

## SIXTY-FIFTH DAY

St. Paul, Minnesota, Thursday, February 7, 1980

The Senate met at 10:00 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:

Bang	Frederick	Kleinbaum	Penny	Strand
Barrette	Gearty	Knaak	Perpich	Stumpf
Benedict	Gunderson	Laufenburger	Pillsbury	Tennessee
Bernhagen	Hanson	Lessard	Setzepfandt	Ueland, A.
Coleman	Hughes	Moe	Sikorski	Wegener
Davies	Humphrey	Nelson	Solon	Willet
Dunn	Johnson	Ogdahl	Spear	
Engler	Keefe, S.	Olson	Stokowski	

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

Prayer was offered by the Chaplain, Dr. Joseph Simonson.

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

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

The President declared a quorum present.

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

## MEMBERS EXCUSED

Messrs. Anderson, Menning, Purfeerst, Rued, Stern and Vega were excused from the Session of today.

**INTRODUCTION AND FIRST READING OF SENATE BILLS**

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

Mr. Penny introduced—

S. F. No. 1849: A bill for an act relating to retirement; authorizing the purchase of service credit by teachers for certain periods of military service; amending Minnesota Statutes 1978, Section 354.53, Subdivisions 1 and 3; and Minnesota Statutes, 1979 Supplement, Section 354A.093.

Referred to the Committee on Governmental Operations.

Mr. Wegener introduced—

S. F. No. 1850: A bill for an act relating to courts; providing for travel expenses of district court judges; amending Minnesota Statutes 1978, Section 484.54, Subdivision 2.

Referred to the Committee on Judiciary.

Mr. Laufenburger introduced—

S. F. No. 1851: A bill for an act relating to state parks; excluding land from Whitewater State Park; providing for scenic easements in land excluded.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Nelson introduced—

S. F. No. 1852: A bill for an act relating to state government; altering the encumbrance requirements on contractual obligations incurred for the construction, improvement and maintenance of the trunk highway system; amending Minnesota Statutes 1978, Section 16A.15, by adding a subdivision.

Referred to the Committee on Transportation.

Messrs. Davies, McCutcheon and Merriam introduced—

S. F. No. 1853: A bill for an act relating to taxation; removing limitations on the admissibility of sales ratio studies; providing that the commissioner may abate taxes without the favorable recommendation of certain county and city officers; providing that property tax court judges shall be learned in the law; providing that certain documents be made available to the petitioner and providing for their admittance as evidence; providing that tax court judgments will not include penalties; amending Minnesota Statutes 1978, Sections 270.07, Subdivision 1; 271.01, Subdivision 1; 278.01, Subdivision 1; 278.05; and 278.08; Minnesota Statutes, 1979 Supplement, Section 124.212, Subdivision 11.

Referred to the Committee on Judiciary.

Mr. Davies introduced—

S. F. No. 1854: A bill for an act relating to commerce; expanding the definition of a "sale of goods" as it applies to consumer credit sales to include certain terminable bailments or leases; clarifying the interests of the respective parties; providing for a certain contract provision; amending Minnesota Statutes 1978, Sections 325.94, Subdivision 5; and 325.941, by adding subdivisions.

Referred to the Committee on Commerce.

Messrs. Vega, Schaaf, Penny and Sikorski introduced—

S. F. No. 1855: A bill for an act relating to state government; creating an office of bond counsel in the office of the attorney general; restricting the use of private bond counsels by state agencies and political subdivisions; prescribing duties; appropriating money.

Referred to the Committee on Governmental Operations.

Mr. Purfeerst introduced—

S. F. No. 1856: A bill for an act relating to labor; permitting employers to refuse to hire spouses of those already employed; permitting employers to adopt and enforce work rules on assignment of spouses to certain jobs; amending Minnesota Statutes 1978, Section 363.03, by adding a subdivision.

Referred to the Committee on Employment.

Mr. Chmielewski introduced—

S. F. No. 1857: A bill for an act relating to veterans; prohibiting discrimination against Vietnam veterans; appropriating money; amending Minnesota Statutes 1978, Sections 43.15, Subdivision 6; 363.01, by adding a subdivision; 363.03, Subdivisions 1, 2, 3, 4 and 5; Minnesota Statutes, 1979 Supplement, Section 43.15, Subdivision 1.

Referred to the Committee on Veterans' Affairs.

Mr. Lessard introduced—

S. F. No. 1858: A bill for an act relating to snowmobiles; authorizing use in trapping related activities in certain counties; amending Minnesota Statutes, 1979 Supplement, Section 100.29, Subdivision 30.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Olson, Dunn, Penny, Renneke and Lessard introduced—

S. F. No. 1859: A bill for an act relating to the environment;

changing the membership of the environmental quality board; eliminating the citizens advisory committee; amending Minnesota Statutes 1978, Section 116C.03, Subdivision 2; repealing Minnesota Statutes 1978, Sections 116C.03, Subdivision 2a; 116C.04, Subdivisions 8 and 9; and 116C.05.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Davies, Sieloff and Dieterich introduced—

S. F. No. 1860: A bill for an act relating to taxation; income tax; allowing lending institutions and original sellers to qualify as tenant-stockholders of cooperative apartment corporations; amending Minnesota Statutes 1978, Section 290.09, Subdivision 17, and by adding a subdivision.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Hughes, Merriam, Stumpf, Dunn and Rued introduced—

S. F. No. 1861: A bill for an act relating to education; changing the term "community schools" to "community education"; amending Minnesota Statutes 1978, Sections 120.76; 121.85; 121.86; 121.87; 121.88, Subdivisions 1, 2 and 3; and 124.271, Subdivision 4; Minnesota Statutes, 1979 Supplement, Sections 3.9279, Subdivision 7; 124.271, Subdivisions 1a, 2 and 5; and 275.125, Subdivision 8.

Referred to the Committee on Education.

Messrs. Purfeerst, Nelson and Peterson introduced—

S. F. No. 1862: A bill for an act relating to retirement; local police relief associations in cities of the third class; defining permissible investments; amending Minnesota Statutes 1978, Section 423.389.

Referred to the Committee on Governmental Operations.

Messrs. Merriam, Sieloff, Davies, Hanson and Tennessen introduced—

S. F. No. 1863: A bill for an act relating to courts; providing for additional clerk and administrator duties in conciliation court; providing that an informational pamphlet be prepared and distributed to parties in conciliation court; providing for a procedure to assist in collection of conciliation court judgments; providing penalties; amending Minnesota Statutes 1978, Sections 487.30, by adding subdivisions; 488A.13, Subdivision 2; 488A.16, Subdivision 8; 488A.30, Subdivision 2; and 488A.33, Subdivision 7.

Referred to the Committee on Judiciary.

Mr. Nelson introduced—

S. F. No. 1864: A bill for an act relating to no-fault automobile insurance; authorizing certain persons to elect to exclude basic economic loss benefits coverage from plans of reparation security covering certain motor vehicles; limiting the scope of the election; requiring plans of reparation security to contain notice; amending Minnesota Statutes 1978, Sections 65B.48, by adding subdivisions; and 65B.49, Subdivisions 1 and 2.

Referred to the Committee on Commerce.

Mr. Sieloff introduced—

S. F. No. 1865: A bill for an act relating to motor vehicles; clarifying penalty provisions for certain traffic violations; clarifying provisions which prohibit the operation of a motor vehicle while a driver's license is revoked or suspended; amending Minnesota Statutes 1978, Sections 169.141, Subdivision 2; 169.89, Subdivision 1; 171.20, Subdivision 2; and 171.24.

Referred to the Committee on Judiciary.

Messrs. Chmielewski, Rued, Kleinbaum and Solon introduced—

S. F. No. 1866: A bill for an act relating to mines and mining; regulation of exploratory boring for minerals by county and town boards under standards of the department of health; providing for penalties, injunctive relief and civil damages.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Sieloff and Spear introduced—

S. F. No. 1867: A bill for an act relating to occupations and professions; allowing legal education courses to substitute for real estate education courses under certain circumstances; amending Minnesota Statutes 1978, Section 82.22, Subdivision 13.

Referred to the Committee on Judiciary.

Mr. Schaaf introduced—

S. F. No. 1868: A bill for an act relating to health; authorizing the commissioner of health to investigate complaints under certain circumstances; amending Minnesota Statutes 1978, Section 214.13, by adding subdivisions.

Referred to the Committee on Health, Welfare and Corrections.

Mr. Johnson introduced—

S. F. No. 1869: A bill for an act relating to economic develop-

ment; creating an iron range country program for tourism and other purposes; amending Minnesota Statutes 1978, Section 298.22, Subdivision 1.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Anderson, Wegener and Engler introduced—

S. F. No. 1870: A bill for an act relating to local government; permitting subdivision regulation of unplatted parcels; amending Minnesota Statutes 1978, Section 462.358, by adding a subdivision.

Referred to the Committee on Local Government.

Messrs. Chmielewski, Gearty and Laufenburger introduced—

S. F. No. 1871: A bill for an act relating to elections; providing that the cost of special elections may be discharged by special local levies.

Referred to the Committee on Taxes and Tax Laws.

Mr. Ulland, J. introduced—

S. F. No. 1872: A bill for an act relating to taxation; income; providing depreciation and amortization deductions for the rehabilitation and improvement of historic structures; disallowing expenses, losses and depreciation for the alteration or demolition of historic structures; clarifying amortization of historic property as a preference item for purposes of the minimum tax; providing for the treatment of gain realized on the sale of historic structures; amending Minnesota Statutes 1978, Sections 290.01, Subdivision 20; 290.09, by adding a subdivision; 290.091; and 290.16, by adding a subdivision.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Rued, Frederick, Barrette and Sieloff introduced—

S. F. No. 1873: A bill for an act relating to taxation; income tax; excluding the first \$15,000 of pension income from gross income; amending Minnesota Statutes, 1979 Supplement, Section 290.01, Subdivision 20.

Referred to the Committee on Taxes and Tax Laws.

Mr. Ashbach, by request, introduced—

S. F. No. 1874: A bill for an act relating to workers' compensation insurance; permitting certain local units of government to join the reinsurance association; amending Minnesota Statutes, 1979 Supplement, Section 79.34, Subdivision 1.

Referred to the Committee on Local Government.

Messrs. Keefe, J.; Olson and Gunderson introduced—

S. F. No. 1875: A bill for an act relating to commerce; providing for ownership rights in dies and molds under certain conditions.

Referred to the Committee on Commerce.

Messrs. Sikorski, Solon, Sieloff, Bang and Spear introduced—

S. F. No. 1876: A bill for an act relating to financial institutions; excluding certain loans made by credit unions in calculating outstanding loans and risk assets for reserve fund purposes; amending Minnesota Statutes 1978, Section 52.17.

Referred to the Committee on Commerce.

Messrs. Vega; Nichols; Nelson; Keefe, S. and Luther introduced—

S. F. No. 1877: A bill for an act relating to labor; regulating migrant labor; requiring employers and recruiters to provide statements of hire to migrant workers; setting requirements for statements of hire and for payments of wages to migrant workers; providing for private causes of action.

Referred to the Committee on Employment.

Mr. Vega; Mrs. Staples; Messrs. Laufenburger; Keefe, S. and Luther introduced—

S. F. No. 1878: A bill for an act relating to the legislature; establishing a council on the economic status of minorities; appropriating money.

Referred to the Committee on Employment.

#### 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. 687.

Edward A. Burdick, Chief Clerk, House of Representatives  
Returned February 4, 1980

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H. F. Nos. 924, 1074 and 1169.

Edward A. Burdick, Chief Clerk, House of Representatives  
Transmitted February 4, 1980

**FIRST READING OF HOUSE BILLS**

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

H. F. No. 924: A bill for an act relating to commerce; regulating conduct of business under assumed business names; amending Minnesota Statutes 1978, Sections 301.09; 333.01; 333.04; 333.06; and Chapter 333, by adding sections; repealing Minnesota Statutes 1978, Sections 333.001; 333.035; and 333.055.

Referred to the Committee on Commerce.

H. F. No. 1074: A bill for an act relating to courts; tenth judicial district; authorizing the position of civil commitment referee in Washington County; amending Minnesota Statutes 1978, Section 253A.21, by adding a subdivision; and Chapter 484, by adding a section.

Referred to the Committee on Judiciary.

H. F. No. 1169: A bill for an act relating to census taking; providing for the taking of special censuses by the United States bureau of the census rather than the secretary of state; providing for the approval of school district population estimates by the state demographer; providing for annual population estimates of governmental subdivisions by the state demographer and their use in the computation of tax levy limits and local government aid; abolishing the authority of the municipal board to determine the population of municipalities and towns; amending Minnesota Statutes 1978, Sections 4.12, Subdivision 7; 275.14; 275.45; 275.53; 414.01, Subdivision 14; 477A.01, Subdivision 4; and Chapter 477A, by adding a section; repealing Minnesota Statutes 1978, Sections 365.61; and 414.033, Subdivision 8.

Referred to the Committee on Governmental Operations.

**REPORTS OF COMMITTEES**

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

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

S. F. No. 1670: A bill for an act relating to energy; creating a state emergency residential heating grant program; broadening the scope of state weatherization programs; reimbursing counties; appropriating money; amending Minnesota Statutes 1978, Section 462A.21, by adding a subdivision.

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

Page 1, line 15, after "*made*" insert "*to the same agencies and*"

Page 1, line 19, delete "*this act*" and insert "*sections 1 to 6*"



Page 3, delete lines 9 to 12

Renumber the remaining subdivision

Page 3, line 19, delete "*not exceed*" and insert "*be*"

Page 3, line 20, delete "*lesser*" and insert "*least*"

Page 3, after line 24, insert:

*"(b) The amount that the household would receive under the federal energy crisis assistance program if the household were eligible for that program; or"*

Page 3, line 25, delete "*(b)*" and insert "*(c)*"

Page 3, line 26, delete "*type of fuel*" and insert "*source of energy*"

Page 4, delete lines 20 to 23

Page 5, line 13, delete "*this act*" and insert "*sections 1 to 5*"

Page 5, after line 15, insert:

"Sec. 7. Minnesota Statutes, 1979 Supplement, Section 268.37, is amended to read:

268.37 [COORDINATION OF FEDERAL AND STATE RESIDENTIAL WEATHERIZATION PROGRAMS.] Subdivision 1. The department of economic security is the state agency to apply for, receive, and disburse federal money made available to the state by *state or federal law or rules promulgated thereunder* for the purpose of weatherizing the residences of low-income persons. The commissioner of economic security shall coordinate available federal money with ~~any~~ state money appropriated for this purpose.

Subd. 2. The commissioner shall make grants of *federal and state money* to community action agencies and other public or private nonprofit agencies for the purpose of weatherizing the residences of low-income persons. Grant applications shall be submitted in accordance with rules developed pursuant to 42 U.S.C., Sections 6861 to 6872, any other relevant federal weatherization program, and rules promulgated by the commissioner.

Subd. 3. The commissioner shall promulgate temporary rules as necessary to administer the grants program by July 1, 1979 and shall promulgate permanent rules by July 1, 1980. The rules shall describe: (a) procedures for the administration of grants, (b) data to be reported by grant recipients, and (c) other matters the commissioner finds necessary for the proper administration of the grant program including compliance with relevant federal regulations. Weatherization assistance shall be given to households where the total income does not exceed 125 percent of the poverty level as updated by the federal office of management and budget poverty guidelines.

Subd. 4. [SUPPLEMENTARY STATE GRANTS.] *The commissioner shall distribute supplementary state grants in a manner*

*consistent with the goal of producing the maximum number of weatherized units feasible. Supplementary state grants are provided primarily for the payment of additional labor costs for the federal weatherization program, and as an incentive for the increased production of weatherized units.*

*Criteria for the allocation of state grants to local agencies include: (a) existing local agency production levels, (b) availability of CETA resources in the area, (c) emergency needs, and (d) the potential for maintaining or increasing acceptable levels of production in the area.*

*An eligible local agency may receive advance funding for 90 days' production, but thereafter shall receive grants solely on the basis of program criteria.*

*Subd. 5. The commissioner shall submit reports to the legislature by March 1 of each year, 1980, and March 1, 1981, evaluating the weatherization program. The reports shall describe: (a) the number of households weatherized, (b) the average cost per household, (c) any change in energy consumption after weatherization, (d) outreach efforts, and (e) any other information the commissioner feels is relevant, including information routinely submitted to the federal government."*

Page 5, delete lines 18 to 33 and insert:

*"Subd. 4g. It may make grants to assist in energy conservation rehabilitation measures for existing housing including, but not limited to, ceiling insulation, storm windows and doors, furnaces, weatherstripping and caulking, and directly related repairs. The grant to any household shall not exceed \$2,000.*

*To be eligible for an energy conservation grant, a household must be certified as eligible to receive emergency residential heating assistance under either the federal or the state program, and either (1) have had a heating cost for the preceding heating season that exceeded 120 percent of the statewide average for the preceding heating season for that energy source as determined by the energy agency, or (2) be eligible to receive a federal energy conservation grant, but be precluded from receiving the grant because of a need for directly related repairs that cannot be paid for under the federal program."*

Page 6, delete lines 1 to 5 and insert *"The housing finance agency shall make a reasonable effort to"*

Page 6, line 10, delete *"which"* and insert *"that"*

Page 6, after line 13, insert:

*"Temporary rules to implement this subdivision may be promulgated and amended pursuant to chapter 15. The temporary rules may remain in effect until July 1, 1981."*

Page 6, line 14, delete *"act"* and insert *"subdivision"*

Page 6, lines 14 and 15, delete *"from the"* and insert *"for"*

Page 6, line 15, delete *"grant fund"*

Page 6, line 17, delete "*the*"

Page 6, line 17, delete "*grant fund,*" and insert "*grants*"

Page 6, line 18, delete "*Such*"

Page 6, line 19, delete "*shall not be*" and insert "*are not*"

Page 7, line 7, after "*residences*" insert "*pursuant to section 7*"

Page 7, line 9, delete "*The appropriation in (e) is*"

Page 7, delete lines 10 and 11

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

Page 7, line 26, after the period insert "*Sections 1 to 6 expire January 2, 1982.*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, before the period, insert "; and Minnesota Statutes, 1979 Supplement, Section 268.37"

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

S. F. No. 1772: A bill for an act relating to highway traffic regulations; authorizing an annual permit for certain oversize vehicles transporting implements of husbandry; prescribing limitations on the use of the vehicles; amending Minnesota Statutes 1978, Section 169.80, Subdivision 1.

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

Page 1, line 13, strike "*any*" and insert "*a*"

Page 1, line 15, strike the first "*any*" and insert "*a*"

Page 1, line 15, strike the second "*any*" and insert "*a*"

Page 1, line 19, strike "*herein specified*" and insert "*as prescribed in sections 169.80 to 169.88*"

Page 2, line 12, strike "*said*" and insert "*the*"

Page 2, line 22, strike "*herein*" and after "*provided*" insert "*by law*"

Page 2, line 26, strike "*such*" and insert "*the*"

Page 3, line 8, delete "*12-1/2*" and insert "*12*"

Page 3, delete lines 12 and 13, and insert:

"(c) *The movement is made after the hour of sunrise and not later than 30 minutes after sunset;*

*(d) The movement is not made when visibility is impaired by weather, fog or other conditions rendering persons and vehicles not clearly visible at a distance of 500 feet, or on Sundays and holidays;*

*(e) The transporting vehicle shall display at the front and rear end of the load or vehicle a pair of flashing amber lights, as provided in section 169.59, subdivision 4; and"*

Reletter the clauses in sequence

Page 3, line 17, delete "\$25" and insert "\$24"

Page 3, after line 17, insert:

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

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

S. F. No. 1584: A bill for an act relating to transportation; providing for advertising along certain highways.

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

Delete everything after the enacting clause and insert:

"Section 1. [DEFINITIONS.] Subdivision 1. For the purposes of sections 1 to 5 the terms defined in this section have the meanings given them.

Subd. 2. "Specific service sign" means a rectangular sign panel not greater than one and one-half feet by six feet displaying a resort or recreational camping area business name and, where appropriate, the direction to and distance to the camping area.

Subd. 3. "Specific service sign assembly" means a combination of specific service sign panels not to exceed four panels to be placed within the right of way on appropriate approaches to an intersection.

Subd. 4. "Specific service sign cluster" means a grouping of specific service sign assemblies not exceeding two in number on appropriate approaches to an intersection.

Subd. 5. "Nonfreeway type highway" means all roadways with crossing traffic at grade intersections except the roadway may have an isolated interchange.

Subd. 6. "Resort" has the meaning given it in Minnesota Statutes 1978, Section 157.01.

Subd. 7. "Recreational camping area" has the meaning given it in Minnesota Statutes 1978, Section 327.14, Subdivision 8.

Subd. 8. "Local road" means any nontrunk highway.

Subd. 9. "Specific service" means resorts or recreational camping areas that provide sleeping accommodations for the recreational traveler.

Sec. 2. [INTENDED USE.] Subdivision 1. [PURPOSE.] Specific service signs are to be used to create and implement a system of signing for the purpose of displaying resort and recreational camping area information to the traveling public on nonfreeway type trunk highways in rural areas. They may be used on by-passes of outstate municipalities consistent with other provisions, as provided in sections 1 to 5.

Subd. 2. [SPECIFIC SERVICE SIGNS ON NONFREEWAY HIGHWAYS.] A specific service sign may not be included in the signing of trunk highway intersections if the place of business is readily visible or effective directional advertising is visible or the sign can be legally and effectively located near the intersection. Specific service signs may be placed on the approaches of a trunk highway intersection with a local road.

Subd. 3. [NUMBER OF TRUNK HIGHWAY INTERSECTIONS.] A specific service sign for a resort or recreational camping area is limited to one intersection on the trunk highway system.

Subd. 4. [TRAILBLAZING.] Appropriate signing on local roads between a trunk highway intersection and a specific service shall be the responsibility of the specific service and the local road authority.

Subd. 5. [SIGNING STANDARDS.] Placement of specific service sign assemblies shall be in accordance with sections 1 to 5 and existing traffic control device standards.

Subd. 6. [RURAL ROAD MARKINGS.] Rural roads, named and marked in accordance with resolutions from their road authority, shall continue to be identified.

Sec. 3. [SIGN DETAILS.] Subdivision 1. [CONSTRUCTION OF SIGN.] Specific service sign panels shall be made of reflective sheeting and shall be on blue background with white letters, arrows and border. The directional arrow and mileage shall be displayed on the same side of the panel as the direction of turn. Signing for straight ahead movement shall not be permitted.

Subd. 2. [SPECIFIC SERVICE SIGN ASSEMBLIES.] Left directional panels shall be placed on top of the right directional panels. A gap shall separate a left panel from the right panel. An assembly shall be spaced preferably 300 feet, but a minimum of 200 feet from other required signing. If no other signing is located at an intersection, the assembly shall be placed 300 feet in advance of the intersection. Assemblies within a cluster shall not be placed closer than 300 feet. No specific service sign or assembly shall be placed at a location that will interfere with other necessary signing.

Sec. 4. [CRITERIA FOR SPECIFIC SERVICE SIGNS.] Subdivision 1. [CONFORMITY WITH LAW.] A specific service identified on a specific service sign shall be in conformity with all

applicable laws and regulations concerning the provisions for public accommodation without regard to race, religion, color, sex or national origin.

Subd. 2. [DISTANCE TO SPECIFIC SERVICE.] A specific service sign may be placed on a nonfreeway type road if the specific service is located within ten miles of the qualifying site.

Subd. 3. [RESORT WARRANT.] Resorts served by the specific service signing shall be licensed by the state department of health as required by Minnesota Statutes, Section 157.03.

Subd. 4. [RECREATIONAL CAMPING AREA.] Recreational camping areas shall possess a state department of health license as required by Minnesota Statutes, Section 327.15 and the following:

- (1) A minimum of 15 camping spaces;
- (2) Modern sanitary facilities (flush, chemical, or incinerator toilets) and drinking water; and
- (3) Services available 24 hours a day.

Sec. 5. [SIGNS; ADMINISTRATION; RULES.] Subdivision 1. [PROCEDURE.] A person who desires a specific service sign panel shall request the department of transportation to install the sign. The department of transportation may grant the request if the applicant qualifies for the sign panel and if space is available. All signs shall be fabricated, installed, maintained, replaced and removed by the department of transportation. The applicant shall pay a fee to the commissioner of transportation to cover all costs for fabricating, installing, maintaining, replacing and removing. The requests for specific service sign panels shall be renewed every three years.

Subd. 2. [SEASONAL SERVICES.] All sign panels for seasonal services shall be covered or removed when the service is not available.

Subd. 3. [COMMUNICATIONS.] Any new or participating specific service business shall respond to any communication from the commissioner of transportation within 30 days or an in place sign panel will be removed.

Subd. 4. [SIGN REMOVAL.] The specific service sign panels shall be removed by the department of transportation if any of the requirements in sections 1 to 5 are not continually met.

Sec. 6. [OTHER LAWS.] Sections 1 to 5 provide additional authority to erect signs on nonfreeway type highways and do not limit the authority to erect highway signs provided by other law or rule.

Sec. 7. [EFFECTIVE DATE.] This act is effective the day following final enactment."

Amend the title as follows:

Page 1, line 3, delete "advertising" and insert "specific information signing for resorts and recreational camping areas"

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

S. F. No. 523: A bill for an act relating to highway traffic regulations; limiting the length of certain vehicles and combinations of vehicles; prescribing a fee for certain permits; amending Minnesota Statutes 1978, Section 169.81, Subdivision 3, and by adding a subdivision.

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

Page 1, line 15, strike "such" and insert "*the*"

Page 1, line 18, strike ", provided that this" and insert " . *The*"

Page 1, line 21, after "and" insert "*is*"

Page 1, line 22, strike "Said" and insert "*The*"

Page 2, line 4, strike "in" and insert "*with*"

Page 2, line 4, strike "every" and insert "*a*"

Page 2, line 5, strike "such"

Page 2, line 5, strike "thereon"

Page 2, line 7, strike "any" and insert "*a*"

Page 2, line 8, strike "such" and insert "*the*"

Page 2, line 9, strike "such" and insert "*the*"

Page 2, line 10, strike "Said" and insert "*The*"

Page 2, line 16, strike "such"

Page 2, line 16, after the first "of" insert "*those*"

Page 2, line 20, strike "any" and insert "*a*"

Page 2, line 21, strike "therein" and insert "*within the city or town*"

Page 2, line 23, strike "herein contained" and insert "*in this subdivision*"

Page 2, line 27, strike "any" and insert "*a*"

Page 3, line 4, strike "any"

Page 3, line 16, delete "*provided*" and insert "*if*"

Page 3, line 18, delete "39" and insert "40"

Page 3, line 19, delete "*provided further, any*" and insert "*a*"

Page 3, line 21, delete "*shall*" and insert "*does*"

Page 3, after line 24, insert:

*"Sec. 3. [EFFECTIVE DATE.] Sections 1 and 2 are effective the day following final enactment."*

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

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

S. F. No. 1240: A bill for an act relating to natural resources; setting forth the rights of property owners whose property is purchased for conservation purposes; revising responsibilities of the commissioner of natural resources and the commissioner of administration in property acquisition; authorizing the commissioner of natural resources, with the approval of the state executive council to convey the interests of the state in lands for the purpose of correcting boundary description errors; amending Minnesota Statutes 1978, Sections 84.0272; 85.012, Subdivision 1; 85.015, Subdivision 1; 85.021, Subdivisions 1 and 2; 104.37, Subdivision 1; and 117.232, Subdivision 1.

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

Page 1, line 25, delete *"natural resource"*

Page 1, line 26, after *"acquired"* insert *"by the department of natural resources"*

Page 2, line 5, after *"shall"* insert *"not limit or change, but shall"*

Page 2, line 5, delete *"other"*

Page 2, line 8, after *"fee"* insert *"or"*

Page 2, line 8, delete *"lands"* and insert *"lesser interest in land"*

Page 2, line 20, after *"All"* insert *"necessary"*

Page 2, line 20, after *"costs"* insert *"such as abstracting and recording fees"*

Page 2, line 20, delete the comma and insert a period

Page 2, line 21, delete *"excluding"*

Page 2, line 22, after *"fees"* insert *"are not reimbursable"*

Page 2, line 32, delete everything after *"made"*

Page 2, line 33, delete everything before the period

Page 3, line 2, delete *"complied with this clause;"* and insert *"physically inspected the property and given the landowner an opportunity to accompany him on inspections. The landowner shall be given a resume of the state's certified appraisal. The resume shall include the appraiser's conclusions as to value, acreage and type of land, value of buildings and other improvements,*



*value of timber, special damages and any special elements of value;"*

Page 3, line 6, delete everything after "fees"

Page 3, line 7, delete "of \$500" and insert "as provided in section 117.232, subdivision 1,"

Page 3, line 13, after "receive" insert "or waive"

Page 3, line 32, delete "and use no coercive measures"

Page 4, line 9, delete everything after the period

Page 4, delete line 10

Page 4, line 11, delete everything before "no"

Page 4, line 13, delete "six" and insert "nine"

Page 4, line 13, after "required" insert ", unless the landowner, in writing, expressly requests a longer period of time"

Page 4, line 15, delete the last comma and insert a period

Page 4, delete line 16

Page 4, line 17, delete everything before "Unless" and insert "If the state elects not to purchase property upon which it has an option, it shall pay the landowner \$500 after the expiration of the option period. If the state elects to purchase the property,"

Page 4, line 21, delete everything before "title"

Page 4, line 21, delete "valid" and insert "marketable and the owner acts expeditiously to complete the transaction"

Page 6, line 14, reinstate the stricken language

Page 6, line 15, reinstate the stricken language before "ten"

Page 6, line 16, reinstate "the appraised value."

Pages 9 and 10, delete section 15

Page 10, line 6, delete "1979" and insert "1980"

Page 10, line 6, delete "15" and insert "14"

ReNUMBER the sections in sequence

Amend the title as follows:

Page 1, line 14, after "2;" insert "and"

Page 1, line 15, delete "; and 117.232, Subdivision 1"

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

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

S. F. No. 1471: A bill for an act relating to local government;

regulating elections in the city of Duluth and Independent School District 709; setting the filing dates in local primary elections back four weeks to allow the city additional time to prepare.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

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

S. F. No. 1729: A bill for an act relating to crimes; eliminating the power of a sentencing court to stay the revocation of the driver's license of a person convicted of driving, operating or being in physical control of a motor vehicle while under the influence of alcohol or controlled substances or a combination thereof; amending Minnesota Statutes 1978, Sections 169.121, Subdivision 5; and 609.135, Subdivision 1.

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

Page 2, line 20, before the period insert "*or 169.129*"

Page 2, line 22, delete "*offenses*" and insert "*convictions*"

Page 2, line 23, delete "*committed*"

Amend the title as follows:

Page 1, line 7, after "*thereof*" insert "*, or of driving after cancellation, suspension, or revocation of his driver's license*"

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

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

S. F. No. 1722: A bill for an act relating to corrections; prescribing penalties for persons who introduce contraband into state hospitals; amending Minnesota Statutes, 1979 Supplement, Section 243.55.

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

Page 2, after line 22, insert:

*"Sec. 2. This act is effective the day following final enactment and applies to crimes committed after that date."*

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

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

S. F. No. 1652: A bill for an act relating to crimes; prescribing penalties for the possession of controlled substances on school premises; amending Minnesota Statutes 1978, Section 152.15, by adding a subdivision.

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

### SECOND READING OF SENATE BILLS

S. F. No. 1471 was read the second time.

S. F. Nos. 1670, 1772, 1584, 523, 1240, 1729, 1722 and 1652 were read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

### MOTIONS AND RESOLUTIONS

Mrs. Staples introduced—

Senate Resolution No. 44: A Senate resolution relating to extending congratulations to Dr. Louis C. Cosentino for receiving the award of being designated one of America's Ten Outstanding Young Men for 1980.

Referred to the Committee on Rules and Administration.

Mr. Tennessen moved that the name of Mr. Kleinbaum be stricken and the name of Mr. Stern be added as co-author to S. F. No. 1028. The motion prevailed.

Mr. Merriam moved that the name of Mr. Peterson be added as co-author to S. F. No. 1789. The motion prevailed.

Mr. Schmitz moved that the name of Mr. Olhoft be added as co-author to S. F. No. 1837. The motion prevailed.

Mr. Kleinbaum moved that S. F. No. 1703 be withdrawn from the Committee on Judiciary and re-referred to the Committee on Commerce. The motion prevailed.

Mr. Schaaf moved that S. F. No. 1272 be withdrawn from the Committee on Commerce and re-referred to the Committee on Governmental Operations. The motion prevailed.

Mr. Schaaf moved that his name be stricken as chief author and the name of Mr. Peterson be shown as chief author to S. F. No. 1157. The motion prevailed.

Mr. Hughes moved that S. F. No. 618 be taken from the table. The motion prevailed.

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.

### CONCURRENCE AND REPASSAGE

Mr. Hughes moved that the Senate concur in the amendments by the House to S. F. No. 618 and that the bill be placed on its repassage as amended. The motion prevailed.

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 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 125.03, by adding a subdivision; 125.05, Subdivisions 1 and 2; 125.06; 125.08; 125.09, Subdivision 1; 125.121, Subdivision 1; 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.

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 6, as follows:

Those who voted in the affirmative were:

Ashbach	Frederick	Knaak	Olson	Spear
Bang	Gearty	Knoll	Penny	Staples
Barrette	Gunderson	Knutson	Perpich	Stokowski
Benedict	Hanson	Laufenburger	Pillsbury	Stumpf
Bernhagen	Hughes	Luther	Renneke	Tennessee
Brataas	Humphrey	McCutcheon	Schaaf	Ueland, A.
Chmielewski	Jensen	Merriam	Schmitz	Ulland, J.
Coleman	Johnson	Moe	Sieloff	Wegener
Davies	Keefe, J.	Nelson	Sikorski	
Dunn	Kirchner	Nichols	Sillers	
Engler	Kleinbaum	Ogdahl	Solon	

Those who voted in the negative were:

Dieterich	Olhoff	Peterson	Setzepfandt	Willet
Keefe, S.				

So the bill, as amended, 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 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. 74: A bill for an act relating to elections; allowing post-election challenges to absent voters; permitting certain challenges of voters in an election contest; establishing conditions for compelling voters to disclose the manner in which they voted; clarifying and simplifying the procedures for instituting an election contest; extending the deadline for instituting an election contest after a general election; amending Minnesota Statutes 1978, Sections 204A.32, Subdivision 4; 209.02, Subdivisions 3, 4 and 4a; 209.06, Subdivision 2; and Chapter 209, by adding a section.

Senate File No. 74 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

Mr. Davies moved that the Senate do not concur in the amendments by the House to S. F. No. 74 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.

#### MOTIONS AND RESOLUTIONS—CONTINUED

Mrs. Brataas introduced—

Senate Resolution No. 45: A Senate resolution congratulating Rochester Lourdes High School for winning the 1979 Boy's State High School Class A Cross Country Title.

Referred to the Committee on Rules and Administration.

Mrs. Brataas introduced—

Senate Resolution No. 46: A Senate resolution congratulating Rochester Lourdes High School for winning the 1979 State High School Class A Football Championship.

Referred to the Committee on Rules and Administration.

#### SUSPENSION OF RULES

Mr. Coleman moved that the Rules of the Senate be so far

suspended as to allow amendment of Rule 62. The motion prevailed.

Mr. Coleman from the Subcommittee on Personnel of the Committee on Rules and Administration makes the following report: That the Permanent Rules of the Senate appearing in the Journal for January 22, 1980, be amended as follows:

**Rule 62.**

Under heading "Salary Per Day" in the "Administrative Secretary" classification, strike "\$44.66" and insert "2 @ \$44.66" and "1 @ \$47.28"

Under heading "Salary Per Day" in the "Committee Administrative Assistant" classification, strike "1 @ \$52.01" and before "@ \$56.73" strike "12" and insert "13"

Under heading "Salary Per Day" in the "Committee Secretary" classification, before "@ \$44.66" strike "14" and insert "9". After "9 @ \$44.66" insert "5 @ \$47.28"

Under heading "Salary Per Day" in the "Computer Services Supervisor" classification, strike "\$44.66" and insert "\$47.28"

Under heading "Salary Per Day" in the "Researcher" classification, strike "1 @ \$47.28" and insert "1 @ \$48.60" and strike "1 @ \$49.04" and insert "1 @ \$50.80". After "1 @ \$55.50" insert "1 @ \$60.28". Before "@ \$39.58" strike "3" and insert "2". Before "@ \$50.98" strike "1" and insert "2". Before "2 @ \$38.36" insert "1 @ \$36.98". Strike "1 @ \$48.37"

Under heading "Salary Per Day" in the "Secretary" classification, before "@ \$39.49" strike "4" and insert "2" and before "@ \$41.77" strike "14" and insert "16"

Under heading "Salary Per Day" in the "Senate Counsel" classification, strike "1 @ \$90.88" and insert "1 @ \$93.62"

Under heading "Salary Per Day" in the "Sergeant" classification, before "@ \$22.00" strike "2" and insert "1" and before "@ \$24.00" strike "11" and insert "12"

Under heading "Salary Per Day" in the "Word Processing Supervisor" classification, strike "\$44.66" and insert "\$47.28"

Under heading "Salary Per Day" in the "Administrative Assistant I" classification, strike "1 @ \$69.34" and insert "1 @ \$70.71"

Under heading "Number of Positions" in the "Researcher" classification, strike "19" and insert "20"

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

Mr. Coleman moved to amend Rule 62 in accordance with the report adopted today.

The question was taken on the adoption of the motion.

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

Those who voted in the affirmative were:

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

The motion prevailed. So the rule was amended.

### MOTIONS AND RESOLUTIONS—CONTINUED

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

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

Cynthia Robinson, Page classification, effective January 22, 1980

Rochelle Barnhart, Researcher classification, effective January 30, 1980

Rev. Winfield V. Johnson, Chaplain, effective January 28, 1980

Rev. Arnold H. Heumann, Chaplain, effective February 4, 1980

Dr. Joseph Simonson, Chaplain, effective February 7, 1980

Mark Satterlee, transferred from Assistant Captain of Pages classification to Captain of Pages classification, effective January 30, 1980

David Odahowski, Clerk I classification, effective January 31, 1980

Christopher Darrell, Sergeant classification, effective February 1, 1980

Aaron Rivers, transferred from Clerk I classification to Sergeant classification, effective February 2, 1980

Janet Arth, Indexer, effective February 11, 1980

Robert Harvey, Page, effective February 8, 1980

Monsignor Terrence J. Murphy, Chaplain, effective February 11, 1980

Monsignor Ambrose V. Hayden, Chaplain, effective February 14, 1980

Rev. George C. Stierwald, Chaplain, effective February 18, 1980

Rev. Howard Skulstad, Chaplain, effective February 21, 1980

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 Reports of Committees.

### REPORTS OF COMMITTEES

Mr. Coleman from the Subcommittee on Bill Scheduling, to which were referred S. F. Nos. 1665, 1646, 64 and 1611, makes the following report:

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

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

Mr. Hanson moved the adoption of the foregoing Committee report. The motion prevailed. Report adopted.

### MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Keefe, J. moved that S. F. No. 1875 be withdrawn from the Committee on Commerce and re-referred to the Committee on General Legislation and Administrative Rules. The motion prevailed.

Mr. Schaaf moved that S. F. No. 1869 be withdrawn from the Committee on Agriculture and Natural Resources and re-referred to the Committee on Governmental Operations. The motion prevailed.

Mr. Humphrey moved that S. F. No. 1670 be withdrawn from the Subcommittee on Bill Scheduling of the Committee on Rules and Administration. The motion prevailed.

### SUSPENSION OF RULES

Mr. Humphrey moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S. F. No. 1670 and that the rules of the Senate be so far suspended as to give S. F. No. 1670 its third reading and place it on its final passage. The motion prevailed.

S. F. No. 1670: A bill for an act relating to energy; creating a state emergency residential heating grant program; broadening the scope of state weatherization programs; reimbursing counties; appropriating money; amending Minnesota Statutes 1978, Section 462A. 21, by adding a subdivision; and Minnesota Statutes, 1979 Supplement, Section 268.37.

Mr. Humphrey moved to amend S. F. No. 1670, the unofficial engrossment, as follows:



Page 8, line 27, delete "(a), (b), (c) and (d)" and insert "*this subdivision*"

The motion prevailed. So the amendment was adopted.

Mr. Dieterich moved to amend S. F. No. 1670, the unofficial engrossment, as follows:

Page 6, after line 33, insert:

"Sec. 8. Minnesota Statutes, 1979 Supplement, Section 290.01, Subdivision 20, is amended to read:

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

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

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

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

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

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

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

(v) The Internal Revenue Code of 1954, as amended through

December 31, 1976, including the amendments made to section 280A (relating to licensed day care centers) in H. R. 3477 as it passed the Congress on May 16, 1977, shall be in effect for the taxable years beginning after December 31, 1976. The provisions of the Tax Reform Act of 1976, P.L. 94-455, which affect adjusted gross income shall become effective for purposes of this chapter 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;

(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;

(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;

(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; and

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

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

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

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

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to 50 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, 409 or 409A of the Internal Revenue Code of 1954, as amended through December 31, 1977. The maximum amount of this subtraction shall be \$10,000 less the amount by which the individual's federal adjusted gross income exceeds \$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 \$10,000; this subtraction shall not be reduced by the amount of the individual's federal adjusted gross income in excess of \$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;

(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;

(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 ; and

*(14) The amount of any credit to the taxpayer's federal tax liability for qualified expenditures for energy conservation or renewable energy sources under section 44C of the Internal Revenue Code of 1954, as amended through December 31, 1979.*

(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. 9. Minnesota Statutes, 1979 Supplement, Section 290.06, Subdivision 14, is amended to read:

Subd. 14. [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), *and a credit of 15 percent of the first \$2,000 of energy conservation expenditures made by a taxpayer and installed in or on a dwelling unit located in Minnesota*, 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~~ roof 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~~ with 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.

*An "energy conservation expenditure" is an expenditure which qualifies for the federal energy conservation credit pursuant to section 44C of the Internal Revenue Code of 1954, as amended through December 31, 1979, and any regulations promulgated pursuant thereto.*

*If a credit for a renewable energy expenditure was allowed to a taxpayer under this subdivision for any prior taxable year, the dollar amount of the maximum renewable energy 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 renewable energy expenditures which a credit was claimed pursuant to this subdivision in prior years. If a credit for an energy conservation expenditure was allowed to a taxpayer under this subdivision for any prior taxable year, the dollar amount of the maximum energy conservation expenditure for which a taxpayer may qualify for a credit under this subdivision in subsequent years shall be \$2,000 reduced by the amount of energy conservation expenditures for which a credit was claimed pursuant to this subdivision in prior years.*

**The A credit provided in this subdivision shall not be allowed in a taxable year if the amount sum of the credit credits provided in this subdivision would be less than \$10.**

**If the a 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 attributable to renewable energy source expenditures may be**



carried forward to a taxable year beginning after December 31, 1984. No amount attributable to energy conservation expenditures may be carried forward to a taxable year beginning after December 31, 1982. In the case of energy conservation expenditures, excess credit may be carried back to the taxpayer's two first taxable years beginning after December 31, 1977.

A shareholder in a family farm corporation and each partner in a partnership operating a family farm shall be eligible for the credit credits provided by this subdivision in the same manner and to the same extent allowed a joint owner of property under ~~clause (a)~~ section 44C (d) of the Internal Revenue Code of 1954, as amended through December 31, 1979. "Family farm corporation" and "family farm" have the meanings given in section 500.24.

The credit credits provided in this subdivision ~~is~~ are 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.

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)~~ this subdivision.

~~This subdivision~~ The credit for renewable energy source expenditures is effective for expenditures made during taxable years beginning after December 31, 1978 and before January 1, 1983. The credit for energy conservation expenditures is effective for expenditures made during taxable years beginning after December 31, 1979, and before January 1, 1983."

Page 9, line 9, delete "This act is" and insert "Sections 1 to 7, 10 and 11 are"

Page 9, line 11, after the period insert "Section 8 is effective for federal credits received for taxable years beginning after December 31, 1978."

Renumber the sections in sequence.

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "providing a credit for energy conservation expenditures; providing a passthrough of federal energy credits;"

Page 1, line 8, delete "Section" and insert "Sections" and after "268.37" insert "; 290.01, Subdivision 20; and 290.06, Subdivision 14"

#### CALL OF THE SENATE

Mr. Humphrey imposed a call of the Senate for the balance of the proceedings on S. F. No. 1670. The following Senators answered to their names:

Ashbach  
Bang  
Barrette

Benedict  
Bernhagen  
Brataas

Chmielewski  
Coleman  
Davies

Dieterich  
Dunn  
Engler

Frederick  
Gearty  
Gunderson

Hanson	Knaak	Nichols	Schaaf	Stokowski
Hughes	Knoll	Ogdahl	Schmitz	Strand
Humphrey	Knutson	Olhoff	Setzepfandt	Stumpf
Jensen	Lessard	Olson	Sieloff	Ueland, A.
Johnson	Luther	Penny	Sikorski	Ulland, J.
Keefe, J.	McCutcheon	Perpich	Sillers	Wegener
Keefe, S.	Merriam	Peterson	Solon	Willet
Kirchner	Moe	Pillsbury	Spear	
Kleinbaum	Nelson	Renneke	Staples	

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

Mr. Merriam requested division of the amendment as follows:

First Portion: Page 6, after line 33, insert:

"Sec. 8. Minnesota Statutes, 1979 Supplement, Section 290.01, Subdivision 20, is amended to read:

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

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

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

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

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

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

(iv) The Internal Revenue Code of 1954, as amended through

December 31, 1974, shall be in effect for the taxable years beginning after December 31, 1974.

(v) The Internal Revenue Code of 1954, as amended through December 31, 1976, including the amendments made to section 280A (relating to licensed day care centers) in H.R. 3477 as it passed the Congress on May 16, 1977, shall be in effect for the taxable years beginning after December 31, 1976. The provisions of the Tax Reform Act of 1976, P.L. 94-455, which affect adjusted gross income shall become effective for purposes of this chapter at the same time they become effective for federal income tax purposes. Section 207 (relating to extension of period for non-recognition of gain on sale or exchange of residence) and section 402 (relating to time for making contributions to pension plans of self employed people) of P.L. 94-12 shall be effective for taxable years beginning after December 31, 1974.

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;

(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;

(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;

(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; and

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

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

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

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

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to 50 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 carry-forwards 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, 409 or 409A of the Internal Revenue Code of 1954, as amended through December 31, 1977. The maximum amount of this subtraction shall be \$10,000 less the amount by which the individual's federal adjusted gross income exceeds \$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 \$10,000; this subtraction shall not be reduced by the amount of the individual's federal adjusted gross income in excess of \$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;

(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;

(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 ; and

*(14) The amount of any credit to the taxpayer's federal tax liability for qualified expenditures for energy conservation or renewable energy sources under section 44C of the Internal Revenue Code of 1954, as amended through December 31, 1979 .*

(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 to 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.

Page 9, line 11, after the period insert "*Section 8 is effective for federal credits received for taxable years beginning after December 31, 1978.*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "providing a credit for energy conservation expenditures;"

Page 1, line 8, delete "Section" and insert "Sections" and after "268.37" insert "; 290.01, Subdivision 20"

Second Portion: Page 6, after line 33, insert:

"Sec. 9. Minnesota Statutes, 1979 Supplement, Section 290.06, Subdivision 14, is amended to read:

Subd. 14. [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), and a credit of 15 percent of the first \$2,000 of energy conservation expenditures made by a taxpayer and installed in or on a dwelling unit located in Minnesota, 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 roof 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 with 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.

*An "energy conservation expenditure" is an expenditure which qualifies for the federal energy conservation credit pursuant to section 44C of the Internal Revenue Code of 1954, as amended through December 31, 1979, and any regulations promulgated pursuant thereto.*

If a credit for a renewable energy expenditure was allowed to a taxpayer under this subdivision for any prior taxable year, the dollar amount of the maximum renewable energy 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 renewable energy expenditures which a credit was claimed pursuant to this subdivision in prior years. *If a credit for an energy conservation expenditure was allowed to a taxpayer under this subdivision for any prior taxable year, the dollar amount of the maximum energy conservation expenditure for which a taxpayer may qualify for a credit under this subdivision in subsequent years*

*shall be \$2,000 reduced by the amount of energy conservation expenditures for which a credit was claimed pursuant to this subdivision in prior years.*

*The A credit provided in this subdivision shall not be allowed in a taxable year if the amount sum of the credit credits provided in this subdivision would be less than \$10.*

*If the a 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 attributable to renewable energy source expenditures may be carried forward to a taxable year beginning after December 31, 1984. No amount attributable to energy conservation expenditures may be carried forward to a taxable year beginning after December 31, 1982. In the case of energy conservation expenditures, excess credit may be carried back to the taxpayer's two first taxable years beginning after December 31, 1977.*

*A shareholder in a family farm corporation and each partner in a partnership operating a family farm shall be eligible for the credit credits provided by this subdivision in the same manner and to the same extent allowed a joint owner of property under ~~elause (a)~~ section 44C (d) of the Internal Revenue Code of 1954, as amended through December 31, 1979. "Family farm corporation" and "family farm" have the meanings given in section 500.24.*

*The credit credits provided in this subdivision is are 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.*

*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)~~ this subdivision.*

*This subdivision The credit for renewable energy source expenditures is effective for expenditures made during taxable years beginning after December 31, 1978 and before January 1, 1983. The credit for energy conservation expenditures is effective for expenditures made during taxable years beginning after December 31, 1979, and before January 1, 1983."*

*Page 9, line 9, delete "This act is" and insert "Sections 1 to 7, 10 and 11 are"*

*Renumber the sections in sequence*

*Amend the title as follows:*

*Page 1, line 4, after the semicolon, insert "providing a pass-through of federal energy credits;"*

*Page 1, line 8, delete "Section" and insert "Sections" and after "268.37" insert "; 290.06, Subdivision 14"*

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

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

Those who voted in the affirmative were:

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

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

Mr. Dieterich moved to amend the second portion of the Dieterich amendment to S. F. No. 1670, the unofficial engrossment, as follows:

Page 15, after line 16, insert:

*"In the case of married taxpayers, the maximum credit available for energy conservation expenditures shall apply to both spouses."*

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

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

The roll was called, and there were yeas 54 and nays 4, as follows:

Those who voted in the affirmative were:

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

Messrs. Davies, McCutcheon, Merriam and Olhoft voted in the negative.

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

Mr. Ulland, J. moved to amend S. F. No. 1670 as follows:

Delete everything after the enacting clause and insert:

**"Section 1. [EMERGENCY RESIDENTIAL HEATING GRANTS; WEATHERIZATION PROGRAMS.]** *Subdivision 1. The commissioner of economic security shall make grants to community action agencies, county boards, or other public or private nonprofit agencies for the purpose of providing emergency residential heating grants to low income households. These grants shall be made to the same agencies and in the same manner as provided for federal grants under the energy crisis assistance program of 42.U.S.C.A., Section 2809, paragraph (a), clause (5), except as otherwise provided in this act.*

*Subd. 2. The commissioner of economic security shall promulgate rules that provide: (a) procedures for the administration of grants; (b) data to be reported by grant recipients and heating fuel suppliers; and (c) other matters the commissioner finds necessary for the proper administration of the state and federal grant programs. The rules may take effect as temporary rules upon approval by the attorney general and publication in the state register, without the normal 20 day wait for comments from the public, and may be amended in the same manner at a later date if comments from the public demonstrate that amendments are justified.*

*Subd. 3. Data on individuals collected, maintained, used, or disseminated pursuant to this act are private data on individuals and shall not be disclosed except as provided for data in the welfare system under Minnesota Statutes, 1979 Supplement, Section 15.1691.*

*Subd. 4. [ALLOCATIONS.] Money appropriated for grants and for local administrative costs shall be allocated among local administrative agencies on the basis of the number of households in the area served by the agency whose income falls within the limits specified in subdivisions 5 and 6, in relation to the total of these households in the state.*

*Subd. 5. [ELIGIBILITY; INCOME LIMITS.] Emergency residential heating grants under this section shall be paid only to households not eligible for the federal energy crisis assistance program and whose total household income does not exceed 150 percent of the community services administration poverty guidelines.*

*Subd. 6. [AMOUNT OF GRANT.] The amount of a grant under this section, in combination with any grants received for residential heating assistance under the federal energy crisis assistance program, including the special grant paid by the federal government directly to recipients of supplemental security income and money available to the state under the federal department of health, education and welfare block grant program, shall be the lesser of:*

(a) the amount needed to relieve the household's energy related problems; or

(b) The following amounts graduated by level of poverty and type of fuel up to:

Percent of Poverty	Domestic Natural Gas	Other Primary Heating Fuel
126-133	\$200	\$325
134-142	\$150	\$250
143-150	\$100	\$175

Grants for recipients who use two or more types of fuel shall be based on the household's primary energy source.

Subd. 7. [INCOME DISREGARDED.] Payments made under this section shall not be considered as income or resources for purposes of determining eligibility or benefits under any income maintenance program including but not limited to medical assistance, aid to families with dependent children, general assistance, food stamps, or Minnesota supplemental aid.

Subd. 8. [ADMINISTRATIVE COSTS.] Money appropriated for local administrative costs shall be used to reimburse local administrative agencies for the costs involved in administering grants, including publicizing the availability of grants. Money not spent for local administrative costs shall be used for weatherization.

Subd. 9. [EMERGENCY ENERGY CONSERVATION GRANT FUND.] The housing finance agency shall make grants to assist in energy conservation rehabilitation measures for existing housing owned by households whose incomes do not exceed 150 percent of the community services administration poverty guidelines, and who are referred to the housing finance agency by a community action agency or other appropriate entity. Grants shall not exceed \$2,000 per household.

To be eligible for an emergency energy conservation grant, an applicant must demonstrate that (1) his projected annual heating cost for the winter heating season or projected heating costs for the calendar year for households using an annual budget plan, exceed 10 percent of his income as determined pursuant to subdivision 5. Projected heating costs shall be determined by multiplying energy consumption during the preceding heating season by projected costs for the appropriate fuel type as published by the energy agency, or (2) the household has been precluded from receiving a federal energy conservation grant due to the need for directly related repairs which cannot be funded under the federal program. The energy conservation rehabilitation measures that qualify under this section include: ceiling insulation, storm windows or doors, furnace or space heater repair or replacement, weatherstripping and caulking and structural or building envelope repairs essential for proper weatherization. The entity designated to administer the program shall make a reasonable effort to determine whether other state or federal grant or loan programs

are available and adequate to finance the intended improvements. An emergency energy conservation grant may be made in conjunction with grants or loans from other state or federal programs which finance other needed rehabilitation work. The receipt of a grant pursuant to this section shall not affect the applicant's eligibility for other housing finance agency loan or grant programs. Temporary rules required to implement this subdivision may be promulgated pursuant to Minnesota Statutes, Section 15.0412, Subdivision 5 and shall remain in effect until July 1, 1981.

Except as otherwise provided in sections 1 to 3, grants from the emergency energy conservation grant fund shall be made in the same manner and pursuant to the same procedures provided for the emergency home improvement grant fund, administered pursuant to Minnesota Statutes, Section 462A.05, Subdivision 15, provided that grants shall not be recovered by the agency pursuant to section 462A.21, subdivision 4a. Grants may be made without regard to the housing finance agency home improvement grant allocation formula.

Sec. 7. Minnesota Statutes, 1979 Supplement, Section 268.37, is amended to read:

268.37 [COORDINATION OF FEDERAL AND STATE RESIDENTIAL WEATHERIZATION PROGRAMS.] Subdivision 1. The department of economic security is the state agency to apply for, receive, and disburse federal money made available to the state by state or federal law or rules promulgated thereunder for the purpose of weatherizing the residences of low-income persons. The commissioner of economic security shall coordinate available federal money with any state money appropriated for this purpose.

Subd. 2. The commissioner shall make grants of federal and state money to community action agencies and other public or private nonprofit agencies for the purpose of weatherizing the residences of low-income persons. Grant applications shall be submitted in accordance with rules developed pursuant to 42 U.S.C., Section 6861 to 6872, any other relevant federal weatherization program, and rules promulgated by the commissioner.

Subd. 3. The commissioner shall promulgate temporary rules as necessary to administer the grants program by July 1, 1979 and shall promulgate permanent rules by July 1, 1980. The rules shall describe: (a) procedures for the administration of grants, (b) data to be reported by grant recipients, and (c) other matters the commissioner finds necessary for the proper administration of the grant program including compliance with relevant federal regulations. Weatherization assistance shall be given to households where the total income does not exceed 125 percent of the poverty level as updated by the federal office of management and budget poverty guidelines.

Subd. 4. [SUPPLEMENTARY STATE GRANTS.] The commissioner shall distribute supplementary state grants in a manner

consistent with the goal of producing the maximum number of weatherized units feasible. Supplementary state grants are provided primarily for the payment of additional labor costs for the federal weatherization program, and as an incentive for the increased production of weatherized units.

Criteria for the allocation of state grants to local agencies include: (a) existing local agency production levels, (b) availability of CETA resources in the area, (c) emergency needs, and (d) the potential for maintaining or increasing acceptable levels of production in the area.

An eligible local agency may receive advance funding for three months' production, but thereafter shall receive grants solely on the basis of program criteria.

Subd. 5. The commissioner shall submit reports to the legislature by March 1 of each year, 1980, and March 1, 1981, evaluating the weatherization program. The reports shall describe: (a) the number of households weatherized, (b) the average cost per household, (c) any change in energy consumption after weatherization, (d) outreach efforts, and (e) any other information the commissioner feels is relevant, including information routinely submitted to the federal government.

Sec. 3. [APPROPRIATIONS.] Subdivision 1. The sum of \$14,000,000 is appropriated from the general fund to the commissioner of economic security for the following purposes:

(a) Grants pursuant to section 1, subdivision 6 \$8,000,000

If grants are paid from this appropriation of state money to persons eligible to receive grants for the same purposes from federal money, this appropriation shall be reimbursed for those grants from federal money when the federal money becomes available if reimbursement is permitted under federal law.

(b) Weatherization of residences \$6,000,000

The appropriations in clause (a) is available until September 30, 1981. The appropriation in clause (b) is added to the appropriation for the same purposes in Laws 1979, Extra Session, Chapter 2, Section 45, Subdivision 3. Grants made for a residence under clause (b) of this subdivision shall not exceed (1) \$500 in state monies when used in combination with federal funds or (2) \$1500 when made exclusively from state funds. Local administrating agencies may retain up to ten percent of these appropriations for administrative costs.

Subd. 2. The sum of \$5,000,000 is appropriated from the general fund to the housing finance agency for the purpose of the emergency energy conservation grant program specified in section 1, subdivision 10, and for the payment of related costs and expenses. This appropriation shall remain available until expended.

Subd. 3. The sum of \$2,480,000 is appropriated from the general fund to the commissioner of public welfare to reimburse

counties for the county portion of expenses incurred by them in providing residential heating assistance under the emergency assistance and special needs allowance programs during fiscal years 1980 and 1981. No county match is required for this money.

Subd. 4. There is appropriated to the Minnesota energy agency from the general fund the sum of \$100,000, or so much thereof as may be required for the purpose of making a study of residential energy conservation in Minnesota. The study shall determine the energy efficiency of the existing housing stock as it relates to fuel type, household income, ownership, and geographic location. The study shall determine the effectiveness of existing residential conservation efforts including federal weatherization programs, Minnesota housing finance agency grant and loan programs, local programs and others. The study may review programs in other states which show potential for implementation in Minnesota. The study shall recommend methods for meeting identified residential energy conservation needs through new or existing public or private programs, including new or proposed federal programs, and the estimated costs of such programs. The agency shall report its findings to the legislature by January 31, 1981.

Subd. 5. The sum of \$5,000,000 is appropriated to the legislative advisory commission for the purposes of this subdivision. This appropriation is intended to ensure the most effective and efficient delivery of fuel assistance and weatherization programs requiring a coordination of state and federal monies. To the extent that state matching funds are required for participation in federal programs, the legislative advisory commission shall provide the match from these appropriated monies. In case no state matching funds are required by federal rule the legislative advisory commission shall use this appropriation to extend the scope or effectiveness of programs of fuel assistance and weatherization.

Sec. 4. [EFFECTIVE DATE.] This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to energy; creating a state emergency residential heating grant program; broadening the scope of state weatherization programs; reimbursing counties; appropriating money; amending Minnesota Statutes, 1979 Supplement, Section 268.37."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 17 and nays 38, as follows:

Those who voted in the affirmative were:

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



Those who voted in the negative were:

Barrette	Hanson	McCutcheon	Perpich	Staples
Benedict	Humphrey	Merriam	Peterson	Stokowski
Chmielewski	Johnson	Moe	Schaaf	Strand
Coleman	Keefe, S.	Nelson	Schmitz	Stumpf
Davies	Knoll	Nichols	Setzepfandt	Tennessen
Dieterich	Laufenburger	Olhoft	Sikorski	Willet
Gearly	Lessard	Olson	Solon	
Gunderson	Luther	Penny	Spear	

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

Mr. Bernhagen moved to amend S. F. No. 1670, the unofficial engrossment as follows:

Page 3, delete lines 5 through 8

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 17 and nays 37, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Barrette	Humphrey	Merriam	Peterson	Stokowski
Benedict	Johnson	Moe	Schaaf	Strand
Chmielewski	Keefe, S.	Nelson	Schmitz	Stumpf
Coleman	Knoll	Nichols	Setzepfandt	Tennessen
Davies	Laufenburger	Olhoft	Sikorski	Willet
Dieterich	Lessard	Olson	Solon	
Gearly	Luther	Penny	Spear	
Hanson	McCutcheon	Perpich	Staples	

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

Mr. Bernhagen then moved to amend S. F. No. 1670, the unofficial engrossment, as follows:

Page 8, Line 26, delete "\$12,000,000" and insert "\$6,000,000"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 17 and nays 34, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Barrette	Hanson	Moe	Peterson	Staples
Benedict	Humphrey	Nelson	Schaaf	Stokowski
Coleman	Johnson	Nichols	Schmitz	Strand
Davies	Keefe, S.	Olhoft	Setzepfandt	Stumpf
Dieterich	Knoll	Olson	Sikorski	Tennessen
Gearly	Luther	Penny	Solon	Willet
Gunderson	McCutcheon	Perpich	Spear	

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

S. F. No. 1670: A bill for an act relating to energy; creating a state emergency residential heating grant program; broadening the scope of state weatherization programs; providing a credit for energy conservation expenditures; providing a passthrough of federal energy credits; reimbursing counties; appropriating money; amending Minnesota Statutes 1978, Section 462A.21, by adding a subdivision; and Minnesota Statutes, 1979 Supplement, Sections 268.37; 290.01, Subdivision 20; and 290.06, Subdivision 14.

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 18, as follows:

Those who voted in the affirmative were:

Barrette	Hanson	Luther	Perpich	Staples
Benedict	Humphrey	McCutcheon	Peterson	Stokowski
Chmielewski	Johnson	Merriam	Schaaf	Strand
Coleman	Keefe, J.	Moe	Schmitz	Stumpf
Davies	Keefe, S.	Nelson	Setzepfandt	Tennessen
Dieterich	Knoll	Ogdahl	Sikorski	Willet
Gearty	Laufenburger	Olson	Solon	
Gunderson	Lessard	Penny	Spear	

Those who voted in the negative were:

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

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

#### MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman moved that the Senate do now adjourn until 10:00 o'clock a.m., Monday, February 11, 1980. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate