metropolitan agencies:

		<i>Effective July 1, 1979</i>	<i>Effective July 1, 1980</i>
Chairman, metropolitan council	\$30,000		
( <i>part-time</i> )		\$21,000	\$22,500
( <i>full-time</i> )		42,000	44,500
Chairman, metropolitan airports commission	10,000	10,500	11,500
Chairman, metropolitan transit commission	33,500		
( <i>part-time</i> )		18,000	19,000
( <i>full-time</i> )		36,000	38,000
Chairman, metropolitan waste control commission	15,000	16,000	17,000

Fringe benefits for unclassified employees of the metropolitan waste control commission shall not exceed those fringe benefits received by unclassified employees of the metropolitan council.

Sec. 2. Minnesota Statutes 1978, Section 15A.083, Subdivision 1, is amended to read:

15A.083 [SALARIES FOR POSITIONS IN THE JUDICIAL BRANCH.] Subdivision 1. [ELECTIVE JUDICIAL OFFICERS.] The following salaries shall be paid annually to the enumerated elective judicial officers of the state:

		<i>Effective July 1, 1979</i>	<i>Effective July 1, 1980</i>
(1) Chief justice of the supreme court	----- \$52,000	\$56,000	\$59,000

		<i>Effective July 1, 1979</i>	<i>Effective July 1, 1980</i>
	\$	\$	\$
(2) Associate justice of the supreme court	----- 49,000	52,500	56,000
(3) District judge, judge of county court (learned in the law), probate court, and county municipal court	----- 42,000	45,000	48,000
(4) Judge of a county court (not learned in the law)	----- 27,000	29,500	31,500

Sec. 3. Minnesota Statutes 1978, Section 15A.083, Subdivision 2, is amended to read:

Subd. 2. [COUNTY COURT AND COUNTY MUNICIPAL JUDGES.] (1) Notwithstanding any other law to the contrary, the salary paid to a judge of a county court shall also be paid to judges of the probate court of St. Louis county and to judges of the Duluth municipal court.

(2) Judges of the county municipal courts, and county courts in the counties of Hennepin, Ramsey, Washington, Anoka, Scott, St. Louis, Carver and Dakota ----- \$42,000 shall receive a salary of \$45,000, effective July 1, 1979, and \$48,000, effective July 1, 1980.

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

Sec. 4. Minnesota Statutes 1978, Section 15A.083, Subdivision 4, is amended to read:

Subd. 4. [RANGES FOR OTHER JUDICIAL POSITIONS.] Salaries or salary ranges are provided for the following positions in the judicial branch of government. The appointing authority of ~~positions~~ any position for which ~~ranges~~ have a salary range has been provided shall fix the individual salaries under the provisions of section 15A.081, subdivision 2 salary within the prescribed range, considering the qualifications and overall performance of the employee. Appointments to fill vacancies shall not be made above the midpoint of the salary range prescribed for the position unless the personnel board has been consulted in advance and its approval obtained. Any salary increase that would adjust an employee's rate of pay beyond the midpoint of the range prescribed for the position must be approved in advance by the personnel board.

		<i>Salary or Range</i>	
		<i>Effective July 1, 1979</i>	<i>Effective July 1, 1980</i>
Public defender	\$35,000	\$37,500	\$40,000
District administrator	25,000-35,000	27,000-37,500	28,500-40,000
County attorneys council executive director	20,400-20,700	22,000-32,000	23,500-34,000
Board on judicial standards executive director		36,000	38,000
State court administrator		44,500	47,000

Sec. 5. Minnesota Statutes 1978, Section 43.126, Subdivision 1, is amended to read:

43.126 [SPECIAL RATES OF PAY.] Subdivision 1. Notwithstanding the provisions of sections 43.12 and 43.121 to 43.123, the following salary ranges are established with annual salaries as shown:

Range A	\$20,000 \$32,000	to	\$40,500 \$45,000
Range B	\$35,500 \$37,000	to	\$48,000 \$54,000
Range C	\$40,000 \$42,000	to	\$57,500 \$67,500

Sec. 6. [TEMPORARY PROVISION.] *No incumbent whose salary is prescribed in section 15A.083 shall suffer a decrease in salary as a result of this act. If the midpoint of the salary range prescribed by section 15A.083 is less than the salary the incumbent is earning on the day prior to the effective date of this act, the incumbent shall continue to receive that salary for as long as he holds that position, but he shall not be eligible for increases (1) until his salary is no longer higher than the midpoint of the range for that position or (2) unless the personnel board approves an increase.*

Sec. 7. [REPEALER.] *Minnesota Statutes 1978, Section 15A.083, Subdivision 4a, is repealed.*

Sec. 8. *Article II is effective July 1, 1979."*

Further, amend the title by striking it and inserting:

"A bill for an act relating to state government; setting wage and fringe benefits to employees in the executive and judicial branches of state government; ratifying certain collective bargaining agreements; making changes in the state civil service and personnel laws; making changes in public employment labor relations law; creating a legislative commission on employee relations; providing for a study of state employment and labor relations prac-

tices; providing for attrition in state funded personnel positions; transferring certain duties from the public service commission to the department of agriculture; appropriating money; amending Minnesota Statutes 1978, Sections 15A.0411, Subdivision 2; 15A.081; 15A.083, Subdivisions 1, 2, and 4; 15A.13; 16A.123; 43.01, Subdivisions 10, 11, 14 and by adding a subdivision; 43.05, Subdivision 2; 43.055; 43.064; 43.09, Subdivisions 2 and 2a; 43.12, Subdivisions 2, 3, 5, 6, 7, 8, 8a, 10, 12, 14, 15, 16, 17, 23, 24, 25 and by adding subdivisions; 43.122, Subdivision 5; 43.126, Subdivision 1; 43.127, Subdivision 6; 43.15, Subdivision 5; 43.17, Subdivisions 3 and 4a; 43.19; 43.20, Subdivisions 3 and 5; 43.227; 43.24; 43.32, Subdivision 4; 43.327, Subdivisions 2 and 3; 43.43, by adding a subdivision; 43.44, Subdivision 2; 43.47, Subdivision 2; 43.491, Subdivision 5; 43.50, Subdivision 1; 43.51; 62D.22, Subdivision 7; 179.63, Subdivision 11; 179.64, Subdivision 7; 179.65, Subdivision 6; 179.66, Subdivision 1; 179.67, by adding a subdivision; 179.72, by adding subdivisions; 179.74, Subdivisions 4 and 5; 223.02; 229.01, Subdivision 2; 229.07; 231.01, Subdivisions 1 and 2; 232.01, Subdivision 1; 233.01, Subdivision 1; 233.03; 234.02; 234.10; 235.01; 236.01, Subdivision 5; 299D.03, Subdivisions 2, 3 and 9; 355.12; 355.17; 355.207; 355.23, Subdivision 3; 355.286; 355.295; 355.308; 355.45; 355.60; 355.76; 645.44, Subdivision 5; and Chapter 3, by adding a section; repealing Minnesota Statutes 1978, Sections 15A.083, Subdivision 4a; 43.03; 43.06; 43.062; 43.063; 43.064; 43.065; 43.067; 43.068; 43.069; 43.07; 43.09; 43.111; 43.12; 43.121; 43.122; 43.126; 43.127; 43.128; 43.13; 43.14; 43.162; 43.17; 43.18; 43.19; 43.20; 43.21; 43.22; 43.222; 43.223; 43.224; 43.23; 43.24; 43.245; 43.321; 43.322; 43.323; 43.324; 43.326; 43.327; 43.33; 43.44; 43.45; 43.46; 43.48; 43.49; 43.50; and 43.51."

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

House Conferees: (Signed) Michael R. Sieben, Stanley A. Enebo, James C. Pehler, Gerald C. Knickerbocker, John T. Rose, Charles C. Halberg.

Senate Conferees: (Signed) Nicholas D. Coleman, Edward J. Gearty, Tom Nelson, John C. Chenoweth, Robert O. Ashbach.

Mr. Coleman moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1467 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1467: A bill for an act relating to state government; setting wage and fringe benefits to employees in the executive and judicial branches of state government; ratifying certain collective bargaining agreements; making changes in the state civil service and personnel laws; making changes in public employment labor relations law; creating a legislative commission on employee relations; providing for a study of state employment and labor relations practices; providing for attrition in state funded personnel positions; transferring certain duties from the public service commission to

the department of agriculture; appropriating money; amending Minnesota Statutes 1978, Sections 15.0411, Subdivision 2; 15A.081; 15A.083, Subdivisions 1, 2, and 4; 15A.13; 16A.123; 43.01, Subdivisions 10, 11, 14 and by adding a subdivision; 43.05, Subdivision 2; 43.055; 43.064; 43.09, Subdivisions 2 and 2a; 43.12, Subdivisions 2, 3, 5, 6, 7, 8, 8a, 10, 12, 14, 15, 16, 17, 23, 24, 25 and by adding subdivisions; 43.122, Subdivision 5; 43.126, Subdivision 1; 43.127, Subdivision 6; 43.15, Subdivision 5; 43.17, Subdivisions 3 and 4a; 43.19; 43.20, Subdivisions 3 and 5; 43.227; 43.24; 43.32, Subdivision 4; 43.327, Subdivisions 2 and 3; 43.43, by adding a subdivision; 43.44, Subdivision 2; 43.47, Subdivision 2; 43.491, Subdivision 5; 43.50, Subdivision 1; 43.51; 62D.22, Subdivision 7; 179.63, Subdivision 11; 179.64, Subdivision 7; 179.65, Subdivision 6; 179.66, Subdivision 1; 179.67, by adding a subdivision; 179.72, by adding subdivisions; 179.74, Subdivisions 4 and 5; 223.02; 229.01, Subdivision 2; 229.07; 231.01, Subdivisions 1 and 2; 232.01, Subdivision 1; 233.01, Subdivision 1; 233.03; 234.02; 234.10; 235.01; 236.01, Subdivision 5; 299D.03, Subdivisions 2, 3 and 9; 355.12; 355.17; 355.207; 355.23, Subdivision 3; 355.286; 355.295; 355.308; 355.45; 355.60; 355.76; 645.44, Subdivision 5; and Chapter 3, by adding a section; repealing Minnesota Statutes 1978, Sections 15A.083, Subdivision 4a; 43.03; 43.06; 43.062; 43.063; 43.064; 43.065; 43.067; 43.068; 43.069; 43.07; 43.09; 43.111; 43.12; 43.121; 43.122; 43.126; 43.127; 43.128; 43.13; 43.14; 43.162; 43.17; 43.18; 43.19; 43.20; 43.21; 43.22; 43.222; 43.223; 43.224; 43.23; 43.24; 43.245; 43.321; 43.322; 43.323; 43.324; 43.326; 43.327; 43.33; 44; 43.45; 43.46; 43.48; 43.49; 43.50; and 43.51.

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

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

The roll was called and there were yeas 62 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Nichols voted in the negative.

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

**MOTIONS AND RESOLUTIONS—CONTINUED****CONFIRMATION**

Mr. Anderson moved that the report from the Committee on Energy and Housing, reported May 9, 1979, pertaining to appointments, be taken from the table. The motion prevailed.

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

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

**MINNESOTA HOUSING FINANCE AGENCY**

Shirley Van Dyck, Route 2, Tract 33, Cass Lake, Cass County, effective April 19, 1979, for a term expiring the first Monday in January, 1980.

The motion prevailed. So the appointment was confirmed.

**MOTIONS AND RESOLUTIONS—CONTINUED**

S. F. No. 1504 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S. F. NO. 1504**

A bill for an act relating to the organization and operation of state government; appropriating money for maintenance of various semi-state activities and for other purposes with certain conditions; authorizing basic life insurance and health benefits coverage for employees of semi-state agencies; amending Minnesota Statutes 1978, Sections 43.43, Subdivision 2; 138.01, by adding a subdivision; 139.10, Subdivision 2; 139.17, Subdivision 2; and 139.18, Subdivision 1.

May 21, 1979

The Honorable Edward J. Gearty  
President of the Senate

The Honorable Rod Searle  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1504, report that we have agreed upon the items in dispute and recommend as follows:

Delete everything after the enacting clause and insert:

"Section 1. [SEMI-STATE ACTIVITIES; APPROPRIATIONS.] The sums set forth in the columns designated "APPROPRIATIONS" are appropriated from the general fund, or any other fund designated, to the agencies and 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	\$ 9,967,900	\$ 9,964,000	\$19,931,900
Tr. Hwy.	47,500	47,500	95,000
<b>TOTAL</b>	<b>\$10,015,400</b>	<b>\$10,011,500</b>	<b>\$20,026,900</b>

### APPROPRIATIONS

Available for the Year  
Ending June 30  
1980                      1981

\$                      \$

#### Sec. 2. GENERAL GOVERNMENT

Subdivision 1. Great Lakes Commission                      34,500                      36,000

Subd. 2. Minnesota-Wisconsin Boundary  
Area Commission                      48,300                      50,800

The amount expended shall not exceed  
the amount provided for the commis-  
sion by the state of Wisconsin.

Subd. 3. Uniform Laws Commission ..                      10,000                      10,000

#### Sec. 3. STATE HORTICULTURAL SOCIETY

For maintenance                      65,500                      65,500

#### Sec. 4. EDUCATION, LIBRARIES, MUSEUMS AND RECREATION

Subdivision 1. Minnesota Historical So-  
ciety                      6,514,400                      6,349,500

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

(a) General Operations and Manage-  
ment                      2,897,500                      2,947,500

This appropriation includes money for a  
seven-day-a-week tour program in the  
capitol and historical buildings. The his-  
torical building shall remain open for  
public use on Saturdays and, if neces-  
sary, adjustments in the remainder of



	1980	1981
	\$	\$
the week day schedule may be effected by the Minnesota historical society.		
Any unencumbered balance remaining at the end of the first year shall be returned to the state treasury and credited to the general fund.		
(b) Historic Site Operations . . . . .	3,194,400	3,200,800
\$543,000 each year is for historic site grants to encourage local historic preservation projects. To be eligible for a grant, a county or local project group must provide a 50 percent match, in accordance with the historical society's guidelines.		
(c) Interpretive Center Development..	175,000	
This appropriation shall be used for matching grants to localities to plan and construct interpretive centers, provided they can demonstrate their ability to operate and maintain the centers.		
(d) Sibley House Association . . . . .	62,500	16,200
This appropriation is available for maintenance of the Sibley House and related buildings on the Old Mendota state historic site owned by the Sibley House Association.		
\$46,300 the first year is for purchase of security and smoke detection equipment, for grading to prevent further water damage, and for elm tree removal. Any unexpended balance remaining in the first year does not cancel but is available for the second year of the biennium. Any unexpended balance remaining after the purchase of the equipment, grading, and tree removal services shall be used for maintenance of the structures.		
The historical society should seek an agreement with the Sibley House Association whereby the historical society will make payments to the Association for this purpose and will provide the Association with technical assistance in applying for federal grants.		
Notwithstanding any laws to the contrary, the Sibley House Association may		

	1980	1981
	\$	\$
purchase fire, wind, hail, and vandalism insurance, and insurance coverage for fine art objects from this appropriation.		
(e) Government Learning Center . . . .	55,000	55,000
(f) Center for Minnesota Folklife . . . . .	90,000	90,000
(g) Minnesota Humanities Commission	25,000	25,000
(h) Minnesota International Center . . .	15,000	15,000
Any unexpended balance remaining in (b), (c), (d), (e), (f), (g), or (h) the first year does not cancel but is available for the second year of the biennium.		
Subd. 2. Minnesota Academy of Science	16,200	16,200
Subd. 3. Science Museum of Minnesota	175,000	175,000
Subd. 4. Board of the Arts . . . . .	2,859,000	3,021,000

#### Approved Complement—13

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

(a) Administrative Services . . . . .	355,000	355,000
(b) Subsidies and Grants . . . . .	2,089,000	2,201,000

\$1,040,000 the first year and \$1,100,000 the second year is for general operating support grants to arts organizations of the state with consistent statewide or multi-regional impact.

State money granted to regional arts councils shall not be used for general administrative costs of the regional arts councils.

(c) Public Broadcasting Assistance . . .	415,000	465,000
--	---------	---------

\$240,000 each year is for block grants to public television stations.

\$100,000 each year is for matching grants to public television stations.

\$75,000 the first year and \$125,000 the second year is for grants to public radio stations pursuant to section 21 of this act.

	1980	1981
	\$	\$
Any unencumbered balance remaining in (a), (b), or (c) the first year does not cancel but is available for the second year of the biennium.		
Subd. 5. Minnesota Safety Council . . . .	47,500	47,500
This appropriation is from the trunk highway fund and shall be disbursed by the commissioner of finance on certification of need therefor by the president of the Minnesota safety council. The commissioner of finance shall disburse upon certification 25 percent of the annual appropriation on the first day of July, October, January, and April of each fiscal year.		
Sec. 5. SOCIAL SECURITY		
Subdivision 1. Disabled American Veterans . . . . .	17,500	17,500
For salaries, supplies and expenses to be expended as provided by Laws 1941, Chapter 425.		
Subd. 2. Veterans of Foreign Wars		
For carrying out the provisions of Laws 1945, Chapter 455 . . . . .	17,500	17,500
Sec. 6. MINNESOTA HUMANE SOCIETY . . . . .	55,000	55,000
No state money shall be expended for the care, feeding, housing, or disposal of animals.		
Sec. 7. COUNTY ATTORNEYS COUNCIL . . . . .	65,000	60,000
Any unexpended balance remaining in the first year does not cancel but is available for the second year of the biennium.		
Sec. 8. SOUTHERN MINNESOTA RIVERS BASIN BOARD . . . . .	40,000	40,000
Sec. 9. VOYAGEURS NATIONAL PARK CITIZEN'S COMMITTEE . . . .	50,000	50,000
Any unexpended balance remaining in the first year does not cancel but is available for the second year of the biennium.		

Sec. 10. Minnesota Statutes 1978, Section 43.43, Subdivision 2, is amended to read:

Subd. 2. "State employee" for the purpose of determining eligibility for the basic life insurance and basic health benefits coverage hereunder means:

(1) An employee in the classified service of the state civil service paid on a state payroll;

(2) An employee in the unclassified service of the state paid on a state payroll who is not excluded from any of the provisions of sections 43.42 to 43.49;

(3) A permanent employee of the legislature or a permanent employee of a permanent study or interim committee or commission;

(4) A judge of the supreme court or an officer or employee of such court; a judge of the district court, a judge of county court, a judge of county municipal court, a judge of probate court; a district administrator; and the employees of the offices of the district administrators of the fifth and eighth judicial districts until July 1, 1979;

(5) A salaried employee of the public employees retirement association;

(6) Full time military or civilian personnel in the unclassified service of the department of military affairs whose salary is paid from state funds;

(7) A salaried employee of the Minnesota historical society, whether paid from state funds or otherwise, who is not a member of the governing board;

(8) An employee of the regents of the university of Minnesota, who is a member of the academic staff with the rank of instructor, research fellow, or above, including a lecturer, serving on not less than 75 percent regular appointment;

(9) An employee of the regents of the university of Minnesota and a member of the civil service staff under the civil service plan, adopted by the university of Minnesota, who is employed on a monthly salaried appointment;

(10) An employee of the state university board or the state board for community colleges who is a member of the academic staff, who is employed for not less than a 75 percent time basis, and who is paid on a state salary payroll; or

(11) An employee of the state university board or the state board for community colleges who is either in the classified service or the unclassified service of the state civil service whose salary is paid from the university board of the state of Minnesota revenue fund, the university activity fund, or the community college activity fund. The required premium payment of such an employee is to be paid, however, from the fund from which the employee's salary is paid.

(12) A member of the state legislature.

(13) A seasonal employee of the waters, soils and minerals division of the state department of natural resources whose duties include the sampling, weighing or grading of iron ore, taconite, or other minerals; provided that the employee shall receive the benefits provided in sections 43.42 to 43.50, at no cost to the employee for the period in each calendar year when the employee is not working at his occupation, and the premiums therefor shall be paid from the same salary fund or account as the salary of the employee.

(14) A person employed in the state service as a pre-service trainee on a full time basis.

Sec. 11. Minnesota Statutes 1978, Section 43.491, Subdivision 2, is amended to read:

Subd. 2. The following persons enumerated in this subdivision though excluded by Laws 1967, Chapter 103, section 43.47 from coverage, are nonetheless eligible for coverages at their own expense pursuant to the provisions of subdivision 1:

(1) A part time or seasonal employee of the state serving on less than a 75 percent time basis;

(2) An employee of the board of regents of the University of Minnesota on the academic staff serving on less than a 75 percent regular appointment;

(3) A part time or seasonal employee of the board of regents of the University of Minnesota and a member of the civil service staff under the civil service plan serving on less than a 75 percent time basis;

(4) An employee in the unclassified service of the state civil service who is employed by the state university board or the state board for community colleges as a member of the academic staff serving on less than a 75 percent time basis;

(5) An officer or employee of the state agricultural society, state horticultural society, Sibley house association, Minnesota humanities commission, Minnesota international center, Minnesota academy of science, science museum of Minnesota, Minnesota safety council, or Minnesota humane society;

(6) A civilian employee of the adjutant general who is paid from federal funds and who is not eligible to benefits from any federal civilian employee group life insurance or health benefits program;

(7) An officer or employee of the state capitol credit union or the hiway credit union.

Sec. 12. Minnesota Statutes 1978, Section 84B.11, Subdivision 2, is amended to read:

Subd. 2. The committee shall conduct meetings and research into all matters related to the establishment and operation of Voyageurs National Park, and shall make such recommendations to the United States National Park Service and other federal and

state agencies concerned, regarding operation of the park as the committee deems advisable. A copy of each recommendation shall be filed with the legislative reference library. The committee *may shall not* apply for and accept funds money from public or private sources and expend the same in furtherance of its duties under this section other than the legislature, except that the committee may apply for and receive up to \$25,000 per biennium in money from private sources. Subject to the availability of legislative appropriation or other funding therefor, the committee may employ staff and may contract for consulting services relating to matters within its authority.

Sec. 13. Minnesota Statutes 1978, Section 114A.04, is amended by adding a subdivision to read:

*Subd. 4. The board may employ an executive secretary in the unclassified service.*

Sec. 14. Minnesota Statutes 1978, Section 138.01, is amended by adding a subdivision to read:

*Subd. 4. The Minnesota historical society may use state money to buy fire, wind, hail, and vandalism insurance.*

Sec. 15. [138.91] [MINNESOTA HUMANITIES COMMISSION.] *Subdivision 1. From money appropriated to it for this purpose the Minnesota historical society shall make grants to the Minnesota humanities commission for its general operations and management. A grant shall not be made unless matched by an equal amount of federal money. At least 50 percent of the amount appropriated shall be used for cooperation with and service for other groups, agencies, and institutions outside the seven-county metropolitan area for the support and dissemination of the humanities.*

*Subd. 2. The Minnesota humanities commission shall report to the legislature by September 1 of each year on the use of these grants. The report shall include an itemized account of the programs and projects supported and the source of money for each. The report shall show actual expenditures for the fiscal year ending the preceding June 30 and proposed expenditures for the fiscal year beginning the preceding July 1.*

Sec. 16. [138.92] [LOCAL AND REGIONAL HISTORICAL INTERPRETIVE CENTERS.] *A historical interpretive center shall be operated and maintained by the agency, society, corporation, or political subdivision that owns it. State money shall not be used for operating or maintenance expenses of any historical interpretive center not owned by the state of Minnesota or the Minnesota Historical Society.*

Sec. 17. Minnesota Statutes 1978, Section 139.10, Subdivision 2, is amended to read:

*Subd. 2. In performing the duties under subdivision 1, the board shall insofar as reasonably possible:*

(a) avoid any actions which infringe on the freedom of artistic expression or which interfere with programs in the state which relate to the arts but which do not involve board assistance;

(b) distribute board assistance equitably according to population throughout the geographical regions of the state;

(c) give special consideration to requests for assistance for the creation or performance of types or variations of the arts which have yet to receive the level of general support and assistance given to the more established types or variations of the arts;

~~(d) distribute annually to individuals engaged in the creation or performance of the arts at least five percent of the moneys from the state's general fund appropriated to the board for each fiscal year.~~

Sec. 18. Minnesota Statutes 1978, Section 139.17, Subdivision 2, is amended to read:

Subd. 2. "Public station" means a licensee of the federal communications commission as a noncommercial educational television broadcast station within ~~or without the state serving a significant segment of the population of this state or a station outside the state which received funds under section 139.18 in 1976.~~

Sec. 19. Minnesota Statutes 1978, Section 139.18, Subdivision 1, is amended to read:

139.18 [GRANTS.] Subdivision 1. The board of the arts shall distribute the funds provided by sections 139.16 to 139.18. Twice annually the board of the arts shall make *block grants which shall be distributed in equal amounts to public stations for the acquisition and production of materials and broadcast transmission operational costs.* The board of the arts shall allocate funds appropriated for the purposes of sections 139.16 to 139.18 in such a manner that each eligible public station receives ~~an equal amount, except that a block grant.~~ *In addition, the board of the arts shall make matching grants to public stations. Matching grants shall be used for operational costs and shall be allocated using the procedure developed for distribution of state money under this section for grants made in fiscal year 1979.* No station's matching grant in any fiscal year shall exceed the amount of Minnesota based contributions received by that station in the previous fiscal year.

Sec. 20. Minnesota Statutes 1978, Section 139.18, Subdivision 2, is amended to read:

Subd. 2. In calculating the amount of contributions received by a public station pursuant to subdivision 1, there shall be excluded: contributions, whether monetary or in kind, from the corporation for public broadcasting; tax generated funds, including payments by public or private elementary and secondary schools; that portion of any foundation or corporation donation in excess of \$250 \$500 from any one contributor in a calendar year; contributions from any source if made for the purpose of capital expenditures; and contributions from all sources based outside the state.

**Sec. 21. [139.19] [GENERAL NONCOMMERCIAL RADIO STATION GRANTS.]** *Subdivision 1. [PURPOSE.] The purposes of this section are to facilitate the use of the noncommercial radio station as a community resource by providing financial assistance to noncommercial radio stations serving Minnesota citizens.*

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

*(a) "Corporation for Public Broadcasting" means the nonprofit organization established pursuant to 47 U.S.C. 396.*

*(b) "Federal Communications Commission" means the federal agency established pursuant to 47 U.S.C. 151.*

*(c) "Noncommercial radio station" means a station holding a license or operating under program test authority from the Federal Communications Commission as a noncommercial educational radio station, licensed to a community within the state and serving a segment of the population of the state.*

*(d) "Operating income" may include:*

*(1) individual and other community contributions;*

*(2) all grants received from the Corporation for Public Broadcasting;*

*(3) grants received from foundations, corporations, or federal, state, or local agencies or other sources for the purpose of programming or general operating support;*

*(4) interest income;*

*(5) earned income;*

*(6) employee salaries paid through the federal Comprehensive Employment Training Act, or other similar public employment programs, provided that only salary expended for employee duties directly relating to radio station operations shall be counted;*

*(7) employee salaries paid through supporting educational institutions, provided that only salary expended for employee duties directly relating to radio station operations shall be counted;*

*(8) direct operating costs provided by supporting educational institutions; and*

*(9) no more than \$15,000 in volunteer time calculated at the federal minimum wage.*

*The following are specifically excluded in determining a station's operating income:*

*(1) dollar representations in in-kind assistance from any source except as stipulated in clauses (8) and (9) above;*

*(2) grants or contributions from any source for the purpose of purchasing capital improvements or equipment; and*



(3) *noncommercial radio station grants received in the previous fiscal year pursuant to this section.*

*Subd. 3. [STATION ELIGIBILITY.] To qualify for a grant under this section, a noncommercial radio station shall:*

(a) *Hold a valid noncommercial educational radio station license or program test authority from the Federal Communications Commission;*

(b) *Have facilities adequate to provide local program production and origination;*

(c) *Employ a minimum of two full time professional radio staff persons or the equivalent in part-time staff and agree to employ a minimum of two full time professional radio staff persons or the equivalent in part-time staff throughout the fiscal year of the grant;*

(d) *Maintain a minimum daily broadcasting schedule of (1) the maximum allowed by its Federal Communications Commission license or (2) 12 hours a day during the first year of eligibility for state assistance, 15 hours a day during the second year of eligibility and 18 hours a day during the third and following years of eligibility;*

(e) *Broadcast 365 days a year or the maximum number of days allowed by its Federal Communications Commission license;*

(f) *Have a daily broadcast schedule devoted primarily to programming that serves ascertained community needs of an educational, informational or cultural nature within its primary signal area; however, a program schedule of a main channel carrier designed to further the principles of one or more particular religious philosophies or including 25 percent or more religious programming on a broadcast day does not meet this criterion, nor does a program schedule of a main channel carrier designed primarily for in school or professional in-service audiences;*

(g) *Originate significant, locally produced programming designed to serve its community of license;*

(h) *Have a total annual operating income and budget of at least \$50,000;*

(i) *Have either a board of directors representing the community or a community advisory board that conducts advisory board meetings that are open to the public;*

(j) *Have a board of directors that: (1) holds the portion of any meeting relating to the management or operation of the radio station open to the public and (2) permits any person to attend any meeting of the board without requiring a person, as a condition to attendance at the meeting, to register the person's name or to provide any other information; and*

(k) *Have met the criteria in clauses (a) through (j) for six months before it is eligible for state assistance under this section.*

*The board of the arts shall accept the judgment of a Corporation for Public Broadcasting accepted audit when it is available on a station's eligibility for assistance under the criteria of this subdivision. If the applicant station is not qualified for assistance from the Corporation for Public Broadcasting, an independent audit is required.*

*Subd. 4. [APPLICATION.] To be eligible for a grant under this section, a station shall submit an application to the board of the arts within the deadline prescribed by the board. It shall also submit, within the deadline prescribed by the board, its audited financial records for the fiscal year preceding the year for which the grant will be made.*

*Subd. 5. [GRANTS.] (a) The board of the arts shall determine eligibility for grants and the allocation of grant funds on the basis of audited financial records for the applicant station's fiscal year preceding the year in which the grant is made, as well as on the basis of the other requirements set forth in this section. The board shall annually distribute grants to all stations that comply with the eligibility requirements and apply for a grant. The board of the arts may promulgate rules to implement this section. For this purpose the board of the arts may promulgate temporary rules pursuant to Minnesota Statutes, Section 15.0412, Subdivision 5. An applicant's share of the grant money shall be based on:*

*(1) The amount received in the preceding year by the station in private non-tax generated contributions from sources within the state; no contributions made for the purpose of capital expenditures shall be counted; and*

*(2) The dollar value in the preceding year of contributions of volunteer time to station operations, provided that the volunteer time was not used for the purpose of raising money for the station. Volunteer time shall be valued at the federal minimum wage per hour. A station's total allocation for volunteer time shall not exceed 20 percent of its total grant pursuant to this section.*

*(b) The board of the arts shall match every verified contribution dollar under paragraph (a), clause (1) and volunteer time dollar, as calculated under paragraph (a), clause (2), with two state dollars for each eligible applicant until the applicant station has received \$10,000 in grant money under this section, and thereafter grant money shall be distributed on a dollar for dollar basis until the total amount appropriated for that year has been distributed equally among all applicants. A station may receive state matching money only until the station's total verified contribution and volunteer time has been matched or the amount of the grant received equals one-third of the station's total operating income for the previous fiscal year.*

*(c) A station may use grant money under this section for any radio station expenses.*

*Subd. 6. [AUDIT.] A station that receives a grant under this section shall have an audit of its financial records made by an independent auditor or Corporation for Public Broadcasting ac-*

*cepted audit at the end of the fiscal year for which it received the grant. The audit shall include a review of station promotion, operation, and management and an analysis of the station's use of the grant money. A copy of the audit shall be filed with the board of the arts.*

Sec. 22. Minnesota Statutes 1978, Section 388.19, is amended to read:

388.19 [COUNTY ATTORNEYS COUNCIL.] Subdivision 1. [CREATION.] There is hereby created a county attorneys council hereinafter designated as the "council" to be composed of the county attorney from each of the 87 counties and the attorney general of the state of Minnesota. The members shall meet annually in November each year and, commencing at the annual meeting in November 1973, shall elect a president, a president-elect, a secretary, and a treasurer, and such other officers and directors as the county attorneys council shall determine. Each of these officers shall hold office for a term of one year and until their successors are elected and qualified. The county attorneys council may adopt such rules as are necessary for the carrying out of its duties. A county attorney may designate in writing an assistant who may act in his stead in carrying out any function of the county attorneys council except serving as an officer. The county attorneys council may acquire and hold property, accept gifts and expend any such sums so received. *The county attorneys council may charge fees for seminars, workshops and publications it conducts and produces."*

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for maintenance of various semi-state activities and for other purposes with certain conditions; authorizing basic life insurance and health benefits coverage for employees of semi-state agencies; amending Minnesota Statutes 1978, Sections 43.43, Subdivision 2; 43.491, Subdivision 2; 84B11, Subdivision 2; 114A.04, by adding a subdivision; 138.01, by adding a subdivision; 139.10, Subdivision 2; 139.17, Subdivision 2; 139.18, Subdivisions 1 and 2; and 388.19."

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

Senate Conferees: (Signed) Roger D. Moe, Jack I. Kleinbaum, Marion Menning, George S. Pillsbury, Robert O. Ashbach

House Conferees: (Signed) William D. Dean, Gary W. Laidig, Tony E. Stadum, Michael R. Sieben, C. Thomas Osthoff, Shirley A. Hokanson

Mr. Moe moved that the foregoing recommendations and Conference Committee Report on S. F. No. 1504 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 1504 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Anderson	Gearty	Knutson	Perpich	Solon
Bang	Gunderson	Laufenburger	Peterson	Spear
Benedict	Hanson	Lessard	Pillsbury	Staples
Bernhagen	Hughes	Luther	Purfeerst	Tennessen
Chenoweth	Humphrey	Menning	Renneke	Ueland, A.
Chmielewski	Jensen	Merriam	Rued	Ulland, J.
Coleman	Johnson	Moe	Schaaf	Vega
Davies	Kirchner	Nelson	Schmitz	Wegener
Dieterich	Kleinbaum	Nichols	Setzepfandt	Willet
Dunn	Knaak	Olhoft	Sikorski	
Engler	Knoll	Penny	Sillers	

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

#### SPECIAL ORDER

H. F. No. 633: A bill for an act relating to taxation; extending the termination date for a law denying tax deductions relating to substandard housing; amending Laws 1975, Chapter 226, Section 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 47 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Luther	Rued	Stumpf
Ashbach	Hanson	Menning	Schaaf	Tennessen
Benedict	Hughes	Merriam	Schmitz	Ueland, A.
Bernhagen	Jensen	Moe	Setzepfandt	Ulland, J.
Chmielewski	Johnson	Nichols	Sieloff	Vega
Davies	Keefe, S.	Olhoft	Sikorski	Wegener
Dieterich	Kirchner	Penny	Sillers	Willet
Dunn	Knaak	Peterson	Solon	
Engler	Knutson	Pillsbury	Spear	
Gearty	Lessard	Renneke	Staples	

So the bill passed and its title was agreed to.

#### RECESS

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

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

Without objection, the Senate reverted to the Order of Business of Reports of Committees and Messages From the House.

**APPOINTMENTS**

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

H. F. No. 588: Messrs. Anderson, Kirchner and Knoll.

S. F. No. 974: Messrs. Ulland, J.; Sikorski and Solon.

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

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 223 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 223 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

**CONFERENCE COMMITTEE REPORT ON 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, Subdivisions 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.

May 21, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 223, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and H. F. No. 223 be amended as follows:

Delete everything after the enacting clause and insert:

### *"ARTICLE I*

#### *FOUNDATION AID*

Section 1. Minnesota Statutes 1978, Section 120.80, Subdivision 1, is amended to read:

120.80 [EARLY GRADUATION.] Subdivision 1. Notwithstanding any law to the contrary, any secondary school student who has completed all required courses may, with the approval of the student, his parent or guardian, and local school officials, graduate prior to the completion of the school year. All aid which such student, had he not graduated, would have earned for the district pursuant to section 124.212, plus that portion of the amount raised by the local tax levy which results from such transitional year students ~~plus that portion of any excess levy allowable under section 275.125, subdivision 6,~~ shall continue to be earned by the district.

Sec. 2. Minnesota Statutes 1978, Section 124.01, is amended to read:

124.01 [DEFINITIONS.] *Subdivision 1. For purposes of this chapter, the words defined in section 120.02 have the same meanings and the terms defined in this section have the meanings attributed to them in this section.*

*Subd. 2. "Foundation aid formula allowance" or "formula allowance" means the amount of revenue per pupil unit specified for use in the computation of foundation aid for a particular school year pursuant to section 124.212 and in the computation of permissible levies for use in that school year. For foundation aid for the 1979-1980 school year, the formula allowance shall be \$1,182. For 1979 payable 1980 levies and for foundation aid for the 1980-1981 school year, the formula allowance shall be \$1,265. For 1980 payable 1981 levies and for foundation aid for the 1981-1982 school year, the formula allowance shall be \$1,354.*

*Subd. 3. "Basic maintenance mill rate" means the maximum permissible mill rate applicable to the adjusted assessed valuation of a district, specified for use in the computation of foundation aid for a particular school year pursuant to section 124.212 and of permissible levies for use in that school year pursuant to section 275.125, subdivision 2a, clause (1) or (2). For 1979 payable 1980 levies and for foundation aid for the 1980-1981 school year, the basic maintenance mill rate shall be .023. For 1980 payable 1981 levies and for foundation aid for the 1981-1982 school year, the basic maintenance mill rate shall be .021.*

*Subd. 4. "Equalizing factor" means the ratio of the formula allowance for a particular school year to the basic maintenance mill rate for that school year. For 1979 payable 1980 levies and for foundation aid for the 1980-1981 school year, the equalizing factor shall be \$55,000. For 1980 payable 1981 levies and for foundation aid for the 1981-1982 school year, the equalizing factor shall be \$64,476.*

Sec. 3. Minnesota Statutes 1978, Section 124.11, Subdivision 4, is amended to read:

*Subd. 4. Estimated elementary and secondary foundation aids shall be paid out on the basis of the latest available information. Except as provided in section 124.212, estimated elementary and secondary foundation aids shall be computed on the basis of all pupil units identified in section 124.17, subdivision 1. An October enrollment count shall be obtained from all school districts. Adjustment for final elementary and secondary pupil unit figures shall be made in the final foundation aid distribution in October of the following school year.*

Sec. 4. 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. 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 these months accordance with the payment dates in subdivision 1.

Sec. 5. 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 *pupil and each handicapped kindergarten pupil*, as defined in section 120.03, enrolled in ~~programs~~ *a program* 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 required in the school year 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, *other than those in clause (a)*, 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 three 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 four 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. *This clause shall expire June 30, 1980.*

(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. *This clause shall expire June 30, 1980.*

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

Sec. 6. Minnesota Statutes 1978, Section 124.19, is amended by adding a subdivision to read:

*Subd. 3. 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 included in calculating the required number of days school is in session for purposes of fulfilling 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. 7. 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. 8. 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 section 273.132.

Sec. 9. 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) \$1,265 per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), less 27 23 mills times the 1978 adjusted assessed valuation of the district; plus

(2) the amount of the agricultural tax credit by which 1979 payable 1980 property taxes in the district are reduced pursuant to section 273.132; plus

(3) an amount equal to the product obtained by multiplying the ratio of the district's actual levy to its permitted levy in 1979 payable 1980 pursuant to section 18 of this article, times the difference between

(a) the product obtained by multiplying the amount per pupil unit which the district was permitted to levy in 1978 pursuant to Minnesota Statutes 1978, Section 275.125, Subdivisions 6 and 7, times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (6) and (7), in the district in 1979-1980, and

(b) the product obtained by multiplying the amount derived in (a) times the lesser of

(i) one or

(ii) the ratio of the district's 1978 adjusted assessed valuation per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1979-1980, to the state average 1978 adjusted assessed valuation per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the state in 1979-1980; plus

(4) an amount equal to the product obtained by multiplying the ratio of the district's actual levy to its permitted levy in 1979 payable 1980 pursuant to section 19 of this article, times the difference between

(a) the sum of the additional amounts the district would receive if pupil units identified in section 124.17, subdivision 1, clauses (6) and (7) were used in addition to the pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the computation in clause (1) of this subdivision and if section 12 of this article were effective in the 1980-1981 school year, and

(b) the product obtained by multiplying

(i) the ratio of the quotient obtained by dividing the amount derived in part (a) of this clause by the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1980-1981, to \$55,000, times

(ii) the district's 1978 adjusted assessed valuation; plus

(5) an amount equal to the difference between

(a) the product obtained by multiplying the mill rate levied by the district on its adjusted assessed valuation in 1979 payable 1980 pursuant to section 20 of this article, times \$55,000, times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1979-1980, and

(b) the product obtained by multiplying the mill rate levied by the district on its adjusted assessed valuation in 1979 payable 1980 pursuant to section 20 of this article, times the district's 1978 adjusted assessed valuation.

(6) No district where the assessed valuation of agricultural land identified in section 273.13, subdivisions 4, 6 and 6a, comprises 60 percent or more of the assessed valuation of the district shall receive an amount of foundation aid pursuant to clause (1) which is less than the following difference:

(a) \$600 times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), less

(b) the sum of

(i) the amount of the agricultural tax credit by which 1979

*payable 1980 property taxes in the district are reduced pursuant to section 273.132, plus*

*(ii) the amount by which 1979 payable 1980 property taxes in the district are reduced pursuant to section 273.13, subdivisions 6, 7 and 14a, plus*

*(iii) the amount by which 1979 payable 1980 property taxes in the district are reduced pursuant to section 273.135, plus*

*(iv) the amount by which 1979 payable 1980 taxes in the district are reduced pursuant to section 273.138, subdivision 6.*

**Sec. 10.** Minnesota Statutes 1978, Section 124.212, is amended by adding a subdivision to read:

**Subd. 7d.** *For the 1981-1982 school year a district shall receive in foundation aid:*

*(1) \$1,354 per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), less 21 mills times the 1979 adjusted assessed valuation of the district; plus*

*(2) the amount of the agricultural tax credit by which 1980 payable 1981 property taxes in the district are reduced pursuant to section 273.132; plus*

*(3) an amount equal to the product obtained by multiplying the ratio of the district's actual levy to its permitted levy in 1980 payable 1981 pursuant to section 18 of this article, times the difference between*

*(a) the greater of*

*(i) the amount derived in subdivision 7c, clause (3), part (a), or*

*(ii) the product obtained by multiplying the number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), in the district in 1980-1981, times the quotient obtained by dividing the amount derived in subdivision 7c, clause (3), part (a), by the number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2) in the district in 1979-1980, and*

*(b) the product obtained by multiplying the amount derived in part (a) of this clause times the lesser of*

*(i) one or*

*(ii) the ratio of the district's 1979 adjusted assessed valuation per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5) in the district in 1980-1981, to the state average 1979 adjusted assessed valuation per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the state in 1980-1981; plus*

*(4) an amount equal to the ratio of the district's actual levy to its permitted levy in 1980 payable 1981 pursuant to section 19 of this article, times the difference between*

*(a) the product obtained by multiplying*

(i) the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5) in the district in 1981-1982 times

(ii) 107 percent of the quotient obtained by dividing the amount derived in subdivision 7c, clause (4), part (a), by the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5) in the district in 1980-1981, and

(b) the product obtained by multiplying the ratio of the amount derived in part (a) (ii) of this clause to \$64,476, times the district's 1979 adjusted assessed valuation; plus

(5) an amount equal to the difference between

(a) the product obtained by multiplying the mill rate levied by the district on its adjusted assessed valuation in 1980 payable 1981 pursuant to section 20 of this article, times \$64,476, times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1980-1981; and

(b) the product obtained by multiplying the mill rate levied by the district on its adjusted assessed valuation in 1980 payable 1981 pursuant to section 20 of this article, times the district's 1979 adjusted assessed valuation.

(6) No district where the assessed valuation of agricultural land identified in section 273.13, subdivisions 4, 6 and 6a, comprises 60 percent or more of the assessed valuation of the district shall receive an amount of foundation aid pursuant to clause (1) which is less than the following difference:

(a) \$600 times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), less

(b) the sum of

(i) the amount of the agricultural tax credit by which 1980 payable 1981 property taxes in the district are reduced pursuant to section 273.132, plus

(ii) the amount by which 1980 payable 1981 property taxes in the district are reduced pursuant to section 273.13, subdivisions 6, 7 and 14a, plus

(iii) the amount by which 1980 payable 1981 property taxes in the district are reduced pursuant to section 273.135, plus

(iv) the amount by which 1980 payable 1981 taxes in the district are reduced pursuant to section 273.138, subdivision 6.

Sec. 11. Minnesota Statutes 1978, Section 124.212, Subdivision 11, is amended to read:

Subd. 11. (a) In the calculation of adjusted assessed valuations for 1979 and each year thereafter, the committee shall not increase the adjusted assessed valuation, exclusive of property valuation added, improved, reclassified, or reassessed since the prior assessment, of taxable property for any subsequent year in any school

district over the adjusted assessed valuation established and filed with the commissioner of education for the immediately preceding year by more than eight percent over the greater of (1) 19 percent of the certified adjusted assessed valuation established and filed with the commissioner of education for the year immediately preceding, or (2) 40 percent of the difference between the district's total adjusted assessed valuation for the current year calculated without the application of this subdivision and the district's certified adjusted assessed valuation established and filed with the commissioner of education for the immediately preceding year.

(b) The sales ratio studies published by the department of revenue, or any part thereof, or any copy of the same, or records accumulated in preparation thereof, which are prepared by the commissioner of revenue for the equalization aid review committee for use in determining school aids pursuant to this section shall not be admissible in evidence in any proceeding, except that the sales ratio studies shall be admissible as a public record without the laying of a foundation in (1) actions under chapter 278 in the case of property described in section 273.13, subdivisions 6, 6a, 7, 7b, 10 or 12; (2) actions brought in the small claims division of the tax court; or (3) in actions for review of the determination of the school aids payable under this section.

Sec. 12. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.224] [SPARSITY AID.] *Subdivision 1. The sparsity aid program for the 1979-1980 school year shall be governed by the 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. If a district is paired with another district according to the provisions of Minnesota Statutes, Section 122.85, and if there is no secondary school in the district which enrolls pupils in each of grades ten, eleven and twelve, then the commissioner of education shall designate one school in the district as a high school for the purposes of this section.

(b) (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 particular high school means the product of the number of resident pupils enrolled in grades seven through twelve in average daily membership in that high school, as defined in section 124.17, subdivision 2, times the ratio of six to the number of grades 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 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 subdivision 4, a district must have at least one qualifying high school in the year for which the aid is to be paid.

Subd. 4. [COMPUTATION.] A district which qualifies for aid under subdivision 3 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) 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. 5. [ISOLATED ELEMENTARY SCHOOLS.] Any school district operating an elementary school, as defined in Minnesota Statutes, Section 120.05, Subdivision 2, which enrolls fewer than 20 pupils, and which is at least 50 miles by the usual traveled routes 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. 6. [PAYMENT SCHEDULE.] Except as may otherwise be authorized by the commissioner of education to accommodate a flexible school year program, the state shall pay to a school district 45 percent of its estimated aid for the fiscal year under this section on or before each of the following dates: August 31 and January 31. The final aid distribution shall be made on or before October 31 of the following fiscal year.

Subd. 7. [DEPARTMENT OF EDUCATION.] All sparsity aid shall be computed and distributed by the state aids section of the department of education.

Subd. 8. This section shall expire June 30, 1980.

Sec. 13. Minnesota Statutes 1978, Section 124.245, Subdivision 2, is amended to read:

Subd. 2. As used in this section, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), (2), (4), (5), (6) and (7). *Beginning in the 1980-1981 school year, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5).*

Sec. 14. Minnesota Statutes 1978, Section 275.125, Subdivision 1, is amended to read:

275.125 [TAX LEVY, SCHOOL DISTRICTS.] Subdivision 1. Except as may otherwise be provided in this section, the words and phrases defined in ~~section sections~~ *sections 124.212 and 124.01* when used in this section shall have the meanings ascribed to them in ~~section 124.212~~ *those sections*.

Sec. 15. 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~~ *23* mills times the ~~1976~~ *1978* adjusted assessed valuation of the district.

(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.

(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. 16. Minnesota Statutes 1978, Section 275.125, Subdivision 2b, is amended to read:

Subd. 2b. (1) Beginning in ~~1978~~ 1979, in any year when the amount of the maximum levy allowed for any district by subdivision 2a, clause (1) or (2), *for any district with 950 or more pupil units under section 124.17, subdivision 1, clauses (1) and (2),* exceeds the product of the district's foundation aid formula allowance under section 124.212 for the corresponding school year times the number of pupil units computed for that district under section 124.17, *subdivision 1, clauses (1), (2), (4) and (5),* for that school year, the levy permitted that district by subdivision 2a, clause (1) or (2) shall be limited to the greater of the dollar amount of the levy the district certified in 1977 under subdivision 2a, clause (1) or 107 percent of the sum of the following, but not to exceed the amount raised by the number of mills permitted under subdivision 2a, clause (1) or (2):

(a) the product of the district's foundation aid formula allowance under section 124.212 for the school year in which the levy is certified times the number of pupil units computed for that district under ~~sections~~ *section 124.17, subdivision 1, clauses (1), (2), (4) and (5),* for the school year in which the levy is certified; plus

(b) the district's estimated aid entitlement pursuant to section 124.20 for the summer school which begins in the school year in which the levy is certified; plus

(c) that district's entitlement, for the year in which the levy is certified, for transportation aid pursuant to *article II, section 8 of this act*, special education aid pursuant to section 124.32, secondary vocational aid pursuant to section 124.573 and secondary vocational aid for handicapped children pursuant to section 124.574.

(2) If a district levies the full 107 percent of its entitlement under clause (1) for a school year and that amount is less than the amount to which the district would actually have been entitled under sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 and, 124.574 and *article II, section 8 of this act*, for the year to which the levy is attributable, the district may adjust its levies in the succeeding years to make up this difference. The amount by which the district is ~~allowed to adjust its levies~~ *adjusts any levy* in the succeeding years pursuant to this ~~clause~~ *section shall be recorded as a receivable in the school year to which the aids are attributable* ~~recognized as revenue in the school year when the levy which is so adjusted is recognized as revenue.~~

(3) If a district levies pursuant to clause (1) for a school year and the amount levied is greater than the amount to which the district would actually have been entitled under sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 and, 124.574 and *article II, section 8 of this act*, for the year to which the levy is attributable, the district shall reduce its levies in the succeeding years by the amount of this difference.

(4) However, if the amount of the difference in clause (2), when calculated as an addition to the original levy for that year, would have exceeded the amount raised by the millage limitation in subdivision 2a, clause (1) or (2) for that year, the state shall pay the amount to which the district is entitled under sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 and, 124.574 and *article II, section 8 of this act*, for that school year, which exceeds the amount raised by that millage limitation.

(5) If the district is unable to levy the full 107 percent of its entitlement for a school year because of the millage limitation in subdivision 2a, clause (1) or (2), the state shall pay the amount under sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 ~~or~~, 124.574 ~~or~~ *article II, section 8 of this act* to which the district is entitled for that school year which exceeds the amount raised by that millage limitation.

(6) Prior to the certification of levies, the commissioner of education shall notify an applicable district that it is subject to the levy limitation of this subdivision and of its estimated entitlements pursuant to sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 and, 124.574 and *article II, section 8 of this act*. The commissioner shall decide that a district is subject to this levy limitation if it appears reasonably certain that the maximum levy allowed

that district pursuant to subdivision 2a, clause (1) or (2) will exceed the district's foundation aid formula allowance times the number of pupil units computed for that district under section 124.17, *subdivision 1, clauses (1), (2), (4) and (5)*, for that corresponding year. If, upon the order of the commissioner, the district levies pursuant to this subdivision but the maximum levy allowed that district pursuant to subdivision 2a, clause (1) or (2) would not actually have exceeded the district's foundation aid formula allowance times the number of pupil units computed for that district under section 124.17, *subdivision 1, clauses (1), (2), (4) and (5)*, for that corresponding year, the district shall reduce its levy for the next year by the amount by which the levy certified pursuant to this subdivision exceeded the amount the district could have levied under subdivision 2a, clause (1) or (2). Also in that case, the district shall receive all aids from the state pursuant to sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 and, 124.574 and *article II, section 8 of this act* to which it would otherwise have been entitled if its permitted levy had not been computed pursuant to this subdivision.

(7) Any district which is required to compute its permitted levy under this subdivision shall not be eligible to receive aid under sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 and, 124.574 and *article II, section 8 of this act* for the corresponding year except as authorized by this subdivision.

(8) Nothing within the provisions of this subdivision shall be construed to affect any other levy under this section, including levies made pursuant to subdivision 2a, clause (4), to which a district is otherwise entitled.

(9) A levy made by a district pursuant to the provisions of this subdivision shall be construed to be the levy made by that district pursuant to subdivision 2a, clause (1) and (2), for purposes of statutory cross-reference.

(10) *The provisions of clauses (2) to (9) shall govern 1979-1980 aids, the adjustment of levies, and statutory cross-references to the 1978 levy, for any district which levied pursuant to clause (1) in 1978 and which is not required to levy pursuant to clause (1) in 1979 or subsequent years.*

Sec. 17. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

*Subd 2c. (1) Beginning in 1979, in any year when the amount of the maximum levy limitation under subdivision 2a, clause (1) or (2), for any district with fewer than 950 pupil units under section 124.17, subdivision 1, clauses (1) and (2), exceeds the product of the district's foundation aid formula allowance for the year in which the levy is recognized as revenue times the estimated number of pupil units for that district identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), for that school year, the levy limitation for that district under subdivision 2a, clause (1) or (2), shall be limited to the greater of the dollar amount of the levy the district certified in 1977 under*

*Minnesota Statutes 1978, Section 275.125, subdivision 2a, clause (1), or the following difference but not to exceed the levy limitation under subdivision 2a, clause (1) or (2):*

*(a) the product of the district's foundation aid formula allowance under section 124.212 for the school year in which the levy is recognized as revenue, times the estimated number of pupil units for that district identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), for that school year, less*

*(b) the estimated amount of any payments which would reduce the district's foundation aid entitlement as provided in section 124.212, subdivision 5a in the school year in which the levy is recognized as revenue.*

*(2) A levy made by a district pursuant to this subdivision shall be construed to be the levy made by that district pursuant to subdivision 2a, clause (1) or (2), for purposes of statutory cross-reference.*

**Sec. 18. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:**

**Subd. 6b. (1) In 1979 any district which qualified in 1978 for an excess levy under Minnesota Statutes 1978, Section 275.125, Subdivisions 6 or 7, may levy an amount equal to the product obtained by multiplying**

**(a) the lesser of**

**(i) one or**

**(ii) the ratio of the district's 1978 adjusted assessed valuation per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1979-1980, to the state average 1978 adjusted assessed valuation per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the state in 1979-1980, times**

**(b) the product obtained by multiplying**

**(i) the amount per pupil unit which the district was permitted to levy in 1978 under Minnesota Statutes 1978, Section 275.125, Subdivisions 6 and 7, times**

**(ii) the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (6), and (7), in the district in 1979-1980.**

**(2) In 1980 and each year thereafter, any district which qualified in 1979 for an excess levy under clause (1), shall be allowed to levy an amount equal to the product obtained by multiplying**

**(a) the lesser of**

**(i) one or**

**(ii) the ratio of the district's adjusted assessed valuation in the preceding year per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the school year**

*when the levy is certified, to the state average adjusted assessed valuation in the preceding year per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4), and (5), in the school year when the levy is certified, times*

*(b) the greater of*

*(i) the amount derived in clause (1), part (b), or*

*(ii) the product obtained by multiplying the number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2) in the district in the school year when the levy is certified, times the quotient obtained by dividing the amount derived in clause (1), part (b), by the number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), in the district in 1979-1980.*

Sec. 19. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

*Subd. 6c. (1) In 1979 any district may levy an amount equal to the lesser of*

*(a) the product obtained by multiplying*

*(i) the ratio of*

*(A) the quotient obtained by dividing the sum of the additional amounts of aid the district would receive if pupil units identified in section 124.17, subdivision 1, clauses (6) and (7) were used in addition to the pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the computation pursuant to section 124.212, subdivision 7c, clause (1), and if section 12 of this article were effective in the 1980-1981 school year, by the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1980-1981, to*

*(B) \$55,000, times*

*(ii) the district's 1978 adjusted assessed valuation, or*

*(b) the additional amounts of aid the district would receive if pupil units identified in section 124.17, subdivision 1, clauses (6) and (7) were used in addition to the pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the computation pursuant to section 124.212, subdivision 7c, clause (1), and if section 12 of this article were effective in the 1980-1981 school year.*

*(2) In 1980 and each year thereafter, any district which qualified for a levy under clause (1) may levy an amount equal to the lesser of*

*(a) the product obtained by multiplying*

*(i) the ratio of the foundation aid formula allowance for the school year to which the levy is attributable pursuant to section 121.904, subdivision 4, to \$1,265, times*

(ii) the ratio of the amount derived in clause (1), part (a) (i) (A), to the equalizing factor for the school year to which the levy is attributable, times

(iii) the district's adjusted assessed valuation for the preceding year, or

(b) the product obtained by multiplying

(i) the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5) in the district in the school year to which the levy is attributable pursuant to section 121.904, subdivision 4, times

(ii) the ratio of the foundation aid formula allowance for the year to which the levy is attributable pursuant to section 121.904, subdivision 4, to \$1,265, times

(iii) the amount derived in clause (1), part (a) (i) (A).

Sec. 20. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

Subd. 7a. (1) In 1979 each district which levies the maximum permissible amount pursuant to subdivision 2a, clauses (1), (2), and (4), section 18 of this article, and section 19 of this article, may levy an additional amount which shall not exceed the lesser of (a) an amount equal to one-half mill times the district's 1978 adjusted assessed valuation or (b) the product obtained by multiplying \$27.50 times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1979-1980.

(2) In 1980 and each year thereafter, each district which levies the maximum permissible amount pursuant to subdivision 2a, clauses (1), (2) and (4), section 18 of this article, and section 19 of this article, may levy an additional amount which shall not exceed the lesser of (a) an amount equal to one mill times the district's adjusted assessed valuation for the preceding year or (b) the product obtained by multiplying (i) the ratio of the equalizing factor to 1,000, times (ii) the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in the school year when the levy is certified.

(3) By August 1 before a district certifies any levy pursuant to this subdivision in 1979, or by the July 1 before a district certifies any levy pursuant to this subdivision in 1980, in any even-numbered year thereafter, or in any odd-numbered year thereafter when the district has not certified a levy pursuant to this subdivision in the preceding year, the board of the district shall hold a public hearing on the need for the proposed levy pursuant to this subdivision. At least three weeks published notice of the hearing in 10 point type, on 12 point body, with a larger headline, shall be given in the legal newspaper with the largest circulation in the district. The notice shall state the amount of the proposed levy in dollars and mills, the net unappropriated fund balance in the district's operating funds as of the June 30 before the levy is certi-

fied, and the tax impact of the proposed levy on homesteads with market values of \$30,000 and \$50,000. At the hearing, the district shall present its proposed revenue and expenditure budgets for the next two school years and the net unappropriated fund balances in all district funds as of the June 30 before the levy is certified, and the board shall hear all parties requesting to give testimony for and against the proposed levy. Upon petition within 20 days after the hearing of five percent of the number of voters who voted in the district at the preceding statewide general election, the board shall call a referendum on a reduction of the proposed levy. The petition shall state the number of mills on the district's adjusted assessed valuation by which it proposes to reduce the proposed levy. No petition or referendum shall provide for a reduction of a proposed levy pursuant to this subdivision to a rate less than one-half mill on the district's adjusted assessed valuation below the rate levied by the district pursuant to this subdivision in the preceding year. The referendum shall be held on a date set by the school board, but no later than September 20 in 1979 or the August 20 before the levy is certified in subsequent years. The question on the ballot shall state the maximum amount of the proposed levy, the amount of the proposed reduction of the levy and the amount of the levy if the reduction is approved, in mills on the district's adjusted assessed valuation in dollars in the first year of the proposed levy. The district may levy the amount provided by the millage proposed by the school board, reduced by any reduction in millage approved at a referendum pursuant to this clause, applied to the preceding year's adjusted assessed valuation until the next even-numbered year. The district is not required to hold a public hearing or call a referendum on a levy pursuant to this subdivision in any odd-numbered year after 1979 which succeeds a year in which a levy is certified pursuant to this subdivision.

Sec. 21. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

Subd. 7b. (1) It is the intention of the legislature that the revenue provided by the discretionary levy authorized in section 20 of this article and by the corresponding portion of foundation aid provided in section 9, clause (5), of this article and section 10, clause (5), of this article be used to improve instructional programs in grades kindergarten through 12. If the board of any district with a reasonable general fund balance determines that all or part of this revenue is not needed for this purpose and if this determination is demonstrated by an increase in the district's general fund balance in any fiscal year starting in fiscal year 1981, the mill rate used to calculate the authorized discretionary levy and the corresponding portion of foundation aid shall be reduced as provided in this subdivision. For purposes of this subdivision, a "reasonable general fund balance" shall mean \$150 per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5).

(2) In any district where the maximum permissible levy pursuant to section 20 of this article in 1981 or in any year thereafter

is determined according to clause (2), part (a), of that section, and where the net unappropriated general fund balance has increased between the second June 30 before the levy is certified and the June 30 before the levy is certified, the maximum permissible levy pursuant to section 20 of this article in that year shall be reduced by an amount equal to the product obtained by multiplying

(a) the ratio of

(i) the quotient obtained by dividing the amount of that increase in the general fund balance by the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in the year when the levy is certified, to

(ii) the equalizing factor, times

(b) the district's adjusted assessed valuation for the preceding year.

No levy reduction pursuant to this clause, however, shall exceed an amount equal to the product obtained by multiplying

(a) the ratio of

(i) the difference obtained by subtracting \$150 from the quotient obtained by dividing the amount of the net unappropriated general fund balance in the district as of the June 30 before the levy is certified; by the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in the year when the levy is certified, to

(ii) the equalizing factors, times

(b) the district's adjusted assessed valuation for the preceding year.

(3) In any district where the maximum permissible levy pursuant to section 20 of this article in 1981 or in any year thereafter is determined according to clause (2), part (b), of that section, and where the net unappropriated general fund balance has increased between the second June 30 before the levy is certified and the June 30 before the levy is certified, the maximum permissible levy pursuant to section 20 of this article in that year shall be reduced by the amount of that increase in the general fund. No levy reduction pursuant to this clause, however, shall exceed an amount equal to the difference obtained by subtracting

(a) the product obtained by multiplying \$150 times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in the year when the levy is certified, from

(b) the amount of the net unappropriated general fund balance in the district as of the June 30 before the levy is certified.

Sec. 22. Minnesota Statutes 1978, Section 275.125, Subdivision 9, is amended to read:

Subd. 9. (1) Districts which receive payments which result in deductions from foundation aid pursuant to section 124.212, sub-



division 8a, clause (1), shall reduce the permissible levies authorized by subdivisions 3 to 14 by that portion of the previous year's payment not deducted from foundation aid on account of the payment. The levy reductions shall be made in the proportions that each permissible levy bears to the sum of the permissible levies. Reductions in levies pursuant to this clause, subdivision 10 of this section, and section 273.138, shall be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; and any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; shall not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall reduce the permissible levies authorized by this section by the greater of the following:

(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections in the previous fiscal year; or

(b) an amount equal to the total dollar amount of the payments received pursuant to those sections in the previous fiscal year less the product of the same dollar amount of payments times the ratio of the maximum levy allowed the district under subdivision 2a, to the total levy allowed the district under this section in the year in which the levy is certified.

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to subdivision 2a, clause 1 or 2, to an amount less than the amount raised by a levy of 10 mills times the adjusted assessed valuation of that district for the preceding year as determined by the equalization aid review committee. The amount of any increased levy authorized by referendum pursuant to subdivision 2a, clause (4) shall not be reduced pursuant to this subdivision. The amount of any levy authorized by subdivision 4, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision. *The amount of any levy authorized by section 20 of this article shall not be reduced pursuant to this subdivision.*

(4) Before computing the reduction pursuant to this subdivision of the capital expenditure levy authorized by subdivision 11a, the commissioner shall ascertain from each affected school district the amount it proposes to levy for capital expenditures pursuant to that subdivision. The reduction of the capital expenditure levy shall be computed on the basis of the amount so ascertained.

(5) Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year after fiscal year 1975 pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; or any law imposing a tax on severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or

nickel properties; and not deducted from foundation aid pursuant to section 124.212, subdivision 8a, clause (2), and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the commissioner of finance in the following amounts pursuant to this clause on the designated dates: on or before March 15, 1977, 20 percent of the amounts received in fiscal 1976 and not deducted from foundation aid in August 1976 and not applied to reduce 1976 payable 1977 levies; on or before March 15, 1979, 60 percent of the amounts received in fiscal 1977 and not deducted from foundation aid and not applied to reduce 1977 payable 1978 levies. Any amounts received by districts in any fiscal year after fiscal year 1977 pursuant to the sections specified in this clause shall be paid by the district to the commissioner of finance in the following amounts amount on the designated dates date: on or before March 15, 1979 and March 15 of each year thereafter, 100 percent of the amount required to be subtracted from the previous fiscal year's foundation aid pursuant to section 124.212, subdivision 8a, which is in excess of the foundation aid earned for that fiscal year. The commissioner of finance shall deposit any amounts received pursuant to this clause in the taconite property tax relief fund in the state treasury, established pursuant to section 16A.70 for purposes of paying the taconite homestead credit as provided in section 273.135.

Sec. 23. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

*Subd. 19. Beginning with the 1979 payable 1980 levy, any district which it is estimated will receive an amount of minimum foundation aid pursuant to section 9, clause (6) of this article or its successor provision in the year to which the levy is attributable, shall reduce its levy limitation pursuant to subdivision 2a, clause (1) or (2), by the amount of minimum foundation aid which it is estimated that the district will receive in the year to which the levy is attributable.*

Sec. 24. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

*Subd. 20. The computation of levy limitations pursuant to sections 17, 19 and 23 of this article shall be based on estimates where necessary. If as a result of using estimates for these computations the amount of any levy is different from the amount which could actually have been levied if actual data had been available, levy limitations in the first year when the actual data is known shall be adjusted to reflect for this difference. The amount of any adjustment to levy limitations pursuant to this subdivision shall be recognized as revenue in the school year when the levy for which the levy limitation is so adjusted is recognized as revenue.*

Sec. 25. *In accordance with Minnesota Statutes, Section 648.34, in the next edition of Minnesota Statutes, the revisor of statutes shall renumber Minnesota Statutes, Section 273.132 as a section of Minnesota Statutes, Chapter 124 and alter references*

to it in the statutes to conform to the change. The headnote of the renumbered section shall read: "[STATE SCHOOL AGRICULTURAL CREDIT.]"

Sec. 26. [DEFICIENCY APPROPRIATION.] *The sum of \$1,180,000 is appropriated from the general fund to the department of education for the year ending June 30, 1979 for the payment of a deficiency in funds available for the payment of foundation aid for 1978 summer school programs. This appropriation shall be added to the amount appropriated and allocated for foundation aid for 1978 summer school programs in Laws 1977, Chapter 447, Article I, Section 23, Subdivision 2.*

Sec. 27. [REPEALER.] *Minnesota Statutes 1978, Sections 124.212, Subdivisions 6b and 7b; 124.213; and 275.125, Subdivisions 6 and 7 are repealed.*

Sec. 28. [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. [FOUNDATION AID.] *For foundation aid there is appropriated:*

*\$637,540,900 . . . . . 1980,*

*This amount includes \$58,544,500 for aid for fiscal year 1979 payable in fiscal year 1980, and \$578,996,400 for aid for fiscal year 1980 payable in fiscal year 1980.*

*\$653,680,100 . . . . . 1981.*

*This amount includes \$60,537,100 for aid for fiscal year 1980 payable in fiscal year 1981, and \$593,143,000 for aid for fiscal year 1981 payable in fiscal year 1981.*

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

*\$10,759,100 . . . . . 1980,*

*This amount is for 1979 summer school programs.*

*\$11,619,900 . . . . . 1981.*

*This amount is for 1980 summer school programs.*

Subd. 4. [SPARSITY AID.] *For sparsity aid pursuant to section 12 of this article there is appropriated:*

*\$1,662,000 . . . . . 1980,*

*\$182,000 . . . . . 1981.*

*If the appropriation amounts for this purpose are insufficient, the aid shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this subdivision for this purpose. The appropriation in this subdivision for 1981 is for the final payment of sparsity aid for 1980.*

*Subd. 5. Any unexpended 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.*

**Sec. 29. [EFFECTIVE DATE.]** *Section 26 of this article shall be effective the day following final enactment.*

## 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 providing special instruction and services to the child including a proportionate amount for capital outlay and debt service *but not including any amount for transportation,* 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 needs 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, *not including transportation 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, Section 122.85, Subdivision 6, is amended to read:

Subd. 6. Each district entering into an agreement pursuant to subdivision 1 shall continue to provide transportation and collect transportation aid for its resident pupils pursuant to sections 123.39, ~~124.222~~ 8 of this article and 124.223. This subdivision shall not be construed to prohibit a district from providing some or all transportation to its resident pupils by contracting with the other district which has entered the agreement. ~~For purposes of aid calculations pursuant to section 124.222, the commissioner may adjust the base cost per eligible pupil transported to reflect changes in costs resulting from any agreement which provides for each district to discontinue at least one grade.~~

Sec. 4. Minnesota Statutes 1978, Section 123.79, Subdivision 1, is amended to read:

123.79 [FUNDS AND AIDS.] Subdivision 1. Such state aids as may become available or appropriated shall be governed by section ~~124.222~~ 8 of this article, be paid to the school district entitled thereto for the equal benefit of all school children, and be disbursed in such manner as determined by the board.

Sec. 5. Minnesota Statutes 1978, Section 123.80, Subdivision 1, is amended to read:

123.80 [SAFETY EDUCATION FOR TRANSPORTED STUDENTS.] Subdivision 1. ~~Not later than January 1, 1975~~ The state board of education shall provide by rule or regulation a program of safety education for students who are transported to school. Each district receiving aid under the provisions of section ~~124.222~~ 8 of this article shall implement the program for the school year beginning in September 1975. In drafting said regulations, the board shall give particular attention to procedures for loading, unloading,

vehicle lane crossing and emergency evacuation procedures as they affect school buses.

Sec. 6. 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. 7. Minnesota Statutes 1978, Section 124.223, is amended to read:

124.223 [TRANSPORTATION AID AUTHORIZATION.] For the 1978-1979 school year and thereafter, School transportation and related services for which state transportation aid is authorized are:

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

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

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

(4) Transportation or board and lodging of a handicapped pupil when that pupil cannot be transported on a regular school bus, the conveying of handicapped pupils between home and school and within the school plant, and necessary transportation for resident handicapped pupils required by section 120.17, subdivision 4a;

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

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

of education, and necessary transportation required by section 120.17, subdivision 9 for resident handicapped pupils who are provided special instruction and services on a shared time basis;

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

(8) Services described in clauses (1) to (7) and clause (10) when provided in conjunction with a state board approved summer school program;

(9) Transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes approved by the commissioner or secondary vocational classes not provided at a secondary vocational center which are approved by the commissioner for resident pupils of any of these districts; and

(10) Necessary transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123.935.

Sec. 8. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.224] [TRANSPORTATION AID ENTITLEMENT.]  
Subdivision 1. [DEFINITIONS.] *For purposes of this section, the terms defined in this subdivision have the meanings given to them.*

(a) *"FTE" means a transported full time equivalent pupil whose transportation is authorized for aid purposes by section 124.223.*

(b) *"Total authorized cost" or "total authorized expenditure" means the sum of:*

(i) *all expenditures for transportation for which aid is authorized in section 124.223, plus*

(ii) *an amount equal to one year's depreciation on the district's school bus fleet computed on a straight line basis at the rate of 12½ percent per year of the cost of the fleet, plus*

(iii) *an amount equal to one year's depreciation on district school buses reconditioned by the department of corrections computed on a straight line basis at the rate of 33⅓ percent per year of the cost to the district of the reconditioning.*

(c) *"Total authorized predicted cost" means the total authorized cost predicted by a linear regression formula determined by the department of education.*

(d) *"Regular and summer school authorized FTE's transported" means full time equivalent pupils transported under section 124.223, clause (1), during the regular school year and in conjunction with a state board approved summer school program.*

*Subd. 2. For the 1979-1980 school year, the state shall pay to each school district for all pupil transportation and related services for which the district is authorized by law to receive state aid an amount determined according to this section. A linear regression formula shall be determined for each planning region by the department of education, using the terms specified in subdivision 4, to maximize the amount of variance accounted for between the total actual authorized cost per FTE for the 1977-1978 school year and the total authorized predicted cost per FTE for the 1977-1978 school year. The formula determined for each region shall be used to determine a total authorized predicted cost per FTE for the 1977-1978 school year for each district in the region. The amount determined for each district shall be adjusted according to the provisions of subdivisions 5 and 7. The linear regression formulas shall be determined so that the total transportation aid for the 1979-1980 school year does not exceed the amount appropriated for transportation aid for the 1979-1980 school year.*

*Subd. 3. For the 1980-1981 school year, the state shall pay to each school district for all pupil transportation and related services for which the district is authorized by law to receive state aid an amount determined according to this section. A linear regression formula shall be determined for each planning region by the department of education, using the terms specified in subdivision 4, to maximize the amount of variance accounted for between the total actual authorized cost per FTE for the 1978-1979 school year and the total authorized predicted cost per FTE for the 1978-1979 school year. The formula determined for each region shall be used to determine a total authorized predicted cost per FTE for the 1978-1979 school year for each district in the region. The amount determined for each district shall be adjusted according to the provisions of subdivisions 6 and 7. The linear regression formulas shall be determined so that the total transportation aid for all districts for the 1980-1981 school year does not exceed the amount appropriated for transportation aid for the 1980-1981 school year.*

*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 following terms and all their cross products:*

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

*(2) The natural logarithm of the sum of 100 plus the difference between the average of the square roots computed for all districts in the state of the number of regular and summer school authorized FTE's transported per square mile minus the square root of the number of regular and summer school authorized FTE's transported per square mile in the district;*

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



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

*Subd. 5. The total authorized predicted cost per FTE determined for a district under subdivision 2 for 1977-1978 shall be increased by 17 percent.*

*Subd. 6. The total authorized predicted cost per FTE determined for a district under subdivision 3 for 1978-1979 shall be increased by 17 percent.*

*Subd. 7. (1) Each district's adjusted total authorized predicted cost per FTE determined for each school year according to subdivision 5 or 6 shall be compared to the total actual expenditure per FTE for authorized transportation for that district for that year to determine the district's aid entitlement per FTE for that year.*

*(2) If the adjusted total authorized predicted cost per FTE is greater than the district's actual authorized expenditure per FTE, its aid entitlement per FTE shall equal the adjusted predicted cost per FTE minus 10 percent of the first \$10 of difference between the adjusted total authorized predicted cost per FTE and the actual expenditure per FTE; 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.*

*(3) If the adjusted total authorized predicted cost per FTE is less than the district's actual authorized expenditure per FTE, its aid entitlement per FTE shall equal the adjusted total authorized predicted cost per FTE plus 10 percent of the first \$10 of difference between the adjusted predicted cost per FTE and the actual expenditure per FTE; 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.*

*(4) Notwithstanding clauses (2) and (3), for the 1979-1980 school year, no district's aid entitlement per FTE shall be less than its actual authorized expenditure per FTE minus \$20 or more than its actual authorized expenditure per FTE plus \$20.*

*Subd. 8. A district's aid pursuant to this section for each school year shall equal the district's aid entitlement per FTE determined according to subdivision 7 times the total number of authorized FTE's transported in the district in that school year, minus the amount raised by one mill times the adjusted assessed valuation*

*which is used to compute the transportation levy limitation for the levy attributable to that school year.*

*Subd. 9. 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's transported by category and an estimate of the district's total actual authorized transportation expenditure by category. The district's aid shall be determined for purposes of the first three transportation aid payments for the school year using these estimates. Before August 15 of each year, each district shall provide the department with the information for the preceding school year which the department determines is necessary to compute the district's actual authorized expenditure per FTE for purposes of the computation in subdivision 7 and the district's actual total number of FTE's transported for purposes of the aid computation in subdivision 8. The district's final transportation aid payment for that school year shall be based on these computations.*

*Subd. 10. Any school district which owns school buses shall transfer annually from its transportation fund to its bus purchase fund at least an amount equal to 12½ percent of the original cost of each bus until the original cost of each bus is fully amortized, plus 33⅓ percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized. Any school district may transfer any amount from its transportation fund to any other operating fund or to its bus purchase fund.*

**Sec. 9. Minnesota Statutes 1978, Section 169.44, Subdivision 1, is amended to read:**

**169.44 [SCHOOL BUSES; STOP SIGNALS; CONDUCT OF OTHER VEHICLES.] Subdivision 1. [MEETING OR OVERTAKING BUSES; STOP SIGNALS; STOPPING.]** The driver of a vehicle upon a street or highway, upon meeting or overtaking from front or rear any school bus which has stopped on the street or highway for the purpose of receiving or discharging any school child or children, shall stop the vehicle not less than 20 feet from the bus when the bus is stopped and is displaying an extended stop signal arm and flashing red signals and shall remain stopped until the school bus driver retracts the stop signal arm and extinguishes the flashing red signals. A failure to stop as required by this subdivision is a misdemeanor. Every school bus with a seating capacity in excess of 16 persons shall be equipped with a stop signal arm; pre-warning flashing amber signals and flashing red signals. The stop signal arm of a vehicle outwardly equipped and identified as a school bus shall be used in conjunction with the flashing red signals only when the school bus is stopped on a street or highway for the purpose of receiving or discharging any school child or children.

*Subd. 1a. Every school bus with a seating capacity in excess of 16 persons and every vehicle purchased for delivery after April 1, 1977 for use in the state of Minnesota as a school bus, with a seating capacity in excess of ten persons including the driver, shall be*

*equipped with a stop signal arm, pre-warning flashing amber signals and flashing red signals. Every new school bus purchased for delivery after June 1, 1973, for use in the state of Minnesota as a school bus with a seating capacity in excess of 16 persons and every new vehicle purchased for delivery after April 1, 1977 for use in the state of Minnesota as a school bus, with a seating capacity in excess of ten persons including the driver, shall be of a uniform color, national school bus glossy yellow. Any school bus substantially repainted after June 1, 1973 shall be painted national school bus glossy yellow. Any school bus or vehicle which satisfies these equipment and color requirements and which bears signs containing the words "school bus" as provided in subdivision 3 shall be deemed to be outwardly equipped and identified as a school bus for purposes of this section.*

*Subd. 1b. Vehicles district owned or under contract having a seating capacity of 16 or fewer persons transporting school children to or from school which are not required to be outwardly equipped and identified as school buses pursuant to subdivision 1a shall comply with state board of education rules and regulations relating to, but not limited to, construction, design, equipment, color, identification, and operation.*

Sec. 10. Minnesota Statutes 1978, Section 169.44, Subdivision 2, is amended to read:

Subd. 2. [LOADING AND UNLOADING PASSENGERS; USE OF SIGNALS.] (a) Drivers of a school bus with a capacity of more than 16 persons vehicle outwardly equipped and identified as a school bus shall actuate the pre-warning flashing amber signals of the bus before stopping to load or unload a school child or children at least 300 feet when operating outside an incorporated municipality and at least 100 feet when operating within an incorporated municipality and, upon stopping for such purpose, such drivers shall extend the stop signal arm and actuate the flashing red signals and shall not retract the stop signal arm and extinguish the flashing red signals until loading or unloading is completed and persons who must cross the street or highway are safely across.

(b) School bus drivers shall not actuate the pre-warning flashing amber signals or flashing red signals:

(1) in special school bus loading areas where the bus is entirely off the traveled portion of the road;

(2) in residence or business districts of cities except when directed by the local school administrator;

(3) when a school bus is being used on a highway for purposes other than the actual transportation of school children to or from school or a school approved activity, in which event the words "school bus" on the front and rear of the bus shall be removed or completely concealed; and

(4) at railroad grade crossings.

(c) Where school children must cross the road before boarding or after being discharged from the bus, the driver of a school bus

or a school bus patrol may supervise such crossings making use of the standard school patrol flag or signal as approved and prescribed by the commissioner of public safety. When children are alighting from a school bus, and not crossing the road, the driver shall visually ascertain that alighting children shall be a safe distance from the bus before moving the bus.

(d) ~~Vehicles having a seating capacity of 16 or fewer persons not outwardly equipped and identified as school buses shall load or unload school children only from the right hand side of the vehicle , except on a one way street such vehicle shall load or unload school children only from the curb side of the vehicle.~~

Sec. 11. Minnesota Statutes 1978, Section 169.44, is amended by adding a subdivision to read:

*Subd. 12. [AISLE AND EXIT.] The driver of a school bus shall keep the aisle and emergency exit of a school bus unobstructed at all times when children are being transported.*

Sec. 12. Minnesota Statutes 1978, Section 169.44, is amended by adding a subdivision to read:

*Subd. 13. [TRAILER BEHIND A SCHOOL BUS.] A school bus may pull a trailer, as defined by section 169.01, subdivision 10, only when traveling to or from co-curricular or extra curricular activities, as defined in section 123.38.*

Sec. 13. Minnesota Statutes 1978, Section 275.125, Subdivision 15, is amended to read:

*Subd. 15. If any school district levy is found to be excessive as a result of a decision of the tax court or a redetermination by the equalization aid review committee under section 124.212, subdivisions 11 to 18 or for any other reason, the amount of the excess shall be deducted from the levy certified in the next year for the same purpose; provided that if no levy is certified in the next year for the same purpose or if the amount certified is less than the amount of the excess, the excess shall be deducted from that levy and the levy certified pursuant to subdivision 2a. If any aid entitlement pursuant to sections 124.212, ~~124.222~~ 8 of this article and 124.245 would have been increased in a prior year as a result of a decision of the tax court or a redetermination by the equalization aid review committee, the amount of the increase shall be added to the current aid entitlement for the same purposes.*

Sec. 14. [REPEALER.] *Minnesota Statutes 1978, Sections 124.222, Subdivisions 1a, 1b, 2a, 2b and 6; and 169.44, subdivisions 5 and 7, are repealed.*

Sec. 15. [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:*

\$89,228,000 .....1980,  
\$92,512,000 .....1981.

*The appropriation for 1980 includes \$7,600,700 for aid for fiscal year 1979 payable in fiscal year 1980, and \$81,627,300 for aid for fiscal year 1980 payable in fiscal year 1980.*

*The appropriation for 1981 includes \$9,000,000 for aid for fiscal year 1980 payable in fiscal year 1981 and \$83,512,000 for aid for fiscal year 1981 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. Notwithstanding the provisions of Minnesota Statutes, Section 120.17, Subdivision 7a, for the 1978-1979 school year, the tuition charged a child's district of residence by the state board of education for providing a program for the child at the Minnesota school for the deaf or the Minnesota braille and sight-saving school shall not exceed \$2,000 for an entire school year or a prorated amount based on the portion of the school year for which the child is a resident of the district or is actually in membership in the program.*

*Sec. 2. 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 education placement of handicapped children:*

*(a) Parents and guardians shall receive prior written notice of: (1) any proposed formal educational assessment or proposed denial of a 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) The district shall not proceed with the initial formal assessment of a child, the initial placement of a child in a special education program or the initial provision of special education services for a child without the prior written consent of the child's parent or guardian; provided the refusal of a parent or guardian to provide this consent may be overridden by the decision in a hearing held pursuant to clause (d) at the district's initiative after at least one attempt to obtain this consent through a conciliation conference held pursuant to clause (c);*

*(b) (c) 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);

~~(e)~~ (d) Parents and , guardians and the district shall have an opportunity to obtain an ~~informal~~ impartial 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 or proposed denial of a 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; (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 an impartial hearing officer mutually agreed to by the school board and the parent or guardian , or ~~(3)~~ 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 of its option. If the school board and the parent or guardian are unable to agree on a hearing officer, the school board shall request the commissioner to appoint a hearing officer. The hearing officer shall not be a school board member or employee of the school district where the child resides or of the child's school district of residence, an employee of any other public agency involved in the education or care of the child, or any person with a personal or professional interest which would conflict with his objectivity at the hearing. A person who otherwise qualifies as a hearing officer is not an employee of the district solely because the person is paid by the district to serve as a hearing officer. If the hearing officer requests an independent educational assessment of a child, the cost of the assessment shall be at district expense. The proceedings shall be recorded and preserved, at the expense of the school district, pending ultimate disposition of the action.

~~(d)~~ (e) Within five days of a hearing or review The decision of the hearing officer pursuant to clause ~~(e)~~ ; the person or persons conducting the hearing or review (d) shall issue a be rendered not more than 45 calendar days from the date of the receipt of the request for the hearing. A hearing officer may grant specific extensions of time beyond the 45 day period at the request of either party. The local decision which of the hearing officer shall be binding on all parties unless appealed to the commissioner by the parent or , guardian , or the school board of the district where the child resides pursuant to clause ~~(e)~~ (f).

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)~~ (f) Any local decision issued pursuant to clauses ~~(e)~~ and (d) and ~~(e)~~ may be appealed to the commissioner within 15 *calendar* days of receipt of that written decision, by the parent or guardian, or the school board of the district where the child resides. The school board shall 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 *calendar* 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 (e) (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 an *impartial* review of the local decision and the entire record within 30 *calendar* days after receipt of the local decision and the transcript *the filing of the appeal*. However, in appeals of local decisions issued by school boards or their designees concerning proposals set forth in clause (e) (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 commissioner shall seek additional evidence if necessary and may afford the parties an opportunity for written or oral argument; provided any hearing held to seek additional evidence shall be an impartial due process hearing but shall be deemed not to be a contested case hearing for purposes of chapter 15. The commissioner may grant specific extensions of time beyond the 30 day period at the request of any party.*

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)~~ (g) 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.

*(h) Pending the completion of proceedings pursuant to this subdivision, unless the district and the parent or guardian of the child agree otherwise, the child shall remain in his current educational placement and shall not be denied initial admission to school.*

~~(g)~~ *(i) 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.*

*(j) This subdivision shall expire on June 30, 1981. The department of education shall report to the education committees of the legislature on or before January 1, 1981, on the impact of the amendments made in this subdivision by this act and on the advisability of amending this subdivision to read as it reads in Minnesota Statutes 1978.*

Sec. 3. 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 *effective for the 1979-1980 school year and thereafter*, the amount of tuition charged shall not exceed *\$2,000 the sum of \$500 plus the foundation aid formula allowance of the district for that child, for any an entire school year, or a prorated amount based on the portion of the school year for which the child is a resident of the district or is actually in membership in the program.* For purposes of this subdivision, "foundation aid formula allowance" shall have the meaning attributed to it in section 124.32, subdivision 1a. The district of the child's residence shall pay the tuition and may claim foundation aid for the child. *The district of the child's residence shall not receive aid pursuant to section 124.32, subdivision 5, for tuition paid pursuant to this subdivision.* All tuition so received by the state board 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. 4. Minnesota Statutes 1978, Section 124.212, Subdivision 20, is amended to read:

Subd. 20. No adjustments to foundation aid payments resulting from omissions in school district reports, except those adjustments determined by the legislative auditor, shall be made for any school year after December 15 of the next school year. Any school district educating children who are residents of another school district shall notify the district of residence within 60 days of the date the child is determined by the district to be a nonresident, but not later than October 1 following the end of the school year in which the child is educated. If the district of residence does not receive a notification from the providing district pursuant to this subdivision, it shall not be liable to that district for any tuition billing received after October 1 of the next school year. If a commissioner of a state agency, or his representative or agent, or a court of the state of Minnesota desires to place a child in a school district which is not his district of residence, that commissioner or court shall, prior to placement if possible, notify the district of attendance, the district of residence, and the commissioner of education of its intention.

Sec. 5. Minnesota Statutes 1978, Section 124.212, is amended by adding a subdivision to read:

*Subd. 20a. If a state agency or a court of the state desires to place a child in a school district which is not the child's district of residence, that agency or court shall, prior to placement, allow the district of residence an opportunity to participate in the placement decision and notify the district of residence, the district of attendance and the commissioner of education of the placement*

*decision. When a state agency or court determines that an immediate emergency placement is necessary and that time does not permit district participation in the placement decision or notice to the districts and the commissioner of education of the placement decision prior to the placement, the agency or court may make the decision and placement without that participation or prior notice. The agency or court shall notify the district of residence, the district of attendance and the commissioner of education of an emergency placement within 15 days of the placement.*

Sec. 6. 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. 7. 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 the foundation aid formula allowance per pupil unit shall be \$1,005 for the 1978-1979 school year, \$1,155 \$1,182 for the 1979-1980 school year, and \$1,220 \$1,265 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. 8. 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. *No aid shall be paid pursuant to this subdivision for tuition charged a resident district pursuant to section 120.17, subdivision 7a, for a child placed at the Minnesota school for the deaf or the Minnesota braille and sight-saving school. Not more than \$550,000 for 1977-1978 and \$600,000 for 1978-1979 shall be paid for the purposes of this subdivision. If that amount does not suffice, the aid shall be prorated among all qualifying districts.*

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

(a) A residential facility operated by the state or a public school district and designed to serve the low incidence handicapped, the multiple handicapped, or the most severely handicapped children 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. 9. Minnesota Statutes 1978, Section 124.32, Subdivision 7, is amended to read:

Subd. 7. Before May 1 of each year, each district providing special instruction and services to handicapped children shall submit to the commissioner an application for approval of these programs and their budgets for the next school year. The application shall include an enumeration of the costs proposed as eligible for state aid pursuant to this section and of the estimated number and grade level of handicapped children in the district who will receive special instruction and services during the next school year. The application shall also include any other information deemed necessary by the commissioner for the calculation of state aid and for the evaluation of the necessity of the program, the necessity of the personnel to be employed in the program, the amount which the program will receive from grants from federal funds, or special grants from other state sources, and the program's compliance with the rules and standards of the state board. The commissioner shall review each application in

order to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to handicapped children pursuant to section 120.17. The commissioner shall not approve aid pursuant to this section for any program or for the salary of any personnel he determines to be unnecessary or unessential on the basis of this review. The commissioner may also withhold all or any portion of the aid for programs which receive grants from federal funds, or special grants from other state sources. On or before July 1 of each year, the commissioner shall approve, disapprove or modify each application, and notify each applying district of his action and of the estimated amount of aid for the programs. The commissioner shall provide procedures for districts to submit additional applications for program and budget approval during the school year, for programs needed to meet any substantial changes in the needs of handicapped children in the district. *Notwithstanding the provisions of section 124.15, the commissioner may modify or withdraw his program or aid approval and withhold aid pursuant to this section without proceeding according to section 124.15 at any time when he determines that the program does not comply with the rules and standards of the state board or that any facts concerning the program or its budget differ from the facts presented in the district's approved application.*

Sec. 10. 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~~ 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. 11. 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. 12. 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. 13. 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. 14. 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. 15. 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. 16. 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 nonpublic, 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. 17. Minnesota Statutes 1978, Section 128A.02, Subdivision 6, is amended to read:

Subd. 6. The rules of the state board pursuant to this section shall establish procedures for admission to and discharge from the schools, for decisions on a child's program at the schools and for evaluation of the progress of children enrolled in the schools. These procedures shall guarantee children and their parents appropriate procedural safeguards, including a review of the placement determination made pursuant to sections 120.17 and 128A.05, and the right to participate in educational program decisions. *Notwithstanding the provisions of section 15.0411, proceedings concerning admission to and discharge from the schools, a child's program at the schools and a child's progress at the schools shall not be deemed to be contested cases subject to sections 15.041 to 15.052 but shall be governed instead by the rules of the state board pursuant to this section.*

Sec. 18. *The state board of education may adopt temporary rules effective until June 30, 1980, pursuant to section 2 of this article.*

Sec. 19. [REPEALER.] Minnesota Statutes 1978, Section 120.-171, is repealed.

Sec. 20. [DEFICIENCY APPROPRIATION; RESIDENTIAL PROGRAMS AID.] *The sum of \$230,000 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 pursuant to section 124.32, subdivision 5. The appropriation shall be added to the amount included for this pur-*

pose in the sum appropriated for fiscal year 1979 in Laws 1977, Chapter 447, Article III, Section 16, Subdivision 2.

**Sec. 21. [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:*

- (a) \$75,044,350      *for aid for fiscal year 1980 payable in fiscal year 1980;*
- (b) \$ 7,278,000      *for the payment of the final special education aid distribution to each district for fiscal year 1979, payable in fiscal year 1980;*
- (c) \$ 4,206,000      *for special education aid for 1979 summer school programs payable in fiscal year 1980; and*
- (d) \$ 824,300        *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 clauses (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:*

- (a) \$77,145,000      *for aid for fiscal year 1981 payable in fiscal year 1981;*
- (b) \$ 8,338,450      *for the payment of the final special education aid distribution to each district for fiscal year 1980, payable in fiscal year 1981;*
- (c) \$ 4,722,250      *for special education aid for 1980 summer school programs payable in fiscal year 1981; and*
- (d) \$ 934,300        *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 clauses (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 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.*

*Sec. 22. [EFFECTIVE DATE.] Sections 1, 9, 12, 15, and 20 of this article are effective the day following final enactment.*

#### ARTICLE IV

#### COMMUNITY AND ADULT EDUCATION

**Section 1.** 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. 2.** 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 ~~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. 3.** Minnesota Statutes 1978, Section 124.271, Subdivision 5, is amended to read:

*Subd. 5. All community school programs aid shall be distributed by the state aids, statistics and research section of the state department of education. Aid shall be distributed prior to November 1, ~~1976~~ and each year thereafter.*

**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 \$186,000 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 adult education pursuant to section 124.26 in that year. This appropriation shall be added to the sum appropriated for fiscal year 1979 for adult education aid in Laws 1977, Chapter 447, Article IV, Section 7, Subdivision 2.*

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:*

*\$890,000.....1980,*

*\$970,000.....1981.*

*The amount appropriated for fiscal year 1980 includes \$80,630 for aid for fiscal year 1979 payable in fiscal year 1980, and \$809,370 for aid for fiscal year 1980 payable in fiscal year 1980.*

*The amount appropriated for fiscal year 1981 includes \$89,930 for aid for fiscal year 1980 payable in fiscal year 1981 and \$880,070 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) Transportation requirements and payment of aid therefor;~~  
and

~~(f)~~ (e) General administrative matters.

Sec. 2. Minnesota Statutes 1978, Section 121.912, Subdivision 1, is amended to read:

121.912 [PERMANENT FUND TRANSFERS.] Subdivision 1. After July 1, 1977, no school district shall permanently transfer money from an operating fund to a nonoperating fund except as provided in this subdivision. Permanent transfers may be made from an operating fund to any other fund to correct for prior fiscal

years' errors discovered after the books have been closed for that year. Permanent transfers may be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued. Permanent transfers may be made from the general fund to the capital expenditure fund of a post-secondary vocational-technical school in the amount and for the purposes authorized by the state board for vocational education in approving the school's budget pursuant to section 124.561; provided, the state board shall not approve any permanent transfer for the purpose of the acquisition or betterment of lands or buildings or a capital improvement ~~improvement needed for a post-secondary vocational-technical school, for which the district is required to obtain the approval of the state board or authorization by specific legislative act pursuant to section 121.21, subdivision 4 which requires the expenditure of an amount equal to or greater than \$50,000, which changes the perimeter walls of an existing facility, which adds more than 1,000 square feet to a post-secondary vocational facility, or which requires the issuance of school district bonds; provided further, the state board shall not approve the permanent transfer for any other purpose of any amount which exceeds \$150,000.~~

Sec. 3. Minnesota Statutes 1978, Section 124.11, Subdivision 2, is amended to read:

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

Sec. 4. Minnesota Statutes 1978, Section 124.11, is amended by adding a subdivision to read:

Subd. 2a. Ninety percent of the estimated post-secondary vocational instructional aid shall be paid to each district in 12 equal monthly payments on the 15th of each month beginning in July 1980. A final payment of the remainder of the post-secondary vocational instructional aid for each fiscal year shall be made to each district in September of the following fiscal year. The September 1980 payment shall be adjusted to reflect any deficit or excess in post-secondary vocational foundation aid received by a district in fiscal year 1980. The September 1981 final payment shall be adjusted to reflect the actual average daily membership for the previous fiscal year. The final payment in September 1982 and each year thereafter shall be adjusted to reflect the actual annual student count for the previous fiscal year. For the 1980-1981 school year, 90 percent of 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 average daily membership adjusted in September, December, March and June to reflect any

*increases or decreases in enrollment. Beginning with the 1981-1982 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, adjusted in September, December, March and June to reflect any increases or decreases in enrollment, pursuant to section 13, subdivision 11 of this article.*

Sec. 5. Minnesota Statutes 1978, Section 124.11, is amended by adding a subdivision to read:

*Subd. 2b. Post-secondary vocational supply aid, support services aid and equipment 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 post-secondary vocational supply aid, support services aid, and equipment 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. 6. 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 aid and post-secondary vocational categorical, capital expenditure and debt service aid aids shall be paid for the current fiscal year in accordance with sections 124.561 to 124.565.~~

Sec. 7. Minnesota Statutes 1978, Section 124.561, is amended by adding a subdivision to read:

*Subd. 2a. Before January 1, 1980 and January 1 of each year thereafter, each post-secondary vocational technical school shall submit to the state board for vocational education budgets for supplies, support services, and capital expenditures for the following fiscal year as prescribed in sections 14, 15 and 16 of this article. The state board for vocational education shall authorize the allocations of post-secondary vocational supply aid, support services aid, and capital expenditure aid for each district prior to June 1 of each year after a consolidated public hearing held pursuant to subdivision 3a. No district shall increase its operating deficit for post-secondary vocational education during any fiscal year. The state board for vocational education shall promulgate rules which establish the criteria for allocations of post-secondary vocational supply aid, support services aid, and capital expenditure aid. By October 15, 1979, the commissioner, in cooperation with the department of finance, shall establish standards by which post-secondary vocational-technical schools shall submit separate financial requests for post-secondary vocational supply aid, support services aid, and capital expenditure aid.*

Sec. 8. 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~~ *subdivisions 2a and 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. *In 1980 and each year thereafter the state board shall authorize the allocations of post-secondary vocational supply aid, support services aid and capital expenditure aid for the following fiscal year at this hearing.* Notice of intention to hold the hearing shall be given at least 20 days prior to the date set for the hearing by United States mail to each district submitting a post-secondary vocational school budget, to other interested persons, representatives, and organizations who register their names with the commissioner of education for that purpose, and in the state register. The department of education shall make available at least one free copy of the proposed disposition of budgets or allocations of aids to the education 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 of budgets or allocations of aids. This report shall contain findings and conclusions based on substantial evidence from the hearing record to support the *final* proposed final disposition or allocations. 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 disposing of~~ the budgets or allocating aids. Any district which is adversely affected by the *final* proposed final disposition of budgets or allocations of aids may demand and shall be given an opportunity to be heard in support of modification of the proposed disposition or allocations of aids at the meeting at which the state board takes final action ~~on disposing of~~ the budgets or allocating aids; provided, the state board may place reasonable restrictions on the length of time allowed for testimony.

Sec. 9. Minnesota Statutes 1978, Section 124.562, Subdivision 1, is amended to read:

124.562 [POST-SECONDARY VOCATIONAL FOUNDATION AID.] Subdivision 1. A district shall receive post-secondary vocational foundation aid in the amount of ~~\$2,120~~ *\$2,400* for fiscal year ~~1978~~ *1980* and ~~\$2,240~~ for fiscal year ~~1979~~, times the number of post-secondary vocational-technical pupils in average daily membership, as defined in subdivision 2, less the sum of (1) any amounts received as tuition and fees for post-secondary vocational-technical pupils, including application fees but not including student activity fees allowed pursuant to section 121.216, and (2) the amount raised by the discretionary levy allowed by section

275.125, subdivision 13, as compiled in *Minnesota Statutes 1978*, for collection in the calendar year ending in that fiscal year.

Sec. 10. *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 a pupil completes his program and permanently leaves the school , or the date it is officially known that he has left or has been legally excused for a pupil who permanently leaves the school after the fifteenth school day of a quarter without completing his program, the day he is scheduled to complete his program, the day when the school fills the vacancy created by his leaving, or the last day of the quarter during which he permanently leaves the school, whichever occurs first;~~ 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~~ deemed to have permanently left the school; provided further that a pupil who permanently leaves the school on or before the fifteenth school day of a quarter shall be deemed not to have entered the school during that quarter. 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 , counted from the date of entry until the date of withdrawal as defined in this subdivision, 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 district permission to count additional hours for membership, not to exceed ten percent of the approved number of hours for the program, if additional hours are necessary for a pupil who is identified by the district as disadvantaged or handicapped to complete the program. For a post-secondary vocational-technical school, the normal school year shall be at least the number of session days required by section 124.19, subdivision 1. In all post-secondary vocational-technical schools, the minimum length of the school day for each pupil, exclusive of the noon intermission, shall be six hours. Exceptions may be made by the local school administration for approved post-secondary vocational-technical programs provided on a part time or extended day basis to meet individual student the needs of individual students or classes; provided, these exceptions are authorized only for programs originally

*provided on a full time basis.*

Sec. 11. 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. State board approval shall not be required for the adjustment of average daily membership or for the adjustment of the annual student count, pursuant to section 124.11, subdivision 2 and to section 4 of this article.~~

Sec. 12. 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 all tuition authorized by section 124.565~~ shall be utilized solely for the purposes of post-secondary vocational-technical education programs.

Sec. 13. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.5621] [POST-SECONDARY VOCATIONAL INSTRUCTIONAL AID.] *Subdivision 1. [DEFINITIONS.] For the purposes of this section the words, terms and phrases defined in subdivisions 2 to 11 have the meanings ascribed to them.*

Subd. 2. *"Post-secondary vocational instructional aid" means state funds exclusive of post-secondary vocational capital expenditure aid, supply aid, support services aid and debt service aid paid by the state board for 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 and shall not be utilized for equipment or other capital expenditures.*

Subd. 3. *"AVTI" means a post-secondary area vocational-technical institute.*

Subd. 4. *"Base year" means the second school year prior to the school year for which aid is paid.*

Subd. 5. *"Instructional program" means a post-secondary vocational-technical occupational program 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 expenditures in the base year for an instructional program at an AVTI. These actual expenditures shall be computed as follows:

- (1) instructional salaries; plus
- (2) instructional employee fringe benefits, excluding teachers' retirement and teachers' social security; plus
- (3) expenditures for instructional staff travel for instructional and professional development purposes; plus
- (4) expenditures for purchased services for instructional purposes; plus
- (5) expenditures for student activities; plus
- (6) other instructional expenditures detailed according to the uniform financial accounting and reporting system, not including any expenditures for supplies and equipment; minus
- (7) other instructional revenues detailed according to the uniform financial accounting and reporting system, including student activity fees but not including any revenues from the sale of supplies and equipment.

These actual expenditures shall not include any expenditures or revenues which are included in the AVTI's budgets for post-secondary vocational supply aid, support services aid or capital expenditure aid.

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 cost 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 which is offered at that AVTI, multiplied by (2) the number of full time equivalent instructors teaching that program in the base year at that AVTI.

Subd. 10. "AVTI staff compensation weighting" means the ratio of:

- (1) The sum of salaries and fringe benefits, excluding teachers' retirement and teachers' social security, for all full time equivalent licensed instructional staff at a particular AVTI for the three school years prior to the school year for which aid is paid, 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 teachers' social security, for all full time equivalent 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 1980-1981 school year 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 the 1979-1980 school year, 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.] In the 1981 fiscal year and each fiscal year thereafter, each district which operates an AVTI shall receive post-secondary vocational instructional aid computed according to the following formula:

(a) The instructional program allowance for that 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.

Sec. 14. 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 words, terms and phrases defined in subdivisions 2 and 3 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 funds, exclusive of post-secondary vocational 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 and support services including related instruction and special needs programs. Post-secondary vocational supply aid shall be utilized solely for the purposes of post-secondary vocational education and shall not be utilized for equipment or other capital expenditures.*

*Subd. 4. [BUDGETS; SUPPLY AID ALLOCATION.] Each AVTI shall submit a budget before January 1, 1980 and before January 1 of each year thereafter 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. A budget submitted pursuant to this section shall not include any expenditures or revenues which are included in the computation of the AVTI's budgets for post-secondary vocational support services aid or capital expenditure aid. 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 state board shall review the recommendations of the department for the distribution of supply aid, authorize an allocation of supply aid for each AVTI, and detail recommended levels of spending for each expenditure category through the consolidated public hearing process prescribed in section 124.561, subdivision 3a.*

*Subd. 5. [REPORT.] Before August 1, 1980, 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 education committees of the legislature and to the directors of the AVTI's.*

*Sec. 15. 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 words, terms and phrases defined in subdivisions 2 and 3 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 post-secondary vocational 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 and shall not be utilized for equipment or other capital expenditures.*

*Subd. 4. [BUDGETS; SUPPORT SERVICES AID ALLOCATION.] Each AVTI shall submit a budget before January 1, 1980, and before January 1 of each year thereafter detailing the estimated costs for the following fiscal year for all support services, including related instruction and special needs programs. These costs shall include: expenditures for support services personnel salaries, travel and fringe benefits, excluding teachers' retirement and teachers' social security; expenditures for other purchased services; and other support service expenditures. Each budget shall also include all other anticipated support service revenues. A budget submitted pursuant to this section shall not include any expenditures for or revenue from the sale of supplies and equipment. A budget submitted pursuant to this section shall not include any expenditures or revenues which are included in the computation of an AVTI's instructional program cost or in the AVTI's budgets for post-secondary vocational supply aid or capital expenditure aid. 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 state board shall review the recommendations of the department, authorize an allocation of support services aid for each AVTI, and detail recommended levels of spending for each expenditure category, through the consolidated public hearing process prescribed in section 124.561, subdivision 3a. No aid shall be allocated for any special vocational systemwide support service project or program, excluding regional special needs programs. The estimated amount of each AVTI's net positive unappropriated general fund balance, as of June 30 of the fiscal year during which allocations are made, which exceeds 15 percent of the AVTI's operating expenditures, as defined by the uniform financial accounting and reporting system, for the fiscal year during which allocations are made, shall be taken into account by the state board in making these allocations.*

*Subd. 5. [REPORT.] Before August 1, 1980 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 education committees of the legislature and to the directors of the AVTI's.*

Sec. 16. 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 words, terms and phrases defined in subdivisions 2 and 3 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 funds, exclusive of post-secondary vocational 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. [BUDGETS; CAPITAL EXPENDITURE AID ALLOCATION.] Each AVTI shall submit a budget before January 1, 1980, and before January 1, of each year thereafter 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. A budget submitted pursuant to this section shall not include any revenues or expenditures which are included in the computation of an AVTI's instructional program cost or in the AVTI's budgets for post-secondary vocational support services aid or supply aid. 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 state board shall review the recommendations of the department, authorize an allocation of capital expenditure aid for each AVTI, and detail recommended levels of spending for each expenditure category, through the consolidated public hearing process prescribed in section 124.561, subdivision 3a. The amount of each AVTI's estimated net positive unappropriated capital expenditure fund balance, as of June 30 of the fiscal year during which allocations are made, shall be taken into account by the state board in making these allocations.*

*Subd. 5. All capital expenditures for AVTI's in excess of \$4,000 shall receive prior approval by the commissioner. This approval shall be sought and given separately from the budget hearing and aid allocation process.*

*Subd. 6. [REPORT.] Before August 1, 1980 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 August 1, 1980 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 education committees of the legislature and to the directors of the AVTIs.*

Sec. 17. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.5625] [POST-SECONDARY AND ADULT VOCATIONAL CONTINGENCY FUND.] *There is established a post-secondary and adult vocational contingency fund. This fund shall be used for the start-up costs of post-secondary vocational programs, including job training programs provided at the request of industry. This fund shall also be used for short term training of employees at the request of business and 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 post-secondary and adult vocational programs.*

Sec. 18. Minnesota Statutes 1978, Section 124.563, Subdivision 1, is amended to read:

124.563 [POST-SECONDARY VOCATIONAL CATEGORICAL AND CAPITAL EXPENDITURE AID.] Subdivision 1. "Post-secondary vocational categorical aid" means all state and federal funds, exclusive of post-secondary vocational foundation, capital expenditure and debt service aid, apportioned by the state board for vocational education to local school districts for the purpose of assisting in the conduct of post-secondary vocational-technical training. This aid shall be given to districts conducting high cost programs which require funds in addition to the post-secondary vocational foundation aid-provided, including vocational education programs for handicapped or disadvantaged persons and support services necessary to provide vocational education in the least restrictive setting possible. Post-secondary vocational categorical aid shall not be allocated by the state board or expended by a district for any of the purposes for which post-secondary vocational capital expenditure aid is allocated or expended. *In allocating post-secondary vocational categorical aid for fiscal year 1980, the state board shall take into account the amount of each district's estimated net positive unappropriated balance as of June 30, 1979, in its post-secondary vocational-technical general fund which exceeds 15 percent of the district's post-secondary vocational-technical operational budget for fiscal year 1979.*

Sec. 19. Minnesota Statutes 1978, Section 124.565, Subdivision 1, is amended to read:

**124.565 [POST-SECONDARY VOCATIONAL EDUCATION TUITION.]** Subdivision 1. Any Minnesota resident who is under 21 years of age may attend a post-secondary vocational-technical school, provided that the individual meets the entrance requirements for the training course in which enrollment is sought and the school has the room and the facility to receive him.

Sec. 20. Minnesota Statutes 1978, Section 124.565, Subdivision 3, is amended to read:

*Subd. 3. Tuition at a post-secondary vocational-technical school for a Minnesota resident pupil shall be two dollars \$128 per day quarter for each school day quarter the pupil is enrolled; except that there shall be no charge for tuition for a person who, prior to 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 his induction into the armed forces, would be eligible to attend a post-secondary vocational-technical school without payment of tuition. 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. 21. Minnesota Statutes 1978, Section 124.565, Subdivision 4, is amended to read:

*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 \$320 per day quarter for each school day quarter the pupil is enrolled. 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. 22. Minnesota Statutes 1978, Section 124.565, is amended by adding a subdivision to read:

*Subd. 6. For purposes of the tuition charges established in this section, a quarter shall consist of 60 school days. The state board for vocational education shall adopt rules providing for proportionate tuition charges for quarters which are shorter or longer than 60 days and for pupils who enroll on a part time or extended day basis. The state board shall adopt rules providing for tuition charges based on approved program lengths for programs offered on an individualized basis.*

Sec. 23. Minnesota Statutes 1978, Section 124.566, is amended to read:

124.566 [USE OF POST-SECONDARY VOCATIONAL AID APPROPRIATIONS.] Notwithstanding the provisions of section 16.16 or 16A.57 or any other law to the contrary, the state board for vocational education may expend amounts appropriated by the legislature for post-secondary vocational categorical aid to pay post-secondary vocational foundation aid in any year when for the 1979-1980 school year if the appropriation for post-secondary vocational foundation aid is insufficient because of an increase in average daily membership. The state board may expend amounts appropriated by the legislature for post-secondary vocational support services aid to pay post-secondary vocational instructional aid in the 1980-1981 school year if the appropriation for post-secondary vocational instructional aid is insufficient because of an increase in average daily membership, or in the 1981-1982 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. Beginning in the 1980-1981 school year, the state board may expend amounts appropriated by the legislature for post-secondary vocational instructional aid to pay post-secondary vocational support services aid in any year when the state board determines that the appropriation for instructional aid is excessive. 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. 24. 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 adult vocational aids for the 1977-1978 school year programs and for each year thereafter on a current funding basis.

Sec. 25. 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. 26. 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. 27. 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. 28. Minnesota Statutes 1978, Section 124.574, Subdivision 2, is amended to read:

Subd. 2. In the 1978-1979 1979-1980 school year and thereafter, the state shall pay to any district or cooperative center the greater of:

(a) 50 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 person or a person employed for a limited time; plus an additional five percent of the salaries paid such essential licensed personnel.

Sec. 29. [REPEALER.] Subdivision 1. Minnesota Statutes 1978, Section 275.125, Subdivision 13 is repealed.

Subd. 2. Minnesota Statutes 1978, Sections 124.11, Subdivision 2; 124.561, Subdivision 3; and 124.563, are repealed effective July 1, 1980.



*Subd. 3. Minnesota Statutes 1978, Section 124.562, Subdivision 1, is repealed effective January 1, 1981.*

*Subd. 4. Minnesota Statutes 1978, Section 124.562, Subdivision 2 is repealed effective January 1, 1982.*

**Sec. 30. [DEFICIENCY APPROPRIATION.]** *The sum of \$1,700,000 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. 31. [APPROPRIATION FOR CONTINGENCY FUND.]** *There is appropriated from the general fund in the state treasury to the department of education the sum of \$500,000, or so much of that amount as is necessary, for the purpose of the contingency fund established in section 17 of this article, for the biennium ending June 30, 1981. Of that amount, \$100,000 is immediately available for expenditure; when that amount is spent, and each time an additional amount is spent, the commissioner of education shall report on those expenditures to the legislative advisory commission and the governor. The governor, after consultation with the legislative advisory commission in the manner provided in section 3.30, may make additional amounts, up to \$100,000 at a time, available for expenditure as needed until the total appropriation has been spent.*

**Sec. 32. [APPROPRIATIONS.]** *Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

**Subd. 2. [POST-SECONDARY VOCATIONAL FOUNDATION AID.]** *For post-secondary vocational foundation aid pursuant to section 124.562, there is appropriated:*

*\$61,735,300 . . . . . 1980.*

**Subd. 3. [POST-SECONDARY VOCATIONAL CATEGORICAL AID.]** *For post-secondary vocational categorical aid pursuant to section 124.563, subdivision 1, there is appropriated:*

*\$4,500,000 . . . . . 1980.*

*This appropriation is based on the assumption that the state will spend for post-secondary vocational categorical aid an amount equal to \$6,254,900 in fiscal year 1980 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.*

*The amount appropriated in this subdivision shall not be used for any special vocational systemwide support service program or project.*

**Subd. 4. [POST-SECONDARY VOCATIONAL INSTRUCTIONAL AID.]** *For post-secondary vocational instructional aid, there is appropriated:*

\$45,000,000.....1981.

*The amount appropriated in this subdivision shall not be used for any special vocational systemwide support service program or project.*

**Subd. 5. [POST-SECONDARY VOCATIONAL SUPPLY AID.]** *For post-secondary vocational supply aid there is appropriated:*

\$10,600,400.....1981.

**Subd. 6. [POST-SECONDARY VOCATIONAL SUPPORT SERVICES AID.]** *For post-secondary vocational support service aid there is appropriated:*

\$18,706,800.....1981.

*This appropriation is based on the assumption that the state will spend for post-secondary vocational support services aid an amount equal to \$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. 7. [POST-SECONDARY VOCATIONAL CAPITAL EXPENDITURE AID.]** *For post-secondary vocational capital expenditure aid there is appropriated:*

\$9,000,000.....1980,

\$9,000,000.....1981.

**Subd. 8. [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. 9. [ADULT VOCATIONAL EDUCATION AID.]** *For adult vocational education aid, there is appropriated:*

\$6,441,740.....1980,

\$6,837,360.....1981.

*The appropriation for 1980 includes \$600,630 for fiscal year 1979 payable in fiscal year 1980 of which not to exceed \$17,050 is for necessary travel. This amount also includes \$5,841,110 for fiscal year 1980 payable in fiscal year 1980 of which not to exceed \$198,900 is for necessary travel.*

*The appropriation for 1981 includes \$649,010 for aid for fiscal year 1980 payable in fiscal year 1981 of which not to exceed \$22,100 is for necessary travel. This amount also includes \$6,188,-*

350 for aid for fiscal year 1981 payable in fiscal year 1981 of which not to exceed \$218,700 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. 10. [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:

\$100,000.....1980,

\$180,000.....1981.

*This aid shall be paid in accordance with section 124.572.*

**Subd. 11. [VETERAN FARMER COOPERATIVE TRAINING PROGRAMS.]** For veteran farmer cooperative training programs, there is appropriated:

\$1,050,000.....1980,

\$975,000.....1981.

**Subd. 12. [SECONDARY VOCATIONAL EDUCATION AID.]** For secondary vocational education aid pursuant to section 124.573 there is appropriated:

\$21,134,700.....1980,

\$22,738,100.....1981.

*The appropriation for 1980 includes \$1,800,000 for fiscal year 1979 payable in fiscal year 1980 of which not to exceed \$126,000 is for equipment. This amount also includes \$19,334,700 for fiscal year 1980 payable in fiscal year 1980 of which not to exceed \$1,527,690 is for equipment.*

*The appropriation for 1981 includes \$2,148,300 for fiscal year 1980 payable in fiscal year 1981 of which not to exceed \$169,740 is for equipment. This amount also includes \$20,589,800 for fiscal year 1981 payable in fiscal year 1981 of which not to exceed \$1,634,630 is for equipment.*

None of the amounts appropriated in this subdivision shall be used for any special vocational systemwide support service program or project.

**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,

\$2,248,200.....1981.

*The appropriation for 1980 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.*

*The appropriation for 1981 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 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. If the appropriation amounts attributable to either year for any purposes 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. 33. [EFFECTIVE DATES.] Sections 2, 18, 22 and 30 of this article shall be effective the day following final enactment. Sections 4, 5 and 12 of this article shall be effective July 1, 1980.*

## ARTICLE VI

### OTHER AIDS AND LEVIES;

### MISCELLANEOUS PROVISIONS

Section 1. Minnesota Statutes 1978, Section 16.93, is amended to read:

**16.93 [COMPUTERIZATION BY SCHOOL DISTRICTS.]**  
**Subdivision 1. [DELEGATION OF POWERS AND DUTIES TO THE MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM.]** *The state board of education and the department of education may delegate any of their powers and duties pursuant to subdivision 3 of this section to the Minnesota educational computing consortium.*

**Subd. 2. [SCHOOL DISTRICTS' PLANS AND BUDGETS.]** *A school district may expend funds for computerization of administrative, instructional, or other activities only after filing annually with the state department of education a plan and budget covering such activities and only upon approval thereof by the state department. Criteria to be used by the department in making its 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 and cost effectiveness considerations of the department. All resulting decisions of the department are to be reported promptly to the commissioner of administration and the intergov-*

~~ernmental council~~ a regional management information center of which the district is a member submits and obtains approval of an annual plan and budget on behalf of its member districts as provided in subdivision 3. Every school district shall become a member of a regional management information center. Every district shall in a timely manner supply to the regional management information center of which it is a member the information required by the annual data acquisition calendar and the rules of the state board of education and the information specified in the data element dictionary.

Subd. 3. [REGIONAL PLANS AND BUDGETS.] Any group of two or more school districts may with the approval of the state board of education create a regional management information center pursuant to section 471.59 to provide computer services to the member districts. No regional management information center may expend funds for computer activities unless it files an annual plan and budget for its activities with the department of education and receives approval of the plan and budget from the department of education. Criteria for approving the creation of a regional management information center and the plan and budget of a regional management information center shall include: the provisions of the state computing plan adopted by the state board of education; the cost effectiveness of the center and its plan and budget; the effect on existing regional management information centers; the ability of the center in a timely manner to provide information required by the annual data acquisition calendar or by the rules of the state board of education on computer tape which is machine readable using the software designed by the department of education; the ability of the center within 15 calendar days to respond to requests for information based on the data elements in the data element dictionary on computer tape which is machine readable using the software designed by the department of education; and the ability of the center to operate the uniform financial management accounting system using multidimensional accounts and records, as required by the uniform financial accounting and reporting standards for Minnesota school districts adopted by the state board pursuant to sections 121.90 to 121.92. Every regional center shall make available to its member districts the opportunity to participate fully in the comprehensive financial reporting, personnel payroll reporting and student reporting information system developed by the Minnesota educational computing consortium. A regional management information center which is not in existence on the effective date of this section shall not come into existence until the first July 1 of an odd-numbered year after its creation is approved pursuant to this subdivision or until it can be accommodated by state appropriations, whichever occurs first.

Subd. 4. [REGIONAL SUBSIDIES.] In any year when a regional management information center's plan and budget are approved pursuant to subdivision 3, the center shall receive a regional reporting subsidy grant from the department of education. The grant shall be in an amount determined in accordance

*with the formula filed by the department of education with the committees on education and finance of the senate and the committees on education and appropriations of the house of representatives.*

*Subd. 5. [STATE BOARD OF EDUCATION DUTIES.] The state board of education shall adopt rules prescribing the criteria for approval of regional plans and budgets and of the creation of regions, and specifying the criteria and the process for determining which data and data elements are included in the data element dictionary and the data acquisition calendar developed pursuant to subdivisions 6 and 7. 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 performance of the duties imposed by this section.*

*Subd. 6. [DATA ELEMENT DICTIONARY.] By January 1, 1980, the department of education shall develop a data element dictionary defining all data elements included in the financial reporting, personnel payroll and student reporting information system of the department of education. Except as provided in subdivision 5, the development and modification of the data element dictionary shall be exempt from the rule-making procedures specified in chapter 15.*

*Subd. 7. [DATA ACQUISITION CALENDAR.] By January 1, 1980, the department of education shall develop an annual data acquisition calendar specifying the reports which school districts are required to submit to the department of education and the dates when these reports are due. Except as provided in subdivision 5, the development and modification of the annual data acquisition calendar shall be exempt from the rule-making procedures specified in chapter 15.*

*Sec. 2. Minnesota Statutes 1978, Section 120.075, is amended to read:*

*120.075 [ATTENDANCE; PREVIOUS ENROLLMENT; FAMILIES.] Subdivision 1. 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.*

*Subd. 2. Any child who was under school age on January 1, 1978, but who otherwise would have qualified pursuant to the provisions of Minnesota Statutes 1976, Section 120.065, or Minnesota Statutes, 1977 Supplement, Section 123.39, Subdivision 5a, for enrollment in a school district of which he was not a resident may enroll in that district.*

*Subd. 3. Any 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 otherwise have qualified for enrollment in that district as a resident pursuant to*

*subdivision 1 may attend the public schools of that district as a resident.*

*Subd. 4. Subdivisions 1, 2 and 3 shall also apply to any brother or sister of that enrolled a qualified 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 any pupil or of the other qualified members of his family pursuant to this section shall remain subject to the provisions of those sections Minnesota Statutes 1976, Section 120.065 and Minnesota Statutes, 1977 Supplement, Section 123.39, Subdivision 5a, as they read on January 1, 1978. Any district which had a pupil enrolled on January 1, 1978, pursuant to the provisions of Minnesota Statutes 1976, Section 120.065, or Minnesota Statutes, 1977 Supplement, Section 123.39, Subdivision 5a, shall report this fact to the commissioner prior to August 15, 1978.*

Sec. 3. Minnesota Statutes 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 June 30 in the fiscal year following the fiscal 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. 4. Minnesota Statutes 1978, Chapter 121, is amended by adding a section to read:

[121.495.] [BASIC SKILLS PROGRAM.] *Subdivision 1. [PURPOSE.]* The legislature finds that (1) all children have the right to achieve their full educational potential, and (2) children from all socio-economic backgrounds deserve the opportunity to receive instruction in the basic skills of listening, speaking, reading, writing and computation in order to be able to function politically, economically and socially in a democratic society. Therefore, the purpose of this section is to establish a program providing leadership, technical assistance, and training in basic skills instruction on a regional basis to school districts and nonpublic schools.

**Subd. 2. [DEFINITION.]** For purposes of this section, "basic skills" means the abilities to listen, speak, read, write and compute.

**Subd. 3. [PARTICIPATION.]** Any district or nonpublic school may participate in the state basic skills program if its governing board adopts a resolution affirming basic skills as a priority, designating a local basic skills director, allowing the designated local basic skills director to attend a program of training in the development and maintenance of a high quality basic skills program, and agreeing to develop a comprehensive basic skills program in accordance with this training. If more districts or nonpublic schools apply than can be served in a particular year, the commissioner shall select participating districts and nonpublic schools. A school district or nonpublic school which participates in the state basic skills 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 section 123.741, subdivision 3, as the basic skills advisory committee.

**Subd. 4. [REGIONAL DIRECTORS.]** The commissioner shall establish a basic skills section in the department which shall employ a state basic skills director and regional basic skills directors assigned to serve the various educational cooperative service units or portions of those units. The basic skills section shall provide technical assistance to those school districts and nonpublic schools which choose to participate in the state basic skills program. The regional directors, in cooperation with the educational cooperative service units, shall provide training to each local basic skills director in the development and maintenance of high quality basic skills programs according to predetermined criteria of excellence. This technical assistance and training shall cover at least the following: assessment of local basic skills programs, planning a comprehensive basic skills program, alternative methods of implementing a local basic skills program, inservice training of staff in basic skills instruction, assessment of the basic skills needs of pupils, selection of instructional materials, and evaluation of pupils' progress in acquiring basic skills. The department shall reimburse local basic skills directors for any expenses incurred for travel, lodging and meals in order to participate in basic skills training and shall reimburse school districts for 50 percent of any wages paid to substitute teachers employed to replace local basic skills directors while they attend basic skills training.

**Subd. 5. [IN-SERVICE TRAINING.]** Each participating district or nonpublic school shall provide a minimum of 20 hours of in-service training in the instructional process for the basic skills to all teachers who volunteer to participate in the training.

**Subd. 6. [REPORT.]** Before January 15, 1981 the commissioner of education shall make a report to the education committees of the legislature describing and evaluating the state basic skills program.

**Sec. 5.** 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 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) A district shall receive aids pending the approval of its special operating plan under clause (1). 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. 6. Minnesota Statutes 1978, Section 121.92, Subdivision 2, is amended to read:**

**Subd. 2.** After July 1, 1980, participation in a computer based financial management accounting and reporting system shall be mandatory. The form of this participation shall be ~~appealable to the commissioner~~ *determined as provided in section 16.93.*

**Sec. 7. Minnesota Statutes 1978, Section 122.85, Subdivision 1, as amended by Laws 1979, Chapter 10, Section 1, is amended to read:**

**122.85 [EXPERIMENTAL PAIRING.] Subdivision 1.** Notwithstanding the provisions of sections 122.41 and 122.43, the board of any school district paired with another in this section upon approval by the school boards of both of the paired districts may enter into an agreement providing for the discontinuance by one district of any of grades kindergarten through 12 or portions of those grades and the instruction in the other district of the pupils in the discontinued grades or portions of grades. This provision shall apply on an experimental basis to the following pairs of school districts: Independent School Districts No. 209 and No. 265, No. 217 and No. 220, No. 243 and No. 245, No. 328 and No. 516, No. 413 and No. 415, No. 421 and No. 426, No. 440 and No. 444, No. 649 and No. 650, No. 654 and No. 655, No. 782 and No. 783, and No. 893 and No. 896. These experimental pairing agreements shall not extend beyond June 30, 1984. *Notwithstanding subdivision 4, Independent School Districts No. 413 and No. 415 may negotiate plans pursuant to subdivision 3 until August 31, 1979. This section shall be effective with respect to Independent School Districts No. 413 and No. 415 upon its approval by the school boards of both of the paired districts.*

**Sec. 8. Minnesota Statutes 1978, Section 123.34, Subdivision 8, is amended to read:**

Subd. 8. The clerk shall keep a record of all meetings of the district and the board in books provided by the district for that purpose. He shall, within three days after an election notify all persons elected of their election. On or before August 15 of each year he shall file with the board a report of the revenues, expenditures and balances in each fund for the preceding fiscal year. The report together with vouchers and supporting documents shall subsequently be examined by a public accountant or the state auditor, either of whom shall be paid by the school district, as provided in section 121.908, subdivision 3. The board shall by resolution approve the report or require a further or amended report. On or before August 15 of each year, he shall make and transmit to the commissioner certified reports, showing:

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

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

Sec. 9. Minnesota Statutes 1978, Section 123.35, is amended by adding a subdivision to read:

*Subd. 15. When payment of a claim cannot be deferred until the next board meeting without loss to the district of a discount privilege, the claim may be paid prior to board approval, providing that the board:*

- (a) Has delegated authority to the clerk or a designated business administrator to make a payment prior to board approval and*
- (b) Requires that payment made prior to board approval be acted upon at the next board meeting. Payment prior to board*

*approval shall not affect the right of the district or a taxpayer to challenge the validity of a claim.*

Sec. 10. Minnesota Statutes 1978, Section 123.58, Subdivision 6, is amended to read:

Subd. 6. [DUTIES AND POWERS OF ECSU BOARD OF DIRECTORS.] The board of directors shall have authority to maintain and operate an ECSU. Subject to the availability of necessary resources, the powers and duties of this board shall include the following:

(a) The board of directors shall submit within 90 days after the filing of the initial petition with the state board of education and by June 1 of each year thereafter to the state board of education and to each participating school district an annual plan which describes the objectives and procedures to be implemented in assisting in resolution of the educational needs of the ECSU. *In formulating the plan the board is encouraged to consider: (1) the number of dropouts of school age in the ECSU area and the reasons for the dropouts; (2) existing programs within participating districts for dropouts and potential dropouts; (3) existing programs of the ECSU for dropouts and potential dropouts and (4) program needs of dropouts and potential dropouts in the area served by the ECSU.*

(b) The ECSU board of directors may provide adequate office, service center, and administrative facilities by lease, purchase, gift, or otherwise, subject to the review of the state board of education as to the adequacy of the facilities proposed.

(c) The ECSU board of directors may employ a central administrative staff and other personnel as necessary to provide and support the agreed upon programs and services. The board may discharge staff and personnel pursuant to provisions of law applicable to independent school districts. ECSU staff and personnel may participate in retirement programs and any other programs available to public school staff and personnel.

(d) The ECSU board of directors may appoint special advisory committees composed of superintendents, central office personnel, building principals, teachers, parents and lay persons.

(e) The ECSU board of directors may employ service area personnel pursuant to licensure standards developed by the state board of education and the board of teaching.

(f) The ECSU board of directors may enter into contracts with school boards of local districts including school districts outside the ECSU area.

(g) The ECSU board of directors may enter into contracts with other public and private agencies and institutions which may include, but are not limited to, contracts with Minnesota institutions of higher education to provide administrative staff and other personnel as necessary to furnish and support the agreed upon programs and services.

(h) The ECSU board of directors shall exercise all powers and carry out all duties delegated to it by participating local school districts under provisions of the ECSU bylaws. The ECSU board of directors shall be governed, when not otherwise provided, by the provisions of law applicable to independent school districts of the state.

(i) The ECSU board of directors shall submit an annual evaluation report of the effectiveness of programs and services to the school districts within the ECSU and the state board of education by September 1 of each year following the school year in which the program and services were provided.

(j) The ECSU board is encouraged to establish cooperative, working relationships with post-secondary educational institutions in the state.

Sec. 11. Minnesota Statutes 1978, Section 123.58, is amended by adding a subdivision to read:

*Subd. 8a. Insofar as possible, educational cooperative service units shall make technical assistance for long-range planning available to school districts upon request and shall establish a common data base for local and regional decision making.*

Sec. 12. 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 schoolboard 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 screening program shall provide laboratory tests, a health history or a physical examination 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 screening clinic.*

Sec. 13. Minnesota Statutes 1978, Section 123.702, is amended by adding a subdivision to read:

*Subd. 7. In selecting personnel to implement the screening program, the school district shall give priority first to qualified volunteers and second to other persons possessing the minimum qualifications required by the rules adopted by the state board of education and the commissioner of health.*

Sec. 14. 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 screening program shall unconditionally permit registered nurses to perform those components of the screening program that can be performed by a nurse.*

Sec. 15. 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. 16. 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. 17. Minnesota Statutes 1978, Section 123.741, Subdivision 1, is amended to read:

123.741 [EDUCATIONAL POLICY; CURRICULUM ADVISORY COMMITTEES.] Subdivision 1. The school board of each school district in the state shall develop and adopt a written educational policy which establishes educational goals for the district, a process for achieving these goals, and procedures for evaluating and reporting progress toward the goals. The school board shall review this policy each year and adopt revisions which it deems desirable. School boards are encouraged to develop this school district policy and any revisions after consultation with the staff of each school building. *In formulating the policy, the school board of a district is encouraged to consider: (a) the number of dropouts of school age in the district and the reasons for the dropouts; (b) existing programs within the district for dropouts and potential dropouts and (c) program needs of dropouts and potential dropouts.*

Sec. 18. 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. *If this amount is not sufficient to make the payments required pursuant to sections 123.931 to 123.937, the amount necessary to make these payments is appropriated from the general fund to the department of education.*

Sec. 19. 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 revenues*

*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~~ 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~~ amount necessary for foundation aid and transportation aid. ~~These amounts~~ This amount shall be reduced by the amount of any funds specifically appropriated for the same purpose in any year from any state fund.*

Sec. 20. Minnesota Statutes 1978, Section 124.245, Subdivision 1, is amended to read:

124.245 [CAPITAL EXPENDITURE EQUALIZATION AID.] Subdivision 1. The state shall pay a school district the difference by which an amount equal to ~~\$75~~ \$80 per pupil unit in that school year or, in districts where the pupil unit count is increased pursuant to actual number of pupil units identified in section 124.17, subdivision 1, ~~clause (7)~~ clauses (1) and (2), ~~\$80~~ has increased from the prior year, \$85 per pupil unit in that school year, exceeds the amount raised by 10 mills times the adjusted assessed valuation of the taxable property in the district for the preceding year. In order to qualify for aid pursuant to this section in any year, a district must have levied the full 10 EARC mills for use for capital expenditures in that year pursuant to ~~sections 124.04 or section 275.125, subdivision 11a.~~

Sec. 21. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.247] [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 program 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. [ACCOUNTS.] A district which receives funds under this section shall maintain a separate account for the receipt and disbursement of funds allocated to the district for the purpose of this section, and the funds shall be spent only for the purpose of the program for gifted and talented students.*

*Subd. 5. [REPORT.] The department of education shall submit a report to the 1981 legislature evaluating the effectiveness of the education for the gifted and talented act.*

Sec. 22. 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. 23. 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 \$80 per pupil unit or, in districts where the pupil unit count is increased pursuant to actual number of pupil units identified in section 124.17, subdivision 1, ~~clause (7)~~ clauses (1) and (2), \$80 has increased from the prior year, \$85 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), and (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. 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 acquisition or construction of buildings. The approval criteria for purposes of building acquisition and construction shall include: the appropriateness of the proposal with respect to the district's long term needs; the availability of adequate existing facilities; and the economic feasibility of bonding because of the proposed building's size or cost.

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

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

Sec. 24. 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 179.63, subdivision 13, shall not exceed an amount equivalent to one year of pay.*

Sec. 25. 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 transfer 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. 26. Minnesota Statutes 1978, Section 471.61, Subdivision 1b, is amended to read:

*Subd. 1b. [SELF INSURANCE; SCHOOL DISTRICTS.] Any school district which has entered into a self insurance plan or program prior to March 31, 1978 may elect to continue to provide the benefits authorized by subdivision 1, excluding life and long term disability insurance benefits, through a self insurance plan or program. Any plan or program of self insurance, adopted by a school district, shall provide for the purchase of excess of loss coverage from an insurance company, as defined in section 60A.02, subdivision 4, or a service plan corporation, as defined in section 62C.02, subdivision 6, covering any claims or losses incurred during the period covered by the self insurance plan aggregating in excess of \$500,000, or a lesser amount at the district's option.*

This subdivision shall not operate to invalidate any contract providing self insured employee life and long term disability insurance benefits, if the school district entered into the contract prior to March 31, 1978.

This subdivision shall not authorize any school district to pro-

vide the benefits authorized by subdivision 1 through a self insurance plan or program after July 1, 1980 1981.

Sec. 27. 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 subdivision 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 subdivision 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 subdivision 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. 28. [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. 29. [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. 30. [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 District No. 279 and upon compliance with Minnesota Statutes, Section 645.021.*

*Sec. 31. The amount of any advance made to a school district pursuant to Minnesota Statutes 1978, Section 124.241, before the effective date of this section and still outstanding on June 30, 1979, shall be subtracted from the district's October final adjustment payment of foundation aid for the 1978-1979 school year to the extent that it is less than or equal to that payment. Any remaining amount of any advance made under section 124.241 shall be remitted by the district to the department of education on or before December 31, 1979 and shall be deposited in the state treasury.*

*Sec. 32. The state board of education may adopt temporary rules as provided in section 15.0412, subdivision 5, pursuant to section 1 of this article.*

*Sec. 33. The governor shall, using the procedures of Minnesota Statutes, Section 3.30, retain a consultant to evaluate the development of the regional management information system by the Minnesota educational computing consortium for the regional management information centers. The evaluation shall consider the efficiency and the cost effectiveness to the state, school districts and any other governmental computer consortia of: the use of centralized systems in comparison to less centralized systems; the assignment of districts to regional management information centers; and*

*the hardware procurement decisions of regional management information centers. The consultant shall report on the evaluation by January 15, 1980, to the education and appropriations committees of the house of representatives and the education and finance committees of the senate. The sum of \$100,000 is appropriated from the general fund to the general contingent account for purposes of this section. This amount shall be available until April 1, 1980.*

**Sec. 34. [REPEALER.]** *Minnesota Statutes 1978, Sections 124.241; 126.16; and 126.18, are repealed.*

**Sec. 35. [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. [BASIC SKILLS PROGRAM.]** *For the basic skills program pursuant to section 4 of this article, there is appropriated:*

\$650,000 . . . . . 1980,

\$700,000 . . . . . 1981.

*The department of education may add 12 professional employees and four clerical employees to its approved complement for the purpose of the basic skills program.*

**Subd. 3. [HEALTH AND DEVELOPMENTAL SCREENING PROGRAMS.]** *For health and developmental screening programs pursuant to sections 123.701 to 123.705 there is appropriated:*

\$1,375,000 . . . . . 1980,

\$1,485,000 . . . . . 1981.

**Subd. 4. [ABATEMENT AID.]** *For abatement aid pursuant to section 124.214, subdivision 2, there is appropriated:*

\$3,562,500 . . . . . 1980,

\$3,750,000 . . . . . 1981.

**Subd. 5. [EMERGENCY AID.]** *For emergency aid pursuant to section 124.24, there is appropriated:*

\$300,000 . . . . . 1980.

*Any unexpended balance remaining from the appropriation in this subdivision shall not cancel but shall be available for the second year of the biennium.*

**Subd. 6. [CAPITAL EXPENDITURE EQUALIZATION AID.]** *For capital expenditure equalization aid pursuant to section 124.245, there is appropriated:*

\$194,900 . . . . . 1980,

\$167,000 . . . . . 1981.

**Subd. 7. [EDUCATIONAL COOPERATIVE SERVICE UNITS.]** *For educational cooperative service units, there is appropriated:*

\$ 975,000.....1980,

\$1,012,450.....1981.

(a) Funds from this appropriation shall be transmitted to ECSU boards of directors for general operations in the amount of \$48,636 per ECSU as defined in section 123.58 in fiscal year 1980 and \$52,040 per ECSU in fiscal year 1981; provided however that the ECSU whose boundaries coincide with the boundaries of development region 11 and the ECSU whose boundaries encompass development regions six and eight shall receive \$97,272 in fiscal year 1980 and \$104,080 in fiscal year 1981 for general operations.

(b) Each year, funds from this appropriation shall be transmitted to ECSU boards of directors for technical assistance for long-range planning and data base development pursuant to section 11 of this article and technical assistance for program planning and evaluation pursuant to section 123.742, in the amount of \$40,000 per ECSU; provided however that the ECSU whose boundaries coincide with the boundaries of development region 11 and the ECSU whose boundaries encompass development regions six and eight shall receive \$80,000 each year for these purposes.

Subd. 8. [SCHOOL LUNCH AID.] For school lunch aid pursuant to section 124.646 there is appropriated:

\$3,415,000.....1980,

\$3,667,800.....1981.

Any unexpended balance from the appropriations in this subdivision may be expended, in addition to the amounts appropriated in subdivision 9, for food storage and transportation costs for U.S.D.A. donated commodities.

Subd. 9. [FOOD STORAGE AND TRANSPORTATION.] For food storage and transportation costs for U.S.D.A. donated commodities there is appropriated:

\$578,800.....1980,

\$665,000.....1981.

Subd. 10. [GIFTED AND TALENTED STUDENTS.] For programs for the gifted and talented pursuant to section 21 of this article there is appropriated:

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

\$600,000.....1981.

Subd. 11. [INDIAN EDUCATION.] For certain Indian education programs there is appropriated:

\$398,000.....1980.

This appropriation is available for expenditure with the approval of the governor after consultation with the legislative advisory commission in the manner provided in section 3.30. This appropriation is available July 1, 1979, but only if there will not be available for the districts enumerated in this subdivision for the 1979-

1980 school year any operational support funds from the federal bureau of Indian affairs pursuant to the Johnson-O'Malley Act, P.L. 73-167 or 25 CFR 273.31, or equivalent money from the same or another source. This appropriation shall be distributed as follows: \$125,000 to Independent School District No. 309 - Pine Point school; \$22,000 to Independent School District No. 166; \$34,000 to Independent School District No. 432; \$32,000 to Independent School District No. 435; \$96,000 to Independent School District No. 707; and \$89,000 to Independent School District No. 38. 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.

**Subd. 12. [GRANTS FOR COOPERATIVE AGREEMENTS BETWEEN SECONDARY SCHOOLS.]** For grants for cooperative agreements between secondary schools pursuant to section 28 of this article there is appropriated:

\$50,000.....1980,

\$87,000.....1981.

**Subd. 13.** Except as provided in subdivisions 5 and 8, any unexpended 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. 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. 36. [EFFECTIVE DATES.]** Sections 31, 33 and 34 of this article shall be effective the day following final enactment. Section 20 of this article shall be effective July 1, 1980.

## ARTICLE VII

### COUNCIL ON QUALITY EDUCATION

#### EARLY CHILDHOOD AND FAMILY EDUCATION PROGRAMS

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 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 may 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 council 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 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. [FEDERAL GRANTS.]** *Any district which has submitted a proposal to the council on quality education for an early childhood and family education program and has been denied funding for the program is encouraged to apply to the department of education for a grant for the program pursuant to the elementary and secondary education act of 1965, title 4C, as amended.*

**Subd. 6. [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 nonprofit 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. 7. [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. 8. [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. 9. [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. 10. [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. 11. [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. 12. [NEGOTIATED GRANTS.]** *For the 1979-1980 and 1980-1981 school years the council on quality education may fund up to 36 early childhood and family education programs according to the negotiated grants procedure in 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; 3.9272; 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:*

\$775,000      1980,

\$775,000      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:*

\$1,650,000      1980.

*Of this amount \$196,000 is for the purpose of providing special categorical program grants pursuant to section 6, subdivision 13 of this article.*

\$1,767,000      1981.

*Of this amount \$214,000 is for the purpose of providing special categorical program grants pursuant to section 6, subdivision 13 of this article.*

**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.*

## ARTICLE VIII

### TEACHER MOBILITY

**Section 1.** *Minnesota Statutes 1978, Section 125.60, Subdivision 1, is amended to read:*

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

Sec. 2. Minnesota Statutes 1978, Section 125.60, Subdivision 2, is amended to read:

Subd. 2. The board of any district may grant an extended leave of absence without salary to any full time elementary or, secondary or area vocational-technical school teacher who has been employed by the district for at least five years and has at least ten years of allowable service, as defined in section 354.05, subdivision 13, or the by-laws of the appropriate retirement association or ten years of full time teaching service in Minnesota public elementary, secondary and area vocational-technical schools. The maximum duration of an extended leave of absence pursuant to this section shall be determined by mutual agreement of the board and the teacher at the time the leave is granted and shall be at least three but no more than five years. An extended leave of absence pursuant to this section shall be taken by mutual consent of the board and the teacher and may be granted only once.

Sec. 3. Minnesota Statutes 1978, Section 125.60, Subdivision 3, is amended to read:

Subd. 3. *Except as provided in sections 5 and 6 of this article*, a teacher on an extended leave of absence pursuant to this section shall have the right to be reinstated to a position for which he is licensed at the beginning of any school year which immediately follows a year of the extended leave of absence, unless he is discharged or placed on unrequested leave of absence or his contract is terminated pursuant to section 125.12 or 125.17 while he is on the extended leave. The board shall not be obligated to reinstate any teacher who is on an extended leave of absence pursuant to this section unless the teacher advises the board of his intention to return before February 1 in the school year preceding the school year in which he wishes to return. The board shall notify the commissioner within 30 days of being notified that a teacher intends to return from an extended leave.

Sec. 4. Minnesota Statutes 1978, Section 125.60, Subdivision 4, is amended to read:

Subd. 4. Any teacher who is reinstated to a teaching position after an extended leave of absence pursuant to this section shall retain seniority and continuing contract rights in the employing district as though he had been teaching in the district during the period when he was on the extended leave; *provided, however, this subdivision shall not be construed to require a board to reinstate a teacher to any particular position or to include the years spent on the extended leave of absence in the determination of a teacher's salary upon his return to teaching in this district.*

Sec. 5. Minnesota Statutes 1978, Section 125.60, is amended by adding a subdivision to read:

Subd. 6a. *No school board shall be obligated to reinstate a teacher who takes a full time or part time position as a teacher in another Minnesota school district while he is on an extended leave of absence pursuant to this section. This subdivision shall not apply to a teacher who is employed as a substitute teacher.*

Sec. 6. Minnesota Statutes 1978, Section 125.60, is amended by adding a subdivision to read:

*Subd. 6b. A school board shall not be obligated to reinstate a superintendent on an extended leave of absence pursuant to this section to a position in the district.*

Sec. 7. Minnesota Statutes 1978, Section 125.61, Subdivision 1, is amended to read:

125.61 [TEACHER EARLY RETIREMENT INCENTIVE PROGRAM.] Subdivision 1. For purposes of this section, "teacher" means a teacher as defined in section 125.03, subdivision 1, who is employed in the public elementary or secondary or area vocational-technical schools in the state, who has not less than 15 total years of full time teaching service in elementary and secondary and area vocational-technical schools, and who has or will have attained the age of 55 years but less than 65 years as of the June 30 in the school year during which an application for an early retirement incentive is made.

Sec. 8. Minnesota Statutes 1978, Section 125.61, Subdivision 2, is amended to read:

Subd. 2. A teacher meeting the requirements of subdivision 1 may be offered a contract for termination of services in the employing school district, withdrawal from active teaching service, and payment of an early retirement incentive by the employing school district. An offer may be accepted by the teacher by submitting a written resignation to the school board of the employing district. Applications shall be submitted prior to March 1, 1978 in the case of a teacher retiring at the end of the 1976-1977 school year, prior to May 1, 1978 in the case of a teacher retiring at the end of the 1977-1978 school year, or, thereafter, prior to May 1 June 30 of the school year at the end of which the teacher wishes to retire.

Sec. 9. Minnesota Statutes 1978, Section 125.61, Subdivision 3, is amended to read:

Subd. 3. An eligible teacher who is or will be 55 years of age as of the end of the school year during which an application for an early retirement incentive is made and accepted shall receive an early retirement incentive in the amount of \$7,500 \$10,000. This amount shall be reduced by \$375 \$500 for each year that a teacher is over the age of 55 years to a maximum age of 60 years and by an additional \$1,125 \$1,500 for each year that a teacher is over the age of 60 years. The age of the teacher shall be determined as of the June 30 in the school year during which the application for the early retirement incentive is made.

Sec. 10. Minnesota Statutes 1978, Section 125.61, is amended by adding a subdivision to read:

*Subd. 3a. Notwithstanding the provisions of subdivision 3, an*

*eligible teacher who wishes to retire at the end of the 1978-1979 or 1979-1980 school year, who is employed by a school district which is implementing a desegregation plan ordered by a federal court or approved by the state board, and who is offered and accepts an early retirement incentive contract pursuant to subdivision 2, shall receive an early retirement incentive in the amount of \$15,000. This amount shall be reduced by \$750 for each year that a teacher is over the age of 55 years to a maximum age of 60 years and by an additional \$2,250 for each year that a teacher is over the age of 60 years. The age of the teacher shall be determined as of the June 30 in the school year during which the application for the early retirement incentive is made.*

Sec. 11. 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 50 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. 12. Minnesota Statutes 1978, Section 125.61, is amended by adding a subdivision to read:

*Subd. 4a. Notwithstanding the provisions of subdivisions 1a and 2, a teacher who has entered into an agreement for termination of services and withdrawal from active teaching service with an early retirement incentive may be employed as a substitute teacher after his retirement.*

Sec. 13. Minnesota Statutes 1978, Section 125.61, is amended by adding a subdivision to read:

*Subd. 4b. Any amount of unemployment insurance which the teacher receives and for which the district is required to pay into the unemployment compensation fund pursuant to section 268.06, subdivision 25, at any time after the teacher has entered into an agreement pursuant to subdivision 2, may be deducted by the district from the amount of the teacher's early retirement incentive or recovered by the district from the teacher up to the amount of the early retirement incentive. The district shall pay 50 percent of any amount so deducted or recovered to the department of education, and any amount so received by the department shall be deposited in the state treasury.*

Sec. 14. Minnesota Statutes 1978, Section 354.094, Subdivision 3, is amended to read:

*Subd. 3. A member on extended leave of absence pursuant to section 125.60 who does not pay employee contributions into the fund in any year shall be deemed to cease to render teaching services beginning in that year for purposes of this chapter and may not*



*pay employee contributions into the fund in any subsequent year of the leave. Nonpayment of employee contributions into the fund shall not affect the rights or obligations of the teacher or his employing school district under section 125.60.*

Sec. 15. Minnesota Statutes 1978, Section 354.094, Subdivision 6, is amended to read:

Subd. 6. A member who pays employee contributions and receives allowable service credit in the fund pursuant to this section may not pay employee contributions or receive allowable service credit for the same fiscal year in any other Minnesota public employee pension plan, except a volunteer firefighters' relief association governed by sections 69.771 to 69.776. *This subdivision shall not be construed to prohibit a member who pays employee contributions and receives allowable service credit in the fund pursuant to this section in any year from being employed as a substitute teacher by any school district during that year. Notwithstanding the provisions of sections 354.091 and 354.42, a teacher may not pay retirement contributions or receive allowable service credit in the fund for teaching service rendered for any part of any year for which he pays retirement contributions or receives allowable service credit pursuant to this section or section 354A.091 while on an extended leave of absence pursuant to section 125.60.*

Sec. 16. Minnesota Statutes 1978, Section 354.66, Subdivision 2, is amended to read:

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

Sec. 17. Minnesota Statutes 1978, Section 354.66, Subdivision 3, is amended to read:

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

Sec. 18. Minnesota Statutes 1978, Section 354.66, Subdivision 8, is amended to read:

Subd. 8. No teacher shall qualify for the continuation of contributions and accrual of service credit pursuant to subdivision 4 of this section or section 354A.22, subdivision 4, in more than one district at one time. *No teacher shall qualify for the continuation of contributions and accrual of service credit during part time employment in a district pursuant to this section in any year when he also takes a full time or part time teaching position in another Minnesota school district.*

**Sec. 19.** Minnesota Statutes 1978, Section 345.66, is amended by adding a subdivision to read:

*Subd. 11. Neither subdivision 5 nor subdivision 8 shall be construed to prohibit a teacher who qualifies for the continuation of contributions and accrual of service credit pursuant to this section in any year from being employed as a substitute teacher by any school district during that year. Notwithstanding the provisions of sections 354.091 and 354.42, a teacher may not pay retirement contributions or receive allowable service credit in the fund for other teaching service rendered for any part of any year for which he qualifies for continuation of contributions and accrual of service credit pursuant to this section or section 354A.22.*

**Sec. 20.** Minnesota Statutes 1978, Section 354A.091, Subdivision 1, is amended to read:

**354A.091 [TEACHERS ON EXTENDED LEAVE.]** Subdivision 1. Notwithstanding any provision of this chapter or the bylaws of an association relating to salary for contribution purposes or accrual of service credit to the contrary, an elementary or, secondary or area vocational-technical school teacher in the public schools of a city of the first class who is granted an extended leave of absence pursuant to section 125.60 may receive allowable service credit toward annuities and other benefits under this chapter for each year of his leave by paying into the fund employee contributions during the period of the leave which shall not exceed five years. The state shall pay employer contributions into the fund for each year for which a member who is on extended leave pays employee contributions into the fund. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354A.12, for the salary received during the year immediately preceding the leave. Payments for the years for which a member is receiving service credit while on extended leave shall be made on or before June 30 of each fiscal year for which service credit is received.

**Sec. 21.** Minnesota Statutes 1978, Section 354A.091, Subdivision 3, is amended to read:

**Subd. 3.** A member on extended leave of absence pursuant to section 125.60 who does not pay employee contributions into the fund in any year shall be deemed to cease to render teaching services beginning in that year for purposes of this chapter and the bylaws of the retirement association, and may not pay employee contributions into the fund in any subsequent year of the leave. Nonpayment of employee contributions into the fund shall not affect the rights or obligations of the teacher or his employing school district under section 125.60.

**Sec. 22.** Minnesota Statutes 1978, Section 354A.091, Subdivision 6, is amended to read:

**Subd. 6.** A member who pays employee contributions and receives allowable service credit in the fund pursuant to this section

may not pay employee contributions or receive allowable service credit for the same fiscal year in any other Minnesota public employee pension plan, except a volunteer firefighters' relief association governed by sections 69.771 to 69.776. *This subdivision shall not be construed to prohibit a member who pays employee contributions and receives allowable service credit in the fund pursuant to this section in any year from being employed as a substitute teacher by any school district during that year. Notwithstanding the provisions of this chapter or the by-laws of a retirement association, a teacher may not pay retirement contributions or receive allowable service credit in the fund for teaching service rendered for any part of any year for which he pays retirement contributions or receives allowable service credit pursuant to sections 354.094 or 354A.091 while on an extended leave of absence pursuant to section 125.60.*

Sec. 23. Minnesota Statutes 1978, Section 354A.22, Subdivision 2, is amended to read:

Subd. 2. A teacher in the public schools of a city of the first class who has 20 years or more of allowable service or 20 years or more of full time teaching service in Minnesota public elementary, secondary and area vocational-technical schools may, by agreement with the board of the employing district, be assigned to teaching service within the district in a part time teaching position.

Sec. 24. Minnesota Statutes 1978, Section 354A.22, Subdivision 3, is amended to read:

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

Sec. 25. Minnesota Statutes 1978, Section 354A.22, Subdivision 8, is amended to read:

Subd. 8. No teacher shall qualify for the continuation of contributions and accrual of service credit pursuant to subdivision 4 of this section or section 354.66, subdivision 4, in more than one district at one time. *No teacher shall qualify for the continuation of contributions and accrual of service credit during part time employment in a district pursuant to this section in any year when he also takes a full time or part time teaching position in another Minnesota school district.*

Sec. 26. Minnesota Statutes 1978, Section 354A.22, is amended by adding a subdivision to read:

*Subd. 11. Neither subdivision 5 nor subdivision 8 shall be construed to prohibit a teacher who qualifies for the continuation*

of contributions and accrual of service credit pursuant to this section in any year from being employed as a substitute teacher by any school district during that year. Notwithstanding the provisions of this chapter or the by-laws of a retirement association, a teacher may not pay retirement contributions or receive allowable service credit in the funds for other teaching service rendered for any part of any year for which he qualifies for continuation of contributions and accrual of service credit pursuant to section 354.66 or this section.

Sec. 27. Notwithstanding Minnesota Statutes, Section 125.60, Subdivision 7, the commissioner of education shall approve applications of districts for extended leaves of absence which were to begin between June 30, 1978 and the effective date of this section for teachers employed in area vocational-technical schools.

Sec. 28. Notwithstanding Minnesota Statutes, Section 354.094, Subdivision 1, payments for the first year of extended leaves of absence granted pursuant to section 27 shall be made on or before June 30, 1979 or on or before two months after the effective date of this section, whichever is later.

Sec. 29. [APPROPRIATION.] 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 from the general fund to the department of education the sum of \$1,247,000 for the fiscal year ending June 30, 1980 and the sum of \$1,532,800 for the fiscal year ending June 30, 1981.

(a) Any unexpended balance remaining from the appropriation in this section for fiscal year 1980 shall not cancel but shall be available for the second year of the biennium. If the appropriation amount attributable to either year for the purposes indicated is insufficient, the state shall not be obligated for any amount in excess of the appropriation in this section for this purpose.

(b) Notwithstanding the provisions of Minnesota Statutes, Sections 354.43 and 354A.12, the state's obligations prescribed in Minnesota Statutes, Sections 354.094, 354.66, 354A.091 and 354A.22 shall not be financed out of standing appropriations for the state's obligations pursuant to Minnesota Statutes, Chapter 354 or 354A.

Sec. 30. [EFFECTIVE DATE.] The provisions of this article shall be effective the day following final enactment; except that sections 18 and 25 shall be effective July 1, 1979, and section 5 shall not apply until June 30, 1980, to any teacher who prior to the day following final enactment has taken a full time or part time position as a teacher in a Minnesota school district while on an extended leave of absence. Any school board which approves an early retirement incentive contract and payment pursuant to Minnesota Statutes 1978, Section 125.61, prior to June 30, 1979, may elect to make this payment and receive state reimbursement either pursuant to Minnesota Statutes 1978, Section 125.61, Subdivisions 3 and 4, or pursuant to sections 9 and 11 of this article.

## ARTICLE IX

### LIBRARIES

Section 1. Minnesota Statutes 1978, Section 134.30, Subdivision 1, is amended to read:

134.30 [DEFINITIONS.] Subdivision 1. As used in sections 134.30 to 134.35 and sections 9, 10 and 11 of this article, the terms defined in this section shall have the meanings ascribed to them.

Sec. 2. 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. 3. 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, development and operating grants to multi-county, multi-type library systems.*

Sec. 4. 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; 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, or two-thirds of the per capita amount established under the provisions of section 134.34, subdivision 1, whichever amount is less. In the third second year of participation and in each year thereafter, the county shall provide an amount of support 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 the provisions of section 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. 5. 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 the lesser of (a) an amount equivalent to .4 mill times the adjusted assessed valuation of the taxable property of that city or county, as determined by the equalization aid review committee for the second year preceding that calendar year or (b) a per capita amount calculated under the provisions of this subdivision. 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 a percentage equal to one-half of the percentage by which the total state adjusted assessed valuation of property as determined by the equalization aid review committee for the second year preceding that calendar year increases over that total adjusted assessed valuation for the third 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. 6. 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 the provisions of 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 the provisions of subdivision 1.

Sec. 7. 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 regional 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. 8. 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. 9. 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 and the geographic boundaries of those systems.*

Subd. 2. [SERVICES.] *Each multi-county, multi-type library system is encouraged to develop 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. [AGREEMENT.] *In order for a multi-county, multi-type library system to qualify for a planning, development or operating grant pursuant to sections 10 and 11 of this article, each participating library in the system shall adopt an organizational agreement providing for the following:*

- (a) *Sharing of resources among all participating libraries;*
- (b) *Long-range planning for cooperative programs;*
- (c) *The development of a delivery system for services and programs;*

(d) *The development of a bibliographic data base; and*

(e) *A communications system among all cooperating libraries.*

**Subd. 4. [GOVERNANCE.]** *In any area where the boundaries of a proposed multi-county, multi-type library system coincide with the boundaries of the regional library system, the regional library system board shall be designated as the governing board for the multi-county, multi-type library system. In any area where a proposed multi-county, multi-type library system encompasses more than one regional library system, the governing board of the multi-county, multi-type library system shall consist of nine members appointed by the cooperating regional library system boards from their own membership in proportion to the population served by each cooperating regional library system. In each multi-county, multi-type library system there shall be established an advisory committee consisting of two representatives of public libraries, two representatives of school media services, one representative of special libraries, one representative of public supported academic libraries, and one representative of private academic libraries. The advisory committee shall recommend needed policy to the system governing board.*

**Subd. 5. [REPORTS.]** *Each multi-county, multi-type system receiving a grant pursuant to section 10 or 11 of this article shall provide an annual progress report to the department of education. The department shall report before November 15 of each year to the legislature on all projects funded under sections 10 and 11 of this article.*

**Sec. 10.** *Minnesota Statutes 1978, Chapter 134, is amended by adding a section to read:*

**[134.352] [MULTI-COUNTY, MULTI-TYPE LIBRARY SYSTEM; 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. 11.** *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 and operating grants to multi-county, multi-type library systems in their second and subsequent years of operation. In awarding a development and operating grant, the state board shall consider the extra costs incurred in systems located in sparsely populated and large geographic regions.*

**Sec. 12. [REPEALER.]** *Minnesota Statutes 1978, Section 134.33, Subdivision 2, is repealed.*

**Sec. 13. [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, 134.31, 134.32, 134.33, 134.34, 134.35 and 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 10 and 11 of this article to multi-county, multi-type library systems, there is appropriated:*

*\$182,500.....1980,*

*\$182,500.....1981.*

*Subd. 4. Any unexpended 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."*

Further, delete the title in its entirety and insert:

"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 school districts, the commissioner of education, the department of education, the state board of education and others; changing the method of computing foundation aid, levy limitations, transportation aid and post-secondary vocational aid; changing procedures for decisions concerning the education of handicapped children; increasing tuition at area vocational-technical institutes; appropriating money; amending Minnesota Statutes 1978, Sections 3.924, Subdivision 1; 3.925; 16.93; 120.075; 120.17, Subdivisions 3b, 4, 6 and 7a; 120.80, Subdivision 1; 121.21, Subdivision 6; 121.49; 121.912, Subdivision 1; 121.917, by adding a subdivision; 121.92, Subdivision 2; 122.85, Subdivisions 1, as amended, and 6; 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; 123.79, Subdivision 1; 123.80, Subdivision 1; 123.937; 124.01; 124.11, Subdivisions 2, 4, 5, and by adding subdivisions; 124.14; 124.17, Subdivision 1; 124.19, by adding a subdivision; 124.212, Subdivisions 1, 6c, 7c, 11, 20, and by adding subdivisions; 124.222, Subdivision 3; 124.223; 124.245, Subdivisions 1 and 2; 124.271, Subdivisions 2, 5, and by adding a subdivision; 124.32, Subdivisions 1, 1a, 5, 7 and 10; 124.561, Subdivisions 2, 3a, and by adding a subdivision; 124.562, Subdivisions 1, 2, 3 and 4; 124.563, Subdivision 1; 124.565, Subdivisions 1, 3, 4, and by adding a subdivision; 124.566; 124.572, Subdivisions 1, 2 and 3; 124.573, Subdivision 1; 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, Subdivision 1, and 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, 9, 11a, 15, and by adding subdivisions; 354.094, Subdivisions 3 and 6; 354.66, Subdivisions 2, 3, 8, and by adding a subdivision; 354A.091, Subdivisions 1, 3 and 6; 354A.22, Subdivisions 2, 3, 8, and by adding a subdivision; 465.72; 471.38, by adding a subdivision; 471.61, Subdivision 1b; and Chapters 3, by adding sections; 121, by adding a section; 124, by adding sections; and 134, by adding sections; repealing Minnesota Statutes 1978, Sections 3.9271; 3.9272; 3.9273; 3.9274; 3.9275; 120.171; 124.11, Subdivision 2; 124.212, Subdivisions 6b and 7b; 124.213; 124.222, Subdivisions 1a, 1b, 2a, 2b and 6; 124.241; 124.561, Subdivision 3; 124.562, Subdivisions 1 and 2; 124.563; 126.16; 126.18; 134.33, Subdivision 2; 169.44, Subdivisions 5 and 7; and 275.125, Subdivisions 6, 7 and 13."

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

House Conferees: (Signed) Willis R. Eken, Carl M. Johnson, Bob McEachern, Gerald C. Knickerbocker, Sally Olsen, David M. Jennings

Senate Conferees: (Signed) Gene Merriam, Jerald C. Anderson, Robert G. Dunn, Jerome M. Hughes

Mr. Merriam moved that the foregoing recommendations and Conference Committee Report on H. F. No. 223 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 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 school districts, the commissioner of education, the department of education, the state board of education and others; changing the method of computing foundation aid, levy limitations, transportation aid and post-secondary vocational aid; changing procedures for decisions concerning the education of handicapped children; increasing tuition at area vocational-technical institutes; appropriating money; amending Minnesota Statutes 1978, Sections 3.924, Subdivision 1; 3.925; 16.93; 120.075; 120.17, Subdivisions 3b, 4, 6 and 7a; 120.80, Subdivision 1; 121.21, Subdivision 6; 121.49; 121.912, Subdivision 1; 121.917, by adding a subdivision; 121.92, Subdivision 2; 122.85, Subdivisions 1, as amended, and 6; 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; 123.79, Subdivision 1; 123.80, Subdivision 1; 123.937; 124.01; 124.11, Subdivisions 2, 4, 5, and by adding subdivisions; 124.14; 124.17, Subdivision 1; 124.19, by adding a subdivision; 124.212, Subdivisions 1, 6c, 7c, 11, 20, and by adding subdivisions; 124.222, Subdivision 3; 124.223; 124.245, Subdivisions 1 and 2; 124.271, Subdivisions 2, 5, and by

adding a subdivision; 124.32, Subdivisions 1, 1a, 5, 7 and 10; 124.561, Subdivisions 2, 3a, and by adding a subdivision; 124.562, Subdivisions 1, 2, 3 and 4; 124.563, Subdivision 1; 124.565, Subdivisions 1, 3, 4, and by adding a subdivision; 124.566; 124.572, Subdivisions 1, 2 and 3; 124.573, Subdivision 1; 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, Subdivision 1, and 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, 9, 11a, 15, and by adding subdivisions; 354.094, Subdivisions 3 and 6; 354.66, Subdivisions 2, 3, 8, and by adding a subdivision; 354A.091, Subdivisions 1, 3 and 6; 354A.22, Subdivisions 2, 3, 8, and by adding a subdivision; 465.72; 471.38, by adding a subdivision; 471.61, Subdivision 1b; and Chapters 3, by adding sections; 121, by adding a section; 124, by adding sections; and 134, by adding sections; repealing Minnesota Statutes 1978, Sections 3.9271; 3.9272; 3.9273; 3.9274; 3.9275; 120.171; 124.11, Subdivision 2; 124.212, Subdivisions 6b and 7b; 124.213; 124.222, Subdivisions 1a, 1b, 2a, 2b and 6; 124.241; 124.561, Subdivision 3; 124.562, Subdivisions 1 and 2; 124.563; 126.16; 126.18; 134.33, Subdivision 2; 169.44, Subdivisions 5 and 7; and 275.125, Subdivisions 6, 7 and 13.

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

#### CALL OF THE SENATE

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

Anderson	Gearty	Knoll	Olhoft	Spear
Ashbach	Gunderson	Knutson	Olson	Staples
Benedict	Hanson	Laufenburger	Penny	Stokowski
Bernhagen	Hughes	Lessard	Perpich	Stumpf
Chenoweth	Jensen	Luther	Pillsbury	Tennessen
Chmielewski	Johnson	McCutcheon	Purfeerst	Ueland, A.
Coleman	Keefe, J.	Menning	Rued	Vega
Dunn	Keefe, S.	Merriam	Schaaf	Willet
Engler	Kirchner	Nelson	Setzepfandt	
Frederick	Knaak	Ogdahl	Sikorski	

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

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

The roll was called, and there were yeas 46 and nays 19, as follows:

Those who voted in the affirmative were:

Anderson	Coleman	Hughes	Knaak	Merriam
Ashbach	Davies	Humphrey	Knoll	Moe
Bang	Dunn	Johnson	Knutson	Nichols
Benedict	Engler	Keefe, S.	Lessard	Ogdahl
Brataas	Frederick	Kirchner	Luther	Perpich
Chmielewski	Gearty	Kleinbaum	McCutcheon	Peterson

Pillsbury  
Rued  
Schaaf  
Schmitz

Sieloff  
Sikorski  
Sillers

Solon  
Spear  
Staples

Stokowski  
Tennesen  
Ulland, J.

Vega  
Wegener  
Willet

Those who voted in the negative were:

Bernhagen  
Chenoweth  
Dieterich  
Gunderson

Hanson  
Jensen  
Keefe, J.  
Laufenburger

Menning  
Nelson  
Olhoft  
Olson

Penny  
Purfeerst  
Renneke  
Setzepfandt

Strand  
Stumpf  
Ueland, A.

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

#### MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 1510 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S. F. NO. 1510

A bill for an act relating to the organization and operation of state government; appropriating money for the general administrative and judicial expenses of state government with certain conditions; providing for the transfer of certain moneys in the state treasury; authorizing land acquisition in certain cases; fixing and limiting the amount of fees to be collected in certain cases; amending Minnesota Statutes 1978, Sections 4.12, by adding a subdivision; 4.26, Subdivision 1; 10.31; 16.02, by adding a subdivision; 16.97, Subdivision 1; 16A.126; 43.067, Subdivision 1; 85A.02, Subdivision 12; 116E.03, Subdivision 4; 179.04; 180.03, Subdivision 2; 197.16; 198.31; 299C.07; 361.12, by adding a subdivision; 362.20; 362.40, Subdivisions 9, 10 and 11; 546.27; Chapters 86, by adding a section; and 299C, by adding a section.

May 21, 1979

The Honorable Edward J. Gearty  
President of the Senate

The Honorable Rod Searle  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1510, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 1510, be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [STATE DEPARTMENTS; APPROPRIATIONS.] The sums set forth in the columns designated "APPROPRIATIONS" are appropriated from the general fund, or any other fund designated, to the agencies and for the purposes specified in the following sections of this act, to be available for the fiscal years indicated for each purpose. The figures "1979", "1980", and "1981", wherever used in this act, mean that the appropriation or appropriations listed thereunder are available for the year ending June 30, 1979, June 30, 1980, or June 30, 1981, respectively.

## SUMMARY BY FUND

	1979	1980	1981	TOTAL
General	\$ 2,194,800	\$330,892,400	\$332,502,900	\$665,590,100
Special		1,330,000	1,330,000	2,660,000
Airports		32,500	32,500	65,000
G & F	375,000	16,164,300	16,178,100	32,717,400
Tr. Hwy.		31,123,500	32,386,300	63,509,800
Hwy. Ustr.		7,392,800	7,442,600	14,835,400
Federal		7,253,800	7,250,700	14,504,500
TOTAL	\$ 2,569,800	\$394,189,300	\$397,123,100	\$793,882,200

## APPROPRIATIONS

Available for the Year  
Ending June 30,

1980 1981

\$ \$

## Sec. 2. LEGISLATURE

Subdivision 1. House of Representatives	9,613,500	11,010,800
Subd. 2. Senate .....	6,666,600	7,287,700
Subd. 3. Legislative Coordinating Commission .....	1,995,000	1,993,400

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

## Legislative Reference Library

1980	1981
\$ 393,100	\$ 354,600

## Revisor of Statutes

\$ 1,382,400	\$ 1,425,500
--------------	--------------

Joint Legislative Committee on  
Solid and Hazardous Waste

\$ 145,000	\$ 134,000
------------	------------

The Joint Committee on Solid and  
Hazardous Waste, established pursuant  
to Minnesota Laws 1978, Chapter 728,  
Section 2, Subdivision 2, shall be extend-  
ed until June 30, 1981 with the follow-  
ing changes in composition and staff-  
ing.

	1980	1981
\$		\$

The Joint Committee shall be reduced to six members from the House of Representatives appointed by the Speaker, and six members of the Senate appointed by the Committee on Committees.

Of this appropriation, \$38,700 in fiscal year 1980 and \$41,200 in fiscal year 1981 shall be for the salaries and expenses of such staff as the Joint Committee deems appropriate to provide staff support. The staff positions shall be hired and supervised for the Joint Committee through the House of Representatives research department. The research department shall maintain liaison with the Senate research department.

The Joint Committee may contract with individuals and with regional, state, and federal agencies to perform work which it deems necessary to carry out its duties.

#### Advisory Council on the Economic Status of Women

\$	74,500	\$	79,300
----	--------	----	--------

Subd. 4. Legislative Commission on Pensions and Retirement .....	119,300	128,900
--	---------	---------

Subd. 5. Legislative Commission to Review Administrative Rules.....	52,500	55,500
---	--------	--------

Subd. 6. Legislative Audit Commission .....	1,904,200	1,920,600
---	-----------	-----------

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

#### Legislative Audit Commission

\$	15,000	\$	15,000
----	--------	----	--------

#### Legislative Auditor

\$	1,889,200	\$	1,905,600
----	-----------	----	-----------

Subd. 7. Joint Legislative Committee on Science and Technology .....	109,400	115,300
--	---------	---------

Subd. 8. Mississippi River Parkway Commission .....	20,000	20,000
---	--------	--------

	1980	1981
	\$	\$
This appropriation is from the trunk highway fund.		
Sec. 3. SUPREME COURT		
General Operations and Management..	4,480,900	4,163,100
The amounts that may be expended from this appropriation for each program are as follows:		
Supreme Court Operations		
\$ 2,597,800	\$ 2,611,400	
Judicial Council		
\$ 395,300	\$ 393,200	
This appropriation includes \$340,000 each year to assist in the provision of criminal and juvenile defense to indigent individuals, allocated as follows:		
St. Paul-Neighborhood Justice Center, Inc.		
For cases arising in Ramsey county.		
\$ 95,000	\$ 95,000	
Minneapolis-Legal Rights Center, Inc.		
For cases arising in Hennepin county.		
\$ 55,000	\$ 55,000	
Duluth-Duluth Indian Legal Assistance Program		
For cases arising in St. Louis and Mille Lacs counties.		
\$ 85,000	\$ 85,000	
Cass Lake-Leech Lake Reservation Criminal and Juvenile Defense Corp.		
For cases arising in Cass, Itasca, Hubbard, and Beltrami counties.		
\$ 52,500	\$ 52,500	
White Earth-White Earth Reservation Criminal and Juvenile Defense Corp.		
For cases arising in Mahnomen, Becker, and Clearwater counties.		
\$ 52,500	\$ 52,500	

	1980	1981
	\$	\$
State Court Administrator		
\$ 1,177,100	\$ 838,100	

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

The state court administrator shall develop forms to be utilized for the commencement of civil and criminal actions in all courts in the state of Minnesota. To the extent feasible, the forms shall be utilized to initiate reporting of cases to SJIS.

The enhancement of SJIS shall not include the tracking of cases routinely disposed of by traffic violations bureaus. However, this restriction does not preclude tracking of serious violations that require significant courtroom activity and the expenditure of judicial time.

The state court administrator shall make the reporting requirements of SJIS applicable to the Minnesota supreme court, modified as necessary to track appellate cases.

Reports on the progress of cases in the courts of this state generated by the state judicial information system with money provided by this appropriation shall be filed with the legislature as required by section 480.15, subdivisions 5 and 8 then treated as public records.

#### State Law Library

\$ 310,700	\$ 320,400
------------	------------

#### Sec. 4. STATE COURTS

General Operations and Management..	10,472,500	10,472,500
-------------------------------------	------------	------------

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

#### District and County Court Judges

\$ 10,058,300	\$ 10,058,300
---------------	---------------

#### District Court Administrators

\$ 414,200	\$ 414,200
------------	------------



	1980	1981
	\$	\$

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

Sec. 5. BOARD ON JUDICIAL STANDARDS .....	104,000	104,000
---	---------	---------

Approved Complement—2

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

Sec. 6. PUBLIC DEFENDER

General Operations and Management..	693,500	693,500
-------------------------------------	---------	---------

Approved Complement—25

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

Public Defender Operations

\$ 515,000      \$ 515,000

Legal Assistance to Minnesota Prisoners

\$ 109,700      \$ 109,700

Legal assistance to Minnesota prisoners shall serve the civil legal needs of persons confined to state institutions.

None of this appropriation shall be used to pay for lawsuits against public agencies or public officials to change social or public policy.

Legal Advocacy Project

\$ 68,800      \$ 68,800

Sec. 7. TAX COURT OF APPEALS.	254,100	254,100
-------------------------------	---------	---------

Approved Complement—5

Sec. 8. CONTINGENT ACCOUNTS.	13,990,300	16,042,600
------------------------------	------------	------------

The amounts that may be expended from this appropriation are more specifically described in the following subdivisions of this section.

Subdivision 1. The appropriations in this section shall be expended with the approval of the governor after consultation with the legislative advisory commission pursuant to section 3.30.

	1980	1981
	\$	\$
If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.		
Subd. 2. General.....	4,300,000	4,000,000
Subd. 3. Postage.....	300,000	300,000

For postage rate increases during the biennium ending June 30, 1981, where sufficient appropriations are not available.

Of the above amount \$100,000 each year is appropriated from the highway user tax distribution fund to meet the needs of the motor vehicle section of the department of public safety.

Subd. 4. Crime Control Planning Board .....		1,002,600
---	--	-----------

This appropriation is available to pay the costs of general operations and management of the crime control planning board as necessary in the light of amendments to the federal crime control acts.

Subd. 5. Criminal Justice.....	2,625,300	2,341,100
--------------------------------	-----------	-----------

This appropriation is available to the crime control planning board for grants.

Of this appropriation \$395,300 for the first year and \$111,100 for the second year is from the general fund. \$2,230,000 each year is from the money allocated to Minnesota under the safe streets and omnibus crime control act of 1968, as amended.

At least 30 days before action by the legislative advisory commission, the crime control planning board shall submit to the finance and appropriation committees summaries of the individual requests recommended for funding.

Subd. 6. Fuel and Utilities.....	3,000,000	6,200,000
----------------------------------	-----------	-----------

For increased costs due to increased prices for fuel and utilities purchased by state agencies.

Of this appropriation, \$1,000,000 the first

	1980	1981
	\$	\$
year and \$2,200,000 the second year is from the trunk highway fund.		
Subd. 7. Grain Inspection.....	2,200,000	
This appropriation is available to pay the costs of grain inspection when fees collected exceed the amount of the direct appropriation to the department of agriculture for grain inspection.		
Subd. 8. Game and Fish.....	75,000	75,000
This appropriation is from the game and fish fund.		
Subd. 9. Traffic Safety.....	75,000	75,000
This appropriation is from the trunk highway fund for the purpose of supplementing any requirements of the department of public safety for traffic safety programs.		
Subd. 10. Motor Vehicle.....	75,000	75,000
This appropriation is from the highway user tax distribution fund for the purpose of supplementing any requirements of the department of public safety, motor vehicle services section, for salaries, supplies, and expense.		
Subd. 11. State Planning Agency....	1,250,000	1,288,100
For special environmental studies and for two positions for the Minnesota land management information system in fiscal year 1981.		
Subd. 12. Industrial Hygienists.....	90,000	180,000
For the state match to federal money or the addition to the OSHA program of six industrial hygienists in the first year and six more in the second year.		
Subd. 13. Supreme Court.....		305,800
For the state judicial information system.		
Subd. 14. Department of Economic Development for tourism.....		200,000
Sec. 9. GOVERNOR		
General Operations and Management..	1,618,500	1,613,500

1980

1981

\$

\$

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

**Executive Operations**

\$ 1,352,800      \$ 1,347,800

If the commissioner of public safety assigns a highway patrol officer as a personal aide to the governor below the rank of sergeant, the officer shall receive the rank and pay of a sergeant while on the assignment.

Of this appropriation, \$15,000 each year is for personal expenses connected with the office.

\$10,000 the first year and \$5,000 the second year is for official governors' portraits.

This appropriation includes money for the office of lieutenant governor.

**Interstate Representation  
and Cooperation**

\$ 180,000      \$ 180,000

\$24,800 each year is for the National Governors Conference.

\$22,300 each year is for the Great Lakes Basin Commission—State Share

\$71,000 each year is for the Upper Great Lakes Regional Commission—State Share.

\$45,000 each year is for the Upper Mississippi Basin Commission—State Share

\$16,900 each year is for the Missouri River Basin Commission—State Share

**Committees and Task Forces**

\$ 85,700      \$ 85,700

\$15,000 each year is for the committee on appointments.

\$70,700 each year is for the Governor's Task Force on Educational Policy.

Sec. 10. SECRETARY OF STATE

	1980	1981
	\$	\$
General Operations and Management..	764,100	1,038,200
Approved Complement—31		
For 1979—\$23,400		
Sec. 11. STATE AUDITOR .....	217,400	217,400
Approved Complement—111		
General—8		
Revolving—103		
Sec. 12. STATE TREASURER ....	839,200	821,900
Approved Complement—31		

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

#### Treasury Management

\$ 491,800      \$ 491,800

#### Property and Escheat Claims

\$ 347,400      \$ 330,100

#### Sec. 13. ATTORNEY GENERAL

#### Approved Complement

1980—286      1981—278

General—      283      275

Federal—      3      3

General Operations and Management..	8,808,300	9,403,500
For 1979—\$95,000		

If the appropriation for equipment or real property for either year is insufficient, the appropriation for these purposes for the other year is available for it.

Of this appropriation, \$25,000 each year is for a special account, not to be available for paying the costs of special, legal, accounting, and investigative personnel retained in cases arising under Minnesota Statutes, Section 501.12, hereafter filed, unless the attorney general decides in a case that all the beneficiaries are not adequately represented, or that there

1980

1981

\$

\$

is a likelihood that the purpose of the trust may be frustrated without his intervention and that the state has a substantial interest in carrying out the purpose of the trust. If the appropriation for either year is insufficient, the appropriation for the other years is available for it.

\$268,800 the first year and \$283,600 the second year is for costs and expenses incurred by the attorney general in enforcing and making claims under state and federal antitrust laws. The attorney general shall report the purposes for which this money is utilized. The reports shall be made to the committee on finance of the senate and the committee on appropriations of the house of representatives at the end of each fiscal year. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 14. ETHICAL PRACTICES BOARD .....

163,000

162,000

Approved Complement—5

Sec. 15. INVESTMENT BOARD ...

922,900

922,900

Approved Complement—30

Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the bien-nium.

The state board of investment shall review and report to the legislature by January 30, 1980 on the use of common stocks for investment of the assets of the Minnesota adjustable fixed benefit fund; the board's recommendations for reducing the amount of assets of the Minnesota adjustable fixed benefit fund that are invested in common stocks; the development of a program to invest in insured mortgages on residential property located in Minnesota from the assets of pension funds and how a policy of making investments of that kind would best be implemented; and the feasibility of making short term loans from the

	1980	1981
	\$	\$
assets of the state board of investment to Minnesota banks.		
Sec. 16. STATE PLANNING AGENCY		
Subdivision 1. General Operations and Management .....	5,894,400	5,583,400
Approved Complement—130		
General—106		
Federal—22		
Revolving—2		

The amounts that may be expended from this appropriation for each program are more specifically described in the following subdivisions of this section.

Subd. 2. State Planning and Develop- ment .....	372,900	388,900
--	---------	---------

The state planning agency shall evaluate whether the limitations of local financial institutions result in hardships to intermediate sized businesses and make recommendations to the legislature of methods to improve the situation if the study finds such hardships.

\$30,000 has been placed in the general contingent account to develop state and regional growth plans and recommend a policy for economic alternatives in Minnesota. Use of this money shall be authorized by the governor, upon recommendation of the legislative advisory commission.

Subd. 3. Functional Area Planning..	2,839,600	2,612,600
-------------------------------------	-----------	-----------

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

#### Health Planning

\$	100,900	\$	100,900
----	---------	----	---------

#### Developmental Disabilities

\$	56,100	\$	56,100
----	--------	----	--------

#### Environmental Systems Planning

	1980	1981
	\$	\$
\$ 568,500      \$ 573,500		

\$116,000 the first year and \$101,000 the second year is for a grant to the Environmental Conservation Library.

#### Environmental Quality Board

\$ 406,300	\$ 406,300
------------	------------

#### Critical Areas Planning

\$ 313,100	\$ 81,100
------------	-----------

Of this appropriation, \$232,000 in fiscal 1980 is for financial aid to local governments within critical areas. Any unencumbered balance remaining in the first year shall not cancel but is available for the second year of the biennium.

#### Power Plant Studies

\$ 852,000	\$ 852,000
------------	------------

#### Land Use Planning

\$ 204,400	\$ 204,400
------------	------------

#### Human Resources Planning

\$ 338,300	\$ 338,300
------------	------------

\$62,500 each year is available for grants for improving management and planning for the delivery of human services. Applications shall be on forms approved by the state planning agency director. No grant shall exceed \$4,000. Top priority shall be given to counties that have not previously received grants. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

Subd. 4. Technical Assistance . . . . .	2,355,300	2,255,300
---	-----------	-----------

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

#### Technical Assistance

\$ 1,285,300	\$ 1,185,300
--------------	--------------

\$717,600 in fiscal 1980 and \$617,600 in fiscal 1981 is for land use planning grants to local governments.



	1980	1981
	\$	\$
<b>Planning Assistance Grants</b>		
\$ 969,000      \$ 969,000		
This appropriation is for regional planning assistance grants.		
<b>Fiscal Studies</b>		
\$ 101,000      \$ 101,000		
Subd. 5. General Administration . . . .	326,600	326,600

The director of the state planning agency with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose or for grants among the above programs and activities. All transfers shall be reported forthwith to the committee on finance in the senate and the committee on appropriations in the house of representatives.

#### Sec. 17. OFFICE OF HEARING EXAMINER

Approved Complement

Revolving—25

#### Sec. 18. ADMINISTRATION

General Operations and Management . . . 15,136,500    15,595,900

Approved Complement—956

General—485

Special—11

Federal—7

Revolving—453

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

#### Management Services

    \$ 3,311,200      \$ 3,493,300

The commissioner of administration shall transfer two positions from management analysis to records management to allow the department to meet its responsibilities for records management. These positions may revert to management analysis

1980

1981

\$

\$

when they are no longer needed to meet those responsibilities.

#### Real Property Management

\$ 7,804,200      \$ 7,780,900

The commissioner of administration shall charge the department of transportation and the iron range resources and rehabilitation board for engineering services performed on behalf of these agencies.

The unencumbered balance in appropriation accounts 16078:14-11 and 16072:14-11 shall be cancelled on July 1, 1979.

#### State Agency Services

\$ 1,224,400      \$ 1,222,000

For 1979—\$169,200

\$169,200 is available as an advance from the general fund to the surplus property revolving fund. Of this amount, \$67,700 is immediately available for payment of outstanding obligations, \$40,000 is immediately available as working capital, and \$61,500 is available for the reduction of obligations incurred between March 1, 1979, and February 29, 1980.

The commissioner of administration shall provide a monthly report to the commissioner of finance consisting of: an operations statement, a balance sheet, an analysis of changes in retained earnings, and a source and use of funds statement. The commissioner of finance is responsible for approving the allotment of the \$61,500 portion of the advance and shall give his approval when potential deficiencies are forecast. If it appears that the \$61,500 portion of the advance will be exhausted prior to January 15, 1980, the commissioner of finance shall promptly notify the governor and the legislative advisory commission of the need for an additional advance.

The commissioner of administration shall by January 15, 1980, provide copies of all monthly reports through the period ending December 31, 1979, to the senate fi-

1980

1981

\$

\$

nance committee and the house appropriations committee. The commissioner of finance shall by January 15, 1980, recommend the continuance or discontinuance of the federal surplus property activity to the committee on finance in the senate and the committee on appropriations of the house of representatives.

The advance of \$169,200 shall be returned in full or in increments to the general fund from the surplus property revolving fund when the commissioner of finance determines that retained earnings are in excess of the working capital requirements of the surplus property revolving fund. In the event the surplus property revolving fund is discontinued, any portion of the advance of \$169,200 that has not been returned to the general fund shall, immediately upon liquidation of assets, be paid to the general fund.

#### Public Services

\$ 1,748,900      \$ 2,053,400

\$37,000 the first year and \$40,700 the second year is for the state contribution to the National Conference of State Legislatures.

\$43,900 each year is for the state contribution to the Council of State Governments.

\$6,500 each year is for the expenses of the Interstate Cooperation Commission.

\$5,000 each year is for the Minnesota state employees band.

#### General Support

\$ 1,047,000      \$ 1,046,300

The commissioner of administration with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

	1980	1981
	\$	\$
Sec. 19. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD	68,900	68,900

#### Approved Complement—2

The capitol area architectural and planning board shall study the parking needs of the capitol area and shall prepare alternatives that guarantee public parking in the capitol area. This study shall be presented to the legislature by January 1, 1980.

Projects that are within the area under the jurisdiction of the capitol area architectural and planning board and are funded in total with federal money shall not be approved by the governor until a recommendation is received from the legislative advisory commission.

#### Sec. 20. FINANCE

General Operations and Management...	4,631,000	4,672,400
--------------------------------------	-----------	-----------

#### Approved Complement—122

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

##### Financial Systems and Operations

\$ 2,896,500	\$ 2,889,100
--------------	--------------

##### Budget and Control

\$ 915,500	\$ 977,400
------------	------------

##### General Support

\$ 801,400	\$ 805,900
------------	------------

##### Employee Athletic Leave of Absence

\$ 17,600
-----------

Any balance remaining on June 30, 1980 does not cancel, but is available for the second year.

The commissioner of finance may transfer unencumbered balances among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

	1980	1981
	\$	\$
Sec. 21. PERSONNEL		
General Operations and Management..	2,730,000	2,680,100
Approved Complement—120		
General—104		
Federal—9		
Revolving—7		

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

**Personnel Technical Services**

\$ 978,900      \$ 979,000

**Human Resource Improvement**

\$ 554,800      \$ 554,800

Each state department shall have a plan approved by the commissioner of personnel to use 50 percent of its training money, or the same percentage of its training money that its schedule "C" civil service employees are of its total number of departmental employees, whichever is less, for special career training programs for schedule "C" civil service employees. The money shall be used only for this purpose.

The commissioner of personnel shall create and distribute a handbook identifying existing career advancement opportunities within the state civil service system with particular emphasis on those available to schedule "C" employees.

**Labor Relations**

\$ 232,400      \$ 232,400

**Administrative and Special Services**

\$ 963,900      \$ 913,900

Of this appropriation, \$50,000 the first year is for the social security revolving fund as paid in capital.

The commissioner of personnel with the approval of the commissioner of finance

1980

1981

\$

\$

may transfer unencumbered balances among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

In the case of state departments, agencies, and institutions that are financed in whole or in part with federal money, the portion of the cost of collecting social security contributions that is chargeable to federal money shall be reimbursed from federal money, and the amount necessary is appropriated from federal money for that purpose.

The cost of collecting employees' social security contributions and the state's matching share for reimbursement to the U.S. Secretary of the Treasury for state departments, agencies, and institutions whose salaries are provided by open, standing, continuing, or revolving appropriations or so called dedicated receipt accounts shall be reimbursed to the state agency revolving fund from those appropriations or dedicated receipt accounts, and the amount necessary is appropriated from those appropriations and accounts for that purpose.

Sec. 22. PERSONNEL BOARD . . . .

58,500

—0—

Approved Complement—1

The commissioner of administration shall study and report to the legislature by January 1, 1980 his recommendations on the proper state agency to perform the functions now performed by the personnel board.

Sec. 23. REVENUE

General Operations and Management . . . 23,367,900

23,389,800

1980 1981

Approved Complement—944 941

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

	1980	1981
	\$	\$
Revenue Management		
\$ 6,485,500	\$ 6,464,100	
Income, Sales, and Use Tax Management		
\$12,610,900	\$12,638,900	
Property and Special Taxes Management		
\$ 4,164,300	\$ 4,179,600	
Assessors Board		
\$ 107,200	\$ 107,200	

The commissioner of revenue with the approval of the commissioner of finance may transfer unencumbered balances among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

#### Sec. 24. AGRICULTURE

General Operations and Management....	25,546,100	23,528,000
---------------------------------------	------------	------------

Approved Complement—494

General—433

Special—56

Federal—5

The approved complement includes eight positions in the shade tree activity whose continued existence is dependent upon the continuation of appropriations for that activity. As appropriations for that activity decline, the approved complement will be reduced accordingly.

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

Development and Protection of Agricultural Resources

\$ 21,582,900	\$ 18,543,900
---------------	---------------

None of the appropriation for market development, promotion, and information for the second year shall be expended until the commissioner of agriculture has

1980

1981

\$

\$

submitted to the legislature a five year work program for the development of international markets and received the recommendations of the committee on finance of the senate and the committee on appropriations of the house of representatives on the plan.

#### Food and Family Farm Protection

\$ 2,802,100      \$ 3,602,100

#### General Support

\$ 1,161,100      \$ 1,382,000

The appropriation for General Support includes the following amounts for grants to agricultural societies and associations.

#### (a) For Aid to the Northeastern Minnesota Junior Livestock Show Association

\$ 1,400      \$ 1,400

To be paid to the Northeastern Minnesota junior livestock show association for the payment of expenses and transportation of boys and girls displaying exhibits and in attendance at the junior livestock show at Duluth and for prizes awarded to exhibitors at the show.

#### (b) For Aid to Minnesota Livestock Breeders Association

\$ 14,200      \$ 14,200

#### (c) For Aid to Northern Sheep Growers Associations

\$ 1,125      \$ 1,125

#### (d) For Aid to Southern Sheep Growers Association at LeSueur, Minnesota

\$ 500      \$ 500

#### (e) For Red River Valley Livestock Associations

\$ 7,500      \$ 7,500

The amount appropriated by clause (e) shall be disbursed pursuant to provisions of Minnesota Statutes, Section 38.02.

#### (f) For the Red River Valley Dairymen's



	1980	1981
	\$	\$
Association, Inc., for the purpose of promoting better dairying		
\$ 1,500	\$ 1,500	

Clauses (b), (c), (d), (e), and (f) shall be expended under provisions of Minnesota Statutes, Section 17.07.

(g) Aid to County and District

Agricultural Societies

\$ 320,000	\$ 320,000
------------	------------

Of the amount appropriated by clause (g), \$4,500 each year is for livestock premiums to county fair associations for carrying on boys' and girls' club work.

The amount appropriated by clause (g) shall be disbursed according to Minnesota Statutes, Section 38.02.

Out of the amounts appropriated by clause (g), \$1,000 each year shall be available for agricultural aid to the Red Lake Band of Chippewa Indians, to be expended as may be directed by the Indian council for the purpose of encouraging activities and arts that will advance the economic and social interest of their people and particularly to promote a program of agricultural development that will utilize to the greatest possible extent the lands and forest owned by them. This appropriation may be used to help maintain an agricultural extension service, to promote 4-H club work, or for premiums for the competitive display of exhibits at any fair or exposition that may be arranged under the direction of the council.

(h) For Aid in Payment of Premiums at Exhibitions of Poultry for the poultry associations mentioned in Laws 1949, Chapter 718, Section 7, Subdivision 8

\$ 3,500	\$ 3,500
----------	----------

Out of the amounts appropriated by clause (h) the amount of \$1,125 shall

1980

1981

\$

\$

be allotted each fiscal year to aid the Minnesota state poultry association in the payment of premiums and other necessary expenses, exclusive of salaries or wages of any kind, at its annual exhibition.

The northern poultry association (being a consolidation of 14 northwestern county associations) shall receive not to exceed \$150.

The commissioner of agriculture with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

#### Sec. 25. LIVESTOCK SANITARY BOARD

General Operations and Management..	1,190,900	1,194,600
-------------------------------------	-----------	-----------

Approved Complement—40

This appropriation includes \$75,000 each year for payment of indemnities. If the appropriation for indemnities for either year is insufficient, the appropriation for the other year is available for it. Indemnities of less than \$1 shall not be paid.

#### Sec. 26. NATURAL RESOURCES

General Operations and Management..	51,194,500	51,174,100
-------------------------------------	------------	------------

Approved Complement—1416

General—892

Special—18

Game and Fish—479

Federal—25

Two of the federal positions are CETA positions for St. Croix Wild River state park.

Gifts— 2 2

Of this appropriation \$33,775,200 for the

1980

1981

\$

\$

first year and \$33,741,000 for the second year are from the general fund; \$1,330,000 each year is from the special revenue fund; and \$16,089,300 for the first year and \$16,103,100 for the second year are from the game and fish fund, including \$526,600 the first year and \$533,400 the second year pursuant to Minnesota Statutes, Section 296.421, Subdivision 4.

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

#### Administrative Management Services

\$ 4,272,100      \$ 4,272,100

\$252,900 each year is for the environmental education board

Of this appropriation, \$171,400 each year is appropriated from the game and fish fund for the purchase of legal services from or through the attorney general on behalf of game and fish activities.

#### Youth Conservation Corps

\$ 325,000      \$ 325,000

The department shall insure that youths in all parts of the state shall have an equal opportunity for employment. The youth conservation corps shall provide service for the various DNR disciplines including parks, forestry and stream improvement. \$100,000 in fiscal 1980 and \$100,000 in fiscal 1981 shall be used for planting, timber stand improvement, and forest development on state owned lands, other than trust fund lands, for forestry purposes.

#### Public Access and Lake Improvements

\$ 526,600      \$ 533,400

Combining the appropriations for public access and lake improvements into one program shall not be accompanied by any combination of staff or increase in staff used for this purpose.

1980

1981

\$

\$

**Regional Administration**

\$ 2,724,500      \$ 2,724,500

It is legislative policy to support coordination between different DNR disciplines within the regions.

Notwithstanding the provisions of Laws 1978, Chapter 792, Section 6, Paragraph (b), no amount of appropriations under that paragraph shall be expended unless the designated building is equipped with a wood burning heating plant.

**Field Services Support**

\$ 3,683,600      \$ 3,683,500

**Water Resources Management**

\$ 2,585,000      \$ 2,592,900

In conjunction with dam safety inspections during the biennium the department shall utilize a survey form prepared by staff of the Minnesota energy agency to record pertinent information to determine the potential feasibility of hydroelectric power generation at dams located throughout the state.

**Mineral Resources Management**

\$ 1,892,900      \$ 1,892,900

\$216,900 in fiscal 1980 and \$216,900 in fiscal 1981 is for mineland reclamation.

\$350,000 in fiscal 1980 and \$350,000 in fiscal 1981 is for peat inventory or studies. It is a condition of acceptance of the appropriations for peat inventory or studies that the agency or entity receiving the appropriation shall submit work programs and semi-annual progress reports in the form determined by the legislative commission on Minnesota resources. None of the money provided in this paragraph may be expended unless the commission has approved the pertinent work program. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

1980

1981

\$

\$

**Forest Management**

\$ 7,962,300      \$ 7,962,300

\$500,000 each year is from the consolidated conservation areas account.

\$215,000 each year is from the iron range resources and rehabilitation account.

\$750,000 the first year is to implement the federal Boundary Waters Canoe Area legislation. The commissioner shall submit work programs and semi-annual progress reports in the form determined by the legislative commission on Minnesota resources. None of the money provided for this purpose may be expended unless the commission has approved the pertinent work program.

\$750,000 the second year is available only to match federal money on a basis of 80 percent federal, 20 percent state.

\$300,000 each year is for emergency fire fighting. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. Except on an emergency basis, no part of this appropriation shall be expended for contracts for standby air tankers until the department has attempted to make similar arrangements for the use of air national guard tankers.

\$50,000 each year is additional funding for forest campground maintenance and development.

**Fish Management**

\$ 5,138,600      \$ 5,138,600

Supervision costs for rough fish contracts shall not exceed contract receipts. Special attention for stream maintenance and improvements shall be given to north-eastern and southeastern Minnesota trout streams.

**Wildlife Management**

\$ 5,416,600      \$ 5,423,600

1980

1981

\$

\$

\$615,000 each year is from the wildlife acquisition fund for the acquisition of wildlife management areas.

\$300,000 each year is for deer habitat improvement.

\$156,000 in the first year and \$163,000 the second year is from the game and fish fund for payments to counties in lieu of taxes.

#### Ecological Services

\$ 603,900      \$ 603,900

#### Parks and Recreation Management

\$ 7,562,800      \$ 7,528,000

\$197,000 in fiscal 1980, and \$197,000 in fiscal 1981 is for development and maintenance of canoe and boating routes.

The six regional trails coordinators now in the unclassified service shall be transferred without competitive examination to the classified civil service of the state. Positions and employees shall be placed in the proper classifications by the commissioner of personnel with compensation as those classifications carry. Employees above the maximum rate for their classification shall receive no further salary increases, except for cost of living adjustments and those increases authorized by Minnesota Statutes, Section 43.122, Subdivision 1, until their salary rate falls within the range for their classification. Incumbents of transferred positions shall receive the status and length of service credit that would have accrued to them had they originally been appointed to the classified civil service; however, the length of service shall not include seniority under the provisions of a collective bargaining agreement negotiated pursuant to sections 179.61 to 179.77, until the effective date of classified civil service status. All of the employees accrued vacation and sick leave shall be transferred to their credit, provided that in no event shall the amount transferred

1980

1981

\$

\$

exceed state limitations for classified employees.

\$1,207,500 each year represents unre-funded gas taxes paid for snowmobiles and shall be used for acquisition, development and maintenance of recreational trails and for related purposes. It is a condition of acceptance of this appropriation that the department shall submit a work program and semi-annual progress reports to the legislative commission on Minnesota resources in a form determined by the commission. None of the appropriation may be expended unless the commission approves the work program.

\$104,000 each year is for the program to employ needy elderly persons in the maintenance and operation of state parks.

Notwithstanding any other law to the contrary money appropriated for trails may be used to fence snowmobile trails to protect private property.

\$66,000 the first year and \$24,000 the second year is for payments in lieu of taxes on lands in Voyageurs national park and St. Croix Wild River state park. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

#### Soil and Water Conservation Board

\$ 2,839,600      \$ 2,839,600

\$425,000 each year is for general purpose grants in aid to soil and water conservation districts.

\$225,800 each year is for grants to watershed districts and other local units of government in the southern Minnesota river basin study area 2 for flood plain management.

\$1,585,200 each year is for grants to soil and water conservation districts for cost sharing contracts for erosion control and water quality management.

1980

1981

\$

\$

\$250,000 each year is for grants in aid to soil and water conservation districts and local units of government to assist them in solving sediment and erosion control problems. Grants shall not exceed 50 percent of total project costs or 50 percent of the local share if federal money is used. Priority shall be given to projects designed to solve lakeshore, stream bank, and roadside erosion and to projects eligible for federal matching money.

\$92,000 each year is for grants to soil and water conservation districts for review and comment on water permits.

The commissioner of natural resources shall develop a grant plan that incorporates flood plain management and soil and erosion control into an integrated statewide system for flood and soil and erosion control.

#### Enforcement of Natural Resources Laws and Rules

\$ 5,124,000      \$ 5,124,000

\$75,000 each year is for reservation conservation law enforcement. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$20,000 each year is from the game and fish fund for the purpose of controlling smelt fishing activities on the north shore, including development of parking facilities, traffic control, coordination of regulatory agencies, control of trespass and vandalism, control of littering and sanitation, and public information and education.

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

The commissioner shall attempt to secure from the law enforcement assistance administration federal money to improve the training of conservation officers in law enforcement techniques.



1980

1981

\$

\$

## Planning and Research

\$ 537,000      \$ 537,000

It is a condition of acceptance of the appropriation for trails planning that the department shall submit a work program and semi-annual progress reports to the legislative commission on Minnesota resources in a form determined by the commission. None of the appropriation may be expended unless the commission approves the work program.

The commissioner of natural resources with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

## Sec. 27. ZOOLOGICAL BOARD

General Operations and Management... 5,045,600      4,828,200

Approved Complement—164

General—162

Special—2

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

## Visitor Services

\$ 1,203,700      \$ 1,200,700

## Zoo Ride

All receipts from the operation of the zoo ride shall be deposited in a special account in the state treasury. All receipts from the zoo ride are appropriated and available until June 30, 1981 for the purposes of the zoo ride. These receipts are the only money appropriated for zoo ride operating expenses or debt services.

## Plant and Animal Sciences

\$ 1,147,400      \$ 1,133,000

	1980	1981
	\$	\$
<b>General Support</b>		
\$ 365,400      \$ 365,400		
<b>Information and Education Services</b>		
\$ 402,900      \$ 402,900		
<b>Planning and Operations</b>		
\$ 1,926,200      \$ 1,726,200		
<p>\$200,000 in fiscal year 1980 is for a major maintenance reserve fund. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.</p> <p>The director of the Minnesota zoological garden with the approval of the commissioner of finance may transfer unencumbered balances among the above programs, except that he shall make no transfer into the zoo ride program. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.</p> <p>The fee structure for the Minnesota zoological garden shall not exceed \$3.00 for adults, age 17 and over, \$1.50 for juniors age 12-16, \$1.00 for children ages 6-11 and free for children 5 and under.</p>		
Sec. 28. WATER RESOURCES BOARD .....	90,600	90,600
Approved Complement—3		
<p>All hearings of the water resources board shall be solely in the performance of expressed statutory duties.</p> <p>Up to \$8,000 of salaries each year may be used for field training of an employee who is a graduate of an engineering college, which sum shall be matched by watershed districts providing training experience through contractual agreements with the board.</p>		
Sec. 29. POLLUTION CONTROL AGENCY		
General Operations and Management . . .	4,585,100	4,514,900

1980

1981

\$

\$

## Approved Complement—264

General—156

Federal—108

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

## Water Pollution Control

\$ 1,606,200      \$ 1,605,600

## Air Pollution Control

\$ 604,100      \$ 578,300

\$50,000 the first year and \$25,000 the second year is for special studies. The agency shall negotiate with the federal government, or any agency, bureau, or department thereof, for the purpose of securing or obtaining any grants of assistance in the completion of these studies. Any unexpended balance remaining in the first year does not cancel but is available for the second year.

## Solid Waste Pollution Control

\$ 482,100      \$ 481,700

\$40,000 each year is for automobile recycling. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

## Regional Support

\$ 458,800      \$ 460,500

## General Support

\$ 1,433,900      \$ 1,388,800

\$204,800 the first year and \$159,800 the second year is for functions relating to the Reserve Mining project. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

\$60,000 each year is for costs related to the preparation of environmental impact statements on projects not subject to assessment for reimbursement. Any unencumbered balance remaining in the

1980

1981

\$

\$

first year does not cancel but is available for the second year.

The pollution control agency may establish 12 unfunded state complement positions for the fiscal years 1980 and 1981 as long as expenditures do not exceed state appropriations.

The health department shall continue to render staff services the agency requires from time to time through health's division of environmental health. The health department shall be reimbursed from the appropriation for general support for this cost.

The director of the pollution control agency with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above activities. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

### Sec. 30. ENERGY

General Operations and Management..	1,267,400	1,267,400
-------------------------------------	-----------	-----------

Approved Complement—78

General—38

Federal—40

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

#### Conservation

\$	372,600	\$	372,600
----	---------	----	---------

#### Alternative Energy Development

\$	93,300	\$	93,300
----	--------	----	--------

#### Data and Analysis

\$	565,900	\$	570,000
----	---------	----	---------

#### General Support

\$	235,600	\$	231,500
----	---------	----	---------

1980

1981

\$

\$

The director of the energy agency with the approval of the commissioner of finance may transfer unencumbered balances among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

### Sec. 31. NATURAL RESOURCES ACCELERATION

Subdivision 1. General Operations and Management .....	15,794,300	14,858,900
--	------------	------------

#### Approved Complement

1980—122	1981—106
----------	----------

General—118	102
-------------	-----

Federal— 4	4
------------	---

The amounts that may be expended from this appropriation for each activity are more specifically described in the following subdivisions of this section.

For all appropriations in this section, except as otherwise specifically provided, if the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 2. Legislative Commission on Minnesota Resources .....	224,900	224,900
--	---------	---------

The commission shall during the 1979-81 biennium review the work programs and progress reports required under subdivision 12 of this section and report its findings and recommendations to the committee on finance of the senate, committee on appropriations of the house of representatives and other appropriate committees. The commission shall establish oversight committees to continue review of a variety of natural resource subject areas as it deems necessary to carry out its legislative charge.

Subd. 3. State Planning Agency .....	4,765,900	4,232,500
--------------------------------------	-----------	-----------

1980

1981

\$

\$

**Approved Complement—12**

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

**(a) Copper Nickel Information Management**

\$ 23,400      \$ 0

For the environmental conservation library to catalogue and manage the reports and background material from the regional copper nickel study.

**(b) Copper Nickel Study Review**

\$ 110,000      \$ 0

To provide continuity in developing legislative policy and assistance to the various agencies in analysis and decision making after the study is published.

The state planning agency is directed to make its final report to the committee on environmental and natural resources in the house of representatives and the committee on agriculture and natural resources in the senate no later than June 30, 1979. If the legislative committees require additional expert testimony and review after June 30, 1979, such expertise shall be funded from appropriations to the legislature. The state planning agency is further directed to deliver data and reports to the state agencies and ECOL, whichever the SPA determines appropriate. Information presented to ECOL shall be indexed for reference by the SPA before presentation.

**(c) Aerial Photography**

\$ 150,000      \$ 0

To finish purchase of statewide high altitude aerial photographs.

**(d) Outdoor Recreation Act Review**

\$ 32,500      \$ 32,500

1980

1981

\$

\$

**Approved Complement—1**

For the agency review process required in Minnesota Statutes, Chapter 86A.

**(e) Land Use Change Analysis**

\$ 75,000      \$ 75,000

**Approved Complement—2**

To develop rapid and inexpensive techniques to collect and analyze land use change for use in updating land use information.

**(f) Computer Work Station**

\$ 250,000      \$ 0

For purchase of a mini-computer to augment the Minnesota land management information system analysis techniques and service capability.

**(g) Geographic Information System**

\$ 50,000      \$ 50,000

**Approved Complement—1**

To develop improved capabilities for information organization and analysis and develop interface with other natural resource data systems.

**(h) Satellite Data Analysis**

\$ 35,000      \$ 35,000

**Approved Complement—1**

To develop technical and computer capabilities at the state level for enhanced use of LANDSAT information and technology.

**(i) Automated Reference Index**

\$ 40,000      \$ 40,000

**Approved Complement—2**

To provide a centralized source index for natural resource information, including information gathered by the copper nickel project.

**(j) Local Recreation and Natural Areas Contingent Account**

\$ 2,000,000      \$ 2,000,000

1980

1981

\$

\$

This appropriation is available to pay up to 50 percent of the total cost or 50 percent of the local share if federal matching funds are used, of long term lease, acquisition and development for recreational projects for the purposes described in Laws 1965, Chapter 810, Section 23, as amended by Laws 1969, Chapter 1139, Section 48, Subdivision 7, Paragraph g, except that no lake improvement grants are authorized under this subdivision and the per project limit for state grants is \$200,000.

\$1,000,000 of this appropriation each year is reserved for projects outside the metropolitan area as defined in Minnesota Statutes, Section 473.121, Subdivision 2.

The state planning agency shall administer the natural resources and land and water conservation fund grants-in-aid to local units of government. Notwithstanding any other law to the contrary these grants are not contingent upon the matching of federal grants.

This appropriation shall be expended with the approval of the governor after consultation with the legislative advisory commission. The legislative commission on Minnesota resources shall make recommendations to the legislative advisory commission regarding such expenditures.

(k) Regional Recreation and Natural Areas Contingent Account

\$ 2,000,000      \$ 2,000,000

This appropriation is available to pay up to 50 percent of the total cost or 50 percent of the local share if federal matching funds are used, for long term lease, acquisition and major development for recreation projects, natural areas and open space serving a regional need to counties, local units of government and special units of government authorized to acquire, maintain and operate recreational and natural areas.

\$2,000,000 of this appropriation shall be



1980

1981

\$

\$

reserved for projects outside the metropolitan area as defined in Minnesota Statutes, Section 473.121, Subdivision 2. Priorities for the use of funds provided in this subdivision will be given to projects eligible for federal funding and which are consistent with priorities established by regional recreation and open space plans.

The amount needed but not to exceed \$1,000,000 in fiscal year 1980 and \$1,000,000 in fiscal year 1981, from this appropriation shall be transferred to the metropolitan council to pay principal and interest coming due in the respective fiscal years on bonds issued pursuant to Laws 1974, Chapter 563, Section 7, Subdivision 2; none of this amount may be expended for professional services.

The state planning agency shall administer the natural resources and land and water grants-in-aid program.

This appropriation shall be expended with the approval of the governor after consultation with the legislative advisory commission. The legislative commission on Minnesota resources shall make recommendations to the legislative advisory commission regarding such expenditures.

#### (1) Recreation and Natural Areas Contingent Account Administration

##### Approved Complement—5

Of the amounts appropriated in paragraphs (g) and (h) of this subdivision, up to \$313,000 is available for administration.

Subd. 4. Department of Natural Resources .....

6,948,200

6,754,800

##### Approved Complement—86

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

1980

1981

\$

\$

(a) State Park and Recreation Area Development

\$ 4,644,500      \$ 4,644,500

Approved Complement—28

To be expended in accordance with Minnesota Statutes, Chapter 86A. Of this amount, \$2,400,000 is appropriated from the state parks development account. At least 80 percent of the appropriation shall be spent only upon projects eligible for at least 50 percent federal match or reimbursement. Up to \$2,700,000 of the appropriation may be used for major rehabilitation. The department shall obtain great river road federal funding in all feasible projects. Up to \$1,304,000 of the appropriation is available for professional services.

(b) Outdoor Recreation Act Implementation

\$ 643,300      \$ 562,400

Approved Complement—31

For the master planning and other activities required by Minnesota Statutes 1978, Chapter 86A. Of this amount, \$600,000 and 14 staff complement are for parks, \$80,900 and 5 staff are for wildlife, through March 1980, \$455,000 and 11 staff are for wild, scenic and recreational rivers and \$69,800 and 1 staff for scientific and natural areas.

(c) Long Range Plan

\$ 173,800      \$ 173,800

Approved Complement—4

To continue development of a long range plan which lays out interdisciplinary goals, objectives, policies and an ongoing planning process to guide resource management in Minnesota. Data shall be collected in a format consistent and compatible with the Minnesota land management information system.

(d) Peat Inventory

	1980	1981
	\$	\$
\$ 96,500	\$ 96,500	

#### Approved Complement—4

To continue the inventorying of peat by reporting the type, quality, quantity and depth of an additional one million acres which will complete the reconnaissance inventory of the major peat bogs, including those with energy and chemical industrial use potential. Data shall be collected in a format consistent and compatible with the Minnesota land management information system. Grants or matching money received are appropriated for this purpose.

#### (e) Iron Range Information Analysis

\$ 50,000	\$ 0
-----------	------

In addition to the \$25,000 in the regular budget for this purpose, this appropriation is for continued development and implementation of a system for pertinent information. Existing and prospective data shall be organized in a format consistent and compatible with the Minnesota land management information system and provided to that system. Money necessary for this project after March, 1980 shall be requested from the iron range resources and rehabilitation board.

#### (f) Heavy Metals Release Study

\$ 37,500	\$ 0
-----------	------

#### Approved Complement—1

To develop techniques to control release of heavy metals from gabbro materials. The department shall propose relevant policies for gabbro development as a result of this study. Money necessary for this project after March, 1980 shall be requested from the iron range resources and rehabilitation board.

#### (g) Water Use Data System

\$ 41,000	\$ 41,000
-----------	-----------

#### Approved Complement—1

1980

1981

\$

\$

Update and expand a water appropriations data base on withdrawals, use and discharge. The system shall be useable by all water resource managers in identifying withdrawal, use and discharge. The information shall be collected in a format consistent and compatible with the Minnesota land management information system.

(h) Floodwater Retention Assistance

\$ 531,400      \$ 531,400

Approved Complement—1

To assist the lower Red River watershed management board in providing up to 50 percent of the non-federal share of the cost of projects approved by the board for floodwater retention in the jurisdiction of the board. All available local, state, federal and private sources shall be requested to provide financial assistance. Of this amount, up to \$62,800 is available for the biennium to the department for staff and essential equipment.

(i) Stream Inventory and Data Retrieval Systems

\$ 68,700      \$ 68,700

Approved Complement—1

For development of standardized stream location and river mile indexing systems which will enhance the water management information system and be compatible with the Minnesota land management information system.

(j) Uranium Information

\$ 25,000      \$ 0

To prepare and publish a report by July 1, 1980 which summarizes and reviews available information on uranium mining and processing including geology, technology, leasing considerations, and environmental impacts.

1980

1981

\$

\$

**(k) Accelerate Private Forest Management**

\$ 251,000 \$ 251,000

**Approved Complement—10**

To provide increased technical management assistance to private non-industrial forest land owners throughout the state, and, in cooperation with the soil and water conservation board, encourage landowners to apply for available federal cost sharing assistance for implementation of practices. Of this amount, \$100,000 is available for a pilot project in the seven counties within the Richard J. Dorer memorial hardwood forest to provide up to 50 percent of the non-federal share of the costs of implementing forestry practices which are eligible for federal cost sharing assistance. After October 1, 1980, the unused portion for the pilot project may also be used for cost sharing assistance in other areas of the state as indicated by landowner interest and request.

**(l) Fire Management Analysis**

\$ 81,200 \$ 81,200

**Approved Complement—3**

To conduct a system analysis of fire management in the department's northwest number one and northeast number two regions. The results shall show the cost effective levels of protection in those areas and the method of analysis most applicable to the central, metropolitan and southern regions.

**(m) Wildlife Management Area Inventory**

\$ 29,300 \$ 29,300

**Approved Complement—1**

To begin a four year inventory of physical facilities and resource characteristics on approximately 200 units and prepare data processing programs for storage, re-

1980

1981

\$

\$

trieval and analysis. The information shall be collected in a format consistent and compatible with the Minnesota land management information system.

(n) Public Access to Metropolitan Area Lakes

\$ 250,000      \$ 250,000

For acquisition and development of access to lakes in the metropolitan area as defined in Minnesota Statutes 1978, Section 473.121, Subdivision 2. Expenditures for development shall not exceed 25 percent of the amount appropriated herein. Priorities shall be developed in conjunction with the metropolitan council and local units of government, so that free and indiscriminate access is available throughout the area. The department shall make every effort to maximize the use of local effort and finances in the program.

(o) Resource User Information

\$ 25,000      \$ 25,000

Approved Complement—1

For development of management information tools and processes which will provide current information needed for recreation policy and planning, and which will eliminate the need for future large scale appropriations for preparation of a statewide comprehensive outdoor recreation plan. Any expenditure necessary to maintain or update the processes developed herein shall be incorporated in the regular budget.

(p) Game Lake Management, Heron Lake

Jackson County

The department shall submit a current work program for the project authorized by Laws 1977, Chapter 455, Section 28, before spending any more of the appropriation.

	1980	1981
	\$	\$
Subd. 5. Water Planning Board.....	288,000	
Approved Complement—10		
For continued operation of the board created in Minnesota Laws 1977, Chapter 446 through June 30, 1980, to provide for communication and evaluation of the framework water plan and to coordinate continued development of the water management information system.		
The water planning board is extended from June 30, 1979 through June 30, 1980. Minnesota Statutes 1978, Section 105.401 expires on June 30, 1980.		
Subd. 6. Pollution Control Agency...	600,300	686,000
Approved Complement		
General—2		
Federal—4		

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

(a) Lake Improvement Grants-in-Aid

\$ 527,400    \$ 527,400

Approved Complement—2

The agency shall administer this appropriation to provide grants-in-aid to local units of government including lake improvement districts. Only grant proposals eligible for aid from the federal water pollution control act, 33 U.S.C.A. Section 1324, shall be eligible under this program. State grants shall be available to provide up to 50 percent of the non-federal share of each project and available only to projects with an approved federal grant. This appropriation shall be expended with the approval of the governor after consultation with the legislative advisory commission. The legislative commission on Minnesota resources shall make recommendations to the legislative advisory commission regarding the expenditures. Of the appropriation, up to \$69,000 is available for administration.

1980

1981

\$

\$

**(b) Lake Classification**

\$	42,900	\$	128,600
----	--------	----	---------

**Approved Complement****Federal—4**

The agency shall classify publicly owned lakes in accordance with 33 U.S.C.A. Section 1324, Paragraph (a). \$42,857 of this appropriation shall be used to match available federal moneys for phase I. \$128,571 of this appropriation shall be used to match available federal money for phase II. Federal match money is appropriated.

**(c) Feasibility Studies Grants-In-Aid**

\$	30,000	\$	30,000
----	--------	----	--------

The agency shall administer this appropriation to provide grants-in-aid to local units of government including lake improvement districts. Only grant proposals eligible for aid for feasibility studies under 33 U.S.C.A. Section 1324 shall be eligible for this program. State grants shall be available up to 50 percent of the non-federal share.

**Subd. 7. Energy Agency**

164,200

229,200

**Approved Complement—3**

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

**(a) Solar Technical Assistance**

\$	96,600	\$	96,600
----	--------	----	--------

**Approved Complement—2**

To increase the technical assistance to current and potential solar users in conjunction with the state solar office operation; evaluate passive solar retrofit techniques; prepare and publish manuals for adapting passive solar techniques and the economics of solar water heaters; and develop a media presentation on solar energy.



	1980	1981
	\$	\$

**(b) Timber and Wood Residue**

\$	52,600	\$	52,600
----	--------	----	--------

**Approved Complement—1**

To develop a plan for waste wood utilization and prepare a list of potential wood energy demonstration sites; develop engineering studies for wood utilization.

**(c) Hydropower Development**

\$	5,000	\$	5,000
----	-------	----	-------

To prepare feasibility studies on potential hydropower sites. All available federal funding shall be requested.

**(d) Ice Air Conditioning Commercialization**

\$	10,000	\$	75,000
----	--------	----	--------

For evaluation of ice air conditioning for commercial application.

Subd. 8. Regents of the University of Minnesota .....	1,515,600	1,444,200
---	-----------	-----------

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

**(a) Non-Ferrous Minerals Directory**

\$	20,000	\$	0
----	--------	----	---

To the civil and mineral engineering school mineral resources research center for initial publication of a directory which addresses non-ferrous mineral activity. Future publication shall be requested in the regular budget.

**(b) Accelerated Detailed Soil Survey**

\$	772,700	\$	772,700
----	---------	----	---------

To the agricultural experiment station to continue the 12 year program begun in 1975 to provide detailed county soil surveys. Program costs shall be shared among local, state and federal governments on a prorata basis depending upon land ownership pattern.

1980

1981

\$

\$

## (c) Aeromagnetic Mapping

\$ 375,000      \$ 375,000

To the Minnesota geologic survey for airborne electronic measurement of statewide geology. If federal match money becomes available, it is appropriated along with this amount.

## (d) Geology of Southeast Minnesota

\$ 38,000      \$ 38,000

To the Minnesota geologic survey for continued analysis of the karst geology to determine subsurface drainage and hydrology.

## (e) Engineering Geology

\$ 50,000      \$ 50,000

To the Minnesota geologic survey for expanded mapping and data collection on the subsurface geology in part of the twin cities metropolitan area and preparation of the information for planning the use of underground space. Data shall be collected in a format consistent and compatible with the Minnesota land management information system and provided to that system as appropriate.

## (f) Subsurface Geology Data

\$ 90,000      \$ 90,000

To the Minnesota geologic survey to complete evaluation of existing well logs for geologic and hydrologic purposes, as initiated in Minnesota Laws 1977, Chapter 446. Data shall be collected in a format consistent and compatible with the Minnesota land management information system and provided to that system and the water management information system as appropriate.

## (g) Underground Commercial Facility Design Study

\$ 61,000      \$ 61,000

To the civil and mineral engineering school underground space center to de-

	1980	1981
	\$	\$
velop and publish the design criteria applicable to potential commercial construction in underground space.		
(h) Multiple Residence Earth Sheltered Design Study		
\$ 51,400 \$ 0		
To the civil and mineral engineering school underground space center to develop and publish the design criteria applicable to multiple residential developments.		
(i) Direct Reduction Technology Evaluation		
\$ 57,500 \$ 57,500		
To the civil and mineral engineering school mineral resources research center for analysis of innovative approaches to cost effective reduction of minerals aimed toward creating higher value concentrate at production facilities within the state.		
Subd. 9. Minnesota Historical Society	75,000	75,000
Approved Complement—4		
For the second and final biennium of the program to develop an archeologic data base which is compatible with the Minnesota land management information system. The society shall publish a report on the location, characteristics and significance for preservation of archeologic sites which will serve to eliminate the delays in environmental assessments and impact statements. Confidentiality and disclosure requirements shall be observed concerning publication of this report.		
Subd. 10. Department of Health . . . .	12,200	12,300
Approved Complement—1		
For completion of the development of a water well data system containing water quality information by geographic reference compatible with the water management information system.		
Subd. 11. Department of Transportation . . . . .	200,000	200,000

1980

1981

\$

\$

The department of transportation shall administer this appropriation to provide grants-in-aid to local units of government that qualify for funding of amenity projects under the federal great river road program. State grants shall be available to provide up to 50 percent of the non-federal share of each project.

#### Subd. 12. Work Programs

It is a condition of acceptance of the appropriations made by this section that the agency or entity receiving the appropriation shall submit work programs and semi-annual progress reports in the form determined by the legislative commission on Minnesota resources. None of the moneys provided in this section may be expended unless the commission has approved the pertinent work program.

#### Subd. 13. Complement Temporary

Persons employed by a state agency and paid by an appropriation in this section are in the unclassified civil service and their continued employment is contingent upon the availability of money from the appropriation. When the appropriation has been expended, their positions shall be cancelled and the approved complement of the agency reduced accordingly.

#### Subd. 14. Natural Resources Federal Reimbursement Account . . . . .

1,000,000

1,000,000

This appropriation is from the natural resources federal reimbursement account.

At least \$1,000,000 of this appropriation shall be used only for forestry matters deemed necessary by the legislative commission on Minnesota resources, including but not limited to a forestry study.

### Sec. 32. COMMERCE

General Operations and Management . . .

5,257,300

5,236,000

Approved Complement—222

The amounts that may be expended from

	1980	1981
	\$	\$
this appropriation for each program are as follows:		
<b>Supervision of State Chartered Financial Institutions</b>		
\$ 1,823,900	\$ 1,818,900	
The commissioner of banks shall cooperate with the state treasurer in the conduct of audits relating to unclaimed property.		
<b>Investment Protection</b>		
\$ 723,600	\$ 723,600	
<b>Consumer Services</b>		
\$ 588,300	\$ 588,300	
<b>Regulation of Insurance Companies</b>		
\$ 1,329,100	\$ 1,329,100	
<b>General Support</b>		
\$ 792,400	\$ 776,100	

The commission with the approval of the commissioner of finance may transfer unencumbered balances among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations in the house of representatives.

### **Sec. 33. NON-HEALTH RELATED BOARDS**

<b>Subdivision 1. BOARD OF ABSTRACTORS</b> .....	3,600	3,600
<b>Subd. 2. BOARD OF ACCOUNTANCY</b> .....	150,400	150,400
<b>Approved Complement—3</b>		
<b>Subd. 3. BOARD OF ARCHITECTURE, ENGINEERING AND LAND SURVEYING</b> .....	214,700	219,700
<b>Approved Complement—7</b>		
<b>Subd. 4. BOARD OF BARBER EXAMINERS</b> .....	80,700	80,700
<b>Approved Complement—3</b>		

	1980	1981
	\$	\$
Subd. 5. BOARD OF BOXING.....	21,900	22,000
Approved Complement—1		
Subd. 6. BOARD OF COSMETOL- OGY .....	334,400	334,400
Approved Complement—14		
Subd. 7. BOARD OF ELECTRICITY	2,129,200	2,231,200
Approved Complement—18		
For 1979—\$135,000		
Subd. 8. BOARD OF PEACE OF- FICER STANDARDS AND TRAIN- ING		
General Operations and Management..	401,200	300,700
Approved Complement—8		
\$200,000 of this appropriation the first year and \$100,000 the second year is for reimbursements to local governments for costs of substitute local protection while officers attend regular training courses. Reimbursement shall be for basic training only and not for in-service training. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.		
Subd. 9. BOARD OF EXAMINERS IN WATCHMAKING .....	5,700	5,700
Sec. 34. LABOR AND INDUSTRY		
General Operations and Management...	5,325,300	5,322,900
Approved Complement—246		
General—207		
Federal—39		
The amounts that may be expended from this appropriation for each pro- gram are as follows:		
Employment Standards		
\$ 606,300      \$ 606,300		
Workers' Compensation		
\$ 2,722,600      \$ 2,720,200		

	1980	1981
	\$	\$
<p>\$200,000 each year is for payment of peace officer survivor benefits pursuant to section 352E.04. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.</p>		
Code Enforcement		
\$ 604,200	\$ 604,200	
OSHA		
\$ 823,100	\$ 823,100	
General Support		
\$ 569,100	\$ 569,100	

The commissioner of labor and industry with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

### Sec. 35. MEDIATION SERVICES

General Operations and Management..	762,200	768,100
Approved Complement—25		

### Sec. 36. PUBLIC EMPLOYMENT RELATIONS BOARD

General Operations and Management..	43,300	43,300
Approved Complement—1		

### Sec. 37. PUBLIC SERVICE

General Operations and Management..	3,573,700	3,545,200
Approved Complement—139		

General—129

Federal—10

The commission support staff includes one additional unclassified position available for assignment by the commission majority and minority.

The amounts that may be expended

	1980	1981
	\$	\$
from this appropriation for each program are as follows:		
Utility Regulation		
\$ 893,700	\$ 893,700	
Warehouse Regulation		
\$ 106,300	\$ 106,300	
Weights and Measures		
\$ 1,200,200	\$ 1,171,700	
General Support		
\$ 423,100	\$ 423,100	
Commission Support		
\$ 950,400	\$ 950,400	

The public service department with the approval of the commissioner of finance may transfer unencumbered balances among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations in the house of representatives.

#### Sec. 38. ECONOMIC DEVELOPMENT

General Operations and Management..	3,102,500	2,926,500
-------------------------------------	-----------	-----------

Approved Complement—61

General—52

Federal—9

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

#### Finance and Business Development

\$ 653,900	\$ 653,900
------------	------------

Of this appropriation, \$90,000 in fiscal 1980 and \$90,000 in fiscal 1981 is for a grant to the Port Authority of Duluth.

#### Economic Development Assistance

\$ 415,600	\$ 415,600
------------	------------

Of this amount \$250,000 in fiscal year



1980

1981

\$

\$

1980 and \$250,000 in fiscal year 1981 is for community development corporations. No more than ten percent of this amount shall be expended for administrative costs. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. At least one half of the grant moneys for the community development corporations shall be for venture capital.

Of this amount, \$30,000 each year is for technical assistance in the area redevelopment administration program.

#### Small Business Development

\$ 144,000      \$ 164,800

\$60,000 in fiscal year 1980 and \$84,000 in fiscal year 1981 is for the Indian loan program.

#### Tourism Services

\$ 1,271,500      \$ 1,071,500

\$439,100 the first year and \$400,000 the second year is for tourism advertising and promotion.

\$370,000 the first year and \$228,000 the second year is for tourism grants.

No funds may be expended for the computerization of the processing of informational requests without the concurrence of the commissioner of Administration and an agreement that any arrangement is compatible with a total state information services plan.

#### Administration Services

\$ 617,500      \$ 620,700

The commissioner of economic development with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

	1980	1981
	\$	\$
<b>Sec. 39. MILITARY AFFAIRS</b>		
General Operations and Management . . .	3,646,700	3,646,700
Approved Complement—184		
General—137		
Federal—47		

Plus additional personnel as may be financed entirely from federal money for the period federal money is available.

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

**Maintenance of Military Training Facilities**

\$ 2,715,500      \$ 2,715,500

**General Support**

\$ 931,200      \$ 931,200

\$150,000 each year is for expenses of military forces ordered to active duty pursuant to chapter 192. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

The adjutant general with the approval of the commissioner of finance may transfer unencumbered balances between the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Notwithstanding any other provision of this act or any other law, the portion of appropriations made in this section that relate to facility maintenance and repairs shall be available for allotment, encumbrance and expenditure upon passage of this act, for the purpose of financing federal reimbursement contracts.

**Sec. 40. VETERANS AFFAIRS**

General Operations and Management . . .	6,623,300	7,139,200
Approved Complement—281		

	1980	1981
	\$	\$

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

**Veterans Benefits**

\$ 1,126,900	\$ 1,126,900
--------------	--------------

If the appropriation for either year is insufficient, the appropriation for the other year is available for it. Of this appropriation, \$40,000 each year is for war veterans and war orphans education aid, to be expended pursuant to Minnesota Statutes, Section 197.75.

**Veterans Services**

\$ 809,100	\$ 809,100
------------	------------

**Veterans Home—Minneapolis**

\$ 3,235,100	\$ 3,751,000
--------------	--------------

**Veterans Home—Hastings**

\$ 1,436,100	\$ 1,436,100
--------------	--------------

If nondedicated receipts from the federal government and from maintenance charges for the veterans homes are less than \$3,546,000 for fiscal year 1980, and \$4,200,900 for fiscal year 1981, the commissioner of finance shall reduce the amount available to the veterans homes by the amount of the difference. The reductions shall be noted in the budget document submitted to the 72nd legislature.

**Big Island Veterans Camp**

\$ 16,100	\$ 16,100
-----------	-----------

The commissioner of veterans affairs with the approval of the commissioner of finance may transfer unencumbered balances among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

**Sec. 41. PUBLIC SAFETY**

General Operations and Management..	50,125,000	50,229,600
-------------------------------------	------------	------------

	1980	1981
	\$	\$
	1980	1981
Approved Complement—	1714	1710
General—	411	409
Trunk Highway—	1023	1023
Highway User—	197	197
Federal—	83	81

The above approved complement includes 504 for all unclassified patrol officers and supervisors of the highway patrol. This complement shall not be exceeded during the biennium, except that 20 additional unclassified patrol officers for this biennium only may be employed and paid with federal money. Nothing in this provision is intended to limit the authority of the commissioner of public safety to transfer personnel, with the approval of the commissioner of finance, among the various units and divisions within this section provided that the above complement shall be reduced accordingly.

No new highway patrol supervisory positions shall be established, with the exception of special duty assigned ranks for the length of assignment only.

Of this appropriation, \$12,846,200 for the first year and \$12,838,200 for the second year are from the general fund; \$32,500 each year is from the state airports fund for the civil air patrol; \$30,028,500 for the first year and \$30,091,300 for the second year are from the trunk highway fund for traffic safety programs. The commissioner of finance shall transfer on a quarterly basis the appropriation made from the trunk highway fund in this section. \$7,217,800 for the first year and \$7,267,600 for the second year are from the highway user tax distribution fund for the administration of motor vehicle laws.

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

	1980	1981
	\$	\$
<b>Administration and Related Services</b>		
\$ 1,562,900	\$ 1,568,000	
<b>Emergency Services</b>		
\$ 418,900	\$ 418,900	
<b>Criminal Apprehension</b>		
\$ 6,951,200	\$ 6,914,600	
<p>Of this appropriation, \$171,000 each year is for grants to local officials for the co-operative investigation of cross jurisdictional criminal activity. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.</p> <p>\$50,000 each year is for the bureau of criminal apprehension to continue to provide in-service training for peace officers on a regional basis.</p> <p>\$38,000 each year is for reimbursing political subdivisions for training peace officers and firefighters in the conduct of arson investigations.</p> <p>\$26,500 each year is for the expenses of the Private Detective and Protective Agency Licensing Board.</p>		
<b>Fire Safety</b>		
\$ 885,600	\$ 886,600	
<p>\$25,000 each year is for reimbursing political subdivisions who enter into agreements to perform uniform fire code inspections.</p>		
<b>State Patrol</b>		
\$ 20,389,300	\$ 20,598,600	
<p>The commissioner may assign up to 11 pilots to the air patrolling of highways. This appropriation provides sufficient money to operate the mobile truck weighing program on a 12 month basis.</p>		
<b>Capitol Security</b>		
\$ 910,800	\$ 920,200	
<b>Driver and Vehicle Licensing</b>		

	1980	1981
	\$	\$
\$ 17,877,100	\$ 17,793,500	
<b>Liquor Licensing</b>		
\$ 447,200	\$ 447,200	
<b>Ancillary Services</b>		
\$ 174,800	\$ 174,800	
Of this appropriation \$32,500 each year is from the state airports fund for the civil air patrol.		
<b>Crime Victims Reparations Board</b>		
\$ 507,200	\$ 507,200	

#### For 1979—\$125,000

The commissioner of public safety with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

**Reimbursement.** The sums of \$216,300 for the first year and \$222,400 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 the fund. These represent amounts appropriated out of the trunk highway fund for general fund purposes in the administration and related services program.

The sums of \$293,600 for the first year and \$293,600 for the second year are appropriated from the highway user 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 the fund. These represent amounts appropriated out of the trunk highway user purposes in the administration and related services program.

	1980	1981
	\$	\$
Sec. 42. CRIME CONTROL PLANNING BOARD .....	6,685,600	5,610,700

## Approved Complement

1980—57	1981—53
General—24	20
Federal—33	33

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

Planning, Research and Evaluation  
\$ 800,500      \$ 446,400

Administration  
\$ 626,800      \$ 422,600

Law Enforcement Assistance  
\$ 5,258,300      \$ 4,741,700

\$250,000 each year is for grants for youth intervention programs.

Of the federal moneys received by the crime control planning board for law enforcement and criminal justice purposes in fiscal year 1980 and 1981, \$446,400 each year is for criminal justice planning, research and evaluation; \$425,700 in fiscal year 1980 and \$422,600 in fiscal year 1981 is for administration; and \$4,151,700 each year is for law enforcement assistance. If additional federal money is received by the board in fiscal year 1980 for state project grants, that amount and all federal money received by any state department or agency for law enforcement and criminal justice purposes is appropriated to the criminal justice contingent account. If additional federal money is received by the board for local project grants, that amount is appropriated to the board.

Sec. 43. INDIAN AFFAIRS INTER-TRIBAL BOARD .....	171,500	171,500
--	---------	---------

## Approved Complement—7

Sec. 44. COUNCIL FOR THE HANDICAPPED .....	270,500	272,500
--	---------	---------

	1980	1981
	\$	\$
Approved Complement—9		
Sec. 45. HUMAN RIGHTS		
General Operations and Management..	913,700	913,700
Approved Complement—50		
General—38		
Federal—12		
The amounts that may be expended from this appropriation for each program are as follows:		
Human Rights Enforcement		
\$ 549,400	\$ 549,400	
Management, Planning and Information Service		
\$ 364,300	\$ 364,300	
The commissioner of human rights with the approval of the commissioner of finance may transfer unencumbered balances among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.		
Sec. 46. COUNCIL ON AFFAIRS OF SPANISH-SPEAKING PEOPLE .....	78,600	78,600
Approved Complement—3		
Sec. 47. MINNESOTA MUNICIPAL BOARD .....	147,100	147,100
Approved Complement—4		
Sec. 48. HOUSING FINANCE AGENCY		
Approved Complement—99		
Spending limit on cost of general administration of agency programs:		
1980	1981	
\$ 2,235,100	\$ 2,235,100	
Sec. 49. TORT CLAIMS .....	750,000	750,000
To be disbursed by the commissioner of finance.		



1980

1981

\$

\$

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

Sec. 50. DEBT SERVICE ..... 78,947,400      85,084,500

To be disbursed by the commissioner of finance.

Sale expenses and principal and interest on the bonds and certificates of indebtedness for which an appropriation is made in this section shall be paid from these appropriations rather than from a statutory open appropriation for the same purpose. If any of these appropriations is insufficient to make all payments due during the period for which it is made, the commissioner of finance shall certify the amount of the deficiency to the committee on finance of the senate and the committee on appropriations of the house of representatives and shall then make payment pursuant to the statutory open appropriation.

#### Sec. 51. WORKERS' COMPENSATION

For 1979—\$380,600

To be transferred by the commissioner of finance to the department of labor and industry, state compensation revolving fund in payment of obligations incurred by the following agencies in the amounts as indicated:

Natural Resources ..... 380,600

Of the amount appropriated, \$77,500 is from the game and fish fund.

The appropriations in this act for the operation of each state department or agency, except the department of natural resources, in fiscal 1980 and 1981 include amounts needed to pay workers' compensation obligations to the state compensation revolving fund. It is the intent of the legislature not to appropriate additional money at any future time to pay workers' compensation obligations for fiscal 1980 and 1981, except for the department of natural resources or as

1980

1981

\$

\$

may be required by an increase in the statutory level of workers' compensation benefits.

## Sec. 52. UNEMPLOYMENT COMPENSATION

For 1979—\$1,641,600

To the commissioner of finance for transfer to the unemployment compensation fund in reimbursement for unemployment compensation benefits paid to former employees of the following agencies in the amounts as indicated:

Natural Resources .....	1,641,300.
Bicentennial Commission .....	300

Of the amount appropriated, \$297,500 is from the game and fish fund.

The appropriations in this act for the operation of each state department or agency, except the department of natural resources, in fiscal 1980 and 1981 include amounts needed to pay unemployment compensation obligations to the unemployment compensation fund. It is the intent of the legislature not to appropriate additional money at any future time to pay unemployment compensation obligations for fiscal 1980 and 1981, except for the department of natural resources or as may be required by an increase in the statutory level of unemployment compensation benefits.

Sec. 53. [TRANSFERS.] Subdivision 1. The commissioner of finance shall make the transfers provided for in this section.

Subd. 2. The commissioner shall transfer the sum of \$93,872.49 from the general fund to the highway user tax distribution fund to correct an overestimate in the cost of collecting the tax on gasoline and gasoline substitutes during the 1975-77 biennium.

Subd. 3. The commissioner shall transfer the sum of \$1,656,211.51 from the highway user tax distribution fund to the general fund to reimburse the general

fund for the cost of collecting the tax on gasoline and gasoline substitutes and the cost of bond premiums during the 1977-79 biennium.

**Sec. 54. [DETAILS.]** *The staffs of the senate finance committee and the house appropriations committee shall, at the request of agencies receiving appropriations in this act and the commissioner of finance, provide wherever available detailed information on the activities and objects of expenditures that go into the appropriation totals.*

**Sec. 55. [HIBBING TANKER BASE FUNDING.]** *Notwithstanding the provisions of Laws 1978, Chapter 791, Section 3, the appropriation for project (k) of that section, the Hibbing tanker base, is reduced to \$165,000 and is from the general fund. Any amount previously expended from the state airports fund for that project shall be reimbursed to the state airports fund from this appropriation, and all future expenditures shall be from the general fund.*

**Sec. 56. [REVOLVING FUNDS; WORKING CAPITAL; CANCELLATIONS AND REAPPROPRIATIONS.]** *Subdivision 1. (a) Notwithstanding any other law to the contrary, the paid in capital for the accounts and funds listed shall be in the following authorized amounts:*

<b>Fund 90 Services Fund</b>	<b>\$212,000</b>
State Register	188,000
MCAR	24,000
<b>Fund 91 Central Motor Pool</b>	<b>300,000</b>
Central Motor Pool	252,000
Commuter Vans	2,000
Delivery Services	46,000
<b>Fund 97 Computer Services</b>	<b>2,267,000</b>
Computer Services	2,156,000
Micrographics	111,000
<b>Fund 98 General Services</b>	<b>2,726,000</b>
Central Maintenance	37,000
Central Stores	691,000
Central Mail	627,000
Documents	307,000
Office Equipment	134,000
Printing	573,000
Telecommunications	342,000
Space Management	15,000

*(b) The June 30, 1979, non-cash asset inventory including furniture and equipment but excluding equipment being acquired through a lease-purchase agreement or equipment of the Central Motor Pool or Commuter Van Accounts is estimated to be:*

<b>Fund 90 Services Fund</b>	<b>22,000</b>
State Register	19,000
MCAR	3,000
<b>Fund 91 Central Motor Pool</b>	<b>56,000</b>
Central Motor Pool	30,000
Delivery Services	26,000
<b>Fund 97 Computer Services</b>	<b>499,000</b>
Computer Services	450,000
Micrographics	49,000
<b>Fund 98 General Services</b>	<b>1,287,000</b>
Central Stores	530,000
Central Mail	19,000
Documents	252,000
Office Equipment	91,000
Printing	375,000
Telecommunications	20,000

*(c) There is appropriated, as of July 1, 1979, from the general fund to the accounts and funds listed herein the amounts necessary to establish the paid in capital set forth in paragraph (a) less the amount of the non-cash inventory listed in paragraph (b). It is estimated the amount required from the general fund will be \$3,641,000. The amount necessary for each of the funds and accounts is estimated to be:*

<b>Fund 90 Service Fund</b>	<b>190,000</b>
State Register	169,000
MCAR	21,000
<b>Fund 91 Central Motor Pool</b>	<b>244,000</b>
Central Motor Pool	222,000
Commuter Vans	2,000
Delivery Services	20,000
<b>Fund 97 Computer Services</b>	<b>1,768,000</b>
Computer Services	1,706,000
Micrographics	62,000

<b>Fund 98 General Services</b>	<b>1,439,000</b>
Central Maintenance	37,000
Central Stores	161,000
Central Mail	608,000
Documents	55,000
Office Equipment	43,000
Printing	198,000
Telecommunications	322,000
Space Management	15,000

*Subd. 2. The commissioner of finance shall cancel all retained earnings balances in the funds and accounts listed in subdivision 1, as represented by cash, as of the closing of the books for fiscal year 1979. The cancellations shall not be less than the amounts appropriated in subdivision 1 (c).*

*Subd. 3. There is appropriated from the general fund to the micrographics account in the computer services revolving fund the sum of \$206,900. This appropriation is immediately available.*

*This appropriation is for the purpose of repaying to the computer services account the amounts advanced and the book value of assets being used for the micrographics account. This appropriation shall immediately be used for this purpose. Upon receiving this repayment, the computer services account shall forthwith cancel the amount of \$206,900 to the general fund.*

**Sec. 57.** Minnesota Statutes 1978, Section 4.12, is amended by adding a subdivision to read:

*Subd. 8. The state planning officer may charge a fee to each user of the Minnesota land management information system.*

**Sec. 58.** Minnesota Statutes 1978, Section 4.26, Subdivision 1, is amended to read:

**4.26 [LOCAL LAND USE PLANNING; GRANTS.]** Subdivision 1. In order to improve the land use decision-making capability of local government, the state planning agency shall make grants to the metropolitan council pursuant to section 4.30, and to towns, counties and , municipalities , and Indian reservations . The state planning agency shall give priority when granting funds to those areas that show a special need according to the provisions of clauses (a) and (b). The grants may be used to employ staff or contract with other units of government or qualified consultants for the following purposes:

(a) To prepare and implement plans which are required for certain areas by law or by designation as a critical area under chapter 116G.

(b) To prepare and implement plans which the unit of government is authorized by law to undertake for the management of problems resulting from (1) rapid population or economic growth or decline; (2) potential development in environmentally sensitive areas including but not limited to flood plains, wild and scenic

rivers, and shorelands; and (3) the addition or elimination of a major state or federal facility;

(c) To assist neighborhood organizations in cities of the first class to do land use and related planning by making grants to the municipality;

(d) To analyze and prepare plans to preserve and protect agricultural land as defined in Minnesota Statutes 1974, Section 500.24.

Sec. 59. Minnesota Statutes 1978, Section 5.08, Subdivision 2, is amended to read:

Subd. 2. [DISTRIBUTION.] 15,000 copies of the legislative manual shall be printed and distributed as follows:

(1) 50 25 copies shall be available to each member of the legislature on request;

(2) 50 copies to the state historical society;

(3) 25 copies to the state university;

(4) 60 copies to the state library;

(5) Two copies each to the library of Congress, the Minnesota veterans home, the state universities, the state high schools, the public academies, seminaries, and colleges of the state, and the free public libraries of the state;

(6) One copy each to the state institutions not hereinbefore mentioned, the elective state officials, the appointed heads of departments, the officers and employees of the legislature, the justices of the supreme court, the judges of the district court, the senators and representatives in Congress from this state, and the county auditors;

(7) One copy to each public school, to be distributed through the superintendent of each school district; and

(8) The remainder may be disposed of as the secretary of state deems best.

Sec. 60. Minnesota Statutes 1978, Section 10.31, is amended to read:

10.31 [MISAPPROPRIATION OF MONEY.] It is hereby made illegal for any official or head of any state department, or any employee thereof, to use moneys appropriated by Laws 1937, Chapter 457 law, or fees collected for any other purpose than the purpose for which such the moneys have been appropriated, and any such act by any head of a department, or any state official, is hereby declared to be illegal and be cause for immediate removal of such the official or head of a state department from the position he holds with the government of this state; or, if proof of such charge before any judge of any district court of this state, the court may cause such official or head of a state department to be removed upon proof being duly made of the misappropriation or for any other purpose than for which the appropriation was made, except in an emergency, and then only with the approval of the commissioner of administration.

Sec. 61. Minnesota Statutes 1978, Section 15.015, Subdivision 1, is amended to read:

15.015 [TRANSFER OF FUNCTIONS UNDER GOVERNMENT REORGANIZATION ACT OF 1969, EFFECT.] Subdivision 1. Any department or other administrative agency to which the functions, powers, and duties of a previously existing department or other agency are by Laws 1969, Chapter 1129 assigned and transferred shall be deemed and held to constitute a continuation of the former department or agency as to matters within the jurisdiction of the former department or agency, and not a new authority for the purpose of succession to all rights, powers, duties and obligations of the former department or agency as constituted at the time of such assignment or transfer except as otherwise provided by Laws 1969, Chapter 1129, with the same force and effect as if such functions, powers and duties had not been assigned or transferred. ~~Provided, however, all portions of the department of public safety's budget which incorporates expenditures from the highway user tax distribution fund shall be subject to the approval of the commissioner of transportation prior to the submission of such budget to the commissioner of administration.~~

Sec. 62. Minnesota Statutes 1978, Section 15.191, Subdivision 1, is amended to read:

15.191 [IMPREST CASH FUNDS.] Subdivision 1. [EMERGENCY DISBURSEMENTS.] Imprest cash funds for the purpose of making minor disbursements, and providing for change, *and providing employees with a portion or all of their payroll warrant where the warrant has not been received through the payroll system,* may be established by state departments or agencies from existing appropriations in the manner prescribed by this section.

Sec. 63. Minnesota Statutes 1978, Section 16.02, is amended by adding a subdivision to read:

*Subd. 10a. No state agency shall lease additional space for its own use in any private building unless it has certified in writing to the commissioner of administration that it has thoroughly investigated the availability of presently vacant space in public buildings, such as closed school buildings, and found none that is feasible and adequate for its needs.*

Sec. 64. Minnesota Statutes 1978, Section 16.02, is amended by adding a subdivision to read:

*Subd. 27. To provide micrographics services and products to meet the needs of state agencies. Within available resources, the commissioner may also provide micrographic services to political subdivisions. All state agency plans and programs for micrographics shall be submitted to and receive the approval of the commissioner prior to implementation. Upon the commissioner's approval, subsidiary or independent microfilm operations may be implemented in other state agencies. The commissioner may direct that copies of official state documents be distributed to official state depositories on microfilm.*

Sec. 65. Minnesota Statutes 1978, Section 16.822, Subdivision 3, is amended to read:

Subd. 3. "Architect" means an architect or landscape architect registered to practice under sections 326.02 to 326.16.

Sec. 66. Minnesota Statutes 1978, Section 16.825, Subdivision 1, is amended to read:

16.825 [REQUEST FOR DESIGNER.] Subdivision 1. Upon undertaking a project with an estimated cost greater than ~~\$250,000~~ \$400,000, or a planning project with estimated fees greater than ~~\$20,000~~ \$35,000 every user agency, except the capitol area architectural and planning board, shall submit a written request for a primary designer or designers for its project to the commissioner of administration who shall forward such the request to the board.

*If a project for which a designer has been selected by the board becomes inactive, lapses or changes as a result of project phasing, insufficient appropriations or other reason, the commissioner of administration or the university of Minnesota may, if the project is reactivated, retain the same designer to complete the project.*

*If a project initially estimated to be below the cost and planning fee limits of this subdivision has its cost or planning fees revised so that the foregoing limits are exceeded, the project shall be referred to the board for designer selection even if a primary designer had been previously selected. In this event, the board may, without conducting interviews, elect to retain the previously selected designer if it determines that the interests of the state are best served thereby and shall notify the commissioner of administration of its determination.*

Sec. 67. Minnesota Statutes 1978, Section 16.826, Subdivision 4, is amended to read:

Subd. 4. In the event the board receives a request for a primary designer on a project, the estimated cost of which is less than ~~\$250,000~~ the limit established by section 16.825, subdivision 1, or a planning project with estimated fees of less than ~~\$20,000~~ the limit established by section 16.825, subdivision 1, the board may submit such the request to the commissioner of administration, with or without recommendations, and the commissioner shall thereupon select the primary designer for the project.

Sec. 68. Minnesota Statutes 1978, Section 16.866, Subdivision 1, is amended to read:

16.866 [SURCHARGE.] Subdivision 1. [COMPUTATION.] For the purpose of defraying the costs of administering the provisions of sections 16.83 to 16.867, there is hereby imposed a surcharge on all permits issued by municipalities in connection with the construction of or addition or alteration to, buildings and equipment or appurtenances, on and after July 1, 1971, as follows:

Where the fee for the permit issued is fixed in amount the surcharge shall be equivalent to  $\frac{1}{2}$  mill (.0005) of such fee or 50 cents, whichever amount is greater. For all other permits, the surcharge shall be equivalent to  $\frac{1}{2}$  mill (.0005) of the valuation of



the structure, addition or alteration. Provided however, that where the valuation of the structure, addition, or alteration is equal to or greater than \$1,000,000 but less than \$10,000,000, the surcharge shall be \$1,000, where said valuation is equal to or greater than \$10,000,000 but less than \$20,000,000 the surcharge shall be \$1,500 and where said valuation is equal to or greater than \$20,000,000 the surcharge shall be \$2,000.

By September 1 of each odd numbered year beginning in 1979, the commissioner shall rebate to municipalities any money received pursuant to this section and section 16.851 in the previous biennium in excess of the cost to the building code division in that biennium of carrying out their duties under sections 16.83 to 16.867. The rebate to each municipality shall be in proportion to the amount of the surcharges collected by that municipality and remitted to the state. *The amount necessary to meet the commissioner's rebate obligations under this subdivision is appropriated to the commissioner from the general fund.*

Sec. 69. Minnesota Statutes 1978, Section 16.97, is amended to read:

**16.97 [CRIMINAL AND JUVENILE DEFENSE GRANTS.]**  
Subdivision 1. Money appropriated for the provision of criminal and juvenile defense to indigent individuals shall be distributed by the ~~commissioner of administration in consultation with the attorney general~~ *judicial council* to the non-profit criminal and juvenile defense corporations designated by law. Money may not be disbursed to a corporation in the Leech Lake reservation area or the White Earth reservation area without prior approval by the respective reservation business committee. Within its geographic area of responsibility each corporation shall accept cases involving felony, gross misdemeanor, and misdemeanor charges, and juvenile cases, where financial eligibility standards are met, unless there is a legal reason for rejecting a case. A corporation may accept cases arising outside of its geographic area of responsibility, as it deems appropriate. *Each corporation, in order to insure broad support, shall provide matching money received from nonstate sources, which may include money from federal agencies, local governments, private agencies, and community groups, equal to ten percent of its state appropriation.* The ~~commissioner of administration~~ *judicial council* shall give notice 30 days in advance and conduct a hearing if ~~he~~ *it* has reasonable grounds to believe money appropriated for this purpose is being improperly used, or if, ~~in consultation with the attorney general,~~ *he* ~~it~~ has reasonable cause to believe criminal and juvenile defense of proper quality is not being supplied. Payment shall cease from the date of notice until either the ~~commissioner~~ *judicial council* determines that the money appropriated will be properly handled, or the ~~commissioner, in consultation with the attorney general,~~ *judicial council* determines that criminal and juvenile defense of proper quality will be provided. A participating corporation may give notice at any time of its withdrawal from this program of financial assistance.

Subd. 2. An employee, administrator, or officer of a recipient of

the money provided by this section who discriminates on the basis of sex, race, color, national origin, religion, or creed is guilty of a gross misdemeanor.

*Subd. 3. Each corporation shall submit to the judicial council twice each year a report on a form supplied by the council showing the number of clients served; the number of charges brought; the number of cases of each kind, such as felonies, gross misdemeanors, misdemeanors, and juvenile delinquencies; the number of dispositions of each kind, such as jury trials, court trials, plea bargains, and dismissals; and the number of court appearances. This information shall be summarized for each corporation in the budget documents submitted to the legislature.*

**Sec. 70. [16.98] [COMPUTER SYSTEM DEVELOPMENT.]** A state agency, not including the University of Minnesota, shall not undertake development of any new electronic data processing system or a modification or improvement of an existing system unless the project is evaluated according to the PRIDE methodology. Development shall not proceed beyond PRIDE phase 1 (system study and evaluation report) or phase 2 (system design manual) for a new system, or phase 8 activity A (prepare system modification or improvement request) for a modification or improvement estimated to cost over \$15,000, until the project has been reviewed and approved by the commissioners of administration and finance. If a project is rejected, the commissioner of finance shall cancel the unencumbered balance of the appropriation allotted for development of the project. If a project is approved by the commissioners of administration and finance, they shall submit to the legislature a concise narrative explanation of the project and a request for any additional appropriation necessary to complete development. No agency shall enter into non-negotiable contracts for computer services until after the completion of a PRIDE phase 2.

**Sec. 71. [DATA PROCESSING, BUDGET SUPPLEMENT.]** By December 1, 1979, the commissioner of administration in cooperation with the commissioner of finance shall submit to the legislature a data processing supplement to the governor's 1980-81 biennial budget request showing all requests for money for personnel, hardware, software, pro rata telecommunication cost, and other expenses, including all contracting costs, related to data processing systems and services for fiscal year 1981, whether to be provided by the information systems division of the department of administration or otherwise, with a concise narrative explanation of each request for money for development of a new electronic data processing system or for modification or improvement of an existing system.

**Sec. 72.** Minnesota Statutes 1978, Section 16A.126, is amended to read:

**16A.126 [COMMISSIONER TO APPROVE BILLING RATES FOR REVOLVING FUNDS.]** The commissioner of finance shall approve the rates at which services are billed state departments or agencies by any revolving fund. In order to reduce revolving fund reserves maintained for unforeseen needs and thereby reduce the

rates which using agencies must pay, the commissioner may transfer moneys not otherwise appropriated in the general fund to a revolving fund if, in the commissioner's judgment, a bona fide, immediate expenditure is necessary and if there are insufficient moneys in the revolving fund to meet the expenditure. Any moneys so transferred, shall be repaid to the general fund on a schedule established by the commissioner of finance but within two a period not to exceed five calendar years from the revolving fund charges paid by benefited state departments and agencies.

Sec. 73. Minnesota Statutes 1978, Section 21.55, is amended to read:

21.55 [SEED ACT ACCOUNT.] All fees collected in the seed laboratory under section 21.51, subdivision 7, from the sale of seed sale tags and stamps or from permits issued under section 21.53, and from hybrid seed corn registrations and renewals under section 21.54, subdivision 2, and any other fees and income received in the administration of sections 21.47 to 21.58 shall be deposited in the state treasury as other departmental receipts are deposited; but shall constitute a separate account known as the seed act account which is hereby created and set aside and appropriated for the purpose of defraying the expenses of administering and enforcing such sections and credited to the general fund.

Sec. 74. Minnesota Statutes 1978, Section 43.067, Subdivision 1, is amended to read:

43.067 [SALARY LIMITS.] Subdivision 1. [AGENCY HEADS AND DEPUTIES.] The base salary of the head of any state department or other agency in the executive branch shall serve as the upper limit of compensation in the agency. The base salary of the chancellor of the state university system is the upper limit of compensation of state university presidents. *The base salary of the commissioner of labor and industry is the upper limit of compensation of employees in the bureau of mediation services.* Within the agency, no person other than the agency head shall be paid more than the base salary that is or would be paid a deputy agency head pursuant to section 15A.081 whether or not there is a deputy agency head position for that agency.

Sec. 75. Minnesota Statutes 1978, Section 85A.02, Subdivision 12, is amended to read:

Subd. 12. The board shall report to the department of economic development on or before December 1 legislature by January 1 of each year on the activities of the board and the operation of the zoological garden. The commissioner of economic development shall evaluate the activities of the board and the operation of the zoological garden and report thereon to the legislature on or before November 15 of each even numbered year.

Sec. 76. Minnesota Statutes 1978, Section 85A.03, Subdivision 4, is amended to read:

Subd. 4. As directed by the board, the director may:

(a) Establish a schedule of charges for admission to or the use of the Minnesota zoological garden or any related facility.

(b) Provide for the purchase, reproduction, and sale of gifts, souvenirs, publications, informational materials, food and beverages, and grant concessions for the sale of such items. Revenues received from the sale of gifts, souvenirs, publications, informational materials, food and beverages shall be deposited to the credit of the Minnesota zoological garden general account fund. The purchase of materials and commodities for resale and the granting of any concessions relative to food, beverages, and transit shall not be subject to the competitive bidding procedures of sections 16.06, 16.07, and 16.28 but shall remain subject to all other provisions of chapter 16. In other areas of concessions the commissioner of administration may determine that it is not feasible and not in the public interest to award a contract for the operation of such concession to the highest responsible bidder.

Sec. 77. Minnesota Statutes 1978, Section 85A.03, Subdivision 5, is amended to read:

Subd. 5. In order to encourage and permit the use of and access to the Minnesota zoological garden, the board shall establish an admissions policy providing for free admission to the Minnesota zoological garden for all visitors on certain days distributed throughout each year.

Sec. 78. Minnesota Statutes 1978, Section 85A.04, Subdivision 1, is amended to read:

85A.04 [ZOOLOGICAL GARDEN ACCOUNTS OPERATING RECEIPTS.] Subdivision 1. A Minnesota zoological garden general account is created in the general fund. All receipts from the operation of the Minnesota zoological garden shall be deposited to the credit of such account *the general fund*. Money in this account may be expended as appropriated biennially for operation, capital improvements, and equipment of the Minnesota zoological garden, including lease rentals and for acquisition of wild and domestic animals therefor and for payment of the principal of and interest on Minnesota state zoological garden bonds.

Sec. 79. Minnesota Statutes 1978, Section 85A.04, Subdivision 2, is amended to read:

Subd. 2. [MINNESOTA ZOOLOGICAL GARDEN BUILDING ACCOUNT.] A Minnesota zoological garden building account is also created in the general state building fund, for the purpose of providing money to the state zoological board for the acquisition and betterment of public land, buildings, and improvements of a capital nature needed for the Minnesota zoological garden; including but not limited to interest to accrue during the period of the construction thereof on money borrowed by the state for such construction. On November 1 in each year prior to the completion of the Minnesota zoological garden and related facilities the balance, if any, on hand in this account in excess of the amount determined by the board to be needed for the payment of claims then due and payable, encumbrances, and projected expenditures for necessary expenses of such completion shall be transferred to the state zoological garden bond account in the state bond fund,

to the amount required for compliance with section 85A.05, subdivision 4. Proceeds of state bonds and income from investment of that money credited to this fund are appropriated for land acquisition, animal acquisition, construction, and other permanent improvement and shall be available until the purposes for which the appropriation was made have been accomplished or abandoned, and none of such money shall be canceled. Income from investment of such money shall be credited to this account in each fiscal year. When the purpose of any such appropriation has been accomplished or abandoned, the state zoological board shall so certify to the commissioner of finance. Thereupon the unexpended balance of such appropriation, unless transferred under authority of the appropriation act to another purpose therein designated, shall be transferred and credited to the state bond fund. Amounts so transferred and credited are appropriated for the purpose of reducing the amount of tax otherwise required to be levied for the state bond fund by Article 11, Section 7, of the Constitution, or for reimbursing the bond fund for amounts previously transferred to the state zoological garden bond account so as to eliminate any prior deficiency covered by the state bond fund, the general fund in the state treasury, or through a tax levy.

Sec. 80. Minnesota Statutes 1978, Section 85A.05, Subdivision 3, is amended to read:

Subd. 3. [EXPENSES.] All expenses incidental to the sale, execution, delivery and other expenses of bonds pursuant to this section, including but not limited to actual and necessary travel and subsistence expenses of state officers and employees for such purposes, shall be paid from the Minnesota zoological garden building account in the general fund, and the amounts necessary therefor are appropriated from that account; provided that if any amount is specifically appropriated for this purpose in an act authorizing the issuance of bonds pursuant to this section, such expenses shall be limited to the amount so appropriated.

Sec. 81. Minnesota Statutes 1978, Section 85A.05, Subdivision 4, is amended to read:

Subd. 4. [MINNESOTA STATE ZOOLOGICAL GARDEN BOND ACCOUNT IN THE STATE BOND FUND.] The commissioner of finance shall maintain in the state bond fund a separate bookkeeping account which shall be designated as the state zoological garden bond account, to record receipts and disbursements of money transferred to the fund to pay Minnesota zoological garden bonds and income from the investment of such money, which income shall be credited to the account in each fiscal year. The amounts directed by section 85A.04, subdivisions 1b and subdivision 2 to be transferred annually to this bond account are appropriated thereto, and the legislature may also appropriate to the bond account any other money in the state treasury not otherwise appropriated. On November 1 of each year there shall be transferred to the bond account all of the money then available under any such appropriation or such lesser sum as will be sufficient, with all money previously transferred to the

account and all income from the investment of such money, to pay all principal and interest then and theretofore due and all principal and interest to become due to and including July 1 in the second ensuing year on Minnesota zoological garden bonds. All money so transferred and all income from the investment thereof shall be available for the payment of such bonds and interest thereon, and so much thereof as may be necessary is appropriated for such payments. The state auditor and treasurer are directed to make the appropriate entries in the accounts of the respective funds.

Sec. 82. Minnesota Statutes 1978, Section 85A.05, Subdivision 6, is amended to read:

Subd. 6. [BOND AUTHORIZATION AND APPROPRIATIONS.] For the purpose of providing money for the acquisition and betterment of public land, buildings, and improvements of a capital nature needed for the Minnesota zoological garden in accordance with the comprehensive plan of the state zoological board adopted in accordance with section 85A.02, subdivision 2, the commissioner of finance is directed to sell and issue Minnesota zoological garden bonds in the amount of \$23,025,000 in the manner and upon the conditions provided in subdivisions 1 to 5. The commissioner of finance may sell or issue an additional \$2,350,000 of bonds, but no part thereof shall be expended unless equally matched by other than state appropriations. Any gifts, grants, or contributions accepted pursuant to section 85A.02, subdivision 5, other than contribution of lands by governmental entities, for the establishment or operation of the Minnesota zoological garden, whether in cash or in kind, shall be considered as matching funds. Non-cash items shall be tangible real or personal property and shall be attributed as matching funds according to their fair market value at the time of receipt. The bonds may include a sum representing interest to accrue on the bonds from and after its date of issue through the anticipated period of construction and development of the zoological garden, which sum is needed for the payment and security of the interest payments during that period, but in no event shall the bonds exceed the maximum amount stated above. The bonds shall be sold, issued, and secured as provided in subdivisions 1 to 5 and in Article 11, Section 7, of the Constitution, except that none of the bonds of any series issued pursuant to this authorization shall mature earlier than one year after the date of completion of the Minnesota zoological garden and related facilities as estimated by the state zoological board at the time of the issuance of such series. The proceeds of the bonds, except premium and accrued interest, are appropriated to the Minnesota zoological garden building account in *the general fund*, for expenditure by the state zoological board for the purpose for which the bonds are authorized in accordance with the provisions of section 85A.04, subdivision 2. In order to reduce the amount of taxes otherwise required by the Constitution to be levied for the payment of interest and principal on the bonds, there is also appropriated annually to the Minnesota state zoological bond account in the state bond fund from the general fund a sum of money sufficient in amount, when added to the balance on hand

on November 1 in each year in the bond account, to pay all principal and interest due and to become due on the bonds to and including July 1 in the second ensuing year. The money received and on hand pursuant to this annual appropriation is available in the state bond fund prior to the levy of the tax in any year required by the Constitution and by subdivision 5 and shall be used to reduce the amount of the tax otherwise required to be levied.

Sec. 83. Minnesota Statutes 1978, Chapter 86, is amended by adding a section to read:

[86.76] [NATURAL RESOURCES FEDERAL REIMBURSEMENT ACCOUNT.] *Subdivision 1. Except as otherwise specifically provided, federal reimbursements and match money received for the purposes described in chapter 86, regardless of the source of state match, credit or value used to earn the reimbursement or match, other than the federal match for state money appropriated to the local recreation and natural areas grant-in-aid account, shall in the first instance be credited to a federal receipt account by the state agency receiving the reimbursement or match. Any state department or agency, including the Minnesota historical society and the university of Minnesota, that receives reimbursements or matching moneys as described above shall transfer those amounts to the natural resources federal reimbursement account.*

*Subd. 2. Money appropriated from the account shall be expended for state land acquisition and development that is part of a natural resources acceleration activity, when the acquisition and development is deemed to be of an emergency or critical nature. In addition this money is available for studies initiated by the legislative commission on Minnesota resources that are found to be proper in order for the commission to carry out its legislative charge.*

*Subd. 3. Requests for allocation from the account for acquisition or development shall be accompanied by a certificate signed jointly by the director of the state planning agency and commissioner of natural resources, showing a review of the application against Minnesota Statutes, Chapter 86A. Copies of the certification shall be submitted to the appropriate legislative committees and commissions. Appropriations from the account shall be expended with the approval of the governor after consultation with the legislative advisory commission. The legislative commission on Minnesota resources shall make recommendations to the legislative advisory commission regarding the expenditures.*

*Subd. 4. Any land and water conservation fund moneys received over and above the normal state apportionment from that fund are appropriated for the purposes of the reimbursement account. This appropriation is in addition to any amounts appropriated from the account as direct appropriations.*

Sec. 84. Minnesota Statutes 1978, Section 07.482, Subdivision 2, is amended to read:

*Subd. 2. There is hereby annually appropriated \$15,000 to The commissioner may expend money for use in developing, preserv-*

ing, restoring and maintaining the water fowl breeding grounds in Canada, under agreement or contract with any nonprofit organization dedicated to the construction, maintenance, and repair of such projects which are acceptable to the governmental agency having jurisdiction over the land and water affected by such projects. Such agreements and contracts may be entered into if the commissioner is satisfied that the use of such funds will be beneficial to the migration of waterfowl into the state of Minnesota.

Sec. 85. Minnesota Statutes 1978, Section 116E.03, Subdivision 4, is amended to read:

Subd. 4. [RELATING TO REGIONAL ENVIRONMENTAL EDUCATION COUNCILS.] The state board shall coordinate the activities of the regional environmental education councils and shall adopt rules and regulations relating to the activities of regional councils to assure that such activities are consistent with the state board's plan for environmental education throughout the state. *At least half of the money spent by the state board and regional councils shall be for cooperation with and service for other groups, agencies, and institutions for the dissemination of environmental information.*

Sec. 86. Minnesota Statutes 1978, Section 168.54, Subdivision 4, is amended to read:

Subd. 4. *There is hereby imposed* A fee of \$2 *is imposed* upon every transfer of ownership by the commissioner of public safety of any motor vehicle for which a registration certificate has heretofore been issued under this chapter, except vehicles sold for the purposes of salvage or dismantling or permanent removal from the state.

Sec. 87. Minnesota Statutes 1978, Section 168.54, Subdivision 5, is amended to read:

Subd. 5. The proceeds of the fee imposed under the provisions of this section shall be collected by the commissioner of public safety and paid into *said revolving* ~~the~~ *general* fund.

Sec. 88. Minnesota Statutes 1978, Section 168A.31, Subdivision 1, is amended to read:

168A.31 [DISPOSITION OF FEES; PAYMENT OF EXPENSES.] Subdivision 1. All fees prescribed by sections 168A.01 to 168A.31 collected by the department shall be paid into the ~~transfer of ownership revolving general fund established by Minnesota Statutes 1969, Section 168.54.~~

Sec. 89. Minnesota Statutes 1978, Section 179.04, is amended to read:

179.04 [EXPENSES; FEES.] *Subdivision 1.* The director of mediation services and his employees, or any special mediator, shall be paid their actual and necessary traveling and other expenses incurred in the performance of their duties. Vouchers for such expenses shall be itemized and sworn to by the person incurring the expense.



*Subd. 2. The director shall charge a fee to each participant at a labor relations education seminar or workshop so that all expenditures except salaries of bureau employees are reimbursed at least 100 percent. Receipts shall be credited to the general fund.*

Sec. 90. Minnesota Statutes 1978, Section 179.72, Subdivision 1, is amended to read:

179.72 [PUBLIC EMPLOYMENT RELATIONS BOARD; POWERS AND DUTIES; ARBITRATION.] Subdivision 1. There is hereby established a public employment relations board with the powers and duties assigned to it by this section. The board shall consist of five members appointed by the governor of the state of Minnesota with the advice and consent of the senate. Two members shall be representative of public employees; two shall be representative of public employers; and one shall be representative of the public at large. Public employers and employee organizations representing public employees may submit for consideration names of persons representing their interests to serve as members of the board. The board shall select one of its members to serve as chairman for a term beginning May 1 each year. The director of mediation services shall provide secretarial and administrative services to the board.

Sec. 91. Minnesota Statutes 1978, Section 180.03, Subdivision 2, is amended to read:

Subd. 2. Every person, firm or corporation that is or has been engaged in the business of mining or removing iron ore, taconite, semitaconite or other minerals except sand, crushed rock and gravel by the open pit method in any county which has appointed an inspector of mines pursuant to section 180.01 shall erect two inch by four inch mesh fencing along the outside perimeter of the excavation, open pit, or shaft of any mine in which mining operations have ceased for a period of six consecutive months or longer. The top and bottom wire shall not be less than 9 gauge and the filler wire shall not be less than 11 gauge. The fencing shall be not less than five feet in height with two strands of barbed wire six inches apart affixed to the top of the fence. The fence posts shall be no more than ten feet apart. In the case of open pit mines in which mining operations cease after November 1, 1979, and before March 1, 1980, the fencing shall be erected as soon as possible after March 1, 1980. Where mining operations cease on or after March 1, 1980, the fencing shall be erected forthwith. In the case of open pit mines in which mining operations had ceased for a period of six consecutive months or longer before November 1, 1979, and not resumed, the fencing shall be erected within one year two years after November 1, 1979. Any fencing required by an inspector of mines pursuant to subdivision 3 or other applicable law shall meet the standards of this section as a minimum. This subdivision does not apply to any excavation, open pit, or shaft, or any portion thereof, exempted from its application by the commissioner of natural resources pursuant to laws relating to mine-land reclamation or exempted from its application by the county mine inspector pursuant to subdivision 4.

Sec. 92. Minnesota Statutes 1978, Section 197.16, is amended to read:

197.16 [COMMISSIONER TO MANAGE APPROPRIATION.] The commissioner of veterans affairs shall have the management and control of all state appropriations made for the use and benefit of such recreation and recuperation camp, and all expenditures made from such appropriations. The commissioner of veterans affairs shall make requests for such appropriations from the legislature as may be deemed necessary with which to make appropriate improvements on the tract of land to be used for such camp, and with which properly to carry out the purposes of sections 197.13 to 197.17 and shall appear before the proper committee of the legislature to explain the requests. The commissioner of veterans affairs is hereby empowered to accept such donations, contributions, gifts, and bequests of real or personal property as may be made to it in order to further the purposes of sections 197.13 to 197.17, and to carry out such trusts thereby created as may not be inconsistent with the purposes of sections 197.13 to 197.17. *The commissioner may establish and collect fees for use of the facilities of the Big Island Veterans Camp, the proceeds of which are appropriated to the commissioner for the general operation and maintenance of the camp.*

Sec. 93. [198.075] *No commissary privileges including food, laundry service, janitorial service, and household supplies shall be furnished to any employee of the Minnesota veterans home.*

Sec. 94. Minnesota Statutes 1978, Section 198.31, is amended to read:

198.31 [VETERANS HOME, HASTINGS.] Control of the state hospital facilities at Hastings is transferred to the commissioner of veterans affairs. This transfer includes the cemetery. The commissioner shall establish a 150 200 bed veterans home in these facilities. The veterans home shall be licensed in accordance with the boarding care rules of the department of health. To the extent practical, the veterans home at Hastings shall be operated in the same manner as provided for the Minnesota veterans home at Minneapolis by sections 198.001 to 198.265.

Sec. 95. Minnesota Statutes 1978, Section 271.06, Subdivision 4, is amended to read:

Subd. 4. [APPEAL FEE.] At the time of filing the notice of appeal the appellant shall pay to the clerk of the tax court an appeal fee of \$10 \$25; provided, that no appeal fee shall be required of the commissioner of revenue, the attorney general, the state or any of its political subdivisions. In small claims division, the appeal fee shall be \$2. The provisions of chapter 563, providing for proceedings in forma pauperis, shall also apply for appeals to the tax court.

Sec. 96. Minnesota Statutes 1978, Chapter 299C, is amended by adding a section to read:

[299C.065] [UNDERCOVER BUY FUND.] *Subdivision 1. The commissioner of public safety shall make grants to local officials for the cooperative investigation of cross jurisdictional criminal activity relating to the possession and sale of controlled substances, receiving or selling stolen goods, violations of section 609.32, subdivision 2 or subdivision 3, clauses (3) or (6) or any other state or federal law prohibiting the recruitment, transportation, or use of juveniles for purposes of prostitution.*

*Subd. 2. A county sheriff or the chief administrative officer of a municipal police department may apply to the commissioner of public safety for a grant for any of the purposes described in subdivision 1, on forms and pursuant to procedures developed by the superintendent. The application shall describe the type of intended criminal investigation, an estimate of the amount of money required, and any other information the superintendent deems necessary.*

*Subd. 3. A report shall be made to the commissioner at the conclusion of an investigation pursuant to this section stating: (1) the number of persons arrested, (2) the nature of charges filed against them, (3) the nature and value of controlled substances or contraband purchased or seized, (4) the amount of money paid to informants during the investigation, and (5) a separate accounting of the amount of money spent for expenses, other than "buy money", of bureau and local law enforcement personnel during the investigation. The commissioner shall prepare and submit to the legislature by January 1 of each year a report of investigations pursuant to this section.*

*Subd. 4. An application to the commissioner for money is a confidential record. Information within investigative files that identifies or could reasonably be used to ascertain the identity of sources or undercover investigators is a confidential record. A report at the conclusion of an investigation is a public record.*

Sec. 97. Minnesota Statutes 1978, Section 299C.07, is amended to read:

299C.07 [RESTORATION OR DISPOSAL OF STOLEN PROPERTY.] The bureau of criminal apprehension shall make every effort for a period of ~~one year~~ 90 days after the seizure or recovery of abandoned or stolen property to return ~~such the~~ property to the lawful owner or to the sheriff of the county from which it was stolen.

Any such property held by the bureau for more than ~~one year~~ 90 days, in case the owner cannot be found or if it cannot be determined from what county the property was stolen, shall be sold at public auction by the superintendent of the bureau, or his agent, after two weeks' published notice thereof in a legal newspaper in Ramsey county, stating the time and place of ~~such the~~ sale and a list of the property to be sold.

The proceeds of ~~such the~~ sale shall be applied in payment of the necessary expenses of the sale and all necessary costs, storage, or

charges incurred in relation to such the property. The balance of the proceeds of such sales shall be paid into the general fund.

Sec. 98. Minnesota Statutes 1978, Section 362.12, is amended by adding a subdivision to read:

*Subd. 4. The commissioner may enter into project agreements with organizations or corporations for the purpose of developing the tourism potential of the state. If in the judgment of the commissioner a project will make a meaningful contribution to the tourism development of the state, he may enter into local or regional agreements. The commissioner shall not agree to pay more than 50 percent of the total annual project cost.*

Sec. 99. Minnesota Statutes 1978, Section 362.20, is amended to read:

**362.20 [SALE OF PAMPHLETS AND PUBLICATIONS; FEES; ADVERTISING.]** *Subdivision 1. The commissioner shall have authority to may sell, at their approximate cost to the state, such reports, publications, or related publicity or promotional material of the department as that in his judgment should not be supplied gratis to those who wish to employ them in the conduct of their business.*

*Subd. 2. The commissioner shall recommend a schedule of fees pursuant to section 16A.128 to be charged for these materials and for services rendered by the department in furnishing them. The fees prescribed by the commissioner shall be commensurate with the distribution objective of the department for the material produced or with the cost of furnishing the services. All fees for materials and services shall be deposited in the general fund.*

*Subd. 3. Department publications may contain advertising and may receive advertising revenue from profit and nonprofit organizations, associations, individuals and corporations, and other state, federal or local government agencies. Advertising revenues shall be deposited in the general fund. The commissioner shall set advertising rates and fees commensurate with services rendered and distribution objectives.*

Sec. 100. Minnesota Statutes 1978, Section 362.40, Subdivision 9, is amended to read:

*Subd. 9. A reservation resident, desiring to make a loan for the purpose of starting a business enterprise or expanding a going, expanding an existing business, or for technical and management assistance, shall make application to the state department of economic development. The department shall prescribe the necessary forms, and advise the prospective borrower as to the condition conditions under which his application may be expected to receive favorable consideration. Thereafter the application shall be forwarded to the tribal council, which is empowered either to approve or reject the application. The tribal council shall recommend to the department that the loan be accepted or rejected. The department shall approve or reject the application taking the tribal council recommendation into consideration. If the application is*

approved, the tribal council *department* shall forward the application, together with all relevant documents pertinent thereto, to the commissioner of finance, who shall draw his warrant in favor of the tribal council with appropriate notations identifying the borrower. The tribal council shall thereafter reimburse suppliers and vendors for purchases of equipment, real estate and inventory made by the borrower pursuant to the conditions or guidelines established by the state department of economic development. The tribal council shall maintain records of transactions for each borrower in a manner consistent with good accounting practice. Simple interest at two percent of the amount of the debt owed shall be charged. When any portion of a debt is repaid, the tribal council shall remit the amount so received plus interest paid thereon to the state treasurer *through the department of economic development*. The amount so received shall be credited to such reservation residents loan account. The tribal council shall secure a bond from a surety company, in favor of the state treasurer, in an amount equal to the maximum amount to the credit of such reservation residents loan account during the fiscal year. *Additional money equal to ten percent of the total amount made available to any tribal council during the fiscal year shall be paid to such council prior to December 31 for the purpose of financing administrative costs.*

Sec. 101. Minnesota Statutes 1978, Section 362.40, Subdivision 10, is amended to read:

Subd. 10. A nonreservation resident desiring to make a loan for the purpose of starting a business enterprise, or expanding a going *an existing business, or for technical and management assistance* shall make application to the state department of economic development, on forms prescribed by the department. The department is empowered to either accept or reject the application, based upon guidelines and conditions essentially similar to those used for the purpose of *recommending approval or rejection of reservation residents by the tribal council approving or rejecting reservation loans* under subdivision 9. If the application is approved by the state department of economic development, the department shall forward the application, together with all the relevant documents pertinent thereto, to the commissioner of finance, who shall draw his warrant in favor of the commissioner of economic development, with appropriate notations identifying the borrower. The department of economic development shall thereafter reimburse suppliers and vendors for purchases of equipment, real estate and inventory made by the borrower pursuant to the conditions or guidelines established by the department. The department of economic development shall maintain records of transactions for each borrower in a manner consistent with good accounting practice. Simple interest at two percent shall be charged. When any portion of a debt is repaid, the department of economic development shall remit the amount so received plus interest paid thereon to the state treasurer. The amount so received shall be credited to the nonreservation residents loan account.

Sec. 102. Minnesota Statutes 1978, Section 362.40, Subdivision 11, is amended to read:

Subd. 11. Loans made under subdivisions 9 and 10 shall be limited to a period of 20 years, if made for the purpose of financing nonreal estate purchases. Loans made for the purpose of financing real estate purchases, where such real property is to be used for nonresidential purposes only, shall be limited to a period of 40 years, and shall be a lien on the real property so acquired. *Under no circumstances shall the state take a position junior to third lien. In instances where it is impossible or undesirable to secure a lien against real property, the state may secure a lien against personal property for an amount equal to the face value of the loan.*

Sec. 103. Minnesota Statutes 1978, Section 472.11, Subdivision 9, is amended to read:

Subd. 9. The state agency is empowered to provide technical assistance ~~grants or~~ loans from the development revolving fund for the development and planning of redevelopment projects. The technical assistance ~~grants or~~ loans may be provided through the payment of funds to: (a) other state agencies or departments; (b) the employment of private individuals; (c) the employment of public, private, or nonprofit firms; (d) state, area, district, or local organizations; or (e) other nonprofit institutions. Funds awarded pursuant to clauses (b) and (c) shall be in the form of loans and shall be repaid unless the project is deemed unfeasible by the state agency. The state agency ~~may~~ *shall* require the repayment of some or all technical assistance funds and shall prescribe the terms and conditions of the repayment. The amount of technical assistance ~~grants or~~ loans is limited to an aggregate of ten percent of the funds available in the development revolving fund. The technical assistance ~~grants or~~ loans shall not be included when computing the 20 percent limitation provided in section 472.125. The state agency ~~may grant or loan~~ technical assistance funds in cooperation with the technical assistance grant programs of any agency of the federal government. The state agency may prescribe rules to carry out the purposes of this subdivision.

Sec. 104. Minnesota Statutes 1978, Section 484.54, Subdivision 1, is amended to read:

484.54 [EXPENSES OF JUDGES.] Subdivision 1. Except as provided in subdivision 2, judges shall be compensated for travel and subsistence expenses in the same manner and amount as state employees. Additionally, judges of the district court shall be reimbursed for all sums, not reimbursed by counties, they shall necessarily hereafter pay out for only the following purposes: telephone tolls, postage, expressage, stationery, including printed letterheads and envelopes for official business; ~~membership dues in the state bar association and affiliated local district associations, and state and local district judge association; and registration fees, tuition, travel and subsistence for attending educational programs except that no expense shall be paid to satisfy continuing legal education~~

requirements , attendance at which is approved by the supreme court.

Sec. 105. Minnesota Statutes 1978, Section 546.27, is amended to read:

**546.27 [DECISION BY THE COURT.] Subdivision 1.** When an issue of fact has been tried by the court, the decision shall be in writing, the facts found and the conclusion of law shall be separately stated, and judgment shall be entered accordingly. All questions of fact and law, and all motions and matters submitted to a judge for his decision, shall be disposed of and his decision filed with the clerk within 90 days after such submission, unless sickness or casualty shall prevent, or the time be extended by written consent of the parties. No part of the salary of any judge shall be paid unless the voucher therefor be accompanied by a certificate of the judge that he has fully complied with the requirements of this section.

*Subd. 2. The board on judicial standards shall annually review the compliance of each district, county, municipal, or probate judge with the provisions of subdivision 1. The board shall notify the state court administrator of each judge not in compliance. If the board finds that a judge has compelling reasons for noncompliance, it may decide not to issue the notice. Upon notification that a judge is not in compliance, the commissioner of finance shall not pay the judge his salary. The board may cancel a notice of noncompliance upon finding that a judge has returned his status to compliance, but in no event shall a judge be paid his salary for the period in which the notification of noncompliance was in effect.*

Sec. 106. Laws 1976, Chapter 233, Section 14, is amended to read:

Sec. 14. Section 5 of this act is effective January 1, 1977, and the remainder of the act is effective the day following final enactment. Sections 1 to 4 of this act shall expire June 30, 1979.

Sec. 107. [CONSTITUTIONAL OFFICERS; PROGRAM BUDGETS.] *Prior to July 1, 1980 the governor, lieutenant governor, secretary of state, state auditor, state treasurer, and attorney general shall each develop a programmatic budget structure based on the various functions and services of their office and submit it to the chairman of the house appropriations committee and the chairman of the senate finance committee. The budget submitted to the 1981 legislature shall follow this structure.*

Sec. 108. [REPEALER.] *Minnesota Statutes 1978, Sections 85A.04, Subdivisions 1a and 1b; 168.54, Subdivisions 2 and 3; and 345.48, Subdivision 2, are repealed.*

Further, delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative, judicial, and administrative expenses of state government

with certain conditions; providing for the transfer of certain moneys in the state treasury; authorizing land acquisition in certain cases; fixing and limiting the amount of fees to be collected in certain cases; amending Minnesota Statutes 1978, Sections 4.12, by adding a subdivision; 4.26, Subdivision 1; 5.08, Subdivision 2; 10.31; 15.015, Subdivision 1; 15.191, Subdivision 1; 16.02, by adding subdivisions; 16.822, Subdivision 3; 16.825, Subdivision 1; 16.826, Subdivision 4; 16.866, Subdivision 1; 16.97; 16A.126; 21.55; 43.067, Subdivision 1; 85A.02, Subdivision 12; 85A.03, Subdivisions 4 and 5; 85A.04, Subdivisions 1 and 2; 85A.05, Subdivisions 3, 4 and 6; 97.482, Subdivision 2; 116E.03, Subdivision 4; 168.54, Subdivisions 4 and 5; 168A.31, Subdivision 1; 179.04; 179.72, Subdivision 1; 180.03, Subdivision 2; 197.16; 198.31; 271.06, Subdivision 4; 299C.07; 362.12, by adding a subdivision; 362.20; 362.40, Subdivisions 9, 10 and 11; 472.11, Subdivision 9; 484.54, Subdivision 1; 546.27; Laws 1976, Chapter 233, Section 14; and Chapters 86, by adding a section; 299C, by adding a section; repealing Minnesota Statutes 1978, Sections 85A.04, Subdivisions 1a and 1b; 168.54, Subdivisions 2 and 3; and 345.48, Subdivision 2."

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

Senate Conferees: (Signed) Hubert H. Humphrey, III, Steve Keefe, John C. Chenoweth, Gerald L. Willet and Robert G. Dunn

House Conferees: (Signed) Delbert F. Anderson, Merlyn O. Valan, Gordon O. Voss, Gary W. Laidig, Phyllis L. Kahn and Fred C. Norton

Mr. Humphrey moved that the foregoing recommendations and Conference Committee Report on S. F. No. 1510 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 1510 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 64 and nays 1, as follows:

Those who voted in the affirmative were:

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	Rennecke	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	Willet
Engler	Knaak	Olhoft	Sikorski	

Mr. Wegener voted in the negative.



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

#### MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 202 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S. F. NO. 202

A bill for an act relating to health; providing for several types of life support transportation service; providing for health systems agencies to be involved in the licensing process; providing factors to be used in making licensing recommendations; providing for standards for services; forbidding inquiry as to ability to pay before provision of life support transportation services; requiring rules for nonemergency transportation reimbursement under medical assistance; exempting certain providers; amending Minnesota Statutes 1978, Sections 144.801; 144.802; 144.803; 144.804; 144.805; 144.807, Subdivision 1; 144.808; 144.809 and 144.8091, Subdivision 1.

May 21, 1979

The Honorable Edward J. Gearty  
President of the Senate

The Honorable Rod Searle  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 202, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that Senate File No. 202 be further amended as follows:

Page 15, delete lines 22 to 33 and insert:

"Sec. 11. Minnesota Statutes 1978, Section 256B.04, Subdivision 12, is amended to read:

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

*The rules shall provide:*

*(a) An opportunity for all life support transportation services, designated by the state agency, to be reimbursed for non-emergency transportation consistent with the maximum rates established by the agency;*

*(b) Reimbursement of providers owned and operated by a public agency or a nursing home at reasonable maximum rates that*

*reflect the cost of providing the service regardless of the fare that might be charged by the provider for similar services to individuals other than those receiving medical assistance or medical care under this chapter; and*

*(c) Reimbursement for each additional passenger carried on a single trip at a substantially lower rate than the first passenger carried on that trip.*

*The commissioner shall encourage providers reimbursed under this chapter to coordinate their operation with similar services that are operating in the same community. To the extent practicable, the commissioner shall encourage eligible individuals to utilize less expensive providers capable of serving their needs."*

Page 16, delete lines 1 to 14

Further amend the title as follows:

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

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

Senate Conferees: (Signed) Tom A. Nelson, George F. Perpich and William G. Kirchner

House Conferees: (Signed) James C. Swanson, Robert W. Reif, Lyndon R. Carlson and Mary M. Forsythe

Mr. Nelson moved that the foregoing recommendations and Conference Committee Report on S. F. No. 202 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 202 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 54 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knaak	Penny	Spear
Bang	Gearty	Knoll	Perpich	Staples
Benedict	Gunderson	Knutson	Pillsbury	Stokowski
Bernhagen	Hanson	Lessard	Renneke	Strand
Chenoweth	Hughes	Luther	Rued	Stumpf
Chmielewski	Jensen	Menning	Schaaf	Tennessen
Coleman	Johnson	Merriam	Schmitz	Ueland, A.
Davies	Keefe, J.	Moe	Setzepfandt	Vega
Dieterich	Keefe, S.	Nelson	Sieloff	Wegener
Dunn	Kirchner	Ogdahl	Sikorski	Willet
Engler	Kleinbaum	Olhoff	Sillers	

Messrs. Solon and Ulland, J. voted in the negative.

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

**MOTIONS AND RESOLUTIONS—CONTINUED**

S. F. No. 528 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S. F. NO. 528**

A bill for an act relating to courts; authorizing juvenile court referees to hear contested trials, hearings, or motions unless objection is made; conforming civil fees collected by the Hennepin county municipal court with the district court; amending Minnesota Statutes 1978, Sections 484.70, Subdivision 3; and 488A.03, Subdivision 11.

May 21, 1979

The Honorable Edward J. Gearty  
President of the Senate

The Honorable Rod Searle  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 528, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate accede to the House amendments and that S. F. No. 528, the Unofficial Engrossment be further amended as follows:

Page 1, strike lines 11 to 18 and insert:

"Section 1. Minnesota Statutes 1978, Section 484.70, is amended by adding a subdivision to read:

*Subd. 4. Notwithstanding subdivision 3, any full time referee sitting in juvenile court in the second judicial district may hear a contested trial, hearing, or motion unless either party or his attorney objects orally on the record or in writing prior to or at the time of commencement of the trial, hearing, or motion."*

Page 3, after line 31, insert:

"Sec. 3. [EFFECTIVE DATE.] *This act is effective the day following its final enactment. Section 1 expires March 1, 1980.*"

Further amend the title

Page 1, line 7, strike "subdivision 3" and insert "by adding a subdivision"

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

Senate Conferees: (Signed) Jack Davies, George S. Pillsbury, Allan H. Spear

House Conferees: (Signed) Robert L. Ellingson, Ray W. Faricy, William A. Crandall, Jim A. Norman

Mr. Davies moved that the foregoing recommendations and Conference Committee Report on S. F. No. 528 be now adopted,

and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 528 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 56 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Tennesen voted in the negative.

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

#### MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 486 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S. F. NO. 486

A bill for an act relating to education; changing the requirements for membership on the state university board and on the state board for community colleges; amending Minnesota Statutes 1978, Sections 136.12, Subdivision 1; and 136.61, Subdivision 1.

May 21, 1979

The Honorable Edward J. Gearty  
President of the Senate

The Honorable Rod Searle  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 486, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 486 be further amended as follows:

Page 1, line 22, delete "*at least one*" and insert "*two directors*"

Page 2, line 15, delete "*at least one member*" and insert "*two members*"

Page 2, lines 25 to 26, delete "*the day following its final enactment*" and insert "*July 1, 1983*"

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

Senate Conferees: (Signed) Robert G. Dunn, Jerome M. Hughes, Jerald C. Anderson

House Conferees: (Signed) John A. Ainley, David M. Jennings, Carl M. Johnson, Ken G. Nelson

Mr. Dunn moved that the foregoing recommendations and Conference Committee Report on S. F. No. 486 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 486 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 39 and nays 16, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Kirchner	Nichols	Sieloff
Ashbach	Gearty	Knaak	Olhoft	Stokowski
Benedict	Hughes	Knoll	Penny	Stumpf
Bernhagen	Humphrey	Knutson	Pillsbury	Ueland, A.
Brataas	Jensen	Luther	Renneke	Ulland, J.
Chmielewski	Johnson	Menning	Rued	Vega
Dunn	Keefe, J.	Merriam	Schaaf	Wegener
Engler	Keefe, S.	Nelson	Schmitz	

Those who voted in the negative were:

Chenoweth	Gunderson	Perpich	Sikorski	Strand
Coleman	Lessard	Peterson	Spear	Tennessee
Davies	Ogdahl	Setzepfandt	Staples	Willet
Dieterich				

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

Without objection, the Senate reverted to the Order of Business of Messages From the House.

#### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House accedes to the request of the Senate for the return of House File No. 360 for further consideration.

H. F. No. 360: A bill for an act relating to commerce; extending an exception for certain loans from the usury laws; amending Minnesota Statutes 1978, Section 334.01, Subdivision 2.

House File No. 360 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

### RECONSIDERATION

Mr. Tennesen moved that the vote whereby H. F. No. 360 was passed by the Senate on May 19, 1979, be now reconsidered. The motion prevailed.

Mr. Tennesen moved that the Tennesen and Laufenburger amendments made to H. F. No. 360, adopted by the Senate May 19, 1979, be stricken. The motion prevailed. So the amendments were stricken.

H. F. No. 360: A bill for an act relating to commerce; extending an exception for certain loans from the usury laws; amending Minnesota Statutes 1978, Section 334.01, 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 8, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knoll	Peterson	Spear
Ashbach	Gerty	Knutson	Pillsbury	Staples
Benedict	Gunderson	Luther	Renneke	Stokowski
Bernhagen	Hughes	McCutcheon	Rued	Strand
Brataas	Humphrey	Menning	Schaaf	Stumpf
Chenoweth	Jensen	Merriam	Schmitz	Tennesen
Davies	Keefe, J.	Nelson	Setzepfandt	Ueland, A.
Dieterich	Keefe, S.	Nichols	Sieloff	Ulland, J.
Dunn	Kirchner	Ogdahl	Sillers	Vega
Engler	Knaak	Penny	Solon	Wegener

Those who voted in the negative were:

Chmielewski	Laufenburger	Olhoft	Sikorski	Willet
Johnson	Lessard	Perpich		

So the bill passed and its title was agreed to.

### RECESS

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

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

Without objection, the Senate reverted to the Order of Business of Messages From the House.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the

recommendation and report of the Conference Committee on House File No. 1495 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1495 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 1495

A bill for an act relating to taxation; providing for an ad valorem tax on railroads in lieu of the gross earnings tax; repealing limited market value; changing homestead base value; decreasing classification ratios on certain property; establishing a new category for certain residential nonhomestead property; increasing homestead credit percentages and maximum amounts; increasing agricultural aid credit; extending 3cc classification to qualifying mobile homeowners; extending 3cc classification to the surviving spouse of certain deceased veterans, blind and disabled persons; changing income sources and requirements for owners of 3cc property; allowing homestead owned by joint tenant to qualify for 3cc classification; providing for deferred assessment of value added by historical preservation; providing an exclusion of \$12,000 for pension income; excluding pensions of nonresidents from gross income; expanding the taxable net income brackets for individuals, estates and trusts; increasing personal, dependent, special credits and credits for certain low income taxpayers; providing for inflation adjustment to income tax and property tax refund brackets and credits; providing residential energy credit; allowing use of lump sum distribution tax computation for certain severance pay; altering the definition of gross income for income tax purposes for individuals, trusts and estates; placing restrictions on certain deductions; making certain changes in the minimum tax and in the treatment of small business corporations; allowing a ten year carryback of products liability losses; allowing adjustments to basis; allowing deductions for employer contributions to simplified employee plans; excluding from income certain payments to members of the armed services; increasing the maximum income tax credit for political contributions; providing an income tax deduction for certain political contributions; conforming individual deductions for business expenses, taxes, disaster losses, medical expenses and charitable contributions to federal deductions; removing certain limitations on the dependent care credit; standardizing the personal, dependent and special credits; increasing the standard deduction; updating the definition of income for property tax refund purposes; expanding inheritance and gift tax exemptions and credits; establishing a presumption of contribution by a spouse in property held jointly with the decedent; adjusting homestead exemption for inheritance tax purposes; providing a tax credit for feedlot and pollution control equipment; providing an income tax credit to a Minnesota resident for income taxes paid to a province or territory of Canada; reducing the income tax rate applicable to corporations; clarifying the purposes for which an additional property tax levy by governmental subdi-

visions is authorized; authorizing an additional property tax levy by governmental subdivisions in certain cases; providing for the calculation of tax levy limitations for governmental subdivisions; clarifying the taxable status of Title II property owned by a non-profit entity; providing that the commissioner of revenue shall administer and enforce the Minnesota unfair cigarette sales act; reducing the sales tax on newsprint and ink; excluding certain feminine hygiene products from the sales tax; exempting from the sales tax the furnishing of water and sewer services for residential use; providing for municipal regulation of subdivisions; providing penalties; appropriating money; amending Minnesota Statutes 1978, Sections 270.06; 272.02, Subdivision 1; 273.11; 273.122; 273.13, Subdivisions 4, 6, 6a, 7, 14a and 19; 273.132; 273.17, Subdivision 1; 275.11, Subdivision 2; 275.50, Subdivisions 5 and 6; 275.51, by adding a subdivision; 275.52, Subdivisions 2 and 5; 290.01, Subdivision 20; 290.032, by adding a subdivision; 290.06, Subdivisions 1, 2c, 3c, 3d, 9, 9a, 11, and by adding subdivisions; 290.067, Subdivisions 1 and 2; 290.081; 290.09, Subdivisions 2, 4, 5, 10, 15, 28, and by adding a subdivision; 290.091; 290.095, by adding a subdivision; 290.14; 290.17, Subdivision 2; 290.21, Subdivision 3; 290.26, Subdivision 2; 290.971, Subdivisions 1, 3 and 6; 290.972, Subdivisions 1, 3, and 5; 290A.03, Subdivisions 3, 11 and 13; 290A.04, Subdivisions 2, 2a, 2b, 3, and by adding a subdivision; 291.01, Subdivision 4; 291.05; 291.065; 292.04; 292.07, Subdivisions 1, 5, and by adding a subdivision; 295.02; 297A.01, Subdivision 3; 297A.14; 297A.25, Subdivision 1; 462.358, by adding subdivisions; 462.36, Subdivision 1; Chapters 270, by adding sections; 272, by adding a section; 273, by adding a section; and 298, by adding a section; repealing Minnesota Statutes 1978, Sections 275.51, Subdivision 3d; 290.06, Subdivisions 3e and 12; 290.21, Subdivision 3a; 290.971, Subdivision 5; 295.01, Subdivisions 2 and 3; 295.02; 295.03; 295.04; 295.05; 295.12; 295.13; 295.14; and 462.352, Subdivision 4.

May 21, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 1495, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1495 be amended as follows:

Delete everything after the enacting clause and insert:

#### "ARTICLE I: INCOME TAX

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.

*The amendments made to sections 219(c) (3) and 220(c) (4) (extending the time for which a taxpayer is deemed to have made a contribution to an individual retirement account for the taxable year) by section 157(a) of P.L. 95-600 shall be effective for taxable years beginning after December 31, 1977.*

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) To the extent deducted in computing the taxpayer's federal adjusted gross income for the taxable year, losses realized upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;*

~~(12)~~ (13) Interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code of 1954, as amended through December 31, 1976, if the nonprofit corporation is domiciled outside of Minnesota;

~~(13)~~ (14) Exempt-interest dividends, as defined in section 852(b)(5)(A) of the Internal Revenue Code of 1954, as amended through December 31, 1976, not included in federal adjusted gross income pursuant to section 852(b)(5)(B) of the Internal Revenue Code of 1954, as amended through December 31, 1976, except for that portion of such exempt-interest dividends derived from interest income on obligations of the state of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

~~(14)~~ (15) The amount of any excluded gain realized by a trust on the sale or exchange of property as defined in section 641(c)(1).

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

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

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

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

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

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

(6) 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 or 409A of the Internal Revenue Code of 1954, as amended through December 31, 1977. The maximum amount of this subtraction shall be ~~\$7,200~~ ~~\$10,000~~ 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~~ ~~\$17,000~~. 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 ~~\$10,000~~; this subtraction shall not be reduced by the amount of the individual's federal adjusted gross income in excess of ~~\$13,000~~ ~~\$17,000~~;

(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) *To the extent included in the taxpayer's federal adjusted gross income for the taxable year, gain realized upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;*

~~(8)~~ (9) 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)~~ (10) 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 ;

*(11) The amount of gain on the sale of the taxpayer's residence excluded from the federal gross income of the taxpayer pursuant to section 121 of the Internal Revenue Code of 1954, as amended through December 31, 1978 provided that a taxpayer who elects under that section shall not, for the purpose of this subdivision, also take an exclusion according to the provisions of section 121 of the Internal Revenue Code, as amended through December 31, 1976;*

*(12) The first \$3,000 of compensation for personal services in the armed forces of the United States or the United Nations, and the next \$2,000 of compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside the state of Minnesota; and*

*(13) 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 290.012, Subdivision 3, is amended to read:

Subd. 3. "Dependent" means an individual dependent upon and receiving his chief support from the claimant. Payments for support of minor children as provided in section 290.072, subdivision 3 *under a temporary or final decree of dissolution or legal separation*, shall be considered as payments by the claimant for the support of a dependent. For the purposes of section 290.06, subdivision 3d.

a spouse except a divorced or separated spouse shall be considered to be a dependent.

Sec. 3. Minnesota Statutes 1978, Section 290.032, Subdivision 3, is amended to read:

Subd. 3. The tax imposed by this section ~~on shall not be applicable to a non-resident individual shall be based only on that part of the lump sum distribution attributable to personal or professional services within this state.~~

Sec. 4. Minnesota Statutes 1978, Section 290.032, is amended by adding a subdivision to read:

*Subd. 5. An amount distributed to an individual as severance pay upon discontinuation of the individual's employment due to termination of business operations by the individual's employer may be treated as a lump sum distribution according to the provisions of this section. For the payment to be treated as a lump sum distribution under this subdivision, the termination of the employer's business operation at that site must be reasonably likely to be permanent and to involve the discharge within a period of one year of at least 75 percent of the persons employed by that employer at that site. For the purposes of this subdivision, "severance pay" shall mean an amount received for the cancellation of an employment contract or a collectively bargained termination payment in the nature of a substitute for income which would have been earned for personal services to be rendered in the future.*

*The minimum distribution allowance provided in sections 402 (e) (1) (C) and (D) of the Internal Revenue Code of 1954, as amended through December 31, 1978, shall not apply to the computation allowed under this subdivision.*

Sec. 5. Minnesota Statutes 1978, Section 290.06, Subdivision 3c, is amended to read:

Subd. 3c. [CREDITS AGAINST TAX.] Notwithstanding the provisions of subdivision 3a for taxable years which begin after December 31, ~~1977~~ 1978 and before January 1, 1980, the taxes due under the computation in accordance with section 290.06 shall be credited with the following amounts:

(1) In the case of an unmarried individual; and, ~~except as provided in paragraph 6,~~ in the case of the estate of a decedent, \$40 \$55, and in the case of a trust, \$5;

(2) In the case of a married individual, living with husband or wife, and in the case of a head of a household, ~~\$80 a spouse, \$110.~~ If such husband and wife make the spouses file separate, combined or joint returns the personal exemption credits may be taken by either or divided between them;

(3) In the case of an individual, \$40 \$55 for each person (other than husband or wife a spouse) dependent upon and receiving his chief support from the taxpayer. One taxpayer only shall be allowed this credit with respect to any given dependent. In the case of the head of a household, a credit for one dependent shall be disallowed. A payment to a divorced or separated wife spouse,

other than a payment of the kind referred to in section 200.072, subdivision 3 for support of minor children under a temporary order or final decree of dissolution or legal separation, shall not be considered a payment by the husband or other spouse for the support of any dependent.

(4) (a) In the case of an unmarried individual who has attained the age of 65 before the close of his taxable year, an additional \$20 \$55 ;

(b) In the case of an unmarried individual who is blind at the close of the taxable year, an additional \$20 \$55 ;

(c) In the case of a married individual, living with husband or wife a spouse, an additional \$20 \$55 for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an additional \$20 \$55 for each spouse who is blind at the close of the individual's taxable year. If such husband and wife make separate, combined or joint returns, these credits may be taken by either or divided between them;

(d) In the case of an individual, another \$55 for each person, other than a spouse, who is blind and dependent upon and receiving his chief support from the taxpayer;

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

(e) (f) In the case of an unmarried individual who is deaf at the close of the taxable year, an additional \$20 \$55.

(f) (g) In the case of a married individual, an additional \$20 \$55 for each spouse who is deaf at the close of the taxable year. If the husband and wife make spouses file separate, combined or joint returns, these credits may be taken by either or divided between them.

(g) (h) In the case of an individual, an additional \$20 \$55 for each person (other than a spouse) who is deaf and dependent upon and receiving his chief support from the taxpayer.

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

(5) (a) If an unmarried individual qualifies for two or more additional credits under the provisions of clauses (4)(a), (4)(b) and (4)(c), the total amount of his credit shall be increased by \$10 for each additional credit in excess of one.

(b) If a married individual qualifies for more than one additional credit for either spouse under the provisions of clauses



(4)(e) and (4)(f), the total amount of his credit shall be increased by \$10 for each additional credit in excess of one per spouse.

(a) In the case of an unmarried individual who is a quadriplegic at the close of the taxable year, an additional \$55;

(b) In the case of a married individual, living with a spouse, an additional \$55 for each spouse who is a quadriplegic at the close of the taxable year; and

(c) In the case of an individual, another \$55 for each person, other than a spouse, who is dependent upon and receiving his chief support from the taxpayer, and who is a quadriplegic at the close of the taxable year.

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

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

Sec. 6. Minnesota Statutes 1978, Section 290.06, is amended by adding a subdivision to read:

Subd. 3f. [CREDITS AGAINST TAX.] Notwithstanding the provisions of subdivision 3a, and subject to the provisions of subdivision 3g for taxable years which begin after December 31, 1979, the taxes due under the computation in accordance with section 290.06 shall be credited with the following amounts:

(1) In the case of an unmarried individual and in the case of the estate of a decedent, \$60, and in the case of a trust, \$5;

(2) In the case of a married individual, living with a spouse, \$120. If the spouses file separate, combined or joint returns the personal credits may be taken by either or divided between them;

(3) In the case of an individual, \$60 for each person (other than a spouse) dependent upon and receiving his chief support from the taxpayer. One taxpayer only shall be allowed this credit with respect to any given dependent. A payment to a divorced or separated spouse, other than a payment for support of minor children under a temporary order or final decree of dissolution or legal separation, shall not be considered a payment by the other spouse for the support of any dependent.

(4) (a) In the case of an unmarried individual who has attained the age of 65 before the close of his taxable year, an additional \$60;

(b) In the case of an unmarried individual who is blind at the close of the taxable year, an additional \$60;

(c) In the case of a married individual, living with a spouse, an additional \$60 for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an additional \$60 for each spouse who is blind at the close of the individual's taxable year. If the spouses file separate, combined or joint returns, these credits may be taken by either or divided between them;

(d) In the case of an individual, another \$60 for each person, other than a spouse, who is blind and dependent upon and receiving his chief support from the taxpayer;

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

(f) In the case of an unmarried individual who is deaf at the close of the taxable year, an additional \$60.

(g) In the case of a married individual, an additional \$60 for each spouse who is deaf at the close of the taxable year. If the spouses file separate, combined or joint returns, these credits may be taken by either or divided between them.

(h) In the case of an individual, an additional \$60 for each person (other than a spouse) who is deaf and dependent upon and receiving his chief support from the taxpayer.

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

(5) (a) In the case of an unmarried individual who is a quadriplegic at the close of the taxable year, an additional \$60;

(b) In the case of a married individual, living with a spouse, an additional \$60 for each spouse who is a quadriplegic at the close of the taxable year; and

(c) In the case of an individual, another \$60 for each person, other than a spouse, who is dependent upon and receiving his chief support from the taxpayer, and who is a quadriplegic at the close of the taxable year.

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

(7) In the case of a non-resident individual, credits under paragraphs 1, 2, 3, 4 and 5 shall be apportioned in the proportion of the gross income from sources in Minnesota to the gross income

*from all sources, and in any event a minimum credit of \$5 shall be allowed.*

Sec. 7. Minnesota Statutes 1978, Section 290.06, is amended by adding a subdivision to read:

*Subd. 3g. [INFLATION ADJUSTMENT OF CREDITS.] For taxable years beginning after December 31, 1980, the credits provided for individuals in subdivision 3f shall be adjusted for inflation. The commissioner of revenue shall determine the percentage increase for each year in the revised consumer price index for all urban consumers for the Minneapolis-St. Paul metropolitan area prepared by the United States department of labor with 1967 as a base year. The commissioner shall determine the percentage increase from August, 1979 to, in 1980, August 1980 and in each subsequent year, from August of the preceding year to August of the current year, and shall announce the percentage figure by October 1 each year. The dollar amount of each inflation adjusted credit for the prior year in subdivision 3f shall be multiplied by a figure equal to that percentage. The product of the calculation shall be added to the inflation adjusted credit for the prior year to produce the inflation adjusted individual credits for each succeeding year. If the product exceeds a whole dollar amount, it shall be rounded to the nearest whole dollar.*

Sec. 8. Minnesota Statutes 1978, Section 290.06, Subdivision 3d, is amended to read:

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

*(1) For taxable years beginning after December 31, 1978, a credit equal to his tax liability in the case of:*

*(a) An unmarried claimant with an income of \$4,800 \$5,500 or less;*

*(b) A claimant with one dependent, with an income of \$5,800 \$7,000 or less;*

*(c) A claimant with two dependents, with an income of \$6,900 \$8,000 or less;*

*(d) A claimant with three dependents, with an income of \$7,800 \$8,900 or less;*

*(e) A claimant with four dependents, with an income of \$8,400 \$9,600 or less; and*

*(f) A claimant with five or more dependents, with an income of \$8,900 \$10,000 or less.*

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

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

The commissioner of revenue shall provide alternative tax tables which will include these credits.

*(4) For taxable years beginning after December 31, 1980, the commissioner of revenue shall determine and announce by October 1 of 1981 and each subsequent year, the percentage increase from August, 1980 to, in 1981, August, 1981, and, in subsequent years, from August of the preceding year to August of the current year in the revised all urban consumer price index for the Minneapolis-St. Paul metropolitan area prepared by the United States department of labor with 1967 as a base year. Each year, the income exclusion amounts contained in clause (1) shall be increased by the determined percentage, rounded to the nearest dollar to produce the inflation adjusted exclusion amounts for the taxable year.*

Sec. 9. Minnesota Statutes 1978, Section 290.06, Subdivision 11, is amended to read:

Subd. 11. [CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.] In lieu of the credit against taxable net income provided by section 290.21, subdivision 3, clause (e), a taxpayer may take a credit against the tax due under this chapter of 50 percent but not more than \$25 \$50 of his contributions to a political party and candidate. A married couple, filing jointly, may take a similar credit of not more than \$50 \$100. No credit shall be allowed under this subdivision for a contribution to any candidate, other than a candidate for elective judicial office, who has not signed an agreement to limit his campaign expenditures as provided in section 10A.32, subdivision 3b. The commissioner of revenue shall provide in the tax instruction booklet language understandable to a person of average intelligence which states that the taxpayer may only claim a credit against his tax due for contributions to candidates for (a) judicial office or (b) statewide or legislative office who have agreed to limit their expenditures. For purposes of this subdivision, "candidate" means a candidate as defined in section 10A.01, subdivision 5. The department of revenue shall provide on the first page of the Minnesota tax form an appropriate provision for the credit provided by this subdivision.

This credit shall be allowed only if the contribution is verified in the manner the commissioner of revenue shall prescribe.

Sec. 10. Minnesota Statutes 1978, Section 290.06, is amended by adding a subdivision to read:

*Subd. 2d. [INFLATION ADJUSTMENT OF BRACKETS.]*

*For taxable years beginning after December 31, 1978, the taxable net income brackets in subdivision 2c shall be adjusted for inflation. The commissioner of revenue shall determine the percentage increase for each year in the revised consumer price index for all urban consumers for the Minneapolis-St. Paul metropolitan area prepared by the United States department of labor with 1967 as a base year. The commissioner shall determine the percentage increase from August, 1978 to, in 1979, August, 1979 and in each subsequent year, from August of the preceding year to August of the current year, and shall announce the percentage figure by October 1 each year. The dollar amounts in each taxable net income bracket for the prior year in subdivision 2c shall be multiplied by a figure equal to 85 percent of that percentage. The product of the calculation shall be added to each inflation adjusted taxable net income bracket for the prior year to produce the inflation adjusted taxable net income brackets for each succeeding year. If the product exceeds a whole dollar amount, it shall be raised to the next highest whole dollar.*

Sec. 11. Minnesota Statutes 1978, Section 290.067, Subdivision 1, is amended to read:

290.067 [DEPENDENT CARE CREDIT.] Subdivision 1. [AMOUNT OF CREDIT.] A taxpayer may take as a credit against the tax due from him and his spouse, if any, under chapter 290 an amount equal to 50 percent of the dependent care credit for which he is eligible pursuant to the provisions of section 44A of the Internal Revenue Code of 1954, as amended through December 31, 1976 1978, subject to the limitations provided in subdivision 2.

Sec. 12. Minnesota Statutes 1978, Section 290.09, Subdivision 4, is amended to read:

Subd. 4. [TAXES.] Taxes paid or accrued within the taxable year, except (a) income or franchise taxes imposed by this chapter and income or franchise taxes paid to any other state or to any province or territory of Canada for which a credit is allowed under section 290.081; (b) taxes assessed against local benefits of a kind deemed in law to increase the value of the property assessed; (c) inheritance, gift and estate taxes except as provided in section 290.077, subdivision 4; (d) cigarette and tobacco products excise tax imposed on the consumer; (e) that part of Minnesota property taxes for which a credit or refund is claimed and allowed under section 290.0603 or 290.066 chapter 290A; (f) federal income taxes, by corporations, national and state banks except as provided in section 290.18; (g) mortgage registry tax; (h) real estate transfer tax; (i) federal telephone tax; (j) federal transportation tax; and (k) tax paid by any corporation or national or state bank to any foreign country or possession of the United States to the extent that a credit against federal income taxes is allowed under the provisions of the Internal Revenue Code of 1954, as amended through December 31, 1976. If the taxpayer's foreign tax credit consists of both foreign taxes deemed paid and foreign taxes actually paid or withheld, it will be conclusively presumed that foreign taxes deemed

paid were first used by the taxpayer in its foreign tax credit. Minnesota gross income shall include the amount of foreign tax paid which had been allowed as a deduction in a previous year, provided such foreign tax is later allowed as a credit against federal income tax. Income taxes permitted to be deducted hereunder shall, regardless of the methods of accounting employed, be deductible only in the taxable year in which paid. Taxes imposed upon a shareholder's interest in a corporation which are paid by the corporation without reimbursement from the shareholder shall be deductible only by such corporation.

Sec. 13. Minnesota Statutes 1978, Section 290.081, is amended to read:

290.081 [INCOME OF NONRESIDENTS, RECIPROCITY.]

(a) The compensation received for the performance of personal or professional services within this state by an individual who resides and has his place of abode and place to which he customarily returns at least once a month in another state, shall be excluded from gross income to the extent such compensation is subject to an income tax imposed by the state of his residence; provided that such state allows a similar exclusion of compensation received by residents of Minnesota for services performed therein, or

(b) Whenever a nonresident taxpayer has become liable for income taxes to the state where he resides upon his net income for the taxable year derived from the performance of personal or professional services within this state and subject to taxation under this chapter, there shall be allowed as a credit against the amount of income tax payable by him under this chapter, such proportion of the tax so paid by him to the state where he resides as his gross income subject to taxation under this chapter bears to his entire gross income upon which the tax so paid to such other state was imposed; provided, that such credit shall be allowed only if the laws of such state grant a substantially similar credit to residents of this state subject to income tax under such laws, or

(c) If any taxpayer who is a resident of this state, or a domestic corporation or corporation commercially domiciled therein, has become liable for taxes on or measured by net income to another state or a province or territory of Canada upon, if the taxpayer is an individual or a resident estate or resident trust, any income, or if it is a corporation, upon income derived from the performance of personal or professional services within such other state or province or territory of Canada and subject to taxation under this chapter he or it shall be entitled to a credit against the amount of taxes payable under this chapter, of such proportion thereof, as such gross income subject to taxation in such state or province or territory of Canada bears to his entire gross income subject to taxation under this chapter; provided (1) that such credit shall in no event exceed the amount of tax so paid to such other state or province or territory of Canada on the gross income earned within such other state or province or territory of Canada and subject to taxation under this chapter, and (2) that such credit shall not be allowed if such other state or province or territory of Canada

allows residents of this state a credit against the taxes imposed by such state or province or territory of Canada for taxes payable under this chapter substantially similar to the credit provided for by paragraph (b) of this section, and (3) the allowance of such credit shall not operate to reduce the taxes payable under this chapter to an amount less than would have been payable if the gross income earned in such other state or province or territory of Canada had been excluded in computing net income under this chapter.

(d) The commissioner shall by regulation determine with respect to gross income earned in any other state the applicable clause of this section. When it is deemed to be in the best interests of the people of this state, the commissioner may determine that the provisions of clause (a) shall not apply.

(e) "Tax So Paid" as used in this section means taxes on or measured by net income payable to another state or province or territory of Canada on income earned within the taxable year for which the credit is claimed, provided that such tax is actually paid in that taxable year, or subsequent taxable years.

(f) For the purposes of clause (a), whenever the Wisconsin tax on Minnesota residents which would have been paid Wisconsin without clause (a) exceeds the Minnesota tax on Wisconsin residents which would have been paid Minnesota without clause (a), or vice versa, then the state with the net revenue loss resulting from clause (a) shall receive from the other state the amount of such loss. This provision shall be effective for all years beginning after December 31, 1972. The data used for computing the loss to either state shall be determined on or before September 30 of the year following the close of the previous calendar year.

If an agreement cannot be reached as to the amount of the loss, the commissioner of revenue and the taxing official of the state of Wisconsin shall each appoint a member of a board of arbitration and these members shall appoint the third member of the board. The board shall select one of its members as chairman. Such board may administer oaths, take testimony, subpoena witnesses, and require their attendance, require the production of books, papers and documents, and hold hearings at such places as are deemed necessary. The board shall then make a determination as to the amount to be paid the other state which determination shall be final and conclusive.

Notwithstanding the provisions of section 290.61, the commissioner may furnish copies of returns, reports, or other information to the taxing official of the state of Wisconsin, a member of the board of arbitration, or a consultant under joint contract with the states of Minnesota and Wisconsin for the purpose of making a determination as to the amount to be paid the other state under the provisions of this section. Prior to the release of any information under the provisions of this section, the person to whom the information is to be released shall sign an agreement which provides that he will protect the confidentiality of the returns

and information revealed thereby to the extent that it is protected under the laws of the state of Minnesota.

Sec. 14. Minnesota Statutes 1978, Section 290.09, Subdivision 15, is amended to read:

Subd. 15. [STANDARD DEDUCTION.] In lieu of all deductions provided for in this chapter other than those enumerated in section 290.18, subdivision 2, and in lieu of the credits enumerated in section 290.21, subdivision 3, an individual may claim or be allowed a standard deduction as follows:

(a) ~~If his adjusted gross income is \$10,000 or more, the standard deduction shall be \$1,000.~~

*(b) If his adjusted gross income is less than \$10,000 Subject to modification pursuant to clause (b), the standard deduction shall be an amount equal to ten percent thereof of the adjusted gross income of the taxpayer, up to a maximum deduction of \$2,000; in the case in which a standard deduction tax table is provided by the commissioner of revenue pursuant to the provisions of section 290.06, subdivision 2, the standard deduction shall be available to individuals with adjusted gross income of less than \$20,000 only through the use of such table.*

In the case of a husband and wife living together, the standard deduction shall not be allowed to either if the net income of one of the spouses is determined without regard to the standard deduction. For the purposes of this paragraph the determination of whether an individual is living with his spouse shall be made as of the last day of the taxable year unless the spouse dies during the taxable year in which case such determination shall be made as of the date of such spouse's death.

*(b) For each taxable year beginning after December 31, 1980, the maximum amount of the standard deduction shall be adjusted for inflation. That amount shall be multiplied each year by a figure equal to the percentage increase in the revised consumer price index for all urban consumers for the Minneapolis-St. Paul metropolitan area used for purposes of section 290.06, subdivision 3g. The product of the calculation shall be added to the dollar amount of the maximum standard deduction established in clause (a) to produce the inflation-adjusted maximum standard deduction for each succeeding year.*

Sec. 15. Minnesota Statutes 1978, Section 290.091 is amended to read:

290.091 [MINIMUM TAX ON PREFERENCE ITEMS.] (a) In addition to all other taxes imposed by chapter 290 there is hereby imposed for each taxable year beginning after December 31, 1976, a tax which, in the case of a resident individual, estate or trust, shall be equal to 40 percent of the amount of the taxpayer's minimum tax liability for tax preference items pursuant to the provisions of sections 56 to 58 and 443(d) of the Internal Revenue Code of 1954 as amended through December 31, 1976 except that for purposes of the tax imposed by this section, excess itemized



deductions as defined in section 57(b) shall not include any deduction taken for Minnesota income tax paid and capital ~~gains~~ gain as defined in section 57(a) of the Internal Revenue Code shall not include that portion of any gain occasioned by sale, transfer or the granting of a perpetual easement pursuant to any eminent domain proceeding or threat thereof as described in section 290.13, subdivision 5. This modification shall apply to the years in which the gain or reduction in loss is actually included in federal adjusted gross income even though amounts received pursuant to the eminent domain proceedings were received in prior years. In the case of a resident individual, estate or trust having preference items which could not be taken to reduce income from sources outside the state pursuant to section 290.17, subdivision 1, or any other taxpayer the tax shall equal 40 percent of that federal liability, multiplied by a fraction the numerator of which is the amount of the taxpayer's preference item income allocated to this state pursuant to the provisions of sections 290.17, subdivision 1, to 290.20, and the denominator of which is the taxpayer's total preference item income for federal purposes.

(b) In the case of a resident individual, estate or trust having preference items in taxable years beginning after December 31, 1976, and before January 1, 1978, which are not allocable to Minnesota under the provisions of sections 290.17 to 290.20 in effect for such years, the tax shall equal 40 percent of the taxpayer's federal minimum tax liability, multiplied by a fraction the numerator of which is the amount of the taxpayer's preference items allocable to Minnesota under the provisions of sections 290.17 to 290.20 in effect for such years and the denominator of which is the taxpayer's total preference items for federal purposes.

(c) *The preference items for taxable years beginning after December 31, 1978 shall not include the portion of the sale of residence excluded under section 121 of the Internal Revenue Code of 1954 as amended through December 31, 1978.*

Sec. 16. Minnesota Statutes 1978, Section 290.095, Subdivision 1, is amended to read:

290.095 [OPERATING LOSS DEDUCTION.] Subdivision 1. [ALLOWANCE OF DEDUCTION.] (a) There shall be allowed as a deduction for the taxable year the amount of any net operating loss deduction as defined in subdivision 2, clause (b); provided, however, that the modifications specified in subdivision 4 shall be made in computing the taxable net income for the taxable year before the net operating loss deduction shall be allowed.

(b) A net operating loss deduction shall be available under this section only to corporate taxpayers except as provided in subdivisions 6, 7 and 9 hereof, *and, with respect to individuals, estates and trusts, no deduction shall be allowed for or with respect to losses which constitute tax preference items as set forth in section 290.17, subdivision 1.*

Sec. 17. Minnesota Statutes 1978, Section 290.14, is amended to read:

**290.14 [GAIN OR LOSS ON DISPOSITION OF PROPERTY, BASIS.]** The basis for determining the gain or loss from the sale or other disposition of property acquired on or after January 1, 1933, shall be the cost to the taxpayer of such property, with the following exceptions:

(1) If the property should have been included in the last inventory, it shall be the last inventory value thereof;

(2) If the property was acquired by gift, it shall be the same as it would be if it were being sold or otherwise disposed of by the last preceding owner not acquiring it by gift; if the facts required for this determination cannot be ascertained, it shall be the fair market value as of the date, or approximate date, of acquisition by such last preceding owner, as nearly as the requisite facts can be ascertained by the commissioner;

(3) If the property was acquired by gift through an inter vivos transfer in trust, it shall be the same as it would be if it were being sold or otherwise disposed of by the grantor;

(4) Except as otherwise provided in this clause (4), the basis of property in the hands of a person acquiring the property from a decedent or to whom the property passed from a decedent shall, if not sold, exchanged or otherwise disposed of before the decedent's death by such person, be the fair market value of the property at the date of decedent's death.

For the purposes of the preceding paragraph, the following property shall be considered to have been acquired from or to have passed from the decedent:

(a) Property acquired by bequest, devise, or inheritance, or by the decedent's estate from the decedent;

(b) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent, with the right reserved to the decedent at all times before his death to revoke the trust;

(c) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent with the right reserved to the decedent at all times before his death to make any change in the enjoyment thereof through the exercise of a power to alter, amend, or terminate the trust;

(d) Property passing without full and adequate consideration under a general power of appointment exercised by the decedent by will;

(e) In the case of a decedent's dying after December 31, 1956, property acquired from the decedent by reason of death, form of ownership, or other conditions (including property acquired through the exercise or non-exercise of a power of appointment), if by reason thereof the property is required to be included in determining the value of the decedent's gross estate for Minnesota inheritance tax purposes. In such case, if the

property is acquired before the death of the decedent, the basis shall be the amount determined under the first paragraph of this clause reduced by the amount allowed to the taxpayer as deductions in computing taxable net income under this chapter or prior Minnesota income tax laws for exhaustion, wear and tear, obsolescence, amortization, and depletion on such property before the death of the decedent. Such basis shall be applicable to the property commencing on the death of the decedent. This paragraph shall not apply to annuities described in section 290.08; and property described in paragraphs (a), (b), (c) and (d) of this clause (4).

Clause (4) shall not apply to property which constitutes a right to receive an item of income in respect of a decedent under section 290.077. Nor shall it apply to restricted stock options described in section 290.078 which the employee has not exercised at death.

(5) If the property was acquired after December 31, 1932, upon an exchange described in section 290.13, subdivision 1, the basis shall be the same as in the case of the property exchanged, decreased in the amount of any money received by the taxpayer and increased in the amount of gain or decreased in the amount of loss to the taxpayer that was recognized upon such exchange under the law applicable to the year in which the exchange was made. If the property so acquired consisted in part of the type of property permitted by section 290.13, subdivision 1, to be received without the recognition of gain or loss, and in part of other property, the basis provided in this clause shall be allocated between the properties, other than money, received, and for the purpose of the allocation there shall be assigned to such other property an amount equivalent to its fair market value at the date of the exchange. This clause shall not apply to property acquired by a corporation by the issuance of its stock or securities as the consideration, in whole or in part, for the transfer of the property to it;

(6) If substantially identical property was acquired in the place of stocks or securities which were sold or disposed of and in respect of which loss was not allowed as a deduction under section 290.09, subdivision 5, the basis in the case of property so acquired shall be the same as in the case of the stock or securities so sold or disposed of, increased by the excess of the repurchase price of such property over the sale price of such stock or securities, or decreased by the excess of the sale price of such stock or securities over the repurchase price of such property;

(7) If the property was acquired after December 31, 1932, as the result of a compulsory or involuntary conversion described in section 290.13, subdivision 5, the basis shall be the same as in the case of the property so converted, decreased in the amount of any money received by the taxpayer which was not expended in accordance with the provisions of law applicable to the year in which such conversion was made, determining the taxable status of the gain or loss upon such conversion, and increased

in the amount of gain or decreased in the amount of loss to the taxpayer recognized upon such conversion under the law applicable to the year in which such conversion was made.

(8) Neither the basis nor the adjusted basis of any portion of real property shall, in the case of a lessor of such property, be increased or diminished on account of income derived by the lessor in respect of such property and excludable from gross income under section 290.08, subdivision 14.

If an amount representing any part of the value of real property attributable to buildings erected or other improvements made by a lessee in respect of such property was included in gross income of the lessor for any taxable year beginning before January 1, 1943, the basis of each portion of such property shall be properly adjusted for the amount so included in gross income.

*(9) If the property was acquired by the taxpayer as a transfer of property in exchange for the release of the taxpayer's marital rights, the basis of the property shall be the same as it would be if it were being sold or otherwise disposed of by the person who transferred the property to the taxpayer.*

Sec. 18. 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. 19. Minnesota Statutes 1978, Section 290.17, Subdivision 2, is amended to read:

Subd. 2. [OTHER TAXPAYERS.] In the case of taxpayers not subject to the provisions of subdivision 1, items of gross income shall be assigned to this state or other states or countries in accordance with the following principles:

(1) The entire income of all resident or domestic taxpayers from compensation for labor or personal services, or from a business consisting principally of the performance of personal or professional services, shall be assigned to this state, and the income of nonresident taxpayers from such sources shall be assigned to this state if, and to the extent that, the labor or services are performed within it; all other income from such sources shall be treated as income from sources without this state;

(2) Income from the operation of a farm shall be assigned to this state if the farm is located within this state and to other states only if the farm is not located in this state. Income and gains received from tangible property not employed in the business of the recipient of such income or gains, and from tangible property employed in the business of such recipient if such business consists principally of the holding of such property and the collection of the income and gains therefrom, shall be assigned to this state if such property has a situs within it, and to other states only if it has no situs in this state. Income or gains from intangible personal property not employed in the business of the recipient of such income or gains, and from intangible personal property employed in the business of such recipient if such business consists principally of the holding of such property and the collection of the income and gains therefrom, wherever held, whether in trust, or otherwise, shall be assigned to this state if the recipient thereof is domiciled within this state; income or gains from intangible personal property wherever held, whether in trust or otherwise shall be assigned to this state if the recipient of such income or gains is domiciled within this state, or if the grantor of any trust is domiciled within this state and such income or gains would be taxable to such grantor under sections 290.28 or 290.29;

(3) Income derived from carrying on a trade or business, including in the case of a business owned by natural persons the income imputable to the owner for his services and the use of his property therein, shall be assigned to this state if the trade or business is conducted wholly within this state, and to other states if conducted wholly without this state. This provision shall not apply to business income subject to the provisions of clause (1);

(4) When a trade or business is carried on partly within and partly without this state, the entire income derived from such trade or business, including income from intangible property employed in such business and including, in the case of a business owned by natural persons, the income imputable to the owner for his services and the use of his property therein, shall be governed, except as otherwise provided in sections 290.35 and 290.36, by the

provisions of section 290.19, notwithstanding any provisions of this section to the contrary. This shall not apply to business income subject to the provisions of clause (1). For the purposes of this clause, a trade or business located in Minnesota is carried on partly within and partly without this state if tangible personal property is sold by such trade or business and delivered or shipped to a purchaser located outside the state of Minnesota.

In determining whether or not intangible property is employed in a unitary business carried on partly within and partly without this state so that income derived therefrom is subject to apportionment under section 290.19 the following rules and guidelines shall apply.

(a) Intangible property is employed in a business if the business entity owning intangible property holds it as a means of furthering the business operation of which a part is located within the territorial confines of this state.

(b) Where a business operation conducted in Minnesota, is owned by a business entity which carries on business activity outside of the state different in kind from that conducted within this state, and such other business is conducted entirely outside the state, it will be presumed that the two business operations are unitary in nature, interrelated, connected and interdependent unless it can be shown to the contrary.

(5) All other items of gross income shall be assigned to the taxpayer's domicile.

*(6) For purposes of this section, amounts received by a non-resident from the United States, its agencies or instrumentalities, the Federal Reserve Bank, the state of Minnesota or any of its political or governmental subdivisions, or a Minnesota volunteer fireman's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or as a retirement or survivor's benefit made from a plan qualifying under sections 401, 403, 404, 405, 408 or 409 of the Internal Revenue Code of 1954, as amended through December 31, 1978, are not considered income derived from carrying on a trade or business or from performing personal or professional services in Minnesota, and are not taxable under this chapter.*

Sec. 20. Minnesota Statutes 1978, Section 290.21, Subdivision 3, is amended to read:

Subd. 3. An amount for contribution or gifts made within the taxable year:

(a) to or for the use of the state of Minnesota, or any of its political subdivisions for exclusively public purposes,

(b) to or for the use of any community chest, corporation, organization, trust, fund, association, or foundation located in and carrying on substantially all of its activities within this state, organized and operating exclusively for religious, charitable, public cemetery, scientific, literary, artistic, or educational purposes, or for the prevention of cruelty to children or animals, no part of the

net earnings of which inures to the benefit of any private stockholder or individual,

(c) to a fraternal society, order, or association, operating under the lodge system located in and carrying on substantially all of their activities within this state if such contributions or gifts are to be used exclusively for the purposes specified in subdivision 3(b), or for or to posts or organizations of war veterans or auxiliary units or societies of such posts or organizations, if they are within the state and no part of their net income inures to the benefit of any private shareholder or individual, or to an employee stock ownership trust as defined in section 290.01, subdivision 25. Where the beneficiaries of a stock ownership trust include the transferor, his spouse, children, grandchildren, parents, siblings or their children, the amount of the deduction shall be reduced by the product of multiplying said amount by their percentage interest in the trust,

(d) to or for the use of the United States of America for exclusively public purposes, and to or for the use of any community chest, corporation, trust, fund, association, or foundation, organized and operated exclusively for any of the purposes specified in subdivision 3(b) and (c) no part of the net earnings of which inures to the benefit of any private shareholder or individual, but not carrying on substantially all of their activities within this state, in an amount equal to the ratio of Minnesota taxable net income to total net income, provided, however, that for an individual taxpayer, the credit shall be allowed in an amount equal to the ratio of the taxpayer's gross income ~~from sources within the state~~ assignable to Minnesota to the taxpayer's gross income from all sources,

(e) to a political party, as defined in section 200.02, subdivision 7, or a political candidate, as defined in section 210A.01, or a political cause when sponsored by any party or association or committee, as defined in section 210A.01, in a maximum amount not to exceed the following:

(1) contributions made by individual natural persons, \$100,

(2) contributions made by a national committeeman, national committeewoman, state chairman, or state chairwoman of a political party, as defined in section 200.02, subdivision 7, \$1,000,

(3) contributions made by a congressional district committeeman or committeewoman of a political party, as defined in section 200.02, subdivision 7, \$350,

(4) contributions made by a county chairman or a county chairwoman of a political party, as defined in section 200.02, subdivision 7, \$150;

(f) In the case of an individual, the total credit against taxable net income allowable hereunder shall not exceed 30 percent of the taxpayer's Minnesota gross income as follows:

(i) the aggregate of contributions made to organizations speci-

fied in (a), (b) and (d) shall not exceed ten percent of the taxpayer's Minnesota gross income,

(ii) the total credits under this subparagraph for any taxable year shall not exceed 20 percent of the taxpayer's Minnesota gross income. For purposes of this subparagraph, the credits under this section shall be computed without regard to any deduction allowed under subparagraph (i) but shall take into account any contributions described in subparagraph (i) which are in excess of the amount allowable as a credit under subparagraph (i);

(g) in the case of a corporation, the total credit against net income hereunder shall not exceed 15 percent of the taxpayer's taxable net income less the credits allowable under this section other than those for contributions or gifts.

(h) in the case of a corporation reporting its taxable income on the accrual basis, if: (A) the board of directors authorizes a charitable contribution during any taxable year, and (B) payment of such contribution is made after the close of such taxable year and on or before the fifteenth day of the third month following the close of such taxable year; then the taxpayer may elect to treat such contribution as paid during such taxable year. The election may be made only at the time of the filing of the return for such taxable year, and shall be signified in such manner as the commissioner shall by regulations prescribe;

(i) in the case of a contribution or property placed in trust as described in section 170(f)(2) of the Internal Revenue Code of 1954, as amended through December 31, 1976, a credit shall be allowed under this subdivision to the extent that a deduction is allowable for federal income tax purposes.

Sec. 21. 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. 22. Minnesota Statutes 1978, Section 290.37, Subdivision 1, is amended to read:

**290.37 [FILING REQUIREMENTS FOR INDIVIDUALS.]**  
**Subdivision 1. [PERSONS MAKING RETURNS.]** The following persons shall make a return for each taxable year, or fractional part thereof where permitted or required by law:

(a) A single individual with respect to his own taxable net income if that exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed, or if his gross income exceeds \$1,700.

(b) A married individual if his own taxable net income or the combined taxable net income of himself and his spouse exceeds an



amount on which a tax at the rates herein provided would exceed the specified credits allowed, or if his gross income or the combined gross income of himself and his spouse exceeds \$2,700.

(e) An unmarried individual who has attained the age of 65 before the close of the taxable year with respect to his own taxable net income if that exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed or if his gross income exceeds \$2,300.

(d) A married individual living with husband or wife where one has attained the age of 65 before the close of the individual's taxable year if his own taxable net income or the combined taxable net income of himself and his spouse exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed or if his gross income or the combined gross income of himself and his spouse exceeds \$3,100.

(c) A married individual living with husband or wife and both spouse have attained the age of 65 if his own taxable net income or the combined taxable net income of himself and his spouse exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed or if his gross income or the combined gross income of himself and his spouse exceeds \$3,400.

(f) An unmarried individual who is blind at the close of the taxable year with respect to his own taxable net income if that exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed or if his gross income exceeds \$2,300, or \$2,500 if the individual has also attained the age of 65 before the close of the taxable year.

(g) A married individual living with husband or wife and one is blind at the close of the taxable year with respect to his own taxable net income or the combined taxable net income of himself and his spouse exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed or if his gross income or the combined gross income of himself and his spouse exceeds \$3,100, or \$3,400 if one has attained the age of 65 before the close of the taxable year and \$3,500 if both have attained the age of 65 before the close of the taxable year.

(h) A married individual living with husband or wife where both are blind at the close of the taxable year with respect to his own taxable net income or the combined taxable net income of himself and his spouse exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed or if his gross income or the combined gross income of himself and his spouse exceeds \$3,400, or \$3,900 if one has attained the age of 65 before the close of the taxable year and \$4,400 if both have also attained the age of 65 before the close of the taxable year.

(i) The personal representative of the estate of a decedent with respect to the taxable net income of such decedent for that part of the taxable year during which he was alive if such taxable net income exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed, or if such decedent's gross income for the aforesaid period exceeds \$1,700.

(j) ~~The personal representative of the estate of a decedent with respect to the taxable net income of such estate if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed, or if such estate's gross income exceeds \$1,700. The commissioner of revenue shall annually determine the gross income levels at which individuals shall be required to file a return for each taxable year.~~

(k) ~~The trustee or other fiduciary of property held in trust shall file a return with respect to the taxable net income of such trust if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed, or if the gross income of such trust exceeds \$750, if in either case such trust belongs to the class of taxable persons.~~

(l) ~~The guardian of an infant or other incompetent person with respect to such infant's or other person's taxable net income if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed, or if the gross income of such infant or other incompetent person exceeds \$1,700.~~

(m) ~~Every corporation shall file a return with respect to its taxable net income if in excess of \$500, or if its gross income exceeds \$5,000. The return in this case shall be signed by an officer of the corporation.~~

(n) ~~The receivers, trustees in bankruptcy, or assignees operating the business or property of a taxpayer shall file a return with respect to the taxable net income of such taxpayer if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed (or, if the taxpayer is a corporation, if the taxable net income exceeds \$500), or if such taxpayer's gross income exceeds \$5,000.~~

Such return shall (a) be verified or contain a written declaration that it is made under the penalties of criminal liability for wilfully making a false return, and (b) shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

For purposes of (a) through (n) *this subdivision* the term "gross income" shall mean gross income as defined in section 61 of the Internal Revenue Code of 1954, as amended through December 31, 1976, modified and adjusted in accordance with the provisions of sections 290.08, 290.17 and 290.65.

Sec. 23. [REPEALER.] *Minnesota Statutes 1978, Section 290.06, Subdivision 12, is repealed.*

Sec. 24. [EFFECTIVE DATE.] *Section 18 is effective for taxable years beginning after December 31, 1977. Except as otherwise provided, the remainder of this article is effective for taxable years beginning after December 31, 1978.*

## ARTICLE II: PROPERTY TAX

Section 1. *Minnesota Statutes 1978, Section 256.82, is amended to read:*

256.82 [PAYMENTS BY STATE.] Based upon estimates submitted by the county agency to the state agency, which shall state the estimated required expenditures for the succeeding month, upon the direction of the state agency payment shall be made monthly in advance by the state to the counties of all federal funds available for that purpose for such succeeding month, together with an amount of state funds equal to ~~60~~ 70 percent of the difference between the total estimated cost and the federal funds so available *for payments made after December 31, 1979 and before January 1, 1981, and 80 percent of the difference for payments made after December 31, 1980.* Adjustment of any overestimate or underestimate made by any county shall be made upon the direction of the state agency in any succeeding month.

Sec. 2. Minnesota Statutes 1978, Section 256D.03, Subdivision 2, is amended to read:

Subd. 2. *After December 31, 1979, and before January 1, 1981, state aid shall be paid to local agencies for 60 percent and, after December 31, 1980, for 70 percent of all general assistance grants up to the standards of section 256D.01, subdivision 1, according to procedures established by the commissioner. Any local agency may, from its own resources, make payments of general assistance at a standard higher than that established by the commissioner, without reference to the standards of section 256D.01, subdivision 1.*

Sec. 3. Minnesota Statutes 1978, Section 256D.36, Subdivision 1, is amended to read:

256D.36 [1973 CATEGORICAL AID RECIPIENTS; PROVISIONS FOR SUPPLEMENTAL AID.] Subdivision 1. Commencing January 1, 1974, the commissioner shall certify to each local agency the names of all county residents who were eligible for and did receive aid during December, 1973 pursuant to a categorical aid program of old age assistance, aid to the blind, or aid to the disabled. From and after January 1, ~~1974~~ 1980, *until January 1, 1981, the state shall pay 70 percent and the county shall each pay one-half 30 percent of the supplemental aid calculated for each county resident certified under this section who is an applicant for or recipient of supplemental security income. After December 31, 1980, the state shall pay 80 percent and the county shall pay 20 percent of the aid.* The amount of supplemental aid for each individual eligible under this section shall be calculated pursuant to the formula prescribed in Title II, Section 212 (a) (3) of Public Law 93-66, as amended.

Sec. 4. Minnesota Statutes 1978, Section 256D.37, Subdivision 1, is amended to read:

256D.37 [NEW APPLICANTS AND RECIPIENTS; PROVISIONS FOR SUPPLEMENTAL AID.] Subdivision 1. For all applicants for or recipients of supplemental security income who did not receive aid pursuant to any categorical aid program referred to in section 256D.36 during December, 1973, and who

make application to the appropriate local agency, the local agency shall determine whether the individual meets the eligibility criteria prescribed in subdivision 2. For each individual who meets the relevant eligibility criteria prescribed in subdivision 2, the local agency shall certify to the commissioner the amount of supplemental aid to which the individual is entitled in accordance with all of the standards in effect December 31, 1973, for the appropriate categorical aid program. In computing the amount of supplemental aid under this section, the local agency shall deduct from the gross amount of the individual's determined needs all income, subject to the criteria for income disregards in effect December 31, 1973, for the appropriate categorical aid program. From and after the first of the month in which an effective application is filed, the state and the county shall *each pay one-half share responsibility for the payment* of the supplemental aid to which the individual is entitled under this section *as provided in section 256D.36.*

Sec. 5. Minnesota Statutes 1978, Section 272.02, Subdivision 1, is amended to read:

272.02 [EXEMPT PROPERTY.] Subdivision 1. Except as provided in other subdivisions of this section or in section 272.025, all property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds;
- (2) All public schoolhouses;
- (3) All public hospitals;
- (4) All academies, colleges, and universities, and all seminaries of learning;
- (5) All churches, church property, and houses of worship;
- (6) Institutions of purely public charity;
- (7) All public property exclusively used for any public purpose;
- (8) All natural cheese held in storage for aging by the original Minnesota manufacturer;
- (9) (a) Class 2 property of every household of the value of \$100, maintained in the principal place of residence of the owner thereof. The county auditor shall deduct such exemption from the total valuation of such property as equalized by the revenue commissioner assessed to such household, and extend the levy of taxes upon the remainder only. The term "household" as used in this section is defined to be a domestic establishment maintained either (1) by two or more persons living together within the same house or place of abode, subsisting in common and constituting a domestic or family relationship, or (2) by one person.

(b) During the period of his active service and for six months after his discharge therefrom, no member of the armed forces of the United States shall lose status of a householder under para-

graph (a) which he had immediately prior to becoming a member of the armed forces.

In case there is an assessment against more than one member of a household the \$100 exemption shall be divided among the members assessed in the proportion that the assessed value of the Class 2 property of each bears to the total assessed value of the Class 2 property of all the members assessed. The Class 2 property of each household claimed to be exempt shall be limited to property in one taxing district, except in those cases where a single domestic establishment is maintained in two or more adjoining districts.

Bonds and certificates of indebtedness hereafter issued by the state of Minnesota, or by any county or city of the state, or any town, or any common or independent school district of the state, or any governmental board of the state, or any county or city thereof, shall hereafter be exempt from taxation; provided, that nothing herein contained shall be construed as exempting such bonds from the payment of a tax thereon, as provided for by section 291.01, when any of such bonds constitute, in whole or in part, any inheritance or bequest, taken or received by any person or corporation.

(10) Farm machinery manufactured prior to 1930, which is used only for display purposes as a collectors item;

(11) The taxpayer shall be exempted with respect to, all agricultural products, inventories, stocks of merchandise of all sorts, all materials, parts and supplies, furniture and equipment, manufacturers material, manufactured articles including the inventories of manufacturers, wholesalers, retailers and contractors; and the furnishings of a room or apartment in a hotel, rooming house, tourist court, motel or trailer camp, tools and machinery which by law are considered as personal property, and the property described in section 272.03, subdivision 1 (c), except personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures.

(12) Containers of a kind customarily in the possession of the consumer during the consumption of commodities, the sale of which are subject to tax under the provisions of the excise tax imposed by Extra Session Laws 1967, Chapter 32;

(13) All livestock, poultry, all horses, mules and other animals used exclusively for agricultural purposes;

(14) All agricultural tools, implements and machinery used by the owners in any agricultural pursuit.

(15) Real and personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used.

Any taxpayer requesting exemption of all or a portion of any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. Any such equipment or device shall meet standards, regulations or criteria prescribed by the Minnesota Pollution Control Agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information or advice to the commissioner. If the commissioner determines that property qualifies for exemption, he shall issue an order exempting such property from taxation. Any such equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota Pollution Control Agency remains in effect.

(16) *Wetlands.* For purposes of this subdivision, "wetlands" means land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes. "Wetlands" shall be land preserved in its natural condition, drainage of which would be lawful, feasible and practical and would provide land suitable for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice. "Wetlands" shall include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

Sec. 6. Minnesota Statutes 1978, Section 272.02, is amended by adding a subdivision to read:

*Subd. 5. The holding of property by a political subdivision of the state for later resale for economic development purposes shall be considered a public purpose in accordance with subdivision 1, clause (7) for a period not to exceed three years. This subdivision shall not operate to create an exemption from sections 272.01, subdivision 2; 272.68; 273.19; or 462.575, subdivision 3; or other provision of law providing for the taxation of or for payments in lieu of taxes for publicly held property which is leased, loaned, or otherwise made available and used by a private person. This section is effective for taxes levied in 1979 and thereafter, and payable in 1980 and thereafter.*

Sec. 7. Minnesota Statutes 1978, Section 273.11, Subdivision 2, is amended to read:

*Subd. 2. (a) For assessments of property for the purpose of determining taxes to be levied in 1979, payable in 1980, the assessor, after determining the value of any property, shall compare the value with that determined in the preceding assessment. Notwithstanding the provisions of section 273.17, the amount of the increase entered in the current assessment shall not exceed ten percent of the value in the preceding assessment or one-fourth one-half of the total amount of the increase in valuation whichever is greater; the excess, together with any increase in value which has occurred since the previous assessment, shall be entered in a subse-*

quent year or years; provided, however, that if the amount of the increase in market value is

(i) more than ten percent but no more than 20 percent, the excess shall be entered in the following year;

(ii) more than 20 percent but no more than 40 percent, ten percent shall be entered in each subsequent year until the amount remaining to be entered is less than 10 percent in which case the amount remaining will be entered in the next subsequent year; or

(iii) more than 40 percent, the excess shall be entered equally in the three subsequent years added to the market value of the property which shall be used for the purpose of determining taxes to be levied in 1980, payable in 1981. In all subsequent assessments, all real property shall be assessed at its full market value.

(b) In the case of property described in section 273.13, subdivisions 6, 7, 7b, 10, 12, 17, 17b and 19, plus all agricultural property and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes which was not subject to the five percent limitation in valuation increase for the 1973 or the 1974 assessment that was previously provided pursuant to Minnesota Statutes 1974, Section 273.11, Subdivision 2, the value to be used for levying the 1976 taxes payable in 1977 shall be set at the average percent of market value used for the respective class of property in the 1976 tax levies in its assessment district if the market value as determined by the assessor pursuant to section 273.11, subdivision 1 exceeds by more than ten percent the limited market value established for that class of property. Such property shall subsequently increase in value for property tax purposes as prescribed in clause (a).

Sec. 8. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.115] [STATE PAID WETLANDS CREDIT.] Subdivision 1. The county auditor shall annually reduce the tax liability of each owner of wetlands exempt from property taxation pursuant to section 272.02, subdivision 1, clause (16), by an amount equal to three-fourths of one percent of the average level of estimated market value of an acre of tillable land in the township or city in which the qualifying wetland is located, multiplied by the number of acres of wetlands he owns. Any excess of credit over tax liability shall not be paid to the property owner.

Subd. 2. The total amounts of credits allowed pursuant to subdivision 1 and the total amounts of revenue lost as a result of the exemption provided in section 272.02, subdivision 1, clause (16), shall be submitted by the county auditor 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. The amount of revenue lost as a result of the exemption shall be computed each year by applying the current mill rates of the taxing jurisdictions in which the wetlands are located to the assessed valuation of the wetlands for purposes of taxes

levied in 1979, payable in 1980. Provided that payment to the county for lost revenue shall not be less than the revenue which would have been received in taxes if the wetlands had an assessed value of \$20 per acre. 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.

Subd. 3. 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 exemption provided in section 272.02, subdivision 1, clause (16), and the credit provided in this section.

Subd. 4. There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the payments provided in subdivision 3.

Subd. 5. In order to receive the wetlands credit provided in this section, an owner of wetlands shall agree not to drain the wetlands during the year for which he receives the credit. The local assessor shall certify that each land owner receiving the credit has so agreed.

Subd. 6. The amounts of the wetlands credit and the tax that would have been due but for the exemption in section 272.02, subdivision 1, clause (16) shall be reflected on the property tax statement of each eligible taxpayer.

Sec. 9. Minnesota Statutes 1978, Section 273.122, Subdivision 1, is amended to read:

273.122 [FLEXIBLE HOMESTEAD BASE VALUE.] Subdivision 1. [HOMESTEAD BASE VALUE.] For ~~1975 and prior~~ years 1979, the homestead base value shall mean ~~\$12,000~~ \$21,000 of market value of any property which qualifies as homestead property for assessment purposes. The homestead base value shall be increased in any subsequent assessment year as provided in subdivision 2.

Sec. 10. Minnesota Statutes 1978, Section 273.122, Subdivision 2, is amended to read:

Subd. 2. [HOMESTEAD BASE VALUE INDEX.] In assessment years subsequent to ~~1975~~ 1979, the homestead base value shall be adjusted pursuant to the homestead base value index. The homestead base value index shall be computed by the equalization aid review committee for each year immediately preceding an assessment year. This index is computed in the following manner. The annual statewide average market value of homestead property as indicated by bona fide real estate sales during the year shall be divided by the statewide average market value of all homestead property sold in ~~1974~~ 1978. This quotient is multiplied by 100. For each increase of a full three and one-half points in the index the homestead base value shall be increased ~~\$500~~ \$1,000 in the following assessment year. On or before December 1 of any year preceding an assessment year



the commissioner of revenue shall certify the homestead base value for that year.

Sec. 11. Minnesota Statutes 1978, Section 273.13, Subdivision 4, is amended to read:

Subd. 4. [CLASS 3.] (a) Tools, implements and machinery of an electric generating, transmission or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures, all agricultural land, except as provided by classes 1, 3b, 3c, all buildings and structures assessed as personal property and situated upon land of the state of Minnesota or the United States government which is rural in character and devoted or adaptable to rural but not necessarily agricultural use shall constitute class 3 and shall be valued and assessed at 33 $\frac{1}{3}$  percent of the market value thereof, except as provided in clause (b). Except as provided in subdivision 5a, all real property devoted to temporary and seasonal residential occupancy for recreational purposes, and which is not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, shall be class 3 property and assessed accordingly. For this purpose, property is devoted to commercial use on a specific day if it is used, or offered for use, and a fee is charged for such use.

(b) For taxes assessed in 1977 1979, payable in 1978 1980, agricultural land and real property devoted to temporary and seasonal residential occupancy for recreation purposes which is classified as class 3 shall be assessed at 31 25 percent of its market value, and for taxes assessed in 1978 1980, payable in 1979 1981 and thereafter, it shall be assessed at 30 22 percent of its market value.

Sec. 12. Minnesota Statutes 1978, Section 273.13, Subdivision 5a, is amended to read:

Subd. 5a. [CLASS 3A.] Class 3a shall constitute commercial use real property which abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, which includes a portion used as a homestead by the owner, with the following limitations: the area of the property which shall be included in class 3a shall not exceed 100 feet of lakeshore footage for each cabin located on the property, up to a total of 800 feet, and 500 feet in depth measured away from the lakeshore. Class 3a shall be assessed at 48 12 percent of the market value thereof in 1977 1979, for taxes payable in 1978 1980, and at 46 percent thereafter. The remainder of the parcel shall be classified and assessed according to the provisions of subdivision 4.

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 12 percent of the *its* market value thereof in 1977 1979, for taxes payable in 1978, 1980 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 50 percent of the tax for taxes payable in 1980, and 55 percent thereafter; provided that the amount of said reduction shall not exceed \$325 \$550 for taxes payable in 1980, and \$600 thereafter. 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 160 240 acres of land, most contiguous surrounding, or bordering, or closest to 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, provided that noncontiguous land shall constitute class 3b only if the homestead is classified as class 3b and the detached land is located in the same township or city or not farther than two townships or cities or combination thereof from the homestead. 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 25 percent of its market value in 1977 1979, for taxes payable in 1978 1980, and at 30 22 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, 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 273.13, Subdivision 7, is amended to read:

Subd. 7. [CLASS 3C, 3CC.] All other real estate and class 2a property, except as provided by classes 1 and 3cc, which is used for the purposes of a homestead, shall constitute class 3c. and shall be valued and assessed at 22 18 percent of the market value thereof in 1977 1979, for taxes payable in 1978, 1980 and at 20 17 percent thereafter. The property tax to be paid on class 3c property as otherwise determined by law, 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 50 percent of the amount of such tax *for taxes payable in 1980, and 55 percent thereafter*; provided that the amount of said reduction shall not exceed \$325 \$550 *for taxes payable in 1980, and \$600 thereafter*. If the market value is in excess of the sum of the homestead base value, the amount in excess of that sum shall be valued and assessed at 36 30 percent of market value in 1977 1979, for taxes payable in 1978, 1980 and at 33 1/3 28 percent thereafter. The first \$12,000 market value of each tract of such real estate used for the purposes of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law. Class 3cc property shall include only real estate which is used for the purposes of a homestead by (a) any blind person, if such blind person is the owner thereof or if such blind person and his or her spouse are the sole owners thereof; or (b) any person (hereinafter referred to as veteran) who: (1) served in the active military or naval service of the United States and (2) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair, and (3) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability; or (c) any person who: (1) is permanently and totally disabled and (2) is receiving (i) aid from any state as a result of that disability, or (ii) supplemental security income for the disabled, or (iii) workers' compensation based on a finding of total and permanent disability, or (iv) social security disability, or (v) aid under the federal railroad retirement act of 1937, 45 United States Code Annotated, Section 228b(a)5; which aid is at least 90 percent of the total income of such disabled person from all sources. Class 3cc property shall be valued and assessed at five percent of the market value thereof. Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings him an income. The property tax to be paid on class 3cc property as otherwise determined by law, 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, for all purposes shall be reduced by 45 50 percent of the amount of such tax *for taxes payable in 1980, and 55 percent thereafter*; provided that the amount of said reduction shall not exceed \$325 \$550 *for taxes payable in 1980, and \$600 thereafter*. If the market value is in excess of the sum of \$28,000, the amount in excess of that sum shall be valued and assessed at 34 25 percent in 1977, 1979 for taxes payable in 1978 1980 and 30 22 percent thereafter, in the case of agricultural land used for a homestead and 36 30 percent in the case of all other real estate used for a homestead for taxes payable in 1978 1980 and 33 1/3 28 percent for taxes payable in 1979 and subsequent years.

Sec. 15. Minnesota Statutes 1978, Section 273.13, Subdivision 14a, is amended to read:

Subd. 14a. [BUILDINGS AND APPURTENANCES ON LAND NOT OWNED BY OCCUPANT.] The property tax to be paid in respect of the value of all buildings and appurtenances thereto owned and used by the occupant as a permanent residence, which are located upon land subject to property taxes and the title to which is vested in a person or entity other than the occupant, for all purposes shall be reduced by 45 50 percent of the amount of the tax in respect of said value as otherwise determined by law for taxes payable in 1980, and 55 percent thereafter, but not by more than \$325 \$550 for taxes payable in 1980, and \$600 thereafter.

Sec. 16. Minnesota Statutes 1978, Section 273.13, is amended by adding a subdivision to read:

Subd. 17c. [VALUATION OF LOWER INCOME HOUSING.]  
*A structure which is*

*(a) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended, and*

*(b) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel, shall, for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter, be assessed at 20 percent of its market value. The market value determined by the assessor shall be based on the normal approach to value using normal unrestricted rents.*

Sec. 17. Minnesota Statutes 1978, Section 273.13, Subdivision 19, is amended to read:

Subd. 19. [CLASS 3D, 3DD.] Residential real estate containing four or more units, other than seasonal residential, recreational and homesteads shall be classified as class 3d property and shall have a taxable value equal to 40 percent of market value. Residential real estate containing three or less units, other than seasonal residential, recreational and homesteads, shall be classified as class 3dd property and shall have a taxable value equal to 32 percent of market value.

Residential real estate as used herein in this subdivision means real property used or held for use by the owner thereof, or by his tenants or lessees as a residence for rental periods of 30 days or more, but shall not include homesteads, or real estate devoted to temporary or seasonal residential occupancy for recreational purposes. Where a portion of a parcel of property qualified for class 3d or 3dd and a portion does not qualify for class 3d or 3dd the valuation shall be apportioned according to the respective uses.

Residential real estate containing less than three units when entitled to homestead classification for one or more units shall be classed as 3b, 3c or 3cc according to the provisions of subdivisions 6 and 7.

Sec. 18. Minnesota Statutes 1978, Section 273.132, is amended to read:

273.132 [STATE PAID AGRICULTURAL CREDIT.] The county auditor shall reduce the tax for school purposes on all property receiving the homestead credit pursuant to section 273.13, subdivision 6, by an amount equal to the tax levy that would be produced by applying a rate of 15 17 mills on the property. The county auditor shall reduce the tax for school purposes on all other agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, by an amount that would be produced by applying a rate of ten mills on the property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

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

Sec. 19. Minnesota Statutes 1978, Section 273.17, Subdivision 1, is amended to read:

273.17 [ASSESSMENT OF REAL PROPERTY.] Subdivision 1. In every year, on January 2, the assessor shall also assess all real property that may have become subject to taxation since the last previous assessment, including all real property platted since the last real estate assessment, and all buildings or other structures of any kind, whether completed or in process of construction, of over \$1,000 in value, the value of which has not been previously added to or included in the valuation of the land on which they have been erected. The newly assessed property shall be valued initially at a value not exceeding the average percent of market value used in the tax levies for its respective class of property in its assessment district if the market value as determined by the assessor pursuant to

section 273.11, subdivision 1 exceeds by more than ten percent the limited market value established for that class of property. The assessment shall be increased to market value in annual increments as provided in section 273.11, subdivision 2 until such time as the property is reassessed. He shall make return thereof to the county auditor, with his return of personal property, showing the tract or lot on which each structure has been erected and the market value added thereto by such erection. Every assessor shall list, without revaluing, in each year, on a form to be prescribed by the commissioner of revenue, all parcels of land that shall have become homesteads or shall have ceased to be homesteads for taxation purposes since the last real estate assessment, and other parcels of land when the use of the land requires a change in classification or the land has been incorrectly classified in a previous assessment.

The county auditor shall note such change in the assessed valuation upon the tax lists, caused by a change in classification, and shall calculate the taxes for such year on such changed valuation. In case of the destruction by fire, flood, or otherwise of any building or structure, over \$100 in value, which has been erected previous to the last valuation of the land on which it stood, or the value of which has been added to any former valuation, the assessor shall determine, as nearly as practicable, how much less such land would sell for at private sale in consequence of such destruction, and make return thereof to the auditor.

Sec. 20. Minnesota Statutes 1978, Section 273.42, is amended to read:

273.42 [RATE OF TAX; ENTRY AND CERTIFICATION; CREDIT ON PAYMENT; PROPERTY TAX CREDIT.] *Subdivision 1.* The property set forth in section 273.37, subdivision 2, consisting of transmission lines, and distribution lines not taxed as provided in sections 273.38, 273.40 and 273.41 shall be taxed at the average rate of taxes levied for all purposes throughout the county and shall be entered on the tax lists by the county auditor against the owner thereof and certified to the county treasurer at the same time and in the same manner that other taxes are certified, and, when paid, shall be credited, 35 percent to the general revenue fund of the county, 50 percent to the general school fund of the county, and 15 percent to the townships within the county in which the lines are located, *after deducting the amount required for the property tax credit as provided in subdivision 2.* The amount available for distribution to the townships shall be divided among the townships in the same proportion that the length of transmission line in each township bears to the total length of transmission line in the county, except that if a payment to a town exceeds ten percent of the town's levy for the preceding year, the excess amount shall be paid to the county.

*Subd. 2. Owners of land defined as class 3, 3b, 3c, 3cc, 3d or 3f pursuant to section 273.13 listed on records of the county auditor or county treasurer over which runs a high voltage transmission line as defined in section 116C.52, subdivision 3, except a high voltage transmission line the construction of which was com-*

menced prior to July 1, 1974, shall receive a property tax credit in an amount determined by multiplying a fraction, the numerator of which is the length of high voltage transmission line which runs over that parcel and the denominator of which is the total length of that particular line running over all property within the county by ten percent of the transmission line tax revenue derived from the tax on that line pursuant to section 273.42. Where a right of way width is shared by more than one property owner, the numerator shall be adjusted by multiplying the length of line on the parcel by the proportion of the total width on the parcel owned by that property owner. The amount of credit for which the property qualifies shall not exceed 20 percent of the total gross tax on the parcel prior to deduction of the state paid agricultural credit and the state paid homestead credit.

Sec. 21. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.425] [ADJUSTMENT OF LEVY.] *When preparing tax lists pursuant to section 275.28 for each levy year for which credits will be payable under section 20, the county auditor shall deduct from the assessed valuation of the property within the county an amount equal to ten percent of the assessed valuation of transmission lines with respect to which a credit is to be paid. The mill rate necessary to be applied to this reduced total valuation in order to raise the required amount of tax revenue for the local taxing authorities shall be applied to the value of all taxable property in the county, including the entire valuation of those transmission lines. The proceeds of the tax levied against the excluded ten percent of the value of those transmission lines shall be available for purposes of funding of the credit provided in section 20. If the amount of that portion of the levy exceeds the amount necessary to fund the credits, the excess shall be distributed to the taxing districts within which the affected property is located in proportion to their respective mill rates, to be used for general levy purposes.*

Sec. 22. Minnesota Statutes 1978, Section 275.125, Subdivision 6a, is amended to read:

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

(2) In ~~1977~~ 1979 and each year thereafter, any district which qualified in 1976 for an extra levy under clause (1) shall be allowed to levy the same amount ~~per pupil unit allowed by that clause, as levied for retirement in 1978 under this clause~~ reduced each year by ten percent of the difference between the amount levied for retirement in 1971 under Minnesota Statutes 1971, Sections 275.127 and 422.01 to 422.54 and the amount levied for retirement in 1975 under Minnesota Statutes 1974, Sections 275.127 and 422A.01 to 422A.25.

Sec. 23. Minnesota Statutes 1978, Section 275.50, Subdivision 6, is amended to read:

Subd. 6. The cost to a governmental unit of implementing section 18.023, including sanitation and reforestation, as defined in section 18.023, subdivision 1, is a "special levy" and is not subject to tax levy limitations including those contained in sections 275.50 to 275.56 and in Laws 1969, Chapter 593, as amended by Laws 1974, Chapter 108, commencing with the levy made in 1976, payable in 1977, and terminating with the levy made in 1978 1980, payable in 1979 1981. A governmental subdivision may make a supplementary levy in 1977, payable in 1978, for all costs of implementing section 18.023 incurred in calendar year 1977 for which a levy was not made in 1976, payable in 1977. For the purpose of calculating the tax levy limit base under section 275.51, for levy year 1977, taxes payable 1978, there shall be subtracted from the levy limit base of any governmental subdivision an amount equal to 112 percent of the amount levied under section 18.023 in levy year 1974, taxes payable 1975, and included in the levy limit base of the governmental subdivision as a result of Laws 1975, Chapter 437.

Sec. 24. Minnesota Statutes 1978, Section 275.51, Subdivision 3d, is amended to read:

Subd. 3d. The property tax levy limitation for governmental subdivisions in 1977 payable in 1978 and subsequent years shall be calculated as follows:

(a) The sum of the following amounts shall be computed: (1) the property tax permitted to be levied in 1976 payable 1977 computed pursuant to Minnesota Statutes 1976, Section 275.51, Subdivision 3c, plus

(2) the amount of any state aids the governmental subdivision was entitled to receive in calendar year 1977 pursuant to sections 477A.01; 298.26; 298.28, subdivisions 1 and 1a; 298.281, subdivision 1; 298.282; and 294.26, plus

(3) the amount levied in 1976 payable 1977 pursuant to Minnesota Statutes 1976, Section 275.50, Subdivision 5, Clauses (a), (c), (d), (e), and (f), except for levies made to pay tort judgments and make settlements of tort claims or to pay the salaries and benefits of municipal and probate court judges, plus

(4) the amount levied in 1976 payable 1977 pursuant to Minnesota Statutes 1976, Section 275.50, Subdivision 5, Clause (g) for the administrative costs of public assistance programs or county welfare systems, plus

(5) one-half of the amount of the special levy authorized under section 275.50, subdivision 5, clause (n) shall be added to the permanent levy limit base of the governmental subdivision in the year following the year in which it has been discontinued as a special levy pursuant to the provisions of section 275.50, subdivision 5, clause (n).

(b) The sum computed in clause (a) shall be increased annually



in the manner provided in section 275.52 to derive the levy limit base for successive years.

(c) For taxes levied in 1978 payable 1979 and subsequent years, the levy limit base is the levy limit base which was computed for the immediately preceding year under the provisions of this section increased according to the provisions of section 275.52. *To determine the levy limit base for taxes levied in 1979 payable 1980 and subsequent years, (a) the levy limit base used for taxes levied in 1979 payable in 1980 shall be increased by the excess of the amount levied in 1979 for refuse collection and street maintenance over the amount levied in 1978 payable 1979 for those purposes; and (b) in the case of a city of the first class located within the metropolitan area defined in section 473.121, subdivision 2, for the purpose of calculating the levy limit base to be used for taxes levied in 1979, payable 1980, the levy limit base used for taxes levied in 1978, payable 1979, shall be reduced by an amount sufficient to reduce the levy limitation for taxes levied in 1978 payable 1979 by 15 percent.* Any amount levied in 1976 payable 1977 under the provisions of section 275.50, subdivision 5, clauses (a), (c), (d), (e) or (f) to meet the costs of programs, services or legal requirements which cease to exist in a subsequent year shall be subtracted from the levy limit base in the year in which the programs, services or legal requirements for which the levy was made cease to exist.

(d) The levy limit base shall be reduced by the total amount of state formula aids pursuant to section 477A.01 and taconite taxes and aids pursuant to sections 294.26; 298.26; 298.28, subdivision 1; ~~and 298.282~~ and state reimbursements for wetlands property tax exemptions provided in section 272.02, subdivision 1, clause (16), to be paid in the calendar year in which property taxes are payable. As provided in section 298.28, subdivision 1, for taxes payable in 1978 and 1979, two cents per taxable ton, and for taxes payable in 1980 and thereafter, one cent per taxable ton of the amount distributed under section 298.28, subdivision 1, clause (4) (c) shall not be deducted from the levy limit base of the counties that receive that aid. The resulting figure is the amount of property taxes which a governmental subdivision may levy for all purposes other than those for which special levies and special assessments are made.

Sec. 25. Minnesota Statutes 1978, Section 275.52, Subdivision 4, is amended to read:

Subd. 4. The levy limit base of a governmental subdivision may be increased upon approval by the levy limit review board established in section 275.551, for the following reasons:

(a) Any governmental subdivision which spent money from its surplus funds for nonspecial levy purposes in calendar year 1971 may have its levy limit base increased by an amount not to exceed the amount of revenue it used from surplus funds for nonspecial levy purposes in calendar year 1971.

(b) Any governmental subdivision which has been required to

provide new services because of changes in state law, whether or not the changed law directly mandates new services, may have its levy limit base increased by an amount not to exceed the amount required to finance the services, provided that the services may not be financed by special levies or special assessments.

(c) Any governmental subdivision which has been required to provide new or expanded services because of annexations, consolidations, mergers or new incorporations since 1970 may have its levy limit base increased by an amount not to exceed the amount required to finance the general operating costs involved in such services.

(d) Any city or township having statutory city powers which has a levy limit base per capita that is below 80 85 percent of the arithmetic average of the levy limit bases per capita for cities and townships having statutory city powers in the same county may have its levy limit base increased by an amount not to exceed the amount required to bring its levy limit base per capita up to 80 85 percent of the arithmetic average of levy limit bases per capita for all cities and townships having statutory city powers in the county which are governed by the provisions of sections 275.50 to 275.59. On or before July 1 of 1977 and each subsequent year, the commissioner or revenue shall certify the average levy limit base per capita for each county for purposes of this clause. Provided that if a city or township having statutory powers has received a levy limit base adjustment from the levy limit review board prior to June 1, 1977 1979, that city or township may also qualify for a base adjustment in accordance with this clause.

Any governmental subdivision which desires to have its levy limit base adjusted under the provisions of this subdivision shall apply to the commissioner of revenue, who shall submit all applications to the levy limit review board established in section 275.551. Applications shall be in the form and accompanied by the data required by the levy limit review board. Adjustments authorized by the levy limit review board shall become a permanent part of the levy limit base for the governmental subdivision. The levy limit review board may authorize only one levy limit base adjustment for any governmental subdivision under this subdivision.

Sec. 26. Minnesota Statutes 1978, Section 275.53, Subdivision 1, is amended to read:

275.53 [GOVERNING CENSUS.] Subdivision 1. For the purpose of determining the amount of tax that a governmental subdivision may levy in accordance with a per capita limitation established by this chapter or the amount of aid that a city or township may receive pursuant to section 477A.01, the population of the governmental subdivision shall be that established by the last state or federal census, or by a special census taken within the entire governmental subdivision pursuant to sections 275.50 to 275.56 or to any other law, by a census taken pursuant to ~~subdivision subdivisions 1a or 2~~, or by a population estimate made by the metropolitan council, by an order of the Minnesota municipal board pursuant to section 414.01, subdivision 14, or by an estimate

made pursuant to subdivision 3, whichever is the most recent as to the stated date of count or estimate, up to and including October 1 of the current levy year. Population changes established after October 1 of the current levy year shall not be used in determining the levy limitation of a governmental subdivision for the current levy year under sections 275.50 to 275.56.

Sec. 27. Minnesota Statutes 1978, Section 275.53, is amended by adding a subdivision to read:

*Subd. 1a. Beginning in 1980, the state demographer shall prepare an annual population estimate for each city and town having a population of 2,500 or more for which the metropolitan council does not prepare an annual population estimate.*

Sec. 28. Minnesota Statutes 1978, Section 290A.03, Subdivision 3, is amended to read:

Subd. 3. [INCOME.] "Income" means the sum of the following:

(a) federal adjusted gross income as defined in the Internal Revenue Code of 1954 as amended through December 31, 1976; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) additions to federal adjusted gross income as provided in Minnesota Statutes, Section 290.01, Subdivision 20, Clause (a) (1), (a) (2), (a) (3), (a) (10), (a) ~~(13)~~ (14), and (a) ~~(14)~~ (15);

(ii) all nontaxable income;

(iii) recognized net long term capital gains;

(iv) dividends excluded from federal adjusted gross income under section 116 of the Internal Revenue Code of 1954;

(v) cash public assistance and relief;

(vi) any pension or annuity (including railroad retirement benefits, all payments received under the federal social security act, supplemental security income, and veterans disability pensions), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vii) nontaxable interest received from the state or federal government or any instrumentality or political subdivision thereof;

(viii) workers' compensation;

(ix) unemployment benefits;

(x) nontaxable strike benefits; and

(xi) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise. In the case of an individual who files an income tax return on a

fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, Sections 101(a), 102, 117, and 121 *as amended through December 31, 1978*;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) gifts from nongovernmental sources;

(d) surplus food or other relief in kind supplied by a governmental agency; ~~or~~

(e) relief granted under sections 273.012, subdivision 2 or 290A.01 to 290A.21 ; *or*

(f) *child support payments received under a temporary or final decree of dissolution or legal separation.*

Sec. 29. Minnesota Statutes 1978, Section 290A.03, Subdivision 11, is amended to read:

Subd. 11. [RENT CONSTITUTING PROPERTY TAXES.] "Rent constituting property taxes" means ~~22~~ 23 percent of the gross rent actually paid in cash, or its equivalent, or that portion of gross rent which is paid in lieu of property taxes, in 1977 ~~or~~ any subsequent calendar year by a claimant solely for the right of occupancy of his Minnesota homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under sections 290A.01 to 290A.21 by the claimant.

Sec. 30. 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 and 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~~ 23 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. 31. Minnesota Statutes 1978, Section 290A.04, Subdivision 2, is amended to read:

Subd. 2. The refund shall be paid to claimants whose property taxes payable exceed the following percentages of their income, up to the designated maximum credit amounts:

For claimants earning:

\$0 to \$2,999,	0.5 percent,	up to \$475 \$650 ;
3,000 to 3,999,	0.6 percent,	up to \$475 \$650 ;
4,000 to 4,999,	0.7 percent,	up to \$475 \$650 ;
5,000 to 5,999,	0.8 percent,	up to \$475 \$650 ;
6,000 to 6,999,	0.9 percent,	up to \$475 \$650 ;
7,000 to 7,999,	1.0 percent,	up to \$475 \$650 ;
8,000 to 8,999,	1.1 percent,	up to \$475 \$650 ;
9,000 to 9,999,	1.2 percent,	up to \$475 \$650 ;
10,000 to 10,999,	1.3 percent,	up to \$475 \$650 ;
11,000 to 11,999,	1.4 percent,	up to \$475 \$650 ;
12,000 to 19,999,	1.5 percent,	up to \$475 \$650 ;
20,000 to 22,999,	1.6 percent,	up to \$475 \$650 ;
23,000 to 25,999,	1.8 percent,	up to \$425 \$600 ;
26,000 to 30,999,	2.0 percent,	up to \$375 \$550 ;
31,000 to 35,999,	2.2 percent,	up to \$350 \$525 ;
36,000 to 40,999,	2.4 percent,	up to \$325 \$500 ;
41,000 to 44,999,	2.6 percent,	up to \$325 \$500 ;
45,000 to 52,999,	2.8 percent,	up to \$325 \$500 ;
53,000 to 65,999,	3.0 percent,	up to \$325 \$500 ;
66,000 to 81,999,	3.2 percent,	up to \$325 \$500 ;
82,000 to 99,999,	3.5 percent,	up to \$325 \$500 ;
100,000 and over,	4.0 percent,	up to \$325 \$500 ;

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

between \$20,000 and \$26,000 decline \$16.67 per \$1,000; between \$26,000 and \$36,000 decline \$5 per \$1,000.

The payment made to a claimant shall be the amount of refund calculated pursuant to this subdivision, but not exceeding \$675 \$850 , less the homestead credit given pursuant to section 273.13, subdivisions 6 and 7.

Sec. 32. Minnesota Statutes 1978, Section 290A.04, Subdivision 2a, is amended to read:

Subd. 2a. An additional refund shall be allowed each claimant who was not disabled or who had not attained the age of 65 by June 1 of the year in which the taxes were payable and whose claim is based on taxes paid on the home he owns in an amount equal to 35 50 percent of the amount by which property taxes payable and or rent constituting property taxes exceed the sum of (a) the refund calculated pursuant to subdivision 2 and (b) the percentage of the claimant's household income specified in subdivision 2. The sum of the refunds provided in subdivision 2 and this subdivision shall not exceed the maximum amounts provided below.

For claimants earning:

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

20,000 to 25,999, up to \$800 \$1,000 ;

26,000 to 35,999, up to \$650 \$850 ;

36,000 and over, up to \$325 \$550 ;

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

between \$20,000 and \$26,000 decline \$25 per \$1,000; between \$26,000 and \$36,000 decline ~~\$32.50~~ \$30 per \$1,000. A claimant who owns his own homestead part of the year and rents part of the year may add his rent constituting property taxes to the qualifying tax on his homestead and receive the additional refund provided in subdivision 2a.

Sec. 33. Minnesota Statutes 1978, Section 290A.04, Subdivision 2b, is amended to read:

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

For claimants earning:

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

20,000 to 22,999, up to \$800 \$1,000 ;

23,000 to 25,999, up to ~~\$763~~ \$975 ;

26,000 to 35,999, up to ~~\$725~~ \$950 ;

36,000 and over, up to ~~\$525~~ \$750 ;

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

between \$20,000 and \$26,000 decline ~~\$12.50~~ \$8.33 per \$1,000;  
between \$26,000 and \$36,000 decline \$20 per \$1,000.

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

Sec. 34. Minnesota Statutes 1978, Section 290A.04, Subdivision 3, is amended to read:

Subd. 3. The commissioner of revenue shall construct and make available to taxpayers a comprehensive table showing the property taxes to be paid and credit allowed at various levels of income and assessment. The table shall follow the schedule of income percentages, maximums and other provisions specified in ~~subdivision~~ subdivisions 2, 2a, and 2b, except that the commissioner may graduate the transition between income brackets.

For homestead property owners who are disabled or are 65 or older, as provided in subdivision 1, the commissioner shall base his determination of the credit on the gross qualifying tax reduced by the average statewide effective homestead credit percentage for taxes payable in 1975 calculated under section 273.13, subdivisions 6 and 7.

Sec. 35. Minnesota Statutes 1978, Section 360.035, is amended to read:

360.035 [EXEMPTION FROM TAXATION.] Any ~~property~~ properties, real or personal, acquired ~~or, owned, leased, controlled,~~ used, or occupied by a municipality ~~pursuant to the provisions for any of the purposes of sections 360.011 to 360.076, shall be exempt from taxation to the same extent as other property used for public purposes are declared to be acquired, owned, leased, controlled, used, or occupied for public, governmental, and municipal purposes, and shall be exempt from taxation by the state or any of its political subdivisions. Nothing contained in sections 360.011 to 360.076 shall be construed as exempting properties, real or personal, leased from the municipality to a tenant or lessee who is a private person, association, or corporation from assessments or taxes. If any such leased municipal airport property is taxable to the lessee, the municipality shall not be subject to payment of any portion of rentals under section 272.68, subdivision 3.~~

Sec. 36. Minnesota Statutes 1978, Section 477A.04, Subdivision 2, is amended to read:

Subd. 2. Beginning in calendar year 1980 1982 and subsequent years, an assessment district shall be penalized according to the following schedule:

(a) \$1 per capita if the coefficient of dispersion in assessments for the preceding year is more than 10 percent but less than 12.5 percent;

(b) \$3 per capita if the coefficient of dispersion in assessments for the preceding year is at least 12.5 percent but no more than 15 percent;

(c) \$5 per capita if the coefficient of dispersion in assessments for the preceding year is greater than 15 percent.

Sec. 37. [APPROPRIATION.] *There is appropriated from the general fund to the commissioner of public welfare a sum sufficient to make the increased distribution required under sections 1 to 4. The sum of \$30,000 is appropriated to the state planning agency to meet the cost of providing the population estimates required in section 27.*

Sec. 38. [REPEALER.] *Subdivision 1. Minnesota Statutes 1978, Sections 273.11, Subdivision 2; and 272.59 are repealed.*

*Subdivision 2. Minnesota Statutes 1978, Section 116C.635 is repealed.*

Sec. 39. [EFFECTIVE DATE.] *Sections 5, 8, 18, 19 and 24, except as otherwise provided, and 38, subdivision 2, are effective for taxes levied in 1980 payable in 1981 and thereafter.*

*Sections 6, 16 and 17 are effective for taxes levied in 1979 payable 1980 and thereafter.*

*Sections 20, 21 and 38, subdivision 2, are effective for 1981 payable 1982 and thereafter.*

*Sections 28 to 34 are effective for claims based on property taxes payable in 1980 and rent constituting property taxes in 1979 and subsequent years, except that section 28, subdivision 3, clause (f) is effective for property tax refund claims based on rent paid in 1976 and property taxes payable in 1977 and subsequent years.*

### ARTICLE III: INHERITANCE TAX

Section 1. Minnesota Statutes 1978, Section 291.005, Subdivision 1, is amended to read:

291.005 [DEFINITIONS.] Subdivision 1. Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Probate assets" means and includes property owned by a decedent at the time of his death required by section 524.3-706 to be listed on a personal representative's inventory and appraisal.



~~(2)~~ "Non-probate assets" means and includes all property of every kind transferred from a decedent or at or by reason of the decedent's death which is subject to the inheritance tax imposed by this chapter (without regard to deductions or exemptions) and which does not consist of probate assets.

(1) "Federal gross estate" means the gross estate of a decedent as determined for federal estate tax purposes pursuant to the provisions of the Internal Revenue Code.

(2) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of such property and the Minnesota estate tax due with respect to such property.

(3) "Resident decedent" means an individual whose residence at the time of his death was in Minnesota.

(4) "Nonresident decedent" means an individual who at the time of his death was not a resident.

(5) "Situs of property" means, with respect to real property, the state or country in which it is located; with respect to tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death; and with respect to intangible personal property, the state or country in which the decedent was a resident at death.

~~(3)~~ (6) "Commissioner" means and refers to the commissioner of revenue of this state or any person or body within the state department of revenue to whom he may have delegated his functions under this chapter.

(4) "Dependent child" means a natural child of the decedent, or a child adopted by the decedent who is incapable of furnishing his own support by reason of a physical or mental ailment, illness or deformity. The commissioner may request verification of the physical or mental condition of the child before allowing the exemptions and rates applicable to a dependent child under this chapter.

(5) "Stepchild" means a child who is not the decedent's natural or adopted child but is the natural or adopted child of the decedent's surviving or deceased spouse.

(7) "Internal Revenue Code" means the United States Internal Revenue Code of 1954 as amended through December 31, 1978.

Sec. 2. Minnesota Statutes 1978, Section 291.01, is amended to read:

291.01 [TAX IMPOSED.] Subdivision 1. A tax shall be and is hereby imposed upon any the transfer of property, real, personal or mixed, or any interest therein, or income therefrom in trust or

otherwise, to any person, association or corporation, except county, town or municipal corporation within the state, for strictly county, town or municipal purposes, in the following cases:

(1) When the transfer is by will or by the intestate laws of this state from any person dying possessed of the property while a resident of this state;

(2) When a transfer is by will or intestate law, of property within the state or within its jurisdiction and the decedent was a non-resident of the state at the time of his death;

(3) When the transfer is of property made by a resident or by a nonresident when such nonresident's property is within this state, or within its jurisdiction, by deed, grant, bargain, sale or gift, made in contemplation of the death of the grantor, vendor, or donor, or intended to take effect in possession or enjoyment at or after such death; any transfer of the material part of the property of a deceased in the nature of a final disposition or distribution thereof, made within three years prior to death, without adequate and full consideration in money or money's worth, shall, unless shown to the contrary, be deemed to have been made in contemplation of death; but no such transfer made prior to such three year period shall be deemed or held to have been made in contemplation of death; and

(4) Nothing in this chapter shall be construed as imposing a tax upon any transfer, as defined in this chapter, of intangibles, however used or held, whether in trust or otherwise, by a person, or by reason of the death of a person, who was not a resident of this state at the time of his death.

Subd. 2. Such tax shall be imposed when any such person or corporation becomes beneficially entitled, in possession or expectancy, to any property or the income thereof, by any such transfer whether made before or after the passage of this chapter.

Subd. 3. A taxable transfer under the provisions of this chapter shall be deemed to have been made:

(1) To the extent of any property with respect to which the decedent has at the time of his death general power of appointment, created on or before October 21, 1942, is exercised by the decedent

(A) by will, or

(B) by disposition which is of such nature that if it were a transfer of property owned by the decedent, such transfer would be taxable under the provisions of this chapter;

but the failure to exercise such a power or the complete release of such a power shall not be deemed an exercise thereof. If a general power of appointment created on or before October 21, 1942, has been partially released so that it is no longer a general power of appointment, the exercise of such power shall not be deemed to be the exercise of a general power of appointment if

(a) such partial release occurred before November 1, 1950, or

(b) the donee of such power was under a legal disability to release such power on October 21, 1942, and such partial release occurred not later than six months after the termination of such legal disability.

(2) To the extent of any property with respect to which the decedent has at the time of his death a general power of appointment created after October 21, 1942, or with respect to which the decedent has at any time exercised or released such a power of appointment by a disposition which is of such nature that if it were a transfer of property owned by the decedent, such transfer would be taxable under the provisions of this chapter. A disclaimer or renunciation of such a power of appointment shall not be deemed a release of such power. For purposes of this paragraph (2), the power of appointment shall be considered to exist on the date of the decedent's death even though the exercise of the power is subject to a precedent giving of notice or even though the exercise of the power takes effect only on the expiration of a stated period after its exercise, whether or not on or before the date of the decedent's death notice has been given or the power has been exercised.

(3) To the extent of any property with respect to which the decedent:

(A) by will, or

(B) by a disposition which is of such nature that if it were a transfer of property owned by the decedent such transfer would be taxable under the provisions of this chapter,

exercises a power of appointment created after October 21, 1942, by creating another power of appointment which can be validly exercised so as to postpone the vesting of any estate or interest in such property, or suspend the absolute ownership or power of alienation of such property, for a period ascertainable without regard to the date of the creation of the first power.

(4) The term "general power of appointment" means a power which is exercisable in favor of the decedent, his estate, his creditors or the creditors of his estate; except that:

(A) A power to consume, invade, or appropriate property for the benefit of the decedent which is limited by an ascertainable standard relating to the health, education, support, or maintenance of the decedent shall not be deemed a general power of appointment.

(B) A power of appointment created on or before October 21, 1942, which is exercisable by the decedent only in conjunction with another person shall not be deemed a general power of appointment.

(C) In the case of a power of appointment created after October 21, 1942, which is exercisable by the decedent only in conjunction with another person:

(a) If the power is not exercisable by the decedent except in

conjunction with the creator of the power, such power shall not be deemed a general power of appointment.

(b) If the power is not exercisable by the decedent except in conjunction with a person having a substantial interest in the property, subject to the power, which is adverse to exercise of the power in favor of the decedent, such power shall not be deemed a general power of appointment. For the purposes of this clause a person who, after the death of the decedent, may be possessed of a power of appointment (with respect to the property subject to the decedent's power) which he may exercise in his own favor shall be deemed as having an interest in the property and such interest shall be deemed adverse to such exercise of the decedent's power.

(c) If, after the application of clauses (a) and (b), the power is a general power of appointment and is exercisable in favor of such other person, in such power shall be deemed a general power of appointment only in respect of a fractional part of the property subject to such power, such part to be determined by dividing the value of such property by the number of such persons, including the decedent, in favor of whom such power is exercisable. For purposes of clauses (b) and (c), a power shall be deemed to be exercisable in favor of a person if it is exercisable in favor of such person, his estate, his creditors, or the creditors of his estate.

(5) The lapse of a power of appointment created after October 21, 1942, during the life of the individual possessing the power shall be considered a release of such power. The preceding sentence shall apply with respect to the lapse of powers during any calendar year only to the extent that the property, which could have been appointed by exercise of such lapsed powers, exceeded in value, at the time of such lapse, the greater of the following amounts:

(a) \$5,000 or

(b) Five percent of the aggregate value, at the time of such lapse, of the assets out of which, or the proceeds of which, the exercise of the lapsed powers could have been satisfied.

(6) For purposes of this subdivision, a power of appointment created by a will executed on or before October 12, 1942, shall be considered a power created on or before such date if the person executing such will dies before July 1, 1949, without having republished such will, by codicil or otherwise, after October 21, 1942.

Subd. 4. Whenever any property, real or personal, is held in the joint names of two or more persons, or is deposited in banks or in other institutions or depositories in the joint names of two or more persons payable to either or the survivor, upon the death of one of such persons the right of the survivor or survivors, to the immediate ownership or possession and enjoyment of such property, shall be deemed a transfer and subject to the inheritance tax imposed by this chapter, except such part thereof as may be shown to have originally belonged to the survivor or survivors and never to have been received or acquired by them from the decedent for less than an adequate and full consideration in money or money's

worth; in which case there shall be excepted only such part as is proportionate to the consideration furnished by the survivor or survivors. Provided, where any property has been acquired prior to April 20, 1935, by the decedent and spouse, as joint tenants, not in excess of one-half of the value thereof shall be taxable. Provided, further, where property has been acquired at any time by gift, bequest, devise, or inheritance, by the decedent and any other person or persons, as joint tenants, the taxable portion shall be the value of a fractional part of said property to be determined by dividing the value of the property by the number of joint tenants.

Where personal property is held in joint names, such property shall be deemed to be transferred to the survivors as provided in this subdivision unless it is established to the satisfaction of the commissioner that the decedent intended a different disposition. Upon the showing of evidence of that intent to the commissioner, the right of survivorship shall not be deemed to be a transfer to the named survivors subject to the inheritance tax, provided the survivors make the disposition according to the evidenced intention of the decedent and present to the commissioner statements signed by the transferees acknowledging receipt of the property from the named survivors; the disposition by the survivors to the transferees shall be deemed a transfer from the decedent to the transferees and shall be subject to the inheritance tax imposed by this chapter. This paragraph shall not apply to cases where the aggregate value of joint tenancy assets exceeds \$30,000.

Subd. 5. (1) The proceeds of all life or accident insurance policies whether now in force or hereafter issued, payable on account of the decedent's death shall be subject to the tax herein imposed, as follows:

(a) To the extent of the amount receivable by the executor of the decedent as insurance under policies on the life of the decedent.

(b) To the extent of the amount receivable by all other beneficiaries as insurance under policies on the life of the decedent with respect to which the decedent possessed at his death any of the incidents of ownership, exercisable either alone or in conjunction with any other person. For purposes of the preceding sentence, the term "incident of ownership" includes a reversionary interest (whether arising by the express terms of the policy or other instrument or by operation of law) only if the value of such reversionary interest exceeded five percent of the value of the policy immediately before the death of the decedent. As used in this paragraph, the term "reversionary interest" includes a possibility that the policy, or the proceeds of the policy, may return to the decedent or his estate, or may be subject to a power of disposition by him. The value of a reversionary interest at any time shall be determined (without regard to the fact of the decedent's death) by usual methods of valuation, including the use of tables of mortality and actuarial principles, pursuant to regulations prescribed by the commissioner of internal revenue or his delegate. In determining the value of a possibility that the policy or proceeds

thereof may be subject to a power of disposition by the decedent, such possibility shall be valued as if it were a possibility that such policy or proceeds may return to the decedent or his estate.

(2) Such proceeds shall be deemed a transfer within the meaning of that term as used in this chapter and a part of decedent's estate, and shall be taxable to the person or persons entitled thereto,

(3) Every corporation, partnership, association, individual, order, or society authorized to transact life, accident, fraternal, mutual benefit, or death benefit insurance business which shall pay to any person, association, or corporation any insurance or death benefit in excess of \$1,000 or shall transfer any unpaid balance of, or any interest in, any annuity contract or deposit, upon the death of a resident of this state, shall give notice of such payment or transfer to the commissioner within ten days from the date thereof. Such notice shall be given on the forms prescribed by the commissioner and such notice shall set forth such information as the commissioner shall prescribe the Minnesota taxable estate of every decedent as prescribed by chapter 291.

Sec. 3. Minnesota Statutes 1978, Chapter 291, is amended by adding a section to read:

[291.015] [DETERMINATION OF MINNESOTA TAXABLE ESTATE.] *The Minnesota taxable estate of a decedent shall be his federal gross estate as defined in Section 2031 of the Internal Revenue Code less the sum of:*

(1) *The value of any gifts of real property located outside this state which are otherwise includable in the federal gross estate under Section 2035(a) of the Internal Revenue Code;*

(2) *The value of property owned by the decedent at the time of his death which has its situs outside Minnesota;*

(3) *The exemptions and deductions allowed pursuant to sections 291.05, 291.051, 291.065, 291.07, and 291.08; and*

(4) *The sum of \$200,000, provided that, in the case of a non-resident decedent, this amount shall be reduced by that proportion of the value of the decedent's federal gross estate which has its situs outside of this state.*

Sec. 4. Minnesota Statutes 1978, Section 291.03, is amended to read:

291.03 [RATES.] When the property or any beneficial interest therein passes by any such transfer where the amount of the property shall exceed in value the exemption or exemptions herein-after specified, where applicable, The tax hereby imposed shall be :

(1) Where the person entitled to any beneficial interest in such property shall be the surviving spouse, minor or dependent child of the decedent, or any minor or dependent legally adopted child, at computed by applying to the Minnesota taxable estate the following prescribed rates:

1½ 7 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 201.05, clauses (3) through (7) \$100,000.

2 8 percent on the next \$25,000 \$100,000 or part thereof.

3 9 percent on the next \$50,000 \$100,000 or part thereof.

4 10 percent on the next \$50,000 \$200,000 or part thereof.

5 11 percent on the next \$50,000 \$500,000 or part thereof.

6 percent on the next \$100,000 or part thereof.

7 percent on the next \$100,000 or part thereof.

8 percent on the next \$100,000 or part thereof.

9 percent on the next \$500,000 or part thereof.

10 12 percent on the excess over \$1,000,000.

(2) Where the person or persons entitled to any beneficial interest in such property shall be the adult child or other lineal descendant of the decedent, adult legally adopted child or issue, lineal ancestor of the decedent, stepchild as defined in section 201.005, or any child to whom such decedent for not less than ten years prior to such transfer stood in the mutually acknowledged relation of a parent; provided, such mutually acknowledged relationship began at or before the child's fifteenth birthday and was continuous for said ten years thereafter, or any lineal issue of such mutually acknowledged child, at the following prescribed rates:

2 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 201.05, clauses (3) through (7).

4 percent on the next \$25,000 or part thereof.

6 percent on the next \$50,000 or part thereof.

7 percent on the next \$100,000 or part thereof.

8 percent on the next \$200,000 or part thereof.

9 percent on the next \$600,000 or part thereof.

10 percent on the excess over \$1,000,000.

(3) Where the person or persons entitled to any beneficial interest in such property shall be the brother or sister or a descendant of a brother or sister of the decedent, a wife or widow of a son, or a husband or widower of a daughter of the decedent, at the following prescribed rates:

6 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 201.05, clauses (3) through (7).

8 percent on the next \$25,000 or part thereof.

10 percent on the next \$50,000 or part thereof.

- 12 percent of the next \$50,000 or part thereof.
- 14 percent on the next \$50,000 or part thereof.
- 16 percent on the next \$100,000 or part thereof.
- 18 percent on the next \$100,000 or part thereof.
- 20 percent on the next \$100,000 or part thereof.
- 22 percent on the next \$500,000 or part thereof.
- 25 percent on the excess over \$1,000,000.

(4) Where the person or persons entitled to any beneficial interest in such property shall be in any other degree of collateral consanguinity than is hereinbefore stated, or shall be a stranger in blood to the decedent, or shall be a body politic or corporate, at the following prescribed rates:

8 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 291.05, clauses (3) through (7).

- 10 percent on the next \$25,000 or part thereof.
- 12 percent on the next \$50,000 or part thereof.
- 14 percent on the next \$50,000 or part thereof.
- 16 percent on the next \$50,000 or part thereof.
- 18 percent on the next \$100,000 or part thereof.
- 20 percent on the next \$100,000 or part thereof.
- 22 percent on the next \$100,000 or part thereof.
- 26 percent on the next \$500,000 or part thereof.
- 30 percent on the excess over \$1,000,000.

*Provided that the amount of tax imposed by this chapter on the transfer of any estate shall not be less than the maximum tax credit allowable for state death taxes against the federal estate tax imposed with respect to that part of the decedent's estate which has a taxable situs in this state.*

Sec. 5. Minnesota Statutes 1978, Section 291.05, is amended to read:

291.05 [EXEMPTIONS.] The following exemptions from the tax are hereby allowed:

(1) Any devise, bequest, gift, or transfer : (a) to or for the use of the United States of America or any state or any political subdivision thereof for public purposes exclusively, and any devise, bequest, gift, or transfer ; (b) to or for the use of any corporation, fund, foundation, trust, or association operated within this state for religious, charitable, scientific, literary, education or public cemetery purposes exclusively, including the encouragement of art and the prevention of cruelty to children or animals, no



part of which devise, bequest, gift, or transfer inures to the profit of any private stockholder or individual, and any bequest or transfer or to a trustee or trustees exclusively for such purposes, shall be exempt. Any devise, bequest, gift, or transfer; (c) to an employee stock ownership trust as defined in section 290.01, subdivision 25, shall be exempt. *Where provided that, if the beneficiaries of a stock ownership trust include the transferor, his spouse, children, grandchildren, parents, siblings or their children, the amount of the exemption shall be reduced by the product of multiplying said amount by their percentage interest in the trust.*

*Any devise, bequest, gift, or transfer not to exceed \$1,000 made; (d) to a clergyman, in an amount not exceeding \$1,000, the proceeds of which are to be used for religious purposes or rites designated by the testator; shall be exempt. Any devise, bequest, gift, or transfer; and (e) to or for the use of any corporation, fund, foundation, trust, or association operated for religious, charitable, scientific, literary, education, or public cemetery purposes exclusively, including the encouragement of art, and the prevention of cruelty to children or animals, no part of which devise, bequest, gift, or transfer inures to the profit of any private stockholder or any individual, and any bequest or transfer or to a trustee or trustees exclusively for such purposes, shall be exempt, if, at the date of the decedent's death, the laws of the state under the laws of which the transferee was organized or existing, either (1) did not impose a death tax of any character, in respect of property transferred to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of this state, or (2) contained a reciprocal provision under which transfers to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of another state were exempted from death taxes of every character if such other state allowed a similar exemption to a similar corporation, fund, foundation, trust, or association, organized under the laws of such state.*

(2) *The homestead of a decedent, and the proceeds thereof if sold during administration, transferred to the spouse or to any minor or dependent child of the decedent, or to any minor or dependent legally adopted child of the decedent, shall be exempt to the extent of \$45,000 of the appraised value thereof. In no case shall the quantity of land considered to be the homestead of a decedent for the purpose of this exemption exceed 120 acres if the land is not included in the laid out or platted portion of a city. If the land is within a laid out or platted portion of a city, its area shall not exceed one-half of an acre. In the case of a decedent's estate wherein no property or beneficial interest therein passing by reason of death is eligible for the homestead exemption because the decedent did not have an interest in property constituting a homestead at the time of his death, there shall be allowed an exemption in lieu of the homestead exemption, in the amount of \$10,000. The exemption shall be allocated among the surviving spouse and the decedent's natural or adopted minor or dependent children in proportion to the total amount of property or any interest therein passing to such spouse and children.*

Proceeds of any insurance policy issued by the United States and generally known as war risk insurance, United States government life insurance or national service life insurance payable upon the death of any person dying on or after June 24, 1950, shall be exempt.

Proceeds of life insurance issued pursuant to Public Law 89-214 and generally known as servicemen's group life insurance payable upon the death of any person on or after September 1, 1965, shall be exempt. Claims for refunds of inheritance tax paid on such proceeds shall be accepted by the commissioner if filed with him by December 31, 1970, or within 18 months after such payment, whichever is later.

*Proceeds of payments made by the United States government as compensation for the decedent's service as a member of the armed forces of the United States during a period while he was classified as missing in action prior to being declared dead, shall be exempt. The commissioner shall make refunds for inheritance taxes paid which are attributable to payments exempt pursuant to this paragraph upon the filing of a claim by each beneficiary of the estate for his portion of the inheritance tax paid. Claims for refund must be filed with the commissioner no later than July 1, 1982.*

(3) Proceeds of payments from the United States railroad retirement fund; or from the United States as social security benefit or veterans burial benefit, shall be exempt.

(3) (i) Property or any beneficial interest therein of the clear value of \$60,000 transferred to the surviving spouse, shall be exempt.

(ii) Provided, where the amount of family maintenance allowed by the probate court is less than the maximum deductible under the provisions of section 201.10, or if no such maintenance is allowed, there shall be allowed to the surviving spouse an additional exemption equal in amount to the difference between the maximum deduction as provided by section 201.10 and the amount of such family maintenance allowed by the probate court. Further provided, where no probate proceedings are had there shall be allowed to the surviving spouse an additional exemption equal to the maximum deduction allowed for family maintenance under the provisions of section 201.10.

(4) (i) Property or any beneficial interest therein of the clear value of \$30,000 transferred to each minor or dependent child of the decedent, or any minor or dependent legally adopted child of the decedent, shall be exempt.

(ii) Provided, where the decedent left no surviving spouse entitled to the exemption allowed by clause (3) of this section the exemption allowed by subparagraph (ii) of clause (3) shall be allowed to beneficiaries entitled to exemption under the provisions of this clause. In no event shall the aggregate amount of exemption so allowed be in excess of the additional amount that

would have been allowed under subparagraph (ii) of clause (3) had such paragraph been applicable.

(5) Property or any beneficial interest therein of the clear value of \$6,000 transferred to any adult child or other lineal descendant of the decedent, any adult legally adopted child, step-child as defined in section 201.005, or any child to whom the decedent, for not less than ten years prior to his death, stood in the mutually acknowledged relation of a parent; provided, such mutually acknowledged relationship began at or before the child's fifteenth birthday, and was continuous for ten years thereafter, or any lineal issue of such adopted or mutually acknowledged child, or any lineal ancestor of the decedent, shall be exempt.

(6) Property or any beneficial interest therein of the clear value of \$1,500 transferred to any brother or sister or a descendant of a brother or sister of the decedent, a wife or widow of a son, or a husband or widower of a daughter of the decedent, shall be exempt.

(7) Property or any beneficial interest therein of the clear value of \$500 transferred to any person in any other degree of collateral consanguinity than is hereinbefore stated, or shall be a stranger in blood to the decedent, or shall be a body politic or corporate not exempt under this chapter, shall be exempt.

Sec. 6. Minnesota Statutes 1978, Section 291.051, is amended to read:

291.051 [MARITAL DEDUCTION.] Subdivision 1. For the purposes of this section, the terms defined in this subdivision shall have the meaning given them herein.

"Marital exemption" means 50 percent, but not more than \$250,000, of the net taxable value passing to the surviving spouse of a decedent domiciled in Minnesota at the time of his death.

"Net taxable value" means the gross value passing to the surviving spouse, reduced by the value of real property outside Minnesota and tangible personal property permanently located outside Minnesota included in the gross value passing to the surviving spouse, and reduced by the deductions attributable to such gross value pursuant to section 201.07, except subdivision 1, clause (5), but without regard to the exemptions allowed to the surviving spouse by sections 201.05, clauses (1), (2), and (3), and 201.10.

"Marital exemption tax" means a tax imposed at the rates provided by this chapter on the value of property passing to the surviving spouse less the marital exemption, but without regard to the exemptions allowed to the surviving spouse by sections 201.05, clauses (1), (2) and (3) and 201.10.

Subd. 2. If the marital exemption tax on the property passing to the surviving spouse is less than a tax computed on that property under the other provisions of this chapter, the marital exemption tax shall be imposed in lieu of the tax computed under the other provisions. For the purpose of section 3, clause (3), the value of the

*Minnesota taxable estate shall, except as limited by subsection (b) of Section 2056 of the Internal Revenue Code and by subdivision 2, be determined by deducting from the value of the federal gross estate an amount equal to the value of any interest in property which passes or has passed from the decedent to his surviving spouse, but only to the extent that the interest has a taxable situs in this state and is included in determining the value of the federal gross estate. An interest in property shall be considered as passing from the decedent to his surviving spouse if it is considered as passing from the decedent to the surviving spouse under Section 2056(d) of the Internal Revenue Code.*

Subd. 2. [LIMITATION.] *The amount of the deduction allowed under this section for a resident decedent shall not exceed the greater of:*

(a) *\$250,000, or*

(b) *50 percent of the value of the federal adjusted gross estate as defined in Section 2056(c)(2)(A) of the Internal Revenue Code, reduced by an amount equal to the adjustment made, if any, for federal estate tax purposes with respect to any gift or gifts made by the decedent to his spouse after December 31, 1976 under Section 2056(c)(1)(B) of the Internal Revenue Code, and further reduced by the value of any property passing from the decedent to his surviving spouse which is exempt from estate tax under section 291.065 and is included in determining the value of the federal gross estate. In the case of a nonresident decedent, the amount of the deduction allowed under this section shall be determined without reference to subpart (a) of this subdivision.*

Sec. 7. Minnesota Statutes 1978, Section 291.06, is amended to read:

291.06 [CREDIT FOR PREVIOUSLY PAID TAXES.] (a) *Where property is transferred to any person described in section 291.03, clauses (1) and (2), which can be identified as having been transferred to the decedent at death from a person who died within five years prior to the death of the decedent, and such transfer to the decedent was within the class of transfer described in said section 291.03, clauses (1) and (2), such property shall be exempt to the extent of the value thereof at the date of death of the prior decedent but not to exceed the value at the date of death of the second decedent. Provided, (1) no such exemption shall be allowed unless an inheritance tax was determined and paid to this state on the transfer thereof from the said prior decedent; (2) the exemption shall be limited to the value of property which is in excess of the amount of the exemption provided in section 291.05 allowed on the transfer to the decedent; (3) unless such previously transferred property is specifically devised or bequeathed, the exempt property for purposes of taxation shall be considered as belonging to the residue of the estate; (4) property exempt under this section shall not be included in computing the rate applicable to other transfers to the beneficiary receiving such exempt property or can be identified as having been acquired in exchange for*

property so received, a credit for any transfer taxes paid pursuant to the provisions of this act or any inheritance tax paid pursuant to the provisions of Minnesota Statutes, Chapter 291 in effect prior to the effective date of this act upon that property during the preceding five years shall be allowed upon the transfer tax at his death. This credit shall not exceed the allocable portion of the tax due with respect to that property for estate tax purposes.

(b) A credit shall also be allowed in the amount of any gift tax paid pursuant to chapter 292, if that transfer of property is subject to taxation under chapter 291 because it was made within three years of the decedent's death. The credit shall not exceed the amount of the tax imposed on the transfer pursuant to chapter 291.

Sec. 8. Minnesota Statutes 1978, Section 291.065, is amended to read:

291.065 [EMPLOYEE RETIREMENT PLANS, EXEMPTION.] *To the extent included in the federal gross estate, the value of an annuity or other payment receivable by a surviving spouse or minor or dependent child of the decedent or a trust for their benefit after December 31, 1956, shall be exempt from inheritance estate tax if received under (1) an employees' trust (or under a contract purchased by an employees' trust) forming part of a pension, stock bonus, or profit sharing plan, which at the time of the decedent's separation from employment (whether by death or otherwise), or at the time of termination of the plan if earlier, met the requirement of section 401(a) of the Internal Revenue Code of 1954, as adapted to the provisions of this chapter under regulations issued by the commissioner of revenue; (2) a retirement annuity contract purchased by an employer (and not by an employees' trust) pursuant to a plan, which at the time of the decedent's separation from employment (by death or otherwise), or at the time of termination of the plan if earlier, met the requirements of paragraph (3) of section 401(a) of such code, as adapted to the provisions of this chapter under regulations issued by the commissioner of revenue; or (3) a retirement annuity contract purchased by an employer which is an organization referred to in section 503(b) (1) (2) or (3) of such code and which is exempt from tax under section 501(a) of such code, as adapted to the provisions of this chapter under regulations issued by the commissioner of revenue any plan, which at the time of the decedent's separation from employment, whether by death or otherwise, or at the time of termination of the plan if earlier, qualified under section 401, 403, 404, 405, 408 or 409 of the Internal Revenue Code; (2) a benefit plan for employees of the United States, its agencies or instrumentalities, the Federal Reserve Bank, the state of Minnesota or any of its political or governmental subdivisions or any other state or its political or governmental subdivisions; or (3) for members of a Minnesota volunteer firefighters' relief association. If such amounts payable after the death of the decedent under a plan described in clause (1) (2) or (3) are attributable to any extent to payments or contributions made by the decedent, no exemp-*

tion shall be allowed for that part of the value of such amounts in the proportion that the total payments or contributions made by the decedent bears to the total payments or contributions made. For purposes of the preceding sentence, contributions or payments made by the decedent's employer or former employer under a trust or plan described in clause (1) (2) or (3) shall not be considered to be contributed by the decedent.

Sec. 9. Minnesota Statutes 1978, Section 291.07, Subdivision 1, is amended to read:

291.07 [DEDUCTIONS.] Subdivision 1. In determining the tax imposed by section 291.01, where, a personal representative has been appointed for the estate, or where a decree of descent for the estate has been entered under section 525.31 or where there have been summary proceedings for the estate if under section 525.51, the following deductions shall be allowed:

(1) funeral expenses;

(2) *probate reasonable legal, accounting, fiduciary and administration expenses and fees with respect to both probate and non-probate assets*, including but not limited to expenses incurred during administration in converting real and personal property held by the estate into cash;

(3) Expenses of last illness unpaid at death;

(4) valid claims against *and debts of* the decedent, *unpaid at death*, which have been properly paid;

(5) family maintenance to the extent provided by section 291.10

(6) value of personal property to the extent of the amount allowed under the provisions of section 525.15

(7) federal estate taxes determined as follows:

(a) the value of the net estate taxable in Minnesota reduced by the deduction allowable for transfer for public, charitable and religious use as prescribed by Internal Revenue Code, Section 2055 and by the marital deduction as prescribed by Internal Revenue Code, Section 2056, shall be the numerator of a fraction;

(b) the denominator of the fraction shall be the value of the net estate everywhere reduced by the same class of deductions allowable in subparagraph (a) above;

(c) the ratio of the fraction so derived shall be multiplied by the federal estate tax due and payable to the United States Treasury;

(d) for purposes of this clause, the net estate is defined as the gross value of the estate on the applicable valuation date reduced by any unpaid mortgages on, or any indebtedness in respect of, property where the decedent's interest therein, undiminished by such mortgage or indebtedness, is included in the value of the gross estate.

~~(8)~~ other taxes which have accrued and are a lien on property in the estate at the time of death

~~(9)~~ reasonable fees for legal or fiduciary services incident to non-probate assets

~~(10)~~ (5) Minnesota and federal income taxes on "income in respect of a decedent," as computed under subdivision 3.

(6) federal estate taxes allocable to the Minnesota taxable estate. The portion of federal estate taxes allocable to the Minnesota taxable estate shall be equal to the amount obtained by multiplying the total federal estate tax by a fraction, the numerator of which is the Minnesota taxable estate plus the amount of the federal estate tax on the estate of the decedent and the denominator of which is the federal taxable estate for federal estate tax purposes;

(7) real estate taxes due and payable prior to or in the year of the decedent's death with respect to real estate subject to taxation under chapter 291 and other taxes which have accrued and are a lien on property in the estate at the time of death;

(8) liens and mortgages on property subject to taxation under chapter 291 which are not deductible as claims or debts of the decedent.

Sec. 10. Minnesota Statutes 1978, Chapter 291, is amended by adding a section to read:

[291.075] [ALTERNATE VALUATION OF QUALIFIED PROPERTY.] *When property subject to the tax imposed by chapter 291 qualifies for valuation based on its use pursuant to section 2032A of the Internal Revenue Code, it shall have the same value for Minnesota estate tax purposes as it has for federal estate tax purposes.*

Sec. 11. Minnesota Statutes 1978, Section 291.08, is amended to read:

291.08 [NONRESIDENT ESTATES; ALLOWANCE OF DEDUCTIONS AND EXEMPTIONS.] ~~(a)~~ Where any a tax is due on the transfer of any property or interest therein owned by a non-resident, the following deductions and exemptions shall be allowed as provided in clauses ~~(b)~~ and ~~(c)~~ below:

~~(b)~~ Deductions.

(1) Funeral expenses to the extent incurred in Minnesota;

(2) Minnesota probate administration expense;

~~(3)~~ Family maintenance to the extent provided by section 291.10, reduced by the maximum amount allowed or allowable under the laws of the state of residence of the decedent;

(4) Value of personal property to the extent of the amount allowed under section 525.15, reduced by the maximum amount al-

lowed or allowable under the laws of the state of residence of the decedent;

*(5) Reasonable legal, accounting, fiduciary and administration fees and expenses allocable to both probate and nonprobate property included in the Minnesota gross estate;*

*(3) Federal estate taxes subject to the limitations imposed by as computed in section 291.07;*

*(6) Other (4) Real estate taxes which have accrued and are a lien on Minnesota property at the time of death, or which are owed to Minnesota in respect of taxable income, due and payable prior to or in the year of the decedent's death;*

*(5) Liens and mortgages on property included in the Minnesota gross estate.*

*(7) Reasonable fees for legal or fiduciary services incident to nonprobate assets taxable in Minnesota.*

*(e) Exemptions. The exemptions applicable to the person entitled to a beneficial interest shall be allowed as in the case of residents under section 291.06, reduced by the maximum exemption allowed or allowable under the laws of the state of residence of the decedent.*

Sec. 12. Minnesota Statutes 1978, Section 291.09, is amended by adding a subdivision to read:

*Subd. 1a. In all instances in which a resident decedent dies after December 31, 1979 and before January 1, 1981 leaving a federal gross estate in excess of \$161,000 and in all instances in which a resident decedent dies after December 31, 1980 leaving a federal gross estate in excess of \$175,000, and the decedent has an interest in property with a situs in Minnesota, and in all instances in which a non-resident decedent has a liability under chapter 291, the personal representative shall submit to the commissioner, on a form prescribed by the commissioner, a Minnesota estate tax return. The return shall be accompanied by a federal estate tax return and shall contain a computation of the Minnesota estate tax due. The return shall be signed by the personal representative.*

Sec. 13. Minnesota Statutes 1978, Section 291.09, is amended by adding a subdivision to read:

*Subd. 2a. The commissioner may designate on the return the documents that are required to be filed together with the return in order to determine the proper valuation of assets and computation of tax. The commissioner shall not be bound by any item on the return unless he has received all required documents and unless all items of information on the return have been completed.*

Sec. 14. Minnesota Statutes 1978, Section 291.09, is amended by adding a subdivision to read:

*Subd. 3a. (a) The commissioner may challenge matters of valuation or taxability of any assets reported on the return, or any*



*deductions claimed, or the computation of tax, only if within 90 days of receipt of the return and all documents required to be filed with the return, the commissioner mails or delivers a written notice to the personal representative objecting to the return as filed and specifying the reasons for the objection.*

*(b) If the personal representative disagrees with the objection or does not wish to fully comply with the objection, he may request that the commissioner hold a hearing on the objection. Within 30 days of receipt of a request, the commissioner shall set a time and place for hearing. Unless otherwise agreed upon, the hearing date shall not be earlier than 30 days nor later than 60 days from the date of the notice setting the hearing. The notice of hearing shall set forth the rights available to the personal representative under chapter 15. Not later than 30 days after the commissioner receives the report and recommendation of the hearing examiner, or a written waiver of his hearing rights by the personal representative, the commissioner shall issue an order determining the tax. Any such determination made by the commissioner may be appealed to the tax court as provided in section 271.09.*

*(c) At any time together with or after the objection, the commissioner, on his own initiative, may set a time and place for a hearing in accordance with (b) above.*

*(d) In his objection, or at any time thereafter, the commissioner may assess any additional tax as the facts may warrant, subject to the right of the personal representative to demand a hearing under chapter 15. If the personal representative does not demand a hearing within 90 days of the date of the assessment, the tax so assessed shall be legally due and the commissioner may proceed to collect any unpaid tax after one year from the date of death. If the commissioner later finds the tax assessment to be erroneous, he may adjust the assessment prior to collection.*

*(e) The commissioner shall not be required to object to any subsequent original, amended or supplemental return in order to preserve his rights. The commissioner shall not be precluded from objecting to a subsequent original, amended or supplemental return even though an original return was accepted as filed. If the commissioner had accepted an original return showing no tax due and a subsequent original, amended or supplemental return discloses additional assets not disclosed on the original return, the commissioner may object to any matter of valuation, taxability, deduction or computation of tax on the original return within 90 days of receipt of the subsequent original, amended or supplemental return.*

*(f) Subject to the provisions of section 291.11, the Minnesota estate tax liability shall be considered as finally determined on the date notification of acceptance is issued to the personal representative or, if no objection is filed, on the 91st day after the return, together with all other documents required to be filed with the return, is received.*

*(g) Subject to the time limits imposed elsewhere in this chapter, the commissioner may refund an overpayment of tax penalty*

*or interest even though the personal representative has not made an application for refund.*

Sec. 15. Minnesota Statutes 1978, Section 291.09, is amended by adding a subdivision to read:

*Subd. 4a. If any estate tax return required to be filed pursuant to the provisions of this section has not been filed, the commissioner may make and file a return including a computation of the tax resulting from the transfers therein reported. At the time of the filing the commissioner shall mail copies of the return to the personal representative, if any, and to each person from whom any portion of the tax is due. The return may be objected to and a hearing held on the objections in the manner provided in subdivision 3a.*

Sec. 16. Minnesota Statutes 1978, Section 291.09, Subdivision 5, is amended to read:

Subd. 5. Notwithstanding other provisions of this chapter, when agreed in writing between the commissioner and the representative, values for purposes of the inheritance estate tax on both probate and non-probate assets shall be the same as those finally determined for purposes of the federal estate tax on a decedent's estate.

Sec. 17. Minnesota Statutes 1978, Section 291.09, Subdivision 7, is amended to read:

Subd. 7. The inheritance estate tax return, except as otherwise provided in this chapter, shall be filed with the commissioner within ~~12~~ nine months after the decedent's death.

Sec. 18. Minnesota Statutes 1978, Section 291.11, Subdivision 1, is amended to read:

291.11 [TIME EFFECTIVE.] Subdivision 1. [UPON DEATH; TIME OF ASSESSMENT.] (a) All taxes imposed by this chapter shall take effect at and upon the death of the person ~~from whom the transfer is made whose estate is subject to taxation~~ and shall be due and payable at the expiration of ~~12~~ nine months from such death, except as otherwise provided in this chapter. Provided, that any taxpayer who owes at least \$5,000 in taxes may choose to pay these taxes in five equal installments over a period of time not to exceed five years from the death of the person ~~from whom the transfer is made whose estate is subject to taxation~~ or five years from the expiration of the extension granted by the commissioner pursuant to section 291.132, whichever is later. When a taxpayer elects to pay the tax in installments, he shall notify the commissioner in writing no later than ~~12~~ nine months after the death of the person ~~from whom the transfer is made whose estate is subject to taxation~~. If the taxpayer fails to pay an installment on time, the election shall be revoked and the entire amount of unpaid tax shall be due and payable 90 days after the date on which the installment was payable.

(b) (A) False return—in the case of a false or fraudulent re-

turn with the intent to evade tax, any additional tax resulting therefrom may be assessed at any time.

(B) No return—in the case of failure to file a return, the tax may be assessed at any time.

(C) Omissions—in the case where there is omitted from the estate items subject to tax under this chapter the tax on such omitted items may be assessed at any time.

In determining the items omitted, there shall not be taken into account any item which has been disclosed in the return or in a statement attached to the return in a manner adequate to apprise the commissioner of the nature and amount of such item.

(c) Where, before the expiration of the time prescribed in this chapter for the determination or adjustment of the tax, the commissioner and the taxpayer shall consent in writing to the extension of time for such determination or adjustment the tax may be determined at any time prior to the expiration agreed upon and in the manner agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

(d) ~~The estate tax prescribed in section 291.34, notwithstanding the period of limitations prescribed for determination of the inheritance tax in this chapter shall be determined by the commissioner not later than 90 days following the filing of the Minnesota estate tax return with the commissioner, together with a copy of the federal audit report or the closing letter accepting the federal return as originally filed.~~

Sec. 19. Minnesota Statutes 1978, Section 291.111, Subdivision 1, is amended to read:

291.111 [TAXATION OF DISCLAIMED INTERESTS.] Subdivision 1. Transfers of any interest in real or personal property and all rights and powers relating to the same which have been duly disclaimed pursuant to the provisions of sections 501.211 and 525.532, or in any manner provided in subdivision 2 shall be subject to the ~~inheritance~~ estate tax imposed by this chapter, and acts amendatory thereof only if, and to the same extent and in the same manner as, the same would have been subject to said tax if said interests, rights or powers had been originally created in favor of and transferred to the same persons and in the same shares in which they are effectively distributed or otherwise disposed of, after giving full effect to such disclaimers, pursuant to the governing instrument, if any, and sections 501.211 and 525.532 and all other applicable law.

Sec. 20. Minnesota Statutes 1978, Section 291.132, is amended to read:

291.132 [EXTENSION TO FILE OR PAY.] *Subdivision 1.* The commissioner may extend the time for filing returns or making payment of the tax, without penalty, for a period not to exceed

six months. In lieu of the six month extension, the commissioner may extend the time for payment of the tax, without penalty, for a period not to exceed two years if the payment of the tax would result in an undue hardship on the estate. The written request for the undue hardship extension shall be made to the commissioner no later than 12 months after the death of the person from whom the transfer is made. The taxpayer may elect to pay the taxes in installments as specified in section 291.11, subdivision 1, provided that the period of time for the payment of the taxes shall not exceed five years from the expiration of the extension granted by the commissioner. Where an extension of time has been granted, interest shall be payable at the rate specified in section 270.75 from the date when such payment should have been made, if no extension had been granted, until such tax is paid.

*Subd. 2. In lieu of an extension provided pursuant to subdivision 1 or payment of the estate tax in installments pursuant to section 291.11 on the property which qualifies under this subdivision, the commissioner may extend the time for payment of the tax on property which qualifies for valuation under section 10. The personal representative of an estate containing such property may elect to pay all or part of the tax imposed by chapter 291 in two or more, but not to exceed ten, equal installments, provided that the maximum amount of tax which may be paid in installments pursuant to this subdivision shall be an amount which bears the same ratio to the estate's tax liability under chapter 291 as the value of property determined pursuant to section 12 bears to the amount of the taxable estate. The first installment shall be paid on or before the date selected by the personal representative. The date may be no more than five years after the date prescribed by section 291.11, subdivision 1, for payment of the estate tax. Each succeeding installment shall be paid on or before that same date each year. An election under this subdivision shall be made not later than the time prescribed by section 291.11 for filing of the estate tax return and shall be made in the manner as the commissioner shall prescribe by rule.*

*Subd. 3. If the time for payment of estate tax has been extended under subdivision 2, interest shall be payable as provided in this subdivision.*

*(a) Interest payable under section 291.15 on any unpaid portion of the amount attributable to the first five years after the date prescribed by section 291.11 for payment of the tax shall be paid annually.*

*(b) Interest payable under section 291.15 on any unpaid portion of the amount attributable to any period after the five year period referred to in clause (a) shall be paid annually at the same time as, and as part of, each installment payment of the tax.*

*(c) If the executor has selected a period shorter than five years under subdivision 2 the shorter period shall be substituted for five years in clauses (a) and (b).*

Sec. 21. Minnesota Statutes 1978, Section 291.14, is amended to read:

291.14 [PERSONAL LIABILITY OF PERSONAL REPRESENTATIVE AND TRANSFEREE.] Subdivision 1. Every tax imposed by this chapter shall be a lien upon the property embraced in any inheritance, devise, bequest, legacy, or gift until paid, and The personal representative and person to whom such property which is subject to taxation under chapter 291 is transferred shall be personally liable for such tax, until its payment, to the extent of the value of such the property. No such lien shall be enforced against real property, included in the probate estate, unless the state shall assert the same by filing a statement of its lien in the office of the county recorder or registrar of titles in the county wherein such real estate may be situated, within ten years after the date of any deed of distribution or decree of distribution which may be entered in the estate involved.

Subd. 1a. (1) Where an order approving distribution of property is not issued by the court, any tax due on the transfer of such property or interest to a devisee or to heirs who are entitled under the statutes of intestate succession shall be a lien upon such property until the tax imposed by this chapter is paid.

(2) The lien shall not be enforced against real property subject to the provisions of clause (1) unless the state asserts it by filing a statement of lien in the office of the county recorder or the registrar of titles in the county where the real estate is situated within ten years from the date of recording a copy of the death record of the testate or intestate decedent, as the case may be, together with a statement by the commissioner acknowledging receipt of an inventory and appraisal listing the real property.

(3) When the tax on property subject to the provisions of this subdivision has been paid, or if there be deposited with the commissioner a sum of money in an amount equal to the tax which, in the judgment of the commissioner may be due upon the transfer of the property, or if there is no tax required to be paid, the commissioner shall certify on an affidavit prescribed by him or instrument of conveyance that the lien for inheritance tax has been satisfied or has been waived, as the case may be. The affidavit or instrument of conveyance so certified may be recorded as are other instruments affecting the title to real estate.

Subd. 2. (1) Except as provided in clause (4) of this subdivision, Where a lien for inheritance tax imposed under this chapter may be enforced against real property transferred to surviving joint tenants, or upon property transferred by a decedent during such decedent's lifetime, the surviving joint tenants or the transferees of the property so transferred by the decedent shall file on a form prescribed by the commissioner a schedule of non-probate assets listing the property or interest taxable. Any tax due on the transfer of such property or interest to the surviving joint tenants or to the transferees of the property so transferred by the decedent shall be reported on an inheritance tax return

filed with the commissioner pursuant to section 201.00, and shall be a lien upon the interest of the surviving joint tenants or the transferees, until paid, and the surviving joint tenants or the transferees shall be personally liable for such tax to the extent of the value of such property.

(2) No lien shall be enforced against real property subject to the provision of clause (1) of this subdivision unless the state shall assert the same by filing a statement of such lien in the office of the county recorder or registrar of titles in the county wherein such real estate may be situated within ten years from the date of recording a copy of the death record of the deceased joint tenant or deceased transferor, together with a copy of the schedule of non-probate assets required to be filed with the commissioner pursuant to clause (1) of this subdivision, which copy shall have been duly acknowledged by the commissioner.

(3) Where the tax on property subject to the provisions of clause (1) of this subdivision has been paid, or if there is deposited with the commissioner cash in an amount equal to the tax which, in the judgment of the commissioner, may be due upon the transfer of such property, or if there is no tax required to be paid, the commissioner shall certify on an affidavit of survivorship remainderman, described by the commissioner, that the lien has been satisfied or waived as the case may be. The affidavit so certified may be recorded as are other instruments affecting the title to real estate.

(4) (a) (i) When the decedent's death occurred subsequent to April 20, 1930, the provisions of this clause shall apply to the spouse, minor or dependent natural or adopted child of the decedent, or to the combination of classes of persons included herein,

(ii) When decedent's death occurred in the period beginning on April 21, 1930, and ending April 25, 1949, the provisions of this clause shall apply to the spouse, minor or dependent natural or adopted child or any other issue of the decedent, or to any combination of classes of persons included in this subparagraph (ii);

(b) Where the homestead is held in joint tenancy with the right of survivorship by the decedent and persons meeting the conditions described in (a) above, an affidavit in the form and manner prescribed by the commissioner, may be delivered to the county recorder or the registrar of titles. Such affidavit shall declare

(i) that the surviving joint tenant or tenants were members of the classes described in (a) above at the date of decedent's death (if any of the surviving joint tenants were minors, state date of such minor's birth);

(ii) that the property described as the homestead was owned and occupied by the decedent as his principal dwelling place at date of death,

(iii) that the quantity of land included in such property is not

in excess of 120 acres, and not included in the laid out or platted portion of any city. If the land is within a laid out or platted portion of a city, its area shall not exceed one-half of an acre,

(iv) that the gross market value of such property at date of death was not in excess of \$45,000,

(v) the affidavit to be delivered to the county recorder or registrar of titles shall have attached thereto a certified copy of the death certificate with respect to the death of the deceased joint tenant.

The affidavit shall be in lieu of an affidavit of survivorship certified by the commissioner and shall extinguish the lien imposed on such property by clause (2) of this subdivision, and shall be recorded or filed as a document affecting the title to the real estate. The county recorder or registrar of titles shall not be required to verify the declarations made in such affidavit.

(e) A copy of the affidavit (which need not bear a copy of the death certificate) shall be supplied to the county recorder or registrar of titles; he will forward this copy to the commissioner at his office in St. Paul, Minnesota.

(d) Where it appears that a schedule of non-probate assets would otherwise not be required to be filed, the property, the lien on which has been extinguished in accordance with the provisions of paragraph (a) above, need not be reported on a schedule of non-probate assets.

Subd. 4. The lien of the state for inheritance taxes payable by a personal representative shall not extend to any right acquired by a bona fide purchaser, mortgagee, or lessee through any conveyance made by such personal representative, provided that such personal representative delivers to the county recorder or registrar of titles, as the case may be, a declaration that the property described therein has been sold to a bona fide purchaser, or has been mortgaged or leased, as the case may be. The declaration so submitted shall have attached thereto a certified copy of letters evidencing the appointment of such personal representative. The county recorder or registrar of titles shall submit a copy of such declaration to the commissioner at his office in St. Paul, Minnesota, without any requirement that the statements made therein by such personal representative have been verified. The lien so extinguished with respect to such bona fide purchaser, mortgagee or lessee shall not be reinstated or challenged by the commissioner.

Sec. 22. Minnesota Statutes 1978, Section 291.19, Subdivision 3, is amended to read:

Subd. 3. Any personal representative, trustee, heir or legatee of a nonresident decedent desiring to transfer property having its situs in this state may make application to the commissioner of revenue for the determination of whether there is any tax due to the state on account of the transfer of the decedent's property and such applicant shall furnish to the commissioner of revenue there-

with an affidavit setting forth a description of all property owned by the decedent at the time of his death and having its situs in the state of Minnesota, the value of such property at the time of said decedent's death; also when required by the commissioner of revenue, a description of and statements of the true value of all the property owned by the decedent at the time of his death and having its situs outside the state of Minnesota, and also a schedule or statement of the valid claims against the estate of the decedent, including the expenses of his last sickness and funeral and the expenses of administering his estate, to the extent that such claims were incurred within this state. Such person shall also, on request of the commissioner of revenue, furnish to the latter a certified copy of the last will of the decedent in case he died testate, or an affidavit setting forth the names, ages and residences of the heirs at law of the decedent in case he died intestate and the proportion of the entire estate of such decedent inherited by each of said persons, ~~and the relation, if any, with each legatee, devisee, heir, or transferee sustained to the decedent or person from whom the transfer was made~~. Such affidavits shall be subscribed and sworn to by the personal representative of the decedent or some other person having knowledge of the facts therein set forth.

Sec. 23. Minnesota Statutes 1978, Section 291.20, Subdivision 1, is amended to read:

291.20 [SAFETY DEPOSIT COMPANIES NOT TO TRANSFER FUNDS.] Subdivision 1. No person holding securities or assets belonging at the time of death of a decedent to him or to him and another or others as joint tenants, or having on deposit funds in excess of \$1,000 to the credit of a decedent, or to the decedent and another or others as joint tenants, or to the credit of the decedent as trustee for another or others, or renting a safe deposit box or other place of safekeeping to a decedent, individually or as joint tenant or tenant in common, shall deliver or transfer the same to any person, or permit any person to have access thereto, unless notice of the time and place of such intended transfer or access be served upon the county treasurer, personally or by representative, in which event the county treasurer, personally or by representative, may examine said securities, assets, funds or contents of such safe deposit box, at the time of such delivery, transfer or access. If, upon such examination the county treasurer or his representative shall for any cause deem it advisable that such securities, assets or funds should not be immediately delivered or transferred, or access to said safe deposit box or other place of safekeeping should not immediately be granted, he may forthwith notify in writing such person to defer delivery or transfer or access, as the case may be, for a period not to exceed ten days from the date of such notice, and thereupon it shall be the duty of the person notified to defer such delivery, transfer or access until the time stated in such notice or until prior revocation thereof. Failure to serve the notice first above mentioned, or to allow such examination, or to defer delivery or transfer of such securities, assets, or funds, or to refuse access



to such safe deposit box or other place of safekeeping for the time stated in the second of such notices, shall render such person liable to the payment of the tax due, not exceeding \$1,000, upon the transfer of said securities, assets, or funds, or upon securities, assets, or moneys in such safe deposit box or other place of safekeeping, pursuant to the provisions of this act; provided, however, that nothing herein contained shall subject such person to liability for the payment of any such tax unless such person had knowledge of the death of the decedent prior to such delivery or transfer of such securities, assets, or funds, or entry to said safe deposit box or other place of safekeeping. The word "person" as used herein shall include individual persons, safe deposit companies, banks, trust companies, savings and loan associations, partnerships and all other organizations.

Any person seeking access to any safe deposit box upon the death of any person who at the time of his death was a tenant thereof either individually or as joint tenant or tenant in common, or seeking to withdraw securities, assets or funds belonging to the decedent or which decedent had the right to withdraw, shall notify the person renting such safe deposit box or holding such securities, assets or funds of the decedent's death. Any person who wilfully fails to give the notice of the death of the decedent required by this paragraph with intent to evade taxes due hereunder shall be guilty of a misdemeanor. It shall be a complete defense to any prosecution under the provisions of this subdivision that no inheritance estate tax was due from the decedent's estate.

Sec. 24. Minnesota Statutes 1978, Chapter 291, is amended by adding a section to read:

[291.215] [VALUATION OF ESTATE; REPORTING.] *Subdivision 1. The valuation of all property includable in the Minnesota taxable estate of a decedent shall be subject to review and approval of the commissioner of revenue.*

*Subd. 2. Before the final settlement of an estate the personal representative shall furnish an amended estate tax return listing all property and taxable transfers or other events of which he has become aware since the first estate tax return was made which would result in a change in either the amount of the estate tax initially determined or the statements made by the affiant therein. He also shall furnish copies of any documents or records and any other information relating to the estate or its value upon request of the commissioner of revenue.*

*Subd. 3. The personal representative shall file an amended estate tax return within 90 days after any amended estate tax return is filed pursuant to the provisions of the United States Internal Revenue Code. If no amended federal estate tax return is filed but the federal estate tax return is changed or corrected, the change or correction shall be reported to the commissioner of revenue within 90 days after the final determination of the change or correction is made. Upon receipt of an amended federal estate tax return or upon notification of any change or correction made*

*on the federal estate tax return, the commissioner of revenue may reassess the estate tax.*

Sec. 25. Minnesota Statutes 1978, Section 291.27, is amended to read:

291.27 [UNPAID TAX; OMITTED PROPERTY.] *If any tax is due and unpaid under the provisions of this chapter, the representative, the county attorney of the county in which an estate is probated, the attorney general or the commissioner may apply to the probate court for a citation, citing the persons liable to pay such tax to appear before the court on a day specified, not more than three months from the date of such citation, and show cause why the tax should not be paid. The judge of the probate court, upon such application, and whenever it shall appear to him that any such tax accruing under this chapter has not been paid as required by law, shall issue such citation, and the service of such citation, and the time, manner, and proof thereof, and the hearing and determination thereon, shall conform, as near as may be, to the provisions of the probate code of this state; and whenever it shall appear that any such tax is due and payable and the payment thereof cannot be enforced under the provisions of this chapter in the probate court, the person or corporation from whom the same is due is hereby made liable to the state for the amount of such tax.*

*Any tax due and unpaid under the provisions of this chapter may be enforced and collected from any transferee of property included in the Minnesota estate by action in a the court of administration of the estate of the decedent or in a court of general jurisdiction by the personal representative of any estate, or by action, in the name of the state, brought by the attorney general, the county attorney or the commissioner in the name of the state.*

*Any property which for any cause is omitted from an appraisal, inventory, or schedule of non-probate assets the Minnesota estate tax return so that its value is not taken into consideration in the determination of the inheritance taxes estate tax, may be subsequently taxed against the persons receiving the same, or any part thereof, to the same effect as if included in the original appraisal, inventory, schedule of non-probate assets, inheritance estate tax return and determination, except that any personal representative of an estate discharged from his trust in the meantime shall not be liable for the payment of such tax. When any property has been thus omitted in the determination of an inheritance estate tax, such taxes the tax thereon may be determined and recovered in a civil action brought by the attorney general or the commissioner, in the name of the state, in any court of general jurisdiction, or may be prosecuted to collection by citation and subsequent proceedings in the probate court wherein the estate was administered.*

Sec. 26. Minnesota Statutes 1978, Chapter 291, is amended by adding a section to read:

[291.48] [PUBLICITY OF RETURNS; INFORMATION.]

*It shall be unlawful for the commissioner or any other public official, employee or former employee to divulge or otherwise make known in any manner any particulars set forth or disclosed in any report or return required by chapter 291 or 292 or information acquired while examining or auditing any taxpayer's liability for taxes thereunder, except in connection with a proceeding involving taxes due under chapter 291 or 292 from the taxpayer making the return. The commissioner may furnish a copy of any return or report to any official of the United States or any state having duties to perform in respect to the assessment or collection of any inheritance, estate, or gift tax, if the taxpayer is required by the laws of the United States or of the other state to make a return therein. Prior to the release of any information to any official of the United States or any other state under the provisions of this section, the person to whom the information is to be released shall sign an agreement which provides that he will protect the confidentiality of the returns and information revealed to the extent that it is protected under the laws of the state of Minnesota. The commissioner and all other public officials and employees shall keep and maintain the same secrecy with respect to any information furnished by any department, commission, or official of the United States or of any other state. Nothing herein contained shall be construed to prohibit the commissioner from publishing statistics so classified as not to disclose the identity of particular property, decedents, heirs, or personal representatives, returns or reports and the contents thereof. Any person violating the provisions of this section shall be guilty of a gross misdemeanor.*

*The return of a decedent or donor shall, upon written request, be open to inspection by or disclosure to (a) the administrator, executor, or trustee of his estate, and (b) any heir at law, next of kin, or beneficiary under the will of the decedent, and any other person whose basis in property is determined in whole or part by values set forth in the return, or (c) a donee of the property, but only if the commissioner finds that the heir, next of kin, beneficiary or other person or donee has a material interest which will be affected by information contained therein.*

Sec. 27. Minnesota Statutes 1978, Section 291.33, Subdivision 1, is amended to read:

291.33 [PAYMENTS TO COUNTIES.] Subdivision 1. On or before the first of November in each year the commissioner shall determine the net amount of ~~inheritance tax, Minnesota estate tax~~ and interest collected thereon which has been paid to the commissioner during the fiscal year ending June 30 next preceding from estates in each of the several counties of this state wherein probate proceedings have been had or where, if no probate proceedings have been required, wherein are located the probate courts that would have had venue under the provisions of section 524.3-201, had there been assets of decedents subject to probate.

For purposes of this subdivision net amount shall be the total amount paid from each of the several counties under the provisions

of this chapter, during the appropriate fiscal year, reduced by the refunds made by the commissioner applicable to each of the several counties under the provisions of this chapter, during the same fiscal year.

Sec. 28. Minnesota Statutes 1978, Section 352.15, Subdivision 1, is amended to read:

**352.15 [EXEMPTION FROM PROCESS AND TAXATION.]** Subdivision 1. None of the moneys, annuities, or other benefits mentioned herein shall be assignable either in law or in equity or be subject to execution, levy, attachment, garnishment, or other legal process, or to any state income tax or state inheritance estate tax, except that none shall be exempt from taxation under chapter 201, unless transferred to a surviving spouse or minor or dependent child of the decedent or a trust for their benefit. Provided, however, the executive director may pay an annuity, benefit or refund to a banking institution, qualified under chapter 48, that is trustee for a person eligible to receive such annuity, benefit or refund. Upon the request of a retired, disabled or former employee, the executive director may mail the annuity, benefit or refund check to a banking institution, savings association or credit union for deposit to such employee's account or joint account with his spouse. The board of directors may prescribe the conditions under which such payments will be made.

Sec. 29. Minnesota Statutes 1978, Section 353.15, is amended to read:

**353.15 [NONASSIGNABILITY AND EXEMPTION OF ANNUITIES AND BENEFITS FROM JUDICIAL PROCESS AND TAXATION.]** No money, annuity, or benefit provided for in this chapter is assignable or subject to a power of attorney, execution, levy, attachment, garnishment, or legal process, including actions for divorce, legal separation, and child support, or to any state income tax or state inheritance estate tax, except that none shall be exempt from taxation under chapter 201, unless transferred to a surviving spouse or minor or dependent child of the decedent or a trust for their benefit. Provided, however, the association may pay an annuity, benefit or refund to a trust company, qualified under chapter 48, that is trustee for a person eligible to receive such annuity, benefit or refund. Upon the request of a retired, disabled or former member, the association may mail the annuity, benefit or refund check to a banking institution, savings association or credit union for deposit to such person's account or joint account with his spouse. The association may prescribe the conditions under which such payment will be made. If in the judgment of the executive director conditions so warrant, payment may be made to a public body in behalf of an annuitant, disabilitant, or survivor upon such terms as the executive director may prescribe.

Sec. 30. Minnesota Statutes 1978, Section 354.10, is amended to read:

**354.10 [FUND NOT SUBJECT TO ASSIGNMENT OR PROCESS; BENEFICIARIES.]** The right of a teacher to avail himself of the benefits provided by this chapter, is a personal right only and shall not be assignable. All moneys to the credit of a teacher's account in the fund or any moneys payable to him from the fund shall belong to the state of Minnesota until actually paid to the teacher or his beneficiary pursuant to the provisions of this chapter. Any power of attorney, assignment or attempted assignment of a teacher's interest in the fund, or of the beneficiary's interest therein, by a teacher or his beneficiary, including actions for divorce, legal separation, and child support, shall be null and void and the same shall be exempt from garnishment or levy under attachment or execution and from all taxation by the state of Minnesota, except that none shall be exempt from taxation under chapter 291, unless transferred to a surviving spouse or minor or dependent child of the decedent or a trust for their benefit. Provided however, the board may pay an annuity or benefit to a banking institution, qualified under chapter 48, that is a trustee for a person eligible to receive such annuity or benefit. Upon completion of the proper forms as provided by the board, the annuity or benefit check may be mailed to a banking institution, savings association or credit union for deposit to the recipient's individual account or joint account with his or her spouse. The board shall prescribe the conditions which shall govern these procedures. If in the judgment of the executive director conditions so warrant, payment may be made to a public body in behalf of an annuitant, disabilitant, or survivor upon such terms as the executive director may prescribe. Any beneficiary designated by a teacher under the terms of this chapter, may be changed or revoked by the teacher at his pleasure, in such manner as the board may prescribe. In case a designated beneficiary dies before the teacher designating him dies, and a new beneficiary is not designated, the teacher's estate shall be the beneficiary.

Sec. 31. Minnesota Statutes 1978, Section 354A.11, is amended to read:

**354A.11 [CERTAIN MONEYS AND CREDITS OF TEACHERS EXEMPT.]** All moneys deposited by a teacher or member or deposited by any other person or corporation, municipal or private, to the credit of such teacher or member in a corporation organized as a "Teachers Retirement Fund Association" under sections 354A.03 to 354A.10, and all moneys, rights, and interests or annuities due or to become due to such teacher, member, or annuitant, or their beneficiaries, from any such association shall not be assignable, shall be exempt from garnishment, attachment, and execution or sale on any final process issued from any court and shall not be subject to the inheritance estate tax provisions of this state if transferred to a surviving spouse or minor or dependent child of the decedent or a trust for their benefit.

Sec. 32. Minnesota Statutes 1978, Section 524.3-706, is amended to read:

**524.3-706 [DUTY OF PERSONAL REPRESENTATIVE; INVENTORY AND APPRAISEMENT.]** Within three months after his appointment, a personal representative, who is not a special administrator or a successor to another representative who has previously discharged this duty, shall prepare and file with the court or registrar and mail to the surviving spouse, if there be one, and to all residuary distributees an inventory of property owned by the decedent at the time of his death, listing it with reasonable detail, and indicating as to each listed item, its fair market value as of the date of the decedent's death, and the type and amount of any encumbrance that may exist with reference to any item.

The personal representative shall also mail a copy of the inventory to interested persons or creditors who request it, and shall file an executed copy of the Minnesota inheritance tax return with the court or registrar.

Sec. 33. Minnesota Statutes 1978, Section 524.3-916, is amended to read:

**524.3-916 [APPORTIONMENT OF ESTATE TAXES.] (a)** For purposes of this section:

(1) "estate" means the gross estate of a decedent as determined for the purpose of federal estate tax and the estate tax payable to this state;

(2) "person" means any individual, partnership, association, joint stock company, corporation, government, political subdivision, governmental agency, or local governmental agency;

(3) "person interested in the estate" means any person entitled to receive, or who has received, from a decedent or by reason of the death of a decedent any property or interest therein included in the decedent's estate. It includes a personal representative, conservator, and trustee;

(4) "state" means any state, territory, or possession of the United States, the District of Columbia, and the Commonwealth of Puerto Rico;

(5) "tax" means the federal estate tax and the state estate tax determined by the commissioner of revenue pursuant to section 291.34 chapter 291 and interest and penalties imposed in addition to the tax;

(6) "fiduciary" means personal representative or trustee.

(b) Unless the will or other written instrument otherwise provides, the tax shall be apportioned among all persons interested in the estate. The apportionment is to be made in the proportion that the value of the interest of each person interested in the estate bears to the total value of the interests of all persons interested in the estate. The values used in determining the tax are to be used for that purpose. If the decedent's will or other written instrument directs a method of apportionment of tax dif-

ferent from the method described in this code, the method described in the will or other written instrument controls.

(c)(1) The court in which venue lies for the administration of the estate of a decedent, on petition for the purpose may determine the apportionment of the tax.

(2) If the court finds that it is inequitable to apportion interest and penalties in the manner provided in subsection (b), because of special circumstances, it may direct apportionment thereof in the manner it finds equitable.

(3) If the court finds that the assessment of penalties and interest assessed in relation to the tax is due to delay caused by the negligence of the fiduciary, the court may charge him with the amount of the assessed penalties and interest.

(4) In any action to recover from any person interested in the estate the amount of the tax apportioned to the person in accordance with this code the determination of the court in respect thereto shall be prima facie correct.

(d) (1) The personal representative or other person in possession of the property of the decedent required to pay the tax may withhold from any property distributable to any person interested in the estate, upon its distribution to him, the amount of tax attributable to his interest. If the property in possession of the personal representative or other person required to pay the tax and distributable to any person interested in the estate is insufficient to satisfy the proportionate amount of the tax determined to be due from the person, the personal representative or other person required to pay the tax may recover the deficiency from the person interested in the estate. If the property is not in the possession of the personal representative or the other person required to pay the tax, the personal representative or the other person required to pay the tax may recover from any person interested in the estate the amount of the tax apportioned to the person in accordance with Laws 1975, Chapter 347.

(2) If property held by the personal representative is distributed prior to final apportionment of the tax, the distributee shall provide a bond or other security for the apportionment liability in the form and amount prescribed by the personal representative.

(e)(1) In making an apportionment, allowances shall be made for any exemptions granted, any classification made of persons interested in the estate and for any deductions and credits allowed by the law imposing the tax.

(2) Any exemption or deduction allowed by reason of the relationship of any person to the decedent or by reason of the purposes of the gift inures to the benefit of the person bearing such relationship or receiving the gift; but if an interest is subject to a prior present interest which is not allowable as a deduction, the tax apportionable against the present interest shall be paid from principal.

(3) Any deduction for property previously taxed and any credit for gift taxes or death taxes of a foreign country paid by the decedent or his estate inures to the proportionate benefit of all persons liable to apportionment.

(4) Any credit for inheritance, succession or estate taxes or taxes in the nature thereof applicable to property or interests includable in the estate, inures to the benefit of the persons or interests chargeable with the payment thereof to the extent proportionately that the credit reduces the tax.

(5) To the extent that property passing to or in trust for a surviving spouse or any charitable, public or similar gift or devisee is not an allowable deduction for purposes of the tax solely by reason of an inheritance tax or other death estate tax imposed upon and deductible from the property, the property is not included in the computation provided for in subsection (b) hereof, and to that extent no apportionment is made against the property. The sentence immediately preceding does not apply to any case if the result would be to deprive the estate of a deduction otherwise allowable under section 2053(d) of the Internal Revenue Code of 1954, as amended, of the United States, relating to deduction for state death taxes on transfers for public, charitable, or religious uses.

(f) No interest in income and no estate for years or for life or other temporary interest in any property or fund is subject to apportionment as between the temporary interest and the remainder. The tax on the temporary interest and the tax, if any, on the remainder is chargeable against the corpus of the property or funds subject to the temporary interest and remainder.

(g) Neither the personal representative nor other person required to pay the tax is under any duty to institute any action to recover from any person interested in the estate the amount of the tax apportioned to the person until the expiration of the three months next following final determination of the tax. A personal representative or other person required to pay the tax who institutes the action within a reasonable time after the three month period is not subject to any liability or surcharge because any portion of the tax apportioned to any person interested in the estate was collectible at a time following the death of the decedent but thereafter became uncollectible. If the personal representative or other person required to pay the tax cannot collect from any person interested in the estate the amount of the tax apportioned to the person, the amount not recoverable shall be equitably apportioned among the other persons interested in the estate who are subject to apportionment.

(h) A personal representative acting in another state or a person required to pay the tax domiciled in another state may institute an action in the courts of this state and may recover a proportionate amount of the federal estate tax, of an estate tax payable to another state or of a death duty due by a decedent's estate to another state, from a person interested in the estate who is either



domiciled in this state or who owns property in this state subject to attachment or execution. For the purposes of the action the determination of apportionment by the court having jurisdiction of the administration of the decedent's estate in the other state is *prima facie* correct.

Sec. 34. Minnesota Statutes 1978, Section 524.3-1001, is amended to read:

**524.3-1001 [FORMAL PROCEEDINGS TERMINATING ADMINISTRATION; TESTATE OR INTESATE; ORDER OF DISTRIBUTION, DECREE, AND GENERAL PROTECTION.]**

(a) (1) A personal representative or any interested person may petition for an order of complete settlement of the estate. The personal representative may petition at any time, and any other interested person may petition after one year from the appointment of the original personal representative except that no petition under this section may be entertained until the time for presenting claims which arose prior to the death of the decedent has expired. The petition may request the court to determine testacy, if not previously determined, to consider the final account or compel or approve an accounting and distribution, to construe any will or determine heirs and adjudicate the final settlement and distribution of the estate. After notice to all interested persons and hearing the court may enter an order or orders, on appropriate conditions, determining the persons entitled to distribution of the estate, and, as circumstances require, approving settlement and directing or approving distribution of the estate and discharging the personal representative from further claim or demand of any interested person.

(2) In such petition for complete settlement of the estate, the petitioner may apply for a decree. Upon the hearing, if in the best interests of interested persons, the court may issue its decree which shall determine the persons entitled to the estate and assign the same to them in lieu of ordering the assignment by the personal representative. The decree shall name the heirs and distributees, state their relationship to the decedent, describe the property, and state the proportions or part thereof to which each is entitled. In the estate of a testate decedent, no heirs shall be named in the decree unless all heirs be ascertained.

(3) In solvent estates, the hearing may be waived by written consent to the proposed account and decree of distribution or order of distribution by all heirs or distributees, and the court may then enter its order allowing the account and issue its decree or order of distribution.

(4) The court shall have the power in its decree or order of distribution to waive the lien of inheritance estate taxes, find that the taxes have been satisfied by payment or, decree the property subject to the lien; provided, however, where a decree or order for distribution is issued, the personal representative shall not be discharged until all property is paid or transferred to the persons entitled thereto, and has otherwise fully discharged his trust. If

objections are filed with the court by the commissioner of revenue, no discharge shall be issued until the objections are determined. ~~The court shall send a copy of the decree, upon issuance, to the commissioner of revenue. If no objection is filed, the court shall have the power to settle and distribute the estate and discharge the personal representative without regard to tax obligations.~~

(b) If one or more heirs or devisees were omitted as parties in, or were not given notice of, a previous formal testacy proceeding, the court, on proper petition for an order of complete settlement of the estate under this section, and after notice to the omitted or unnotified persons and other interested parties determined to be interested on the assumption that the previous order concerning testacy is conclusive as to those given notice of the earlier proceeding, may determine testacy as it affects the omitted persons and confirm or alter the previous order of testacy as it affects all interested persons as appropriate in the light of the new proofs. In the absence of objection by an omitted or unnotified person, evidence received in the original testacy proceeding shall constitute prima facie proof of due execution of any will previously admitted to probate, or of the fact that the decedent left no valid will if the prior proceedings determined this fact.

Sec. 35. Minnesota Statutes 1978, Section 525.091, Subdivision 1, is amended to read:

525.091 [DESTRUCTION AND REPRODUCTION OF PROBATE RECORDS.] Subdivision 1. The clerk of court of any county upon order of the probate judge may destroy all the original documents in any proceeding of record in his office five years after the file in such proceeding has been closed provided the original or a Minnesota state archives commission approved photographic, photostatic, microphotographic, microfilmed, or similarly reproduced copy of the original of the following enumerated documents in the proceeding are on file in his office.

Enumerated original documents:

(a) In estates, the jurisdictional petition and proof of publication of the notice of hearing thereof; will and certificate of probate; letters; inventory and appraisal; ~~inheritance tax return or schedule of non-probate assets; inheritance tax return waiver or self assessed inheritance tax return;~~ orders directing and confirming sale, mortgage, lease, or for conveyance of real estate; order setting apart statutory selection; receipts for federal estate taxes and state ~~inheritance estate~~ taxes; orders of distribution and general protection; decrees of distribution; federal estate tax closing letter, consent to discharge by commissioner of revenue and order discharging representative; and any amendment of the listed documents.

When an estate is deemed closed as provided in clause (d) of this subdivision, the enumerated documents shall include all claims of creditors.

(b) In guardianships or conservatorships, the jurisdictional petition and order for hearing thereof with proof of service; letters; orders directing and confirming sale, mortgage, lease or for conveyance of real estate; order for restoration to capacity and order discharging guardian; and any amendment of the listed documents.

(c) In mental, inebriety, and indigent matters, the jurisdictional petition; report of examination; warrant of commitment; notice of discharge from institution, or notice of death and order for restoration to capacity; and any amendment of the listed documents.

(d) Except for the enumerated documents described in this subdivision, the clerk of probate court may destroy all other original documents in any proceeding without retaining any reproduction of the document. For the purpose of this subdivision, a proceeding in the probate court is deemed closed if no document has been filed in the proceeding for a period of 15 years, except in the cases of wills filed for safe-keeping and those containing wills of decedents not adjudicated upon.

Sec. 36. Minnesota Statutes 1978, Section 525.091, Subdivision 2, is amended to read:

Subd. 2. The clerk of probate court of any county upon order of the probate judge may destroy the original record books as enumerated in this subdivision provided a Minnesota state archives commission approved photographic, photostatic, microphotographic, microfilmed, or similarly reproduced copy of the original record book is on file in his office.

Enumerated original record books:

(a) All record books kept for recording in compliance with section 525.03, clauses (3), (4), (5) and (6).

(b) All record books kept for inheritance tax purposes in compliance with section 291.20, subdivisions 1 and 2, after the expiration of 15 years from the date of the last proceeding entered therein.

Sec. 37. Minnesota Statutes 1978, Section 525.312, is amended to read:

525.312 [DECREE OF DESCENT.] Upon the filing of such petition, the court shall fix the time and place for the hearing thereof, notice of which shall be given pursuant to section 524.1-401. Notice of the hearing, in the form prescribed by court rule, shall also be given under direction of the clerk of court by publication once a week for two consecutive weeks in a legal newspaper in the county where the hearing is to be held, the last publication of which is to be at least ten days before the time set for hearing. Upon proof of the petition and of the will if there be one, or upon proof of the petition and of an authenticated copy of a will duly proved and allowed outside of this state in accordance with the laws in force in the place where proved, if there be one, the court

shall allow the same and enter its decree of descent assigning the real or personal property, or any interest therein, to the persons entitled thereto pursuant to the will or such authenticated copy, if there be one, otherwise pursuant to the laws of intestate succession in force at the time of the decedent's death. The court may appoint two or more disinterested persons to appraise the property. No decree of descent shall be entered until the inheritance tax, if any, has been determined and paid.

Sec. 38. Minnesota Statutes 1978, Section 525.71, is amended to read:

525.71 [APPEALABLE ORDERS.] Appeals to the district court may be taken from any of the following orders, judgments, and decrees issued by a judge of the court under chapters 524 or 525:

- (1) An order admitting, or refusing to admit, a will to probate;
- (2) An order appointing, or refusing to appoint, or removing, or refusing to remove, a representative other than a special administrator or special guardian;
- (3) An order authorizing, or refusing to authorize, the sale, mortgage, or lease of real estate, or confirming, or refusing to confirm, the sale or lease of real estate;
- (4) An order directing, or refusing to direct, a conveyance or lease of real estate under contract;
- (5) An order permitting, or refusing to permit, the filing of a claim, or allowing or disallowing a claim or counterclaim, in whole or in part, when the amount in controversy exceeds \$100;
- (6) An order setting apart, or refusing to set apart, property, or making, or refusing to make, an allowance for the spouse or children;
- (7) An order determining, or refusing to determine, venue; an order transferring, or refusing to transfer, venue;
- (8) An order directing, or refusing to direct, the payment of a bequest or distributive share when the amount in controversy exceeds \$100;
- (9) An order allowing, or refusing to allow, an account of a representative or any part thereof when the amount in controversy exceeds \$100;
- (10) An order adjudging a person in contempt;
- (11) An order vacating a previous appealable order, judgment, or decree; an order refusing to vacate a previous appealable order, judgment, or decree alleged to have been procured by fraud or misrepresentation, or through surprise or excusable inadvertence or neglect;
- (12) A judgment or decree of partial or final distribution or

an order determining or confirming distribution or any order of general protection;

(13) An order entered pursuant to section 576.142;

(14) An order granting or denying restoration to capacity;

(15) An order made directing, or refusing to direct, the payment of representative's fees or attorneys' fees, and in such case the representative and the attorney shall each be deemed an aggrieved party and entitled to take such appeal;

(16) An order, judgment, or decree relating to or affecting inheritance estate taxes or refusing to amend, modify, or vacate such an order, judgment, or decree; but nothing herein contained shall abridge the right of direct review by the supreme court;

(17) An order extending the time for the settlement of the estate beyond five years from the date of the appointment of the representative.

Sec. 39. Minnesota Statutes 1978, Section 525.74, is amended to read:

525.74 [DIRECT APPEAL TO SUPREME COURT.] A party aggrieved may appeal direct to the supreme court from an order determining or refusing to determine inheritance estate taxes upon a hearing on a prayer for reassessment and redetermination. Within 30 days after service of notice of the filing of such order, the appellant shall serve a notice of appeal upon all parties adversely interested or upon their attorneys and upon the probate judge. An appellant, other than the state, the veterans' administration, or a representative appealing on behalf of the estate, shall file in the probate court a bond in such amount as that court may direct, conditioned to prosecute the appeal with due diligence to a final determination, pay all costs and disbursements and abide the order of the court therein. The notice of appeal with proof of service and the bond, if required, shall be filed in the probate court within ten days after the service of such notice and the appellant shall pay to such court the sum of \$15, of which \$10 shall be transmitted to the clerk of the supreme court, as provided by law for appeals in civil actions.

Such appeal shall stay all proceedings on the order appealed from. When a party in good faith gives due notice of appeal from such order and omits through mistake to do any other act necessary to perfect the appeal, or to stay proceedings, the court may permit an amendment on such terms as may be just. Upon perfection of the appeal, the probate court shall transmit to the clerk of the supreme court the \$10 aforementioned together with a certified copy of the notice of appeal and bond, if required. The filing thereof shall vest in the supreme court jurisdiction of the cause, and records shall be transmitted to the supreme court, and records and briefs shall be printed, served, and filed, and such appeal shall be heard and disposed of as in the case of appeals in civil actions from the district court. If a settled case be necessary, the probate court may settle a case upon the appli-

cation of any party. The notice of the hearing upon such application and the case proposed to be settled shall be served on all other parties interested in the appeal at least eight days prior to the hearing.

Sec. 40. Minnesota Statutes 1978, Section 525.841, is amended to read:

525.841 [ESCHEAT RETURNED.] In all such cases the commissioner of finance shall be furnished with a certified copy of the court's order assigning the escheated property to the persons entitled thereto, and upon notification of payment of the inheritance estate tax, the commissioner of finance shall draw his warrant on the state treasurer, or execute a proper conveyance to the persons designated in such order. In the event any escheated property has been sold pursuant to sections 11.08 or 94.09 to 94.16, then the warrant shall be for the appraised value as established during the administration of the decedent's estate. There is hereby annually appropriated from any moneys in the state treasury not otherwise appropriated an amount sufficient to make payment to all such designated persons. No interest shall be allowed on any amount paid to such persons.

Sec. 41 [REPEALER.] *Minnesota Statutes 1978, Sections 3A.-08; 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; 291.21, Subdivision 2; 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; and 292.15 are repealed.*

Sec. 42. *There is appropriated for fiscal years 1980, 1981 and 1982 from the general fund to the commissioner of revenue the amounts necessary to make the refunds provided by section 5.*

Sec. 43. [EFFECTIVE DATE.] *The provisions of section 5 which relate to payments for military service while the decedent was missing in action shall be effective for estates of decedents declared dead after January 1, 1975. The provisions of section 26 shall be effective the day following final enactment and shall relate to returns filed pursuant to chapters 291 and 292 prior to and after the effective date of this article. The remainder of this article is effective for estates of decedents dying after December 31, 1979 and gifts made after December 31, 1979.*

#### ARTICLE IV: BUSINESS RELIEF

Section 1. Minnesota Statutes 1978, Section 290.06, Subdivision 2c, is amended to read:

Subd. 2c. [SCHEDULE OF RATES FOR INDIVIDUALS, ESTATES AND TRUSTS.] (a) For taxable years beginning after December 31, 1977 1979, the income taxes imposed by this chapter upon individuals, estates and trusts, other than those taxable as

corporations, shall be computed by applying to their taxable net income in excess of the applicable credits allowed by section 290.21, the following schedule of rates:

- (1) On the first \$500, one and six-tenths percent;
- (2) On the second \$500, two and two-tenths percent;
- (3) On the next \$1,000, three and five-tenths percent;
- (4) On the next \$1,000, five and eight-tenths percent;
- (5) On the next \$1,000, seven and three-tenths percent;
- (6) On the next \$1,000, eight and eighth-tenths percent;
- (7) On the next \$2,000, ten and two-tenths percent;
- (8) On the next \$2,000, eleven and five-tenths percent;
- (9) On the next \$3,500, twelve and eight-tenths percent;
- (10) On all over \$12,500, and not over \$20,000, fourteen percent;
- (11) On all over \$20,000 and not over \$27,500, fifteen percent;
- (12) On all over \$27,500 and not over \$40,000, sixteen percent ;
- ~~(13) On all over \$40,000, seventeen percent .~~

(b) In lieu of a tax computed according to the rates set forth in clause (a) of this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year, reduced by the applicable credits allowed by section 290.21, is less than \$20,000 shall be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

Sec. 2. Minnesota Statutes 1978, Section 290.06, Subdivision 9, is amended to read:

**Subd. 9. [POLLUTION CONTROL EQUIPMENT, CREDIT.]**

(a) A credit of five percent of the net cost of equipment *used primarily to abate or control pollutants to meet or exceed state laws, rules or standards to the extent the property is so used and which is included in section 290.09, subdivision 7, paragraph (A) (a) that is installed and operated within Minnesota exclusively to prevent pollution of air, water, or land in accordance with engineering principles approved by the Minnesota pollution control agency*, may be deducted from the tax due under this chapter in the first year for which a depreciation deduction is allowed for the equipment. The credit allowed by this subdivision shall not exceed so much of the liability for tax for the taxable year as does not exceed \$50,000 \$75,000. *The credit shall apply only if the equipment meets rules prescribed by the Minnesota pollution control agency and is in-*

*stalled or operated in accordance with a permit or order issued by the agency.*

(b) If the amount of the credit determined under (a) for any taxable year for which a depreciation deduction is allowed exceeds the limitation provided by (a) for such taxable year (hereinafter in this subdivision referred to as the "unused credit year"), such excess shall be,

~~(1) a credit carryback to each of the three taxable years preceding the unused credit year; and~~

~~(2) a credit carryover to each of the seven four taxable years following the unused credit year.~~

The entire amount of the unused credit for an unused credit year shall be carried to the earliest of the ~~ten four~~ taxable years to which ~~(by reason of (1) and (2))~~ such credit may be carried and then to each of the other ~~nine three~~ taxable years; provided, however, the maximum credit allowable in any one taxable year under this subdivision (including the credit allowable under (a) and the ~~carryback or carryforward~~ allowable under this paragraph) shall in no event exceed \$50,000 ~~\$75,000~~.

(c) This subdivision shall apply to property acquired in taxable years beginning on or after January 1, ~~1969~~ 1977.

Sec. 3. Minnesota Statutes 1978, Section 290.06, Subdivision 9a, is amended to read:

Subd. 9a. [FEEDLOT POLLUTION CONTROL EQUIPMENT.] A credit of 10 percent of the net cost of pollution control and abatement equipment, including but not limited to, lagoons, concrete storage pits, slurry handling equipment, and other equipment and devices approved by the pollution control agency, purchased, installed and operated within the state by a feedlot operator to prevent pollution of air, land, or water in connection with the operation of a livestock feedlot, poultry lot or other animal lot, may be deducted from the tax due under this chapter in the taxable year in which such equipment is purchased; provided that no deduction shall be taken for any portion of the cost of the same equipment pursuant to subdivision 9. ~~The credit provided for in subdivision 9 shall terminate on December 31, 1976. The credit provided for in this subdivision shall terminate on December 31, 1980; except any amounts that are carried forward to a subsequent year may be taken as a credit in such subsequent years.~~

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



Sec. 4. Minnesota Statutes 1978, Chapter 298, is amended by adding a section to read:

[298.028] [POLLUTION CONTROL TAX CREDIT.] *Subdivision 1. A credit of five percent of the net cost of equipment used primarily to abate or control pollutants to meet or exceed state laws, rules or standards to the extent the property is so used may be deducted from the tax imposed by section 298.01 in the first year in which the equipment is installed.*

*The credit allowed by this subdivision shall not exceed so much of the liability for tax for the taxable year as does not exceed \$75,000. The credit shall apply only if the equipment meets rules prescribed by the Minnesota pollution control agency and is installed or operated in accordance with a permit or order issued by the agency.*

*Subd. 2. If the amount of the credit determined under subdivision 1 for any taxable year exceeds the limitation provided in subdivision 1 for such taxable year, hereinafter referred to as the "unused credit year", such excess shall be a credit carryover to each of the four taxable years following the unused credit year.*

*The entire amount of the unused credit for an unused credit year shall be carried to the earliest of the four taxable years to which such credit may be carried and then to each of the other three taxable years; provided, however, the maximum credit allowable in any one taxable year under this subdivision, including the credit allowable under subdivision 1 and the carryforward allowable under this paragraph, shall in no event exceed \$75,000.*

Sec. 2. [EFFECTIVE DATE.] *Section 1 is effective for taxable years beginning after December 31, 1979. Sections 2 and 3 are effective the day following final enactment. Section 4 is effective for property acquired in a taxable year beginning after December 31, 1978.*

## ARTICLE V: ENERGY CREDIT

Section 1. Minnesota Statutes 1978, Section 290.06, is amended by adding a subdivision to read:

*Subd. 13. [RESIDENTIAL ENERGY CREDIT.] A credit of 20 percent of the first \$10,000 of renewable energy source expenditures, including the expenditures described in clauses (a), (b) and (d) if made by an individual taxpayer on a Minnesota building of six dwelling units or less and expenditures for biomass conversion equipment described in clause (c), may be deducted from the tax due under this chapter for the taxable year in which the expenditures were made. For purposes of this subdivision, the term "building" shall include a condominium or townhouse used by the taxpayer as a residence. 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 building for use as a principal residence or for residential rental purposes; the contractor shall not*

be eligible for the credit given pursuant to this subdivision for that expenditure.

A "renewable energy source expenditure" which qualifies shall include:

(a) Expenditures which qualify for the federal renewable energy credit, pursuant to Section 44C of the Internal Revenue Code of 1954, as amended through December 31, 1978, and any regulations promulgated pursuant thereto;

(b) Expenditures for earth sheltered dwelling units. For purposes of this credit, an "earth sheltered dwelling unit" shall mean a structure which complies with applicable building standards and which is constructed so that:

(1) 80 percent or more of the wall area is covered with a minimum depth of 12 inches of earth; and

(2) 50 percent or more of the wall area is covered with a minimum depth of 12 inches of earth; and

(3) Those portions of the structure not insulated with a minimum of seven feet of earth shall have additional insulation;

(c) Expenditures for biomass conversion equipment which produces ethanol, methane or methanol for use as a liquid fuel which is not offered for sale; and

(d) Expenditures for passive solar energy systems. For purposes of this credit, a "passive solar energy system" is defined to include systems which utilize elements of the building and its operable components to heat or cool a building unit the sun's energy by means of conduction, convection, radiation, or evaporation. A passive system shall include:

(1) Collection aperture, including glazing installed in south facing walls and roofs; and

(2) Storage element, including thermal mass in the form of water, masonry, rock, concrete, or other mediums which is designed to store heat collected from solar radiation.

A passive system may include:

(1) Control and distribution element, including fans, louvers, and air ducts; and/or

(2) Retention element, including movable insulation used to minimize heat loss caused by nocturnal radiation through areas used for direct solar heat gain during daylight hours.

Eligible passive expenditures shall be for equipment, materials or devices that are an integral part of the components listed above and essential to the functioning of a passive design which qualifies pursuant to rules promulgated by the commissioner of revenue in cooperation with the director of the energy agency. Expenditures for equipment, materials, or devices which are a part of the normal heating, cooling, or insulation system of a building are not eligible for the credit.

*If a credit was allowed to a taxpayer under this subdivision for any prior taxable year, the dollar amount of the maximum expenditure for which a taxpayer may qualify for a credit under this subdivision in subsequent years shall be \$10,000 reduced by the amount of expenditures which a credit was claimed pursuant to this subdivision in prior years.*

*The credit provided in this subdivision shall not be allowed in a taxable year if the amount of the credit would be less than \$10.*

*If the credit allowable under this subdivision exceeds the amount of tax due in a taxable year, the excess credit shall not be refunded but may be carried forward to the succeeding taxable year and added to the credit allowable for that year. No amount may be carried forward to a taxable year beginning after December 31, 1984.*

*A shareholder in a family farm corporation and each partner in a partnership operating a family farm shall be eligible for the credit provided by this subdivision in the same manner and to the same extent allowed a joint owner of property under clause (a). "Family farm corporation" and "family farm" have the meanings given in section 500.24.*

*The credit provided in this subdivision is subject to the provisions of section 44C, (c) (7), (d) (1) to (3), and (e), of the Internal Revenue Code of 1954, as amended through December 31, 1978, and any regulations promulgated pursuant thereto.*

**Sec. 2. [RULES.]** *The commissioner of revenue in cooperation with the director of the energy agency shall promulgate rules establishing additional qualifications and definitions for the credits provided in clauses (a) to (d).*

**Sec. 3. [EFFECTIVE DATE.]** *This article is effective for expenditures made during taxable years beginning after December 31, 1978 and before January 1, 1983.*

## ARTICLE VI: LOCAL AIDS

**Section 1.** *Minnesota Statutes 1978, Section 477A.01, Subdivision 1, is amended to read:*

**477A.01 [LOCAL GOVERNMENT AID.] Subdivision 1.** *The state shall distribute \$52 make available for distribution \$64 for each person residing in the territory comprising each county state for the calendar year 1978 1980 and \$50 \$70 for calendar year 1979 1981 to the several taxing authorities, except school districts, with authority to impose taxes on property located in the county's territory state. For purposes of this subdivision the number of persons residing in a county the state shall be the 1970 federal census population. For the purposes of subdivisions 1, 3, 4, 4a, and 4b, the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, excluding the city of New Prague, and Washington shall be considered a single county. That portion of the city of New Prague which is in Scott county shall be treated as if it is in LeSueur county.*

Sec. 2. Minnesota Statutes 1978, Section 477A.01, Subdivision 2, is amended to read:

Subd. 2. Every county government except that of a county containing a city of the first class shall receive a distribution equal to the distribution it was entitled to receive in the preceding year pursuant to Minnesota Statutes 1974, Section 477A.01 *plus an additional aid payment as follows: for 1980, the sum of \$1 for each person residing in the county according to the 1970 federal census and, for 1981, the sum of \$2 for each person residing in the county according to the 1970 federal census. The amount necessary to make the payments to the counties in excess of the amount of their 1979 local government aid payments shall be appropriated in addition to the amount required to be appropriated pursuant to subdivision 1.*

Sec. 3. Minnesota Statutes 1978, Section 477A.01, Subdivision 4, is amended to read:

Subd. 4. (a) The balance of the distributions in ~~1978~~ 1980 pursuant to subdivision 1, shall be divided among the several cities and towns in the county's territory in the proportion that the product of

the city or town's 1970 federal census population or the average of the city's or town's 1970 federal census population and its current population as determined under the provisions of section 275.53, whichever is greater, times

(a) In the case of a city or town outside the metropolitan area as defined in section 473.121, subdivision 2, or a city other than a city of the first class or town inside the metropolitan area, the sum of its average city or town mill rate for the three immediately preceding years divided by three; or

(b) In the case of a first class city located within the metropolitan area, the sum of (i) 60 percent of the dollar amount of its levy limitation and its special levies plus (ii) 40 percent of the dollar amount of its actual levy, divided by its taxable value adjusted for the contributions and distribution required by chapter 473F, for each of the three immediately preceding years divided by three, times

its city or town 1976 aggregate sales ratio as determined by the commissioner of revenue bears to the sum of the product of that calculation for all cities and towns in the territory, state as provided herein:

(1) Funds shall be distributed to all cities and towns which are not subject to the levy limitation imposed pursuant to sections 275.50 to 275.56, with the distribution to be based on the average equalized mill rate of each city or town. For purposes of this clause, "average equalized mill rate" shall be defined as the sum of the 1979 mill rate of the city or town plus its 1978 mill rate plus its 1977 mill rate, multiplied by its 1978 aggregate sales ratio as determined by the commissioner of revenue, divided by three.

*If the average equalized mill rate of the city or town is 10 or less, the city or town will receive a distribution equal to that which it received pursuant to Minnesota Statutes 1978, Section 477A.01 for 1979, plus, in the case of a city, the sum of \$1 multiplied by its population as determined under section 275.53.*

*If the average equalized mill rate of the city or town is greater than 10 but less than or equal to 20, the city or town will receive a distribution equal to that which it received pursuant to Minnesota Statutes 1978, Section 477A.01 for 1979, plus the sum of \$3 multiplied by its population as determined under section 275.53.*

*If the average equalized mill rate of the city or town is greater than 20, the city or town will receive a distribution equal to that which it received pursuant to Minnesota Statutes 1978, Section 477A.01, for 1979, plus the sum of \$5 multiplied by its population as determined under section 275.53.*

*(2) Funds shall be distributed to the city of Minneapolis in an amount equal to the amount distributed to that city for 1979 pursuant to Minnesota Statutes 1978, Section 477A.01.*

*(3) The funds remaining after distribution has been made pursuant to paragraphs (1) and (2) shall be distributed according to the provisions of this paragraph among the cities and towns, other than the city of Minneapolis, which are subject to the levy limitations imposed pursuant to sections 275.50 to 275.56.*

*(i) For purposes of the 1980 distribution, the "local revenue base" of a city or town shall be the sum of its levy limitation for taxes levied in 1978 plus the amount of the distribution it received for 1979 pursuant to Minnesota Statutes 1978, Section 477A.01, except that the "local revenue base" of a city of the first class located within the metropolitan area defined in section 473.121, subdivision 2 shall be the sum of its levy limitation for taxes levied in 1978, multiplied by .85, plus the amount of the distribution it received for 1979 pursuant to Minnesota Statutes 1978, Section 477A.01.*

*(ii) A preliminary state aid factor shall be established for each city and town by subtracting from the local revenue base, an amount equal to ten mills multiplied by the 1979 taxable valuation of the city or town, adjusted for the contributions and distributions required by chapter 473F in the case of a city or town located within the metropolitan area and less the captured value in any tax increment district, divided by its 1978 aggregate sales ratio as determined by the commissioner of revenue.*

*(iii) A final state aid factor shall be established for each city and town by adjusting the preliminary state aid factor to comply with the following restrictions:*

*The final state aid factor for a city or town shall be an amount which is equal to or greater than an amount computed pursuant to the following:*

If the average equalized mill rate of the city or town is 10 or less, the final state aid factor of the city or town shall be at least equal to the amount which the city or town received pursuant to Minnesota Statutes 1978, Section 477A.01 for 1979, plus the sum of \$1 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 10 but less than or equal to 20, the final state aid factor of the city or town will be at least equal to the amount which the city or town received pursuant to Minnesota Statutes 1978, Section 477A.01 for 1979, plus the sum of \$3 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 20, the final state aid factor of the city or town will be at least equal to the amount which the city or town received pursuant to Minnesota Statutes 1978, Section 477A.01, for 1979, plus the sum of \$5 multiplied by its population as determined under section 275.53.

The final state aid factor for any city or town shall not exceed the previous year's distribution under Minnesota Statutes 1978, Section 477A.01 by more than the following percent: if a city received more than \$100 per capita in 1979 pursuant to Minnesota Statutes 1978, Section 477A.01, using the population determined pursuant to Minnesota Statutes 1978, Section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than or equal to \$50 per capita, 20 percent.

(iv) The amount of the distribution for which a city or a town is eligible under this paragraph shall be determined as follows: For each city or town, its final state aid factor increase shall be the difference between its final state aid factor determined pursuant to this paragraph and the amount of distribution which it received for 1979 pursuant to Minnesota Statutes 1978, Section 477A.01. The final state aid factor increase of each city or town shall be divided by the sum of the final state aid factor increases for all cities and towns receiving distributions under this paragraph; that quotient shall be multiplied by the amount of the increase in funds available for distribution under this paragraph over the sum of the amounts distributed to those cities and towns for 1979 pursuant to Minnesota Statutes 1978, Section 477A.01. That product, plus the distribution the city or town received pursuant to Minnesota Statutes 1978, Section 477A.01 for 1979, shall equal the distribution to be distributed to the city or town for 1980.

(v) The final distribution made to each city or town pursuant to this paragraph shall be in an amount which is at least equal to the distribution received by that city or town for 1979 pursuant to Minnesota Statutes 1978, Section 477A.01, but which does not exceed the amount of the city's or town's 1979 distribution by more than the following percent: if a city received more than

\$100 per capita in 1979 pursuant to Minnesota Statutes 1978, Section 477A.01, using the population determined pursuant to Minnesota Statutes 1978, Section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than or equal to \$50 per capita, 20 percent.

(vi) If the amount distributed to a city or town by paragraph (iv) is limited by paragraph (v) the distribution to other cities and towns that receive aid under paragraph (3) shall be proportionately increased as necessary to absorb the difference. In no event shall a city's or town's distribution exceed the city's or town's 1979 distribution by more than the following percent: if a city received more than \$100 per capita in 1979 pursuant to Minnesota Statutes 1978, Section 477A.01, using the population determined pursuant to Minnesota Statutes 1978, Section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than or equal to \$50 per capita, 20 percent.

(b) The balance of the distributions in 1979 1981 pursuant to subdivision 1 shall be divided among the several cities and towns in the county's territory in the proportion that the product of

the city or town's 1970 federal census population or the average of the city's or town's 1970 federal census population and its current population as determined under the provisions of section 275.53, whichever is greater; times

(a) In the case of a city or town outside the metropolitan area as defined in section 473.121, subdivision 2, or a city other than a city of the first class or town inside the metropolitan area, the sum of its average city or town mill rate for the three immediately preceding years divided by three; or

(b) In the case of a first class city located within the metropolitan area, the sum of (i) 60 percent of the dollar amount of its levy limitation and its special levies plus (ii) 40 percent of the dollar amount of its actual levy, divided by its taxable value adjusted for the contributions and distribution required by chapter 473F, for each of the three immediately preceding years divided by three, times

its city or town 1977 aggregate sales ratio as determined by the commissioner of revenue bears to the sum of the product of that calculation for all cities and towns in the territory, state as provided herein:

(1) Funds shall be distributed to all cities and towns which are not subject to the levy limitations imposed pursuant to sections 275.50 to 275.56, with the distributions to be based on the average equalized mill rate of each city or town. For purposes of this clause,

*"average equalized mill rate" shall be defined as the sum of the 1980 mill rate of the city or town plus its 1979 mill rate plus its 1978 mill rate, multiplied by its 1979 aggregate sales ratio as determined by the commissioner of revenue, divided by three.*

*If the average equalized mill rate of the city or town is 10 or less, the city or town will receive a distribution equal to that which it received pursuant to clause (a) for 1980, plus, in the case of a city, the sum of \$1 multiplied by its population as determined under section 275.53.*

*If the average equalized mill rate of the city or town is greater than 10 but less than or equal to 20, the city or town will receive a distribution equal to that which it received pursuant to clause (a) for 1980, plus the sum of \$4 multiplied by its population as determined under section 275.53.*

*If the average equalized mill rate of the city or town is greater than 20, the city or town will receive a distribution equal to that which it received pursuant to clause (a), for 1980, plus the sum of \$6 multiplied by its population as determined under section 275.53.*

*(2) The funds remaining after distribution has been made pursuant to paragraph (1) shall be distributed according to the provisions of this paragraph among the cities and towns which are subject to the levy limitations imposed pursuant to sections 275.50 to 275.56.*

*(i) For purposes of the 1981 distribution, the "local revenue base" of a city or town shall be its local revenue base computed according to clause (a) paragraph (3) for purposes of the 1980 distribution, provided that, in the case of a city which received its 1980 aid distribution pursuant to clause (a), paragraph (2), a local revenue base shall be computed for it according to the provisions of clause (a), paragraph (3); these revenue bases shall be increased as follows:*

*The 1980 local revenue base will be multiplied by the percentage of increase from June, 1979, to June, 1980 in the revised consumer price index for all urban consumers for the Minneapolis-St. Paul metropolitan area prepared by the United States department of labor with 1967 as a base year. The product of that computation will be added to the 1980 local revenue base. The inflation-adjusted base shall also be increased by the percentage increase in the population of the city or town during the preceding year as determined according to section 275.53. After adjustment for population increase the inflation-adjusted local revenue base of each city and town shall also be increased by (1) the amount of its special levies levied in 1979 to pay the costs of principal and interest on bonded indebtedness incurred in 1979 or thereafter for the purpose of providing capital replacement for streets, curbs, gutters, storm sewers and bridges plus (2) any adjustments made to the levy limit base of the city or town pursuant to Article II, section 24 for purposes of refuse collection and street maintenance; and (3)*



any adjustments made to the levy limit base of the city or town pursuant to section 275.52, subdivision 4, clause (d).

(ii) A preliminary state aid factor shall be established for each city and town by subtracting from the local revenue base, ten mills multiplied by the 1980 taxable valuation of the city or town adjusted for the contributions and distributions required by chapter 473F if applicable and less the captured value in any tax increment financing district divided by its 1979 sales ratio as determined by the commissioner of revenue.

(iii) A final state aid factor shall be established for each city and town by adjusting the preliminary state aid factor to comply with the following restrictions:

The final state aid factor for a city or town shall be an amount which is equal to or greater than an amount computed pursuant to the following:

If the average equalized mill rate of the city or town is 10 or less, the final state aid factor of the city or town shall be at least equal to the amount which the city or town received pursuant to clause (a) for 1980, plus the sum of \$1 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 10 but less than or equal to 20, the final state aid factor for the city or town shall be at least equal to the amount which the city or town received pursuant to clause (a) for 1980, plus the sum of \$4 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 20, the final state aid factor for the city or town shall be at least equal to the amount which the city or town received pursuant to clause (a) for 1980, plus the sum of \$6 multiplied by its population as determined under section 275.53.

The final state aid factor for any city or town shall not exceed the previous year's distribution under section 477A.01 by more than the following percent: if a city received more than \$100 per capita in 1980 pursuant to clause (a) of this subdivision using the population determined pursuant to section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than or equal to \$50 per capita, 20 percent.

(iv) The amount of the distribution for which a city or town is eligible under this paragraph shall be determined as follows: For each city or town, its final state aid factor increase shall be the difference between its final state aid factor determined pursuant to this paragraph and the amount of distribution which it received pursuant to clause (a). The final state aid factor increase of each city or town shall be divided by the sum of the final state aid factor increases for all cities and towns receiving distributions under this paragraph; that quotient shall be multiplied by the

*amount of the increase in funds available for distribution under this paragraph over the amount distributed under clause (a), paragraphs (2) and (3). That product, plus the distribution the city or town received pursuant to clause (a), shall equal the distribution to be distributed to the city or town for 1981.*

*(v) The final distribution made to each city or town pursuant to this paragraph shall be in an amount which is at least equal to the distribution received by that city or town for 1980 pursuant to clause (a), but which does not exceed the amount of the city's or town's 1980 distribution by more than the following percent: if a city received more than \$100 per capita in 1980 pursuant to clause (a) of this subdivision using the population determined pursuant to section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than or equal to \$50 per capita, 20 percent:*

*(vi) If the amounts distributed to a city or town by paragraph (iv) is limited by paragraph (v) the distribution to other cities and towns who receive aid under paragraph (2) shall be proportionately increased as necessary to absorb the difference. In no event shall a city's or town's distribution exceed the city's or town's 1980 distribution by more than the following percent: if a city received more than \$100 per capita in 1980 pursuant to clause (a) of this subdivision using the population determined pursuant to section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than or equal to \$50 per capita, 20 percent.*

Sec. 4. Minnesota Statutes 1978, Section 477A.03, is amended to read:

477A.03 [APPROPRIATION.] A sum sufficient to discharge the duties imposed by section 477A.01, subdivisions 1, 2 and 4e is annually appropriated from the general fund to the commissioner of revenue.

Sec. 5. Minnesota Statutes 1978, Section 353.01, Subdivision 2a, is amended to read:

Subd. 2a. [INCLUDED EMPLOYEES.] The following persons are included in the meaning of "public employee":

(a) Elected or appointed officers and employees of elected officers.

(b) District court reporters.

(c) Officers and employees of the public employees retirement association.

(d) Employees of the League of Minnesota Cities.

(e) Officers and employees of public hospitals, owned or operated by or an integral part of, any governmental subdivision or governmental subdivisions.

(f) Employees of a school district who receive separate salaries for driving their own buses.

(g) Employees of the Association of Minnesota Counties.

(h) Employees of the Metropolitan Inter-County Council.

(i) Employees of the Minnesota Municipal Utilities Association.

(j) *Elected or appointed officers and employees of the city of Minneapolis, or any of the boards, departments or commissions operated as a department of the city of Minneapolis or independently if financed in whole or in part by funds of the city of Minneapolis, if the officer's assumption of the position or the employee's employment initially commences on or after the effective date of this section.*

(k) *Employees of the metropolitan airports commission if employment initially commences on or after the effective date of this section.*

(l) *Employees of the Minneapolis municipal employees retirement fund, if employment initially commences on or after the effective date of this section.*

(m) *Employees of special school district number 1 who are not members of the Minneapolis teachers retirement fund association if employment initially commences on or after the effective date of this section.*

Sec. 6. Minnesota Statutes 1978, Chapter 353, is amended by adding a section to read:

[353.023] [TRANSFER OF PENSION COVERAGE OF MINNEAPOLIS MUNICIPAL EMPLOYEES RETIREMENT FUND COORDINATED PROGRAM.] *Notwithstanding any provisions of law to the contrary, as of the effective date of this section, all active members of the coordinated program of the Minneapolis municipal employees retirement fund established pursuant to Minnesota Statutes 1978, Sections 422A.30 to 422A.39, shall cease to be members of the program of that fund and shall cease to have any accrual of service credit, rights, or benefits under the benefit plan of that program. From and after the effective date of this section, all active members of the coordinated program will have their retirement coverage transferred to the coordinated program of the public employees retirement association. The accrued liability for retirement coverage of these members to date shall be transferred to the coordinated program of the public employees retirement association and shall no longer be the liability of the Minneapolis municipal employees retirement fund. Within 30 days of the effective date of this section, the board of trustees of the Minneapolis municipal employees retirement fund shall transfer the entire assets attributable to the coordinated program of the Minneapolis municipal employees retirement fund to the coordinated program of the public employees retirement association. The assets transferred shall be an amount equal in value to the amount of*

*employee contributions made by coordinated program members since July 1, 1978, the amount of employer matching contributions made by an employing unit on behalf of a coordinated program member since July 1, 1978, an amount equal to the employer additional contribution for the members of the coordinated program, and an amount equal to the investment income earned by the fund on the invested assets of the program since July 1, 1978. The assets transferred to the public employees retirement fund shall only include securities which are proper investments pursuant to section 11.16. Within 30 days of the effective date of this section, the board of trustees and the actuary of the Minneapolis municipal employees retirement fund shall transfer to the public employees retirement association original copies of all records and documents which are in their possession relating to the coordinated program of the Minneapolis municipal employees retirement fund and any of its members and shall provide from time to time whatever additional relevant information which the board of trustees of the public employees retirement association may request. Upon the transfer of the assets, liabilities and records of the coordinated program of the Minneapolis municipal employees retirement fund to the coordinated program of the public employees retirement association, the coordinated program of the Minneapolis municipal employees retirement fund shall terminate and shall cease to exist.*

Sec. 7. Minnesota Statutes 1978, Chapter 355, is amended by adding a section to read:

[355.311] [SECOND SOCIAL SECURITY REFERENDUM.] *Subdivision 1. [ELECTION OF SOCIAL SECURITY COVERAGE.] Any member of the basic program of the Minneapolis municipal employees retirement fund shall be entitled to elect social security coverage retroactive to July 1, 1978 in a second social security referendum. Any member who so elects shall become a member of the coordinated program of the public employees retirement association and sufficient assets shall be transferred by the board of trustees of the Minneapolis municipal employees retirement fund to the coordinated program of the public employees retirement association pursuant to section 6.*

*Subd. 2. [PAYMENT OF RETROACTIVE SOCIAL SECURITY EMPLOYEE AND EMPLOYER TAXES.] Effective retroactively with respect to any employment after the date of retroactive coverage by municipal employees who are employed on the date of the agreement or modification of the agreement with the secretary of health, education and welfare, the executive secretary of the Minneapolis municipal employees retirement fund shall cause to be paid out of the fund an amount for each municipal employee retroactively included equal to the employee and employer taxes which would have been imposed by the federal insurance contribution act if the service by the employee constituted employment within the meaning of that act. This payment shall be computed from the date of retroactive coverage to the date that deductions are first taken from the wages of each municipal employee pursuant to section 355.309. Amounts paid to meet the required employee contribution shall first be deducted from the*

*accumulated deductions of the municipal employee and then from the remaining assets of the fund.*

**Subd. 3. [APPROPRIATION.]** *The amounts required by this section are hereby appropriated from the Minneapolis municipal employees retirement fund and the executive secretary of the fund is authorized to make any necessary disbursements and transfers. The amounts so required shall be paid to the contribution fund provided for in the enabling act.*

**Subd. 4. [BALANCES DUE AFTER PAYMENT OF RETROACTIVE SOCIAL SECURITY EMPLOYEE AND EMPLOYER TAXES.]** *Any municipal employee who elects social security coverage from and after January 1, 1979 and thereby transfers from the basic program of the Minneapolis municipal employees fund to the coordinated program of the Minneapolis municipal employees fund and from whose account retroactive social security employee taxes are paid by the board of the Minneapolis municipal employees fund shall be required to reimburse the fund in an amount equal to the difference between employee contributions at the rate of eight percent of his total salary for the period of retroactive social security coverage and the aggregate of four percent of his total salary for the period of retroactive social security coverage plus the rate of retroactive social security employee taxes paid on the salary of the municipal employee restricted to the earnings limitations imposed by the federal insurance contribution act covering service as a municipal employee rendered from and after July 1, 1978. In the event that a municipal employee does not reimburse the Minneapolis municipal employees retirement fund within 30 days following notification by the executive secretary of the amount of reimbursement which is due, interest at the rate of six percent per annum compounded annually from the date the amount was first payable following notification until the date payment is made shall accrue. The city or the public corporation which employs a municipal employee electing social security coverage from and after January 1, 1979 for service on which retroactive social security employer taxes are paid from the Minneapolis municipal employees retirement fund shall reimburse the fund in an amount equal to the reimbursement amount payable by the municipal employee. The employer reimbursement may be paid from the proceeds of a tax levy made for this purpose or from any other funds available to the employer.*

**Sec. 8. Minnesota Statutes 1978, Section 422A.10, Subdivision 1, is amended to read:**

**422A.10 [SALARY DEDUCTIONS.]** **Subdivision 1.** *There shall be deducted and withheld from the basic salary, pay or compensation of each employee in the contributing class, prior to January 1, 1980 an amount equal to 7¼ percent, after December 31, 1979 but prior to January 1, 1981 an amount equal to 8¼ percent and after December 31, 1980 an amount equal to 9¼ percent of such salary, pay or compensation, except as hereinafter provided. The retirement board may increase the percentage rate of contribution to the retirement fund of any employee or employees for the pur-*

pose of establishing and maintaining on an actuarial basis a plan of insurance, survivors' benefits, or other type of benefit or benefits, the cost of which shall be paid out of such extra percentage so authorized and deducted from the employee's compensation, except as hereinafter provided. Any plan or plans so established and placed in operation may be amended from time to time, or may be abandoned, but if abandoned, any surplus remaining from the operation of a plan shall be the property of the fund, and shall be credited to the reserve for loss in investment account.

Sec. 9. Minnesota Statutes 1978, Chapter 422A, is amended by adding a section to read:

**[422A.101] [EMPLOYER CONTRIBUTIONS.]** *Subdivision 1. [CITY CONTRIBUTIONS.] Prior to August 31 of each year, the retirement board shall prepare an itemized statement of the financial requirements of the fund payable by the city for the succeeding fiscal year, and a copy of the statement shall be submitted to the board of estimate and taxation and to the city council by September 15. The financial requirements of the fund payable by the city shall be calculated as follows:*

*(a) a regular employer contribution of an amount equal to the percentage rounded to the nearest two decimal places of the salaries and wages of all employees covered by the basic program of the retirement fund which equals the difference between the level normal cost plus administrative cost and the employee contributions provided for in section 422A.10 less any amounts contributed toward the payment of the balance of the normal cost not paid by employee contributions by any city owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than real estate taxes, any public corporation, any employing unit of metropolitan government, or by special school district number 1 pursuant to section 422A.081;*

*(b) an additional employer contribution of an amount equal to the percent, provided in section 353.27, subdivision 3a, clause (a), multiplied by the salaries and wages of all employees covered by the basic program of the retirement fund less any amounts contributed toward amortization of the unfunded accrued liability by the year 2017 attributable to their respective covered employees by any city owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than real estate taxes, any public corporation, any employing unit of metropolitan government, or by special school district number 1 pursuant to section 422A.081; and*

*(c) a proportional share of an additional employer amortization contribution of an amount equal to \$3,900,000 annually until the year 2017 based upon the share of the Minneapolis municipal employees retirement fund's unfunded liability attributed to the city.*

*Subd. 2. Contributions by or for any city owned public utility, improvement project and other municipal activities supported in*

*whole or in part by revenues other than real estate taxes, any public corporation, any employing unit of metropolitan government or by special school district number 1, shall be calculated as follows:*

*(a) a regular employer contribution of an amount equal to the percentage rounded to the nearest two decimal places of the salaries and wages of all employees covered by the basic program of the retirement fund which equals the difference between the level normal cost plus administrative cost and the employee contributions provided for in section 422A.10;*

*(b) an additional employer contribution of an amount equal to the percent, provided in section 353.27, subdivision 3c, clause (a), multiplied by the salaries and wages of all employees covered by the basic program of the retirement fund;*

*(c) a proportional share of an additional employer amortization contribution of an amount equal to \$3,900,000 annually until the year 2017 based upon the share of the Minneapolis municipal employees retirement fund's unfunded liability attributed to the employer.*

*Subd. 3. [STATE CONTRIBUTIONS.] There is appropriated from the general fund of the state to the Minneapolis municipal employees retirement fund annually an amount equal to the financial requirements of the basic program of the Minneapolis municipal employees retirement fund reported by the actuary in the actuarial valuation of the fund prepared pursuant to section 356.215 for the most recent year but based on a target date for full amortization of the unfunded liabilities by the year 2017 less the amount of employee contributions made pursuant to section 422A.10, and the amount of employer contributions made pursuant to subdivision 1, clauses (a), (b) and (c), and subdivision 2, clauses (a), (b) and (c). Payments made pursuant to this subdivision shall be made at the same time and in the same manner as for payments made pursuant to section 477A.01, subdivision 4b.*

*Sec. 10. Minnesota Statutes 1978, Chapter 422A, is amended by adding a section to read:*

*[422A.26] [COVERAGE BY THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION.] Notwithstanding section 422A.09, or any other law to the contrary, any person whose employment by, or assumption of a position as an appointed or elected officer of, the city of Minneapolis, any of the boards, departments, or commissions operated as a department of the city of Minneapolis or independently if financed in whole or in part by funds of the city of Minneapolis, the metropolitan airports commission, the Minneapolis municipal employees retirement fund, or special school district number 1 if the person is not a member of the Minneapolis teachers retirement fund association by virtue of that employment or position, initially commences on or after the effective date of this section shall be a member of the public employees retirement association unless excluded from membership pursuant to section*

353.01, subdivision 2b. In no event shall there be any new members of the contributing class of the Minneapolis municipal employees fund in either the basic program or the coordinated program on or after the effective date of this section.

Sec. 11. [REPEALER.] Minnesota Statutes 1978, Section 477A.01, Subdivisions 3 and 4a are repealed.

## ARTICLE VII: RAILROADS

Section 1. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.801] [DEFINITIONS.] Subdivision 1. The following words and phrases when used in sections 1 to 13, unless the context clearly indicates otherwise, shall have the meanings ascribed to them in this section.

Subd. 2. "Railroad company" means any company which as a common carrier operates a railroad or a line or lines of railway situated within or partly within Minnesota.

Subd. 3. "Operating property" means all property owned or used by a railroad company in the performance of railroad transportation services, including without limitation franchises, rights-of-way, bridges, trestles, shops, docks, wharves, buildings and structures.

Subd. 4. "Nonoperating property" means and includes all property other than property defined in subdivision 3. Nonoperating property shall include real property which is leased or rented or available for lease or rent to any person which is not a railroad company. Vacant land shall be presumed to be available for lease or rent if it has not been used as operating property for a period of one year preceding the valuation date. Nonoperating property also includes land which is not necessary and integral to the performance of railroad transportation services and which is not used on a regular and continual basis in the performance of these services.

Subd. 5. "Commissioner" means the commissioner of revenue.

Sec. 2. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.81] [TAXATION AND ASSESSMENT OF RAILROAD COMPANY PROPERTY.] Subdivision 1. The operating property of every railroad company doing business in Minnesota shall be valued by the commissioner in the manner prescribed by sections 1 to 13.

Subd. 2. The nonoperating property of every railroad company doing business in Minnesota shall be assessed as otherwise provided by law.

Subd. 3. The commissioner shall have exclusive primary jurisdiction to determine what is operating property and what is nonoperating property. In making such determination, the commissioner



shall solicit information and opinions from outside his department and afford all interested persons an opportunity to submit data or views on the subject in writing or orally. Local assessors may submit written requests to the commissioner, asking that he determine the nature of specific property owned by a railroad and located within their assessing jurisdiction. Any determination made by the commissioner may be appealed by the assessor to the tax court pursuant to Minnesota Statutes, Chapter 271.

*Subd. 4. In no event shall property owned or used by a railroad, whether operating property or nonoperating property, be subject to tax hereunder unless such property is of a character which would otherwise be subject to tax under the provisions of Minnesota Statutes, Chapter 272.*

*Subd. 5. Prior to the promulgation of permanent rules the commissioner may exercise temporary rule-making authority as provided in section 15.0412, subdivision 5, to implement the provisions of this act. The commissioner shall solicit information and opinions from outside his department as provided in section 15.0412, subdivision 6, before adopting these rules. Notwithstanding the provisions of section 15.0412, subdivision 5, rules adopted pursuant to this section shall be effective until permanent rules are adopted pursuant to chapter 15 or until May 1, 1980, whichever occurs first.*

Sec. 3. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

**[270.82] [REPORTS OF RAILROAD COMPANIES.]** *Subdivision 1. Every railroad company doing business in Minnesota shall annually file with the commissioner on or before April 30 a report under oath setting forth the information prescribed by the commissioner to enable him to make the valuation and equalization required by sections 1 to 13.*

*Subd. 2. The commissioner for good cause may extend the time for filing the report required by subdivision 1.*

Sec. 4. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

**[270.83] [EXAMINATIONS AND INVESTIGATIONS.]** *Subdivision 1. The commissioner shall have the power to examine or cause to be examined any books, papers, records, or memoranda relevant to the determination of the valuation of operating property as herein provided. The commissioner shall have the further power to require the attendance of any person having knowledge or information in the premises, to compel the production of books, papers, records, or memoranda by persons so required to attend, to take testimony on matters material to such determination and administer oaths or affirmations.*

*Subd. 2. For the purpose of making such examinations, the commissioner may appoint such persons as he may deem necessary. Such persons shall have the rights and powers of the examining of books, papers, records or memoranda, and of subpoenaing wit-*

nesses, administering oaths and affirmations, and taking of testimony, which are conferred upon the commissioner hereby. The clerk of any court of record, upon demand of any such person, shall issue a subpoena for the attendance of any witness or the production of any books, papers, records, or memoranda before such person. The commissioner may also issue subpoenas for the appearance of witnesses before him or before such persons. Disobedience of subpoenas so issued shall be punished by the district court of the district in which the subpoena is issued for a contempt of the district court.

Subd. 3. If any railroad company shall refuse or neglect to make the report required by this section to the commissioner, or shall refuse or neglect to permit an inspection and examination of its property, records, books, accounts or other papers when requested by the commissioner, or shall refuse or neglect to appear before the commissioner or a person appointed under subdivision 2 when required so to do, the commissioner shall make the valuation provided for by sections 1 to 13 against the railroad company according to his best judgment on available information.

Sec. 5. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.84] [ANNUAL VALUATION OF OPERATING PROPERTY.] Subdivision 1. The commissioner shall annually between April 30 and July 31 make a determination of the fair market value of the operating property of every railroad company doing business in this state as of January 2 of the year in which the valuation is made. In determining the fair market value of the portion of operating property within this state, the commissioner shall value the operating property as a unit, taking into consideration the value of the operating property of the entire system, and shall allocate to this state that part thereof which is a fair and reasonable proportion of said entire system valuation. If the commissioner uses original cost as a factor in determining the unit value of operating property, no depreciation or obsolescence allowance shall be permitted. However, if the commissioner uses replacement cost as a factor in determining the unit value of operating property, then a reasonable depreciation and obsolescence allowance may be used.

The commissioner shall give a report to the legislature in February 1980 and in February 1981 on the formula which he has used to determine the unit value of railroad operating property pursuant to this act. This report shall also contain the valuation for payable 1980 and 1981 by company and the taxes payable in 1980 and 1981 by company based upon the valuation of operating property. The legislature may review the formula, the valuation, and the resulting taxes and may make changes in the formula that it deems necessary.

Subd. 2. After the commissioner has determined the fair market value of the operating property of each railroad company, he shall give notice by first class mail to the railroad company of the valuation.

Sec. 6. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.85] [REVIEW OF VALUATION.] *A railroad company may within 15 days of receipt of the notice of valuation file a written request for a conference with the commissioner relating to the value of its operating property. The commissioner shall thereupon designate a time and place for the conference which he shall conduct, upon commissioner's entire files and records and such further information as may be offered. Said conference shall be held no later than 30 days after mailing of the commissioner's valuation notice. At a reasonable time after such conference the commissioner shall make a final determination of the fair market value of the operating property of the railroad company and shall notify the company promptly thereof.*

Sec. 7. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.86] [APPORTIONMENT OF VALUATION.] *Upon determination by the commissioner of the fair market value of the operating property of each railroad company, he shall apportion such value to the respective counties and to the taxing districts therein in conformity with fair and reasonable rules and standards to be established by the commissioner pursuant to notice and hearing, except as provided in section 2. In establishing such rules and standards the commissioner may consider (a) the physical situs of all station houses, depots, docks, wharves, and other buildings and structures with an original cost in excess of \$10,000; (b) the proportion that the length and type of all the tracks used by the railroad in such county and taxing district bears to the length and type of all the track used in the state; and (c) other facts as will result in a fair and equitable apportionment of value.*

Sec. 8. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.87] [CERTIFICATION TO COUNTY ASSESSORS.] *When the commissioner has made his annual determination of the fair market value of the operating property of each company in each of the respective counties, and in the taxing districts therein, he shall certify the fair market value to the county assessor, which shall constitute the fair market value of the operating property of the railroad company in such county and the taxing districts therein upon which taxes shall be levied and collected in the same manner as on the commercial and industrial property of such county and the taxing districts therein.*

Sec. 9. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.88] [PROCEEDINGS AND APPEALS.] *The commissioner's final determination under section 6 and his certification to county assessors under section 8 shall be final orders appealable to the tax court in accordance with chapter 271. Appeals by railroad companies under this act shall be taken against the commissioner and not against the county or taxing district to which payment is*

*made. Upon the filing of any appeal by a railroad company, the commissioner shall give notice thereof by first class mail to each county which would be affected by the appeal.*

Sec. 10. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.89] [APPLICABILITY OF OTHER PROVISIONS.] *Section 297A.25, subdivision 1, clause (1) shall remain applicable to railroad companies subject to this act.*

Sec. 11. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.90] [PAYMENT OF TAXES IN 1980 AND 1981 ONLY.] *For the years 1979 and 1980 only, after the commissioner has determined the market value of the operating property of each company under the provisions of sections 5 and 6, he shall compute the assessed value of the operating property by applying the classification percentage contained in section 273.13, subdivision 9. By March 1, 1980 and 1981, the commissioner shall compute the tax due from each company by applying the average statewide mill rate. The statement of taxes shall be sent to each company on or before April 1, 1980 and 1981, and shall indicate the assessed value of operating property, the mill rate applied in determining the taxes and the total amount of taxes due and payable. That amount shall be compared to the amount of gross earnings tax imposed under section 13 of this act. If the amount paid pursuant to section 13 is less than the amount computed in this section, the additional tax shall be payable to the commissioner and shall be deposited by him in the general fund of the state treasury. The provisions of section 279.01 pertaining to due dates and penalties for late payment of taxes for nonhomestead property shall be applicable to the taxes payable under this section. If the amount paid pursuant to section 13 exceeds the amount computed in this section, the commissioner shall refund the amount of excess within 60 days. The amounts necessary to make the refunds provided in this section are appropriated to the commissioner from the general fund in the state treasury.*

Sec. 12. Minnesota Statutes 1978, Section 272.02, Subdivision 1, is amended to read:

272.02 [EXEMPT PROPERTY.] Subdivision 1. Except as provided in other subdivisions of this section or in section 272.025, all property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds;
- (2) All public schoolhouses;
- (3) All public hospitals;
- (4) All academies, colleges, and universities, and all seminaries of learning;
- (5) All churches, church property, and houses of worship;

(6) Institutions of purely public charity;

(7) All public property exclusively used for any public purpose;

(8) All natural cheese held in storage for aging by the original Minnesota manufacturer;

(9) (a) Class 2 property of every household of the value of \$100, maintained in the principal place of residence of the owner thereof. The county auditor shall deduct such exemption from the total valuation of such property as equalized by the revenue commissioner assessed to such household, and extend the levy of taxes upon the remainder only. The term "household" as used in this section is defined to be a domestic establishment maintained either (1) by two or more persons living together within the same house or place of abode, subsisting in common and constituting a domestic or family relationship, or (2) by one person.

(b) During the period of his active service and for six months after his discharge therefrom, no member of the armed forces of the United States shall lose status of a householder under paragraph (a) which he had immediately prior to becoming a member of the armed forces.

In case there is an assessment against more than one member of a household the \$100 exemption shall be divided among the members assessed in the proportion that the assessed value of the Class 2 property of each bears to the total assessed value of the Class 2 property of all the members assessed. The Class 2 property of each household claimed to be exempt shall be limited to property in one taxing district, except in those cases where a single domestic establishment is maintained in two or more adjoining districts.

Bonds and certificates of indebtedness hereafter issued by the state of Minnesota, or by any county or city of the state, or any town, or any common or independent school district of the state, or any governmental board of the state, or any county or city thereof, shall hereafter be exempt from taxation; provided, that nothing herein contained shall be construed as exempting such bonds from the payment of a tax thereon, as provided for by section 291.01, when any of such bonds constitute, in whole or in part, any inheritance or bequest, taken or received by any person or corporation.

(10) Farm machinery manufactured prior to 1930, which is used only for display purposes as a collectors item;

(11) The taxpayer shall be exempted with respect to, all agricultural products, inventories, stocks of merchandise of all sorts, all materials, parts and supplies, furniture and equipment, manufacturers material, manufactured articles including the inventories of manufacturers, wholesalers, retailers and contractors; and the furnishings of a room or apartment in a hotel, rooming house, tourist court, motel or trailer camp, tools and machinery which by law are considered as personal property, and the property described in section 272.03, subdivision 1 (c), except personal property which is part of an electric generating, transmission, or distribution sys-

tem or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures. *Railroad docks and wharves which are part of the operating property of a railroad company as defined in section 1 are not exempt.*

(12) Containers of a kind customarily in the possession of the consumer during the consumption of commodities, the sale of which are subject to tax under the provisions of the excise tax imposed by Extra Session Laws 1967, Chapter 32;

(13) All livestock, poultry, all horses, mules and other animals used exclusively for agricultural purposes;

(14) All agricultural tools, implements and machinery used by the owners in any agricultural pursuit.

(15) Real and personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used.

Any taxpayer requesting exemption of all or a portion of any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. Any such equipment or device shall meet standards, regulations or criteria prescribed by the Minnesota Pollution Control Agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information or advice to the commissioner. If the commissioner determines that property qualifies for exemption, he shall issue an order exempting such property from taxation. Any such equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota Pollution Control Agency remains in effect.

Sec. 13. Minnesota Statutes 1978, Section 295.02, is amended to read:

295.02 [ANNUAL RETURN.] Every railroad company owning or operating any line of railroad situated within, or partly within, this state shall, annually, pay to the commissioner of revenue, in lieu of all taxes upon all property within this state owned or operated for railway purposes by such company, including equipment, appurtenances, appendages and franchises thereof, a sum of money equal to *five two* percent of the gross earnings derived from the operation of such line of railway within this state.

On or before September first, annually, each such railroad company shall file a true and just return of all such gross earnings for the six months ending June thirtieth, next preceding, and the tax of *five two* percent thereon shall become due and payable to the state of Minnesota, in manner provided by law, on September first.

On or before March first, annually, each such railroad company

shall file a true and just return of all such gross earnings for the six months ending December thirty-first, next preceding, and tax of five *two* percent thereon shall become due and payable to the state of Minnesota, in manner provided by law, on March first. The payments of such sums at the times hereinbefore set forth shall be in full and in lieu of all other taxes upon the property and franchises so taxed.

Such returns shall be filed with the commissioner, in such form as he shall prescribe, and the provisions of chapter 294 and acts amendatory thereto, shall be applicable to such railroad companies and to the returns and the taxes submitted therewith by them.

The lands acquired by public grant shall be and remain exempt from taxation until sold or contracted to be sold or conveyed, as provided in the respective acts whereby such grants were made or recognized.

Sec. 14. Minnesota Statutes 1978, Section 475.53, Subdivision 4, is amended to read:

Subd. 4. [SCHOOL DISTRICTS.] Except as otherwise provided by law, no school district shall be subject to a net debt in excess of ten percent of the actual market value of all taxable property and of exempt property referred to in section 275.49, situated within its corporate limits, as computed in accordance with this subdivision. The county auditor of each county containing taxable real or personal property situated within any school district shall certify to the district upon request the market value of all such property. The county auditor of each county containing exempt property referred to in section 275.49, situated within any school district, shall certify to the district upon request the total market value of all such property as determined under section 275.49. If 20 percent or more in value of the taxable property in any school district consists of property on which taxes are paid into the state treasury under gross earnings tax laws applicable to common carrier railroads. The public service commission commissioner of revenue shall certify to the district upon request the market value of railroad property within the district as most recently determined by the commission under section 270.87 . Whenever the state equalization aid review committee, in accordance with section 124.212, subdivision 10, has determined that the assessed valuation of any district furnished by county auditors is not based upon the market value of taxable property in the district, the commissioner of revenue shall certify to the district upon request the ratio most recently ascertained to exist between such value and the actual market value of property within the district. The actual market value of property within a district, on which its debt limit under this subdivision is based, is (a) the value certified by the county auditors and, where applicable, by the public service commission commissioner of revenue under section 270.87 , or (b) this value divided by the ratio certified by the commissioner of revenue, whichever results in a higher value.

Sec. 15. Minnesota Statutes 1978, Sections 295.01, Subdivisions

2 and 3; 295.02; 295.03; 295.04; 295.05; 295.12; 295.13; and 295.14 are repealed.

Sec. 16. Section 15 shall be effective beginning for taxable years after December 31, 1980. The remainder of this article is effective after December 31, 1978.

#### ARTICLE VIII: PAYMENTS IN LIEU

Section 1. [DEFINITIONS.] Subdivision 1. For the purpose of sections 1 to 5, the terms defined in this section have the meanings given them.

Subd. 2. "Commissioner" means the commissioner of natural resources.

Subd. 3. "Acquired natural resources land" means any land presently administered by the commissioner in which the state acquired by purchase, condemnation, or gift, a fee title interest in lands which were previously privately owned.

Subd. 4. "Other natural resources land" means any other land presently owned in fee title by the state and administered by the commissioner, or any tax-forfeited land, other than platted lots within a city, which is owned by the state and administered by the commissioner or by the county in which it is located.

Sec. 2. There is annually appropriated to the commissioner of natural resources from the general fund for payment to counties within the state an amount equal to \$3 multiplied by the number of acres of acquired natural resources land, 75 cents multiplied by the number of acres of county-administered other natural resources land, and 37.5 cents multiplied by the number of acres of commissioner-administered other natural resources land located in each county as of July 1 of each year. Lands for which payments in lieu are made pursuant to section 97.49, subdivision 7, and Laws 1973, Chapter 567, shall not be eligible for payments under this section. Each county auditor shall certify to the department of natural resources during July of each year the number of acres of county-administered other natural resources land within his county. The department of natural resources may, in addition to the certification of acreage, require descriptive lists of land so certified. The commissioner of natural resources shall determine and certify the number of acres of acquired natural resources land and commissioner-administered natural resources land within each county.

Sec. 3. Payments to the counties shall be made from the general fund during the month of January of the year next following certification. There shall be deducted from amounts paid any amounts paid to a county or township during the preceding year pursuant to sections 84A.51, 89.036, 97.49, subdivision 3, and 272.68, subdivision 3 with respect to the lands certified pursuant to section 2.

Sec. 4. Forty percent of the total payment to the county shall be deposited in the county general revenue fund to be used to pro-



*vide property tax levy reduction. The remainder shall be distributed by the county in the following priority:*

*(a) 37.5 cents for each acre of county-administered other natural resources land shall be deposited in a resource development fund to be created within the county treasury for use in resource development, forest management, game and fish habitat improvement, and recreational development and maintenance of county-administered other natural resources land. Any county receiving less than \$5,000 annually for the resource development fund may elect to deposit that amount in the county general revenue fund;*

*(b) From the funds remaining, each organized township shall receive 30 cents per acre of acquired natural resources land and 7.5 cents per acre of other natural resources land located within its boundaries. Payments for natural resources lands not located in an organized township shall be deposited in the county general revenue fund. Payments to counties and townships pursuant to this paragraph shall be used to provide property tax levy reduction. Provided that, if the total payment to the county pursuant to section 2 is not sufficient to fully fund the distribution provided for in this clause, the amount available shall be distributed to each township and the county general revenue fund on a pro rata basis; and*

*(c) Any remaining funds shall be deposited in the county general revenue fund. Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the excess shall be used to provide property tax levy reduction.*

**Sec. 5. Minnesota Statutes 1978, Section 275.51, Subdivision 3d, is amended to read:**

**Subd. 3d. The property tax levy limitation for governmental subdivisions in 1977 payable in 1978 and subsequent years shall be calculated as follows:**

**(a) The sum of the following amounts shall be computed: (1) the property tax permitted to be levied in 1976 payable 1977 computed pursuant to Minnesota Statutes 1976, Section 275.51, Subdivision 3c, plus**

**(2) the amount of any state aids the governmental subdivision was entitled to receive in calendar year 1977 pursuant to sections 477A.01; 298.26; 298.28, subdivisions 1 and 1a; 298.281, subdivision 1; 298.282; and 294.26, plus**

**(3) the amount levied in 1976 payable 1977 pursuant to Minnesota Statutes 1976, Section 275.50, Subdivision 5, Clauses (a), (c), (d), (e), and (f), except for levies made to pay tort judgments and make settlements of tort claims or to pay the salaries and benefits of municipal and probate court judges, plus**

**(4) the amount levied in 1976 payable 1977 pursuant to Minnesota Statutes 1976, Section 275.50, Subdivision 5, Clause (g) for the administrative costs of public assistance programs or county welfare systems, plus**

(5) one-half of the amount of the special levy authorized under section 275.50, subdivision 5, clause (n) shall be added to the permanent levy limit base of the governmental subdivision in the year following the year in which it has been discontinued as a special levy pursuant to the provisions of section 275.50, subdivision 5, clause (n).

(b) The sum computed in clause (a) shall be increased annually in the manner provided in section 275.52 to derive the levy limit base for successive years.

(c) For taxes levied in 1978 payable 1979 and subsequent years, the levy limit base is the levy limit base which was computed for the immediately preceding year under the provisions of this section increased according to the provisions of section 275.52. Any amount levied in 1976 payable 1977 under the provisions of section 275.50, subdivision 5, clauses (a), (c), (d), (e) or (f) to meet the costs of programs, services or legal requirements which cease to exist in a subsequent year shall be subtracted from the levy limit base in the year in which the programs, services or legal requirements for which the levy was made cease to exist.

(d) The levy limit base shall be reduced by the total amount of state formula aids pursuant to section 477A.01 and taconite taxes and aids pursuant to sections 294.26; 298.26; 298.28, subdivision 1; and 298.282; ; *and the payments in lieu of taxes to a county pursuant to section 2 which are required to be used to provide property tax levy reduction*, to be paid in the calendar year in which property taxes are payable. As provided in section 298.28, subdivision 1, for taxes payable in 1978 and 1979, two cents per taxable ton, and for taxes payable in 1980 and thereafter, one cent per taxable ton of the amount distributed under section 298.28, subdivision 1, clause (4) (c) shall not be deducted from the levy limit base of the counties that receive that aid. The resulting figure is the amount of property taxes which a governmental subdivision may levy for all purposes other than those for which special levies and special assessments are made.

Sec. 6. [EFFECTIVE DATE.] *This article is effective July 1, 1979.*

## ARTICLE IX: SALES TAX

Section 1. Minnesota Statutes 1978, Section 297A.01, Subdivision 3, is amended to read:

Subd. 3. A "sale" and a "purchase" includes, but is not limited to, each of the following transactions:

(a) Any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, and the leasing of or the granting of a license to use or consume tangible personal property, for a consideration in money or by exchange or barter;

(b) The production, fabrication, printing or processing of tangible personal property for a consideration for consumers who

furnish either directly or indirectly the materials used in the production, fabrication, printing or processing;

(c) The furnishing, preparing or serving for a consideration of food, meals or drinks, not including hospitals, sanatoriums, nursing homes or senior citizens homes, meals or drinks purchased for and served exclusively to individuals who are 60 years of age or over and their spouses or to the handicapped and their spouses by governmental agencies, nonprofit organizations, agencies, or churches or pursuant to any program funded in whole or part through 42 USCA sections 3001 through 3045, wherever delivered, prepared or served, meals and lunches served at public and private schools, universities or colleges, or the occasional meal thereof by a charitable or church organization;

(d) The granting of the privilege of admission to places of amusement or athletic events and the privilege of use of amusement devices;

(e) The furnishing for a consideration of lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp and of the granting of any similar license to use real property other than the renting or leasing thereof for a continuous period of 30 days or more;

(f) The furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state, or local exchange telephone service and intrastate toll service except such service provided by means of coin operated telephones; the tax imposed on amounts paid for telephone services is the liability of and shall be paid by the person paying for the services. Sales by municipal corporations in a proprietary capacity are included in the provisions of this clause. *The furnishing of water and sewer services for residential use shall not be considered a sale.*

Sec. 2. [EFFECTIVE DATE.] *This article is effective July 1, 1979 for sales made after June 30, 1979.*

## ARTICLE X: MISCELLANEOUS

Section 1. Minnesota Statutes 1978, Section 93.55, is amended to read:

93.55 [FAILURE TO FILE OR RE-FILE; FORFEITURE AFTER NOTICE AND HEARING; LEASING; RECOVERY OF FAIR MARKET VALUE OF FORFEITED INTEREST.]

*Subdivision 1.* If the owner of a mineral interest fails to file the verified statement required by section 93.52, before January 1, 1975, as to any interests owned on or before December 31, 1973, or within one year after acquiring such interests as to interests acquired after December 31, 1973, and not previously filed under section 93.52, the mineral interest shall forfeit to the state *after notice and opportunity for hearing as provided in this section.* Thereafter

*Subd. 2.* *The commissioner shall notify the last owner of record on file in either the county recorder's or registrar of titles' office of*

a hearing on an order to show cause why the mineral interest should not forfeit to the state absolutely. The notice shall be served in the same manner as provided for the service of summons in a civil action to determine adverse claims under chapter 559 and shall contain the following: (1) the legal description of the property upon or beneath which the interest exists; (2) a recitation that the statement of severed mineral interest either did not comply with the requirements specified by section 93.52 for such a statement or was not filed within the time specified in section 93.55, or both; and (3) that the court will be requested to enter an order adjudging the forfeiture of the mineral interest to be absolute in the absence of a showing that there was substantial compliance with laws requiring the registration and taxation of severed mineral interests. For the purposes of this section, substantial compliance with laws requiring the registration and taxation of severed mineral interests means: (1) that the records in the office of the county recorder or registrar of titles specified the true ownership of the severed mineral interest during the time period within which the statement of severed mineral interest should have been registered with the county recorder or the registrar of titles, or that probate, divorce, bankruptcy, mortgage foreclosure, or other proceedings affecting the title had been timely initiated and diligently pursued by the true owner during the time period within which the severed mineral interest statement should have been registered, and (2) that all taxes relating to severed mineral interests had been timely paid, including any taxes which would have been due and owing under section 273.13, subdivision 2a, had the interest been properly filed for record as required by section 93.52 within the time specified in section 93.55. For the purposes of this section, "timely paid" means paid within the time period during which tax forfeiture would not have been possible had a real property tax been assessed against the property.

Subd. 3. After the forfeiture of the mineral interest is adjudged to be absolute, the mineral interest may be leased in the same manner as provided in section 93.335, for the lease of minerals and mineral rights becoming the absolute property of the state under the tax laws, except that no permit or lease issued pursuant to this section shall afford the permittee or lessee any of the rights of condemnation provided in section 93.05, as to overlying surface interests.

Subd. 4. After the mineral interest has forfeited to the state pursuant to this section, a person claiming an ownership interest before the forfeiture may recover the fair market value of the interest, ~~only in the following manner~~ either; (1) as an alternative claim raised in the hearing on the order to show cause why the mineral interest should not forfeit absolutely, with fair market value to be determined and paid as provided in this subdivision, or (2) in a separate action brought as follows. An action ~~must~~ may be commenced within six years after the forfeiture under this section to determine the ownership and the fair market value of the mineral interests in the property both at the time of forfeiture and at the time of bringing the action. The action shall be brought in the manner provided in chapter 559, for an action to determine

adverse claims, to the extent applicable. The person bringing the action shall serve notice of the action on the commissioner of natural resources in the same manner as is provided for service of notice of the action on a defendant. The commissioner may appear and contest the allegations of ownership and value in the same manner as a defendant in such actions. Persons determined by the court to be owners of the interests at the time of forfeiture to the state under this section may present to the commissioner of finance a verified claim for refund of the fair market value of the interest. A copy of the court's decree shall be attached to the claim. Thereupon the commissioner of finance shall refund to the claimant the fair market value at the time of forfeiture or at the time of bringing the action, whichever is lesser, less any taxes, penalties, costs, and interest which could have been collected during the period following the forfeiture under this section, had the interest in minerals been valued and assessed for tax purposes at the time of forfeiture under this section. There is appropriated from the general fund to the persons entitled to a refund an amount sufficient to pay the refund.

*Subd. 5.* The forfeiture provisions of this section do not apply to mineral interests valued and taxed under other laws relating to the taxation of minerals, gas, coal, oil, or other similar interests, so long as a tax is imposed and no forfeiture under the tax laws is complete. However, if the mineral interest is valued under other tax laws, but no tax is imposed, the mineral interest forfeits under this section if not filed as required by this section.

Sec. 2. Minnesota Statutes 1978, Chapter 93, is amended by adding a section to read:

[93.551] [VALIDATION OF CERTAIN STATEMENTS; CORRECTION OF CERTAIN ERRORS.] *A statement of severed mineral interests which was filed within the time limits specified by section 93.55 is validly and timely filed even if the interest claimed by the owner does not correctly set forth the whole or fractional interest actually owned; the statement erroneously contained interests from more than one government section; the statement was not properly verified; or the interest, if registered property, was erroneously filed with the county recorder, or, if the interest was not registered property, was filed with the registrar of titles. The owner may file an amendment or supplement to the original statement for the purpose of correcting any or all of the errors described in this section.*

Sec. 3. 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. 4. Minnesota Statutes 1978, Section 270.06, is amended to read:

270.06 [POWERS AND DUTIES.] It shall be the duty of the commissioner of revenue and he shall have power and authority:

(1) To have and exercise general supervision over the administration of the assessment and taxation laws of the state, over assessors, town, county, and city boards of review and equalization, and all other assessing officers in the performance of their duties, to the end that all assessments of property be made relatively just and equal in compliance with the laws of the state;

(2) To confer with, advise and give the necessary instructions and directions to local assessors and local boards of review throughout the state as to their duties under the laws of the state, and to that end call meetings of local assessors of each county, to be held at the county-seat of such county, for the purpose of receiving necessary instructions from the commissioner as to the laws governing the assessment and taxation of all classes of property, which meetings at least one member of each local board of review shall attend.

(3) To direct proceedings, actions, and prosecutions to be instituted to enforce the laws relating to the liability and punishment of public officers and officers and agents of corporations for failure or negligence to comply with the provisions of the laws of this state governing returns of assessment and taxation of property, and to cause complaints to be made against local assessors, members of boards of equalization, members of boards of review, or any other assessing or taxing officer, to the proper authority, for their removal from office for misconduct or negligence of duty.

(4) To require county attorneys to assist in the commencement of prosecutions in actions or proceedings for removal, forfeiture and punishment for violation of the laws of this state in respect to the assessment and taxation of property in their respective districts or counties;

(5) To require town, city, county, and other public officers to report information as to the assessment of property, collection of taxes received from licenses and other sources, and such other information as may be needful in the work of the department of revenue, in such form and upon such blanks as he may prescribe;

(6) To require individuals, copartnerships, companies, associations, and corporations to furnish information concerning their capital, funded or other debt, current assets and liabilities, earnings, operating expenses, taxes, as well as all other statements now required by law for taxation purposes;

(7) To summon witnesses to appear and give testimony, and to produce books, records, papers and documents relating to any tax matter which he may have authority to investigate or determine;

(8) To cause the deposition of witnesses residing within or without the state, or absent therefrom, to be taken, upon notice to the interested party, if any, in like manner that depositions of witnesses are taken in civil actions in the district court, in any matter which he may have authority to investigate or determine;

(9) To investigate the tax laws of other states and countries and to formulate and submit to the legislature such legislation as he may deem expedient to prevent evasions of assessment and taxing laws, and to secure just and equal taxation and improvement in the system of assessment and taxation in this state;

(10) To consult and confer with the governor upon the subject of taxation, the administration of the laws in regard thereto, and

the progress of the work of the department of revenue, and to furnish the governor, from time to time, such assistance and information as he may require relating to tax matters;

(11) To transmit to the governor, on or before the third Monday in December of each even-numbered year, and to each member of the legislature, on or before November 15 of each even numbered year, the report of the department of revenue for the preceding years, showing all the taxable property in the state and the value of the same, in tabulated form;

(12) To visit at least one-half of the counties of the state annually and every county in the state at least once in two years and inquire into the methods of assessment and taxation and ascertain whether the assessors faithfully discharge their duties, particularly as to their compliance with the laws requiring the assessment of all property not exempt from taxation;

(13) To exercise and perform such further powers and duties as may be required or imposed upon the commissioner of revenue by law;

(14) The commissioner of revenue may promulgate rules and regulations for the administration and enforcement of the property tax. Such rules and regulations shall have the force and effect of law;

(15) To execute and administer any agreement with the secretary of the treasury of the United States regarding the exchange of information and administration of the tax laws of both the United States and the state of Minnesota;

(16) *To administer and enforce the provisions of sections 325.64 to 325.76, the Minnesota unfair cigarette sales act.*

Sec. 5. Minnesota Statutes 1978, Section 273.13, Subdivision 2a, is amended to read:

Subd. 2a. [CLASS 1B.] "Mineral interest", for the purpose of this subdivision, means an interest in any minerals, including but not limited to gas, coal, oil, or other similar interest in real estate, which is owned separately and apart from the fee title to the surface of such real property. Mineral interests which are filed for record in the offices of either the county recorder or registrar of titles, *whether or not filed* pursuant to sections 93.52 to 93.58, constitute class 1b, and shall be taxed as provided in this subdivision unless specifically excluded by this subdivision. A tax of \$.25 per acre or portion of an acre of mineral interest is hereby imposed and is due and payable annually. If an interest ~~filed pursuant to sections 93.52 to 93.58~~ is a fractional undivided interest in an area, the tax due on the interest per acre or portion of an acre is equal to the product obtained by multiplying the fractional interest times \$.25, computed to the nearest cent. However, the minimum annual tax on any mineral interest is \$2. No such tax on mineral interests is due and payable on the following: (a) Mineral interests valued and taxed under other laws relating to the taxation of minerals, gas, coal, oil, or other similar interests; (b) Mineral interests which are exempt from taxation pursuant to consti-



tutional or related statutory provisions. Tax money received under this subdivision shall be apportioned to the taxing districts included in the area taxed in the same proportion as the surface interest mill rate of a taxing district bears to the total mill rate applicable to surface interests in the area taxed. The tax imposed by this subdivision is not included within any limitations as to rate or amount of taxes which may be imposed in an area to which the tax imposed by this subdivision applies. The tax imposed by this subdivision shall not cause the amount of other taxes levied or to be levied in the area, which are subject to any such limitation, to be reduced in any amount whatsoever. The tax imposed by this section is effective for taxing years beginning January 1, 1975. Twenty percent of the revenues received from the tax imposed by this section shall be distributed under the provisions of section 362.40.

Sec. 6. Minnesota Statutes 1978, Section 290.06, is amended by adding a subdivision to read:

*Subd. 13. [GASOLINE AND SPECIAL FUEL TAX REFUND.] Subject to the provisions of section 296.18, a credit equal to the amount paid by the taxpayer during the taxable year as excise tax on gasoline bought and used for any purpose other than use in motor vehicles or snowmobiles or on special fuel bought and used for any purpose other than use in licensed motor vehicles may be deducted from any tax due under chapter 290. Any amount by which the credit exceeds the tax due shall be refunded.*

Sec. 7. Minnesota Statutes 1978, Section 292.04, is amended to read:

292.04 [EXEMPTIONS.] The following transfers by gift shall be exempt from and excluded in computing the tax imposed by this chapter:

(1) Gifts to or for the use of the United States of America or any state or any political subdivision thereof for exclusively public purposes;

(2) Gifts to or for the use of any fund, foundation, trust, association, organization or corporation operated within this state for religious, charitable, scientific, literary, or educational purposes exclusively, including the promotion of the arts, or the conduct of a public cemetery, if no part thereof inures to the profit of any private shareholder or individual. Gifts to or for the use of any corporation, fund, foundation, trust, or association operated for religious, charitable, scientific, literary, or educational purposes, including the promotion of the arts, or the conduct of a public cemetery, no part of which inures to the profit of any private shareholders or individual, shall be exempt, if at the date of the gift, the laws of the state under the laws of which the donee is organized or existing either (1) do not impose a gift tax in respect of property transferred to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of this state, or (2) contain a reciprocal provision under which gifts to a similar corporation, fund, foundation, trust, or association orga-

nized or existing under the laws of another state are exempt from gift taxes if such other state allows a similar exemption to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of such state;

(3) Gifts to a fraternal society, order, or association operating under the lodge system, but only if such gifts are to be used exclusively for the purposes designated in clause (2);

(4) Gifts to or for the use of posts or organizations of war veterans, or auxiliary units or societies of any such posts or organizations, if such posts, organizations, units or societies are organized within the state of Minnesota and if such gifts are to be used exclusively for the purposes designated in clause (2);

(5) All property transferred, money, service, or other thing of value, paid, furnished, or delivered by any person, corporation, organization, or association to his or its employees, or to any organization of his or its employees, directly or indirectly, or to any person, firm, or corporation for them or it, including payments to cover insurance, sickness, and death benefits, pensions, relief activities, or to any other employees benefit fund of any kind, and medical service to such employees and their families;

(6) The first \$3,000 in value of gifts (other than of future interests in property) made to any person by the donor during any calendar year. No part of a gift to a minor donee shall be considered a gift of future interest in property for purposes of this clause if it complies with the provisions of the Minnesota uniform gifts to minors act, chapter 527, or if it is a transfer for the benefit of a minor, and if the property and income therefrom:

(a) May be expended by or for the benefit of the donee before his attaining the age of 18 21 years; and

(b) Will to the extent not so expended

(1) pass to the donee on his attaining the age of 18 21 years and

(2) in the event the donee dies before attaining the age of 18 21 years, be payable to the estate of the donee, or as he may appoint under a general power of appointment as defined in section 2514(C) of the Internal Revenue Code of 1954;

(7) Gifts to an employee stock ownership trust as defined in section 290.01, subdivision 5. Where the beneficiaries of a stock ownership trust include the transferor, his spouse, children, grandchildren, parents, siblings or their children, the amount of the exemption shall be reduced by the product of multiplying said amount by their percentage interest in the trust.

Sec. 8. [REFUND.] *Persons who paid gift taxes after June 1, 1973 on a transfer excludable pursuant to section 7 shall be entitled to a refund of taxes paid provided a claim is made to the commissioner pursuant to the procedures of section 292.12.*

Sec. 9. Minnesota Statutes 1978, Section 296.18, Subdivision 1, is amended to read:

296.18 [CREDIT.] Subdivision 1. [GASOLINE OR SPECIAL FUEL USED IN OTHER THAN MOTOR VEHICLES.] Any person who shall buy and use gasoline for any purpose other than use in motor vehicles or snowmobiles, or special fuel for any purpose other than use in licensed motor vehicles, and who shall have paid the excise tax directly or indirectly through the amount of the tax being included in the price of the gasoline or special fuel, or otherwise, shall be reimbursed and repaid *eligible to receive the credit provided in section 290.06, subdivision 13, in the amount of the tax paid by him upon filing with the commissioner a signed claim in writing in such form and containing such information as the commissioner shall require and accompanied by the original invoice thereof. By signing any such claim which is false or fraudulent, the applicant shall be subject to the penalties provided in this section for knowingly making a false claim. The claim shall set forth . The taxpayer claiming this credit shall include with his income tax return information including the total amount of the gasoline so purchased and used by him other than in motor vehicles, or special fuel so purchased and used by him other than in licensed motor vehicles, and shall state when and for what purpose it was used. When a claim contains an error in computation or preparation, the commissioner is authorized to adjust the claim in accordance with the evidence shown on the claim or other information available to him. If the commissioner be satisfied that the claimant is entitled to payment, he shall approve the claim and transmit it to the commissioner of finance. No repayment shall be made unless the claim and invoice shall be filed with the commissioner within one year from the date of the purchase. The postmark on the envelope in which the claim is mailed shall determine the date of filing. The words "gasoline" or "special fuel" as used in this subdivision do not include aviation gasoline or special fuel for aircraft.*

Sec. 10. Minnesota Statutes 1978, Section 296.18, Subdivision 2, is amended to read:

Subd. 2. [FAILURE TO USE OR SELL GASOLINE OR SPECIAL FUEL FOR INTENDED PURPOSES; REPORTS REQUIRED.] (1) Any person who shall buy aviation gasoline or special fuel for aircraft use and who shall have paid the excise taxes due thereon directly or indirectly through the amount of the tax being included in the price thereof, or otherwise, and shall use said gasoline or special fuel in motor vehicles or shall knowingly sell it to any person for use in motor vehicles shall, on or before the twenty-third day of the month following that in which such gasoline or special fuel was so used or sold, report the fact of such use or sale to the commissioner in such form as he may prescribe.

(2) Any person who shall buy gasoline other than aviation gasoline and who shall have paid the motor vehicle gasoline excise tax directly or indirectly through the amount of the tax being included in the price of the gasoline, or otherwise, who shall knowingly sell such gasoline to any person to be used for the purpose of producing or generating power for propelling aircraft, or who shall

receive, store, or withdraw from storage such gasoline to be used for that purpose, shall, on or before the twenty-third day of the month following that in which such gasoline was so sold, stored, or withdrawn from storage, report the fact of such sale, storage, or withdrawal from storage to the commissioner in such form as he may prescribe.

(3) Any person who shall buy aviation gasoline or special fuel for aircraft use and who shall have paid the excise taxes directly or indirectly through the amount of the tax being included in the price thereof, or otherwise, who shall not use it in motor vehicles or receive, sell, store, or withdraw it from storage for the purpose of producing or generating power for propelling aircraft, shall be reimbursed and repaid the amount of the tax paid by him upon his making a verified claim in the same manner as is provided in subdivision 1 of this section with reference to claims for refunds of motor vehicle gasoline excise taxes, and the provisions of that subdivision as to the procedure on claims shall apply to claims made under this clause filing with the commissioner a signed claim in writing in such form and containing such information as the commissioner shall require and accompanied by the original invoice thereof. By signing any such claim which is false or fraudulent, the applicant shall be subject to the penalties provided in this section for knowingly making a false claim. The claim shall set forth the total amount of the aviation gasoline or special fuel for aircraft use so purchased and used by him, and shall state when and for what purpose it was used. When a claim contains an error in computation or preparation, the commissioner is authorized to adjust the claim in accordance with the evidence shown on the claim or other information available to him. If the commissioner be satisfied that the claimant is entitled to payment, he shall approve the claim and transmit it to the commissioner of finance. No repayment shall be made unless the claim and invoice shall be filed with the commissioner within one year from the date of the purchase. The postmark on the envelope in which the claim is mailed shall determine the date of filing.

Sec. 11. Minnesota Statutes 1978, Section 296.18, Subdivision 3, is amended to read:

Subd. 3. [PENALTIES FOR FILING FALSE CLAIMS.] Every person who shall make any false statement in any claim or invoice filed with the commissioner, or knowingly file with the commissioner any claim or invoice containing any false statement or collect or cause to be paid to him or to any other person a refund without being entitled thereto, when acting pursuant to the provisions of subdivision 1 or subdivision 2, clause 3, shall forfeit the full amount of the claim and be guilty of a misdemeanor. Every person who is convicted under the provisions of this subdivision shall be prohibited from filing with the commissioner any claim for refund upon gasoline purchased within six months after such conviction.

Sec. 12. Minnesota Statutes 1978, Section 296.18, Subdivision 8, is amended to read:

Subd. 8. [APPROPRIATION.] There is hereby appropriated to the persons entitled to such refund under this section, from the fund or account in the state treasury to which the money was credited, an amount sufficient to make the refund and payment. *There is annually appropriated from the highway user tax distribution fund to the general fund the amount required to make the refunds required to be paid as income tax credits pursuant to sections 6 and 9.*

Sec. 13. Minnesota Statutes 1978, Section 298.24, Subdivision 3, is amended to read:

Subd. 3. A credit in the amount of two cents per gross ton of merchantable iron ore concentrate produced shall be allowed against the tax imposed by subdivision 1, with respect to the production of iron ore concentrate from taconite plants which, together with the lands upon which they are located and lands used in connection with the mining, quarrying and concentration of taconite and buildings, machinery, equipment and other fixtures used in the production of taconite, and notwithstanding the provisions of section 298.25, have heretofore by law been made subject to direct taxes for the payment of principal and interest on bonds issued by a school district or city; provided however, that the total amount of credit allowable hereunder with respect to production from any plant heretofore subjected to such direct taxes shall not exceed the amount of the direct taxes levied against such plant and payable after January 1, 1969, and until said bonds and the indebtedness secured thereby have been paid in full; and provided further that no credit shall be allowed hereunder after December 31, 1978 1983. Any credit provided for herein shall reduce the credit authorized under Laws 1965, Chapter 735.

Sec. 14. Minnesota Statutes 1978, Section 473.595, Subdivision 1, is amended to read:

473.595 [COMMISSION FINANCES.] Subdivision 1. [ADMISSION TAX.] Effective January 1, 1978, the commission shall by resolution impose a three percent admission tax upon the granting, sale, or distribution, by any private or public person, association, or corporation, of the privilege of admission to activities; except for those activities sponsored by nonprofit organizations and conducted at the indoor public assembly facility at the metropolitan sports area known as the metropolitan sports center. Commencing with the operation of sports facilities constructed or remodeled by the commission pursuant to sections 473.551 to 473.595, the commission shall impose an additional seven percent admission tax upon activities conducted at such sports facilities. Effective January 1, 1978, no other tax, except the taxes imposed by chapter 297A, may be levied by any other unit of government upon any such sale or distribution. The admission tax shall be stated and charged separately from the sales price so far as practicable and shall be collected by the grantor, seller, or distributor from the person admitted and shall be a debt from that person to the grantor, seller, or distributor, and the tax required to be collected shall constitute a debt owed by the grantor, seller, or dis-

tributor to the commission, which shall be recoverable at law in the same manner as other debts. Every person granting, selling, or distributing tickets for such admissions may be required, as provided in resolutions of the commission, to secure a permit, to file returns, to deposit security for the payment of the tax, and to pay such penalties for nonpayment and interest on late payments, as shall be deemed necessary or expedient to assure the prompt and uniform collection of the tax.

**Sec. 15. [CITIES OF GOLDEN VALLEY AND PLYMOUTH; STORM SEWER RESERVE FUND.]** *Subdivision 1. [CAPITAL IMPROVEMENT PROGRAM.] The governing body of the city of Plymouth and the governing body of the city of Golden Valley may by resolution after notice and hearing adopt a capital improvement program for a storm sewer tax district established under Minnesota Statutes, Section 444.17. The capital improvement program shall set forth the storm sewer improvement projects to be constructed, a schedule of construction with a termination date not exceeding seven years from its adoption, the estimated cost of the improvements, and the proposed methods of financing the program. The capital improvement program may provide for the construction of various improvement projects at different locations within the district at different times, but the program shall provide for the reasonable storm drainage of all lands within the district.*

*Subd. 2. [RESERVE FUND; TAXES.] After the adoption of a capital improvement program for a storm sewer tax district, each municipality may by ordinance after notice and hearing establish a storm sewer reserve fund for the district and may annually levy a tax not exceeding one mill on all the taxable property in the district for the support of the fund in an aggregate amount equal to the actual or estimated cost, whichever is less, of the improvement projects identified in the capital improvement program for the district. The proceeds of the tax shall be paid into the storm sewer reserve fund for the district and used for no other purpose than to pay capital costs of improvement projects therein including principal and interest on obligations issued pursuant to Minnesota Statutes, Section 444.19. A tax levied in accordance with this subdivision is a levy for the payment of principal and interest on bonded indebtedness within the meaning of Minnesota Statutes, Section 275.50, Subdivision 5, clause (e).*

*Subd. 3. [TERMINATION OF TAX.] If a contract for one or more of the improvement projects identified in the capital improvement program has not been entered into by the municipality within one year after the date of the adoption of the capital improvement program the tax authorized by subdivision 2 shall terminate and any proceeds of the tax in the storm sewer reserve fund shall be transferred and irrevocably pledged to the debt service fund of the municipality to be used solely to reduce tax levies for bonded indebtedness of taxable property within the district. Upon the termination date of the capital improvement program the tax authorized by subdivision 2 shall terminate and proceeds of the tax in*

*the storm sewer reserve fund shall be used as provided in this section.*

*Subd. 4. [HEARINGS; NOTICE.] The adoption of a capital improvement program and the establishment of a storm sewer reserve fund shall be preceded by a hearing upon the same notice required for the establishment of a storm sewer district. The municipality may establish the district, adopt the program and establish the fund at the same hearing.*

*Sec. 16. [MINNEAPOLIS; CONTRACTS.] Subdivision 1. If the city of Minneapolis contracts with a corporation to operate a port facility, the corporation may sell, purchase, or rent supplies, materials, or equipment, or construct, alter, expand, repair, or maintain real or personal property at such facility without regard to the provisions of Minnesota Statutes, Section 471.345. This subdivision shall apply regardless of the source of funds dispersed by the corporation.*

*Subd. 2. This section is effective upon approval by the governing body of the city of Minneapolis and compliance with Minnesota Statutes, Section 645.021.*

*Sec. 17. Laws 1977, Chapter 423, Article VIII, Section 1, Subdivision 10, is amended to read:*

*Subd. 10. [APPROPRIATION.] There is hereby appropriated for the biennium ending June 30, ~~1979~~ 1981, from the general fund, the sum of ~~\$250,000~~ \$525,000 to pay the expenses incurred by the commission and \$50,000 shall be used to study the impact of the municipal aid formula established in Article VI.*

*Sec. 18. During the period while the chairman of the House tax committee is chairman of the tax study commission, the chairman of the Senate committee on taxes and tax laws shall be the chairman of the subcommittee on personnel of the tax study commission.*

*Sec. 19. The terms of office of citizen members of the committee established pursuant to Minnesota Statutes, Section 84B.11, Subdivision 1, who are holding office on May 1, 1979, shall be extended for two years from the date on which they would otherwise terminate.*

*Sec. 20. In the event that additional personnel or funds are necessary for the administration of this act, the commissioner of revenue may request the increase in approved complement or the additional funding from the legislative advisory commission.*

*Sec. 21. [APPROPRIATION.] There is appropriated from the general fund to the commissioner of revenue the amount necessary to make the refunds provided by section 8.*

*Sec. 22. This is appropriated from the general fund of the state treasury to a legislative study group of 12 persons, 6 of whom are to be appointed by the senate committee on committees and 6 of whom shall be appointed pursuant to the negotiated agreement of the house, of \$50,000:*

*(1) to examine the structure of the government of the city of Minneapolis and;*

*(2) to make recommendations on how to:*

*(a) increase the efficiency of Minneapolis city government;*

*(b) reduce the cost of Minneapolis city government; and*

*(c) insure a structure of government which is responsive to the citizens of the city of Minneapolis.*

Sec. 23. [EFFECTIVE DATE.] *Sections 1, 2, 5, 14, 15 and 18 to 20 are effective the day following final enactment. Sections 6 and 9 to 12 are effective for gasoline and special fuel sold after December 31, 1979. Sections 7 and 8 are retroactively effective June 1, 1973."*

Further, delete the title and insert: "A bill for an act relating to taxation; providing certain modifications of gross income; increasing and extending certain credits against income tax; adjusting the individual income tax brackets, credits and maximum standard deduction for inflation; increasing the maximum standard deduction; providing for computation of charitable contribution deduction; providing for allocation of out-of-state income; increasing maximum political contribution credits; providing for treatment of severance pay as a lump sum distribution; increasing the state share of certain income maintenance payments; clarifying a tax exemption for certain types of public property; reducing certain property assessment ratios; providing for assessment of certain subsidized housing; extending agricultural homestead treatment to noncontiguous land; providing for certain levies; increasing the homestead credit; eliminating the limited market value; providing a property tax credit for owners of property containing transmission lines; providing a property tax credit and exemption for wetlands; clarifying the property tax status of municipal airport property; making various adjustments in the computation of levy limits; delaying the effect of the coefficient of dispersion penalty; increasing certain property tax refund amounts; abolishing the inheritance tax; establishing an estate tax; repealing the gift tax; extending the pollution control equipment credit; providing a residential energy credit; 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; providing a sales tax exemption for sewer and water charges; requiring the commissioner of revenue to administer the Minnesota unfair cigarette sales act; providing for notice and hearing regarding forfeiture of severed mineral rights; extending a credit against the taconite tax; authorizing contracts made by the city of Minneapolis; allowing a levy for storm sewers by the cities of Golden Valley and Plymouth; extending the term of members of a citizens' committee; providing retroactive gift tax exemption for certain gifts to minors; appropriating money; amending Minnesota Statutes 1978, Sections 93.55; 121.904, Subdivision 11b; 256.82; 256D.03, Subdivision 2; 256D.36, Subdivision 1; 256D.37,



Subdivision 1; 270.06; 272.02, Subdivision 1, and by adding a subdivision; 273.11, Subdivision 2; 273.122, Subdivisions 1 and 2; 273.13, Subdivisions 2a, 4, 5a, 6, 7, 14a, 19, and by adding a subdivision; 273.132; 273.17, Subdivision 1; 273.42; 275.125, Subdivision 6a; 275.50, Subdivision 6; 275.51, Subdivision 3d; 275.52, Subdivision 4; 275.53, Subdivision 1, and by adding a subdivision; 290.01, Subdivision 20; 290.012, Subdivision 3; 290.032, Subdivision 3, and by adding a subdivision; 290.06, Subdivisions 2c, 3c, 3d, 9, 9a, 11, and by adding subdivisions; 290.067, Subdivision 1; 290.081; 290.09, Subdivisions 4 and 15; 290.091; 290.095, Subdivision 1; 290.14; 290.17, Subdivisions 1 and 2; 290.21, Subdivision 3; 290.23, by adding a subdivision; 290.37, Subdivision 1; 290A.03, Subdivisions 3, 11 and 13; 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; 292.04; 295.02; 296.18, Subdivisions 1, 2, 3 and 8; 297A.01, Subdivision 3; 298.24, Subdivision 3; 352.15, Subdivision 1; 353.01, Subdivision 2a; 353.15; 354.10; 354A.11; 360.035; 422A.10, Subdivision 1; 473.595, Subdivision 1; 475.53, Subdivision 4; 477A.01, Subdivisions 1, 2 and 4; 477A.03; 477A.04, Subdivision 2; 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 93; 270; 273; 291; 298; 353; 355 and 422A, by adding sections; Laws 1977, Chapter 423, Article VIII, Section 1, Subdivision 10; repealing Minnesota Statutes 1978, Sections 3A.08; 116C.635; 272.59; 273.11, Subdivision 2; 272.59; 290.06, Subdivision 12; 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; 291.21, Subdivision 2; 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."

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

House Conferees: (Signed) Harry Sieben, Jr., Terry Dempsey, John Tomlinson, Irvin N. Anderson, Adolph L. Kvam and Robert L. Searles.

Senate Conferees: (Signed) Wm. McCutcheon, Douglas J. Johnson, Eugene Stokowski, Douglas Sillers and Marvin Hanson.

#### CALL OF THE SENATE

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

Anderson	Davies	Gearty	Johnson	Knoll
Ashbach	Dunn	Hanson	Keefe, S.	Lessard
Benedict	Engler	Hughes	Kirchner	Luther
Bernhagen	Frederick	Humphrey	Knaak	McCutcheon

Nelson	Pillsbury	Sikorski	Tennessen	Willet
Ogdahl	Schaaf	Staples	Ueland, A.	
Olson	Schmitz	Stokowski	Ulland, J.	
Penny	Setzepfandt	Strand	Vega	
Peterson	Sieloff	Stumpf	Wegener	

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

Mr. McCutcheon moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1495 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1495: A bill for an act relating to taxation; providing certain modifications of gross income; increasing and extending certain credits against income tax; adjusting the individual income tax brackets, credits and maximum standard deduction for inflation; increasing the maximum standard deduction; providing for computation of charitable contribution deduction; providing for allocation of out-of-state income; increasing maximum political contribution credits; providing for treatment of severance pay as a lump sum distribution; increasing the state share of certain income maintenance payments; clarifying a tax exemption for certain types of public property; reducing certain property assessment ratios; providing for assessment of certain subsidized housing; extending agricultural homestead treatment to noncontiguous land; providing for certain levies; increasing the homestead credit; eliminating the limited market value; providing a property tax credit for owners of property containing transmission lines; providing a property tax credit and exemption for wetlands; clarifying the property tax status of municipal airport property; making various adjustments in the computation of levy limits; delaying the effect of the coefficient of dispersion penalty; increasing certain property tax refund amounts; abolishing the inheritance tax; establishing an estate tax; repealing the gift tax; extending the pollution control equipment credit; providing a residential energy credit; 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; providing a sales tax exemption for sewer and water charges; requiring the commissioner of revenue to administer the Minnesota unfair cigarette sales act; providing for notice and hearing regarding forfeiture of severed mineral rights; extending a credit against the taconite tax; authorizing contracts made by the city of Minneapolis; allowing a levy for storm sewers by the cities of Golden Valley and Plymouth; extending the term of members of a citizens' committee; providing retroactive gift tax exemption for certain gifts to minors; appropriating money: amending Minnesota Statutes 1978, Sections 93.55; 121.904, Subdivision 11b; 256.82; 256D.03, Subdivision 2; 256D.36, Subdivision 1; 256D.37, Subdivision 1; 270.06; 272.02, Subdivision 1, and by adding a subdivision; 273.11, Subdivision 2; 273.122, Subdivisions 1 and 2; 273.13, Subdivisions 2a, 4, 5a, 6, 7, 14a, 19, and by adding a subdivision; 273.132; 273.17,

Subdivision 1; 273.42; 275.125, Subdivision 6a; 275.50, Subdivision 6; 275.51, Subdivision 3d; 275.52, Subdivision 4; 275.53, Subdivision 1, and by adding a subdivision; 290.01, Subdivision 20; 290.012, Subdivision 3; 290.032, Subdivision 3, and by adding a subdivision; 290.06, Subdivisions 2c, 3c, 3d, 9, 9a, 11, and by adding subdivisions; 290.067, Subdivision 1; 290.081; 290.09, Subdivisions 4 and 15; 290.091; 290.095, Subdivision 1; 290.14; 290.17, Subdivisions 1 and 2; 290.21, Subdivision 3; 290.23, by adding a subdivision; 290.37, Subdivision 1; 290A.03, Subdivisions 3, 11 and 13; 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; 292.04; 295.02; 296.18, Subdivisions 1, 2, 3 and 8; 297A.01, Subdivision 3; 298.24, Subdivision 3; 352.15, Subdivision 1; 353.01, Subdivision 2a; 353.15; 354.10; 354A.11; 360.035; 422A.10, Subdivision 1; 473.595, Subdivision 1; 475.53, Subdivision 4; 477A.01, Subdivisions 1, 2 and 4; 477A.03; 477A.04, Subdivision 2; 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 93; 270; 273; 291; 298; 353; 355 and 422A, by adding sections; Laws 1977, Chapter 423, Article VIII, Section 1, Subdivision 10; repealing Minnesota Statutes 1978, Sections 3A.08; 116C.635; 272.59; 273.11, Subdivision 2; 272.59; 290.06, Subdivision 12; 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; 291.21, Subdivision 2; 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.

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

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

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

Those who voted in the affirmative were:

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

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

#### MESSAGES FROM THE HOUSE—CONTINUED

**Mr. President:**

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1510 and repassed said bill in accordance with the report of the Committee, so adopted.

**S. F. No. 1510:** A bill for an act relating to the organization and operation of state government; appropriating money for the general administrative and judicial expenses of state government with certain conditions; providing for the transfer of certain moneys in the state treasury; authorizing land acquisition in certain cases; fixing and limiting the amount of fees to be collected in certain cases; amending Minnesota Statutes 1978, Sections 4.12, by adding a subdivision; 4.26, Subdivision 1; 10.31; 16.02, by adding a subdivision; 16.97, Subdivision 1; 16A.126; 43.067, Subdivision 1; 85A.02, Subdivision 12; 116E.03, Subdivision 4; 179.04; 180.03, Subdivision 2; 197.16; 198.31; 299C.07; 361.12, by adding a subdivision; 362.20; 362.40, Subdivisions 9, 10 and 11; 546.27; Chapters 86, by adding a section; and 299C, by adding a section.

Senate File No. 1510 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

**Mr. President:**

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S. F. Nos. 1099, 1425 and 1218.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

**Mr. President:**

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 528 and repassed said bill in accordance with the report of the Committee, so adopted.

**S. F. No. 528:** A bill for an act relating to courts; authorizing juvenile court referees to hear contested trials, hearings, or motions unless objection is made; conforming civil fees collected by the Hennepin county municipal court with the district court; amending Minnesota Statutes 1978, Sections 484.70, Subdivision 3; and 488A.03, Subdivision 11.

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

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 486 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 486: A bill for an act relating to education; changing the requirements for membership on the state university board and on the state board for community colleges; amending Minnesota Statutes 1978, Sections 136.12, Subdivision 1; and 136.61, Subdivision 1.

Senate File No. 486 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1504 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 1504: A bill for an act relating to the organization and operation of state government; appropriating money for maintenance of various semi-state activities and for other purposes with certain conditions; authorizing basic life insurance and health benefits coverage for employees of semi-state agencies; amending Minnesota Statutes 1978, Sections 43.43, Subdivision 2; 138.01, by adding a subdivision; 139.10, Subdivision 2; 139.17, Subdivision 2; and 139.18, Subdivision 1.

Senate File No. 1504 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 202 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 202: A bill for an act relating to health; providing for several types of life support transportation service; providing for health systems agencies to be involved in the licensing process; providing factors to be used in making licensing recommendations; providing for standards for services; forbidding inquiry as to ability to pay before provision of life support transportation services; requiring rules for nonemergency transportation reimbursement under medical assistance; exempting certain providers; amending

Minnesota Statutes 1978, Sections 144.801; 144.802; 144.803; 144.-804; 144.805; 144.807, Subdivision 1; 144.808; 144.809 and 144.-8091, Subdivision 1.

Senate File No. 202 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1605 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1605 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives  
Transmitted May 21, 1979

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 1605

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, and authorizing a special levy.

May 21, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 1605, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1605 be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [PUBLIC LAND AND BUILDINGS; BUILDING FUND APPROPRIATIONS.] The sums set forth in the column designated "APPROPRIATIONS" are appropriated from the state building fund, or any other fund designated, to the state agencies indicated, to be expended for the acquisition and betterment of public land and buildings and other public improvements of a capital nature, as more specifically described in the following sections of this act.

## SUMMARY

STATE-WIDE .....	\$ 2,000,000
CAPITOL COMPLEX .....	1,348,000
NATURAL RESOURCES .....	877,500
EDUCATION .....	1,225,000
STATE UNIVERSITIES .....	6,221,000
COMMUNITY COLLEGES .....	300,000
UNIVERSITY OF MINNESOTA .....	51,242,000
CORRECTIONS .....	10,477,700
PUBLIC WELFARE .....	783,000
BOND SALE EXPENSES .....	40,000
TOTAL .....	\$ 74,514,200

## APPROPRIATIONS

\$                      \$

## Sec. 2. [STATEWIDE.]

To the commissioner of administration for energy conservation. ....	2,000,000
--	-----------

This appropriation is only for energy projects that have an estimated payback in energy savings in five years or less.

The commissioner of administration shall present a proposed work program to the chairmen of the house appropriations and senate finance committees for review and comment prior to encumbering money for energy conservation.

None of this appropriation shall be used for painting walls.

## Sec. 3. [CAPITOL COMPLEX.]

To the commissioner of administration for the purposes specified in this section	1,348,000
---	-----------

(a) Repair Administration building parking ramp and plaza .....	462,000
--	---------

(b) Replace roof on Ceremonial House and carriage house .....	93,000
--	--------

(c) Improve Centennial and Trans- portation building ventilation and air conditioning .....	223,000
---	---------

(d) Repair and improve capitol roof.	173,000
--------------------------------------	---------

(e) Remodel Ford building second floor storage to offices .....	347,000
--	---------

(f) Complete Capitol complex exterior signage .....	50,000
--	--------

\$

\$

## Sec. 4. [NATURAL RESOURCES.]

To the commissioner of administration for purposes more specifically described in the following subdivisions of this section .....

877,500

Subdivision 1. Replace the water supply intake at the French River hatchery 587,500

Debt service on this amount shall be paid from the game and fish fund.

Subd. 2. Supplement to Laws 1978, Chapter 792, Section 6 (b)

Grand Rapids Regional Headquarters.. 250,000

The gas furnace standby shall be a part of the wood combustion system.

Subd. 3. Notwithstanding the provisions of any other law to the contrary, to construct a barrier free managers residence at Glacial Lakes State Park.. 40,000

## Sec. 5. [EDUCATION.]

Subdivision 1. To the commissioner of administration for the purpose of preparing a plan for the demolition or alternative use of obsolete buildings and working drawings for the construction of a building for which construction costs shall not exceed \$4,200,000 for blind and multi-handicapped students on the campus of the Minnesota Braille and Sight Saving School .....

225,000

Subd. 2. To the state board of education from the vocational-technical building fund for post-secondary vocational-technical construction in the school district listed in this section.

Independent School District No. 256, Red Wing .....

1,000,000

This appropriation is for the purpose of reconstructing and remodeling buildings for an energy education center on land donated to the school district for that purpose.

The total cost of the construction shall not exceed \$2,000,000, whether paid from state, local, or federal money.

This appropriation is available April 1, 1980, but only if school district No. 256



levies in 1979 the levy authorized by section 19 of this act.

### Sec. 6. [STATE UNIVERSITIES.]

Subdivision 1. To the commissioner of administration for the purposes more specifically described in the following subdivisions of this section..... 6,221,000

#### Subd. 2. Mankato Campus

Correct structural defects at Trafton Science Center ..... 725,000

The commissioner of administration, the state architect, and the attorney general's office shall continue to pursue all possible alternatives in attempting to recover damages from the appropriate parties involved in the above project. A full report of all efforts and accomplishments shall be submitted to the chairman of the house appropriations committee and the chairman of the senate finance committee by January 15, 1980.

#### Subd. 3. St. Cloud Campus

Construct Halenbeck Hall addition .... 4,746,000

Subd. 4. Systemwide roof repairs .... 750,000

### Sec. 7. [COMMUNITY COLLEGES.]

To the commissioner of administration to plan facilities at Metropolitan Community College ..... 300,000

### Sec. 8. [UNIVERSITY OF MINNESOTA.]

Subdivision 1. To the regents of the University of Minnesota for the purposes more specifically described in the following subdivisions of this section ..... 51,242,000

Subd. 2. Minneapolis Campus ..... 21,801,000

(a) Construct civil and mineral engineering building ..... 15,823,000

(b) Plan addition to business administration tower ..... 160,000

(c) Develop women's softball facility ..... 118,000

(d) Continue heating plant conversion and renovation ..... 5,700,000

Subd. 3. St. Paul Campus..... 22,678,000

	\$	\$
(a) Construct vocational technical education building .....	7,093,000	
(b) Construct veterinary medicine hospital addition and remodel existing facilities .....	13,600,000	
(c) Construct poultry reserach and teaching facility .....	1,985,000	
Subd. 4. Duluth Campus		
Construct business and economics building .....		3,320,000
Subd. 5. Crookston Campus		
Construct physical education building and outdoor recreation complex.....		3,426,000
Subd. 6. Lake Itasca forestry and biological station resident manager's house and office. Final appropriation.....		17,000
Subd. 7. Northwest Experiment Station at Crookston		

The appropriation made by Laws 1978, Chapter 792, Section 11, Subdivision 9, Clause (b) for auditorium remodeling may be used for auditorium planning and working drawings.

#### Sec. 9. [CORRECTIONS.]

To the commissioner of administration for the purposes specified in this section

(a) Construct new prison ..... 10,200,000

The commissioner of administration shall report monthly, in writing, to the chairmen of the senate committee on finance and the house of representatives committee on appropriations concerning work progress on the new high security detention facility for adult felons. These reports shall include, but not be limited to, a comparison of projected design, construction, and equipment costs, with actual design, construction, and equipment costs; descriptions of contracts concerning design, construction, or equipment to be entered into before the next monthly report with a cost exceeding \$100,000; and information concerning economic or other factors that may result in increased design, construction or, equipment costs.

This appropriation shall be added to the

\$                      \$

appropriation for this purpose made by Laws 1977, Chapter 451, Section 1, Subdivision 1.

This appropriation shall in no way constitute a waiver of any rights or remedies the state may exercise or pursue regarding project errors.

(b) Minnesota State Prison—Essential Renovations .....	147,800
--	---------

(c) St. Cloud Reformatory—Replace Power Cable to Wall Towers, and Roof Repairs .....	129,900
--	---------

#### Sec. 10. [PUBLIC WELFARE.]

To the commissioner of administration to rehabilitate roofs at institutions under the control of the commissioner of public welfare. ....	783,000
---	---------

#### Sec. 11. [BOND SALE EXPENSES.]

To the commissioner of finance for bond sale expenses pursuant to Minnesota Statutes, Section 16A.64, Subdivision 4 .....	40,000
---	--------

Sec. 12. [BOND SALE; DEBT SERVICE.] Subdivision 1. To provide the money appropriated in this act from the state building fund the commissioner of finance upon request of the governor shall sell and issue bonds of the state in the amount of \$74,515,000 in the manner and upon the terms prescribed by Minnesota Statutes, Sections 16A.63 to 16A.67 and by the Constitution, Article XI, Sections 4 to 7.

Subd. 2. To provide the money appropriated in this act from the vocational-technical building fund the commissioner of finance upon request of the governor shall sell and issue bonds of the state in the amount of \$1,000,000 in the manner and upon the terms prescribed in Minnesota Statutes, Section 121.215, and by the Constitution, Article XI, Sections 4 to 7. The proceeds of the bonds, except as provided in Minnesota Statutes, Section 121.215, Subdivision 5, are appropriated to the vocational-technical building fund for expenditure in accordance with this act.

Sec. 13. [CONSULTATION REQUIRED.] No land shall be purchased and no buildings shall be purchased, constructed, or erected on lands of the university until the regents have first consulted with the chairman of the senate finance committee and the chairman of the house appropriations committee and obtained their recommendations which are advisory only.

Sec. 14. [REVIEW OF PLANS.] Neither the commissioner of administration nor the board of regents of the University of Minnesota shall prepare final plans and specifications for any building authorized by this act until the using agency or department has

presented the program and schematic plans to the chairman of the house appropriations committee and the chairman of the senate finance committee and the chairmen have made their recommendations thereon. The recommendations are advisory only. Failure or refusal to make a recommendation promptly is deemed a negative recommendation.

Sec. 15. [APPROPRIATIONS FOR CONSTRUCTION; TRANSFER.] Upon the awarding of final contracts for the completion of any project for construction or other permanent improvement authorized by this act, the commissioner as to appropriations made to him and the regents as to appropriations made to them may transfer any unencumbered balance in the project account to any other project enumerated in the same section of the appropriation act as the project about to be completed. The money transferred pursuant to this section is appropriated for the purposes for which transferred. The commissioner of administration and the regents of the University of Minnesota shall report to the chairman of the house appropriations committee and the chairman of the senate finance committee on any transfer made pursuant to this section.

Sec. 16. [APPROPRIATIONS FOR CONSTRUCTION; FEDERAL MONEY; EXCEEDING AUTHORIZED COST.] The commissioner of administration, the commissioner of transportation, and the board of regents of the University of Minnesota shall apply for the maximum federal share for each capital improvement project for which money is appropriated by this act. Encumbrance or expenditure of money in excess of the project authorization shall be made only after the commissioner of administration and the board of regents have consulted with the chairman of the house appropriations committee and the chairman of the senate finance committee and the chairmen have made their recommendations thereon. The recommendations are advisory only. Failure or refusal to make a recommendation promptly is deemed a negative recommendation.

Sec. 17. [METHODS OF ACQUISITION.] Where money has been appropriated by this act to the commissioner of administration to acquire lands or sites for public buildings or real estate, acquisition may be by gift, purchase, or condemnation proceedings. Condemnation proceedings shall be pursuant to chapter 117.

Sec. 18. [ROCHESTER A.V.T.I.] The entire appropriation made in Laws 1978, Chapter 792, Section 8, Subdivision 2, Clause (e) may be used for the purpose of replacing rented garage space upon approval by the school board of Independent School District No. 535 and upon compliance with Minnesota Statutes, Section 645.021.

Sec. 19. [RED WING; SPECIAL LEVY.] In addition to all other levies permitted by law, Independent School District No. 256, Red Wing, may levy in 1979, 1980, and 1981 an amount not to exceed one mill times the adjusted assessed valuation of the taxable property of the district for the preceding year as determined by the equalization aid review committee; provided, the sum of

the amounts levied pursuant to this section in 1979, 1980, and 1981 shall not exceed \$500,000. The proceeds of this levy shall be used only to reconstruct and remodel buildings for an energy education center on land donated to the district for this purpose. The board may not levy any amount pursuant to this section until it has obtained the approval of the voters of the district in a special election governed by the provisions of Minnesota Statutes, Section 123.32, Subdivision 22.

Sec. 20. [EFFECTIVE DATE.] This act is effective the day following final enactment."

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

House Conferees: (Signed) Delbert F. Anderson, Lyle G. Mehrkens, James P. Metzen, Wendell O. Erickson, James C. Swanson and Michael R. Sieben

Senate Conferees: (Signed) Roger D. Moe, Gerald L. Willet, Robert O. Ashbach, Hubert Humphrey III and John B. Keefe

Mr. Moe moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1605 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1605: 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, and authorizing a special levy.

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

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

The roll was called, and there were yeas 58 and nays 3, as follows:

Those who voted in the affirmative were:

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

Messrs. Davies, Perpich and Sikorski voted in the negative.

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

**MESSAGES FROM THE HOUSE—CONTINUED**

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1606 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1606 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

**CONFERENCE COMMITTEE REPORT ON H. F. NO. 1606**

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.

May 21, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 1606, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and H. F. No. 1606 be amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [PUBLIC LAND AND BUILDINGS; GENERAL AND OTHER FUND APPROPRIATIONS.] The sums set forth in the column designated “APPROPRIATIONS” are appropriated from the general fund, or any other fund designated, to the state agencies indicated to be expended in accordance with the provisions of this act.

**SUMMARY**

STATEWIDE .....	\$ 200,000
CAPITOL COMPLEX .....	975,000
NATURAL RESOURCES .....	10,000
EDUCATION .....	40,000
STATE UNIVERSITIES .....	50,000
COMMUNITY COLLEGES .....	500,000

TRANSPORTATION .....	560,600
PUBLIC WELFARE .....	9,000
TOTAL .....	\$ 2,344,600

## APPROPRIATIONS

\$                      \$

## Sec. 2. [STATEWIDE.]

To the commissioner of administration for an energy conservation survey ....	200,000
---	---------

## Sec. 3. [CAPITOL COMPLEX.]

To the commissioner of administration for the purposes specified in this section	975,000
---	---------

(a) Study feasibility and prepare cost estimates of a pedestrian and steam tunnel to the Veterans Service Building and steam tunnel to 117 University Ave. . . 20,000

(b) General remodeling of buildings. 300,000

(c) Install additional paving, lighting, and landscaping for parking lots Q and V ..... 125,000

(d) Clean and repoint State Office and Historical Building exteriors ..... 293,000

(e) Replace roof on transportation building ..... 237,000

This appropriation is from the trunk highway fund.

## Sec. 4. [NATURAL RESOURCES.]

To the commissioner of administration to be added to the appropriation made in Laws 1977, Chapter 791, Section 3 (e) for a commercial type cold storage building .....	10,000
---	--------

This appropriation is from the game and fish fund.

## Sec. 5. [EDUCATION.]

To the department of education for the purpose of reviewing physical plant needs and development of a plan of action for education programs operated by public schools for state hospital residents	40,000
---	--------

The plan shall be developed by the department of education and the following school districts: Brainerd, Cambridge-Isanti, Faribault, Fergus Falls, and St. Peter. The department of education shall

## APPROPRIATIONS

\$

\$

report the needs and plans to the chairman of the house appropriations and of the senate finance committee by January 1, 1980.

## Sec. 6. [STATE UNIVERSITIES.]

To the chancellor of the state university system to modify electrical service at Bemidji State University .....

50,000

## Sec. 7. [COMMUNITY COLLEGES.]

To the chancellor of community colleges system for roof repairs, road repairs, landscaping, remodeling and miscellaneous maintenance .....

500,000

## Sec. 8. [TRANSPORTATION.]

To the commissioner of transportation for the purposes specified in this section

560,600

(a) Construct interstate rest area facilities .....

272,000

Oakland Woods W.B. I90.....136,000

Albert Lea E. B. I90.....136,000

(b) Remodel Hastings state hospital building to truck station.....

193,000

(c) Acquire land for truck stations at Benson, Granite Falls, Redwood Falls and Dodge Center .....

95,600

The appropriations in this section are from the trunk highway fund.

## Sec. 9. [WELFARE.]

To the commissioner of administration to rehabilitate the sewer lift system for transfer to the city of Willmar for maintenance and operation to serve the Willmar state hospital and the Willmar district department of transportation headquarters. ....

9,000

Sec. 10. [REVIEW OF BUILDING PLANS.] The commissioner of administration shall not prepare final plans and specifications for any construction or major remodeling authorized by this act until the using agency or department has presented the program and schematic plans to the chairman of the house appropriations committee and the chairman of the senate finance committee and the chairmen have made their recommendations thereon. The recommendations are advisory only. Failure or refusal to make a recommendation promptly is deemed a negative recommendation.

Sec. 11. [APPROPRIATIONS FOR CONSTRUCTION; TRANSFER.] Upon the awarding of final contracts for the com-



pletion of any project for construction or other permanent improvement authorized by this act, the commissioner of administration may transfer any unencumbered balance in the project account to any other project enumerated in the same section of the appropriation act as the project about to be completed. The money transferred pursuant to this section is appropriated for the purposes for which transferred. The commissioner shall report to the chairman of the house appropriations committee and the chairman of the senate finance committee on any transfer made pursuant to this section.

**Sec. 12. [APPROPRIATIONS FOR CONSTRUCTION; FEDERAL MONEY; EXCEEDING AUTHORIZED COST.]** The commissioner of administration shall apply for the maximum federal share for each capital improvement project for which money is appropriated by this act. Encumbrance or expenditure of money in excess of the project authorization shall be made only after the commissioner of administration has consulted with the chairman of the house appropriations committee and the chairman of the senate finance committee and the chairmen have made their recommendations thereon. The recommendations are advisory only. Failure or refusal to make a recommendation promptly is deemed a negative recommendation.

**Sec. 13. [EFFECTIVE DATE.]** This act is effective upon final enactment."

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

House Conferees: (Signed) Delbert F. Anderson, Wendell O. Erickson, Bruce G. Nelsen, C. Thomas Osthoff, Glen H. Anderson, Paul McCarron

Senate Conferees: (Signed) Roger D. Moe, Hubert H. Humphrey III, Gerald L. Willet, John B. Keefe, Robert O. Ashbach

Mr. Moe moved that the foregoing recommendations and Conference Committee Report on H. F. No 1606 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

**H. F. No. 1606:** 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.

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

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

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

### MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce 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 1553: A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results and technical errors of a noncontroversial nature; providing for the effective date of Laws 1979, Chapter 56, Section 6; amending Laws 1979, Chapter 63, Section 1, Subdivision 2; Minnesota Statutes 1978, Section 98.46, Subdivisions 3, as amended, and 18, as amended.

Senate File No. 1553 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

### CONCURRENCE AND REPASSAGE

Mr. Davies moved that the Senate concur in the amendments by the House to S. F. No. 1553 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 1553 was read the third time, as amended by the House, and placed on its repassage.

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

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

Those who voted in the affirmative were:

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

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

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

#### MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 261 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 261 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

#### CONFERENCE COMMITTEE REPORT ON 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.

May 21, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 261, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 261 be amended as follows:

Strike everything after the enacting clause and insert:

**Section 1. [462C.01] [AUTHORIZATION.]** *Subdivision 1. A 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 3;*

*(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 for review pursuant to section 4.*

**Sec. 2. [462C.02] [DEFINITIONS.]** *Subdivision 1. For the purposes of sections 1 to 8, the terms defined in this section have the meanings given them.*

*Subd. 2. "Housing plan" means a plan for an individual city which sets forth the information required by section 3.*

*Subd. 3. "Program" means an individual component of the housing plan for which an issue of revenue bonds or obligations is proposed.*

*Subd. 4. "Single family housing" 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 principal residence.*

*Subd. 5. "Multifamily housing development" or "development" means an apartment facility, cooperative or a group of townhouses which include four or more dwelling units, each to be rented or sold to or occupied by a person or family for use as a residence. A development may include new construction or the rehabilitation of an existing building and site.*

*Subd. 6. "City" means any statutory or home rule charter city, or any public body which (a) is the housing and redevelopment authority in and for a city, or the port authority of a city, and (b) is authorized by ordinance to exercise, on behalf of a city, the powers conferred by sections 1 to 8.*

*Subd. 7. "Adjusted gross income" means gross family income less \$750 for each adult in the family to a maximum of two adults and less \$500 for each other dependent in the family.*

**Sec. 3. [462C.03] [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, if any, 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. Each program shall establish limits on gross income for persons and families to be served by the program. The adjusted gross income may not exceed the greater of (a) 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, or (b) 100 percent of the income limits established by the Minnesota housing finance agency in which the city is located; except as provided in subdivision 8. 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 single family housing eligible for mortgage loans in each program. The maximum purchase price allowable shall not exceed three times the income limit established for the program in subdivision 2, except that, for any program or portion of a program undertaken pursuant to subdivision 8, the maximum purchase price shall not exceed four times the income limit established pursuant to subdivision 2.

Subd. 4. Any financial institution as defined in Minnesota Statutes, 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 single family housing loans in any city housing 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. In the event that on the date of the adoption of the resolution by the governing body of the city authorizing the sale of the revenue bonds or obligations any financial institution within the city has entered into a commitment agreement with the Minnesota housing finance agency under which the agency has agreed to purchase mortgage notes and mortgages securing loans for single family housing, and the financial institution has not closed an amount of eligible mortgages equal to at least 95 percent of the total amount provided in the commitment agreement, then the city may not enter into a commitment to purchase loans from the financial institution for its program. Any city housing finance program may not provide loans to consumers at a rate which is less than the rate on loans provided to consumers under the Minnesota housing finance agency program at the time of adoption of

*the resolution. The executive director of the agency may waive either or both of the requirements of this subdivision in writing.*

*Subd. 6. Loans under a single family housing program may not be made to one developer or builder or restricted to housing provided by one developer or builder.*

*Subd. 7. Fifty percent of the money available for loans for each single family housing program subject to the income limits established pursuant to subdivision 2, must be made available to persons and families with adjusted gross incomes of less than 90 percent of the program's income limits for a period of six months from the date when the money becomes available for the program.*

*Subd. 8. Twenty percent of the aggregate amount of all loans provided under all city housing programs included in the housing plan for single family housing may be provided without regard to income limits or net worth limits if: (a) the housing program is used to finance single family housing in either a development district established pursuant to section 472A.03, or a redevelopment project established pursuant to section 462.521, or an industrial development district established pursuant to section 458.191; or (b) the city has previously developed and administered a housing program for low and moderate income persons and families and the program will be used to further policies of economic integration, stability and revitalization of residential areas. No housing program shall be developed or administered pursuant to this subdivision if the housing program will contribute to urban sprawl. A housing program shall be deemed to contribute to urban sprawl if the housing program is to be used to finance single family housing in any previously unincorporated real property annexed by the city pursuant to chapter 414, within one year prior to the date of the resolution adopted pursuant to this act.*

*Sec. 4. [462C.04] [PLAN REVIEW.] Subdivision 1. Any city located within the metropolitan area as defined in Minnesota Statutes 1978, Section 473.121, Subdivision 2, shall submit its housing plan or any amendments to the metropolitan council for review and comment. All other cities shall submit their housing plans or any amendments to the regional development commission for the area in which the city is located, for review and comment. The appropriate reviewing agency shall comment on:*

*(a) Whether the plan furthers local and regional housing policies;*

*(b) The compatibility of the housing plan with the housing portion of the comprehensive plan of the city, if any; and*

*(c) Whether the plan adequately meets the stated housing needs of the city.*

*The appropriate reviewing agency shall complete its review and comment within 45 days after submission.*

*Subd. 2. All cities shall submit their housing programs to the Minnesota housing finance agency for review and approval. The agency shall determine:*

- (a) *Whether the program furthers statewide housing policies;*
- (b) *Whether the program is capable of implementation without material adverse effect on financing programs of the agency, without subjecting the interest on future bonds of the agency to federal income tax under any limitations imposed at the time by federal law, and without exceeding the limitation provided in section 7, subdivision 2;*
- (c) *Whether the program provides for administrative and bond issuance costs that are reasonable; and*
- (d) *Whether the program complies with all other requirements of sections 1 to 8.*

*The agency shall complete its review and shall notify the city of its decision within 30 days. A failure to notify within 30 days constitutes approval. The agency may collect reasonable fees and charges in connection with its review of a city's housing program. The fees and charges shall be limited to the amounts required to pay the actual costs to the agency.*

*The Minnesota housing finance agency, in cooperation with the metropolitan council and the regional development commission, shall report annually to the legislature on the number and amounts of bond issues and the number of housing programs established pursuant to sections 1 to 8.*

**Sec. 5. [462C.05] [MULTIFAMILY HOUSING DEVELOPMENTS.]** *Subdivision 1. A city may also plan, administer, and make or purchase a loan or loans to finance one or more multifamily housing developments within its boundaries, of the kind described in subdivisions 2, 3 or 4, and upon the conditions set forth in this section. A loan may be made or purchased 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 or purchased 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 at least 20 percent of the dwelling units held for occupancy by families or individuals eligible to receive subsidies 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 section 3 and 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 section 3 and in subdivision 2.

Subd. 5. Each program for a multifamily housing development or developments described in subdivision 1 shall be adopted after public hearing and approved by the Minnesota housing finance agency as provided in section 1, on the basis of the considerations stated in section 4.

Subd. 6. The program shall demonstrate need for the development or developments, describe the method of financing proposed, state whether the development is to be constructed pursuant to subdivision 2, 3, or 4, and state the applicable limitations on gross income, if any, of the occupants.

Sec. 6. [462C.06] A housing and redevelopment authority in and for a county may exercise the powers conferred by sections 1 to 7 on behalf of a city, if the city authorizes the housing and redevelopment authority in and for the county in which the city is located to exercise such powers and the county has authorized its housing and redevelopment authority to exercise its powers pursuant to Minnesota Statutes, Section 462.426; provided, however, that any program undertaken pursuant to this section shall be included in the limitations provided in section 7, subdivision 2, and also shall be subject to the limitations of sections 3 and 4 in the case of a single family housing program, and subject to the limitations of section 5 in the case of a multi-family housing development program.

Sec. 7. [462C.07] [HOUSING REVENUE BONDS.] Subdivision 1. To finance programs or developments described in any plan the city may, upon approval of the plan as provided in sec-



tion 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 purchase or making of multi-family housing loans and the issuance of revenue bonds or other obligations the city may exercise within its corporate limits, any of the powers the Minnesota housing finance agency may exercise under chapter 462A, without limitation under the provisions of chapter 475.

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 for the first 50,000 persons, plus \$500 times its population in excess of 50,000, 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 greater.

Subd. 3. Upon approval of the housing plan as provided in section 1, subdivision 1, clause (c), any port authority referred to in chapter 458 may, until July 1, 1980, issue revenue bonds of the port authority to finance multi-family housing developments undertaken in accordance with the provisions of section 5, and for such purpose the port authority may exercise any and all powers set forth in chapters 458 and 474, provided that nothing herein shall be construed as authorizing a port authority to finance any housing program other than that authorized by section 5. After July 1, 1980, the port authority may issue revenue bonds solely in accordance with the provisions of sections 1 to 16.

Sec. 8. [462C.08] [OTHER HOUSING LEGISLATION.] Sections 1 to 7 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 7 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: (a) section 3 is applicable to any program undertaken pursuant to a special law adopted after January 1, 1979, (b) 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 5, unless its plan therefor has previously been reviewed by the appropriate reviewing body and its program has been reviewed and approved by the agency; and all such obligations issued by such cities after January 1, 1980, shall be subject to the limitations set forth in sections 1 to 7.

Sec. 9. 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 com-

missioner 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. 10. 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. 11. 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. 12. 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.

Sec. 13. Minnesota Statutes 1978, Section 474.12, is amended to read:

474.12 [EXCLUSION OF INTEREST ON BONDS FROM

**GROSS INCOME.]** *Subdivision 1.* Interest paid on bonds issued under authority of this chapter shall not be included in gross income for the purpose of computing any tax imposed by or under the provisions of chapter 290, or any act amendatory thereof or supplemental thereto.

*Subd. 2.* Notwithstanding subdivision 1, the interest paid on bonds issued under authority of this chapter and issued after June 30, 1979 shall be exempt only as provided under section 290.08, subdivision 7, for obligations of the issuing municipality.

**Sec. 14. [TRANSITIONAL PROVISIONS.]** *Subdivision 1.* Sections 9 and 10 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 of this act.

*Subd. 2.* Section 11 does not apply to multifamily rental projects approved by the commissioner of securities or by a redevelopment agency prior to April 17, 1979.

*Subd. 3.* The cities of Coon Rapids in Anoka County and Vadnais Heights in Ramsey County are authorized to proceed with the single family housing projects heretofore approved by the commissioner of securities pursuant to their applications, respectively, under chapter 474, and to issue revenue bonds to finance such projects, notwithstanding any provisions of sections 1 to 12, provided that:

(a) Of the principal amount of loans made or purchased by each city in effectuating its approved project, at least 50 percent shall be made to persons or families whose adjusted gross income, as defined in section 2 does not exceed 110 percent of median family income estimated by the department of housing and urban development for the metropolitan statistical area in which the cities are situated, increased by the sums of \$750 for each adult, and \$500 for each other dependent; 40 percent may be made to persons or families whose adjusted gross income exceeds 110 percent but does not exceed 120 percent of said amount; and the remainder may be made without limitation;

(b) The maximum price allowable for homes eligible for mortgage loans shall not exceed three times the income limit established in clause (a) exclusive of the adjustment for family members;

(c) The amount of revenue bonds authorized by this subdivision is limited to \$45,000,000 for Coon Rapids and \$35,000,000 for Vadnais Heights;

(d) The principal amount of bonds issued by either city pursuant to this section shall be deducted from the aggregate amount of bonds issuable by the city at any time under the provisions of section 7, subdivision 2; and

(e) This subdivision applies to two cities within two contiguous counties and is effective the day following final enactment, in accordance with the provisions of Minnesota Statutes, Section 645.023, Subdivision 1.

Sec. 15. *The approved complement of the Minnesota housing finance agency may be increased up to three unclassified positions for the purposes of sections 1 to 16.*

Sec. 16. *This act is effective the day following final enactment.*

Further, strike the title and insert:

"A bill for an act relating to municipal development; limiting the objects and methods of financing residential, industrial, and economic development; regulating the planning and implementation of single family housing programs and multifamily housing developments and housing rehabilitation programs; authorizing and regulating the effectuation and financing of existing single family housing projects and undertaken by the cities of Coon Rapids in Anoka County and Vadnais Heights in Ramsey County; amending Minnesota Statutes 1978, Sections 474.01, Subdivision 7a, and by adding a subdivision; 474.02, by adding a subdivision; 474.03; and 474.12."

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

House Conferees: (Signed) William Schreiber, Ray O. Pleasant, M. D. Haukoos, Carl W. Kroening, James R. Casserly, Eugene T. Waldorf.

Senate Conferees: (Signed) Hubert H. Humphrey, III, Jerald C. Anderson, Harmon T. Ogdahl, Franklin J. Knoll, John C. Chenoweth.

Mr. Humphrey moved that the foregoing recommendations and Conference Committee Report on H. F. No. 261 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 261: A bill for an act relating to municipal development; limiting the objects and methods of financing residential, industrial, and economic development; regulating the planning and implementation of single family housing programs and multifamily housing developments and housing rehabilitation programs; authorizing and regulating the effectuation and financing of existing single family housing projects and undertaken by the cities of Coon Rapids in Anoka County and Vadnais Heights in Ramsey County; amending Minnesota Statutes 1978, Sections 474.01, Subdivision 7a, and by adding a subdivision; 474.02, by adding a subdivision; 474.03; and 474.12.

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

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

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

#### MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce 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. 1476: A bill for an act relating to banks; authorizing certain additional facilities for banks; amending Minnesota Statutes 1978, Section 47.52.

Senate File No. 1476 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

#### CONCURRENCE AND REPASSAGE

Mr. Bang moved that the Senate concur in the amendments by the House to S. F. No. 1476 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 1476 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 50 and nays 8, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Luther	Perpich	Solon
Bang	Hanson	McCutcheon	Peterson	Spear
Bernhagen	Humphrey	Menning	Pillsbury	Staples
Chenoweth	Jensen	Merriam	Purfeerst	Stokowski
Coleman	Johnson	Moe	Renneke	Stumpf
Davies	Keefe, S.	Nelson	Rued	Tennesen
Dieterich	Kleinbaum	Nichols	Schaaf	Ueland, A.
Dunn	Knaak	Ogdahl	Setzepfandt	Ulland, J.
Engler	Knoll	Olhoft	Sieloff	Vega
Gearty	Knutson	Olson	Sillers	Wegener



Those who voted in the negative were:

Chmielewski	Kirchner	Penny	Strand	Willet
Hughes	Lessard	Sikorski		

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

#### MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 917 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S. F. NO. 917

A bill for an act relating to workers' compensation; changing certain insurance rate making procedures; increasing the membership of the workers' compensation court of appeals; directing certain studies; providing for certain schedules and lists; increasing certain staff; relocating workers' compensation court of appeals; changing availability amounts for certain benefits; changing rehabilitation procedures; changing certain presumptions; changing basis for attorneys' fees; changing notice provisions; establishing a workers' compensation reinsurance association; transferring self-insuring duties to the commissioner of insurance; establishing a reopened case fund; establishing a voluntary group self-insurance association; appropriating money; amending Minnesota Statutes 1978, Sections 79.01, Subdivision 2, and by adding subdivisions; 79.095; 79.10; 79.21; 79.22, by adding a subdivision; 79.25; 175.006, Subdivision 1; 175.08; 176.011, Subdivisions 9 and 15; 176.021, Subdivision 3; 176.061, Subdivision 5; 176.081, Subdivision 5; 176.101, Subdivisions 1, 3 and 4; 176.111, Subdivisions 1; 176.131, Subdivisions 3, 10 and by adding a subdivision; 176.135, by adding a subdivision; 176.141; 176.155, Subdivision 2; 176.179; 176.181, Subdivision 2, and by adding a subdivision; 176.191; 176.231, Subdivisions 1 and 2; 176.235, Subdivision 1; 176.241; 176.271; 176.391, Subdivision 2; 176.521, Subdivision 1; Chapters 79, by adding sections; and 176, by adding a section; repealing Minnesota Statutes 1978, Sections 79.05; 79.06; 79.07; 175.092; and 176.101, Subdivision 7.

May 21, 1979

The Honorable Edward J. Gearty  
President of the Senate

The Honorable Rod Searle  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 917, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 917 be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 79.01, is amended by adding subdivisions to read:

**Subd. 6. [ASSOCIATION.]** "Association" or "rating association" means the Workers' Compensation Insurers Rating Association of Minnesota.

**Subd. 7. [INTERESTED PARTY.]** Interested party means any person or association acting on behalf of its members who is directly affected by a change in the schedule of rates and includes the staff of the insurance division.

**Subd. 8. [SCHEDULE OF RATES.]** Schedule of rates means the rate level applicable to the various industry groupings or classes, including the risk classifications thereunder upon which the determination of workers' compensation premiums are based, including but not limited to all systems for merit or experience rating, retrospective rating, and premium discounts.

Sec. 2. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

**[79.071] [RATES; HEARINGS.]** Subdivision 1. The commissioner shall adopt a schedule of workers' compensation insurance rates for use in this state for each classification under which business is written. The schedule of rates shall not be excessive, inadequate, or unfairly discriminatory. In adopting a schedule of rates, the commissioner may act on the written petition of the association or any other interested party requesting that a hearing be held for modification of the schedule of rates. The commissioner may include the expense of a reasonable charge for the services of an agent of record, for the service of rejected risks as set forth in sections 79.24 to 79.27.

**Subd. 2.** Upon receipt of a petition requesting a hearing for modification of an existing schedule of rates, the commissioner shall determine whether the petition sufficiently sets forth facts that show that the existing schedule of rates is excessive, inadequate, unfairly discriminatory, or otherwise in need of modification so as to indicate the need to hold a hearing. The commissioner may decline to grant a hearing if the association has failed to provide information requested by previous orders modifying the schedule of rates, provided that the request was not unreasonable. The commissioner may accept or reject the petition for a hearing and shall give notice of his determination to the petitioning party within 30 days of receipt of the petition. If the commissioner rejects the petition, he shall notify the petitioning party of the reasons for the rejection.

**Subd. 3.** If the commissioner accepts the petition for hearing, the commissioner shall order a hearing on matters set forth in the petition requesting modification of the schedule of rates. The hearing shall be held pursuant to the contested case procedures set forth in sections 15.0411 to 15.052. The burden of proof shall be on the petitioning party. The hearing examiner may admit documentary and statistical evidence accepted and relied upon by an expert whose field of expertise may have some relevance to workers' compensation rate matters, without the requirement of traditional

evidentiary foundation. Within 30 days after the close of the hearing record, the hearing examiner shall transmit to the commissioner the entire record of the hearing, including the transcript, exhibits, and all other material properly accepted into evidence, together with the finding of facts, conclusions, and recommended order made by the hearing examiner. The time for filing the report may be extended by the chief hearing examiner for good cause.

Subd. 4. The commissioner may accept, reject, or modify, in whole or in part, matters raised in the petition for modification of the schedule of rates or matters raised in the findings and recommendations of the hearing examiner. The commissioner's determination shall be based upon substantial evidence.

Subd. 5. The commissioner shall make a final determination with respect to adoption of a schedule of rates within 90 days after receipt of the hearing examiner's report. If the commissioner fails to act within the 90 day period, the findings, conclusions, and recommended order of the hearing examiner become the final order of the commissioner.

Subd. 6. The commissioner may hire a consulting actuary and other experts he deems necessary to assist in the hearing for modification of the schedule of rates. The costs of conducting the hearing provided under subdivision 3, including the costs of hiring a consulting actuary and other experts, shall be assessed against the rating association and its members.

Subd. 7. The office of hearing examiners, upon approval of the chief hearing examiner, may hire consultants necessary to assist the hearing examiner assigned to a given workers' compensation rate proceeding.

Sec. 3. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.072] [PETITION FOR REHEARING.] Subdivision 1. Any interested party may petition the commissioner for rehearing and reconsideration of a determination made pursuant to section 2. The petition for rehearing and reconsideration shall be served upon the commissioner and all parties to the rate hearing within 30 days after service of the commissioner's final order. The petition shall set forth factual grounds the petitioning party deems to exist in support of its petition. An interested party adversely affected by a petition for review and reconsideration shall be afforded 15 days to respond to factual matters so alleged in the petition.

Subd. 2. At his discretion, the commissioner may grant a rehearing upon the filing of a petition under subdivision 1. Upon rehearing, the commissioner may limit the scope of factual matters that are subject to rehearing and reconsideration. The rehearing is subject to the provisions of section 2.

Subd. 3. Following rehearing, the commissioner may modify the terms of the initial order adopting a change in the schedule of rates upon a determination that adequate factual grounds exist

*to support modification. Adequate factual grounds shall include, but need not be limited to, erroneous testimony by any witness or party to the hearing, material change in Minnesota loss or expense data occurring after a petition for modification of the schedule of rates has been filed, or any other mistake of fact that has a substantial effect upon the schedule of rates adopted in the initial order of the commissioner.*

Sec. 4. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.073] [JUDICIAL REVIEW.] *Final orders of the commissioner pursuant to sections 2 and 3 are subject to judicial review by writ of certiorari brought in the district court in Ramsey County by an interested party of record adversely affected thereby. The operation of the commissioner's order is not suspended during judicial review; provided that in the event of a judicial determination against the validity of the commissioner's order, the order under review and any subsequent order shall be modified so as to give effect to the court's ruling. For purposes of further judicial review, the commissioner is an aggrieved party to the extent that his orders are modified or set aside by the district court.*

Sec. 5. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.074] [DISCRIMINATION.] *Subdivision 1. [RATES.] One rate is unfairly discriminatory in relation to another if it clearly fails to reflect equitably the differences in expected losses, expenses, and the degree of risk. Rates are not unfairly discriminatory because different premiums result for policyholders with like loss exposures but different expense factors, or like expense factors but different loss exposures, so long as the rates reflect the differences with reasonable accuracy.*

*Subd. 2. [DIVIDENDS.] Dividend plans are not unfairly discriminatory where different premiums result for different policyholders with similar loss exposures but different expense factors, or where different premiums result for different policyholders with similar expense factors but different loss exposures, so long as the respective premiums reflect the differences with reasonable accuracy. Every insurer referred to in section 79.20 who issues participating policies shall file with the commissioner a true copy or summary as the commissioner shall direct of its participating dividend rates as to policyholders. The commissioner may study the participating dividend rates and make recommendations to the legislature concerning possible bases for unfair discrimination.*

Sec. 6. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.075] [AUTOMATIC ADJUSTMENT OF RATES.] *The commissioner shall, by rule, establish a formula by which a schedule of rates may be automatically adjusted to reflect benefit changes that have been mandated by operation of law subsequent to the most recent change in the statewide schedule of rates. This*

*adjustment shall also reflect the annual change in the maximum weekly compensation made pursuant to section 176.101, an adjustment in the assessment rate for the financing of the special fund, and the annual adjustment made pursuant to section 176.645. Any automatic adjustment made pursuant to this subdivision is effective on October 1 or as soon thereafter as possible and is not otherwise subject to sections 15.0411 to 15.052.*

*At each rate hearing held pursuant to section 2 or rehearing pursuant to section 3, following an automatic adjustment, the commissioner shall review the rate adjustment to assure that the schedule of rates adopted subsequent to the adjustment are not excessive, inadequate, or unfairly discriminatory. If the commissioner finds that the schedule of rates adopted subsequent to the adjustment are excessive, inadequate, or unfairly discriminatory, the commissioner shall order appropriate remedial action.*

Sec. 7. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.076] [RATE REVISION ORDER; EFFECT.] *Subdivision 1. Following adoption of a revised schedule of rates pursuant to sections 2 or 3, the revised rates apply to new and renewal policies issued after the effective date of the commissioner's final order.*

*Subd. 2. The revised schedule of rates apply to all insureds and prospective insureds pursuant to the provisions of the workers' compensation rating manual adopted by the association and approved by the commissioner, provided that the manual:*

*(1) Is deemed to have met the applicable requirements of sections 15.0411 to 15.052 as of the effective date of sections 2 and 3.*

*(2) Shall not be amended except by a contested case proceeding held pursuant to sections 2 and 3.*

Sec. 8. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.221] [INDEPENDENT CONTRACTORS; PAYROLL DETERMINATION.] *Pursuant to the contested case procedures in sections 15.0411 to 15.052, the commissioner may establish a formula to be used to determine the remuneration of independent contractors whose actual payroll cannot be determined.*

Sec. 9. Minnesota Statutes 1978, Section 79.095, is amended to read:

79.095 [APPOINTMENT OF ACTUARY.] *The commissioner shall employ the services of a casualty actuary experienced in worker's compensation whose duties shall include but not be limited to investigation of complaints by insured parties relative to rates, rate classifications, or discriminatory practices of an insurer. The salary of the actuary employed pursuant to this section is not subject to the provisions of section 43.067.*

Sec. 10. Minnesota Statutes 1978, Section 79.10, is amended to read:

79.10 [REVIEW OF ACTS OF INSURERS.] The commissioner, upon its own motion or upon the written complaint of any person having a direct interest, may review the acts of any insurer, bureau, or agent subject to the provisions of sections 79.01 to 79.23, and make findings and orders requiring compliance with the provisions thereof. Not less than ten days notice of this review before the commissioner shall be given to the parties interested in its findings or orders shall be made after a hearing before it and is subject to a review by a writ of certiorari brought in the supreme court. The operation of the commissioner's order is suspended during such review, but in the event of final determination against an insurer any overcharge made during the pendency of the proceedings shall be refunded to the person entitled thereto. All written complaints under this section shall be verified and may be upon information and belief of the person complaining. A copy of the complaint shall be served upon the insurer, bureau, or person against whom the complaint is directed and each party in interest is entitled to at least ten days notice of any hearing thereon. The insurance division staff may investigate on the request of any person or on its own initiative the acts of the rating association, an insurer, or an agent that are subject to provisions of sections 79.01 to 79.23 and may make findings and recommendations that the commissioner issue an order requiring compliance with the provisions thereof. The proposed findings and recommended order shall be served on all affected parties at the same time that the staff transmits its findings and recommendations to the commissioner. Any party adversely affected by the proposed findings and recommended order may request that a hearing be held concerning the issues raised therein within 15 days after service of the findings and recommended order. This hearing shall be conducted as a contested case pursuant to sections 15.0411 to 15.052. If a hearing is not requested within the time specified in this section, the proposed findings and recommended order may be adopted by the commissioner as a final order.

Sec. 11. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.171] [INFORMATION.] *In addition to other information that the commissioner requests pursuant to section 2, the rating association shall: (a) separate the incurred but not reported losses of its members; (b) separate paid and outstanding losses of its members; (c) provide information indicating cases in which its members have established a reserve in excess of \$50,000; and (d) provide information on the income on invested reserves of its members.*

*The commissioner shall consider this information in an appropriate manner in adopting a schedule of rates and shall decline to grant a hearing pursuant to section 2 if the association fails to provide the information.*

Sec. 12. Minnesota Statutes 1978, Section 79.21, is amended to read:

79.21 [RATES TO BE UNIFORM; EXCEPTIONS.] No insurer shall write insurance at a rate ~~other than that exceeds that~~

made and put into force by the bureau and approved as adequate and reasonable by the commissioner. The bureau may reduce or increase a rate by the application to individual risks of the system of merit or experience rating which has been approved by the commissioner. This reduction or increase shall be set forth in the policy or by indorsement thereon. *An insurer may write insurance at rates that are lower than the rates approved by the commissioner provided the rates are not unfairly discriminatory.*

Sec. 13. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.211] [CERTAIN PREMIUM DETERMINATION PRACTICES.] *Subdivision 1. [CERTAIN WAGES EXCLUDED FOR RATE MAKING.] The rating association or an insurer shall not include wages paid for a vacation, holiday, or sick leave in the determination of workers' compensation insurance premium.*

*Subd. 2. [DIVISION OF PAYROLL.] The rating association or an insurer shall permit an employer to divide his payroll among relevant rating classifications for purposes of premium calculation when the employer's records provide adequate support for such division.*

Sec. 14. Minnesota Statutes 1978, Section 79.22, is amended to read:

79.22 [DUTIES OF COMMISSIONER.] *Subdivision 1. The commissioner of insurance shall require these insurers, or their agents, to file with him on such blanks as he may prescribe such reports as in the judgment of the commissioner, may be necessary for the purposes of sections 79.01 to 79.23; and this information when so filed shall be available for the use of the commissioner. No information regarding the writings of any insurer shall be made public by the commissioner or the bureau, or any of its employees, except as required by law.*

*Subd. 2. The commissioner shall annually examine the reopened case fund established in section 43 to determine whether the fund has sufficient assets to cover claims charged against the fund including the maintenance of reasonable reserves. If upon this examination the commissioner deems it necessary for the maintenance of the required assets he shall determine the amount to be assessed against insurers and self-insured employers and shall notify the commissioner of labor and industry of the determination.*

Sec. 15. Minnesota Statutes 1978, Section 79.25, is amended to read:

79.25 [BUREAU TO FIX PREMIUM RATES.] *Subdivision 1. When any such rejected risk is called to its attention and it appears appears that the risk is in good faith entitled to coverage the bureau shall fix the initial premium therefor and may fix an additional charge to compensate the agent of record for his services and, upon its payment, the bureau shall designate a member, whose duty it shall be to issue a policy containing the usual and customary provisions found in such policies therefor, but for which*

undertaking all members of the bureau shall be reinsurers as among themselves in the amount which the compensation insurance written in this state during the preceding calendar year by that member bears to the total compensation insurance written in this state during the preceding year by all the members of the bureau.

*Subd. 2. An insurer that issues a policy pursuant to this section shall not receive an expense allowance that exceeds the expense allowance approved by the commissioner for other insurers.*

Sec. 16. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.33] [ADDITIONAL DUTIES OF THE COMMISSIONER.] *In addition to other duties prescribed to the commissioner, he may: (a) study the feasibility of extending the experience rating system to employers who are covered by it; and (b) require insurers when establishing reserves to use life expectancy tables, when available, that are appropriate for persons with equivalent disabilities. If these life expectancy tables are not available, the commissioner shall require insurers to develop them unless their development is not feasible.*

Sec. 17. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.34] [CREATION OF REINSURANCE ASSOCIATION.] *Subdivision 1. An unincorporated, nonprofit association known as the workers' compensation reinsurance association is created. Each insurer as defined by section 79.01, subdivision 2, shall as a condition of its authority to transact workers' compensation insurance in this state, be a member of the reinsurance association and shall be bound by the plan of operation of the reinsurance association. Each self-insurer approved pursuant to section 176.181 shall also be a member of the reinsurance association and shall be bound by its plan of operation. The reinsurance association shall not be deemed a state agency. Actions of the reinsurance association and its board of directors and actions of the commissioner of insurance with respect to the reinsurance association shall not be subject to chapter 15.*

*Subd. 2. (1) The reinsurance association shall provide and each member shall accept indemnification for 100 percent of the amount of ultimate loss sustained in each loss occurrence under chapter 176 in excess of \$300,000 or \$100,000 at the option of the member, provided that \$300,000 and \$100,000 shall be increased, to the nearest \$10,000, on October 1, 1980 and on each October 1 thereafter by the percentage increase in the state-wide average weekly wage for the previous calendar year as determined pursuant to clause (2) of this subdivision. Ultimate loss as used in this section means the actual loss amount which a member is obligated to pay and which is paid or payable by the member and shall not include claim expenses. An ultimate loss is incurred by the reinsurance association on the date on which the loss occurs.*

*(2) For the purposes of this section state-wide average weekly*



wage means that wage determined by the commissioner in the following manner: On or before the July 1 preceding the October 1 on which the increase is to be applicable, the total wages reported to the department of economic security for the preceding 12 months ending on December 31 shall be divided by the total employment reported to that department for the same period to arrive at an average annual wage, which shall be divided by 52 to determine the state-wide average weekly wage.

**Subd. 3.** An insurer may withdraw from the reinsurance association only upon ceasing to write workers' compensation insurance in this state.

An insurer whose membership in the reinsurance association is terminated shall continue to be bound by the plan of operation. Upon withdrawal, all unpaid premiums which have been charged to the withdrawing member shall be payable as of the effective date of the withdrawal.

**Subd. 4.** An unsatisfied net liability to the reinsurance association of an insolvent member shall be assumed by and apportioned among the remaining members of the reinsurance association as provided in the plan of operation. The reinsurance association shall have all rights allowed by law on behalf of the remaining members against the estate or funds of the insolvent member for sums due the reinsurance association.

**Subd. 5.** When a member has been merged or consolidated into another insurer, or another insurer, which provides insurance required by chapter 176, has reinsured a member's entire business, the member and successors in interest of the member shall remain liable for the member's obligations.

**Subd. 6.** No insurer or self-insurer may establish a reserve in a financial statement filed with the commissioner of insurance in excess of its maximum liability under this section for a single claim or occurrence.

**Sec. 18.** Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.35] [DUTIES; RESPONSIBILITIES; POWERS.] The reinsurance association shall do the following on behalf of its members:

(a) Assume 100 percent of the liability as provided in section 17;

(b) Establish procedures by which members shall promptly report to the reinsurance association each claim which, on the basis of the injury sustained, may reasonably be anticipated to involve liability to the reinsurance association if the member is held liable under chapter 176. Solely for the purpose of reporting claims, the member shall in all instances consider itself legally liable for the injury. The member shall advise the reinsurance association of subsequent developments likely to materially affect the interest of the reinsurance association in the claim;

(c) Maintain relevant loss and expense data relative to all liabil-

ities of the reinsurance association and require each member to furnish statistics in connection with liabilities of the reinsurance association at the times and in the form and detail as may be required by the plan of operation;

(d) Calculate and charge to members a total premium sufficient to cover the expected losses of the reinsurance association in excess of the larger retention limit, together with operating and administrative expenses, which the reinsurance association will likely pay during the period for which this premium is applicable. The premium shall include an amount to cover any excess or deficient premiums from previous periods. Each member shall be charged an amount equal to a percentage, equal to that charged other members, of that member's total gross written premiums, less returned premiums, written during the period preceding that to which the reinsurance association premium will apply. An equitable basis for premium charges to self insurers shall be established by the board. Members exercising the lower retention option shall be charged a premium established by the board as sufficient to cover incurred claims for the liability the association is likely to incur for the period to which the premium applies. The premium shall not be unfairly discriminatory as defined in section 5. The premium may reflect excessive or deficient premiums from previous periods;

The reinsurance association shall establish a reserve in anticipation of expended losses in excess of \$500,000 for a single occurrence.

(e) Require and accept the payment of premiums from members of the reinsurance association;

(f) Receive and distribute all sums required by the operation of the reinsurance association;

(g) Establish procedures for reviewing claims procedures and practices of members of the reinsurance association. If the claims procedures or practices of a member are considered inadequate to properly service the liabilities of the reinsurance association, the reinsurance association may undertake, or may contract with another person, including another member, to adjust or assist in the adjustment of claims which create a potential liability to the association and may charge the cost of the adjustment to the member; and

(h) Provide each member of the reinsurance association with an annual report of the operations of the reinsurance association in a form the board of directors may specify.

Sec. 19. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.36] [ADDITIONAL POWERS.] In addition to the powers granted in section 18, the reinsurance association may do the following:

(a) Sue and be sued. A judgment against the reinsurance association shall not create any direct liability against the individual members of the reinsurance association. The reinsurance associa-

tion may provide for the indemnification of the members, members of the board of directors of the reinsurance association, and officers, employees and other persons lawfully acting on behalf of the reinsurance association;

(b) Reinsure all or any portion of its potential liability with reinsurers licensed to transact insurance in this state;

(c) Provide for appropriate housing, equipment, and personnel as may be necessary to assure the efficient operation of the reinsurance association;

(d) Contract for goods and services, including independent claims management, actuarial, investment, and legal services from others within or without this state to assure the efficient operation of the reinsurance association;

(e) Adopt rules, consistent with the plan of operation, for the administration of the reinsurance association, enforce those rules, and delegate authority as necessary to assure the proper administration and operation of the reinsurance association;

(f) Intervene at any time, in any proceeding under chapters 79 or 176 in which liability of the reinsurance association may, in the opinion of the board of directors of the reinsurance association or its designee, be established, or the reinsurance association affected in any other way;

(g) Hear and determine complaints of a company or other interested party concerning the operation of the reinsurance association; and

(h) Perform other acts not specifically enumerated in this section which are necessary or proper to accomplish the purposes of the reinsurance association and which are not inconsistent with sections 17 to 25 or the plan of operation.

Sec. 20. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.37] [BOARD OF DIRECTORS.] A board of directors of the reinsurance association is created and shall be responsible for the operation of the reinsurance association consistent with the plan of operation and sections 17 to 25. The board shall consist of nine directors and the commissioner of insurance who shall be an ex officio member. Four members of the board shall represent insurers, three members of the board shall represent employers, and two members of the board shall represent employees. Each board member shall be entitled to one vote, except as provided otherwise. Terms of the directors shall be staggered so that the terms of all the directors do not expire at the same time and so that a director does not serve a term of more than four years. The board shall select a chairman and other officers it deems appropriate.

A majority of the board shall constitute a quorum, notwithstanding any vacancies. Action may be taken by a majority vote of the directors present.

Sec. 21. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.38] [PLAN OF OPERATION.] *The plan of operation shall provide for all of the following:*

(a) *The establishment of necessary facilities;*

(b) *The management and operation of the reinsurance association;*

(c) *A preliminary premium, payable by each member in proportion to its total premium in the year preceding the inauguration of the reinsurance association, for initial expenses necessary to commence operation of the reinsurance association;*

(d) *Procedures to be utilized in charging premiums, including adjustments from excess or deficient premiums from prior periods;*

(e) *Procedures governing the actual payment of premiums to the reinsurance association;*

(f) *Reimbursement of each member of the board by the reinsurance association for actual and necessary expenses incurred on reinsurance association business;*

(g) *The composition, terms, compensation and other necessary rules consistent with section 20 for boards of directors of the reinsurance association to succeed the initial board provided in section 24;*

(h) *The investment policy of the reinsurance association; and*

(i) *Any other matters required by or necessary to effectively implement sections 17 to 25.*

Sec. 22. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.39] [APPLICABILITY OF CHAPTER 79.] *The reinsurance association is subject to all the provisions of this chapter. The commissioner or an authorized representative of the commissioner may visit the reinsurance association at any time and examine the reinsurance association's operations, records and practices.*

Sec. 23. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.40] [PREMIUM INCLUSION IN RATEMAKING.] *Premiums charged members by the reinsurance association shall be recognized in the ratemaking procedures for insurance rates in the same manner as assessments for the special compensation fund.*

Sec. 24. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.41] [ORGANIZATIONAL MEETING.] *Not more than 30 days after the effective date of this section, the commissioner shall convene an organizational meeting of the board. The board shall be initially composed of nine members appointed by the*

*commissioner as follows: four representatives of insurers, three representatives of employers, and two representatives of employees. The commissioner or his designee shall serve as an ex officio member. The initial directors shall serve until their replacements are elected and installed. The commissioner may appoint replacement directors as necessary until a full board is elected and installed.*

Sec. 25. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.42] [SUBMISSION OF PLAN.] Subdivision 1. Not more than 60 days after the initial organizational meeting of the board, the board shall submit to the commissioner for approval a proposed plan of operation consistent with the objectives and provisions of sections 17 to 25 which shall provide for the economical, fair, and nondiscriminatory administration of the reinsurance association and for the prompt and efficient payment of losses. If a plan is not submitted within this 60-day period, the commissioner shall formulate and place into effect a plan consistent with this chapter.

Subd. 2. The plan of operation, unless approved sooner in writing, shall be considered to meet the requirements of sections 17 to 25 if it is not disapproved by written order of the commissioner within 30 days after the date of its submission. Before disapproval of all or any part of the proposed plan of operation, the commissioner shall notify the board in what respect the plan of operation fails to meet the requirements and objectives of sections 17 to 25. If the board fails to submit a revised plan of operation which meets the requirements and objectives of sections 17 to 25 within 30-days of the commissioner's notice of the inadequacy of the first plan, the commissioner shall immediately formulate and place into effect a plan consistent with the requirements and objectives of sections 17 to 25.

Subd. 3. The proposed plan of operation or amendments to the plan of operation shall be subject to approval by the board, with voting rights being apportioned according to the premiums charged, and shall be subject to approval by the commissioner.

Subd. 4. Upon approval by the commissioner and ratification by the members of the submitted plan, or upon the promulgation of a plan by the commissioner, each insurer authorized to write workers' compensation insurance shall be bound by and shall formally subscribe to and participate in the approved plan as a condition of maintaining its authority to transact insurance in the state.

Sec. 26. Minnesota Statutes 1978, Section 175.006, Subdivision 1, is amended to read:

175.006 [DIVISION OF WORKERS' COMPENSATION.] Subdivision 1. [CREATION AND ORGANIZATION.] The division of workers' compensation, generally administering the workers' compensation law, is created within the department of labor and industry. There is created as a separate appellate tribunal for workers' compensation, the workers' compensation court of appeals.

The workers' compensation court of appeals shall be composed of ~~three five~~ judges ~~learned in the law~~, each serving in the unclassified service of the state civil service. *Of the five judges, at least three shall be learned in the law.* Each judge of the workers' compensation court of appeals shall be appointed by the governor, by and with the advice and consent of the senate, for a term of six years. The judges of the workers' compensation court of appeals as now created shall be the judges of the workers' compensation court of appeals until the expiration of the terms for which they have been appointed and qualified.

Sec. 27. Minnesota Statutes 1978, Section 175.08, is amended to read:

175.08 [OFFICE.] The workers' compensation court of appeals and the department of labor and industry shall maintain their main offices within the Minneapolis-Saint Paul metropolitan area and be provided by the commissioner of administration with suitable rooms and necessary furniture. *The offices of the workers' compensation court of appeals and the department of labor and industry shall be in separate buildings.* They may hold sessions at any other place in the state when their convenience and that of the parties interested so requires.

Sec. 28. Minnesota Statutes 1978, Section 176.011, Subdivision 9, is amended to read:

Subd. 9. [EMPLOYEE.] "Employee" means any person who performs services for another for hire; and includes the following:

- (1) an alien;
- (2) a minor;
- (3) a sheriff, deputy sheriff, constable, marshal, policeman, firefighter, a county highway engineer, and a peace officer while engaged in the enforcement of peace or in and about the pursuit or capture of any person charged with or suspected of crime and any person requested or commanded to aid an officer in arresting any person, or in retaking any person who has escaped from lawful custody, or in executing any legal process in which case, for purposes of calculating compensation payable under this chapter, the daily wage of the person requested or commanded to assist an officer or to execute a legal process shall be the prevailing wage for similar services where the services are performed by paid employees;
- (4) a county assessor;
- (5) an elected or appointed official of the state, or of any county, city, town, school district or governmental subdivision therein but an officer of a political subdivision elected or appointed for a regular term of office or to complete the unexpired portion of any such regular term, shall be included only after the governing body of the political subdivision has adopted an ordinance or resolution to that effect;
- (6) an executive officer of a corporation except an officer of a

family farm corporation as defined in section 500.24, subdivision 1, clause (c), nor shall it include an executive officer of a closely held corporation who is referred to in section 176.012;

(7) a voluntary uncompensated worker, other than an inmate, rendering services in state institutions under the commissioner of public welfare and state institutions under the commissioner of corrections similar to those of officers and employees of ~~such~~ *these* institutions, and whose services have been accepted or contracted for by the commissioner of public welfare or the commissioner of corrections as authorized by law, shall be employees within the meaning of this subdivision. In the event of injury or death of ~~any such~~ *the* voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of ~~such~~ *the* injury or death for similar services in institutions where ~~such~~ *the* services are performed by paid employees;

(8) a voluntary uncompensated worker engaged in peace time in the civil defense program when ordered to training or other duty by the state or any political subdivision thereof, shall be ~~employees~~ *an employee*. The daily wage of the worker for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of ~~such~~ *the* injury or death for similar services where ~~such~~ *the* services are performed by paid employees;

(9) a voluntary uncompensated worker participating in a program established by a county welfare board shall be an employee within the meaning of this subdivision. In the event of injury or death of ~~any such~~ *the* voluntary uncompensated worker, the wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid in the county at the time of ~~such~~ *the* injury or death for similar services where ~~such~~ *the* services are performed by paid employees working a normal day and week;

(10) a voluntary uncompensated worker accepted by the commissioner of natural resources who is rendering services as a volunteer pursuant to section 85.041 shall be an employee. The daily wage of the worker for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of injury or death for similar services where ~~such~~ *the* services are performed by paid employees;

(11) a member of the military forces, as defined in section 190.05, while in "active service" or "on duty" as defined in section 190.05, when the service or duty is ordered by state authority. The daily wage of the member for the purpose of calculating compensation payable under this chapter shall be based on the member's usual earnings in civil life. If there is no evidence of previous occupation or earning, the trier of fact shall consider the member's earnings as a member of the military forces;

(12) a voluntary uncompensated worker, accepted by the director of the Minnesota historical society, rendering services as a

volunteer, pursuant to chapter 138, shall be an employee. The daily wage of the worker, for the purposes of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of injury or death for similar services where *such the* services are performed by paid employees;

(13) a voluntary uncompensated worker, other than a student, who renders services at the Minnesota school for the deaf or the Minnesota braille and sight-saving school, and whose services have been accepted or contracted for by the state board of education, as authorized by law, shall be an employee within the meaning of this subdivision. In the event of injury or death of *any such the* voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of *such the* injury or death for similar services in institutions where *such the* services are performed by paid employees.

In the event it is difficult to determine the daily wage as herein provided, then the trier of fact may determine the wage upon which the compensation is payable.

Sec. 29. Minnesota Statutes 1978, Section 176.011, Subdivision 15, is amended to read:

Subd. 15. [OCCUPATIONAL DISEASE.] "Occupational disease" means a disease arising out of and in the course of employment peculiar to the occupation in which the employee is engaged and due to causes in excess of the hazards ordinary of employment and shall include undulant fever. Ordinary diseases of life to which the general public is equally exposed outside of employment are not compensable, except where *such the* diseases follow as an incident of an occupational disease, or where the exposure peculiar to the occupation makes *such the* disease an occupational disease hazard. A disease arises out of the employment only if there be a direct causal connection between the conditions under which the work is performed and if the occupational disease follows as a natural incident of the work as a result of the exposure occasioned by the nature of the employment. An employer is not liable for compensation for any occupational disease which cannot be traced to the employment as a direct and proximate cause and is not recognized as a hazard characteristic of and peculiar to the trade, occupation, process, or employment or which results from a hazard to which the worker would have been equally exposed outside of the employment. If immediately preceding the date of his disablement or death, an employee was employed on active duty with an organized fire or police department of any municipality, as a member of the Minnesota highway patrol, conservation officer service, state crime bureau, *as a forest officer by the department of natural resources*, or sheriff or full time deputy sheriff of any county, and his disease is that of myocarditis, coronary sclerosis, pneumonia or its sequel, and at the time of his employment such employee was given a thorough physical examination by a licensed doctor of medicine, and a written report thereof has been made and filed with such organized fire or police department, with the Minnesota highway patrol, conservation officer service, state



crime bureau, *department of natural resources*, or sheriff's department of any county, which examination and report negatived any evidence of myocarditis, coronary sclerosis, pneumonia or its sequel, the disease is presumptively an occupational disease and shall be presumed to have been due to the nature of his employment.

Sec. 30. Minnesota Statutes 1978, Section 176.021, Subdivision 3, is amended to read:

Subd. 3. [COMPENSATION, COMMENCEMENT OF PAYMENT.] All employers shall commence payment of the compensation at the time and in the manner prescribed by this chapter without the necessity of any agreement or any order of the division. Except those of medical, burial, and other non-periodic benefits, payments shall be made as nearly as may be at the intervals when the wage was payable; provided, however, that payments for permanent partial disability *in cases in which return to work occurs prior to four weeks from the date of injury* shall be made by lump sum payment, and the provisions of section 176.165 shall not apply, without the necessity of any agreement, or order of the division, upon ~~termination~~ *cessation of the healing period, or as soon as such disability can be ascertained* payments for temporary total disability and upon the employee's return to work. *In cases in which return to work does not occur prior to four weeks after injury* payments for permanent partial disability shall be made according to the following schedule: 25 percent of the amount due after four weeks from the date of injury, 25 percent after eight weeks, 25 percent after 12 weeks and 25 percent after 16 weeks, provided that any and all payments remaining shall be paid upon the cessation of payments for temporary total disability and upon the employee's return to work. If doubt exists at such *that* time as to the eventual permanent partial disability, payment shall be then made for the minimum permanent partial disability ascertainable in lump sum, and further lump sum payment shall be made upon any later ascertainment of greater permanent partial disability. At the time of the tender of ~~any such~~ *the* lump sum payment, the employee and employer shall be furnished with a copy of the medical report upon which ~~such the~~ payment is based, together with a statement by the insurer as to whether the tendered payment is for minimum permanent partial disability or final and eventual disability. Compensation for permanent partial disability is payable concurrently and in addition to compensation for temporary total disability and temporary partial disability as set forth in section 176.101, subdivisions 1 and 2, and for permanent total disability as defined in section 176.101, subdivision 5; and such compensation for permanent partial disability shall not be deferred pending completion of payment for temporary disability or permanent total disability, and no credit shall be taken for payment of permanent partial disability against liability for permanent total disability. Liability on the part of an employer or his insurer for disability of a temporary total, temporary partial, and permanent total nature shall be considered as a continuing product and part of the employee's inability to earn or reduction in earning capacity due to injury or occupational disease and

shall be payable accordingly. Permanent partial disability is payable for functional loss of use or impairment of function, permanent in nature, and payment therefore shall be separate, distinct, and in addition to payment for any other compensation. ~~In the event that an employee's death is not compensable under this chapter,~~ The right to receive *temporary total, temporary partial, a permanent partial or permanent total disability payment payments* shall vest in the injured employee or his dependents under this chapter or, if none, in his legal heirs at the time the disability can be ascertained and the right shall not be abrogated by the employee's death prior to the making of the payment.

Sec. 31. Minnesota Statutes 1978, Section 176.061, Subdivision 5, is amended to read:

Subd. 5. [CUMULATIVE REMEDIES.] Where an injury or death for which compensation is payable is caused under circumstances which created a legal liability for damages on the part of a party other than the employer, that party being then insured or self-insured in accordance with this chapter, and the provisions of subdivisions 1, 2, 3, and 4 do not apply, or the party other than the employer is not then insured or self-insured as provided by this chapter, legal proceedings may be taken by the employee or his dependents against the other party to recover damages, notwithstanding the payment by the employer or his liability to pay compensation. If the action against ~~such~~ *the* other party is brought by the injured employee or his dependents and a judgment is obtained and paid or settlement is made with the other party, the employer may deduct from the compensation payable by him the amount actually received by the employee or dependents in accordance with subdivision 6. If the action is not diligently prosecuted or if the court deems it advisable in order to protect the interests of the employer, upon application the court may grant the employer the right to intervene in any such action for the prosecution thereof. If the injured employee or his dependents agree to receive compensation from the employer or institute proceedings to recover the same or accept from the employer any payment on account of such compensation, the employer is subrogated to the rights of the employee or his dependents. This employer may maintain an action or continue an action already instituted. This action may be maintained in the name of the employee or the names of the dependents or in the name of the employer against ~~such~~ *the* other party for the recovery of damages. If the action is not diligently prosecuted by the employer or the court deems it advisable in order to protect the interest of the employee, the court, upon application, may grant to the employee or his dependents the right to intervene in the action for the prosecution thereof. The proceeds of ~~such~~ *the* action or settlement thereof shall be paid in accordance with subdivision 6. ~~Such~~ *The* party is not liable to any person other than the employee or his dependents for any damages resulting from the injury or death.

*A co-employee working for the same employer is not liable for a personal injury incurred by another employee unless the injury*

*resulted from the gross negligence of the co-employee or was intentionally inflicted by the co-employee.*

Sec. 32. Minnesota Statutes 1978, Section 176.081, Subdivision 5, is amended to read:

Subd. 5. In the determination of the reasonable value of attorney fees arising out of a claim or proceeding under this chapter, the following principles are to be applied:

(a) The fee in each individual case must be a reasonable one.

(b) There is no set standard fee to be awarded in any workers' compensation matter.

(c) No attorney-client fee contract or arrangement is binding in any workers' compensation matter.

(d) In determining a reasonable attorney fee, important factors to be taken into account are: the amount involved, the time and expense necessary to prepare for trial, the responsibility assumed by counsel, *the expertise of counsel in the workers' compensation field*, the difficulties of the issues involved, the nature of proof needed to be adduced and the results obtained. The amount of money involved shall not be the controlling factor.

(e) The determination of the fee in each specific workers' compensation matter must be done with the same care as the determination of any other fact question in the matter.

(f) The determiner of the attorney fee in each matter must ascertain whether or not a retainer fee has been paid to the attorney and if so, the amount of the retainer fee.

(g) The determiner of attorney fees in each case must personally see that the workers' compensation file contains fully adequate information to justify the fee that is determined.

Sec. 33. Minnesota Statutes 1978, Section 176.101, Subdivision 1, is amended to read:

176.101 [COMPENSATION SCHEDULE.] Subdivision 1. [TEMPORARY TOTAL DISABILITY.] For injury producing temporary total disability, 66⅔ percent of the daily wage at the time of injury ~~subject to the following limitations:~~

(1) *provided that* during the year commencing on October 1, 1977 1979, and each year thereafter, commencing on October 1, the maximum weekly benefits payable shall be the statewide average weekly wage for the period ending December 31, of the preceding year.

(2) The minimum weekly compensation benefits for temporary total disability shall be not less than 50 percent of the statewide average weekly wage or the injured employee's actual weekly wage, whichever is less. In no case shall a weekly benefit be less than 20 percent of the statewide average weekly wage.

This compensation shall be paid during the period of disability,

payment to be made at the intervals when the wage was payable, as nearly as may be.

Sec. 34. Minnesota Statutes 1978, Section 176.101, Subdivision 3, is amended to read:

Subd. 3. [PERMANENT PARTIAL DISABILITY.] For the permanent partial disability from the loss of a member the compensation for total disability during the healing period shall be as stated in subdivision 1. For partial disability during the healing period the compensation shall be as stated in subdivision 2. The healing period shall not exceed 104 weeks. Thereafter and in addition thereto, compensation shall be that named in the following schedule, subject to a maximum compensation equal to the statewide weekly wage:

(1) For the loss of a thumb, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 65 weeks;

(2) For the loss of a first finger, commonly called index finger, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 40 weeks;

(3) For the loss of a second finger, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 35 weeks;

(4) For the loss of a third finger, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 25 weeks;

(5) For the loss of a fourth finger, commonly called the little finger, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 20 weeks;

(6) The loss of the first phalange of the thumb or of any finger, is considered equal to the loss of one-half of the thumb or finger and compensation shall be paid at the prescribed rate during one-half the time specified for the loss of the thumb or finger;

(7) The loss of one and one-half or more phalanges is considered equal to the loss of the entire finger or thumb; but in no case shall the amount received for more than one finger exceed the amount provided in this schedule for the loss of a hand;

(8) For the loss of a great toe, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 35 weeks;

(9) For the loss of a toe other than a great toe, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 15 weeks;

(10) The loss of the first phalange of any toe is considered equal to the loss of one-half of the toe, and compensation shall be paid at the prescribed rate during one-half the time specified for the loss of the toe;

(11) The loss of one and one-half or more phalanges is considered equal to the loss of the entire toe;

(12) For the loss of a hand, not including the wrist movement, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 195 weeks;

(13) For the loss of a hand, including the wrist movement, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 220 weeks;

(14) For the loss of an arm, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 270 weeks;

(15) Amputation of the arm below the elbow is considered the loss of a hand, including wrist movement, if enough of the forearm remains to permit the use of an effective artificial member, otherwise it is considered the loss of an arm;

(16) For the loss of a foot, not including ankle movement, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 140 weeks;

(17) For the loss of a foot, including ankle movement, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 165 weeks;

(18) For the loss of a leg, if enough of the leg remains to permit the use of an effective artificial member, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 195 weeks;

(19) For the loss of a leg so close to the hip that no effective artificial member can be used, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 220 weeks;

(20) Amputation of a leg below the knee is considered as equal to the loss of a foot, including ankle movement, if enough of the lower leg remains to permit the use of an effective artificial member, otherwise it is considered as equal to the loss of a leg;

(21) For the loss of an eye, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 160 weeks;

(22) For the complete permanent loss of hearing in one ear, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 85 weeks;

(23) For the complete permanent loss of hearing in both ears, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 170 weeks;

(24) For the loss of an eye and a leg, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 475 weeks;

(25) For the loss of an eye and an arm, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 475 weeks;

(26) For the loss of an eye and a hand, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 450 weeks;

(27) For the loss of an eye and a foot, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 400 weeks;

(28) For the loss of two arms, other than at the shoulder, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 500 weeks;

(29) For the loss of two hands, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 500 weeks;

(30) For the loss of two legs, other than so close to the hips that no effective artificial member can be used, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 500 weeks;

(31) For the loss of two feet, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 500 weeks;

(32) For the loss of one arm and the other hand, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 500 weeks;

(33) For the loss of one hand and one foot, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 500 weeks;

(34) For the loss of one leg and the other foot, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 500 weeks;

(35) For the loss of one leg and one hand, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 500 weeks;

(36) For the loss of one arm and one foot, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 500 weeks;

(37) For the loss of one arm and one leg, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 500 weeks;

(38) For loss of the voice mechanism, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during 500 weeks;

(39) For head injuries ~~resulting in permanent partial disability~~, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury for that proportion of 500 weeks which is represented by ~~the its~~ percentage of ~~such the~~ permanent partial disability to the entire body as is determined from competent testimony ~~adduced~~ at a hearing before a compensation judge, a the commissioner, or the ~~board work-~~ers' compensation court of appeals;

(40) For permanent partial disability resulting from injury to any internal organ, ~~including the heart until such time as the commissioner of labor and industry shall promulgate a schedule of internal organs and thereafter for internal organs covered by the schedule of internal organs established by the commissioner of labor and industry~~, 66  $\frac{2}{3}$  percent of the daily wage at time of injury for that proportion of 500 weeks as determined by the commissioner of labor and industry, not to exceed 500 weeks, which is the proportionate amount of permanent partial disability caused to the entire body by the injury and as is determined from competent testimony ~~adduced~~ at a hearing before a compensation judge, a the commissioner, or the workers' compensation court of appeals;

(41) For disfigurement or scarring not resulting from the loss of a member or other injury specifically compensated, affecting the employability or advancement opportunity of the injured person in the employment in which he was injured or other employment for which the employee is then qualified or for which the employee has become qualified, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury during ~~such the~~ period as the parties agree to or the compensation judge or the workers' compensation court of appeals in cases on appeal determines, not beyond exceeding 90 weeks;

(42) For permanent partial disability resulting from injury to the back, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury for that proportion of 350 weeks which is represented by the percentage of ~~such the~~ permanent partial disability as is determined from competent testimony adduced at a hearing before a compensation judge, a *the* commissioner, or the workers' compensation court of appeals;

(43) When an employee sustains concurrent injuries resulting in concurrent disabilities he shall receive compensation only for the injury which entitled him to the largest amount of compensation, but this does not affect liability for disfigurement affecting the employability of the injured person or liability for the concurrent loss of more than one member, for which members compensations are provided in the specific schedule and in subdivision 5;

(44) In all cases of permanent partial disability it is considered that the permanent loss of the use of a member is equivalent to and draws the same compensation as the loss of that member, but the compensation in and by this schedule provided shall be in lieu of all other compensation in ~~such these~~ cases, except as otherwise provided by this section;

In the event a worker has been awarded, or is entitled to receive, a compensation for loss of use of a member under any workers' compensation law, and thereafter sustains a loss of ~~such the~~ member under circumstances entitling him to compensation therefor under the workers' compensation act, as amended *this subdivision*, the amount of compensation awarded, or that he is entitled to receive, for ~~such the~~ loss of use, is to be deducted from the compensation due under the schedules of this section for the loss of ~~such the~~ member, provided, that the amount of compensation due for the loss of the member caused by the subsequent accident is in no case less than 25 percent of the compensation payable under the schedule of this section for the loss of ~~such the~~ member;

(45) In cases of permanent partial disability due to injury to a member, resulting in less than total loss of the member, not otherwise compensated in this schedule, compensation shall be paid at the prescribed rate during that part of the time specified in the schedule for the total loss of the member which the extent of the injury to the member bears to its total loss;

(46) In cases of permanent partial disability caused by simultaneous injury to two or more members, the applicable schedules in this subdivision shall be increased by 15 percent. This clause shall not apply when the injuries are compensated under paragraphs 22 to 37 inclusive, of this subdivision. In cases of partial disability due to injury to both eyes resulting in less than total loss of vision in one or both eyes compensation shall be paid at the prescribed rate during that part of 450 weeks which the extent of the combined injury to both eyes bears to the complete loss of industrial vision;

(47) The commissioner ~~of the department~~ of labor and industry

with the workers' compensation court of appeals may make or revise rules for the determination of the extent of the impairment of the industrial use of one or both eyes taking into account all primary coordinate factors of vision. These rules shall be made or revised after consultation with experts on industrial vision and after public notice to and hearing of interested parties;

(48) For permanent partial disability resulting from injury to the body as a whole due to burns, 66  $\frac{2}{3}$  percent of the daily wage at the time of injury, for that proportion of 350 weeks which is represented by the percentage of such the permanent partial disability as is determined from competent testimony adduced at a hearing before a compensation judge, a the commissioner, or the workers' compensation court of appeals, said the compensation to be paid in addition to such the compensation as employee would otherwise be entitled to for loss of use of a member in accordance with this section;

(49) In all cases of permanent partial disability not enumerated in this schedule the compensation shall be 66  $\frac{2}{3}$  percent of the difference between the daily wage of the worker at the time of the injury and the daily wage he is able to earn in his partially disabled condition, subject to a maximum equal to the statewide average weekly wage, and continue during disability, not to exceed 350 weeks; and if the employer does not furnish the worker with work which he can do in his permanently partially disabled condition and he is unable to secure such work with another employer after a reasonably diligent effort, the employee shall be paid at his or her maximum rate of compensation for total disability.

Sec. 35. Minnesota Statutes 1978, Section 176.101, Subdivision 4, is amended to read:

Subd. 4. [PERMANENT TOTAL DISABILITY.] For permanent total disability, as defined in subdivision 5, the compensation shall be 66  $\frac{2}{3}$  percent of the daily wage at the time of the injury, subject to a maximum weekly compensation equal to the maximum weekly compensation for a temporary total disability and a minimum weekly compensation equal to the minimum weekly compensation for a temporary total disability. This compensation shall be paid during the permanent total disability of the injured employee but after a total of \$25,000 of weekly compensation has been paid, the amount of the weekly compensation benefits being paid by the employer shall be reduced by the amount of any disability benefits being paid by any government disability benefit program if such the disability benefits are occasioned by the same injury or injuries which give rise to payments under this subdivision. Such This reduction shall also apply to any old age and survivor insurance benefits. Payments shall be made at the intervals when the wage was payable, as nearly as may be. In case an employee who is permanently and totally disabled becomes an inmate of a public institution, no compensation shall be payable during the period of his confinement in such the institution, unless he has wholly dependent on him for support some person named in section 176.111, subdivisions 1, 2 or 3, in which case the compensa-



tion provided for in section 176.111, during the period of such confinement, shall be paid for the ~~benefits~~ *benefit* of such the dependent person during dependency. The dependency of such ~~persons~~ *this person* shall be determined as though the employee were deceased.

Sec. 36. [176.102] [REHABILITATION.] *Subdivision 1. [SCOPE.] Vocational rehabilitation shall train an employee so he may be returned to a job related to his former employment or to a job in another work area which produces an economic status as close as possible to that he would have enjoyed without disability. Rehabilitation to a job with a higher economic status than would have occurred without disability would be permitted if it can be demonstrated such higher rehabilitation is necessary to increase the likelihood of reemployment. Economic status is to be measured not only by opportunity for immediate income but also by opportunity for future income.*

Subd. 2. [ADMINISTRATORS.] *The commissioner of labor and industry shall hire a director of rehabilitation services who shall be in the classified service. The commissioner of labor and industry shall be responsible for supervising rehabilitation services, including the selection and delivery of services. The commissioner of labor and industry may hire qualified personnel to assist in his duties under this section and may delegate his duties and performance.*

Subd. 3. [REVIEW PANEL.] *There is created a rehabilitation review panel composed of the commissioner of labor and industry or his designee, who shall serve as an ex officio member and two members each from labor, employers, insurers, vocational rehabilitation, and medicine and one member representing chiropractors. The members shall be appointed by the governor and shall serve four year terms which may be renewed. Compensation for members shall be governed by section 15.0575. The panel shall select a chairman. The panel shall (a) review and make a determination with respect to appeals regarding rehabilitation plans; (b) hold revocation of certification approval hearings; (c) continuously study rehabilitation; and (d) recommend rehabilitation rules as necessary to the commissioner of labor and industry. A majority vote of those attending a panel hearing under subdivision 6 shall constitute the decision of the board.*

Subd. 4. [REHABILITATION PLAN; DEVELOPMENT.] *Within 30 days of the time an employer or his insurer has medical information that an employee is unable due to a personal injury or occupational disease to return to his preinjury occupation the employer shall provide rehabilitation consultation for the employee. The employee, however, shall have the final decision on which rehabilitation agency is to be utilized pursuant to the provisions of this section. The consultation shall be done by any person or public or private institution approved by the commissioner of labor and industry. If the consultant determines rehabilitation would significantly reduce or eliminate the decrease in employability, the employer or insurer in conjunction with the rehabilitation consultant*

*shall submit a specific plan of rehabilitation to the commissioner. If the employer does not provide rehabilitation consultation, when required by this section, within the time specified by this subdivision, the commissioner of labor and industry shall notify the employer and insurer that should they fail to provide rehabilitation consultation within 15 days from the receipt of the commissioner's notice, the division of vocational rehabilitation shall be authorized to provide the rehabilitation consultation for the employee. If the employee refuses to submit to any reasonable examinations and evaluative procedures to determine the need for and the details of a plan of rehabilitation, the amount of compensation may be reduced or the right to compensation may be suspended by an order of the division or workers' compensation court of appeals in a matter before it. In developing a plan, consideration should be given to the employee's age, education, previous work history, interests and skills.*

**Subd. 5. [ON THE JOB TRAINING.]** *On the job training is to be given consideration in developing a rehabilitation plan especially where it would produce an economic status similar to that enjoyed prior to disability. When a rehabilitation plan includes on the job training, the employee shall receive compensation while employed in an amount equal to the after tax wage the employee received at the time of the personal injury. This compensation shall be paid in whole or in part by the insurer liable for compensation for the employee's personal injury. The amount of compensation to be paid by this insurer shall be determined in the rehabilitation plan prepared pursuant to this section. Any difference between the amount of compensation the insurer is paying and the after tax wage the employee received at the time of the personal injury shall be paid by the on the job employer, but in no case shall this employer's amount exceed the prevailing wage for the job. After tax wage shall be determined by subtracting federal and state income tax from the employee's gross wage.*

*A rehabilitation plan which includes on the job training shall attempt to create an incentive for an employer to hire the employee for on the job training. This incentive may be in the form of reducing the on the job training employer's wages paid to the employee to a level which is less than the prevailing wage for the job, provided that the total compensation from the insurer, required by this section, and the wages paid by the on the job training employer is not less than the after tax wage received by the employee at the time of the personal injury. The compensation from the insurer and the on the job training employer paid pursuant to this subdivision is in lieu of temporary total disability payments and the additional compensation provided in subdivision 11.*

**Subd. 6. [PLAN, APPROVAL.]** *The commissioner of labor and industry shall approve or reject rehabilitation plans. Any persons aggrieved by a decision of the commissioner may appeal to the rehabilitation panel within 30 days of the commissioner's decision. The decision of the panel may be appealed to the workers' com-*

*compensation court of appeals. The panel may approve or reject the decision of the commissioner. If it rejects the commissioner's decision it may formulate its own rehabilitation plan.*

**Subd. 7. [PLAN IMPLEMENTATION; REPORTS.]** *Upon request by the commissioner, insurer or employer, reports shall be made by the provider of the rehabilitation service to the commissioner of labor and industry, insurer and employer of an employee's progress under a plan.*

**Subd. 8. [PLAN MODIFICATION.]** *Upon request of the employer, the insurer, or employee to the commissioner, the plan may be suspended, terminated or altered upon a showing of good cause therefor, including:*

*(a) a physical impairment that does not allow the employee to pursue the vocation being trained for;*

*(b) the employee's performance level indicates he cannot complete the plan successfully; or*

*(c) an employee does not cooperate with a plan.*

*An employee may request a change in a rehabilitation plan once because he feels he is not suited for the type of work for which training is being provided if the request is made within 90 days of the start of the plan. Any decision of the commissioner regarding a change in a plan may be appealed to the panel within 15 days of the decision.*

**Subd. 9. [PLAN, COSTS.]** *An employer is liable for the following rehabilitation expenses under this section:*

*(a) Cost of vocational rehabilitation diagnosis and preparation of a plan;*

*(b) Cost of all rehabilitation services and supplies necessary for implementation of the plan;*

*(c) Reasonable cost of tuition, books and travel; and, in addition, reasonable cost of board and lodging when rehabilitation requires residence away from the employee's customary residence; and*

*(d) Any other expense agreed to be paid.*

**Subd. 10. [REHABILITATION; CONSULTANTS.]** *The commissioner shall approve rehabilitation consultants who may propose and implement plans if they satisfy rules promulgated by the commissioner for rehabilitation consultants. A consultant may be an individual or public or private entity.*

**Subd. 11. [COMPENSATION DURING RETRAINING.]** *The insurer or employer shall pay up to 156 weeks of compensation during rehabilitation under a plan in an amount equal to 125 percent of the employee's rate for temporary total disability. This payment shall be in lieu of payment for temporary total, temporary partial, or permanent total disability to which the employee might*

*otherwise be entitled for this period under this chapter, but shall be considered to be the equivalent of temporary total disability for the purposes of section 176.132. If on the job training is part of the rehabilitation program, the weeks during which the insurer or employer pays compensation pursuant to subdivision 5 shall be subtracted from the 156 weeks of retraining compensation which has been paid, if any, pursuant to this subdivision. Subdivision 11 shall not apply to retraining benefits for which liability has been established prior to the effective date of this subdivision.*

**Subd. 12. [RULES.]** *The commissioner shall promulgate rules necessary to implement this section including rules relating to qualifications necessary to be an approved rehabilitation consultant.*

**Sec. 37. Minnesota Statutes 1978, Section 176.111, Subdivision 1,** is amended to read:

**176.111 [DEPENDENTS, ALLOWANCES.] Subdivision 1. [PERSONS WHOLLY DEPENDENT, PRESUMPTION.]** For the purposes of this chapter the following persons are conclusively presumed to be wholly dependent:

(a) *wife spouse, unless it be shown that she was the spouse and decedent were voluntarily living apart from her husband at the time of his the injury or death;*

(b) *children under 18 years of age, or a child under the age of 21 25 years who is regularly attending as a full time student at a high school, college, or university, or regularly attending as a full time student in a course of vocational or technical training.*

**Sec. 38. Minnesota Statutes 1978, Section 176.131, Subdivision 3,** is amended to read:

**Subd. 3.** To entitle the employer to secure reimbursement from the special compensation fund, the following provisions must be complied with:

(a) Provisions of section 176.181, subdivisions 1 and 2.

(b) *The employee with a pre-existing physical impairment must have been registered with the commissioner of the department of labor and industry prior to the employee's personal injury or within 180 days after notice of the employee's personal injury is received by the employer. Registration subsequent to the injury shall be based on a medical report made prior to the injury indicating the pre-existing physical impairment.*

**Sec. 39. Minnesota Statutes 1978, Section 176.131,** is amended by adding a subdivision to read:

**Subd. 1a.** *If an employee is employed in an on-the-job retraining program pursuant to section 36 and the employee incurs a personal injury that aggravates the personal injury for which the employee has been certified to enter the on the job retraining program, the on the job training employer shall pay the medical expenses and compensation required by this chapter, but shall be*

*reimbursed from the special compensation fund for the compensation and medical expense that is attributable to the aggravated injury. The employer, at the time of the personal injury for which the employee has been certified for retraining, is liable for the portion of the disability that is attributable to that injury.*

Sec. 40. Minnesota Statutes 1978, Section 176.131, Subdivision 10, is amended to read:

Subd. 10. The special compensation fund is created for the purposes provided in this chapter in the following manner:

(1) In every case of death of an employee resulting from personal injury arising out of and in the course of his employment where there are no persons entitled to monetary benefits of dependency compensation, the employer shall pay to the commissioner of the department of labor and industry the sum of \$5,000 for the benefit of the special compensation fund; in every case of death of an employee resulting from personal injury arising out of and in the course of his employment where there are no persons entitled to at least \$5,000 in monetary benefits of dependency compensation, the employer shall pay to the commissioner of the department of labor and industry for the benefit of the special compensation fund the difference between the amounts actually paid for such the dependency benefits and \$5,000; but in no event shall the employer pay the commissioner of the department of labor and industry less than \$1,000;

(2) When an employee shall suffer suffers a personal injury which results in permanent partial disability, temporary total disability, temporary partial disability, permanent total disability or death and which entitles him or dependents to compensation under sections 176.101 or 176.111, the employer shall in addition to compensation provided therein, pay to the commissioner of the department of labor and industry for the benefit of the special compensation fund a lump sum without interest deduction equal to seven percent of such the total compensation, as soon as the amount payable for the particular injury is determined, or arrived at by agreement of the parties and such the amount is approved by the commissioner of the department of labor and industry.

The provisions of clauses (1) and (2) shall apply to all workers' compensation payments, exclusive of medical costs, paid under sections 176.101 and 176.111 for all injuries or death occurring on or after June 1, 1971.

Personal injuries that occurred prior to June 1, 1971 shall be assessed at the rate in effect on the date of occurrence.

The seven percent of the total compensation required to be paid by the employer to the commissioner of the department of labor and industry for the benefit of the special compensation fund as provided in clause (2) of this subdivision shall remain fixed at said seven percent for the period from June 1, 1971, to June 1, 1972. Effective June 1, 1972, through June 1, 1975, and thereafter on January 1, beginning in 1976, the rate shall be adjusted on the following basis: if the balance in the special compensation fund as

of April 30 in any year through 1975 and as of September 30, 1975, and each September 30 thereafter, is below \$1,000,000, the rate of payment shall be increased by two percent over the then prevailing rate. If the balance is at least \$1,000,000 but below \$1,500,000, the rate will be increased by one percent. If the balance is at least \$1,500,000 but below \$2,000,000, there shall be no change. If the balance is at least \$2,000,000 but less than \$2,500,000, the rate shall be decreased by one percent. If the balance is at least \$2,500,000, the rate shall be decreased by two percent. If the balance is \$3,000,000 or more the commissioner of the department of labor and industry shall within 30 days determine the percent of decrease, which shall be not less than two percent nor more than five percent.

Such Sums as are paid to the commissioner of the department of labor and industry pursuant to the provisions hereof, shall be by it deposited with the state treasurer for the benefit of the special compensation fund and be used to pay the benefits provided by chapter 176. All money heretofore arising from the provisions of this section or similar law shall be transferred to this special compensation fund. *Any interest or profit accruing from investment of these sums shall be credited to the special compensation fund.*

The state treasurer shall be the custodian of this special fund and the workers' compensation division and the workers' compensation court of appeals in cases before it shall direct the distribution thereof, the same to be paid as other payments of compensation are paid. In case deposit is or has been made under the provisions of clause (1) and dependency later is shown, or if deposit is or has been made pursuant to either clause (1) or (2) by mistake or inadvertence, or under such circumstances that justice requires a refund thereof, the state treasurer is hereby authorized to refund such the deposit under order of the workers' compensation division or the workers' compensation court of appeals. There is appropriated to the persons entitled to such the refunds from the fund an amount sufficient to make the refund and payment.

Costs within the department of labor and industry for the accounting and legal procedures necessary for administration of the programs financed by the special compensation fund shall be paid from the moneys biennially appropriated to the department and not from the special compensation fund.

Sec. 41. Minnesota Statutes 1978, Section 176.132, Subdivision 2, is amended to read:

Subd. 2. [AMOUNT.] (a) The supplementary benefit payable under this section shall be the difference between the amount the employee receives on or after January 1, 1976, under section 176.101, subdivision 1 or subdivision 4, and 65 percent of the statewide average weekly wage as computed annually.

(b) In the event an eligible recipient is currently receiving no compensation or is receiving a reduced level of compensation because of a credit being applied as the result of a third party

liability or damages, the employer or insurer shall compute the offset credit as if the individual were entitled to the actual benefit or 60 65 percent of the statewide average weekly wage as computed annually, whichever is greater. If this results in the use of a higher credit than otherwise would have been applied and the employer or insurer becomes liable for compensation benefits which would otherwise not have been paid, the additional benefits resulting shall be handled according to this section.

(c) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of a valid agreement in settlement of a claim, no supplementary benefit shall be payable under this section.

(d) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of prior limitations in the maximum amount payable for permanent total disability or because of reductions resulting from the simultaneous receipt of old age or disability benefits, the supplementary benefit shall be payable for the difference between the actual amount of compensation currently being paid and 60 65 percent of the statewide average weekly wage as computed annually.

(e) In the event that an eligible recipient is receiving simultaneous benefits from any government disability program, the amount of supplementary benefits payable under this section shall be reduced by five percent. If the individual does not receive the maximum benefits for which he is eligible under other governmental disability programs due to the provisions of 42 U.S.C. 424a (d), this reduction shall not apply.

Sec. 42. [176.1321] [EFFECTIVE DATE OF BENEFIT CHANGES.] *Unless otherwise specified in the act making the change, any workers' compensation benefit change shall be effective on the October 1 next following its final enactment.*

Sec. 43. [176.134] [REOPENED CASE FUND.] *Subdivision 1. [CREATED.] The commissioner of labor and industry shall assess insurers and self-insured employers the amount determined as necessary by the commissioner of insurance pursuant to section 14 and shall deposit these assessments with the state treasurer for the benefit of a special account to be known as the reopened case fund.*

*Interest or profit arising from investment of the reopened case fund shall be credited to the reopened case fund, and any loss from investment shall be borne by it.*

Subd. 2. [LIABILITY.] *When a claim for compensation is made pursuant to this chapter by an employee or a claim for death benefits is made pursuant to this chapter on behalf of the dependents of a deceased employee after seven years from the date of the personal injury or death, and no compensation has previously been paid for the injury or death, the claim shall be against and paid from the reopened case fund.*

*If compensation has previously been paid for the personal injury*

or death for which compensation is being claimed, the claim shall be against and paid from the reopened case fund only if the claim is made after seven years from the date of injury or death or after three years from the date of last payment or compensation, whichever is later.

**Subd. 3. [LAST PAYMENT OF COMPENSATION.]** For the purposes of this section, the date of the last payment of compensation is the date of actual payment of the last installment of previously awarded compensation, except that when compensation was paid in a lump sum, the date of the last payment of compensation is the date to which the lump sum payment would have extended if the payments had been made in regular weekly intervals.

**Subd. 4. [ADMINISTRATION.]** The commissioner of labor and industry shall administer the reopened case fund.

**Subd. 5.** The reopened case fund is liable for injuries which occur after the effective date of this section.

**Sec. 44.** Minnesota Statutes 1978, Section 176.135, is amended by adding a subdivision to read:

**Subd. 1a. [NON-EMERGENCY SURGERY; SECOND SURGICAL OPINION.]** The employer is required to furnish surgical treatment pursuant to subdivision 1 only after the employee has obtained two surgical opinions concerning whether the surgery is reasonably required to cure and relieve the effects of the personal injury or occupational disease. If at least one of the opinions affirms that the surgery is reasonably required, the employee may choose to undergo the surgery at the employer's expense. A second surgical opinion is not required in cases of emergency surgery or when the employer and employee agree that the opinion is not necessary.

**Sec. 45.** Minnesota Statutes 1978, Chapter 176, is amended by adding a section to read:

**[176.136] [MEDICAL FEE REVIEW.]** The commissioner of labor and industry shall by rule establish procedures for determining whether the charge for a health service is excessive. In order to accomplish this purpose, the commissioner shall consult with insurers, associations and organizations representing the medical and other providers of treatment services and other appropriate groups. If the commissioner determines that the charge for a health service is excessive, he may limit payment to the reasonable charge for that service; however, the commissioner shall by rule establish procedures allowing for a provider to appeal such determination. The commissioner may contract with a review organization as defined in section 145.61 in making any determinations as to whether or not a charge is excessive.

**Sec. 46. [176.139] [NOTICE OF RIGHTS POSTED.]** A notice, in form approved by the commissioner of labor and industry, shall be posted in a conspicuous place at each place of employment, advising employees of their rights and obligations under chapter



176, assistance available to them, and the operation of the workers' compensation system.

Sec. 47. Minnesota Statutes 1978, Section 176.141, is amended to read:

176.141 [NOTICE OF INJURY.] Unless the employer has actual knowledge of the occurrence of the injury or unless the injured worker, or a dependent or someone in behalf of either, gives written notice thereof to the employer within 14 days after the occurrence of the injury, then no compensation shall be due until ~~such~~ the notice is given or knowledge obtained. If the notice is given or the knowledge obtained within 30 days from the occurrence of the injury, no want, failure, or inaccuracy of a notice shall be a bar to obtaining compensation unless the employer shows that he was prejudiced by such want, defect, or inaccuracy, and then only to the extent of ~~such~~ the prejudice. If the notice is given or the knowledge obtained within 180 days, and if the employee or other beneficiary shows that his failure to give prior notice was due to his mistake, inadvertence, ignorance of fact or law, or inability, or to the fraud, misrepresentation, or deceit of the employer or his agent, then compensation may be allowed, unless the employer shows that he was prejudiced by failure to receive ~~such~~ the notice, in which case the amount of compensation shall be reduced by ~~such~~ a sum as *which* fairly represents the prejudice shown. Unless knowledge is obtained or written notice given within 180 days after the occurrence of the injury no compensation shall be allowed, *except that an employee who is unable, because of mental or physical incapacity, to give notice to the employer within 180 days from the injury shall give the prescribed notice within 180 days from the time the incapacity ceases.*

Sec. 48. Minnesota Statutes 1978, Section 176.155, Subdivision 2, is amended to read:

Subd. 2. [NEUTRAL PHYSICIAN.] In each case of dispute as to the injury the commissioner of the department of labor and industry, or in case of a hearing the compensation judge conducting the hearing, or the workers' compensation court of appeals if the matter is before it, may upon its own or his own motion, or upon request of any interested party, made in compliance with the rules of the commissioner of the department of labor and industry and the workers' compensation court of appeals regulating the proper time and forms for such request, designate a neutral physician of good standing and ability from the list of neutral physicians developed by the commissioner of labor and industry to make an examination of the injured worker and report his findings to the commissioner of the department of labor and industry, compensation judge, or the workers' compensation court of appeals, as the case may be ; *provided that when an interested party requests, not later than 90 days prior to a scheduled prehearing conference, that a neutral physician be designated, the compensation judge shall make such a designation. When a party has requested the designation of a neutral physician prior to a prehearing conference, that party may withdraw the request at any time prior to the hearing. The commissioner of the depart-*

ment of labor and industry, compensation judge, or the workers' compensation court of appeals, as the case may be, may request the neutral physician to answer any particular question with reference to the medical phases of the case, including questions calling for an opinion as to the cause and occurrence of the injury insofar as medical knowledge is relevant in ~~such the~~ answer. A copy of the signed certificate of ~~such the~~ neutral physician shall be mailed to the parties in interest and either party, within five days from date of mailing, may demand that ~~such the~~ physician be produced for purposes of cross-examination. ~~Such The~~ signed certificate of a neutral physician is competent evidence of the facts stated therein. The expense of ~~such the~~ examination shall be paid as ordered by the commissioner of the department of labor and industry, compensation judge, or the workers' compensation court of appeals.

*The commissioner of labor and industry shall develop and maintain a list of neutral physicians available for designation pursuant to this subdivision or section 176.391, subdivision 2.*

Sec. 49. Minnesota Statutes 1978, Section 176.179, is amended to read:

176.179 [PAYMENTS OF COMPENSATION RECEIVED IN GOOD FAITH.] Notwithstanding section 176.521, subdivision 3, or any other provision of this chapter to the contrary, *except as provided in this section*, no lump sum or weekly payment, or settlement, which is voluntarily paid to an injured employee or the survivors of a deceased employee in apparent or seeming accordance with the provisions of this chapter by an employer or insurer, or is paid pursuant to an order of the workers' compensation division or court of appeals relative to a claim by an injured employee or his survivors, and received in good faith by the employee or his survivors shall be refunded to the paying employer or insurer in the event that it is subsequently determined that ~~such the~~ payment was made under a mistake in fact or law by the employer or insurer. *When the payments have been made to a person who is entitled to receive further payments of compensation for the same injury, the mistaken compensation may be taken as a credit against future benefit entitlement; provided, however, that the credit applied against further payments of temporary total disability, temporary partial disability, permanent total disability, retraining benefits or death benefits shall not exceed 20 percent of the amount that would otherwise be payable.*

Sec. 50. Minnesota Statutes 1978, Section 176.181, Subdivision 2, is amended to read:

Subd. 2. [COMPULSORY INSURANCE; SELF-INSURERS.] (1) Every employer, except the state and its municipal subdivisions, liable under this chapter to pay compensation shall insure payment of ~~such~~ compensation with some insurance carrier authorized to insure ~~such workers' compensation~~ liability in this state, or obtain a written order from the commissioner of ~~labor and industry~~ insurance exempting ~~such the~~ employer from insuring his liability for compensation and permitting him to self-insure ~~such~~

the liability. The terms, conditions and requirements governing self-insurance shall be established by the commissioner pursuant to chapter 15. The commissioner may also allow as he deems appropriate shall also adopt, pursuant to clause (2) (c) of this subdivision, rules permitting two or more employers in the same industry to enter into agreements to pool their liabilities under this chapter for the purpose of qualifying as group self-insurers. With the approval of the commissioner of labor and industry insurance, any employer may exclude medical, chiropractic and hospital benefits as required by this chapter. An employer conducting distinct operations at different locations may either insure or self-insure such the other portion of his operations which may be determined by the commissioner of labor and industry insurance to be a distinct and separate risk. An employer desiring to be exempted from insuring his liability for compensation shall make application to the commissioner of labor and industry insurance, showing his financial ability to pay such the compensation, whereupon by written order the commissioner of labor and industry insurance may make such an exemption as it he deems proper. The commissioner of labor and industry insurance may require further statements of financial ability of the employer to pay compensation. Upon ten days written notice the commissioner of labor and industry insurance may revoke his order granting such an exemption, in which event the employer shall immediately insure his liability. As a condition for the granting of an exemption the commissioner of labor and industry insurance may require the employer to furnish such security as it the commissioner considers sufficient to insure payment of all claims under this chapter. If the required security is in the form of currency or negotiable bonds, the commissioner of labor and industry insurance shall deposit same it with the state treasurer. In the event of any default upon the part of a self-insurer to abide by any final order or decision of the commissioner of labor and industry directing and awarding payment of compensation and benefits to any employee or the dependents of any deceased employee, then upon at least ten days notice to such the self-insurer, the commissioner of labor and industry insurance may by written order to the state treasurer require him to sell the pledged and assigned securities or such a part thereof as is necessary to pay the full amount of any such claim or award with interest thereon. This authority to sell may be exercised from time to time to satisfy any order or award of the commissioner of labor and industry or any judgment obtained thereon. When such securities are sold the money so obtained shall be deposited in the state treasury to the credit of the commissioner of labor and industry insurance and awards made against any such self-insurer by the commissioner of labor and industry insurance shall be paid to the persons entitled thereto by the state treasurer upon warrants prepared by the commissioner of labor and industry insurance and approved by the commissioner of finance out of the proceeds of the sale of such securities. Where the security is in the form of a surety bond or personal guaranty the commissioner of labor and industry insurance, at any time, upon at least ten days notice and opportunity to be heard, may require

the surety to pay the amount of the award, the payments to be enforced in like manner as the award may be enforced.

(2)(a) No association, corporation, partnership, sole proprietorship, trust or other business entity shall provide services in the design, establishment or administration of a group self-insurance plan under rules adopted pursuant to this subdivision unless it is licensed to do so by the commissioner of insurance. An applicant for a license shall state in writing the type of activities it seeks authorization to engage in and the type of services it seeks authorization to provide. The license shall be granted only when the commissioner of insurance is satisfied that the entity possesses the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered. The commissioner of insurance may issue a license subject to restrictions or limitations, including restrictions or limitations on the type of services which may be supplied or the activities which may be engaged in. The license is for a two year period.

(b) To assure that group self-insurance plans are financially solvent, administered in a fair and capable fashion, and able to process claims and pay benefits in a prompt, fair and equitable manner, entities licensed to engage in such business are subject to supervision and examination by the commissioner of insurance.

(c) To carry out the purposes of this subdivision, the commissioner of insurance may promulgate administrative rules, including emergency rules, pursuant to sections 15.0411 to 15.052. These rules may:

(1) establish reporting requirements for administrators of group self-insurance plans;

(2) establish standards and guidelines to assure the adequacy of the financing and administration of group self-insurance plans;

(3) establish bonding requirements or other provisions assuring the financial integrity of entities administering group self-insurance plans;

(4) establish standards, including but not limited to minimum terms of membership in self-insurance plans, as necessary to provide stability for those plans;

(5) establish standards or guidelines governing the formation, operation, administration and dissolution of self-insurance plans; and

(6) establish other reasonable requirements to further the purposes of this subdivision.

Sec. 50A. Minnesota Statutes 1978, Section 176.181, is amended by adding a subdivision to read:

Subd. 5. A political subdivision or association of political subdivisions which is self insured, may be indemnified by the special compensation fund for payments for which the political subdivision or association is liable under chapter 176. This indemnification

*shall be made only if all other assets together with the interest earned thereon which have been contributed by the subdivision pursuant to rules adopted by the commissioner of insurance as provided for in this section have been exhausted.*

*The state treasurer, as custodian of the fund, shall have a cause of action of all moneys paid out or to be paid out if the political subdivisions or association of subdivisions fail to meet a repayment schedule which he establishes at the time the request for indemnification is granted.*

Sec. 51. Minnesota Statutes 1978, Section 176.191, is amended to read:

176.191 [DISPUTE BETWEEN TWO OR MORE EMPLOYERS OR INSURERS REGARDING LIABILITY.] *Subdivision 1. Where compensation benefits are payable under this chapter, and a dispute exists between two or more employers or two or more insurers as to which is liable for payment, the commissioner of the department of labor and industry, compensation judge, or workers' compensation court of appeals upon appeal may direct that one or more of the employers or insurers make payment of the benefits pending a determination of liability.*

*When liability has been determined, the party held liable for the benefits shall be ordered to reimburse any other party for payments which the latter has made, including interest at the rate of five percent per annum a year. The claimant may also be awarded a reasonable attorney fee, to be paid by the party held liable for the benefits.*

*An order directing payment of benefits pending a determination of liability may not be used as evidence before any commissioner, a compensation judge, the workers' compensation court of appeals, or court in which the dispute is pending.*

*Subd. 2. Where compensation benefits are payable under this chapter, and a dispute exists between two or more employers or two or more insurers as to which is liable for payment, the commissioner of labor and industry may authorize the special compensation fund established in section 176.131 to make payment of the benefits pending a determination of liability.*

*The personal injury for which the commissioner may order compensation from the special fund is not limited by section 176.131, subdivision 8.*

*When liability has been determined, the party held liable for benefits shall be ordered to reimburse the special compensation fund for payments made, including interest at the rate of 12 percent a year.*

*Subd. 3. If a dispute exists as to whether an employee's injury is compensable under this chapter and the employee is otherwise covered by an insurer pursuant to chapters 62A, 62C and 62D, that insurer shall pay any medical costs incurred by the employee for the injury. If the injury is subsequently determined to be*

*compensable pursuant to this chapter, the workers' compensation insurer shall be ordered to reimburse the insurer that made the payments for all medical payments made by the insurer for the injury, including interest at a rate of 12 percent a year.*

*If the employee's medical expenses for a personal injury are paid pursuant to any program administered by the commissioner of public welfare and it is subsequently determined that the injury is compensable pursuant to this chapter, the workers' compensation insurer shall reimburse the commissioner of public welfare for the medical expenses paid and attributable to the personal injury, including interest at a rate of 12 percent a year.*

Sec. 52. Minnesota Statutes 1978, Section 176.221 is amended to read:

176.221 [PAYMENT OF COMPENSATION AND TREATMENT CHARGES, COMMENCEMENT.] Subdivision 1. [DENIAL OF LIABILITY, REQUEST FOR EXTENSION OF TIME.] Within 30 days from the date of notice to or knowledge by the employer of an injury compensable under the chapter, and unless within that 30 day period the employer or the insurer files with the commissioner of the department of labor and industry a denial of liability or a request for an extension of time within which to determine liability, the person responsible for payment of compensation, *charges for treatment under section 176.135 or retraining expenses under subdivision 9 of section 36* shall begin payment of compensation or *charges for treatment*.

Subd. 2. [GRANT OF EXTENSION.] Upon application made within the 30 day period referred to in subdivision 1, the commissioner of the department of labor and industry may grant an extension of time within which to determine liability. The extension shall not exceed 30 days.

Subd. 3. [PAYMENTS TO SPECIAL COMPENSATION FUND.] Where an employer or insurer fails to begin payment of compensation, *charges for treatment under section 176.135 or retraining expenses under subdivision 9 of section 32*, or to file a denial of liability, or to request an extension of time within the 30 day period referred to in subdivision 1, he shall pay to the special compensation fund an amount equal to the total amount of compensation to which the employee is entitled because of the injury. In addition, each day subsequent to the end of the 30 day period and until a compensation payment is made to the injured employee, the person responsible for payment of compensation shall pay to the special compensation fund an amount equal to the total compensation to which injured employee is entitled.

Subd. 4. [FAILURE TO MAKE PAYMENTS AFTER EXTENSION.] Where an employer or insurer has been granted an extension of time within which to determine liability and fails to begin payment of compensation, *charges for treatment under section 176.135 or retraining expenses under subdivision 9 of section 36* or to file a denial of liability within such extended period, he shall make the payments provided in subdivision 3.

Subd. 5. [DOUBLE PAYMENTS TO SPECIAL COMPENSATION FUND.] Where an employer or insurer has failed to make the payments required by subdivision 3 or subdivision 4 within 60 days from the end of the 30 day period or the extended period, the division may require him to pay to the special compensation fund, each day subsequent to the end of the period and until a compensation payment is made to the injured employee, a sum equal to double the total amount of compensation to which the employee is entitled because of the injury. In addition, the person responsible for compensation, *charges for treatment under section 176.135 or retraining expenses under subdivision 9 of section 36* shall pay to the special compensation fund an amount equal to the total amount of compensation to which the employee is entitled.

Subd. 6. [ASSESSMENT OF PENALTIES.] The division shall assess the penalty payments provided for by subdivisions 3 to 5 against either the employer or the insurer depending upon to whom the delay is attributable in making payment of compensation, *charges for treatment under section 176.135 or retraining expenses under subdivision 9 of section 36*. The insurer is not liable for a penalty payment assessed against the employer.

Subd. 7. [INTEREST.] Any payment of compensation, *charges for treatment under section 176.135 or retraining expenses under subdivision 9 of section 36* not made when due shall bear interest at the rate of eight percent per annum from the due date to the date the payment is made.

Sec. 53. Minnesota Statutes 1978, Section 176.231, Subdivision 1, is amended to read:

176.231 [REPORT OF DEATH OR INJURY TO COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY.] Subdivision 1. [TIME LIMITATION.] Where death or serious injury occurs to an employee during the course of employment, the employer shall report the ~~same injury or death to the commissioner of the department of labor and industry and insurer~~ within 48 hours after its occurrence. Where any other injury occurs which wholly or partly incapacitates the employee from performing labor or service for three days or longer, the employer shall report the injury to the commissioner of ~~the department of labor and industry and insurer~~ within 15 days from its occurrence. Where an injury has once been reported but subsequently death ensues, the employer shall report the death to the commissioner of the ~~department of labor and industry and insurer~~ within 48 hours after he receives notice of ~~such~~ *this* fact.

Sec. 54. Minnesota Statutes 1978, Section 176.231, Subdivision 2, is amended to read:

Subd. 2. [INITIAL REPORT, WRITTEN REPORT.] Where subdivision 1 requires an injury to be reported within 48 hours, the employer may make his initial report by telephone, telegraph, or personal notice, and file a written report of the injury within seven days from its occurrence or within such time as the commissioner of the ~~department of labor and industry~~ designates. All written reports of injuries *required by subdivision 1* shall be in

*duplicate quadruplicate on a form designed by the commissioner, with two copies to the commissioner and one to the insurer.*

Sec. 55. Minnesota Statutes 1978, Section 176.235, is amended to read:

176.235 [NOTICE TO EMPLOYERS AND INJURED EMPLOYEE OF RIGHTS AND DUTIES.] *Subdivision 1. When the commissioner of the department of labor and industry has received notice or information that an employee has sustained an injury which may be compensable under this chapter, the commissioner of the department of labor and industry shall mail a form letter notice brochure, written in language easily readable and understandable by a person of average intelligence and education, to the employee stating briefly and simply explaining the rights and duties obligations of the employee in such case, the assistance available to the employee, the operation of the workers' compensation system, and*

**The notice:**

(1) *shall summarize the duty of the employer to pay compensation and to furnish medical and hospital treatment;*

(2) *shall invite the employee to ask the advice of the division with reference to any doubt or dispute which the employee has concerning the injury;*

(3) *may contain whatever other relevant information the commissioner of the department of labor and industry deems necessary.*

*Subd. 2. The commissioner shall prepare, in language easily readable and understandable by a person of average intelligence and education, a brochure explaining to employers their rights and obligations under this chapter and shall furnish it to employers subject to this chapter.*

Sec. 56. Minnesota Statutes 1978, Section 176.241, is amended to read:

176.241 [NOTICE TO DIVISION OF INTENTION TO DISCONTINUE COMPENSATION PAYMENTS.] *Subdivision 1. [NECESSITY FOR NOTICE AND SHOWING; CONTENTS.] Where an employee claims that the right to compensation continues, or refuses to sign or objects to signing a final receipt for compensation, the employer may not discontinue payment of compensation until he notifies the division in writing of his intention to do so he provides the division with notice in writing of his intention to do so, together with a statement of facts clearly indicating the reasons for the discontinuance.*

The notice to the division shall state the date of intended discontinuance, the reason for such the action, and the fact that the employee objects to the discontinuance. The notice shall be accompanied by a statement of facts in support of the discontinuance of compensation payments and whatever medical reports are in the possession of the employer bearing on the physical condition of the employee at the time of the proposed discontinuance.



Subd. 2. [CONTINUANCE OF EMPLOYER'S LIABILITY; SUSPENSION.] Except where the commissioner of the department of labor and industry orders otherwise, until the notice and reports have been filed with the division, the liability of the employer to make payments of compensation continues.

When the division has received a notice of discontinuance, *the statement of facts* and available medical reports, the duty of the employer to pay compensation is suspended pending an investigation, hearing, and determination of the matter by the division as provided in the following subdivisions.

Subd. 3. [COPY OF NOTICE TO EMPLOYEE, INVESTIGATION, HEARING.] When the division has received a notice of discontinuance, it shall immediately send the employee a copy of the notice and *copies of whatever medical reports supporting documents which have been submitted in conjunction with the notice.* The commissioner of the department of labor and industry shall make an investigation to determine whether the right to compensation has terminated. If it appears from the investigation that the right to compensation may not have terminated, the commissioner of the department of labor and industry shall schedule a hearing before a compensation judge, to determine the right of the employee, or his dependent, to further compensation.

The hearing shall be held within a reasonable time after the division has received the notice of discontinuance. The commissioner of the department of labor and industry shall give eight days notice of the hearing to interested parties.

Subd. 4. [ORDER.] When the hearing has been held, and he has duly considered the evidence, the person who held the hearing shall promptly enter an order directing the payment of further compensation or confirming the termination of compensation. Where the order confirms a termination of compensation, the commissioner of the department of labor and industry shall notify the employer of *such the* action. This notification relieves the employer from further liability for compensation subject to the right of review afforded by this chapter, and to the right of the division to set aside the order at any time prior to the review and grant a new hearing pursuant to this chapter.

Sec. 57. Minnesota Statutes 1978, Section 176.271, is amended to read:

176.271 [INITIATION OF PROCEEDINGS.] *Subdivision 1.* Unless otherwise provided by this chapter or by the commissioner of the department of labor and industry, all proceedings before the division are initiated by the filing of a written petition on a prescribed form with the commissioner of the department of labor and industry at his principal office.

*Subd. 2. Before a proceeding is initiated pursuant to subdivision 1 the party contemplating initiation of a proceeding shall notify the party against whom the proceeding will be directed including an employer who has an interest in the matter and shall state the relief that will be sought in the proceeding. If the party to*

*whom the notice is directed does not respond to the satisfaction of the party supplying the notice within 15 days of the receipt of the notice a proceeding may be initiated pursuant to subdivision 1. This notification is not required in cases where compliance with this subdivision would result in the claim being barred by section 176.151 or other sections.*

Sec. 58. Minnesota Statutes 1978, Section 176.391, Subdivision 2, is amended to read:

Subd. 2. [APPOINTMENT OF PHYSICIANS, SURGEONS, AND OTHER EXPERTS.] *The workers' compensation court of appeals, or a judge of the workers' compensation court of appeals or compensation judge assigned to a matter, or the commissioner of the department of labor and industry, may appoint one or more impartial neutral physicians or surgeons from the list established by the commissioner to examine the injury of the employee and report thereon. Where necessary to determine the facts, the services of other experts may also be employed.*

Sec. 59. Minnesota Statutes 1978, Section 176.521, Subdivision 1, is amended to read:

176.521 [SETTLEMENT OF CLAIMS.] Subdivision 1. [VALIDITY.] *An agreement between an employee or his dependent and the employer or insurer to settle any claim, which is not upon appeal before the workers' compensation court of appeals, for compensation under this chapter is valid where it has been executed in writing and signed by the parties, and intervenors in the matter, and the division has approved the settlement and made an award thereon. If the matter is upon appeal before the workers' compensation court of appeals, the workers' compensation court of appeals is the approving body.*

Sec. 60. [STUDY OF INFORMATION SYSTEMS FOR DEPARTMENT OF LABOR AND INDUSTRY.] *The commissioner of administration shall study and make recommendations for the improvement of the department of labor and industry's workers' compensation record-keeping and information systems. In making this study the commissioner shall give special attention to the application of computer and microfilming systems, and the commissioner may, if it is appropriate, hire outside consultants to assist in the study.*

Sec. 61. [COMMISSIONER TO ESTABLISH DISABILITY SCHEDULES.] Subdivision 1. *The commissioner of labor and industry may by rule establish a schedule of degrees of disability resulting from different kinds of injuries.*

Subd. 2. *The commissioner shall by rule establish a schedule of internal organs that are compensable and indicate in the schedule to what extent the organs are compensable under section 176.101, subdivision 3.*

Subd. 3. *In order to accomplish the purposes of this section, the commissioner shall study disability or permanent impairment*

*schedules set up by other states, the American Medical Association and other organizations.*

**Sec. 62. [ADDITIONAL HEARING ROOMS.]** *The commissioner of administration shall provide two hearing rooms in Minneapolis and one in Saint Paul, in addition to those already in existence, for the use of the workers' compensation division.*

**Sec. 63. [SECOND OPINION STUDY.]** *The commissioner of labor and industry shall conduct a study on the effect of requiring a mandatory second surgical opinion for non-emergency surgical procedures pursuant to section 44 of this act. The study shall include data regarding the quality and cost of medical care, and other appropriate information. The commissioner shall report his findings to the legislature no later than January 1, 1983.*

**Sec. 64.** *Section 7, Subdivision 2, clause (1), shall not apply to those parts of the manual which concern the (1) basis of premium found in part VI of the most recent manual; (2) standard exceptions found in part VIII, paragraph 8, of the most recent manual; (3) experience rating plan; and (4) rules for the division of payroll. These parts of the manual shall be approved by the commissioner of insurance pursuant to section 2 if a petition for a hearing is made pursuant to section 2 within 90 days of the effective date of this section. If no such petition is made, subdivision 2, clause (1), shall apply to these parts of the manual.*

*Workers' compensation premiums charged to insureds during the pendency of the proceeding held pursuant to the petition shall be based on the current manual.*

**Sec. 65.** *Upon the effective date of section 26, the governor shall appoint two judges to the workers' compensation court of appeals in order to bring the number of judges to the required complement.*

**Sec. 66. [WORKERS' COMPENSATION STATE FUND STUDY COMMISSION.]** *Subdivision 1. A study commission is created to study and report on the feasibility of a state competitive fund to provide workers' compensation insurance.*

*Subd. 2. The commission shall consist of six members of the house of representatives appointed by the speaker and six members of the senate appointed by the subcommittee on committees.*

*Subd. 3. The commission shall report its findings and recommendations to the governor and legislature not later than January 1, 1981.*

*Subd. 4. The commission shall hold meetings and hearings at the times and places it designates to accomplish the purposes set forth in this section. It shall select a chairman and other officers from its membership as it deems necessary.*

*Subd. 5. The commission shall make use of existing legislative facilities and staff of the house and senate research departments and senate counsel, but it may also request the legislative coordinating commission to supply it with additional necessary staff,*

office space, and administrative services. All additional personnel shall be hired and supervised by the directors of the house and senate research departments and senate counsel. The commission shall have full authority to contract for expert services and opinions relevant to the purposes of this section.

Sec. 67. In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall substitute the word "association" for the word "bureau" wherever it occurs in chapter 79.

Sec. 68. [APPROPRIATION.] The sums set forth in this section are appropriated from the general fund to the agencies and for the purposes indicated, to be available for the fiscal year ending June 30 in the years indicated.

	1980	1981
	\$	\$
(a) Attorney general, for legal services to the commissioner of insurance. The approved complement of the office of attorney general is increased by 1 person in fiscal year 1980 and by 3 persons in fiscal year 1981.	35,000	72,500
(b) Commissioner of insurance, for the purposes of sections 2 to 15 and to carry out other duties prescribed by law. The approved complement of the department of commerce is increased by 7 persons. These additional persons shall be provided to the insurance division.	189,666	184,066
(c) Commissioner of labor and industry, for the purposes of sections 26, 27, 36, 45, 46, 48, 50, 52, 54, 61, 62 and 63 to carry out other duties prescribed by law. The approved complement of the department of labor and industry is increased by 8 persons.	383,594	323,656

To the state fund study commission established by sec. 66 \$25,000. The appropriation to the state fund study commission is available for the biennium ending June 30, 1981.

Sec. 76. [REPEALER.] Minnesota Statutes 1978, Sections 79.05; 79.06; 79.07; 175.092; and 176.101, Subdivision 7; are repealed.

Sec. 77. [EFFECTIVE DATE.] Section 1, Subdivision 6, is effective October 1, 1979. Section 1, subdivisions 7 and 8 and sections 21, 24 and 25 are effective the day following final enactment."

Further, delete the title and insert:

"A bill for an act relating to workers' compensation; changing certain insurance rate making procedures; increasing the membership of the workers' compensation court of appeals; directing certain studies; providing for certain schedules and lists; increasing certain staff; relocating workers' compensation court of appeals; changing availability and amounts for certain benefits; changing rehabilitation procedures; changing certain presumptions; changing basis for attorneys' fees; changing notice provisions; establishing a workers' compensation reinsurance association; transferring self-insuring duties to the commissioner of insurance; establishing a reopened case fund; appropriating money; amending Minnesota Statutes 1978, Sections 79.01, Subdivision 2, and by adding subdivisions; 79.095; 79.10; 79.21; 79.22, by adding a subdivision; 79.25, by adding a subdivision; 175.006, Subdivision 1; 175.08; 176.011, Subdivisions 9 and 15; 176.021, Subdivision 3; 176.061, Subdivision 5; 176.081, Subdivision 5; 176.101, Subdivisions 1, 3 and 4; 176.111, Subdivision 1; 176.131, Subdivisions 3, 10 and by adding a subdivision; 176.135, by adding a subdivision; 176.141; 176.155, Subdivision 2; 176.179; 176.181, Subdivision 2, and by adding a subdivision; 176.191; 176.221; 176.231, Subdivisions 1 and 2; 176.235, Subdivision 1, and by adding a subdivision; 176.241; 176.271, and by adding a subdivision; 176.391, Subdivision 2; 176.521, Subdivision 1; Chapters 79, by adding sections; and 176, by adding a section; repealing Minnesota Statutes 1978, Sections 79.05; 79.06; 79.07; 175.092; and 176.101, Subdivision 7."

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

Senate Conferees: (Signed) Steve Keefe, Jim Nichols, Roger Lauf-  
enburger

House Conferees: (Signed) Wayne A. Simoneau, Joseph R. Begich,  
O. J. Heinitz, John R. Kaley

Mr. Keefe, S. moved that the foregoing recommendations and Conference Committee Report on S. F. No. 917 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 917 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 58 and nays 6, as follows:

Those who voted in the affirmative were:

Anderson	Dunn	Jensen	Laufenburger	Nichols
Benedict	Engler	Johnson	Lessard	Ogdahl
Bernhagen	Frederick	Keefe, J.	Luther	Olhoft
Chenoweth	Gearty	Keefe, S.	McCutcheon	Olson
Chmielewski	Gunderson	Kirchner	Menning	Penny
Coleman	Hanson	Kleinbaum	Merriam	Perpich
Davies	Hughes	Knaak	Moe	Peterson
Dieterich	Humphrey	Knoll	Nelson	Pillsbury

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

Those who voted in the negative were:

Ashbach	Brataas	Knutson	Rued	Sillers
Bang				

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

Without objection, the Senate reverted to the Order of Business of Messages From the House.

#### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 257 and re-passed said bill in accordance with the report of the Committee, so adopted.

House File No. 257 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 257

A bill for an act relating to taxation; providing standards and procedures for tax increment financing; authorizing the issuance of bonds; authorizing tax increment financing for the payment of principal and interest on such bonds; providing limitation on extent of districts to which tax increment financing applies; amending Minnesota Statutes 1978, Sections 362A.05; 458.192, Subdivision 11; 462.545, Subdivision 5; 462.585, Subdivisions 2, 3 and 4; 472A.06; 472A.07, by adding a subdivision; 473F.02, Subdivision 3; 473F.05; 473F.08, Subdivisions 2, 4 and 6; 474.10, Subdivisions 2 and 3; and Chapter 273, by adding sections; repealing Minnesota Statutes 1978, Sections 458.192, Subdivision 12; 472A.02, Subdivision 3; 472A.07, Subdivision 4; and 472A.08.

May 21, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 257, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and H. F. No. 257 be amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.71] [CITATION.] *Sections 1 to 8 may be cited as the Minnesota tax increment financing act.*

Sec. 2. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.72] [STATEMENT OF PURPOSE.] *The statutes governing the use of tax increment financing in Minnesota have evolved over a long period of time and exist in several different special and general laws. These laws are sometimes inconsistent and provide varying procedures which render them difficult to administer. It is the intent of the legislature, by enacting the Minnesota tax increment financing act, to ratify and confirm the findings, declarations and determinations made by the legislature in connection with chapters 362A, 458, 462, 472A and 474 and to establish a uniform set of standards and procedures to be followed when using this method of financing.*

Sec. 3. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.73] Subdivision 1. [DEFINITIONS.] *For the purposes of sections 1 to 8 the terms defined in this section shall have the meanings given them.*

Subd. 2. [AUTHORITY.] *"Authority" means a rural development financing authority created pursuant to chapter 362A, a housing and redevelopment authority created pursuant to chapter 462; a port authority created pursuant to chapter 458; a redevelopment agency as defined by chapter 474; a municipality which is administering a development district created pursuant to chapter 472A or any special law, a municipality which undertakes a project pursuant to chapter 474; or a municipality which exercises the powers of a port authority pursuant to any general or special law.*

Subd. 3. [BONDS.] *"Bonds" means any bonds, including but not limited to refunding bonds, notes, interim certificates, debentures, or other obligations issued by an authority under section 7 or which were issued in aid of a project under any other law, except revenue bonds issued pursuant to chapter 474, prior to the effective date of this act.*

Subd. 4. [CAPTURED ASSESSED VALUE.] *"Captured assessed value" means any amount by which the current assessed value of a tax increment financing district exceeds the original assessed value, including the value of property normally taxable as personal property by reason of its location on or over property owned by a tax-exempt entity.*

Subd. 5. [GOVERNING BODY.] *"Governing body" means the duly elected council or board of a municipality, notwithstanding any contrary definition thereof contained in chapter 475.*

Subd. 6. [MUNICIPALITY.] *"Municipality" means any city, however, organized, and with respect to a project undertaken*

pursuant to chapter 474, "municipality" has the meaning given in chapter 474, and with respect to a project undertaken pursuant to chapter 362A, or a county or multi-county project undertaken pursuant to sections 462.426 to 462.4291, "municipality" shall also include any county.

**Subd. 7. [ORIGINAL ASSESSED VALUE.]** "Original assessed value" means the assessed value of all taxable real property within a tax increment financing district as most recently certified by the commissioner of revenue as of the date of the request by an authority for certification by the county auditor, together with subsequent adjustments as set forth in section 6, subdivisions 1 and 4; provided, however, that in determining the original assessed value the assessed value of real property exempt from taxation at the time of the request shall be zero except for real property which is tax exempt by reason of public ownership by the requesting authority and which has been publicly owned for less than one year prior to the date of the request for certification, in which event the assessed value of the property shall be the assessed value as most recently determined by the commissioner of revenue. For purposes of this subdivision, "real property" shall include any property normally taxable as personal property by reason of its location on or over property owned by a tax-exempt entity.

**Subd. 8. [PROJECT.]** "Project" means a project as defined in section 362A.01; an industrial development district as defined in section 458.191, subdivision 1; a redevelopment project as defined in section 462.421, subdivision 14; a development district as defined in section 472A.02, subdivision 3 or any special law; or a project as defined in section 474.02, subdivisions 1, 1a or 1b.

**Subd. 9. [TAX INCREMENT FINANCING DISTRICT.]** "Tax increment financing district" or "district" means a contiguous or noncontiguous geographic area within a project delineated in the tax increment financing plan, as provided by section 4, subdivision 1, for the purpose of financing redevelopment, housing or economic development in municipalities through the use of tax increment generated from the captured assessed value in the tax increment financing district.

**Subd. 10. [REDEVELOPMENT PROJECT.]** (a) "Redevelopment project" means a project within which the authority finds by resolution that one of the following conditions, reasonably distributed throughout the project, exists:

(1) The land is predominantly occupied by buildings, streets, utilities or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or

(2) The land is predominantly occupied by buildings, streets, utilities or other improvements and 20 percent of the buildings are structurally substandard and an additional 30 percent of the buildings are found to require substantial renovation or clearance in order to remove such existing conditions as: inadequate street layout, incompatible uses or land use relationships, overcrowding of



buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety and general well being of the community; or

(3) The land is not predominantly occupied by buildings, streets, utilities or other improvements, but at least 80 percent of the total acreage of such land has a fair market value upon inclusion in the project which, when added to the estimated cost of preparing the land for use, including utilities, if any, exceeds its anticipated fair market value after completion of said preparation; or

(4) The property consists of underutilized air rights existing over a public street, highway or right-of-way.

(b) For purpose of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. "Predominantly occupied" shall mean at least 50 percent of the parcels comprising at least 50 percent of the acreage.

Subd. 11. [HOUSING PROJECT.] "Housing project" means a project, or that part of a project, intended for occupancy, in part, by persons or families of low and moderate income, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts.

Subd. 12. [ECONOMIC DEVELOPMENT PROJECT.] "Economic development project" means any project not meeting the requirements found in the definition of redevelopment project or housing project, but which the authority finds to be in the public interest because:

(a) It will discourage commerce, industry or manufacturing from moving their operations to another state; or

(b) It will result in increased employment in the municipality; or

(c) It will result in preservation and enhancement of the tax base of the municipality.

Subd. 13. [ADMINISTRATIVE EXPENSES.] "Administrative expenses" means all expenditures of an authority other than amounts paid for the purchase of land or amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the district, relocation benefits paid to or services provided for persons residing or businesses located in the district, or amounts used to pay interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 7.

Sec. 4. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.74] [ESTABLISHING, MODIFYING TAX INCREMENT FINANCING PLAN, ANNUAL ACCOUNTS.] *Subdivision 1. [TAX INCREMENT FINANCING PLAN.] A tax increment financing plan shall contain a statement of objectives of an authority for the improvement of a district. The plan shall contain a statement as to the development program for the district, including the property within the district, if any, which the authority intends to acquire. It shall also contain estimates of the following: cost of the district, including administration expenses; amount of bonded indebtedness to be incurred; sources of revenue to finance or otherwise pay public costs; the most recent assessed value of taxable real property within the district; the estimated captured assessed value of the district at completion; and the duration of the district's existence. The plan shall also contain a statement of the authority's estimate of the impact of tax increment financing on the assessed values of all taxing jurisdictions in which the district is located in whole or in part.*

*Subd. 2. [CONSULTATIONS; COMMENT AND FILING.] Before formation of a tax increment financing district, the authority shall provide an opportunity to the members of the county boards of commissioners of any county in which any portion of the proposed district is located and the members of the school board of any school district in which any portion of the proposed district is located to meet with the authority. The authority shall present to the members of the county boards of commissioners and the school boards its estimate of the fiscal and economic implications of the proposed tax increment financing district. The members of the county boards of commissioners and the school boards may present their comments at the public hearing on the tax increment financing plan required by subdivision 3. Upon adoption of the tax increment financing plan, the authority shall file the same with the state planning agency.*

*Subd. 3. [MUNICIPALITY APPROVAL.] No county auditor shall certify the original assessed value of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the project is located. If an authority which proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of its tax increment financing plan by the municipality before the authority may use tax increment financing. The municipality shall approve the tax increment financing plan only after a public hearing thereon after published notice in a newspaper of general circulation in the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing. This hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project. Before or at the time of approval of the*

*tax increment financing plan, the municipality shall make the following findings:*

*(a) That the project comprising the proposed tax increment financing district is a redevelopment project, a housing project or an economic development project and the specific bases for such determination.*

*(b) That the proposed development or redevelopment, in the opinion of the municipality, would not occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.*

*(c) That the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole.*

*(d) That the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the district by private enterprise.*

*(e) That the municipality elects the method of tax increment computation set forth in section 6, subdivision 3, clause (b), if applicable.*

*When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority, or the plan shall be deemed approved. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to section 4, subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for such financing.*

*Subd. 4. [MODIFICATION OF PLAN.] A tax increment financing plan may be modified by an authority, provided that any reduction or enlargement of geographic area, increase in amount of bonded indebtedness to be incurred, increase in the portion of the captured assessed value to be retained by the authority, increase in total estimated tax increment expenditures or designation of additional property to be acquired by the authority shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original plan.*

*The geographic area of a tax increment financing district may be reduced, but shall not be enlarged after five years following the date of certification of the original assessed value by the county auditor or five years from the effective date of this act for tax increment financing districts authorized prior to the effective date of the act, except that development districts created pursuant to chapter 472A prior to the effective date of this act may be reduced but shall not be enlarged after five years following the date of designation of such district.*

**Subd. 5. [ANNUAL DISCLOSURE.]** For all tax increment financing districts, whether created prior or subsequent to the effective date of this act, on or before July 1 of each year, the authority shall submit to the county board, the school board, the state planning agency and, if the authority is other than the municipality, the governing body of the municipality a report of the status of the district. The report shall include the following information: the amount and the source of revenue in the account, the amount and purpose of expenditures from the account, the amount of any pledge of revenues, including principal and interest on any outstanding bonded indebtedness, the original assessed value of the district, the captured assessed value retained by the authority, the captured assessed value shared with other taxing districts, the tax increment received and any additional information necessary to demonstrate compliance with any applicable tax increment financing plan. An annual statement showing the tax increment received and expended in that year, the original assessed value, captured assessed value, amount of outstanding bonded indebtedness and any additional information the authority deems necessary shall be published in a newspaper of general circulation in the municipality.

**Sec. 5.** Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

**[273.75] [LIMITATIONS.] Subdivision 1. [DURATION OF TAX INCREMENT FINANCING DISTRICTS.]** Subject to the limitations contained elsewhere in this subdivision any tax increment financing district as to which bonds are outstanding, payment for which the tax increment and other revenues have been pledged, shall remain in existence at least as long as any such bonds continue to be outstanding; provided, however, the tax increment pledged to the payment of bonds and interest thereon may be discharged and the tax increment financing district may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or date of redemption and interest thereon to such maturity or redemption date, provided that for bonds issued pursuant to section 7, clauses (a) and (b) the full faith and credit and any taxing powers of the municipality or authority shall continue to be pledged to the payment of the bonds until the principal of and interest on the bonds has been paid in full; provided, further, that no tax increment shall be paid to an authority for a tax increment financing district after three years from the date of certification of the original assessed value of the taxable real property in the district by the county auditor or three years from the effective date of this act for tax increment financing districts authorized prior to the effective date of the act unless within the three year period (a) bonds have been issued pursuant to section 7, or in aid of a project pursuant to any other law, except revenue bonds issued pursuant to chapter 474, prior to the effective date of this act, or (b) the authority has acquired property within the district, or (c) the authority has constructed or caused to be constructed public improvements

*within the district; and provided, further, that no tax increment shall in any event be paid to the authority from a redevelopment project after 25 years from date of receipt by the authority of the first tax increment, after 25 years from the date of the receipt for a housing project and after eight years from the date of the receipt, or 10 years from approval of the tax increment financing plan, whichever is less, for an economic development project.*

*For tax increment financing districts created prior to the effective date of this act, no tax increment shall be paid to the authority after 30 years from the effective date of this act.*

*Modification of a tax increment financing plan pursuant to section 4, subdivision 4, shall not extend the durational limitations of this subdivision.*

**Subd. 2. [EXCESS TAX INCREMENTS.]** *In any year in which the tax increment exceeds the amount necessary to pay the costs authorized by the tax increment financing plan, including the amount necessary to cancel any tax levy as provided in section 475.61, subdivision 3, the authority shall use the excess amount to (a) prepay any outstanding bonds, (b) discharge the pledge of tax increment therefor, (c) pay into an escrow account dedicated to the payment of such bond, or shall return the excess amount to the municipality, county and school district in which the tax increment financing district is located in direct proportion to their respective mill rates.*

**Subd. 3. [LIMITATION ON ADMINISTRATIVE EXPENSES.]** *No tax increment shall be used to pay any administrative expenses for a district which exceed five percent of the total tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the district, whichever is less.*

**Subd. 4. [LIMITATION ON USE OF TAX INCREMENT.]** *All revenues derived from tax increment shall be used in accordance with the tax increment financing plan. The revenues shall be used solely for the following purposes: (a) to pay the principal of and interest on bonds issued to finance a project; (b) by a rural development financing authority for the purposes stated in section 362A.01, subdivision 2, by a port authority or municipality exercising the powers of a port authority to finance or otherwise pay the cost of redevelopment pursuant to chapter 458, by a housing and redevelopment authority to finance or otherwise pay public redevelopment costs pursuant to chapter 462, by a municipality to finance or otherwise pay the capital and administration costs of a development district pursuant to chapter 472A, by a municipality or redevelopment agency to finance or otherwise pay premiums for insurance guaranteeing the payment of net rentals when due under the project lease or to accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds pursuant to chapter 474. These revenues shall not be used to circumvent existing levy limit law.*

**Subd. 5. [REQUIREMENT FOR AGREEMENTS.]** *No more*

than 25 percent, by acreage, of the property to be acquired within a redevelopment project, or ten percent, by acreage, of the property to be acquired within a housing or economic development project, as set forth in the tax increment financing plan, shall at any time be owned by an authority as a result of acquisition with the proceeds of bonds issued pursuant to section 7 without the authority having prior to acquisition in excess of the percentages concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the authority should the development or redevelopment not be completed.

Subd. 6. [LIMITATION ON INCREMENT.] If, after five years from the date of certification of the original assessed value of the tax increment financing district pursuant to section 6, no demolition, rehabilitation or renovation of property or other site preparation, including improvement of a street adjacent to a property but not installation of utility service, has been commenced on a property located within a tax increment financing district by the authority or by the owner of the property in accordance with the tax increment financing plan, no additional tax increment may be taken from that property, and the original assessed value of that property shall be excluded from the original assessed value of the tax increment financing district. If the authority or the owner of the property subsequently commences demolition, rehabilitation or renovation or other site preparation on that property including improvement of a street adjacent to that property, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced, and the property may be added into the tax increment financing district. The county auditor shall certify the most recently assessed value of that property and add it to the original assessed value of the tax increment financing district.

Sec. 6. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.76] [COMPUTATION OF TAX INCREMENT.] Subdivision 1. [ORIGINAL ASSESSED VALUE.] Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original assessed value of the tax increment financing district as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original assessed value has increased or decreased as a result of a change in tax exempt status of property within the district, reduction or enlargement of the district or changes pursuant to section 6, subdivision 4. The amount to be added to the original assessed value of the district as a result of previously tax exempt real property within the district becoming taxable shall be equal to the assessed value of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the value which shall be assessed by the assessor at the time of such transfer as of the date of title transfer. The amount to be added to the original assessed value of the district as a result of enlargements

thereof shall be equal to the assessed value of the added real property as most recently certified by the commissioner of revenue as of the date of the tax increment financing plan. The amount to be subtracted from the original assessed value of the district as a result of previously taxable real property within the district becoming tax exempt, or a reduction in the geographic area of the district, shall be the amount of original assessed value initially attributed to the property becoming tax exempt or being removed from the district. If the assessed value of property located within the tax increment financing district is reduced by a court-ordered abatement, the original assessed value of the district shall be reduced by that amount. The county auditor shall have the power to specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 4, subdivision 4.

**Subd. 2. [CAPTURED ASSESSED VALUE.]** The county auditor shall certify the amount of the captured assessed value to the authority each year, together with the proportion that the captured assessed value bears to the total assessed value of the real property within the tax increment financing district for that year.

(a) An authority may choose to retain any part or all of the captured assessed value for purposes of tax increment financing according to one of the two following options:

(1) If the plan provides that all the captured assessed value is necessary to finance or otherwise make permissible expenditures under section 5, subdivision 5, the authority may retain the full captured assessed value.

(2) If the plan provides that only a portion of the captured assessed value is necessary to finance or otherwise make permissible expenditures under section 5, subdivision 5, only that portion shall be set aside and the remainder shall be distributed among the affected taxing districts by the county auditor.

(b) The portion of captured assessed value that an authority intends to use for purposes of tax increment financing must be clearly stated in the tax increment financing plan.

**Subd. 3. [TAX INCREMENT, RELATIONSHIP TO CHAPTER 473F.]** (a) Unless the governing body elects pursuant to clause (b) of this subdivision the following method of computation shall apply:

(1) The original assessed value shall include any portion thereof which is subject to the area-wide tax imposed by section 473F.08, subdivision 6, in the levy and assessment of taxes in the year the district is certified and the current assessed value shall not be reduced to any extent to reflect the contribution of the municipality to the area-wide tax base pursuant to section 473F.08, subdivision 2, clause (a).

(2) In each subsequent year, the county auditor shall compute assessed valuation, mill rates and the tax increment as follows:

(i) If the authority retains the full captured assessed value, the county auditor shall include no more than the original assessed

value of the real property in the tax increment financing district for purposes of determining assessed value for local mill rates. The county auditor shall compute the mill rates of all taxes levied by the state, the county, the municipality or town, the school district and every other taxing district in which the district is located in whole or in part of the aforementioned assessed value. The county auditor shall extend all mill rates against the current assessed value, including the captured assessed value, except for that portion of the current assessed value which is subject to the area-wide tax rate determined pursuant to section 473F.08, subdivision 5. In each year for which the current assessed value exceeds the original assessed value, the county treasurer shall remit to the authority that portion of all taxes paid that year on real property in the district, including taxes paid as a result of the application of the area-wide tax determined pursuant to section 473F.08, subdivision 5, which exceeds the taxes attributable to the application of local mill rates to the original assessed value. The amount so remitted each year is referred to in this section as the tax increment for that year.

(ii) If the authority retains only a portion of the captured assessed value for its use and returns the remaining portion to the tax rolls of all affected taxing districts, the county auditor shall include the original assessed value which is shared with all the affected taxing districts in determining the assessed value for computing mill rates. He shall compute the mill rates of all taxes levied by the state, county, municipality, school district, and every other taxing district in which the district is located in whole or in part on this assessed value. He shall extend all mill rates against the total current assessed value including that portion of the captured assessed value which the authority is retaining for its use only, except for that portion of the current assessed value which is subject to the area-wide tax rate determined pursuant to section 473F.08, subdivision 5. In each year for which the current assessed value exceeds the original assessed value, the county treasurer shall remit to the authority that portion of all taxes paid on real property in the district, including taxes paid as a result of the area-wide tax rate determined pursuant to section 473F.08, subdivision 5, that exceeds the taxes attributable to the application of local mill rates to the original assessed value and to that portion of the captured assessed value which is shared with all the affected taxing districts. The amount so remitted each year is referred to as the tax increment.

(3) In any year in which the current assessed value of the tax increment financing district is less than the original assessed value, thereby creating a tax increment deficit, the county auditor shall compute and extend taxes against the current assessed value, except for that portion of the current assessed value which is subject to the area-wide tax rate determined pursuant to section 473F.08, subdivision 5. Taxes, including taxes paid as a result of the application of the area-wide tax rate determined pursuant to section 473F.08, subdivision 5, shall be distributed from the affected property to each of the taxing jurisdictions as determined by the current levy and there will be no tax increment. In any



year subsequent to a year in which there exists a tax increment deficit, the tax increment shall be computed without regard to said deficit.

(b) Notwithstanding clause (a) of this subdivision, the governing body may, by resolution approving the tax increment financing plan pursuant to section 4, subdivision 3, elect the following method of computation:

(1) The original assessed value shall not include any portion thereof which is subject to the area wide tax imposed by section 473F.08, subdivision 6, in the levy and assessment of taxes in the year the district is certified and the current assessed value shall not include the portion thereof which is subject to the area wide tax imposed by section 473F.08, subdivision 6, but shall not otherwise be reduced by the amount of the contribution of the municipality to the area wide tax base pursuant to section 473F.08, subdivision 2, clause (a).

(2) In each subsequent year, the county auditor shall compute assessed valuation, mill rates and tax increments as follows:

(i) If the authority retains the full captured assessed value, the county auditor shall include no more than the original assessed value of the real property in the tax increment financing district for purposes of determining assessed value for local mill rates. The county auditor shall compute the mill rates of all taxes levied by the state, the county, the municipality or town, the school district and every other taxing district in which the district is located in whole or in part on the aforementioned assessed value. The county auditor shall extend all mill rates against the current assessed value, including the captured assessed value. In each year for which the current assessed value exceeds the original assessed value, the county treasurer shall remit to the authority that proportion of all taxes paid that year on real property in the district which the captured assessed value bears to the current assessed value. The amount so remitted each year is referred to in this section as the tax increment for that year.

(ii) If the authority retains only a portion of the captured assessed value for its use and returns the remaining portion to the tax rolls of all affected taxing districts, the county auditor shall include the original assessed value and that portion of the captured assessed value which is shared with all the affected taxing districts in determining the assessed value for computing mill rates. He shall compute the mill rates of all taxes levied by the state, county, municipality, school district, and every other taxing district in which the district is located in whole or in part on this aforementioned assessed value. He shall extend all mill rates against the total current assessed value including that portion of the captured assessed value which the authority is retaining for its use only. In each year for which the current assessed value exceeds the original assessed value, the county treasurer shall remit to the authority that portion of all taxes paid on real property in the district that the retained captured assessed value bears

to the total current assessed value in the district. The amount so remitted each year is referred to as the tax increment.

(3) In any year in which the current assessed value of the tax increment financing district is less than the original assessed value, thereby creating a tax increment deficit, the county auditor shall compute and extend taxes against the current assessed value. Taxes shall be distributed from the affected property to each of the taxing jurisdictions as determined by the current levy and there is no tax increment. In any year subsequent to a year in which there exists a tax increment deficit, tax increments shall be computed without regard to the deficit.

(4) An election by the governing body pursuant to part (b) of this subdivision shall be submitted to the county auditor by the authority at the time of the request for certification pursuant to section 6, subdivision 1.

(c) The method of computation of tax increment applied to a district pursuant to clause (a) or (b) of this subdivision, once established, shall remain the same for the duration of the district.

Subd. 4. [PRIOR PLANNED IMPROVEMENTS.] The authority shall, after due and diligent search, accompany its request for certification to the county auditor pursuant to section 6, subdivision 1, or its notice of district enlargement pursuant to section 4, subdivision 5, with a listing of all properties within the tax increment financing district or area of enlargement for which building permits have been issued during the 18 months immediately preceding approval of the tax increment financing plan by the municipality pursuant to section 4, subdivision 4. For 12 months after completion of the improvements for which a building permit was issued during said 18 month period, the county auditor is authorized, but not required, to increase the original assessed value of the district by the assessed valuation of the improvements for which the building permit was issued, as certified by the assessor.

Subd. 5. [TAX INCREMENT ACCOUNT.] The tax increment received with respect to any district shall be segregated by the authority in a special account or accounts on its official books and records or as otherwise established by resolution of the authority to be held by a trustee or trustees for the benefit of holders of the bonds.

Sec. 7. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.77] [TAX INCREMENT BONDING.] Any other law, general or special, notwithstanding, after the effective date of this act no bonds, payment for which tax increment is pledged, shall be issued in connection with any project for which tax increment financing has been undertaken other than as is authorized hereby and the proceeds therefrom shall be used only in accordance with section 5, subdivision 5 as if said proceeds were tax increment, except that a tax increment financing plan need not be adopted for any project for which tax increment financing has been undertaken

prior to the effective date of the act pursuant to statutes not requiring a tax increment financing plan. Such bonds shall not be included for purposes of computing the net debt of any municipality.

(a) A municipality may issue general obligation bonds to finance any expenditure by the municipality or an authority the jurisdiction of which is wholly or partially within that municipality, pursuant to section 5, subdivision 5 in the same manner and subject only to the same conditions as those provided in chapter 475 for bonds financing improvement costs reimbursable from special assessments. Any pledge of tax increment, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision, except when the authority and the municipality are the same, shall be made by written agreement by and between the authority and the municipality and filed with the county auditor. When the authority and the municipality are the same, the municipality may by covenant pledge tax increment, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision and thereupon shall file the resolution containing such covenant with the county auditor. When tax increment, assessments and other revenues are pledged, the estimated collections of said tax increment, assessments and any other revenues so pledged may be deducted from the taxes otherwise required to be levied before the issuance of the bonds under section 475.61, subdivision 1, or the collections thereof may be certified annually to reduce or cancel the initial tax levies in accordance with section 475.61, subdivision 1 or 3.

(b) When the authority and the municipality are not the same, an authority may, by resolution, authorize, issue and sell its general obligation bonds to finance any expenditure which that authority is authorized to make by section 5, subdivision 5. Said bonds of the authority shall be authorized by its resolution, shall mature as determined by resolution of the authority in accordance with this act, and may be issued in one or more series and shall bear such date or dates, bear interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in medium of payment at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices as the authority by resolution shall determine, and any provision of any law to the contrary notwithstanding, the bonds shall be fully negotiable. In any suit, actions, or proceedings involving the validity of enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a district shall be conclusively deemed to have been issued for such purpose, and the district shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of this act. Neither the authority, nor any director, commissioner, council member, board member, of-

ficer, employee or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds of the authority, and such bonds shall so state on their face, shall not be a debt of any municipality, the state or any political subdivision thereof, and neither the municipality nor the state or any political subdivision thereof shall be liable thereon, nor in any event shall such bonds be payable out of any funds or properties other than those of the authority and any tax increment and revenues of a tax increment financing district pledged therefor.

(c) Notwithstanding any other law general or special, an authority may, by resolution, authorize, issue and sell revenue bonds payable solely from all or a portion of revenues, including but not limited to tax increment revenues and assessments, derived from a tax increment financing district located wholly or partially within the municipality to finance any expenditure which the authority is authorized to make by section 5, subdivision 5. The bonds shall mature as determined by resolution of the authority in accordance with this act and may be issued in one or more series and shall bear such date or dates, bear interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in medium of payment at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices as the authority by resolution shall determine, and any provision of any law to the contrary notwithstanding, shall be fully negotiable. In any suit, action, or proceedings involving the validity or enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a district shall be conclusively deemed to have been issued for such purpose, and the district shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of this act. Neither the authority, nor any director, commissioner, council member, board member, officer, employee or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds may be further secured by a pledge and mortgage of all or any portion of the district in aid of which the bonds are issued and such covenants as the authority shall deem by such resolution to be necessary and proper to secure payment of the bonds. The bonds, and the bonds shall so state on their face, shall not be payable from nor charged upon any funds other than the revenues and property pledged or mortgaged to the payment thereof, nor shall the issuing authority be subject to any liability thereon or have the powers to obligate itself to pay or pay the bonds from funds other than the revenues and properties pledged and mortgaged and no holder or holders of the bonds shall ever have the right to compel any exercise of any taxing power of the issuing authority or any other public body, other than as

is permitted or required under this act and pledged therefor hereunder, to pay the principal of or interest on any such bonds, nor to enforce payment thereof against any property of the authority or other public body other than that expressly pledged or mortgaged for the payment thereof.

Sec. 8. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.78] [EXISTING PROJECTS.] *The provisions of sections 1 to 7 shall not affect any project for which tax increment certification was requested pursuant to law prior to the effective date of sections 1 to 7, or any project carried on by an authority pursuant to Minnesota Statutes, Section 462.545, Subdivision 5 with respect to which the governing body has by resolution designated properties for inclusion in the project prior to the effective date of sections 1 to 7, except:*

(a) *As otherwise expressly provided in sections 1 to 7; or*

(b) *As an authority may elect to proceed with an existing project, under the provisions of sections 1 to 7; or*

(c) *That any enlargements of the geographic area of an existing tax increment financing district subsequent to the effective date of sections 1 to 7 shall be accomplished in accordance with and shall subject the property added as a result of the enlargement to the terms and conditions of sections 1 to 7; or*

(d) *That commencing with taxes payable in 1980, section 6, subdivision 3, clause (b) shall apply to all development districts created pursuant to chapter 472A, or any special law, prior to the effective date of this act.*

Sec. 9. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.86] [DEFERRED PROPERTY TAXATION FOR PRIVATE REDEVELOPMENT.] *Subdivision 1. [APPLICATION.] A developer proposing to construct improvements on property located within an industrial development district as defined in section 458.191, subdivision 1; a development district as defined in section 472A.02, subdivision 3, or any special law; or a redevelopment project as defined in section 462.421, subdivision 14 may apply to the governing body of the city or municipality in which the property is located to obtain deferral of property tax on the improved property, stating the nature and location of the proposed improvement, its estimated cost, and the projected length of construction time. If the governing body finds that the proposed development is consistent with the requirements of the above referred sections, it may approve the application. If the application is approved by June 30, the tax exemption shall be in effect for taxes paid the following year; if it is approved later than June 30, the exemption shall be in effect for taxes paid in the second subsequent taxable year.*

*Subd. 2. [TAX TREATMENT.] Property approved for the tax deferral provided in this section shall be exempt from taxation*

during the time while the improvements proposed in the plan are under construction. The exemption shall be in effect for the number of taxable years approved by the governing body at the time of approval of the application. The period of deferral shall not exceed the length of the construction period projected in the plan. For taxes payable in the first year following the levy year during which 50 percent of the area of the building becomes occupied, the tax due on the property shall be the amount of tax paid on the property in the year in which the developer applied for the deferral, multiplied by the number of years during which the property was exempt from taxation pursuant to this section plus the amount of taxes which would ordinarily be due in the first year following the levy year during which 50 percent of the area of the building becomes occupied, plus at the option of the governing body, the amount of increased taxes that would have been due and payable each year during the period of deferral. If the improvements which had been present on the property were demolished prior to the year of the application, the governing body may require that the deferred tax be computed based on the amount of tax due on the property for the last taxable year preceding the demolition of the improvement. For all subsequent taxable years, the property shall be assessed as provided in section 273.11.

Subd. 3. [TRANSFERABILITY.] When ownership of property which has been approved for the tax deferral provided in this section is transferred from the original applicant, the governing body may elect to continue to defer the tax on the property if the subsequent owner agrees to redevelop the property according to either the original redevelopment plan approved under subdivision 1 or a plan proposed by the subsequent owner and approved by the governing body if the governing body does not approve continuation of the tax.

Subd. 4. [EXCEPTIONS.] The provisions of this section shall not apply to any property purchased from an authority which acquired such property with tax increment or bonds issued pursuant to sections 10 through 12.

Sec. 10. Minnesota Statutes 1978, Section 362A.05, is amended to read:

362A.05 [AGREEMENTS FOR RESERVATION OF TAX INCREMENTS.] The authority may enter into an agreement with any county in which a project is to be situated, under which the increment of taxable value of property to be created by the project, over and above the taxable value of the project site as last finally determined before the project was undertaken, may be excluded from the taxable value of property on which the mill rate of taxes is computed in every subsequent year, for so long as may be agreed, but the aggregate mill rate of taxes levied by the county and all other taxing districts on other properties in each such year shall be spread also on the incremental taxable value of the project, and the tax resulting therefrom, when collected, shall be remitted to the authority, and may be pledged, together with charges or special assessments, to pay or guarantee

the payment of its bonds, or may be used by the authority for the purposes stated in section 362A.01, subdivision 2. Every county shall have the power by resolution of the county board to do all acts and things necessary for the computation, segregation, and application of tax increments under agreements made with the authority in accordance with this section. *This section shall not apply with respect to any project established subsequent to the effective date of the Minnesota tax increment financing act.*

Sec. 11. Minnesota Statutes 1978, Section 458.192, Subdivision 11, is amended to read:

Subd. 11. Upon or after the creation of an industrial development district under section 458.191 *which is not subject to the provisions of sections 1 to 8 of the Minnesota tax increment financing act*, the auditor of the county in which it is situated shall upon request of the port authority certify the then most recently determined assessed valuation of all or so much of the taxable real property within the district as is identified by legal description in the request, other than that portion of the valuation which is contributed to an area-wide tax base under chapter 473F. The auditor shall certify to the authority in each year thereafter the amounts and percentages of subsequent increases or decreases in such valuation other than that portion of such increases or decreases which is contributed to an area-wide tax base under chapter 473F. The auditor shall compute the mill rates of taxes against such original valuation but shall extend such rates also against any incremental value and remit the resulting tax increment to the port authority in the same manner as that provided for the computation and remittance of tax increments under section 462.585, subdivisions 2 and 3. The port authority shall segregate tax increments received with respect to any such property district in a special account on its official books and records. Such tax increments shall be remitted to the port authority until the cost of redevelopment of the marginal land within the district, including interest thereon, has been fully reimbursed from the tax increments. When such full reimbursement has been made, it shall be reported by the port authority to the county auditor, who shall thereafter include the entire assessed valuation of the property in the assessed valuations upon which tax mill rates are computed and extended and taxes are remitted to all taxing districts. Any part or all of such tax, if so directed by the city council, shall be pledged and appropriated for the payment of any general obligation bonds of the port authority. Increases in the value of such property, subsequent to certification of the base for computing the tax increment therefrom, shall not be included in the assessed valuation of any taxing district for the purpose of computing any debt or levy limitation or the amount of any state or federal aid to the taxing district, so long as the tax increment therefrom is segregated under the provisions of this section. *The provisions of this subdivision shall not apply with respect to any project, certification of which is requested subsequent to the effective date of the Minnesota tax increment financing act.*

Sec. 12. Minnesota Statutes 1978, Section 462.545, Subdivision 5, is amended to read:

Subd. 5. [SPECIAL BENEFIT TAX FUND.] In the event the authority shall issue bonds or other obligations to finance a redevelopment project, the authority may, in its discretion, with the consent of the governing body obtained at the time of the approval of the redevelopment plan as required in section 462.521, notify the county treasurer to set aside in a special fund, for the retirement of such bonds and interest thereon, all or part of the real estate tax revenues derived from the real property in the redevelopment area which is in excess of the tax revenue derived therefrom in the tax year immediately preceding the acquisition of such property by the authority, and it shall be the duty of the county treasurer so to do. Such setting aside of funds shall continue until the bonds or other obligations have been retired. *The provisions of this subdivision shall not apply with respect to any property which the governing body has not by resolution designated for inclusion in a project prior to the effective date of the Minnesota tax increment financing act.*

Sec. 13. Minnesota Statutes 1978, Section 462.585, Subdivision 2, is amended to read:

Subd. 2. [ORIGINAL TAXABLE VALUE.] Upon or after approval of a redevelopment project of any housing and redevelopment authority under section 462.521, the auditor of the county in which it is situated shall upon request of the authority certify the assessed valuation of all taxable real property within the project area as then most recently determined, which is referred to in this section as the "original taxable value", and shall certify to the authority in each year thereafter the amount by which the original taxable value has increased or decreased, and the proportion which any such increase bears to the total assessed valuation of the real property for that year or the proportion which any such decrease bears to the original taxable value. *The provisions of this subdivision shall not apply with respect to any redevelopment project, certification of which is requested subsequent to the effective date of the Minnesota tax increment financing act.*

Sec. 14. Minnesota Statutes 1978, Section 462.585, Subdivision 3, is amended to read:

Subd. 3. [TAX INCREMENTS.] In each subsequent year the county auditor shall include no more than the original taxable value of such real property in the assessed valuation upon which he computes the mill rates of all taxes levied by the state, the county, the municipality or town, the school district and every other taxing district in which the project area is situated; but he shall extend all mill rates so determined against the entire assessed valuation of such real property for that year. In each year for which the assessed valuation exceeds the original taxable value, the county treasurer shall remit to the authority, instead of the taxing districts, that proportion of all taxes paid that year on the real property in the project area which such excess valuation bears to the total assessed valuation. The amount so remitted



each year is referred to in this section as the "tax increment" for that year. Tax increments received with respect to any redevelopment project shall be segregated by the authority receiving them in a special account on its official books and records until the public redevelopment cost of the project, including interest on all money borrowed therefor, has been fully paid, and the municipality or other public body in which the project is situated has been fully reimbursed from the tax increments or revenues of the project for any principal and interest on general obligation bonds which it has issued for the project and has paid from taxes levied on other property within its corporate limits. Such payment shall be reported to the county auditor, who shall thereafter include the entire assessed valuation of the project area in the assessed valuations upon which tax mill rates are computed and extended and taxes are remitted to all taxing districts. *The provisions of this subdivision shall not apply with respect to any redevelopment project, certification of which is requested subsequent to the effective date of the Minnesota tax increment financing act.*

Sec. 15. Minnesota Statutes 1978, Section 462.585, Subdivision 4, is amended to read:

Subd. 4. [TAX INCREMENT FINANCING.] The authority may pledge and appropriate any part or all of the tax increments received for any redevelopment project, and any part or all of the revenues received from lands in the project area while owned by the authority, for the payment of the principal of and interest on bonds issued in aid of the project pursuant to sections 462.551, 462.581, or chapter 474, by the authority or by the governing body of the municipality or other state public body within whose corporate limits the project area is situated. Any such pledge for the payment of bonds issued by the governing body shall be made by written agreement executed on behalf of the authority and the governing body and filed with the county auditor. The estimated collections of the tax increments and any other revenues so pledged may be deducted from the taxes otherwise required to be levied before the issuance of the bonds under section 475.61, subdivision 1, or the collections thereof may be certified annually to reduce or cancel the initial tax levies in accordance with section 475.61, subdivision 3. When such an agreement is made and filed, the bonds may be issued by the governing body in the same manner and subject only to the same conditions as those provided in chapter 475 for bonds financing improvement costs reimbursable from special assessments. *Bonds shall not be issued nor tax increments or other revenues pledged pursuant to this subdivision subsequent to the effective date of the Minnesota tax increment financing act.*

Sec. 16. Minnesota Statutes 1978, Section 472A.06, is amended to read:

472A.06 [ISSUANCE OF BONDS.] The governing body of the municipality, may authorize, issue and sell general obligation bonds, which shall mature within 30 years from the date of issue, to finance the acquisition and betterment of real and personal property needed to carry out the development program within the development dis-

trict together with all relocation costs incidental thereto in accordance with sections 475.51, 475.53, 475.54, 475.55, 475.56, 475.60, 475.61, 475.62, 475.63, 475.65, 475.66, 475.69, 475.70, 475.71. All tax increments received by the municipality pursuant to section 472A.08 shall be pledged for the payment of these bonds and used to reduce or cancel the taxes otherwise required to be extended for that purpose, and the bonds shall not be included when computing the municipality's net debt. *Bonds shall not be issued under this section subsequent to the effective date of the Minnesota tax increment financing act.*

Sec. 17. Minnesota Statutes 1978, Section 472A.07, is amended by adding a subdivision to read:

*Subd. 5. The provisions of this section shall not apply to a development district created subsequent to the effective date of the Minnesota tax increment financing act.*

Sec. 18. Minnesota Statutes 1978, Section 473F.02, Subdivision 3, is amended to read:

Subd. 3. "Commercial-industrial property" means the following categories of property, as defined in section 273.13, excluding that portion of such property (a) which may, by law, constitute the tax base for a tax increment pledged pursuant to sections 462.585 or 474.10, *certification of which was requested prior to the effective date of the Minnesota tax increment financing act*, to the extent and while such tax increment is so pledged; (b) which may, by law, constitute the tax base for tax revenues set aside and paid over for credit to a sinking fund pursuant to direction of the city council in accordance with Laws 1963, Chapter 881, as amended, to the extent that such revenues are so treated in any year; or (c) which is exempt from taxation pursuant to section 272.02:

(a) That portion of class 3 property consisting of stocks of merchandise and furniture and fixtures used therewith; manufacturers' materials and manufactured articles; and tools, implements and machinery, whether fixtures or otherwise.

(b) Class 3h property.

(c) Class 3j property.

(d) That portion of class 4 property which is either used or zoned for use for any commercial or industrial purpose, except for such property which is, or, in the case of property under construction, will when completed be used exclusively for residential occupancy and the provision of services to residential occupants thereof. Property shall be considered as used exclusively for residential occupancy only if each of not less than 80 percent of its occupied residential units is, or, in the case of property under construction, will when completed be occupied under an oral or written agreement for occupancy over a continuous period of not less than 30 days.

If the classification of property prescribed by section 273.13 is modified by legislative amendment, the references in this subdi-

vision shall be to such successor class or classes of property, or portions thereof, as embrace the kinds of property designated in this subdivision.

(e) That property valued and assessed under section 273.13, subdivision 14.

Sec. 19. Minnesota Statutes 1978, Section 473F.05, is amended to read:

473F.05 [ASSESSED VALUATION; 1972 AND SUBSEQUENT YEARS.] On or before November 20 of 1972 and each subsequent year, the assessors within each county in the area shall determine and certify to the county auditor the assessed valuation in that year of commercial-industrial property subject to taxation within each municipality in his county, *determined without regard to section 6, subdivision 3.*

Sec. 20. Minnesota Statutes 1978, Section 473F.08, Subdivision 2, is amended to read:

Subd. 2. The taxable value of a governmental unit is its assessed valuation, as determined in accordance with other provisions of law *including section 6, subdivision 3*, subject to the following adjustments:

(a) There shall be subtracted from its assessed valuation, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to 40 percent of the amount certified in that year pursuant to section 473F.06 in respect to that municipality as the total preceding year's assessed valuation of commercial-industrial property which is subject to the taxing jurisdiction of the governmental unit within the municipality, *determined without regard to section 6, subdivision 3*, bears to the total preceding year's assessed valuation of commercial-industrial property within the municipality, *determined without regard to section 6, subdivision 3*;

(b) There shall be added to its assessed valuation, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to the area-wide base for the year attributable to that municipality as the total preceding year's assessed valuation of residential property which is subject to the taxing jurisdiction of the governmental unit within the municipality bears to the total preceding year's assessed valuation of residential property of the municipality.

Sec. 21. Minnesota Statutes 1978, Section 473F.08, Subdivision 4, is amended to read:

Subd. 4. In 1972 and subsequent years, the county auditor shall divide that portion of the levy determined pursuant to subdivision 3, clause (b), by the assessed valuation of the governmental unit, *taking section 6, subdivision 3 into account*, less that portion subtracted from assessed valuation pursuant to subdivision 2,

clause (a). The resulting rate shall apply to all taxable property except commercial-industrial property, which shall be taxed in accordance with subdivision 6.

Sec. 22. Minnesota Statutes 1978, Section 473F.08, Subdivision 6, is amended to read:

Subd. 6. The rate of taxation determined in accordance with subdivision 5 shall apply in the taxation of each item of commercial-industrial property subject to taxation within a municipality, *including property located within any tax increment financing district, as defined in section 3, subdivision 9*, to that portion of the assessed valuation of the item which bears the same proportion to its total assessed valuation as 40 percent of the amount determined pursuant to section 473F.06 in respect to the municipality in which the property is taxable bears to: (a) the amount determined pursuant to section 473F.05 *minus (b) the entire portion thereof located within any tax increment financing district, as defined in section 3, subdivision 9 for which tax increment is computed in accordance with section 6, subdivision 3, clause (a) (2), regardless of the extent to which it is or is not included in determining assessed value for purposes of computing local mill rates under section 6, subdivision 3, clause (a) (2).* The rate of taxation determined in accordance with subdivision 4 shall apply in the taxation of the remainder of the assessed valuation of the item.

Sec. 23. Minnesota Statutes 1978, Section 474.10, Subdivision 2, is amended to read:

Subd. 2. Any municipality or redevelopment agency may request the county auditor of the county in which a project is situated to certify the original taxable value of the real property included therein and the tax increments realized each year after the commencement of the project, as defined in section 462.585, and shall be entitled to receive, use, and pledge such tax increments for the further security of the revenue bonds issued to finance the project, in either of the following ways:

(1) To pay premiums for insurance guaranteeing the payment of net rentals when due under the project lease; or

(2) To accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds.

*The provisions of this subdivision shall not apply to a project, certification of which is requested subsequent to the effective date of the Minnesota tax increment financing act.*

Sec. 24. Minnesota Statutes 1978, Section 474.10, Subdivision 3, is amended to read:

Subd. 3. Tax increments with respect to any industrial development project shall be segregated and specially accounted for by the county treasurer until all bonds issued to finance the project have been fully paid; but the county treasurer shall remit the same to the municipality or redevelopment agency only in the amount certified to him to be required for any of the purposes stated in subdivision 2. The amount so needed shall be certified annually to the

county auditor and treasurer by the municipality or redevelopment agency on or before October 1. Any tax increment remaining in any year after such remittance shall, when collected, be distributed among all of the taxing districts levying taxes on the project area, in proportion to the amounts so levied by them, respectively. *The provisions of this subdivision shall not apply to a project, certification of which is requested subsequent to the effective date of the Minnesota tax increment financing act.*

Sec. 25. [REPEALER.] *Minnesota Statutes 1978, Sections 458.192, subdivision 12; 472A.02, Subdivision 3; 472A.07, Subdivision 4; and 472A.08, are repealed.*"

Further, amend the title as follows:

Page 1, line 8, after the semicolon insert "authorizing deferred property taxation for private redevelopment;"

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

House Conferees: (Signed) James R. Casserly, James C. Pehler, Robert E. Vanasek, Ray O. Pleasant, Dwaine H. Hoberg, Charles C. Halberg

Senate Conferees: (Signed) Marvin B. Hanson, William McCutcheon, Hubert H. Humphrey, III, Eugene E. Stokowski, Jack Davies

Mr. Hanson moved that the foregoing recommendations and Conference Committee Report on H. F. No. 257 be now adopted, and the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 257: A bill for an act relating to taxation; providing standards and procedures for tax increment financing; authorizing the issuance of bonds; authorizing tax increment financing for the payment of principal and interest on such bonds; providing limitation on extent of districts to which tax increment financing applies; authorizing deferred property taxation for private redevelopment; amending Minnesota Statutes 1978, Sections 362A.05; 458.192, Subdivision 11; 462.545, Subdivision 5; 462.585, Subdivisions 2, 3 and 4; 472A.06; 472A.07, by adding a subdivision; 473F.02, Subdivision 3; 473F.05; 473F.08, Subdivisions 2, 4 and 6; 474.10, Subdivisions 2 and 3; and Chapter 273, by adding sections; repealing Minnesota Statutes 1978, Sections 458.192, Subdivision 12; 472A.02, Subdivision 3; 472A.07, Subdivision 4; and 472A.08.

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

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

The roll was called, and there were yeas 56 and nays 7, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Brataas	Keefe, J.	Laufenburger	Penny	Schmitz
Frederick	Knutson			

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

#### MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 588 and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 588: A bill for an act relating to the county of Anoka; authorizing the county to enter into agreements with the Anoka State Hospital for community mental health services.

House File No. 588 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

#### CONFERENCE COMMITTEE REPORT ON H. F. NO. 588

A bill for an act relating to the county of Anoka; authorizing the county to enter into agreements with the Anoka State Hospital for community mental health services.

May 21, 1979

The Honorable Rod Searle  
Speaker of the House of Representatives

The Honorable Edward J. Gearty  
President of the Senate

We, the undersigned conferees for H. F. No. 588, report that we have agreed upon the items in dispute and recommend as follows:

That the House accede to the Senate amendments and that H. F. No. 588 be further amended as follows:

Amend the Knoll amendment as follows:

Page 2, line 19, delete "\$7,500" and insert "\$2,000"

Page 2, line 19, after the comma insert "*plus \$150 for each additional legal dependent*"

Page 2, lines 19 and 20, delete "*including the cash surrender value of life insurance policies,*"

Page 2, lines 21 and 22, delete the new language

Page 2, line 23, delete "\$15,000" and insert "\$10,000"

Page 4, lines 16 and 17, reinstate the stricken language but strike "\$1,000" and insert "\$1,500"

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

House Conferees: (Signed) John L. Weaver, William D. Dean, Linda L. Berglin, Lee Greenfield

Senate Conferees: (Signed) Jerald C. Anderson, William G. Kirchner, Franklin J. Knoll

Mr. Anderson moved that the foregoing recommendations and Conference Committee Report on H. F. No. 588 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

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

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

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

Those who voted in the affirmative were:

Anderson	Gearty	Knutson	Penny	Solon
Ashbach	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	Tennessen
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
Frederick	Knoll	Olson	Sillers	

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

#### MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman moved that the Senate do now adjourn until 12:00 o'clock noon, Tuesday, January 22, 1980. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate