

EIGHTY-FOURTH DAY

St. Paul, Minnesota, Friday, March 21, 1980

The Senate met at 1:00 o'clock p.m. and was called to order by the President.

CALL OF THE SENATE

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

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

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

Prayer was offered by the Chaplain, Rev. Dave Schneider.

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

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

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 and Chmielewski were excused from the Session of today. Mr. Tennesen was excused from the Session of today at 3:00 o'clock p.m.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mrs. Staples introduced—

S. F. No. 2401: A bill for an act relating to state government; regulating state set-aside procurement programs; amending Minnesota Statutes 1978, Sections 16.084; and 16.098, by adding a subdivision; and Minnesota Statutes, 1979 Supplement, Section 16.083, Subdivision 4.

Referred to the Committee on Employment.

Messrs. Peterson and Moe introduced—

S. F. No. 2402: A bill for an act relating to public welfare; appropriating money for construction of a detoxification center on the White Earth Indian reservation.

Referred to the Committee on Health, Welfare and Corrections.

Mr. Penny introduced—

S. F. No. 2403: A bill for an act relating to taxation; sales and use tax; clarifying the exemption of wrapping paper purchased for custom meat processing; amending Minnesota Statutes, 1979 Supplement, Section 297A.25, Subdivision 1.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Peterson, Nichols, Davies, McCutcheon and Sillers introduced—

S. F. No. 2404: A bill for an act relating to unemployment compensation; regulating contribution rates of employers; amending Minnesota Statutes 1978, Sections 268.04, Subdivision 25; Minnesota Statutes, 1979 Supplement, Sections 268.06, Subdivision 8; and 268.09, Subdivision 1.

Referred to the Committee on Employment.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

March 21, 1980

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I am vetoing Senate File 1670. This legislation, if allowed to

become law, would create a State emergency residential heating grant program, expand the State weatherization program administered by the Department of Economic Security (DES), create a new conservation weatherization program administered by the Housing Finance Agency (HFA), provide a State tax credit for energy conservation expenditures, provide for a pass through of the federal tax credit for energy conservation and alternative energy investments, and reimburse the counties for an energy assistance program.

There are four aspects of the bill that I do not support.

1. Tax Credits for Weatherization

When weatherization efforts are undertaken by low or middle-income households, financial assistance is needed more immediately than tax credits can deliver. Weatherization programs should be based on grant and loan programs such as the new Housing Finance Agency grant program in this bill, the Department of Energy/Department of Economic Security weatherization program, and the HFA's \$45 million rehabilitation loan program. Low-income households need direct grants. Middle-income households need loans. For all others, the real incentive will be savings from heating costs reduced by weatherization, not tax credits. Therefore, I oppose the 15% State tax credit for weatherization and the pass through of the federal tax credit.

I have proposed an \$11 million weatherization effort (\$6 million to DES and \$5 million to HFA).

I will accept the extra \$6 million to DES included in this legislation, bringing the total to \$17 million (\$12 million to DES and \$5 million to HFA).

According to the Department of Revenue, the cost of the 15% State tax credit and the pass through of the federal credits is estimated to be \$9.5 million.

The energy tax credit will not, of itself, bring about much increase in weatherization; nor can State government afford at this time that amount of expenditure with so little direct results.

2. Earned Income Offset

I support a State energy assistance program for households from 126-150% of poverty guidelines. 150% of poverty is \$10,050 for a family of four. A sliding scale of assistance should provide less assistance as household income increases. The federal Energy Crisis Assistance Program (ECAP) is designed to reach 200,000 low-income households with incomes at 125% of poverty and below. A State program for households from 126-150% is designed to assist another 65,000 households. Next year the federal program will expand to assist households above the 150% level.

An earned income offset is just too expensive to be State funded. The deduct provisions also add new administrative responsibilities and increases the cost of the program. Depending on the participation rate, the heating assistance grant program, including the earned income offset, may be underfunded in this bill.

3. *Discretionary Funds*

With a federal program assisting households up to 125%, a State program under this bill for those over 125% of poverty, and the Department of Public Welfare's Temporary Crisis Fuel Plan to assist any household with special needs, there is no need for a \$1 million discretionary fund for "extraordinary" needs.

The Department of Public Welfare's program, based on need, has been operating since October and has been used in all 87 counties.

4. *State Plan for ECAP*

The Windfall Profits Tax Act provides for the "chief executive" to prepare the State plan for the ECAP program. Section 11 of this legislation requires the Governor to include certain categories of eligible households, certain types of fuel, cooling costs, and use three percent of the federal money for "emergency" (discretionary) funds, and submit the State plan to the Legislature for "review and comment."

I have no problem considering and taking into account legislative input on the State plan for the ECAP program, in fact, I welcome it. However, I intend to write the plan this summer and fall when the Legislature is in full swing campaigning. In order to have the ECAP program on line next fall, it must be submitted to the federal government early.

While I appreciate legislative input on this important matter I will not accept a mandate.

There are a number of sections in the legislation that I support, including fuel assistance to those with incomes up to 150% of poverty, the \$17 million for State weatherization efforts, and \$1 million to reimburse the counties for their actual program expenses under the Temporary Crisis Fuel Plan.

I am encouraged by the Legislature's intensive interest in energy matters, especially assistance, weatherization, and conservation. I remain optimistic that the Legislature can still prepare, pass, and deliver to me legislation which will address the issues of assistance, weatherization, and conservation.

For the reasons set forth in this message, I cannot allow Senate File 1670 to become law. I am, therefore, returning it to you unsigned.

Sincerely,
Albert H. Quie, Governor

Mr. Humphrey moved that S. F. No. 1670 and the Governor's message be laid on the table. The motion prevailed.

MESSAGES FROM THE HOUSE

Mr. President:

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

following Senate Files, herewith returned: S. F. Nos. 978, 1403, 1716, 1796 and 1892.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 20, 1980

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. 1707: A bill for an act relating to towns; requiring a majority of voters to permit town zoning; clarifying the ballot question; requiring hearing and notice before certain actions; requiring notice of changes; amending Minnesota Statutes 1978, Sections 366.11; 366.12; 366.13; and 366.15.

Senate File No. 1707 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 20, 1980

CONCURRENCE AND REPASSAGE

Mr. Dunn moved that the Senate concur in the amendments by the House to S. F. No. 1707 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 1707: A bill for an act relating to towns; providing for towns to set their own hours for town elections; requiring polls to be open at least three hours; requiring a majority of voters to permit town zoning; clarifying the ballot question; requiring hearing and notice before certain actions; requiring notice of changes; amending Minnesota Statutes 1978, Sections 205.03, Subdivision 3; 366.11; 366.12; 366.13; and 366.15.

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 57 and nays 1, as follows:

Those who voted in the affirmative were:

Ashbach	Gearly	Lessard	Pillbury	Stokowski
Bang	Gunderson	Luther	Renneke	Strand
Barrette	Hanson	Menning	Rued	Stumpf
Benedict	Hughes	Moe	Schaaf	Tennessen
Bernhagen	Humphrey	Nelson	Schmitz	Ueland, A.
Brataas	Johnson	Nichols	Setzepfandt	Ulland, J.
Coleman	Keefe, J.	Olhoff	Sieloff	Vega
Davies	Keefe, S.	Olson	Sikorski	Wegener
Dieterich	Kirchner	Omann	Solon	Willet
Dunn	Kleinbaum	Penny	Spear	
Engler	Knaak	Perpich	Staples	
Frederick	Knutson	Peterson	Stern	

Mr. Merriam voted in the negative.

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 1815: A bill for an act relating to commerce; providing for service of legal process on nonresident brokers and salespersons licensed to do business in Minnesota; amending Minnesota Statutes 1978, Section 82.31, Subdivision 3.

Senate File No. 1815 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned March 20, 1980

CONCURRENCE AND REPASSAGE

Mr. Bang moved that the Senate concur in the amendments by the House to S. F. No. 1815 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 1815 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 58 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Hanson	Luther	Pillsbury	Stern
Bang	Hughes	Menning	Renneke	Stokowski
Barrette	Humphrey	Merriam	Rued	Strand
Benedict	Johnson	Moe	Schaaf	Stumpf
Bernhagen	Keefe, J.	Nelson	Schmitz	Tennessen
Brataas	Keefe, S.	Nichols	Setzepfandt	Ueland, A.
Davies	Kirchner	Olhoff	Sieloff	Ulland, J.
Dieterich	Kleinbaum	Olson	Sikorski	Vega
Dunn	Knaak	Omann	Sillers	Wegener
Engler	Knoll	Penny	Solon	Willett
Gearty	Knutson	Perpich	Spear	
Gunderson	Lessard	Peterson	Staples	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 1963: A bill for an act relating to taxation; property tax administration; eliminating mandatory assessors meetings; amending Minnesota Statutes 1978, Sections 273.03, Subdivision 1; 273.04; and Minnesota Statutes, 1979 Supplement, Sections 270.06; and 273.061, Subdivision 8.

Senate File No. 1963 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 20, 1980

CONCURRENCE AND REPASSAGE

Mr. Wegener moved that the Senate concur in the amendments by the House to S. F. No. 1963 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 1963: A bill for an act relating to local government; fixing compensation for county canvassing boards and county and township election judges; eliminating mandatory assessors meetings; amending Minnesota Statutes 1978, Sections 273.03, Subdivision 1; 273.04; and Minnesota Statutes, 1979 Supplement, Sections 204A.23; 270.06; and 273.061, Subdivision 8.

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 60 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 1709: A bill for an act relating to corrections; provid-

ing for licensing of correctional facilities; regulating inmate earnings; providing for the investment of money in the correctional industries revolving account; authorizing the commissioner of corrections to amend 11 MCAR, sections 2.402 to 2.403; amending Minnesota Statutes 1978, Sections 241.021, Subdivision 1; 243.24, Subdivision 1; 243.88, Subdivision 2; and Minnesota Statutes, 1979 Supplement, Section 241.27, Subdivision 2.

Senate File No. 1709 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 20, 1980

Mr. Nelson moved that S. F. No. 1709 be laid on the table. The motion prevailed.

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. 1736: A bill for an act relating to highways; providing a penalty for certain unlawful uses of or actions on public highways; prohibiting the erection of a fence on the right of way of a town road; amending Minnesota Statutes 1978, Section 160.27, Subdivision 5.

Senate File No. 1736 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 20, 1980

Mr. Dunn moved that S. F. No. 1736 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned:

S. F. Nos. 1807 and 1957.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 20, 1980

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H. F. Nos. 1949, 2040, 2047, 2067, 1262, 1730, 1794, 1825 and 1890.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 20, 1980

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted:

H. F. Nos. 1095, 1408, 1962, 2262, 1661 and 1835.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted March 20, 1980

FIRST READING OF HOUSE BILLS

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

H. F. No. 1949: A bill for an act relating to zoning; providing for notice of hearings; changing notice provisions for variance hearings; amending Minnesota Statutes 1978, Section 394.26, Subdivision 2.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 2338 now in the Subcommittee on Bill Scheduling.

H. F. No. 2040: A bill for an act relating to government data; providing definitions; classifying data as public, private, confidential, non-public, or protected non-public; amending Minnesota Statutes 1978, Sections 15.162, by adding subdivisions; 15.165, Subdivision 3; 600.23, Subdivision 3; and Chapter 15, by adding sections; Minnesota Statutes, 1979 Supplement, Sections 15.162, Subdivision 2a; 15.163, Subdivisions 3, 5, and 9; 15.1642, Subdivisions 1 and 5; 15.166, Subdivision 4; 15.1692, Subdivision 2, and by adding a subdivision; 15.1693, by adding a subdivision; 15.1698, Subdivision 1, and by adding subdivisions; repealing Minnesota Statutes, 1979 Supplement, Section 15.1692, Subdivision 4.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 2039 now in the Subcommittee on Bill Scheduling.

H. F. No. 2047: A bill for an act relating to state government; raising the limit on the balance allowed to remain in the state auditor's revolving fund; empowering the state auditor to establish a personnel recruitment, hiring, promotional, and salary plan with the approval of the commissioner of the department of personnel; amending Minnesota Statutes 1978, Section 6.58; and Chapter 6, by adding a section.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 2101 now on the Calendar.

H. F. No. 2067: A bill for an act relating to financial institutions; modifying director's residence requirements for industrial loan and thrift companies; providing for a report to the commissioner in the event of a change of control; requiring insurance or guarantee of certificates of indebtedness sold or issued for in-

vestment; exempting certificates of indebtedness from the regulation of securities; amending Minnesota Statutes 1978, Sections 53.06; 53.09, Subdivision 2; Chapter 53, by adding a section; and Minnesota Statutes, 1979 Supplement, Section 80A.15, Subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 2353 now in the Subcommittee on Bill Scheduling.

H. F. No. 1262: A bill for an act relating to the city of Breezy Point; relating to its tax levy for general purposes; repealing Laws 1971, Chapter 110.

Referred to the Committee on Taxes and Tax Laws.

H. F. No. 1730: A bill for an act relating to commerce; limiting product liability actions against non-manufacturers.

Referred to the Committee on Judiciary.

H. F. No. 1794: A bill for an act relating to courts; providing for elections in a county court district.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1686 now in the Subcommittee on Bill Scheduling.

H. F. No. 1825: A bill for an act relating to children; specifying rights of stepparents to visit certain children.

Referred to the Committee on Judiciary.

H. F. No. 1890: A bill for an act relating to courts; Hennepin and Ramsey County district courts, juvenile divisions; authorizing appointment of district court judges to hear cases arising under the juvenile court act for terms up to six years; amending Minnesota Statutes 1978, Section 260.019, Subdivision 3.

Referred to the Committee on Judiciary.

H. F. No. 1095: A bill for an act relating to courts; authorizing certain actions against state officers to be tried in a county other than where the cause of action arose; providing for procedure for removal; amending Minnesota Statutes 1978, Sections 542.03; and 542.18.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1085, now on General Orders.

H. F. No. 1408: A bill for an act relating to motor vehicles; providing for the proration of taxes on certain vehicles on the basis of the registration period; providing for the issuance and use of certain motor vehicle dealer plates; adjusting the bond provisions for certain dealers; authorizing dealers' licenses for the sale of motorized bicycles; specifying grounds for suspension

and revocation of dealers' licenses; amending Minnesota Statutes 1978, Sections 168.013, Subdivision 2; and 168.27, Subdivisions 2, 12, 20, 22 and 24.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1430, now on the Calendar.

H. F. No. 1962: A bill for an act relating to motor vehicles; permitting the use of foreign state dealer plates in certain circumstances; restricting sales of new motor vehicles by wholesalers; authorizing the use of in-transit plates on used vehicles; imposing certain duties on the registrar of motor vehicles; amending Minnesota Statutes 1978, Sections 168.181, Subdivision 2; 168.27, Subdivisions 6 and 17.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1964, now on the Calendar.

H. F. No. 2262: A bill for an act relating to highway traffic regulations; including a constable within the meaning of the definition of peace officer in the implied consent law; amending Minnesota Statutes 1978, Section 169.123, Subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 2341, now on General Orders.

H. F. No. 1661: A bill for an act relating to alcoholic beverages; increasing the age for licensing, sale, consumption, possession and furnishing; establishing minimum period of license revocation for certain persons convicted of driving while intoxicated, refusing or failing chemical test; increasing and changing penalties for furnishing alcoholic beverages to certain persons; amending Minnesota Statutes 1978, Sections 169.121, Subdivision 3; 169.123, Subdivisions 2 and 4; 340.02, Subdivision 8; 340.035, Subdivisions 1 and 2; 340.119, Subdivision 2; 340.13, Subdivision 12; 340.14, Subdivision 1a; 340.403, Subdivision 3; 340.73, Subdivisions 1 and 3; 340.731; 340.78; 340.79; 340.80; and 340.81.

Referred to the Committee on Rules and Administration.

H. F. No. 1835: A bill for an act relating to motor vehicles; setting due dates for installment payments of motor vehicle registration taxes; extending the coroner's reporting time of deaths resulting from motor vehicle accidents; authorizing the use of accident reports by certain agencies for accident prevention purposes; requiring bumpers on certain motor vehicles; allowing cities and towns to declare segments of city streets and town roads to be urban districts and to post urban district speed limits on them; amending Minnesota Statutes 1978, Sections 168.31, Subdivision 4; 169.09, Subdivisions 11 and 13; and 169.14, by adding a subdivision; 169.73, Subdivisions 1 and 2; repealing Minnesota Statutes 1978, Section 169.73, Subdivisions 3, 4 and 5.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1680 now in the Subcommittee on Bill Scheduling.

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. 1683: A bill for an act relating to state government; providing for certain historical memorials; providing an appropriation.

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

Page 1, line 9, delete the second "and" and insert "a representative"

Page 1, line 12, before "senate" insert "subcommittee on committees of the"

Page 1, line 12, delete "rules committee" and insert "committee on rules and administration"

Page 1, lines 14, 15 and 18, delete "the" and insert "The"

Page 1, line 22, after "to" insert "the Minnesota historical society for the use of"

Page 2, line 3, delete "shall expire" and insert "expires"

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

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

S. F. No. 2025: A bill for an act relating to water resources; continuing the water planning board; changing its membership and duties; appropriating money; amending Minnesota Statutes 1978, Section 105.401; and Laws 1979, Chapter 333, Section 31, Subdivision 5.

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

Page 3, line 31, in the blank insert "288,000"

Page 4, line 19, after "account" insert "*and the provisions of Minnesota Statutes, 1979 Supplement, Section 86.72, Subdivision 1, do not apply*"

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

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

S. F. No. 514: A bill for an act relating to education; requiring the board of education to establish and fill the position of spe-

cialist for industrial arts education and to prescribe the duties of the specialist; appropriating money; amending Minnesota Statutes 1978, Section 121.11, by adding a subdivision.

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

Page 1, line 17, delete "\$80,000" and insert "\$40,000"

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

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

S. F. No. 620: A bill for an act relating to local government; authorizing the establishment of local government official training programs; appropriating money; amending Minnesota Statutes 1978, Section 471.59, by adding a subdivision.

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

Page 2, line 2, delete "\$85,000" and insert "\$42,500"

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

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

S. F. No. 1629: A bill for an act relating to state government; providing for a demonstration job-sharing project in state government; appropriating money.

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

Page 5, line 29, delete "Subdivision 1. There is"

Page 5, delete lines 30 to 33

Page 6, delete line 1

Page 6, line 2, delete "Subd. 2. There" and insert "The sum of \$15,000"

Page 6, line 4, delete "the following sums:" and insert ", to be available until June 30, 1981."

Page 6, delete line 5

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

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

S. F. No. 1978: A bill for an act relating to veterans; authorizing a memorial to Minnesota's war dead in Arlington National Cemetery; appropriating money.

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

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

S. F. No. 1986: A bill for an act relating to historic sites and monuments; adding property to Split Rock Lighthouse historic site; reestablishing Traverse des Sioux historic site as a state monument; appropriating funds; amending Minnesota Statutes 1978, Sections 138.025, Subdivision 10; and 138.585, by adding a subdivision; repealing Minnesota Statutes 1978, Section 138.55, Subdivision 5.

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

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

S. F. No. 1884: A bill for an act relating to education; increasing the bonding authority of the higher education coordinating board; amending Minnesota Statutes, 1979 Supplement, Section 136A.171.

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

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

S. F. No. 1053: A bill for an act relating to health; establishing a THC therapeutic research program in compliance with federal laws and regulations; directing the commissioner of health to make a grant; providing exemptions from criminal sanctions; appropriating money.

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

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

S. F. No. 291: A bill for an act relating to local government; permitting self insurance of health benefits; authorizing joint self insurance; amending Minnesota Statutes 1978, Section 471.616, Subdivision 1; and Chapter 471, by adding a section.

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

Delete everything after the enacting clause and insert

"Section 1. Minnesota Statutes 1978, Section 60A.23, is amended by adding a subdivision to read:

Subd. 8. [SELF INSURANCE PLAN ADMINISTRATORS; VENDORS OF RISK MANAGEMENT SERVICES.] (1) [SCOPE.] This subdivision applies to any vendor of risk man-

agement services and to any entity which administers, for compensation, a self insurance plan. This subdivision shall not apply (a) to an insurance company authorized to transact insurance in this state, as defined by section 60A.06, subdivision 1, clauses (4) and (5); (b) to a service plan corporation, as defined by section 62C.02, subdivision 6; (c) to a health maintenance organization, as defined by section 62D.02, subdivision 4; (d) to an employer directly operating a self insurance plan for its employees' benefits or (e) to a nonprofit insurance trust administered and operated for the benefit of employer participants and established prior to January 1, 1979.

(2) [DEFINITIONS.] For purposes of this subdivision the following terms have the meanings given them.

(a) "Administering a self insurance plan" means (i) processing, reviewing or paying claims, (ii) establishing or operating funds and accounts, or (iii) otherwise providing necessary administrative services in connection with the operation of a self insurance plan.

(b) "Employer" means an employer, as defined by section 62E.02, subdivision 2.

(c) "Entity" means any association, corporation, partnership, sole proprietorship, trust, or other business entity engaged in or transacting business in this state.

(d) "Self insurance plan" means a plan providing life, medical or hospital care, accident, sickness or disability insurance, as an employee fringe benefit, which is not directly insured or provided by a licensed insurer, service plan corporation, or health maintenance organization.

(e) "Vendor of risk management services" means an entity providing for compensation actuarial, financial management, accounting, legal or other services for the purpose of designing and establishing a self insurance plan for an employer.

(3) [LICENSE.] No vendor of risk management services or entity administering a self insurance plan may transact such business in this state unless it is licensed to do so by the commissioner. An applicant for a license shall state in writing the type of activities it seeks authorization to engage in and the type of services it seeks authorization to provide. The license shall be granted only when the commissioner is satisfied that the entity possesses the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered. The commissioner may issue a license subject to restrictions or limitations upon the authorization, including the type of services which may be supplied or the activities which may be engaged in. The license fee shall be \$100. All licenses are for a period of two years.

(4) [REGULATORY RESTRICTIONS; POWERS OF THE COMMISSIONER.] To assure that self insurance plans are financially solvent, are administered in a fair and equitable fashion,

and are processing claims and paying benefits in a prompt, fair, and honest manner, vendors of risk management services and entities administering self insurance plans are subject to the supervision and examination by the commissioner. Vendors of risk management services, entities administering self insurance plans, and self insurance plans established or operated by them are subject to the trade practice requirements of sections 72A.19 to 72A.30.

(5) [RULE MAKING AUTHORITY.] To carry out the purposes of this subdivision, the commissioner may promulgate administrative rules, including emergency rules, pursuant to sections 15.0411 to 15.052. These rules may:

(a) Establish reporting requirements for administrators of self insurance plans;

(b) Establish standards and guidelines to assure the adequacy of financing, reinsuring, and administration of self insurance plans;

(c) Establish bonding requirements or other provisions assuring the financial integrity of entities administering self insurance plans; or

(d) Establish other reasonable requirements to further the purposes of this subdivision.

Sec. 2. Minnesota Statutes 1978, Section 471.616, Subdivision 1, is amended to read:

471.616 [GROUP INSURANCE; GOVERNMENTAL UNITS.]
Subdivision 1. **[BIDDING REQUIRED.]** No governmental subdivision, political subdivision, or any other body corporate and politic authorized by law to purchase group insurance for its employees and providing or intending to provide such group insurance protections and benefits for 25 or more of its employees shall enter into a contract for or renew any such group insurance policy or contract without calling for bids and awarding the contract to the lowest responsible bidder by way of competitive bidding procedures similar to those for the provision of services and supplies under Minnesota Statutes 1971, Section 16.07, Subdivisions 1, 2, 4 and 5. A political subdivision may provide in the bid specifications that self insured health benefit plans will not be considered. Lowest responsible bidder means the insurer or service plan corporation submitting the lowest premium rate or the lowest charge for expenses and risk taking in accordance with the specifications for the coverage and administrative services from among such insurers or service plan corporations authorized to do business in this state which are deemed by the governmental unit to be financially able to carry the risk proposed and are capable of satisfactorily performing the administration of the policy or contract, or self insurance plan, if allowed by the bid specifications which offers the lowest cost, is authorized to do business in this state, and is deemed by the governmental unit to be capable of satisfactorily performing the administration of the

policy or contract in accordance with the bid specifications. "Cost" means in the case of an insurer, the premium rate; in the case of service plan corporation, the charge for expenses and risk taking; and in the case of self insurance plans, the sum of the cost of paid claims, including provision for estimated incurred but unpaid claims at the end of the term, administrative costs, and premium for excess coverage. The cost of changing insurers plans may also be considered in determining the lowest premium rate or the lowest charge for expenses and risk taking cost. The aggregate value of benefits provided by a contract entered into after July 1, 1973 shall not be less than those provided by the preexisting contract (a) unless a majority of the employees covered under the group insurance plan and voting on the question agree to a reduction in the benefits, if the employees are not represented by an exclusive representative pursuant to section 179.67, or (b) unless the public employer and the exclusive representative of the employees of an appropriate bargaining unit, certified pursuant to section 179.67, agree to a reduction in the benefits. ~~(c)~~ The aggregate value of benefits of any former employee who has retired shall not, in any event, be reduced pursuant to clause (a) or (b), unless he has individually agreed to the reduction.

No such contract need be submitted to bid more frequently than once every 48 months, unless for any reason whatsoever, a 50 percent or greater change in the premium under the policy contract is provided, required or indicated.

When an insurer proposes an increase in rates, it shall accompany its proposal with an aggregate claims record for the appropriate period that explains the proposed increase. When a contract is resubmitted for bids the aggregate claims record shall accompany the specifications for the contract. *Cost comparisons are not required between insured and self-insurance alternatives, but apply to comparisons between two or more insured proposals or comparisons between two or more self-insurance proposals.*

Sec. 3. Minnesota Statutes 1978, Chapter 471, is amended by adding a section to read:

[471.617] *Subdivision 1. A statutory or home rule charter city or county or school district, or instrumentality thereof, which has more than 100 employees, may by ordinance or resolution self insure for any employee health benefits except long term disability and life benefits. Any self insurance plan shall provide all benefits which are required by law to be provided by group health insurance policies. Self insurance plans shall be certified as provided by section 62E.05. Employee wage deductions for the purpose of funding a self insured health benefit plan shall be subject to the licensing provisions of section 60A.23, subdivision 7.*

Subd. 2. Any two or more statutory or home rule charter cities or counties or school districts or instrumentalities thereof which together have more than 100 employees may jointly self insure for any employee health benefits except long term disability and life

benefits, subject to the same requirements as an individual self insurer under subdivision 1. The commissioner of insurance is authorized to promulgate administrative rules, including emergency rules, pursuant to sections 15.0411 to 15.052, providing standards or guidelines for the operation and administration of self insurance pools.

Subd. 3. Any self insurance plan covering fewer than 1,000 employees shall include excess or stop-loss coverage, provided by a licensed insurance company or an insurance company approved pursuant to section 60A.20 or service plan corporation. This excess or stop-loss coverage shall cover all eligible claims incurred during the term of the policy or contract. In addition to excess or stop-loss coverage, the self insurance plan shall provide for reserving of an appropriate amount of funds to cover the estimated cost of claims incurred, but unpaid, during the term of the policy or contract which shall be adding to the expected claim level. These funds shall be in addition to funds reserved to cover the claims paid during the term of the policy or contract. The excess or stop-loss coverage shall be provided at levels in excess of self insured retention which is appropriate, taking into account the number of covered persons in the group.

Subd. 4. No statutory or home rule charter city or county or school district or instrumentality thereof, shall adopt a self insured health benefit plan for any employees represented by an exclusive representative certified pursuant to section 179.67 without prior notification and consultation on 10 days written notice to the exclusive representative and agreement by the exclusive representative that represents the largest number of employees to be included in the plan.

Subd. 5. No political subdivision or its employee or agent shall disclose any information about individual claims or total claims of an individual without the consent of the individual, except that the information may be disclosed to officers, employees, or agents of the political subdivision to the extent necessary to enable them to perform their duties in administering the health benefit program. This provision shall not prevent the disclosure of aggregate claims for the group without identification of any individual.

A parent or legal guardian of a minor is authorized to act on behalf of the minor in the disclosure of a record.

Subd. 6. A statutory or home rule charter city or county or school district, or instrumentality thereof having a self insured health benefit plan on the effective date of this section may continue to operate that plan notwithstanding that the plan does not meet the minimum employee group size requirement of subdivision 1.

Sec. 4. [APPROPRIATION.] The sum of \$..... is appropriated from the general fund to the commissioner of insurance for purposes of this act.

Sec. 5. [REPEALER.] Minnesota Statutes, 1979 Supplement, Section 471.61, Subdivision 1b, is repealed.

Sec. 6. [EFFECTIVE DATE.] *Section 1 is effective July 1, 1980."*

Amend the title as follows:

Page 1, line 4, after "insurance;" insert "appropriating money;"

Page 1, line 5, delete "Section" and insert "Sections 60A.23, by adding a subdivision;"

Page 1, line 6, after "section" insert "; repealing Minnesota Statutes, 1979 Supplement, Section 471.61, Subdivision 1b"

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

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

S. F. No. 994: A bill for an act relating to real estate brokers and salespersons; regulating the real estate education, research and recovery fund; setting fees; providing guidelines for the amount of the recovery portion of the fund and for paying claims; amending Minnesota Statutes 1978, Section 82.34.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes, 1979 Supplement, Section 82.21, Subdivision 1, is amended to read:

82.21 [FEES.] Subdivision 1. [AMOUNTS.] The following fees shall be paid to the commissioner:

(a) A fee of \$50 for each initial individual broker's license, and a fee of \$25 for each annual renewal thereof;

(b) A fee of \$25 for each initial salesperson's license, and a fee of \$10 for each annual renewal thereof;

(c) A fee of \$50 for each initial corporate or partnership license, and a fee of \$25 for each annual renewal thereof;

(d) A fee not to exceed \$20 \$40 per year for payment to the education, research and recovery fund in accordance with section 82.34;

(e) A fee of \$10 for each transfer.

Sec. 2. Minnesota Statutes 1978, Section 82.34, Subdivision 1, is amended to read:

82.34 [REAL ESTATE EDUCATION, RESEARCH AND RECOVERY FUND.] Subdivision 1. There is established a "real estate education, research and recovery fund" to be administered by the commissioner of securities in the manner and for the purposes prescribed in this section. The state treasurer shall be is the custodian of the fund and shall operate under the direction of the commissioner.

Sec. 3. Minnesota Statutes 1978, Section 82.34, Subdivision 3, is amended to read:

Subd. 3. Each real estate broker and real estate salesperson entitled under this chapter to renew his a license, when renewing for the first time after July 1, 1973, shall pay in addition to the appropriate renewal fee a further fee of \$20 which shall be credited to the real estate education, research and recovery fund. Any person who receives a new real estate broker's or real estate salesperson's license after July 1, 1973 shall pay said the fee of \$20 in addition to all other fees payable, provided that in no case shall any real estate broker or real estate salesperson be required under this subdivision to pay said the fee of \$20 more than once. *The one time fee is increased to \$40 for any person who receives a new real estate broker's or real estate salesperson's license after July 1, 1980. In addition each real estate broker or real estate salesperson when renewing a license after July 1, 1980, shall each time pay a fee of \$5 to be credited to the real estate education, research and recovery fund.*

Sec. 4. Minnesota Statutes 1978, Section 82.34, Subdivision 4, is amended to read:

Subd. 4. If at the end of any fiscal year prior to calendar year 1981 following the establishment of the real estate education, research and recovery fund, the amount remaining in the fund is less than \$200,000, every licensed real estate broker and real estate salesperson, when renewing his a license, shall pay in addition to the annual renewal fee, a sum not to exceed \$20 said , *this sum having been to be determined by the commissioner to and shall be sufficient to restore the balance in the fund to at least \$200,000.*

Commencing with calendar year 1981, not to exceed \$400,000 of the fund is available for recovery purposes to satisfy all claims authorized for payment each calendar year. This is designated as the recovery portion of the fund. Commencing in calendar year 1981, if the amount remaining in the fund after payment of all amounts authorized during the preceding calendar year for payment to claimants and for payment of all educational and research expenses is less than \$600,000, every licensed real estate broker and real estate salesperson, when renewing a license, shall pay, in addition to the annual renewal fee and the \$5 fee set forth in subdivision 3, a sum not to exceed \$35, this sum to be determined by the commissioner as necessary to restore the balance in the fund to \$600,000.

Sec. 5. Minnesota Statutes 1978, Section 82.34, Subdivision 5, is amended to read:

Subd. 5. Any funds in excess of \$200,000 shall, upon request of the commissioner, be invested by the state board of investment in the class of securities specified in section 11.16 and acts amendatory thereto. All interest and profits from such the investments shall be are credited to the real estate education, research and recovery fund. The state treasurer shall be is the custodian of securities purchased under the provisions of this section.

Sec. 6. Minnesota Statutes 1978, Section 82.34, Subdivision 6, is amended to read:

Subd. 6. The commissioner, in his discretion, may use any funds in excess of \$200,000 up to \$200,000 in each fiscal year for the following purposes:

(a) To promote the advancement of education and research in the field of real estate for the benefit of those licensed under this chapter;

(b) To underwrite educational seminars and other forms of educational projects for the benefit of real estate licensees;

(c) To establish a real estate chair or courses at Minnesota state institutions of higher learning for the purpose of making such courses available to licensees and the general public;

(d) To contract for a particular educational or research project in the field of real estate to further the purposes of this chapter; ;

(e) To pay the costs of the real estate advisory council established under section 82.30; and

(f) To pay any reasonable costs and disbursements, excluding attorney's fees, incurred in defending actions against the real estate education, research and recovery fund including the cost of mailing or publication of notice pursuant to subdivision 12 and subdivision 14.

Sec. 7. Minnesota Statutes 1978, Section 82.34, Subdivision 7, is amended to read:

Subd. 7. When any aggrieved person obtains a final judgment in any court of competent jurisdiction against any person licensed under this chapter, on grounds of fraudulent, deceptive or dishonest practices, or conversion of trust funds arising directly out of any transaction when the judgment debtor was licensed and performed acts for which a license is required under this chapter, and which cause of action occurred on or after July 1, 1973, the aggrieved person may, upon the judgment becoming final, and upon termination of all proceedings, including reviews and appeals, file a verified application in the court in which the judgment was entered for an order directing payment out of the real estate education, research and recovery portion of the fund of the amount of actual and direct out of pocket loss in such the transaction, but excluding interest on the loss and on any judgment obtained as a result of the loss, up to the sum of \$20,000 of the amount unpaid upon the judgment, provided that nothing in this chapter shall be construed to obligate the fund for more than \$20,000 per transaction, subject to the limitations set forth in subdivisions 12 and 14, regardless of the number of persons aggrieved or parcels of real estate involved in such the transaction. A copy of the verified application shall be served upon the commissioner and upon the judgment debtor, and a certificate or affidavit of such the service filed with the court.

Sec. 8. Minnesota Statutes 1978, Section 82.34, Subdivision 8, is amended to read:

Subd. 8. The court shall conduct a hearing upon *such the* application 30 days after service of the application upon the commissioner. Upon petition of the commissioner, the court shall continue the hearing up to 60 days further; and upon a showing of good cause may continue the hearing for *such any* further period as the court deems appropriate. At the hearing the aggrieved person shall be is required to show that:

(a) He is not a spouse of debtor, or the personal representative of *such the* spouse;

(b) He has complied with all the requirements of this section;

(c) He has obtained a judgment as set out in subdivision 7, stating the amount thereof and the amount owing thereon at the date of application;

(d) He has made all reasonable searches and inquiries to ascertain whether the judgment debtor is possessed of real or personal property or other assets, liable to be sold or applied in satisfaction of the judgment;

(e) By *such Through* the search he has discovered no personal or real property or other assets liable to be sold or applied, or that he has discovered certain of them, describing them, owned by the judgment debtor and liable to be so applied, and that he has taken all necessary action and proceedings for the realization thereof, and that the amount thereby realized was insufficient to satisfy the judgment, stating the amount so realized and the balance remaining due on the judgment after application of the amount realized;

(f) He has diligently pursued his remedies against all the judgment debtors and all other persons liable to him in the transaction for which he seeks recovery from the real estate education, research and recovery fund;

(g) He is making *said the* application no more than one year after the judgment becomes final, or no more than one year after the termination of any review or appeal of the judgment.

Sec. 9. Minnesota Statutes 1978, Section 82.34, Subdivision 9, is amended to read:

Subd. 9. Whenever the court proceeds upon an application as set forth in subdivision 7, it shall order payment out of the real estate education, research and recovery *portion of the* fund only upon a determination that the aggrieved party has a valid cause of action within the purview of subdivision 7 and has complied with the provisions of subdivision 8. The judgment *shall be* is only prima facie evidence of *such the* cause of action and for the purposes of this section *shall is* not be conclusive. The commissioner may defend any *such* action on behalf of the fund and *shall have* has recourse to all appropriate means of defense and review including examination of witnesses. The commissioner may move the

court at any time to dismiss the application when it appears there are no triable issues and the petition is without merit. The motion may be supported by affidavit of any person or persons having knowledge of the facts, and may be made on the basis that the petition, and the judgment referred to therein, does not form the basis for a meritorious recovery claim within the purview of subdivision 7; provided, however, the commissioner shall give written notice at least ten days before ~~such~~ *this* motion. The commissioner may, subject to court approval, compromise a claim based upon the application of an aggrieved party. He ~~shall~~ *is* not be bound by any prior compromise or stipulation of the judgment debtor.

Sec. 10. Minnesota Statutes 1978, Section 82.34, Subdivision 10, is amended to read:

Subd. 10. The commissioner may defend any ~~such~~ action on behalf of the fund and shall have recourse to all appropriate means of defense and review, including examination of witnesses. The judgment debtor may defend any ~~such~~ action on his own behalf and ~~shall have~~ *has* recourse to all appropriate means of defense and review, including examination of witnesses. Whenever an applicant's judgment is by default, stipulation, or consent, or whenever the action against the licensee was defended by a trustee in bankruptcy, the applicant ~~shall have~~ *has* the burden of proving his cause of action for fraudulent, deceptive or dishonest practices, or conversion of trust funds. Otherwise, the judgment ~~shall create~~ *creates* a rebuttable presumption of the fraudulent, deceptive or dishonest practices, or conversion of trust funds. This presumption is a presumption affecting the burden of producing evidence.

Sec. 11. Minnesota Statutes 1978, Section 82.34, Subdivision 11, is amended to read:

Subd. 11. If the court finds after the hearing that ~~said~~ *the* claim should be levied against the *recovery* portion of the fund allocated for the purpose of carrying out the provisions of this section, the court shall enter an order directed to the commissioner requiring payment from the real estate education, research and recovery *portion of the fund of whatever sum it shall find finds* to be payable upon the claim pursuant to the provisions of and in accordance with the limitations contained in this section.

Sec. 12. Minnesota Statutes 1978, Section 82.34, Subdivision 12, is amended to read:

Subd. 12. (a) Notwithstanding any other provision of this section, the liability of ~~that the~~ *the* recovery portion of the real estate education, research and recovery fund allocated for the purposes of this section to all persons for all losses shall not exceed \$20,000 for any one licensee;

(b) If the \$20,000 liability of the real estate education, research and recovery *portion of the fund* is insufficient to pay in full the valid claims of all aggrieved persons by whom claims have been filed against any one licensee, ~~such the~~ *the* \$20,000 shall be distributed among them in the ratio that their respective claims bear to the

aggregate of ~~such the~~ valid claims or in ~~such any~~ other manner as the court deems equitable. Distribution of ~~such the~~ moneys shall be among the persons entitled to share therein, without regard to the order of priority in which their respective judgments may have been obtained or their claims have been filed. Upon petition of the commissioner, the court may require all claimants and prospective claimants against one licensee to be joined in one action, to the end that the respective rights of all ~~such~~ claimants to the ~~real estate education, research and recovery portion of the fund~~ may be equitably adjudicated and settled.

Sec. 13. Minnesota Statutes 1978, Section 82.34, Subdivision 13, is amended to read:

Subd. 13. Should the commissioner pay from the ~~real estate education, research and recovery portion of the fund~~ any amount in settlement of a claim or toward satisfaction of a judgment against a licensed broker or salesperson, the license of the broker or salesperson shall be ~~is~~ automatically suspended upon the effective date of an order by the court as set forth herein authorizing payment from the ~~real estate education, research and recovery portion of the fund~~. No such broker or salesperson shall be granted reinstatement until he has repaid in full, plus interest at the rate of four percent a year, the amount paid from the ~~real estate education, research and recovery portion of the fund~~ on his account, ~~and has obtained a surety bond issued by an insurer authorized to transact business in this state in the amount of \$20,000. The bond shall be filed with the commissioner, with the state of Minnesota as obligee, conditioned for the prompt payment to any aggrieved person entitled thereto, of any amounts received by the real estate broker or salesperson or to protect any aggrieved person from loss resulting from fraudulent, deceptive or dishonest practices or conversion of trust funds arising out of any transaction when the real estate broker or salesperson was licensed and performed acts for which a license is required under this chapter. The bond remains operative for as long as that real estate broker or salesperson is licensed. No payment shall be made from the recovery portion of the fund based upon claims against any broker or salesperson who is granted reinstatement pursuant to this subdivision. A discharge in bankruptcy shall does not relieve a person from the penalties and disabilities provided in this section.~~

Sec. 14. Minnesota Statutes 1978, Section 82.34, Subdivision 14, is amended to read:

Subd. 14. If, at any time, the money deposited in the real estate education, research and recovery fund and allocated for purposes other than real estate education and research is insufficient to satisfy any duly authorized claim or portion thereof, the commissioner shall, when sufficient money has been deposited in the real estate education, research and recovery fund, satisfy such unpaid claims or portions thereof, in the order that such claims or portions thereof were originally filed, plus accumulated interest at the rate of four percent a year. The commissioner shall satisfy all claims against licensees for which an order pursuant to subdivision

11 directing payment from the recovery portion of the fund has become final during the calendar year. Each claim shall be satisfied by the commissioner in not less than 30 and not more than 90 days following the end of the calendar year in which the order directing payment of the claim becomes final, commencing with calendar year 1981. If, at the end of any calendar year, the commissioner determines that the courts have issued orders which have become final during that year directing payment out of the recovery portion of the fund in a total amount in excess of \$400,000, the commissioner shall allocate the \$400,000 available for recovery purposes among all claimants in the ratio that the amount ordered paid to each claimant bears to the aggregate of all amounts ordered paid. The commissioner shall mail notice of the allocation to all claimants not less than 45 days following the end of the calendar year. Any claimant who objects to the plan of allocation shall file a petition in the district court of Ramsey or Hennepin County within 20 days of the mailing of notice setting forth the grounds for objection. Upon motion of the commissioner the court shall summarily dismiss the petition and order distribution in accordance with the proposed plan of allocation unless it finds substantial reason to believe that the distribution would be in violation of the provisions of this section. If a petition is filed, no distribution shall be made except in accordance with a final order of the court. In the event no petition is filed within 20 days of the mailing of notice, the commissioner shall make a distribution in accordance with the plan of allocation. Any distribution made by the commissioner in accordance with this subdivision is deemed to satisfy and extinguish the claims of any claimant receiving a distribution against the recovery portion of the fund.

Sec. 15. Minnesota Statutes 1978, Section 82.34, Subdivision 15, is amended to read:

Subd. 15. Any sums received by the commissioner pursuant to any provisions of this section shall be deposited in the state treasury, and credited to the real estate education, research and recovery fund, and said *these* sums shall be allocated exclusively for the purposes provided in this section. All moneys in the fund are appropriated annually to the commissioner for the purposes of this section.

Sec. 16. Minnesota Statutes 1978, Section 82.34, Subdivision 16, is amended to read:

Subd. 16. It shall be *is* unlawful for any person or the agent of any person to knowingly file with the commissioner any notice, statement, or other document required under the provisions of this section which is false or untrue or contains any material misstatement of fact. ~~Such~~ *This* conduct shall constitute *constitutes* a gross misdemeanor.

Sec. 17. Minnesota Statutes 1978, Section 82.34, Subdivision 17, is amended to read:

Subd. 17. When, upon the order of the court, the commissioner

has paid from the real estate education, research and recovery portion of the fund any sum to the judgment creditor, the commissioner shall be is subrogated to all of the rights of the judgment creditor to the extent of the amount so paid and the judgment creditor shall assign all his right, title and interest in the judgment to the extent of the amount so paid to the commissioner and any amount and interest so recovered by the commissioner on the judgment shall be deposited to with the fund.

Sec. 18. Minnesota Statutes 1978, Section 82.34, Subdivision 18, is amended to read:

Subd. 18. Nothing contained in this section shall limit limits the authority of the commissioner to take disciplinary action against any licensee under other provisions of this chapter; nor shall the repayment in full of all obligations to the real estate education, research and recovery portion of the fund by any licensee nullify or modify the effect of any other disciplinary proceeding brought pursuant to the provisions of this chapter.

Sec. 19. Minnesota Statutes 1978, Section 82.34, is amended by adding a subdivision to read:

Subd. 20. Claims for which orders for payment have become final prior to January 1, 1981 shall be paid in accordance with Minnesota Statutes 1978, Section 82.34, but are subject to the limitations set forth in subdivisions 7 and 12. If at any time the amount deposited in the recovery portion of the fund is insufficient to satisfy any duly authorized claim or portion thereof for which an order directing payment has become final prior to January 1, 1981, the commissioner shall treat the unpaid claims or portions thereof as if entered pursuant to orders which become final in the calendar year 1981. Those claims shall be paid in accordance with the procedure set forth in subdivision 14 and are subject to the limitations set forth in subdivisions 4 and 14.

Sec. 20. Minnesota Statutes 1978, Section 82.34, Subdivision 2, is repealed.

Sec. 21. This act is effective the day following its final enactment."

Amend the title as follows:

Page 1, line 7, after "82.34" insert ", Subdivisions 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, and 18, and by adding a subdivision; Minnesota Statutes, 1979 Supplement, Section 82.21, Subdivision 1; repealing Minnesota Statutes 1978, Section 82.34, Subdivision 2"

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

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

S. F. No. 2100: A bill for an act relating to trade regulations;

providing limits on formaldehyde concentrations emitted from building materials and insulation; prohibiting certain transactions; providing remedies; prescribing penalties; amending Minnesota Statutes 1978, Section 325.907, Subdivision 1.

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

Delete everything after the enacting clause and insert:

"Section 1. [144.704] [FORMALDEHYDE RULES.] Within 30 days after the effective date of this section the commissioner of health shall determine if a significant health problem is presented by the use of building materials that emit formaldehyde gases. If he determines that such a problem exists he shall promulgate rules pursuant to chapter 15, including emergency rules, establishing standards governing the sale of building materials and housing units that contain products made with urea formaldehyde.

Sec. 2. [325.991] [DUTY OF MANUFACTURER.] Subdivision 1. No manufacturer shall sell any building materials and no builder shall sell or lease a housing unit containing urea formaldehyde unless the manufacturer or builder has made the following written disclosure to any purchaser of the materials or housing unit or lessee of the housing unit: "WARNING. THIS PRODUCT [HOUSING UNIT] CONTAINS THE CHEMICAL FORMALDEHYDE. FOR SOME PEOPLE FORMALDEHYDE MAY CAUSE HEALTH PROBLEMS, SUCH AS IRRITATION OF THE EYES, NOSE AND THROAT, SNEEZING, COUGHING, HEADACHES, SHORTNESS OF BREATH, OR CHEST OR STOMACH PAINS. CHILDREN UNDER THE AGE OF TWO, ELDERLY PEOPLE, PEOPLE WITH BREATHING PROBLEMS OR PEOPLE WITH ALLERGIES MAY HAVE MORE SERIOUS DIFFICULTIES. IF YOU HAVE QUESTIONS ABOUT PROBLEMS YOU MAY HAVE WITH FORMALDEHYDE, CONSULT A DOCTOR."

Subd. 2. The disclosure required by subdivision 1 shall be made clearly and conspicuously on the label or written warranty of the materials in a manner designed to attract the attention of a prospective buyer or user. If the product or housing unit has neither a label nor a written warranty the disclosure shall be made in a separate writing included with the product or housing unit.

Subd. 3. The manufacturer of a product or builder of a housing unit that contains materials made with urea formaldehyde shall pay the reasonable cost of repair or relocation if the consumer can document that the housing unit contains a significant ambient air level of formaldehyde and in addition has documented medical records of illness related to formaldehyde and a statement from a physician that the consumer must vacate the premises. The party who has received the claim has the right to test the ambient air level of the housing unit at reasonable times.

If within 30 days after the presentation of the items set forth above the manufacturer or builder and the consumer do not agree on a remedy the consumer may bring suit to recover the reasonable cost of repair or relocation plus reasonable attorneys' fees. Notwithstanding the remedy under this subdivision, the consumer may bring an action for personal injury, if any, if the action is commenced within one year from the presentation of the items required by this subdivision.

Subd. 4. If the commissioner of health determines pursuant to section 1 that there does not exist a significant health problem, the provisions of this section are not effective.

Sec. 3. [EFFECTIVE DATE.] Section 1 and section 2, subdivisions 3 and 4, are effective the day following final enactment. Section 2, subdivisions 1 and 2, are effective January 1, 1981."

Amend the title as follows:

Page 1, line 6, delete everything after "penalties" and insert a period

Page 1, delete line 7

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

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

H. F. No. 1779: A bill for an act relating to judicial procedures; changing the procedures and circumstances under which guardians and conservators may be appointed; clarifying the powers and duties of guardians and conservators; providing for the appointment, powers, and duties of guardians and conservators of minors; amending Minnesota Statutes 1978, Sections 525.54; 525.541; 525.542; 525.543; 525.544; 525.55; 525.56; 525.57; 525.58; 525.581; 525.583; 525.59; 525.591; 525.60, Subdivision 1; 525.62; 525.63; 525.67; 525.69; 525.83; and Chapter 525, by adding sections; and Minnesota Statutes, 1979 Supplement, Sections 525.551; and 525.61; repealing Minnesota Statutes 1978, Sections 525.60, Subdivision 2; 525.611; 525.612; 525.613; 525.614; and 525.621.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Chapter 525, is amended by adding a section to read:

[525.539] [DEFINITIONS.] *Subdivision 1. For the purposes of sections 525.54 to 525.5515; 525.56; 525.57 to 525.581; 525.583 to 525.61; 525.62; 525.63; 525.67; and 525.69, the following terms shall have the meanings given them.*

Subd. 2. "Guardian" means a person who is appointed by the

court to exercise all of the powers and duties designated in section 525.56 for the care of an incapacitated person or his estate, or both.

Subd. 3. "Conservator" means a person appointed by the court to exercise some, but not all, of the powers designated in section 525.56 for the care of an incapacitated person or his estate, or both.

Subd. 4. "Ward" means an incapacitated person for whom the court has appointed a guardian.

Subd. 5. "Conservatee" means an incapacitated person for whom the court has appointed a conservator.

Sec. 2. Minnesota Statutes 1978, Section 525.54, is amended to read:

525.54 [ADULTS SUBJECT TO GUARDIANSHIP AND CONSERVATORSHIP.] Subdivision 1. [ADULTS SUBJECT TO GUARDIANSHIP AND CONSERVATORSHIP.] Upon petition as provided in this chapter, the court, if satisfied of the need therefor, may appoint one or two persons suitable and competent to discharge the trust as guardians of the person or estate or of both or as conservators of the person or the estate or of both, of any incapacitated person who is a minor, who because of old age, or imperfection or deterioration of mentality is incompetent to manage his person or estate, who because of excessive intoxication, gambling, idleness, or debauchery, so spends or wastes his estate or injures his person as to be likely to expose himself or his family to want or suffering, or who, though not otherwise incompetent to manage his person or estate, requests the court to appoint such a guardian, provided such person is a resident of the county or being a nonresident of this state has property in the county. No guardian of the person of any minor shall be appointed while proceedings for his care and custody are pending in any juvenile court of this state. Nothing herein contained shall diminish the power of any court to appoint a guardian to serve or protect the interest of any minor or other person under disability in any proceedings therein, nor abridge the rights of the father and mother, if suitable and competent, as the natural guardians of their minor children. The standard of proof in contested cases shall be that of clear and convincing evidence.

Subd. 2. [GUARDIANSHIP OR CONSERVATORSHIP OF THE PERSON.] The court may appoint one or two persons, suitable and competent to discharge the trust as conservators of the person or estate or of both of any person who is a minor, or who because of old age or other cause is unable properly to care for himself or for his property, or who because of old age or other cause is likely to be deceived or imposed upon by artful or designing persons, or who, for these causes or other cause requests the court to appoint such a conservator and establishes to the satisfaction of the court the need thereof, provided such person is a resident of the county or being a non-resident of this state has property in the county. No conservator of the person of any minor shall be appointed while proceedings for his care and custody are

pending in any juvenile court of this state. "Incapacitated person" means, in the case of guardianship or conservatorship of the person, any adult person who is impaired by reason of mental condition to the extent that he lacks sufficient understanding or capacity to make or communicate responsible decisions concerning his person, and who has demonstrated deficits in behavior which evidences his inability to meet essential requirements for his health or safety. "Unable to meet essential requirements for his health or safety" means unable to meet his needs for medical care, nutrition, clothing, shelter, or safety so that, in the absence of guardianship or conservatorship, injury or illness is likely to occur in the near future.

Subd. 3. [GUARDIANSHIP OR CONSERVATORSHIP OF THE ESTATE.] Appointment of a guardian or conservator may be made in relation to the estate and financial affairs of an adult person: (a) voluntarily, upon the person's request if the court is satisfied of the need thereof, or (b) involuntarily, upon the court's determination that (1) that person is unable to manage his property and affairs effectively because he is an incapacitated person, and (2) he has property which will be wasted or dissipated unless proper management is provided, or that funds are needed for the support, care and welfare of the person or those entitled to be supported by him and (3) no less restrictive form of intervention is available which will adequately protect his estate or financial affairs. "Incapacitated person" means, in the case of guardianship or conservatorship of the estate of an adult, any adult person who is impaired by reason of mental condition to the extent that he lacks sufficient understanding or capacity to make or communicate responsible decisions concerning his estate or financial affairs, and who has demonstrated deficits in behavior which evidences his inability to manage his estate.

Subd. 4. Appointment of a guardian is evidence of the incompetency of the incapacitated person.

Subd. 5. Appointment of a conservator is not evidence of incompetency of the incapacitated person, and does not remove or modify any civil or legal right of the incapacitated person except as specifically ordered by the court, pursuant to section 525.551. The appointment of a conservator shall not deprive the conservatee of the right to vote or to marry if otherwise competent.

Subd. 6. Nothing contained in this section shall diminish the power of the court to appoint a guardian to serve or protect the interest of any person under disability in any proceedings therein.

Sec. 3. Minnesota Statutes 1978, Section 525.541, is amended to read:

525.541 [PETITIONERS.] Any person may petition for the appointment of a guardian or guardians or conservator or conservators for any person believed to be subject to guardianship or conservatorship; provided that. The petition of a an adult person over the age of 14 years for the appointment of a guardian or guardians or conservator or conservators of his own person or estate, and the petition of any person nominated by the will of a

deceased parent with the written consent of the other parent if living and not under disability, for the appointment of a guardian or conservator or guardians or conservators for their minor child shall have priority over the petition of any other person. When any minor under guardianship or conservatorship attains the age of 14 years, he may petition for the appointment of a guardian or conservator or guardians or conservators nominated by him in lieu of the guardians or conservators theretofore appointed.

Sec. 4. Minnesota Statutes 1978, Section 525.542, is amended to read:

525.542 [CONTENTS OF PETITION.] The petition shall show (1) the name and address of the person for whom a guardian or conservator, is sought, (2) the date and place of his birth, (3) if he be a minor, the names and addresses of his parents, or if the parents be dead or have abandoned the minor, the names and addresses of his custodians and of any person named as testamentary guardians or conservators in the will of a decedent, (4) if he be not a minor, children, and siblings, or in the event that none of these persons are living, the names and addresses of his nearest kindred, (5) (4) if he be is married, the name and address of his spouse, (6) (5) the reasons for the guardianship or conservatorship, including specific factual information which the petitioner believes supports the need for appointment of a guardian or conservator, such as mental and physical condition, financial transactions, personal actions, or actual occurrences which are claimed to demonstrate his inability to manage his estate, or to provide for personal needs for food, clothing, shelter or health care, (6) the powers the petitioner believes are necessary in order for a guardian or conservator to protect and supervise the proposed ward's or conservatee's person or property, (7) the probable value and general character of his real and personal property and the probable amount of his debts, (8) the names, ages, addresses, and occupations of the proposed guardians or conservators.

Sec. 5. Minnesota Statutes 1978, Section 525.543, is amended to read:

525.543 [LIS PENDENS.] After the filing of the petition, a certificate of the probate court certified to that fact may be filed for record in the office of the county recorder of any county in which any real estate owned by the proposed ward or conservatee is situated and if a resident of this state, in the county of his residence. Such The certificate shall state that such a petition is pending and the name and address of the person for whom a guardian or conservator is sought. If a guardian or conservator be is appointed on such the petition, and, in the case of a conservatorship, if the letters of conservatorship remove or restrict the right of the conservatee to transfer property or to contract, then all contracts except for necessities, and all transfers of real or personal property made by the ward or conservatee after such the filing and before the termination of the guardianship or conservatorship shall be void.

Sec. 6. Minnesota Statutes 1978, Section 525.544, is amended to read:

525.544 [PLANNING PROVISIONS.] In the petition or in a written instrument executed before or after the petition is filed, the person may, if at the time of signing the same, he has sufficient capacity to form an intelligent preference, nominate a conservator or guardian or give instructions to the conservator or guardian or he may do both. The written instrument shall be executed and attested in the same manner as a will. The court shall appoint the person so nominated as conservator or guardian and shall charge him with the instructions, unless the court finds that the appointment of the nominee or the instructions or both are not in the best interests of the person to be placed under conservatorship or guardianship. When any person lacks capacity or fails to nominate a conservator or guardian, the court may appoint any qualified person. If the proposed ward or conservatee lacks capacity or fails to give instructions, the court may give such powers as required in accordance with section 525.56.

Sec. 7. Minnesota Statutes 1978, Section 525.55, is amended to read:

525.55 [NOTICE OF HEARING.] *Subdivision 1. If the petition be made by the person for whom a guardian or conservator is sought, or by a parent, custodian, or testamentary guardian or conservator of a minor under the age of 14 years, the court may hear the same with or without notice. In all other cases, upon the filing of the petition the court shall fix the time and place for the hearing and shall order that notice be given thereof. At least 14 days prior to such time the hearing, personal service of the notice shall be made upon the proposed ward or conservatee. If he has a spouse, custodian, or if there be a testamentary guardian or conservator named in the will of a decedent, notice shall be given to such persons and to such of the nearest kindred and in such manner as the court may direct. Notice shall also be served on his spouse, parents, adult children, siblings, next of kin, and on any other persons the court may direct by mail postmarked at least 14 days prior to the hearing. If he be is a patient or resident of any hospital or asylum other institution, notice by mail shall be given to the superintendent administrative head thereof. If he be is a non-resident or if after diligent search he cannot be found in this state, notice shall be given in such the manner and to such persons as the court may determine.*

Subd. 2. The notice shall be written in language which can be easily understood. Included with the notice shall be a copy of the petition. The notice shall contain information regarding the nature, purpose and legal effects of the guardianship or conservatorship proceedings on the proposed ward or conservatee. The notice shall state that he may be adjudged incapable of caring for his person or property, and by reason thereof, a guardian or conservator may be appointed for him, and that the adjudication may transfer to the appointed guardian or conservator certain rights, including his right to manage and control property, to enter into contracts and to determine his residence. The notice shall further contain information regarding the rights of the proposed ward or conservatee in the proceeding, including his right to attend the

hearing, to be represented by an attorney, to oppose the proceeding, and to present evidence. The notice shall state that if the proposed ward or conservatee wishes to exercise the right to be represented by an attorney, he must either obtain counsel of his own choice, or ask the court to appoint an attorney to represent him, and that the county shall pay a reasonable attorney's fee if he is indigent. The procedure for requesting a court appointed attorney shall be described in the notice.

The process server shall inquire whether the proposed ward or conservatee desires the notice and petition to be read to him, and shall read the notice and petition if requested to do so.

Sec. 8. Minnesota Statutes, 1979 Supplement, Section 525.551, is amended to read:

525.551 [HEARING; APPOINTMENT; BOND; PROSECUTION; NOTICE.] Subdivision 1. [ATTENDANCE AT HEARING.] Upon proof of the petition, the court shall appoint one or two persons suitable and competent to discharge the trust as general guardians or conservators of the person or estate or of both. Upon the filing of a bond in an amount as the court may direct and an oath according to law, or upon the filing of an acceptance of the trust pursuant to section 48.70, letters of guardianship or conservatorship shall issue. If there be no personal property, the court may waive the filing of a bond, but if the guardian or conservator receives or becomes entitled to any such property he shall immediately file a report thereof and a bond in such amount as the court may direct. In case of breach of any condition of the bond an action thereon may be prosecuted by leave of the court by any interested person. If the ward or conservatee be a patient of a state hospital for the mentally ill, or committed to the guardianship or conservatorship of the commissioner of public welfare as mentally retarded, epileptic, dependent and neglected or is under the temporary custody of the commissioner of public welfare, the court shall notify the commissioner of public welfare of the appointment of a guardian or conservator or successor guardian or conservator of the estate of the ward or conservatee. *If the proposed ward or conservatee is within the state, he shall be present at the hearing unless he is not able to attend by reason of medical condition as evidenced by a letter from a licensed physician. The letter shall be evidence only of the proposed ward's or conservatee's medical inability to attend the hearing, and shall not be considered in determining the issue of his incapacity. In any instance in which a proposed ward or conservatee is absent from the hearing, the court shall specify in its findings of fact the reason for nonattendance.*

Subd. 2. [INTERCHANGEABILITY OF PETITION.] If the circumstances warrant, the court may treat a petition for guardianship as a petition for conservatorship.

Subd. 3. [CONDUCT OF HEARING; BURDEN OF PROOF.] *The proposed ward or conservatee has the right to summon and cross-examine witnesses. The rules of evidence shall apply, and no hearsay evidence which is not otherwise admissible by exception in a court of law shall be admitted into evidence. In the proceedings,*

there is a legal presumption of capacity and the burden of proof shall be on the petitioner.

Subd. 4. [RECORD OF PROCEEDINGS.] *In all contested proceedings the court shall take and preserve an accurate stenographic record or tape recording of the proceedings.*

Subd. 5. [FINDINGS.] *In all cases the court shall find the facts specifically, state separately its conclusions of law thereon, and direct the entry of an appropriate judgment.*

If upon completion of the hearing and consideration of the record the court finds: (1) that the proposed ward or conservatee is incapacitated as defined in section 525.54; and (2) in need of the supervision and protection of a guardian or conservator; and (3) that no appropriate alternatives to the guardianship or conservatorship exist which are less restrictive of the person's civil rights and liberties it shall enter judgment specifying the powers of the guardian or conservator pursuant to section 525.56. Before appointing a guardian or conservator, the court shall make a finding that the person to be appointed as guardian or conservator is the most suitable and best qualified person among those who have indicated to the court that they are available and willing to discharge the trust.

The court shall enumerate in its findings which legal rights the proposed ward or conservatee is incapable of exercising.

Subd. 6. [BOND.] *Upon the filing of a bond in an amount the court may direct and an oath according to law, or upon the filing of an acceptance of the trust pursuant to section 48.79, letters of guardianship or conservatorship shall issue. If there is no personal property, the court may waive the filing of a bond, but if the guardian or conservator receives or becomes entitled to any property of the ward or conservatee he shall immediately file a report thereof and a bond in an amount the court may direct. In case of breach of a condition of the bond an action thereon may be prosecuted by leave of the court by any interested person.*

Subd. 7. [NOTIFICATION OF COMMISSIONER OF PUBLIC WELFARE.] *If the ward or conservatee is a patient of a state hospital for the mentally ill, or committed to the guardianship or conservatorship of the commissioner of public welfare as mentally retarded or dependent and neglected or is under the temporary custody of the commissioner of public welfare, the court shall notify the commissioner of public welfare of the appointment of a conservator or successor conservator of the estate of the conservatee.*

Sec. 9. Minnesota Statutes 1978, Chapter 525, is amended by adding a section to read:

[525.5515] [LETTERS OF GUARDIANSHIP OR CONSERVATORSHIP.] *Subdivision 1. A copy of the order appointing the guardian or conservator shall be served upon the ward or conservatee and his counsel, if he was represented at the hearing. The*

order shall be accompanied by a notice which advises the ward or conservatee of his right to appeal the guardianship or conservatorship appointment within 30 days.

Subd. 2. Letters of guardianship or conservatorship shall contain: (a) the name, address and telephone number of the guardian or conservator; (b) the name, address and telephone number of the ward or conservatee; (c) the nature and scope of the guardianship or conservatorship; (d) the specific powers and legal limitations imposed by the court on the guardian or conservator; and (e) a specific listing of the legal rights the ward or conservatee is not able to exercise.

Subd. 3. Letters of guardianship or conservatorship shall issue to the guardian or conservator. Copies shall be mailed or personally served on the ward or conservatee, his counsel, if he was represented at the hearing, the relatives of the ward or conservatee whose names and addresses appear on the original petition, and any other person, institution, organization or agency which the court deems reasonable to notify under the circumstances of the guardianship or conservatorship.

Sec. 10. Minnesota Statutes 1978, Section 525.56, is amended to read:

525.56 [GUARDIAN'S OR CONSERVATOR'S POWERS AND DUTIES.] Subdivision 1. A guardian or conservator shall be subject to the control and direction of the court at all times and in all things.

Subd. 2. A general guardian or conservator of the person shall have charge of the person of the ward or conservatee. The court shall grant to a guardian or conservator only those powers necessary to provide for the demonstrated needs of the ward or conservatee.

Subd. 3. The court may appoint a guardian of the person if it determines that all of the powers and duties listed in this subdivision are needed to provide for the needs of the incapacitated person. The court may appoint a conservator of the person if it determines that a conservator is needed to provide for the needs of the incapacitated person through the exercise of some, but not all, of the powers and duties listed in this subdivision. The duties and powers which the court may grant to a guardian or conservator of the person include, but are not limited to:

(1) The power to have custody of the ward or conservatee and the power to establish his place of abode within or without the state, except as otherwise provided in this clause. The ward or conservatee or any person interested in his welfare may petition the court to prevent or to initiate a change in abode. A ward or conservatee may not be admitted to any state institution by his guardian or conservator except after a hearing pursuant to section 253A.07.

(2) The duty to provide for the ward's or conservatee's care, comfort and maintenance needs, including food, clothing, shelter,

health care, social and recreational requirements, and, whenever appropriate, training, education and rehabilitation. The guardian or conservator has no duty to pay for these requirements out of his own funds. Whenever possible and appropriate, the guardian or conservator has the duty to meet these requirements through governmental benefits or services to which the ward or conservatee is entitled, rather than from the ward's or conservatee's estate.

(3) The duty to take reasonable care of the ward's or conservatee's clothing, furniture, vehicles and other personal effects, and, if other property requires protection, the power to seek appointment of a guardian or conservator of the estate. The guardian or conservator must give notice in the manner required and to those persons specified in section 525.55 prior to the disposition of the ward's or conservatee's clothing, furniture, vehicles or other personal effects. The notice must inform the person that he has the right to object to the disposition of the property within ten days and to petition the court for a review of the guardian's or conservator's proposed actions. Notice of the objection and of the date of the hearing must be personally served on the guardian or conservator and the ward or conservatee. If the guardian or conservator is served with notice of an objection to the disposition of the property he may not dispose of the property unless the court approves the disposition after a hearing.

(4) (a) The power to give any necessary consent to enable the ward or conservatee to receive necessary medical or other professional care, counsel, treatment or service, except that no guardian or conservator may give consent for psychosurgery, electroshock, sterilization or experimental treatment of any kind unless the procedure is first approved by order of the court as provided in this clause.

(b) A guardian or conservator who believes a procedure described in clause (4)(a) requiring prior court approval to be necessary for the proper care of the ward or conservatee shall petition the court for an order. The court shall fix the time and place for the hearing and shall give notice to the ward or conservatee and to the other persons specified in section 525.55, subdivision 1. The notice shall comply with the requirements of, and be served in the manner provided in section 525.55, subdivision 2. The court shall appoint an attorney to represent the ward or conservatee, unless he has counsel of his own choice. In every case the court shall determine if the procedure is in the best interests of the ward or conservatee. In making its determination the court shall consider a written medical report which specifically considers the medical risks of the procedure and whether alternative, less restrictive methods of treatment could be used to protect the best interests of the ward or conservatee.

(c) In the case of a petition for sterilization of a mentally retarded ward or conservatee, the court shall appoint a licensed physician, a psychologist who is qualified in the diagnosis and treatment of mental retardation, and a social worker who is familiar with the ward's or conservatee's social history and adjustment to examine or evaluate the ward or conservatee and to provide

written reports to the court. The reports shall indicate whether sterilization is necessary and whether it is in the best interests of the ward or conservatee. The medical report shall specifically consider the medical risks of sterilization and whether alternative methods of contraception could be used to protect the best interests of the ward or conservatee.

(5) The power to approve or withhold approval of any contract, except for necessities, which the ward or conservatee may make or wish to make.

(6) The duty and power to exercise supervisory authority over the ward or conservatee in a manner which limits his civil rights and restricts his personal freedom only to the extent necessary to provide needed care and services.

Subd. 3 4 . A general guardian or conservator of the estate shall The court may appoint a guardian of the estate if it determines that all of the powers and duties listed in this subdivision are needed to provide for the needs of the incapacitated person. The court may appoint a conservator of the estate if it determines that a conservator is necessary to provide for the needs of the incapacitated person through the exercise of some, but not all, of the powers and duties listed in this subdivision. The duties and powers which the court may order include, but are not limited to:

(1) The duty to pay the reasonable charges for the support, maintenance, and education of the ward or conservatee in a manner suitable to his station in life and the value of his estate; but. Nothing herein contained shall release parents from obligations imposed by law for the support, maintenance, and education of their children. The guardian or conservator has no duty to pay for these requirements out of his own funds. Wherever possible and appropriate, the guardian or conservator has the duty to meet these requirements through governmental benefits or services to which the ward or conservatee is entitled, rather than from the ward's or conservatee's estate;

(2) The duty to pay out of the ward's or conservatee's estate all just and lawful debts of the ward or conservatee and the reasonable charges incurred for the support, maintenance, and education of his wife the ward's or conservatee's spouse and dependent children and, upon order of the court, pay such sum as the court may fix as reasonable for the support of any person unable to earn a livelihood who is or may become legally entitled to support from the ward or conservatee;

(3) The duty to possess and manage the estate, collect all debts and claims in favor of the ward or conservatee, or, with the approval of the court, compromise the same them, institute suit on behalf of the ward or conservatee and represent the ward or conservatee in any court proceedings, and invest all funds not currently needed for the debts and charges named in clauses (1) and (2) and the management of the estate, in accordance with the provisions of sections 48.84, and 501.125, subdivision 1 and section 51.29, subdivision 2. Where a bank or trust company is a guardian

or conservator, with or without coguardians or coconservators, it may invest in such securities without approval of the probate court, but the investments of by other guardians or conservators in such securities shall be subject to the approval of the probate court except as otherwise specifically provided by law. A guardian or conservator shall also have the power to purchase certain contracts of insurance as provided in section 50.14, subdivision 14(b);

(4) Where a ward or conservatee has inherited an undivided interest in real estate, the court, on a showing that it is for the best interest of the ward or conservatee, may authorize an exchange or sale of the ward's or conservatee's interest or a purchase by the ward or conservatee of any interest other heirs may have in the real estate.

Sec. 11. Minnesota Statutes 1978, Section 525.57, is amended to read:

525.57 [TRANSFER OF VENUE.] When it is for the best interest of the ward or conservatee or his estate the venue may be transferred to another county. Upon the filing of a petition by any person interested in the ward or conservatee or in his estate the court shall fix the time and place for the hearing thereof, *and shall give notice of which shall be given to such the persons and in such the manner as the court may direct required by section 525.55.* Upon proof that a transfer of venue is for the best interest of the ward or conservatee or his estate, and upon the settlement and allowance of the guardian's or conservator's accounts to the time of such the hearing, the court shall transmit the entire file to the court of such the other county in which where all subsequent proceedings shall be had held.

Sec. 12. Minnesota Statutes 1978, Section 525.58, is amended to read:

525.58 [FILING OF ACCOUNTS; FILING OF AFFIDAVIT.] *Subdivision 1. Except where expressly waived by the court, every guardian or conservator annually shall file with the court within 30 days of the anniversary date of the guardian's or conservator's appointment a verified account covering the period from the date of appointment or his last account. The guardian or conservator shall give a copy of the annual account to the ward or conservatee. The court or its designee shall annually review the court file to insure that the account has been filed and that the account contains the information required by this section. If an account has not been filed or if the account does not contain the information required by this section the court shall order the guardian or conservator to file an appropriate account. The examination and acceptance shall not constitute an adjudication or determination of the merits of the account filed nor shall it constitute the court's approval of the account. At the termination of the guardianship or conservatorship, or upon the guardian's or conservator's removal or resignation, he or his surety, or in the event of his death or disability, his representative or surety shall file a verified final account with a petition for the settlement and allowance thereof. Every account shall show in detail all property received and dis-*

bursed, the property on hand, the present address of the ward or conservatee and of the guardian or conservator, and unless the guardian or conservator be a corporation, the amount of the bond, the names and addresses of all sureties thereon, that each unincorporated surety is a resident of this state, is not under disability, and is worth the amount in which he justified.

Subd. 2. Except where expressly waived by the court after a finding that the ward or conservatee is so incapacitated as to be unable to understand any notice, every guardian or conservator shall annually give notice to the ward or conservatee of his right to petition for restoration to capacity, discharge of guardian or conservator, or modification of the orders of guardianship or conservatorship. The notice shall describe the procedure for preparing and filing such a petition. Notice shall also inform the ward or conservatee that after a petition is filed the court will hold a hearing on the matter and that he has the right to be present and to be represented by counsel at the hearing. The form of the notice shall be approved or supplied by the court.

Subd. 3. Except where expressly waived by the court as provided in subdivision 2, every guardian or conservator shall file annually with the court an affidavit stating that he has given a copy of the annual account and the notice required by subdivision 2 to the ward or conservatee.

Sec. 13. Minnesota Statutes 1978, Section 525.581, is amended to read:

525.581 [NOTICE OF HEARING ON ACCOUNT.] The court on its own motion may, or upon the petition of the guardian or conservator, ward, conservatee, or any person interested in the ward or conservatee or his estate shall, fix the time and place for the hearing on any account, notice of which shall be given in such manner to the ward or conservatee and to such other persons as the court may direct. Wherever any funds have been received from the veterans' administration, notice by mail shall be given to the regional office having charge thereof.

Sec. 14. Minnesota Statutes 1978, Section 525.583, is amended to read:

525.583 [ALLOWANCE AND WAGES OF CONSERVATEE; LIMITED ACCOUNTABILITY OF CONSERVATOR.] The court, upon its own motion or upon petition of the conservator or conservatee, may authorize or direct the conservator to pay to the conservatee out of the conservatorship estate a reasonable allowance for the personal use of the conservatee in such the amount as the court may determine to be for the best interests of the conservatee. Unless otherwise ordered by the court, if the conservatee shall at any time during the continuance of the conservatorship be employed, his wages or salary for employment shall not be a part of the conservatorship estate and the wages and salaries shall be paid to the conservatee and shall be subject to his control to the same extent as if the conservatorship did not exist. The conservator shall not be accountable for such the allowances or wages and salary.

Sec. 15. Minnesota Statutes 1978, Section 525.59, is amended to read:

525.59 [SUCCEEDING GUARDIAN OR CONSERVATOR.] If a guardian or conservator dies, resigns, or is removed, the court ~~with or without notice~~ may appoint a successor ~~with at least 14 days prior notice to the ward or conservatee, his spouse, parents, adult children and siblings, and to other persons as the court may direct.~~ If the ward or conservatee has capacity to do so, he may nominate a person to serve as successor or may give instructions to the succeeding guardian or conservator or he may do both. The court shall appoint the person so nominated and shall charge him with the instructions, unless the court finds that the appointment of the nominee or the instructions or both are not in the best interests of the ward or conservatee.

Sec. 16. Minnesota Statutes 1978, Section 525.591, is amended to read:

525.591 [SPECIAL GUARDIAN OR CONSERVATOR.] Subdivision 1. Any person may file a verified petition for a special guardian or conservator. The petition shall contain: (a) all of the information required in section 525.542; (b) the reasons that the petitioner believes the proposed ward or conservatee is in need of a special guardian or conservator; and (c) the reasons why the regular procedure for obtaining guardianship or conservatorship is not appropriate.

Subd. 2. Upon a clear showing of necessity or expediency, the court ~~with or without notice~~ may appoint a special guardian or conservator of the person or estate or both of any adult person designated in section 525.54, whether a petition for general guardianship or conservatorship has been filed or not. Notice shall be given in language which can be easily understood at least 24 hours prior to the hearing, and shall contain the information required by section 525.55, subdivision 2, regarding the purpose of the hearing and the rights of the proposed ward or conservatee. A copy of the petition shall be served with the notice. The court may waive the 24 hour notice requirement upon a showing that immediate and reasonably foreseeable harm to the person or his estate will result from the 24 hour delay. Notice of the court's order shall be given to the proposed ward or conservatee.

Subd. 3. ~~There shall be no~~ An appeal may be taken from any order appointing or refusing to appoint a special guardian or conservator. A special guardian or conservator of the person shall have charge of the person of the ward or conservatee. A special guardian or conservator of the estate shall collect the assets and conserve the estate, unless his powers are limited by the court in the order of appointment and in the letters to the performance of specified acts. Upon a showing of necessity or expediency, the court ~~with or without notice~~ may expressly confer upon a special guardian or conservator power to perform any or all acts in the administration of the guardianship or conservatorship, not exceeding the powers conferred by law upon general guardians or conser-

voters *The appeal shall be handled on an expedited basis by the district court.*

Subd. 4. The court shall grant to a special guardian or conservator only those powers necessary to provide for the demonstrated needs of the ward or conservatee. Subject to this limitation the court may grant any of the powers specified in section 525.56.

Subd. 5. Within 14 days after appointment, a special guardian or conservator of the estate shall file an inventory and appraisal of the personal property according to the requirements of sections 525.561 and 525.562. The court shall specify in its order the duration of the special guardianship or conservatorship. At the expiration of the time specified in the court's order, or upon the granting of letters of general guardianship or conservatorship, the power of a special guardian or conservator shall cease, and he shall proceed forthwith to a final accounting. When a special guardian or conservator has been appointed to protect the ward's or conservatee's interest in any matter wherein the interest of the general guardian or conservator appears to conflict with that of the ward or conservatee, or to protect the ward's or conservatee's interest upon suspension of an order of removal of a general guardian or conservator by appeal, the power of such the special guardian or conservator shall not cease until terminated by the court.

Sec. 17. Minnesota Statutes 1978, Section 525.60, Subdivision 1, is amended to read:

525.60 [TERMINATION.] Subdivision 1. A guardianship or conservatorship of a minor shall terminate upon his death or upon his attainment of legal age. The marriage of a female ward or conservatee under guardianship or conservatorship as a minor only and not under a juvenile court guardianship or conservatorship shall terminate the guardianship or conservatorship of her person but not of her estate. The guardianship or conservatorship of a an adult ward or conservatee other than a minor shall terminate upon his death or upon his the ward's or conservatee's restoration to capacity. When there is no further need for any guardianship or conservatorship, the court may terminate the same upon such notice as it may direct. Termination does not affect a guardian's or conservator's liability for prior acts, nor his obligation to account for funds and assets of his ward or conservatee.

Sec. 18. Minnesota Statutes, 1979 Supplement, Section 525.61, is amended to read:

525.61 [RESTORATION TO CAPACITY; MODIFICATION OF GUARDIANSHIP OR CONSERVATORSHIP.] Any adult person who is under guardianship or conservatorship (except as a minor, or as a feeble-minded or epileptic person, or a person under guardianship or conservatorship in the juvenile court); or his guardian or conservator, or any other person interested in him or his estate may petition the court in which he was so adjudicated to be restored to capacity or to have a guardianship transferred to a conservatorship or to modify the guardianship or conservatorship. Upon the filing of a the petition, the court shall fix the time

and place for the hearing thereof, notice of which shall be given to the commissioner of public welfare if he was under the control of the commissioner and has not been discharged by the commissioner, ward or conservatee, guardian or conservator, and to those other persons and in a manner as the court may direct provided in section 525.55.

Any person may oppose the restoration. Upon proof that the person is of sound mind and capable of managing his person and estate, and that he is not likely to expose himself or his family to want or suffering, the court shall adjudge him restored to capacity. To obtain an order of restoration to capacity the petitioner must prove by a preponderance of the evidence that the ward or conservatee is no longer incapacitated as defined in section 525.54, and is able to make provisions for his care or manage his property. If a ward or conservatee has the functional ability to care for himself or for his property, or to make provisions for his care or the care of his property, the fact that he may be impaired to some extent by a mental condition shall not preclude his restoration to capacity. In any proceedings for restoration, the court may appoint two one person duly licensed doctors of medicine to assist in the determination of the mental capacity of the patient by a health related licensing board and one accredited social worker with expertise in evaluating persons who have the disabilities similar to those found to be the reason for the ward's or conservatee's incapacity, to assist in the determination of his mental condition and functional ability to care for himself or his property. The court shall allow and order paid to each doctor health professional and social worker a reasonable sum for his services. Upon the order, the county auditor shall issue a warrant on the county treasurer for the payment thereof.

Sec. 19. Minnesota Statutes 1978, Section 525.62, is amended to read:

525.62 [MORTGAGE AND LEASE.] Sections 525.62 to 525.702 shall be applicable only to guardianships and conservatorships and not to decedents' estates. As used in sections 525.62 to 525.702, the word "mortgage" includes an extension of an existing mortgage, subject to the provisions of section 525.691, the word "lease," unless the context otherwise indicates, means a lease for more than three years.

Sec. 20. Minnesota Statutes 1978, Section 525.63, is amended to read:

525.63 [REASONS FOR SALE, MORTGAGE, LEASE.] The court may direct a sale, mortgage, or lease of any real estate of a ward or conservatee when the personal property is insufficient to pay his debts and other charges against his estate, or to provide for the support, maintenance, and education of the ward or conservatee, his wife spouse, and dependent children, or when it shall determine such the sale, mortgage, or lease to be for the best interest of the ward or conservatee.

The homestead of a ward or conservatee shall not be sold,

mortgaged, or leased unless the written consent of the spouse has been filed.

Sec. 21. Minnesota Statutes 1978, Section 525.67, is amended to read:

525.67 [AGREEMENT AND SALE FOR PUBLIC PURPOSE.] When any real estate of a ward or conservatee is desired by any person, firm, association, corporation, or governmental agency having the power of eminent domain, the guardian or conservator may agree, in writing, upon the compensation to be made for the taking, injuring, damaging, or destroying thereof, subject to the approval of the court. When ~~such~~ *the* agreement has been made, the guardian or conservator shall file a petition, of which the agreement shall be a part, setting forth the facts relative to the transaction. The court, with ~~or without~~ *as provided in section 525.83*, shall hear, determine, and act upon the petition. If the court approves the agreement, the guardian or conservator, upon payment of the agreed compensation, shall convey the real estate sought to be acquired and execute any release which may be authorized.

Sec. 22. Minnesota Statutes 1978, Section 525.69, is amended to read:

525.69 [CONVEYANCE OF VENDOR'S TITLE.] When any ward or conservatee is legally bound to make a conveyance or lease, the court, with ~~or without~~ *as provided in section 525.83*, may direct the guardian or conservator to make the conveyance or lease to the person entitled thereto. The petition may be made by any person claiming to be entitled to ~~such~~ *the* conveyance or lease, or by the guardian or conservator, or by any person interested in the estate or claiming an interest in ~~such~~ *the* real estate or contract, and shall show the description of the land and the facts upon which ~~such~~ *the* claim for conveyance or lease is based. Upon proof of the petition, the court may order the guardian or conservator to execute and deliver an instrument of conveyance or lease upon performance of the contract.

Sec. 23. Minnesota Statutes 1978, Chapter 525, is amended by adding a section to read:

[525.703] [COSTS.] *In proceedings under sections 525.54 to 525.702, and except in cases in which the petitioner filed a petition in bad faith, fees for counsel representing the proposed ward or conservatee shall be borne by the proposed ward or conservatee. In cases in which the petitioner acted in bad faith, he shall bear the costs. Except as otherwise provided in this section, the fee of petitioner's counsel shall be borne by the petitioner. In uncontested cases the court may order the fee charged to the ward or conservatee if the petition is granted. If the proposed ward or conservatee is indigent, the fees for which the ward or conservatee is responsible shall be borne by the county having jurisdiction over the guardianship proceedings.*

Sec. 24. Minnesota Statutes 1978, Section 525.83, is amended to read:

525.83 [NOTICE.] When notice of hearing is required by any provision of this chapter by reference to this section, *such the* notice shall be given once a week for three consecutive weeks in a legal newspaper designated by the petitioner in the county wherein the proceedings are pending; or, if no such designation be made, in any legal newspaper in *such the* county; or, if the city of the decedent's residence is situated in more than one county, in any legal newspaper in *such the* city. The first publication shall be had within two weeks after the date of the order fixing the time and place for the hearing.

At least 14 days prior to the date fixed for hearing the petitioner, his attorney or agent, shall in guardianship or conservatorship mail a copy of the notice to *such the ward or conservatee, and other* persons as the court may direct and in *decedents'* estates shall mail a copy of the notice to each heir, devisee, and legatee whose name and address are known to him.

Proof of *such* publication and mailing shall be filed before the hearing. No defect in any notice nor in the publication or service thereof shall invalidate any proceedings.

Sec. 25. [525.615] [STATUS OF GUARDIAN OF MINOR; GENERAL.] *A person becomes a guardian of a minor by acceptance of a testamentary appointment or upon appointment by the court. The guardianship status continues until terminated, without regard to the location from time to time of the guardian and minor ward.*

Sec. 26. [525.6155] [TESTAMENTARY APPOINTMENT OF GUARDIAN OF MINOR.] *The parent of a minor may appoint by will a guardian of an unmarried minor. Subject to the right of the minor under section 27, a testamentary appointment becomes effective upon filing the guardian's acceptance in the court in which the will is probated, if before acceptance, both parents are dead or the surviving parent is adjudged incapacitated. If both parents are dead, an effective appointment by the parent who died later has priority. This state recognizes a testamentary appointment effected by filing the guardian's acceptance under a will probated in another state which is the testator's domicile. Upon acceptance of appointment, written notice of acceptance must be given within five days by the guardian to the minor, to the person having his care, to his adult siblings, his grandparents, aunts and uncles. Notice shall state that any person interested in the welfare of the minor, or the minor, if 14 or more years of age, may file with the court a written objection to the appointment in accordance with section 27.*

Sec. 27. [525.616] [OBJECTION BY MINOR OF 14 OR OLDER OR INTERESTED ADULT TO TESTAMENTARY APPOINTMENT.] *A minor of 14 or more years or any adult interested in his welfare may prevent an appointment of his testamentary guardian from becoming effective, or may cause a previously accepted appointment to terminate, by filing with the court in which the will is probated a written objection to the appointment before it is accepted or within 30 days after its ac-*

ceptance. An objection may be withdrawn. An objection does not preclude appointment by the court in a proper proceeding of the testamentary nominee, or any other suitable person.

Sec. 28. [525.6165] [COURT APPOINTMENT OF GUARDIAN OF MINOR; CONDITIONS FOR APPOINTMENT.]

The court may appoint a guardian for an unmarried minor if all parental rights of custody have been terminated or suspended by circumstances or prior court order. A guardian appointed by will as provided in section 26 whose appointment has not been prevented or nullified under section 27 has priority over any guardian who may be appointed by the court but the court may proceed with an appointment upon a finding that the testamentary guardian has failed to accept the testamentary appointment within 30 days after notice of the guardianship proceeding.

Sec. 29. [525.617] [COURT APPOINTMENT OF GUARDIAN OF MINOR; VENUE.] *The venue for guardianship proceedings for a minor is in the place where the minor resides or is present.*

Sec. 30. [525.6175] [COURT APPOINTMENT OF GUARDIAN OF MINOR; QUALIFICATION; PRIORITY OF MINOR'S NOMINEE.] *The court may appoint as guardian any person whose appointment would be in the best interests of the minor. The court shall appoint a person nominated by the minor, if the minor is 14 years of age or older, unless the court finds the appointment contrary to the best interests of the minor.*

Sec. 31. [525.618] [COURT APPOINTMENT OF GUARDIAN OF MINOR; PROCEDURE.] *Subdivision 1. Notice of the time and place of hearing of a petition for the appointment of a guardian of a minor shall be given by the petitioner in the following manner and to the following persons:*

(a) The minor, if he is 14 or more years of age, by personal service at least 14 days prior to the date of hearing;

(b) The person who has had the principal care and custody of the minor during the 60 days preceding the date of the petition by personal service, at least 14 days prior to the date of hearing;

(c) Any living parent of the minor by personal service, at least 14 days prior to the date of hearing;

(d) Any adult siblings of the minor, service by mail, at least 14 days prior to the date of hearing; and

(e) To any other persons that the court may direct.

Subd. 2. Upon hearing, if the court finds that a qualified person seeks appointment, venue is proper, the required notices have been given, the requirements of section 28 have been met, and the welfare and best interests of the minor will be served by the requested appointment, it shall make the appointment. In other cases the court may dismiss the proceedings, or make any other disposition of the matter that will best serve the interests of the minor.

Subd. 3. *If necessary, the court may appoint a temporary guardian, with the status of an ordinary guardian of a minor, but the authority of a temporary guardian shall not last longer than six months.*

Subd. 4. *If, at any time in the proceeding, the court determines that the interests of the minor are or may be inadequately represented, it may appoint an attorney to represent the minor, giving consideration to the preference of the minor if the minor is 14 years of age or older.*

Sec. 32. [525.6185] [CONSENT TO SERVICE BY ACCEPTANCE OF APPOINTMENT; NOTICE.] *By accepting a testamentary or court appointment as guardian, a guardian submits personally to the jurisdiction of the court in any proceeding relating to the guardianship that may be instituted by any interested person. Notice of any proceeding shall be given by personal service upon the guardian at least 14 days prior to the date of the hearing. Letters of guardianship must indicate whether the guardian was appointed by will or by court order.*

Sec. 33. [525.619] [POWERS AND DUTIES OF GUARDIAN OF MINOR.] *A guardian of a minor has the powers and responsibilities of a parent who has not been deprived of custody of his minor and unemancipated child, except that a guardian is not legally obligated to provide from his own funds for the ward. In particular, and without qualifying the foregoing, a guardian has the following powers and duties:*

(a) He must take reasonable care of his ward's personal effects and commence protective proceedings if necessary to protect other property of the ward.

(b) He may receive money payable for the support of the ward to the ward's parent, guardian or custodian under the terms of any statutory benefit or insurance system, or any private contract, devise, trust, conservatorship or custodianship. He also may receive money or property of the ward paid or delivered by virtue of section 37. Any sums so received shall be applied to the ward's current needs for support, care and education. He must exercise due care to conserve any excess for the ward's future needs unless a conservator has been appointed by the estate of the ward, in which case the excess shall be paid over at least annually to the conservator. Sums so received by the guardian are not to be used for compensation for his services except as approved by order of court or as determined by a duly appointed conservator other than the guardian. A guardian may institute proceedings to compel the performance by any person of a duty to support the ward or to pay sums for the welfare of the ward.

(c) The guardian is empowered to facilitate the ward's education, social, or other activities and to authorize medical or other professional care, treatment or advice. A ward may not be committed to any state institution except pursuant to sections 253A.01 to 253A.21 and no guardian may give consent for psychosurgery, electroshock, sterilization or experimental treatment of any kind

unless the procedure is first approved by the order of the court, after a hearing as prescribed by section 525.56, subdivision 2.

A guardian is not liable by reason of his consent for injury to the ward resulting from the negligence or acts of third persons unless it would have been illegal for a parent to have consented, or unless he fails to comply with the requirements of this section which provide that a court order is necessary for commitment and for certain types of medical procedures. A guardian may consent to the marriage or adoption of his ward.

(d) A guardian must report the condition of his ward and of the ward's estate which has been subject to his possession or control, as ordered by the court on petition of any person interested in the minor's welfare and as required by section 525.58, subdivision 1.

Sec. 34. [525.6192] [TERMINATION OF APPOINTMENT OF GUARDIAN; GENERAL.] A guardian's authority and responsibility terminates upon the death, resignation or removal of the guardian or upon the minor's death, adoption, marriage or attainment of majority, but termination does not affect his liability for prior acts, nor his obligation to account for funds and assets of his ward. Resignation of a guardian does not terminate the guardianship until it has been approved by the court. A testamentary appointment under an informally probated will terminates if the will is later denied probate in a formal proceeding.

Sec. 35. [525.6194] [PROCEEDINGS SUBSEQUENT TO APPOINTMENT; VENUE.] (a) The court where the ward resides has concurrent jurisdiction with the court which appointed the guardian, or in which acceptance of a testamentary appointment was filed, over resignation, removal, accounting and other proceedings relating to the guardianship.

(b) If the court located where the ward resides is not the court in which acceptance of appointment is filed, the court in which proceedings subsequent to appointment are commenced shall in all appropriate cases notify the other court, in this or another state, and after consultation with that court determine whether to retain jurisdiction or transfer the proceedings to the other court, whichever is in the best interests of the ward. A copy of any order accepting a resignation or removing a guardian shall be sent to the court in which acceptance of appointment is filed.

Sec. 36. [525.6195] [RESIGNATION OR REMOVAL PROCEEDINGS.] (a) Any person interested in the welfare of a ward, or the ward, if 14 or more years of age, may petition for removal of a guardian on the ground that removal would be in the best interests of the ward. A guardian may petition for permission to resign. A petition for removal or for permission to resign may, but need not, include a request for appointment of a successor guardian.

(b) After notice and hearing on a petition for removal or for

permission to resign, the court may terminate the guardianship and make any further order that may be appropriate.

(c) If, at any time in the proceeding, the court determines that the interests of the ward are, or may be, inadequately represented, it may appoint an attorney to represent the minor, giving consideration to the preference of the minor if the minor is 14 or more years of age.

Sec. 37. [525.6196] [FACILITY OF PAYMENT OR DELIVERY.] Any person under a duty to pay or deliver money or personal property to a minor may perform this duty, in amounts not exceeding \$5,000 per annum, by paying or delivering the money or property to, (1) the minor, if he has attained the age of 18 years or is married; (2) any person having the care and custody of the minor with whom the minor resides; (3) a guardian of the minor; or (4) a financial institution incident to a deposit in a federally insured savings account in the sole name of the minor and giving notice of the deposit to the minor. This section does not apply if the person making payment or delivery has actual knowledge that a conservator has been appointed or proceedings for appointment or a conservator of the estate of the minor are pending. The persons, other than the minor or any financial institution under (4) above, receiving money or property for a minor, are obligated to apply the money to the support and education of the minor, but may not pay themselves except by way of reimbursement for out-of-pocket expenses for goods and services necessary for the minor's support. Any excess sums shall be preserved for future support of the minor and any balance not so used and any property received for the minor must be turned over to the minor when he attains majority. Persons who pay or deliver in accordance with provisions of this section are not responsible for the proper application thereof.

Sec. 38. [525.6198] [PRODUCTIVE PROCEEDINGS; APPOINTMENT OF CONSERVATOR OF ESTATE OF MINOR.] Upon petition and after notice and hearing in accordance with the provisions of section 31 the court may appoint a conservator or make other protective order for cause as follows:

(1) Appointment of a conservator or other protective order may be made in relation to the estate and affairs of a minor if the court determines that a minor owns money or property that requires management or protection which cannot otherwise be provided, has or may have business affairs which may be jeopardized or prevented by his minority, or that funds are needed for his support and education and that protection is necessary or desirable to obtain or provide funds.

(2) The court may grant to the conservator of the estate of a minor any or all of the powers and duties enumerated in section 525.56, subdivision 3, and the conservator shall be subject to the requirements of 525.58 to 525.582 regarding an inventory and accounting. The conservator shall file a bond with the court in such amount as the court may direct.

Sec. 39. [REPEALER.] *Minnesota Statutes 1978, Sections 525.60, Subdivision 2; 525.611; 525.612; 525.613; 525.614; and 525.621 are repealed.*

Sec. 40. [EFFECTIVE DATE.] *This act is effective August 1, 1981."*

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

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

H. F. Nos. 2314 and 2185 for comparison with companion Senate Files, reports the following House Files were found identical and recommends the House Files be given their second reading and substituted for their companion Senate Files as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H. F. No.	S. F. No.	H. F. No.	S. F. No.	H. F. No.	S. F. No.
2314	2385				
2185	2137				

and that the above Senate Files be indefinitely postponed.

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

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

H. F. No. 2082 for comparison with companion Senate File, reports the following House File was found not identical with its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H. F. No.	S. F. No.	H. F. No.	S. F. No.	H. F. No.	S. F. No.
2082	2138				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 2082 be amended as follows:

Page 2, line 9, after "offices" insert "*as provided in section 3*"

Page 2, delete lines 10 to 33

Page 3, delete lines 1 and 2

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

Page 3, line 13, delete "4" and insert "3"

Page 3, lines 16 to 18, delete "*a special election is held in conjunction with the next appropriate regular city election*" and insert "*an election is held as provided in this subdivision*"

Page 3, line 21, after "election," insert "*a special election shall be held at the next regular city election and*"

Page 3, line 23, delete ", if any,"

Page 3, line 28, delete "next" and insert "second"

Page 3, line 29, after "election." insert: "No special election shall be held if the next regular city election is held in the year preceding expiration of the vacant term. The names of candidates to fill a vacancy in the office of councilman in a statutory city shall be listed under the separate heading "Special election for councilman to fill vacancy in term expiring", with the date of expiration of the term and any other information as may be necessary to distinguish the office. Under the heading for the office of mayor in a special election shall be the words "To fill vacancy in term expiring"."

Page 3, after line 29, insert

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

Further, amend the title as follows:

Page 1, line 5, delete "205.17, Subdivision 1;"

And when so amended H. F. No. 2082 will be identical to S. F. No. 2138, and further recommends that H. F. No. 2082 be given its second reading and substituted for S. F. No. 2138, and that the Senate File be indefinitely postponed.

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

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

S. F. No. 883: A bill for an act relating to taxation; property; eliminating the requirement for providing certificates of rent paid for purposes of the property tax refund; amending Minnesota Statutes 1978, Section 290A.19.

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

Delete everything after the enacting clause and insert:

"ARTICLE I: INDIVIDUAL INCOME TAX

Section 1. 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)(I).

(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;

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

(14) *The amount received by the taxpayer as a dividend from a corporation or as interest. This modification shall not be provided for any dividend from a corporation which, for the taxable year of the corporation in which the distribution is made, or for its next preceding taxable year, is exempt from tax under section 501 relating to certain charitable organizations or section 521 relating to farmers' cooperative associations of the Internal Revenue Code of 1954, as amended through December 31, 1979.*

For purposes of this clause, "interest" means interest on deposits with a bank; amounts, whether or not designated as interest, paid in respect of deposits, investment certificates, or withdrawable or repurchasable shares, by a mutual savings bank, cooperative bank, domestic building and loan association, industrial loan association or bank, or credit union, or any other savings or thrift institution which is chartered and supervised under federal or state law, the deposits or accounts in which are insured under federal or state law or which are protected and guaranteed under state law; interest on evidences of indebtedness, including bonds, debentures, notes, and certificates, issued by a corporation incorporated in this state in registered form, and to the extent provided in regulations to be prescribed by the commissioner of revenue, other evidences of indebtedness issued by a corporation of a type offered by corporations to the public; interest on obligations of the United States, a state or a political subdivision of a state that are not excluded from gross income of the taxpayer under any other provision of law; and interest attributable to participation shares in a trust established and maintained by a corporation established pursuant to federal law. The maximum amount of the subtraction allowed under this clause shall be \$200 in the case of a single taxpayer or \$400 in the case of married taxpayers. If the husband and wife make separate, combined or joint returns, the total subtraction may be taken by either of them, or the amount of the subtraction may be divided between them; and

(15) *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 and as amended in H. R. 3919 (Crude Oil Windfall Profit Tax Act of 1980) as passed by the United States House of Representatives on March 13, 1980.

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

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

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

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

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

any taxable year shall be treated as gross income for the year in which actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act.

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

Sec. 2. Minnesota Statutes, 1979 Supplement, Section 290.06, Subdivision 3c, is amended to read:

Subd. 3c. [CREDITS AGAINST TAX.] Notwithstanding the provisions of subdivision 3a for taxable years which begin after December 31, 1978 and before January 1, 1980, the taxes due under the computation in accordance with section 290.06 shall be credited with the following amounts:

(1) In the case of an unmarried individual and in the case of the estate of a decedent, \$55, and in the case of a trust, \$5;

(2) In the case of a married individual, living with a spouse, \$110. If the spouses file separate, combined or joint returns the personal credits may be taken by either or divided between them;

(3) In the case of an individual, \$55 for each person (other than a spouse) dependent upon and receiving his chief support from the taxpayer. One taxpayer only shall be allowed this credit with respect to any given dependent. A payment to a divorced or separated spouse, other than a payment for support of minor children under a temporary order or final decree of dissolution or legal separation, shall not be considered a payment by the other spouse for the support of any dependent.

(4) (a) In the case of an unmarried individual who has attained the age of 65 before the close of his taxable year, an additional \$55;

(b) In the case of an unmarried individual who is blind at the close of the taxable year, an additional \$55;

(c) In the case of a married individual, living with a spouse, an additional \$55 for each spouse who has attained the age of 65

before the close of the individual's taxable year, and an additional \$55 for each spouse who is blind at the close of the individual's taxable year. If such husband and wife make separate, combined or joint returns, these credits may be taken by either or divided between them;

(d) In the case of an individual, another \$55 for each person, other than a spouse, who is blind and dependent upon and receiving his chief support from the taxpayer;

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

(f) In the case of an unmarried individual who is deaf at the close of the taxable year, an additional \$55.

(g) In the case of a married individual, an additional \$55 for each spouse who is deaf at the close of the taxable year. If the spouses file separate, combined or joint returns, these credits may be taken by either or divided between them.

(h) In the case of an individual, an additional \$55 for each person (other than a spouse) who is deaf and dependent upon and receiving his chief support from the taxpayer.

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

(5) (a) In the case of an unmarried individual who is a quadriplegic at the close of the taxable year, an additional \$55;

(b) In the case of a married individual, living with a spouse, an additional \$55 for each spouse who is a quadriplegic at the close of the taxable year. *If the spouses file separate, combined or joint returns, these credits may be taken by either or divided between them ; and*

(c) In the case of an individual, another \$55 for each person, other than a spouse, who is *quadriplegic* and dependent upon and receiving his chief support from the taxpayer ; *and who is a quadriplegic at the close of the taxable year and*

(d) *For the purposes of subparagraphs (a), (b) and (c) of paragraph (5), "quadriplegic" means an individual who has a congenital or traumatic partial or total loss of all four limbs or who has a disability that substantially impairs the functioning of all four limbs.*

(6) In the case of an insurance company, it shall receive a credit on the tax computed as above equal in amount to any taxes based on premiums paid by it during the period for which the tax under Extra Session Laws 1967, Chapter 32, is imposed by virtue of any

law of this state, other than the surcharge on premiums imposed by Extra Session Laws 1933, Chapter 53, as amended;

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

Sec. 3. Minnesota Statutes, 1979 Supplement, Section 290.06, Subdivision 3d, is amended to read:

Subd. 3d. [LOW INCOME ALTERNATIVE TAX.] The taxes due as computed in accordance with section 290.06, subdivisions 2e, 3e, and 3e shall be credited with the following amounts A claimant as defined in 290.012 may pay a tax computed under this subdivision in lieu of the tax computed under section 290.06, subdivisions 2c, 3c and 3f without the provisions of section 290.012 and this subdivision :

(1) For taxable years beginning after December 31, 1978, A credit equal to his tax liability in the case of 1979, the alternative tax shall be zero for the following claimants :

(a) An unmarried claimant with an income of \$5,500 \$5,800 or less;

(b) A claimant with one dependent, with an income of \$7,000 \$7,400 or less;

(c) A claimant with two dependents, with an income of \$8,000 \$8,800 or less;

(d) A claimant with three dependents, with an income of \$8,000 \$10,000 or less;

(e) A claimant with four dependents, with an income of \$9,600 \$10,500 or less; and

(f) A claimant with five or more dependents, with an income of \$10,000 \$11,000 or less.

For taxable years beginning after December 31, 1980, the alternative tax shall be zero for the following claimants:

(a) An unmarried claimant with an income of \$6,500 or less;

(b) A claimant with one dependent, with an income of \$8,600 or less;

(c) A claimant with two dependents, with an income of \$10,400 or less;

(d) A claimant with three dependents, with an income of \$12,000 or less; ,

(e) A claimant with four dependents, with an income of \$12,800 or less; and

(f) A claimant with five or more dependents, with an income of \$13,500 or less.

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

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

The commissioner of revenue shall provide alternative tax tables which will include these credits.

(4) For taxable years beginning after December 31, 1980, the commissioner of revenue shall determine and announce by October 1 of 1981 and each subsequent year, the percentage increase from August, 1980 to, in 1981, August, 1981, and, in subsequent years, from August of the preceding year to August of the current year in the revised all urban consumer price index for the Minneapolis-St. Paul metropolitan area prepared by the United States department of labor with 1967 as a base year. Each year, the income exclusion amounts contained in clause (1) shall be increased by the determined percentage, rounded to the nearest dollar to produce the inflation adjusted exclusion amounts for the taxable year.

Sec. 4. Minnesota Statutes, 1979 Supplement, Section 290.06, Subdivision 3f, is amended to read:

Subd. 3f. [CREDITS AGAINST TAX.] Notwithstanding the provisions of subdivision 3a, and subject to the provisions of subdivision 3g for taxable years which begin after December 31, 1979, the taxes due under the computation in accordance with this section shall be credited with the following amounts:

(1) In the case of an unmarried individual and in the case of the estate of a decedent, \$60, and in the case of a trust, \$5;

(2) In the case of a married individual, living with a spouse, \$120. If the spouses file separate, combined or joint returns the personal credits may be taken by either or divided between them;

(3) In the case of an individual, \$60 for each person (other than a spouse) dependent upon and receiving his chief support from the taxpayer. One taxpayer only shall be allowed this credit with respect to any given dependent. A payment to a divorced or separated spouse, other than a payment for support of minor children under a temporary order or final decree of dissolution or legal separation, shall not be considered a payment by the other spouse for the support of any dependent.

(4) (a) In the case of an unmarried individual who has attained

the age of 65 before the close of his taxable year, an additional \$60;

(b) In the case of an unmarried individual who is blind at the close of the taxable year, an additional \$60;

(c) In the case of a married individual, living with a spouse, an additional \$60 for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an additional \$60 for each spouse who is blind at the close of the individual's taxable year. If the spouses file separate, combined or joint returns, these credits may be taken by either or divided between them;

(d) In the case of an individual, another \$60 for each person, other than a spouse, who is blind and dependent upon and receiving his chief support from the taxpayer;

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

(f) In the case of an unmarried individual who is deaf at the close of the taxable year, an additional \$60.

(g) In the case of a married individual, an additional \$60 for each spouse who is deaf at the close of the taxable year. If the spouses file separate, combined or joint returns, these credits may be taken by either or divided between them.

(h) In the case of an individual, an additional \$60 for each person (other than a spouse) who is deaf and dependent upon and receiving his chief support from the taxpayer.

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

(5) (a) In the case of an unmarried individual who is a quadriplegic at the close of the taxable year, an additional \$60;

(b) In the case of a married individual, living with a spouse, an additional \$60 for each spouse who is a quadriplegic at the close of the taxable year. *If the spouses file separate, combined or joint returns, these credits may be taken by either or divided between them ; and*

(c) In the case of an individual, another \$60 for each person, other than a spouse, who is *quadriplegic* and dependent upon and receiving his chief support from the taxpayer, *and who is a quadriplegic at the close of the taxable year. ; and*

(d) *For the purposes of subparagraphs (a), (b) and (c) of paragraph 5, "quadriplegic" means an individual who has a con-*

genital or traumatic partial or total loss of all four limbs or who has a disability that substantially impairs the functioning of all four limbs.

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

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

Sec. 5. Minnesota Statutes 1978, Section 290.06, is amended by adding a subdivision to read:

Subd. 3h. [RESIDENTIAL WOOD HEATING CREDIT.] A credit of \$25 may be deducted from the tax due from an individual taxpayer, if any, under this chapter if the taxpayer heated his principal residence with the use of a wood fired stove, furnace or boiler, and if wood fired sources supplied at least 50 percent of the residence's space heating during the taxable year.

Sec. 6. 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; and

(e) Expenditures for furnaces, boilers or stoves which are fueled by wood. In order to qualify for the credit the stove, furnace, boiler or any combination thereof shall be designed to supply at least 50 percent of the residence's required annual heating load.

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 credits may be carried back two years, in chronological order. No credit may be carried back to a taxable year beginning before January 1, 1978. For the purposes of sections 290.46 and 290.50, if the claim for refund relates to an overpayment attributable to an energy conservation credit carryback under this subdivision, in lieu of the period of limitation prescribed in sections 290.46 and 290.50, the period of limitation shall be that period which ends with the expiration of the 15th day of the 46th month following the end of the taxable year of the energy conservation credit which results in the carryback. In the case in which a taxpayer is entitled to a refund in a carryback year due to the carryback of the energy conservation credit, interest shall be computed only from the end of the taxable year in which the energy conservation credit occurs.

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.*

Notwithstanding section 290.61, the commissioner of revenue may request the energy agency to assist in the review and auditing of the information furnished by the taxpayer for purposes of claiming this credit. The provisions of section 290.61 shall apply to employees of the energy agency who receive information furnished by the taxpayer for purposes of claiming this credit.

~~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.*

Sec. 7. Minnesota Statutes 1978, Section 290.06, is amended by adding a subdivision to read:

Subd. 15. [COMMUTER CARPOOL CREDIT.] An individual taxpayer who operates a carpool may take a credit against the tax due from him and his spouse, if any, under this chapter in an amount equal to five cents per passenger not including the driver carried in the motor vehicle, up to a maximum of 20 cents, for each mile the motor vehicle is driven for purposes of the carpool.

For purposes of this section, a taxpayer shall be deemed to operate a carpool if a motor vehicle owned or leased for personal use by the taxpayer or his spouse is used by the taxpayer and at least one other passenger for the purpose of traveling to and from his principal residence and regular place of work.

If the amount of the credit for which a taxpayer qualifies pursuant to this subdivision exceeds his tax liability pursuant to this chapter, the excess shall be refunded to the taxpayer by the commissioner of revenue.

Sec. 8. Minnesota Statutes 1978, Section 290.06, is amended by adding a subdivision to read:

Subd. 16. An individual taxpayer who contributes to an organization described in section 290.21, subdivision 3, clauses (a), (b), (c) and (d) by providing transportation for a person over 60 years of age may, in addition to a contribution deduction allowed under section 290.21, take a credit against the tax due from him and his spouse, if any, under this chapter in an amount equal to five cents per passenger not including the driver carried in the motor vehicle, up to a maximum of 20 cents, for each mile the motor vehicle is driven for transportation contribution purposes.

If the amount of the credit for which a taxpayer qualifies pursuant to this subdivision exceeds his tax liability pursuant to this

chapter, the excess shall be refunded to the taxpayer by the commissioner of revenue.

Sec. 9. Minnesota Statutes 1978, Section 290.067, Subdivision 2, is amended to read:

Subd. 2. [LIMITATIONS.] The credit for expenses incurred for the care of each dependent shall not exceed ~~\$150~~ \$200 in any taxable year, and the total credit for all dependents of a claimant shall not exceed ~~\$300~~ \$400 in a taxable year. The total credit shall be reduced by five percent of the amount by which the combined federal adjusted gross income of the claimant and his spouse, if any, exceeds ~~\$12,000~~ \$15,000 . A married claimant shall file his income tax return for the year for which he claims the credit either jointly or separately on one form with his spouse. In the case of a married claimant only one spouse may claim the credit. No expense for which a medical expense deduction is claimed pursuant to section 290.09, subdivision 10, shall be claimed as a dependent care expense.

Sec. 10. Minnesota Statutes 1978, Section 290.18, is amended by adding a subdivision to read:

Subd. 4. [SOCIAL SECURITY TAX AND SIMILAR DEDUCTIONS.] *In the computation of the taxable net income of an individual, there shall be deducted from the gross income assignable to this state under section 290.17, the following amounts, to the extent allocable to gross income assignable to this state:*

(a) *In the case of an individual whose employment is subject to the provisions of the Federal Insurance Contributions Act, one half of the amount deducted from his wages under 26 U.S.C.A. 3102, as amended through December 31, 1979;*

(b) *In the case of an individual whose employment is subject to the provisions of the Railroad Retirement Act of 1974, one half of the amount deducted from his wages for the purpose of funding the annuity received under that act;*

(c) *In the case of an individual who pays a tax on self-employment income pursuant to section 1401 of the Internal Revenue Code of 1954, as amended through December 31, 1979, an amount equal to one half of the tax that would be payable under 26 U.S.C.A. 3102, as amended through December 31, 1979, on the same amount of income on which the self-employment tax was payable; and*

(d) *In the case of an individual employed by the United States, its agencies or instrumentalities, the state of Minnesota or any of its political or governmental agencies, or by any other state or its political or governmental subdivisions, whose employment is not included in the definition set forth in 26 U.S.C.A. 3121(b), as amended through December 31, 1979, and consequently is not subject to the provisions of the Federal Insurance Contributions Act, but who is required as a condition of that employment to contribute to a pension or other retirement benefit fund, one half of the amount required to be contributed to that fund.*

The maximum amount of the deduction available pursuant to this subdivision is \$500. If, in a single taxable year, an individual contributes to more than one of the funds described in clauses (a), (b), (c) and (d) the \$500 maximum shall apply to the aggregate of those contributions.

Sec. 11. [EFFECTIVE DATE.] *Clause (b)(14) of section 1 is effective for taxable years beginning after December 31, 1980. Clause (b)(15) of section 1 is effective for federal credits received for taxable years beginning after December 31, 1977. Sections 5 and 9 are effective for taxable years beginning after December 31, 1979. Sections 7 and 8 are effective for the first taxable year of the taxpayer beginning after December 31, 1980; when the credit has terminated after one year, the department of revenue shall evaluate the use that has been made of the credit, and report to the legislature. Section 10 is effective for taxable years beginning after December 31, 1980.*

ARTICLE II: PROPERTY TAX

Section 1. [LEGISLATIVE INTENT AND PURPOSE.] *It is the intent and purpose of sections 1 to 11 to provide:*

(a) A means by which municipalities may establish an orderly phase-out of local police and salaried firefighters relief associations governed by Minnesota Statutes, Section 69.77, by allowing municipalities to provide that all newly hired police officers and salaried firefighters shall be covered by the public employees police and fire fund established by Minnesota Statutes, Sections 353.63 to 353.68;

(b) Assistance to municipalities and local police and salaried firefighters relief associations by establishing a local police and salaried firefighters relief association amortization state aid program; and

(c) An increase in retirement benefits to members of local police and salaried firefighters relief associations under certain conditions while not diminishing or impairing any retirement benefits of any persons who are members of local police and salaried firefighters relief associations, either active or retired.

Sec. 2. Minnesota Statutes 1978, Section 69.77, Subdivision 2, as amended by Laws 1980, Chapter 341, Section 1, is amended to read:

Subd. 2. *Subdivision 1 does not apply to an association enumerated in subdivision 1a under the following circumstances:*

(1) Each member of the association pays into the retirement funds of the association during his term of covered employment from and after January 1, 1981, a contribution for retirement and survivorship benefits of not less than eight percent of the maximum rate of salary from which retirement and survivorship credits and amounts of benefits are determined, and that such contributions of a member are deducted from his salary by his governmental employer, transmitted to the association, and

deposited to the credit of the proper fund thereof, provided that to avoid undue increase in the amount of employee contributions in any one year, any increase in the amount of contributions required by this section may be spread over several years, but the increase in rate of contribution in each year commencing in 1981 shall not be less than one percent until the appropriate levels of required employee contributions have been reached. This paragraph shall not apply to members who are volunteer firefighters, provided that the local governing body shall have given their approval to the exemption following consideration of the most recent actuarial survey.

(2) The officers of the association determine on or before the date established by the municipality, which shall not be later than September 1 and shall not be earlier than August 1, of each year the financial requirements and minimum obligation of the association for the following calendar year in accordance with the following requirements:

The financial requirements shall be based on the most recent actuarial survey prepared in accordance with sections 356.215, subdivision 4 and 356.216.

For a relief association which is located in a municipality which has adopted and filed a resolution as provided in section 4, subdivision 1, or section 6, the total of the amounts calculated pursuant to clauses (a) and (c) shall constitute the financial requirements of the relief association for the following year. For a relief association which is located in a municipality which has not adopted and filed a resolution as provided in section 4, subdivision 1, or section 6, the total of the amounts calculated pursuant to clauses (a) and (b) shall constitute the financial requirements of the relief association for the following year.

(a) The normal level cost expressed as a percent of covered payroll determined from the actuarial survey shall be applied to the estimated covered payroll of the membership for the following year to determine the dollar amount of normal cost for said following year.

(b) To the dollar amount of normal cost thus determined shall be added the amount of one year's interest at five percent on the amount of the (deficit) unfunded liability found by the actuarial survey of the fund.

The total of these two amounts represents the financial requirements of the association for the following year.

(c) *To the dollar amount of normal cost thus determined shall be added an amount equal to the level annual dollar amount sufficient to amortize the unfunded accrued liability by December 31, 2010, as determined from the actuarial survey of the fund.*

Except as otherwise provided in this paragraph, the minimum obligation of the governmental subdivision shall be the financial requirements of the association less the estimated amount of member contributions herein provided from covered salary anti-

pated for the following calendar year and less one year's estimated receipts expected from the applicable state of Minnesota through state collected insurance premium taxes or other state aids aid program established pursuant to sections 69.011 to 69.051, and from the local police and salaried firefighters' relief association amortization aid program established pursuant to section 5. The minimum obligation may, by vote of the governing body of the governmental subdivision, be reduced to the amount levied in the preceding year for purposes of the association, plus the following percentage of the difference between that levy and the amount of the minimum obligation determined without benefit of this sentence: for the levy made in 1971, 10 percent; in 1972, 20 percent; in 1973, 30 percent; in 1974, 40 percent; in 1975, 50 percent; in 1976, 60 percent; in 1977, 70 percent; in 1978, 80 percent; and in 1979, 90 percent. Commencing with the levy made in 1980, there shall be no reduction in the minimum obligation pursuant to this paragraph.

(3) The foregoing determination of the obligation of a governmental subdivision shall be submitted to its governing body *on or before the date established by the municipality which shall not be earlier than August 1 and shall not be later than September 1* of each year so that it may ascertain if it has been prepared in accordance with law.

(4) The governmental subdivision shall provide and pay as promptly as funds are available to the association at least the amount of the minimum obligation each year. Any portion of this amount not paid to the association at the end of any calendar year shall be increased at the rate of six percent per annum until so paid. On September 1 of any year the unpaid amount subject to interest shall be added to the obligation of the governmental subdivision.

(5) The governmental subdivision shall provide in its annual budget at least its minimum obligation and may levy taxes for the payment thereof without limitation as to rate or amount and irrespective of limitations imposed by other provisions of law upon the rate or amount of taxation when the balance of any fund of the association has attained a specified level: the levy of such taxes shall not cause the amount of other taxes levied or to be levied by the governmental subdivision, which are subject to any such limitation, to be reduced in any amount whatsoever. If the governmental subdivision does not include the full amount of the minimum obligation in its levy for any year, the officers of the association shall certify that amount to the county auditor, who shall spread a levy in the amount of such obligation.

(6) Moneys paid by the governmental subdivision to the association in excess of the minimum amount so required shall be applied to the reduction in the unfunded liabilities of the association.

(7) The funds of the association shall be invested in securities which are proper investments for funds of the Minnesota state retirement system, except that up to \$10,000 may be invested in the stock of any one corporation in any account of such small size

that the three percent stock limitation applicable to the Minnesota state retirement system would necessitate a lesser investment. Securities held by the association before July 1, 1981, which do not meet the requirements of this paragraph may be retained after that date if they were proper investments for the association on April 28, 1969. The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board of investment under the provisions of section 11.21, provided that there be no share account described in section 11.18, subdivision 2, or in the fixed-return account described in section 11.18, subdivision 3a, and that up to 20 percent of that portion of the assets of the association invested in the Minnesota supplemental retirement fund may be invested in the growth share account described in section 11.18, subdivision 3.

(8) The association shall procure an actuarial survey showing the condition of its fund pursuant to section 356.216 as of December 31, 1978, and shall procure an actuarial survey every two years thereafter. The association shall also procure a quadrennial experience study pursuant to section 356.216 as of December 31, 1978, and shall procure a quadrennial experience study every four years thereafter. A copy of the actuarial survey and the quadrennial experience study shall be filed with the director of the legislative reference library, the governing body of the municipality in which the association is organized, the executive secretary of the legislative commission on pensions and retirement, and the commissioner of insurance, not later than June 1 of the following year.

Sec. 3. Minnesota Statutes 1978, Section 353.657, Subdivision 3, is amended to read:

Subd. 3. Each dependent child, until the child reaches the age of 18 years, shall receive a monthly benefit equal to ten percent of the member's average monthly salary earned as a police officer or fire fighter on which employee contributions were paid over the last full six months of allowable service preceding death. Payments for the benefit of any qualified dependent child under the age of 18 years shall be made to the surviving parent, or if there be none, to the legal guardian of such the child. The maximum monthly benefit for any one family shall not exceed \$450 an amount equal to 50 percent of the member's specified average monthly salary, and the minimum benefit per family shall not be less than 30 percent of the member's said specified average monthly salary, subject to the aforementioned maximum.

Sec. 4. [MODIFICATION IN RETIREMENT COVERAGE OR BENEFITS FOR CERTAIN POLICE OFFICERS AND FIREFIGHTERS; AUTHORIZING MUNICIPAL IMPLEMENTATION.] Subdivision 1. [AUTHORIZATION OF MUNICIPAL ACTION.] Notwithstanding any provision of law, municipal charter, municipal ordinance or resolution, or relief association articles of incorporation or bylaws to the contrary, any municipality in which is located a local police or salaried firefighters' relief association which is governed by Minnesota Statutes, Section

69.77, is authorized to implement the provisions of this section. Implementation shall be effected by a municipal resolution approved by a majority of the governing body of the municipality following consultation with the board of trustees of the affected local relief association and the holding of a public meeting at which the views of the public are considered. Prior to becoming effective, a copy of the municipal resolution shall be filed with the secretary of state, the commissioner of finance, the commissioner of insurance and the executive secretary of the legislative commission on pensions and retirement. To be deemed an implementing municipal resolution within the meaning of this section and sections 1 and 5, the municipal resolution shall either refer to this section in the text or shall describe in summary form the modifications provided for in this section. Once granted, municipal approval shall be irrevocable.

Subd. 2. [MODIFICATION OF RETIREMENT COVERAGE FOR CERTAIN NEWLY HIRED POLICE OFFICERS AND FIREFIGHTERS.] Any person first employed by a municipality which has adopted a municipal resolution pursuant to subdivision 1 after the effective date for the modification stated in the municipal resolution, which date shall not in any event be later than the first day of the month occurring six months after the date of passage of the municipal resolution, as a police officer or police trainee or as a firefighter or firefighter trainee, whichever position is covered in the municipal resolution, shall be a member of the public employees police and fire fund established by Minnesota Statutes, Sections 353.63 to 353.68 and shall not be a member of the applicable local police or firefighters' relief association established pursuant to any general or special law.

Subd. 3. [OPERATION OF LOCAL RELIEF ASSOCIATION UPON MODIFICATION OF RETIREMENT COVERAGE FOR NEWLY HIRED POLICE OFFICERS AND FIREFIGHTERS.] The minimum obligation of a municipality which has adopted a municipal resolution pursuant to subdivision 1 with respect to the local relief association shall be determined and governed in accordance with the provisions of Minnesota Statutes, Sections 69.77, 356.215 and 356.216, except that the normal cost calculation for the relief association shall be computed as a percentage of the compensation paid to the active members of the relief association. The compensation paid to persons with retirement coverage modified pursuant to subdivision 2 shall not be included in any of the computations made in determining the obligation of the municipality with respect to the local relief association.

The contribution rate of members of the local relief association shall be governed by Minnesota Statutes, Section 69.77, unless a special law establishing a greater member contribution rate is applicable whereupon it shall continue to govern. The member contribution rate of persons with retirement coverage modified pursuant to subdivision 2 shall be governed by Minnesota Statutes, Section 353.65.

When every active member of the local relief association retires

or terminates from active duty, the local relief association shall cease to exist as a legal entity and the assets of the special fund of the relief association shall be transferred to a trust fund to be established by the appropriate municipality for the purpose of paying service pensions and retirement benefits to recipient beneficiaries. If there are at least five recipient beneficiaries, the trust fund shall be managed by a board of trustees composed of five members selected by the recipient beneficiaries of the fund, subject to the approval of the governing body of the municipality. If there are fewer than five recipient beneficiaries, the trust fund shall be managed by the governing body of the municipality. The term of the elected members of the board of trustees shall be indefinite and shall continue until a vacancy occurs in one of the board of trustee member positions. Board of trustee members shall not be compensated for their services, but shall be reimbursed for any expenses actually and necessarily incurred as a result of the performance of their duties in their capacity as board of trustee members. The municipality shall perform whatever services are necessary to administer the trust fund. The balance of assets remaining in the trust fund shall not revert to the municipality until all obligations of the trust fund are paid.

The financial requirements of the trust fund and the minimum obligation of the municipality with respect to the trust fund shall be determined in accordance with Minnesota Statutes, Sections 69.77, 356.215 and 356.216 until the unfunded accrued liability of the trust fund is fully amortized in accordance with this act. The municipality shall provide in its annual budget for at least the aggregate amount of service pensions, disability benefits, survivorship benefits and refunds which are projected as payable for the following calendar year, as determined by the board of trustees of the trust fund, less the amount of assets in the trust fund as of the end of the most current calendar year for which figures are available, valued pursuant to Minnesota Statutes, Section 356.20, Subdivision 4, Clause (1) (a), if the difference between those two figures is a positive number.

In calculating the amount of service pensions and other retirement benefits payable from the local relief association and in calculating the amount of any automatic post retirement increases in those service pensions and retirement benefits based on the salary paid or payable to active members or escalated in any fashion, the salary for use as the base for the service pension or retirement benefit calculation and the post retirement increase calculation for the local relief association shall be the salary for the applicable position as specified in the articles of incorporation or bylaws of the relief association as of the date immediately prior to the effective date of the municipal resolution adopted pursuant to subdivision 1, as the applicable salary is reset by the municipality periodically, irrespective of whether retirement coverage for persons holding the applicable position used in calculations is provided by the relief association or by the public employees police and fire fund.

If the modification of retirement coverage implemented pursuant to municipal resolution adopted pursuant to subdivision 1 is applicable to a local police relief association, the police state aid received by the municipality shall be disbursed pursuant to Minnesota Statutes, Section 69.031, Subdivision 5, Clause (2) (c). If the modification of retirement coverage implemented pursuant to a municipal resolution adopted pursuant to subdivision 1 is applicable to a local firefighters' relief association, the fire state aid received by the applicable municipality shall be disbursed as the municipality at its option may elect. The municipality may elect: (1) to transmit the total fire state aid to the treasurer of the local relief association for immediate deposit in the special fund of the relief association; or (2) to apply the total fire state aid toward the employer contribution of the municipality to the public employees police and fire fund pursuant to Minnesota Statutes, Section 353.65, Subdivision 3; or (3) to allocate the total fire state aid proportionately between the special fund of the local relief association and employer contribution of the municipality to the public employees police and fire fund on the basis of the respective number of active full time salaried firefighters receiving retirement coverage from each.

Subd. 4. [BENEFIT INCREASE FOR CERTAIN RELIEF ASSOCIATION MEMBERS.] Notwithstanding any law to the contrary, any member of a local police or salaried firefighters' relief association located in a municipality, except the city of Minneapolis, which has adopted a municipal resolution pursuant to subdivision 1 shall be entitled to receive, after the effective date for the modification stated in the municipal resolution, a retirement annuity in addition to the service pension to which the member may be eligible upon retirement. The additional retirement annuity shall be payable for the life of the retired member. The additional retirement annuity shall be equal to one-half of one percent of the salary upon which the service pension is calculated payable on the date of termination of active service per year of service credit acquired in excess of 25 years of service credit. The retirement annuity under this subdivision shall not be subject to any post retirement increases granted pursuant to increases in the salary payable to a certain employment category or in the salaries payable to active members or be in any other manner escalated or increased after retirement.

Sec. 5. [LOCAL POLICE AND FIREFIGHTERS' RELIEF ASSOCIATION AMORTIZATION STATE AID.] Any municipality which had adopted and properly filed a resolution pursuant to either section 4, subdivision 1, or section 6, shall be entitled upon annual application on or before the date specified by the commissioner of finance to receive local police and salaried firefighters' relief association amortization state aid if the municipality and the appropriate relief association both comply with the applicable provisions of Minnesota Statutes, Sections 69.031, Subdivision 5, 69.051, Subdivisions 1 and 3, and 69.77. The amount of local police and salaried firefighters' relief association amortization state aid to which a municipality is entitled annually shall be an amount equal to the level annual dollar amount required to

amortize, by December 31, 2010, the unfunded accrued liability of the special fund of the appropriate relief association as reported in the most recent actuarial valuation of the relief association prepared pursuant to Minnesota Statutes 1978, Sections 356.215 and 356.216, and filed with the commissioner of insurance on the date of final enactment of this act, reduced by the dollar amount required to pay the interest on the unfunded accrued liability of the special fund of the relief association for the calendar year next following the date of final enactment of this act set at the rate specified in Minnesota Statutes 1978, Section 356.215, Subdivision 4, Clause (4). Payment of local police and salaried firefighters' relief association amortization state aid amount to municipalities shall be made directly to the municipalities involved in four equal installments on March 15, July 15, September 15 and November 15 annually. Upon receipt of the local police and salaried firefighters' relief association amortization state aid, the municipal treasurer shall transmit the aid amount to the treasurer of the local relief association for immediate deposit in the special fund of the relief association. The commissioner of finance shall prescribe and periodically revise the form for and content of the annual application for the local police and salaried firefighters' relief association amortization state aid. The amounts required to pay the local police and salaried firefighters' relief association amortization state aid are hereby annually appropriated from the general fund to the commissioner of finance.

Sec. 6. [TEMPORARY PROVISION; APPLICATION TO CERTAIN MUNICIPALITIES.] Any municipality in which is located a local police or salaried firefighters' relief association which is governed by Minnesota Statutes, Section 69.77, and in which all newly hired police officers or firefighters, whichever is applicable, after a certain date are required by law to have their retirement coverage provided by the public employees police and fire fund established pursuant to Minnesota Statutes, Chapter 353, and not by the local police or firefighters' relief association, may participate in the local police and salaried firefighters' relief association amortization state aid program established by section 5 and may have made applicable any other provisions of section 4, by adopting by majority vote of the governing body, a resolution implementing those provisions of section 4 which are not present in or which are in substantial conflict with the applicable special law modifying retirement coverage for new police officers or firefighters, whichever is applicable, other than the date of the modification in retirement coverage. Prior to becoming effective, a copy of the municipal resolution shall be filed with the secretary of state, the commissioner of finance, the commissioner of insurance and the executive secretary of the legislative commission on pensions and retirement. To be deemed an implementing municipal resolution within the meaning of this section and sections 1 and 5, the municipal resolution shall either refer to this section and the applicable subdivisions of section 4 or shall describe in summary form the modifications sought to be implemented.

Sec. 7. [ALTERNATIVE BENEFIT INCREASE.] Notwithstanding any contrary provision of Laws 1969, Chapters 641 or

694, and in lieu of the benefit increase provided for in section 4, subdivision 4, the governing body of a participating municipality is authorized by resolution approved by a majority of the members of the governing body, following consideration of an actuarial analysis of the effect of any change, to increase the service pension or retirement benefits provided by or modify any provision of the benefit plan of either a police relief association or a firefighters relief association. The total cost of any increase or modification, including amortization by the applicable date to amortize specified in any prior applicable special legislation, shall not exceed 1.26 percent of covered payroll.

Sec. 8. [MINNEAPOLIS POLICE AND FIREFIGHTERS RELIEF ASSOCIATIONS: MINIMUM MEMBER CONTRIBUTION.] Notwithstanding any provision of Minnesota Statutes, Section 69.77, or any other law to the contrary, the minimum employee contribution to the special fund of the relief association for retirement and survivorship benefits by each member of the Minneapolis police relief association or the Minneapolis firefighters relief association, during the remaining term of covered employment by the member shall be seven percent of the maximum salary from which retirement and survivorship credits and amounts of benefits are determined, effective July 1, 1980, and eight percent effective January 1, 1981.

Sec. 9. [HEALTH AND WELFARE BENEFIT.] Notwithstanding any law to the contrary, any person who, after July 1, 1980, retires on a service pension or a disability benefit from the Minneapolis police relief association or the Minneapolis firefighters relief association shall be entitled on January 1, 1981, or upon the date of retirement, whichever occurs later, to receive a monthly health and welfare benefit. The monthly health and welfare benefit shall be an amount equal to one unit as defined pursuant to Laws 1963, Chapter 315, Section 1, Subdivision 3, for the Minneapolis police relief association, or Minnesota Statutes, Section 69.45, for the Minneapolis firefighters relief association, whichever is applicable. The monthly health and welfare benefit shall be paid to the retired member unless the retired member designates in writing that the amount be paid to an insurance carrier to defray the cost of any health or welfare related insurance coverage.

Sec. 10. [DETERMINATION OF FINANCIAL REQUIREMENTS OF RELIEF ASSOCIATION AND MINIMUM MUNICIPAL OBLIGATION.] The officers of the Minneapolis police relief association and the Minneapolis firefighters relief association shall include in their determinations of the financial requirements of the relief association and the minimum obligation of the governmental subdivision submitted to the city of Minneapolis on or before September 1, 1980, pursuant to Minnesota Statutes, Section 69.77, Subdivision 2, Clauses (2) and (3), the cost of the health and welfare benefit as estimated by the actuary of the respective relief association based on the most recent actuarial valuation of the relief association prepared pursuant to Minnesota Statutes, Sections 69.77, 356.215 and 356.216. The city

of Minneapolis shall provide sufficient financial support to each relief association to meet the minimum obligation of the governmental subdivision including the cost of the health and welfare benefit, effective January 1, 1981.

Sec. 11. [EFFECTIVE DATE.] *Sections 1, 2, 4 and 6 shall be effective the day following final enactment. Section 3 shall be effective July 1, 1980. Section 5 shall be effective January 1, 1981. Any benefit change pursuant to section 7 shall be effective upon approval by the governing body of the municipality and upon compliance with Minnesota Statutes, Section 645.021. Sections 8, 9 and 10 are effective upon compliance with Minnesota Statutes, Section 645.021, Subdivision 3.*

Sec. 12. *Minnesota Statutes 1978, Section 124.212, Subdivision 10, is amended to read:*

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

(b) *For purposes of determining the adjusted assessed value of agricultural lands for the calculation of 1977 1980 adjusted assessed values and thereafter, the market value of agricultural lands shall be the arithmetic average of (1) the price for which the property would sell in an arms length transaction, and (2) the income which could be derived from its free market gross rental rate capitalized at a rate of nine percent.*

Sec. 13. *Minnesota Statutes, 1979 Supplement, Section 256.82, is amended to read:*

256.82 [PAYMENTS BY STATE.] Based upon estimates submitted by the county agency to the state agency, which shall state the estimated required expenditures for the succeeding month, upon the direction of the state agency payment shall be made monthly in advance by the state to the counties of all federal funds available for that purpose for such succeeding month, together with an amount of state funds equal to 70 percent of the difference between the total estimated cost and the federal funds so available for payments made after December 31, 1979 and before January 1, 1981, and ~~80~~ 90 percent of the difference for payments made after December 31, 1980. Adjustment of any overestimate or underestimate made by any county shall be made upon the direction of the state agency in any succeeding month.

Sec. 14. Minnesota Statutes, 1979 Supplement, Section 256D.03, Subdivision 2, is amended to read:

Subd. 2. After December 31, 1979, and before January 1, 1981, state aid shall be paid to local agencies for 60 percent and, after December 31, 1980, for ~~70~~ 90 percent of all general assistance grants up to the standards of section 256D.01, subdivision 1, according to procedures established by the commissioner. Any local agency may, from its own resources, make payments of general assistance at a standard higher than that established by the commissioner, without reference to the standards of section 256D.01, subdivision 1.

Sec. 15. Minnesota Statutes, 1979 Supplement, Section 256D.36, Subdivision 1, is amended to read:

256D.36 [1973 CATEGORICAL AID RECIPIENTS; PROVISIONS FOR SUPPLEMENTAL AID.] Subdivision 1. Commencing January 1, 1974, the commissioner shall certify to each local agency the names of all county residents who were eligible for and did receive aid during December, 1973 pursuant to a categorical aid program of old age assistance, aid to the blind, or aid to the disabled. From and after January 1, 1980, until January 1, 1981, the state shall pay 70 percent and the county shall pay 30 percent of the supplemental aid calculated for each county resident certified under this section who is an applicant for or recipient of supplemental security income. After December 31, 1980, the state shall pay ~~80~~ 90 percent and the county shall pay ~~20~~ 10 percent of the aid. The amount of supplemental aid for each individual eligible under this section shall be calculated pursuant to the formula prescribed in Title II, Section 212 (a) (3) of Public Law 93-66, as amended.

Sec. 16. Minnesota Statutes, 1979 Supplement, Section 272.02, Subdivision 1, is amended to read:

272.02 [EXEMPT PROPERTY.] Subdivision 1. Except as provided in other subdivisions of this section or in section 272.025, or section 273.13, subdivisions 17, 17b or 17c, all property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds;

- (2) All public schoolhouses;
- (3) All public hospitals;
- (4) All academies, colleges, and universities, and all seminaries of learning;
- (5) All churches, church property, and houses of worship;
- (6) Institutions of purely public charity *except property assessed pursuant to section 273.13, subdivisions 17, 17b or 17c* ;
- (7) All public property exclusively used for any public purpose;
- (8) All natural cheese held in storage for aging by the original Minnesota manufacturer;
- (9) (a) Class 2 property of every household of the value of \$100, maintained in the principal place of residence of the owner thereof. The county auditor shall deduct such exemption from the total valuation of such property as equalized by the revenue commissioner assessed to such household, and extend the levy of taxes upon the remainder only. The term "household" as used in this section is defined to be a domestic establishment maintained either (1) by two or more persons living together within the same house or place of abode, subsisting in common and constituting a domestic or family relationship, or (2) by one person.
(b) During the period of his active service and for six months after his discharge therefrom, no member of the armed forces of the United States shall lose status of a householder under paragraph (a) which he had immediately prior to becoming a member of the armed forces.

In case there is an assessment against more than one member of a household the \$100 exemption shall be divided among the members assessed in the proportion that the assessed value of the Class 2 property of each bears to the total assessed value of the Class 2 property of all the members assessed. The Class 2 property of each household claimed to be exempt shall be limited to property in one taxing district, except in those cases where a single domestic establishment is maintained in two or more adjoining districts.

Bonds and certificates of indebtedness hereafter issued by the state of Minnesota, or by any county or city of the state, or any town, or any common or independent school district of the state, or any governmental board of the state, or any county or city thereof, shall hereafter be exempt from taxation; provided, that nothing herein contained shall be construed as exempting such bonds from the payment of a tax thereon, as provided for by section 291.01, when any of such bonds constitute, in whole or in part, any inheritance or bequest, taken or received by any person or corporation.

- (10) Farm machinery manufactured prior to 1930, which is used only for display purposes as a collectors item;

(11) The taxpayer shall be exempted with respect to, all agricultural products, inventories, stocks of merchandise of all sorts, all materials, parts and supplies, furniture and equipment, manufacturers material, manufactured articles including the inventories of manufacturers, wholesalers, retailers and contractors; and the furnishings of a room or apartment in a hotel, rooming house, tourist court, motel or trailer camp, tools and machinery which by law are considered as personal property, and the property described in section 272.03, subdivision 1(c), except personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures. Railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80 are not exempt.

(12) Containers of a kind customarily in the possession of the consumer during the consumption of commodities, the sale of which are subject to tax under the provisions of the excise tax imposed by Extra Session Laws 1967, Chapter 32;

(13) All livestock, poultry, all horses, mules and other animals used exclusively for agricultural purposes;

(14) All agricultural tools, implements and machinery used by the owners in any agricultural pursuit.

(15) Real and personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, *other than real property used primarily as a solid waste disposal site*.

Any taxpayer requesting exemption of all or a portion of any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. Any such equipment or device shall meet standards, regulations or criteria prescribed by the Minnesota Pollution Control Agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information or advice to the commissioner. If the commissioner determines that property qualifies for exemption, he shall issue an order exempting such property from taxation. Any such equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota Pollution Control Agency remains in effect.

(16) Wetlands. For purposes of this subdivision, "wetlands" means land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes. "Wetlands" shall be land preserved in its natural condition, drainage of which would be lawful, feasible and practical and would provide land suitable for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice. "Wetlands" shall include adjacent land which is not suitable

for agricultural purposes due to the presence of the wetlands. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

Sec. 17. Minnesota Statutes, 1979 Supplement, Section 273.13, Subdivision 6, is amended to read:

Subd. 6. [CLASS 3B.] Agricultural land, except as provided by class 1 hereof, and which is used for the purposes of a homestead shall constitute class 3b and shall be valued and assessed at 12 percent of its market value in 1979, for taxes payable in 1980 and thereafter as follows: the first \$25,000 of market value shall be valued and assessed at 12 percent; the next \$25,000 of market value shall be valued and assessed at 17 percent; the remaining market value shall be valued and assessed at 22 percent. The property tax to be paid on class 3b property as otherwise determined by law less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, shall be reduced by 50 55 percent of the tax for taxes payable in 1980 1981, and 55 percent thereafter; provided that the amount of said reduction shall not exceed \$550 for taxes payable in 1980, and \$600 thereafter. Valuation subject to relief shall be limited to 240 acres of land, most contiguous surrounding, bordering, or closest to the house occupied by the owner as his dwelling place, and such other structures as may be included thereon utilized by the owner in an agricultural pursuit, provided that noncontiguous land shall constitute class 3b only if the homestead is classified as class 3b and the detached land is located in the same township or city or not farther than two townships or cities or combination thereof from the homestead. If the market value is in excess of the homestead base value, the amount in excess of that sum shall be valued and assessed at 25 percent of its market value in 1979, for taxes payable in 1980, and at 22 percent thereafter. The first \$12,000 market value of each tract of real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use, used for the purpose of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law.

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

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

Sec. 18. Minnesota Statutes, 1979 Supplement, Section 273.13, Subdivision 7, is amended to read:

Subd. 7. [CLASS 3C, 3CC.] All other real estate and class 2a

property, except as provided by classes 1 and 3cc, which is used for the purposes of a homestead, shall constitute class 3c, and shall be valued and assessed at 18 percent of the market value thereof in 1970, for taxes payable in 1980 and at 17 percent thereafter as follows: the first \$25,000 of market value shall be valued and assessed at 17 percent; the next \$25,000 of market value shall be valued and assessed at 22 percent; and the remaining market value shall be valued and assessed at 28 percent. The property tax to be paid on class 3c property as otherwise determined by law, less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, shall be reduced by 50 55 percent of the amount of such tax for taxes payable in 1980 1981, and 55 percent thereafter; provided that the amount of said reduction shall not exceed \$550 for taxes payable in 1980, and \$600 thereafter. If the market value is in excess of the sum of the homestead base value, the amount in excess of that sum shall be valued and assessed at 30 percent of market value in 1970, for taxes payable in 1980 and at 28 percent thereafter. The first \$12,000 market value of each tract of such real estate used for the purposes of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law. Class 3cc property shall include only real estate or mobile homes as defined in section 168.011, subdivision 8 which is used for the purposes of a homestead by (a) any blind person, if such blind person is the owner thereof or if such blind person and his or her spouse are the sole owners thereof; or (b) any person (hereinafter referred to as veteran) who: (1) served in the active military or naval service of the United States and (2) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair, and (3) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of such a deceased veteran for as long as the surviving spouse retains the special housing unit as his or her homestead; or (c) any person who: (1) is permanently and totally disabled and (2) is receiving (i) aid from any state or political subdivision as a result of that disability, or (ii) supplemental security income for the disabled, or (iii) workers' compensation based on a finding of total and permanent disability, or (iv) social security disability, or (v) aid under the Federal Railroad Retirement Act of 1937, 45 United States Code Annotated, Section 228b(a)5; which aid is at least 90 percent of the total income of such disabled person from all sources. Class 3cc property shall be valued and assessed at five percent of the market value thereof as follows: the first \$28,000 shall be valued and assessed at 5 percent; in the case of agricultural land used for a homestead, the next \$25,000 of market value shall be valued and assessed at 17 percent, and the remaining market value shall be

valued and assessed at 22 percent and in the case of all other real estate or a mobile home used for a homestead, the next \$25,000 of market value shall be valued and assessed at 22 percent, and the remaining market value shall be valued and assessed at 28 percent. Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings him an income. The property tax to be paid on class 3cc property as otherwise determined by law, less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, for all purposes shall be reduced by 50 55 percent of the amount of such tax for taxes payable in 1980, 1981 and 55 percent thereafter; provided that the amount of said reduction shall not exceed \$550 for taxes payable in 1980, and \$600 thereafter. If the market value is in excess of the sum of \$28,000, the amount in excess of that sum shall be valued and assessed at 25 percent in 1979 for taxes payable in 1980 and 22 percent thereafter; in the case of agricultural land used for a homestead and 30 percent in the case of all other real estate used for a homestead for taxes payable in 1980 and 28 percent for taxes payable in subsequent years.

Sec. 19. Minnesota Statutes 1978, Section 275.11, Subdivision 2, is amended to read:

Subd. 2. In any city or statutory city, except those organized according to Chapter 8, Laws of 1895, in addition to the levy limitation provided for in subdivision 1, *an additional levy may be made for general fund purposes as herein provided shall be adjusted as follows:*

If the Revised Consumer Price Index, as published by the United States Department of Labor, Bureau of Labor Statistics, for the city of Minneapolis (or if no such index is published for the city of Minneapolis, for the nearest city to Minneapolis for which such index is published), as of December 15 of any year (or for the date nearest to December 15 if no such index is published as of December 15), shall be above 102 (using the average for the years 1947-1949 as a base), the maximum levy limit shall, subject to the restrictions of this subdivision, be increased by 3½ percent for each of the first 6 points that said index may be increased and by one percent for each additional point increased above 6. A fractional point increase shall be disregarded if less than one-half point and treated as one point if one-half point, or more. In any city where more than 25 percent of the assessed valuation consists of iron ore and in any statutory city, the levy permitted by this paragraph shall be in addition to any statutory or charter limitations. In any other city, the levy authorized by this paragraph shall be made within charter limitations.

Sec. 20. Minnesota Statutes, 1979 Supplement, Section 275.50, Subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1979 payable in 1980 and thereafter, "special

levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

(a) satisfy judgments rendered against the governmental subdivision by a court of competent jurisdiction in any tort action, or to pay the costs of settlements out of court against the governmental subdivision in a tort action when substantiated by a stipulation for the dismissal of the action filed with the court of competent jurisdiction and signed by both the plaintiff and the legal representative of the governmental subdivision, but only to the extent of the increase in levy for such judgments and out of court settlements over levy year 1970, taxes payable in 1971;

(b) pay the costs of complying with any written lawful order initially issued prior to January 1, 1977 by the state of Minnesota, or the United States, or any agency or subdivision thereof, which is authorized by law, statute, special act or ordinance and is enforceable in a court of competent jurisdiction, or any stipulation agreement or permit for treatment works or disposal system for pollution abatement in lieu of a lawful order signed by the governmental subdivision and the state of Minnesota, or the United States, or any agency or subdivision thereof which is enforceable in a court of competent jurisdiction. The commissioner of revenue shall in consultation with other state departments and agencies, develop a suggested form for use by the state of Minnesota, its agencies and subdivisions in issuing orders pursuant to this subdivision;

(c) pay the costs to a governmental subdivision for their minimum required share of any program otherwise authorized by law, including the administrative costs of social services but not administrative costs of public assistance programs or of county welfare systems, for which matching funds have been appropriated by the state of Minnesota or the United States, but only to the extent that the costs to the governmental subdivision for the program exceed those expended in calendar year 1970, subject to rules promulgated by the commissioner of revenue pursuant to the administrative procedures act. Amounts levied pursuant to this clause which are in excess of the amount necessary to meet the minimum required share of a program shall be deducted from the general levy made in the following year;

(d) pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law;

(e) pay the costs of principal and interest on bonded indebtedness, or effective for taxes levied in 1973 and years thereafter, to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

(f) pay the costs of principal and interest on certificates of indebtedness, except tax anticipation or aid anticipation certificates of indebtedness, issued for any corporate purpose except current expenses or funding an insufficiency in receipts from taxes

or other sources or funding extraordinary expenditures resulting from a public emergency;

(g) fund the payments made to the Minnesota state armory building commission pursuant to section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(h) provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(i) pay the amounts required to compensate for a decrease in revenues from public service enterprises, municipal liquor stores, licenses, permits, fines and forfeits and no other, to the extent that the aggregate of revenues from these sources in the calendar year preceding the year of levy are less than the *inflation adjusted* aggregate of revenues from these sources in calendar year 1971. "Revenues" from a public service enterprise or a municipal liquor store shall mean the net income or loss of such public service enterprise or municipal liquor store, determined by subtracting total expenses from total revenues, and before any contribution to or from the governmental subdivision. "Fines" for a municipal court means the net amount remaining after subtracting total municipal court expenses from total collections of municipal court fines. *The "inflation adjusted aggregate of revenues in calendar year 1971" shall be the sum of (a) the aggregate of revenues received in calendar year 1971 multiplied by the total percentage increase in the consumer price index for the Minneapolis-St. Paul area from the calendar year 1971 to June of the levy year plus (b) the aggregate of revenues received in calendar year 1971. The commissioner of revenue shall calculate and notify the governmental subdivisions of the inflation adjustment by September of the levy year.* A governmental subdivision shall qualify for this special levy only if the decrease in aggregate revenues as computed herein and divided by the population of the governmental subdivision in the preceding levy year is equal to or greater than two percent of the per capita levy limitation for the preceding levy year;

(j) pay the amounts required to compensate for a decrease in mobile homes property tax receipts to the extent that the governmental subdivision's portion of the total levy in the current levy year, pursuant to section 273.13, subdivision 3, as amended, is less than the distribution of the mobile homes tax to the governmental subdivision pursuant to section 273.13, subdivision 3, in calendar year 1971;

(k) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission in levy year 1971 or a subsequent levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(l) pay amounts required to correct for an error of omission in the levy certified to the appropriate county auditor or auditors by the governing body of a city or town with statutory city

powers in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(m) pay the increased cost of municipal services as the result of an annexation or consolidation ordered by the Minnesota municipal board in levy year 1971 or a subsequent levy year, but only to the extent and for the levy years as provided by the board in its order pursuant to section 414.01, subdivision 15. Special levies authorized by the board shall not exceed 50 percent of the levy limit base of the governmental subdivision and may not be in effect for more than three years after the board's order;

(n) pay the increased costs of municipal services provided to new private industrial and nonresidential commercial development, to the extent that the extension of such services are not paid for through bonded indebtedness or special assessments, and not to exceed the amount determined as follows. The governmental subdivision may calculate the aggregate of:

(1) The increased expenditures necessary in preparation for the delivering of municipal services to new private industrial and nonresidential commercial development, but limited to one year's expenditures one time for each such development;

(2) The amount determined by dividing the overall levy limitation established pursuant to sections 275.50 to 275.56, and exclusive of special levies and special assessments, by the total taxable value of the governmental subdivision, and then multiplying this quotient times the total increase in assessed value of private industrial and nonresidential commercial development within the governmental subdivision. For the purpose of this clause, the increase in the assessed value of private industrial and nonresidential commercial development is calculated as the increase in assessed value over the assessed value of the real estate parcels subject to such private development as most recently determined before the building permit was issued. In the fourth levy year subsequent to the levy year in which the building permit was issued, the increase in assessed value of the real estate parcels subject to such private development shall no longer be included in determining the special levy.

The aggregate of the foregoing amounts, less any costs of extending municipal services to new private industrial and nonresidential commercial development which are paid by bonded indebtedness or special assessments, equals the maximum amount that may be levied as a "special levy" for the increased costs of municipal services provided to new private industrial and nonresidential commercial development. In the levy year following the levy year in which the special levy made pursuant to this clause is discontinued, one-half of the amount of that special levy made in the preceding year shall be added to the permanent levy base of the governmental subdivision;

(o) recover a loss or refunds in tax receipts incurred in non-special levy funds resulting from abatements or court action in the previous year pursuant to section 275.48;

(p) pay amounts required by law to be paid to reduce unfunded accrued liability of public pension funds, including interest thereon, in accordance with the actuarial standards and guidelines specified in sections 69.71 to 69.776 and 356.215 reduced for levy year 1977 and subsequent years by 106 percent of the amount levied for that purpose in 1976, payable in 1977. For the purpose of this special levy, the estimated receipts expected from the state of Minnesota pursuant to sections 69.011 to 69.031 or any other state aid expressly intended for the support of public pension funds shall be considered as a deduction in determining the required levy for the normal costs of the public pension funds. No amount of these aids shall be considered as a deduction in determining the governmental subdivision's required levy for the reduction of the unfunded accrued liability of public pension funds;

(q) the amounts allowed under section 174.27 to establish and administer a commuter van program;

(r) pay the costs of financial assistance to local governmental units and certain administrative, engineering, and legal expenses pursuant to Laws 1979, Chapter 253, Section 3.;

(s) *compensate for revenue lost as a result of abatements or court action pursuant to sections 270.07, 270.17 or 278.01 due to a reassessment ordered by the commissioner of revenue pursuant to section 270.16.*

Sec. 21. Minnesota Statutes 1978, Section 275.52, Subdivision 2, is amended to read:

Subd. 2. The levy limit base, as adjusted for previous increases pursuant to this section, may be increased each year by the governing body of the governmental subdivision affected thereby in the amount not to exceed , *in the case of a home rule charter or statutory city having a population of less than 100,000 or a county not containing a city of the first class, eight percent, or in the case of any other governmental subdivision, six percent of the previous year's levy limit base.*

Sec. 22. Minnesota Statutes 1978, Section 276.09, is amended to read:

276.09 [SETTLEMENT BETWEEN AUDITOR AND TREASURER.] *On the last fifth day of February March, May June, and October November, of each year, the county treasurer shall make full settlement with the county auditor of his all receipts and collections collected by him for all purposes, from the date of the last settlement up to and including each day mentioned, and. The county auditor shall, within 30 days after each settlement, send an abstract of same to the state auditor in such the form as prescribed by the state auditor may prescribe. At each settlement the treasurer shall make complete returns of his col-*

~~lections the receipts~~ on the current tax list, showing the amount collected on account of the several funds included in the list.

For purposes of this section, "receipts" shall include all tax payments received by the county treasurer on or before the settlement date.

Sec. 23. Minnesota Statutes 1978, Section 276.10, is amended to read:

276.10 [APPORTIONMENT AND DISTRIBUTION OF FUNDS.] ~~On the last settlement day of February in March, May June, and October November, of each year, the county auditor and county treasurer shall make distribution of distribute all undistributed funds remaining in the treasury, apportioning the same them, as provided by law, and placing the same them to the credit of the state, town, city, or school district, special district and each county fund. Within 20 days after such the distribution is completed, the county auditor shall make a report thereof of it to the state auditor, in such the form as prescribed by the state auditor may prescribe. The county auditor shall issue his warrant for the payment of any moneys remaining in the county treasury to the credit of the state, town, city, or school district, or special districts on application of the persons entitled to receive the same them.~~

Sec. 24. Minnesota Statutes 1978, Section 276.11, is amended to read:

276.11 [WHEN TREASURER SHALL PAY FUNDS.] ~~As soon as practical after each settlement in February March, May June, and October November the county treasurer shall pay over to the state treasurer or the treasurer of any town, city, or school district, or special district, on the warrant of the county auditor, all moneys received by him receipts arising from taxes levied and collected by and belonging to the state, or to such municipal corporation, or other body, and deliver up all orders and other evidences of indebtedness of such municipal corporation or other body, taking triplicate receipts therefor. He shall file one of the receipts with the county auditor, and shall return one by mail on the day of its reception to the clerk of the town, city, or school district, or special district to which such payment was made, who. The clerk shall preserve the same receipt in his office. Upon written request of the state, a municipal corporation or other public body, the county treasurer is authorized and directed to shall, to the extent practicable, make such partial payments of amounts collected periodically in advance of final settlements as may be practicable the next settlement and distribution. Accompanying each payment to the state treasurer or treasurer of any town, city, or school district shall be a statement prepared by the county treasurer designating the years for which taxes included in the payment were collected and, for each year, the amount of such the taxes and any penalties thereon. The county treasurer shall upon written request of the state, a municipal corporation or other public body pay at least 70 percent of the estimated collection within 30 days after the settlement date. He shall pay the balance~~

of the amounts collected to the state or to a municipal corporation or other body within 60 days after *the settlement date*, provided, however, that after 45 days interest shall accrue *at a rate of eight percent per annum* to the credit of and shall be paid to the state, municipal corporation or other body. Interest shall be payable upon appropriation from the general revenue fund of the county and, if not paid, may be recovered by the state, municipal corporation, or other body, in a civil action.

Sec. 25. Minnesota Statutes 1978, Section 290A.04, is amended by adding a subdivision to read:

Subd. 2c. If the net property taxes payable on a homestead in 1981 increase more than twelve percent over the net property taxes payable in 1980, a claimant who is a homeowner shall be allowed an additional refund equal to the amount by which the increase exceeds twelve percent. This subdivision shall not apply to any increase in the net property taxes payable attributable to improvements made to the homestead. The refund shall not exceed \$200.

For purposes of this subdivision, "net property taxes payable" means property taxes payable after reductions made pursuant to section 273.13, subdivisions 6, 7 and 14a, and after the deduction of tax refund amounts for which the claimant qualifies pursuant to subdivisions 2, 2a and 2b.

In addition to proofs required pursuant to chapter 290A, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

Sec. 26. Minnesota Statutes, 1979 Supplement, Section 473.436. Subdivision 5, is amended to read:

Subd. 5. [BUS PURCHASES AND OTHER IMPROVEMENTS.] In addition to obligations outstanding on ~~July 1, 1977~~ *January 1, 1980*, the commission may issue certificates of indebtedness, bonds or other obligations in an amount not exceeding \$9,000,000 for the purposes of purchasing buses and related equipment, and constructing maintenance and other buildings, bus shelters and road related improvements.

Sec. 27. Minnesota Statutes, 1979 Supplement, Section 473.446, Subdivision 1, is amended to read:

473.446 [TRANSIT TAX LEVIES.] Subdivision 1. [AMOUNT.] For the purposes of sections 473.401 to 473.451 and the metropolitan transit system, the metropolitan transit commission shall levy each year upon all taxable property within the metropolitan transit taxing district, defined ~~herein in this section~~, a transit tax consisting of:

(a) An amount equal to ~~1.72~~ *2.0* mills times the assessed value of all such property, the proceeds of which shall be used for payment of the expenses of operating regular route bus service;

(b) An additional amount, if any, as the commission determines

to be necessary to provide for the full and timely payment of its certificates of indebtedness and other obligations outstanding on July 1, 1977, to which property taxes under this section have been pledged; and

(c) An additional amount necessary to provide full and timely payment of certificates of indebtedness, bonds, or other obligations issued pursuant to section 473.436 for purposes of acquisition and betterment of property and other improvements of a capital nature and to which the commission has specifically pledged tax levies under this clause.

Sec. 28. Minnesota Statutes, 1979 Supplement, Section 477A.01, Subdivision 1, is amended to read:

477A.01 [LOCAL GOVERNMENT AID.] Subdivision 1. The state shall make available for distribution \$64 \$71 for each person residing in the state for the calendar year 1980 and \$70 for calendar year 1981 to the several taxing authorities, except school districts, with authority to impose taxes on property located in the state. For purposes of this subdivision the number of persons residing in the state shall be the 1970 federal census population.

Sec. 29. Minnesota Statutes, 1979 Supplement, Section 477A.01, Subdivision 4, is amended to read:

Subd. 4. (a) The balance of the distributions in 1980 pursuant to subdivision 1, shall be divided among the several cities and towns in the state as provided herein:

(1) Funds shall be distributed to all cities and towns which are not subject to the levy limitations imposed pursuant to sections 275.50 to 275.56, with the distribution to be based on the average equalized mill rate of each city or town. For purposes of this clause, "average equalized mill rate" shall be defined as the sum of the 1970 mill rate of the city or town plus its 1978 mill rate plus its 1977 mill rate, multiplied by its 1978 aggregate sales ratio as determined by the commissioner of revenue divided by three.

If the average equalized mill rate of the city or town is ten or less, the city or town will receive a distribution equal to that which it received pursuant to Minnesota Statutes 1978, Section 477A.01 for 1970, plus, in the case of a city, the sum of \$1 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than ten but less than or equal to 20, the city or town will receive a distribution equal to that which it received pursuant to Minnesota Statutes 1978, Section 477A.01 for 1970, plus the sum of \$3 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 20, the city or town will receive a distribution equal to that which it received pursuant to Minnesota Statutes 1978, Section 477A.01, for 1970, plus the sum of \$5 multiplied by its population as determined under section 275.53.

(2) Funds shall be distributed to the city of Minneapolis in an

amount equal to the amount distributed to that city for 1970 pursuant to Minnesota Statutes 1978, Section 477A.01.

(3) The funds remaining after distribution has been made pursuant to paragraphs (1) and (2) shall be distributed according to the provisions of this paragraph among the cities and towns, other than the city of Minneapolis, which are subject to the levy limitations imposed pursuant to sections 275.50 to 275.56.

(i) For purposes of the 1980 distribution, the "local revenue base" of a city or town shall be the sum of its levy limitation for taxes levied in 1978 plus the amount of the distribution it received for 1970 pursuant to Minnesota Statutes 1978, Section 477A.01, except that the "local revenue base" of a city of the first class located within the metropolitan area defined in section 473.121, subdivision 2 shall be the sum of its levy limitation for taxes levied in 1978, multiplied by .85, plus the amount of the distribution it received for 1970 pursuant to Minnesota Statutes 1978, Section 477A.01.

(ii) A preliminary state aid factor shall be established for each city and town by subtracting from the local revenue base, an amount equal to ten mills multiplied by the 1970 taxable valuation of the city or town, adjusted for the contributions and distributions required by chapter 473F in the case of a city or town located within the metropolitan area and less the captured value in any tax increment district, divided by its 1978 aggregate sales ratio as determined by the commissioner of revenue.

(iii) A final state aid factor shall be established for each city and town by adjusting the preliminary state aid factor to comply with the following restrictions:

The final state aid factor for a city or town shall be an amount which is equal to or greater than an amount computed pursuant to the following:

If the average equalized mill rate of the city or town is ten or less, the final state aid factor of the city or town shall be at least equal to the amount which the city or town received pursuant to Minnesota Statutes 1978, Section 477A.01 for 1970, plus the sum of \$1 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than ten but less than or equal to 20, the final state aid factor of the city or town will be at least equal to the amount which the city or town received pursuant to Minnesota Statutes 1978, Section 477A.01 for 1970 plus the sum of \$3 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 20, the final state aid factor of the city or town will be at least equal to the amount which the city or town received pursuant to Minnesota Statutes 1978, Section 477A.01, for 1970, plus the sum of \$5 multiplied by its population as determined under section 275.53.

The final state aid factor for any city or town shall not exceed the previous year's distribution under Minnesota Statutes 1078, Section 477A.01 by more than the following percent: if a city received more than \$100 per capita in 1970 pursuant to Minnesota Statutes 1078, Section 477A.01, using the population determined pursuant to Minnesota Statutes 1078, Section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than or equal to \$50 per capita, 20 percent.

(iv) The amount of the distribution for which a city or a town is eligible under this paragraph shall be determined as follows: For each city or town, its final state aid factor increase shall be the difference between its final state aid factor determined pursuant to this paragraph and the amount of distribution which it received for 1970 pursuant to Minnesota Statutes 1078, Section 477A.01. The final state aid factor increase of each city or town shall be divided by the sum of the final state aid factor increases for all cities and towns receiving distributions under this paragraph; that quotient shall be multiplied by the amount of the increase in funds available for distribution under this paragraph over the sum of the amounts distributed to those cities and towns for 1970 pursuant to Minnesota Statutes 1078, Section 477A.01. That product, plus the distribution the city or town received pursuant to Minnesota Statutes 1078, Section 477A.01 for 1970, shall equal the distribution to be distributed to the city or town for 1980.

(v) The final distribution made to each city or town pursuant to this paragraph shall be in an amount which is at least equal to the distribution received by that city or town for 1970 pursuant to Minnesota Statutes 1078, Section 477A.01, but which does not exceed the amount of the city's or town's 1970 distribution by more than the following percent: if a city received more than \$100 per capita in 1970 pursuant to Minnesota Statutes 1078, Section 477A.01, using the population determined pursuant to Minnesota Statutes 1078, Section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than or equal to \$50 per capita, 20 percent.

(vi) If the amount distributed to a city or town by paragraph (iv) is limited by paragraph (v) the distribution to other cities and towns that receive aid under paragraph (3) shall be proportionately increased as necessary to absorb the difference. In no event shall a city's or town's distribution exceed the city's or town's 1970 distribution by more than the following percent: if a city received more than \$100 per capita in 1970 pursuant to Minnesota Statutes 1078, Section 477A.01, using the population determined pursuant to Minnesota Statutes 1078, Section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than or equal to \$50 per capita, 20 percent.

(b) The balance of the distributions in 1981 pursuant to subdivision 1 shall be divided among the several cities and towns in the state as provided herein + . For purposes of this subdivision, "clause (a)" shall mean Minnesota Statutes, 1979 Supplement, Section 477A.01, Subdivision 4, clause (a).

(1) Funds shall be distributed to all cities and towns which are not subject to the levy limitations imposed pursuant to sections 275.50 to 275.56, with the distributions to be based on the average equalized mill rate of each city or town. For purposes of this clause, "average equalized mill rate" shall be defined as the sum of the 1980 mill rate of the city or town plus its 1979 mill rate plus its 1978 mill rate, multiplied by its 1979 aggregate sales ratio as determined by the commissioner of revenue, divided by three.

If the average equalized mill rate of the city or town is ten or less, the city or town will receive a distribution equal to that which it received pursuant to clause (a) for 1980, plus, in the case of a city, the sum of \$1 \$2 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than ten but less than or equal to 20, the city or town will receive a distribution equal to that which it received pursuant to clause (a) for 1980, plus the sum of \$4 \$5 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 20, the city or town will receive a distribution equal to that which it received pursuant to clause (a), for 1980, plus the sum of \$6 \$7 multiplied by its population as determined under section 275.53.

(2) The funds remaining after distribution has been made pursuant to paragraph (1) shall be distributed according to the provisions of this paragraph among the cities and towns which are subject to the levy limitations imposed pursuant to sections 275.50 to 275.56.

(i) For purposes of the 1981 distribution, the "local revenue base" of a city or town shall be its local revenue base computed according to clause (a) paragraph (3) for purposes of the 1980 distribution, provided that, in the case of a city which received its 1980 aid distribution pursuant to clause (a), paragraph (2), a local revenue base shall be computed for it according to the provisions of clause (a), paragraph (3); these revenue bases shall be increased as follows:

The 1980 local revenue base will be multiplied by the percentage of increase from June, 1979, to June, 1980 in the revised consumer price index for all urban consumers for the Minneapolis-St. Paul metropolitan area prepared by the United States department of labor with 1967 as a base year. The product of that computation will be added to the 1980 local revenue base. The inflation-adjusted base shall also be increased by the per-

centage increase in the population of the city or town during the preceding year as determined according to section 275.53. After adjustment for population increase the inflation-adjusted local revenue base of each city and town shall also be increased by (1) the amount of its special levies levied in 1979 to pay the costs of principal and interest on bonded indebtedness incurred in 1979 or thereafter for the purpose of providing capital replacement for streets, curbs, gutters, storm sewers and bridges plus (2) any adjustments made to the levy limit base of the city or town pursuant to section 275.51, subdivision 3d for purposes of refuse collection and street maintenance; and (3) any adjustments made to the levy limit base of the city or town pursuant to section 275.52, subdivision 4, clause (d).

(ii) A preliminary state aid factor shall be established for each city and town by subtracting from the local revenue base, ten mills multiplied by the 1980 taxable valuation of the city or town adjusted for the contributions and distributions required by chapter 473F if applicable and less the captured value in any tax increment financing district divided by its 1979 sales ratio as determined by the commissioner of revenue.

(iii) A final state aid factor shall be established for each city and town by adjusting the preliminary state aid factor to comply with the following restrictions:

The final state aid factor for a city or town shall be an amount which is equal to or greater than an amount computed pursuant to the following:

If the average equalized mill rate of the city or town is ten or less, the final state aid factor of the city or town shall be at least equal to the amount which the city or town received pursuant to clause (a) for 1980, plus the sum of \$1 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than ten but less than or equal to 20, the final state aid factor for the city or town shall be at least equal to the amount which the city or town received pursuant to clause (a) for 1980, plus the sum of \$4 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 20, the final state aid factor for the city or town shall be at least equal to the amount which the city or town received pursuant to clause (a) for 1980 plus the sum of \$6 multiplied by its population as determined under section 275.53.

The final state aid factor for any city or town shall not exceed the previous year's distribution under section 477A.01 by more than the following percent: if a city received more than \$100 per capita in 1980 pursuant to clause (a) of this subdivision using the population determined pursuant to section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to

\$75 per capita, 17 percent; or if less than or equal to \$50 per capita, 20 percent.

(iv) The amount of the distribution for which a city or town is eligible under this paragraph shall be determined as follows: For each city or town, its final state aid factor increase shall be the difference between its final state aid factor determined pursuant to this paragraph and the amount of distribution which it received pursuant to clause (a). The final state aid factor increase of each city or town shall be divided by the sum of the final state aid factor increases for all cities and towns receiving distributions under this paragraph; that quotient shall be multiplied by the amount of the increase in funds available for distribution under this paragraph over the amount distributed under clause (a), paragraphs (2) and (3). That product, plus the distribution the city or town received pursuant to clause (a), shall equal the distribution to be distributed to the city or town for 1981.

(v) The final distribution made to each city or town pursuant to this paragraph shall be in an amount which is at least equal to the distribution received by that city or town for 1980 pursuant to clause (a), but which does not exceed the amount of the city's or town's 1980 distribution by more than the following percent: if a city received more than \$100 per capita in 1980 pursuant to clause (a) ~~of this subdivision~~ using the population determined pursuant to section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than or equal to \$50 per capita, 20 percent.

(vi) If the amounts distributed to a city or town by paragraph (iv) is limited by paragraph (v) the distribution to other cities and towns who receive aid under paragraph (2) shall be proportionately increased as necessary to absorb the difference. In no event shall a city's or town's distribution exceed the city's or town's 1980 distribution by more than the following percent: if a city received more than \$100 per capita in 1980 pursuant to clause (a) of this subdivision using the population determined pursuant to section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than or equal to \$50 per capita, 20 percent.

Sec. 30. [AGRICULTURAL LAND VALUATION.] *For purposes of taxes levied in 1981, payable in 1982 and thereafter, the estimated market value of agricultural land shall be the lesser of the market value determined pursuant to Minnesota Statutes, Section 273.11 or the income which could be derived from its free market gross rental rate capitalized at a rate of 6.6 percent. By January 1, 1981, each county assessor shall prepare a compilation of agricultural land rental rates to be used in his county, recording the range of values in each township within the county and report the same to the commissioner of revenue.*

Sec. 31. [EFFECTIVE DATE.] *Sections 16, 17, 18, 19, 20, 21 and 27 are effective for taxes levied in 1980, payable in 1981 and*

thereafter. Sections 22, 23, 24 and 26 are effective the day following final enactment. Section 25 is effective only for property tax refunds based on property taxes payable in 1981. In the case of a veteran who has died prior to the effective date of section 18, the surviving spouse may apply for a reclassification of the property in accordance with the provisions of this act. Applications for reclassification shall be filed with the assessor in the county in which the property is located.

ARTICLE III: PROPERTY TAX REFUND

Section I. Minnesota Statutes 1978, Section 290A.11, is amended by adding a subdivision to read:

Subd. 1a. If the commissioner is notified pursuant to section 375.192, subdivision 1, that a reduction in assessed value was granted and the claimant's property taxes were decreased, the department shall redetermine the claim and notify the claimant of the redetermination and the reasons therefor. The redetermination shall be final unless appealed to the Minnesota tax court within 60 days of notice thereof.

Sec. 2. Minnesota Statutes 1978, Section 290A.18, is amended to read:

290A.18 [RIGHT TO FILE CLAIM.] If a person entitled to relief under sections 290A.01 to ~~290A.21~~ 290A.23 dies prior to ~~filing a claim or~~ receiving relief, the surviving spouse ~~or~~, dependent ~~or personal representative~~ of the person shall be entitled to file the claim and receive relief. ~~If there is no surviving spouse or dependent, the right to the credit shall lapse.~~

Sec. 3. Minnesota Statutes 1978, Section 375.192, Subdivision 1, is amended to read:

375.192 [REDUCTIONS IN ASSESSED VALUATION OF REAL PROPERTY.] Subdivision 1. Notwithstanding section 270.07, upon written application by the owner of the property, the county board of each county shall have power to grant such reduction, for the current year, of the assessed valuation of any real property in that county which erroneously has been classified, for tax purposes, as non-homestead property, as is necessary to give it the assessed valuation which it would have received if it had been classified correctly. The application shall be made on a form prescribed by the commissioner of revenue. It shall include the social security number of the applicant and a statement of facts of ownership and occupancy, and shall be sworn to by the owner of the property before an officer authorized to take acknowledgments. Before it is acted upon by the county board, the application shall be referred to the county assessor, or if the property is located in a city of the first class having a city assessor, to such assessor, who shall investigate the facts and attach his report of such investigation to the application.

With respect to abatements relating to the current year's tax processed through June 30, the county auditor shall notify the

commissioner of revenue on or before July 31 of that same year of all applications granted pursuant to this subdivision. Subsequently, with respect to abatements relating to the current year's tax processed after June 30 through the balance of the year, the county auditor shall notify the commissioner of revenue on or before the following January 31 of all such applications granted pursuant to this subdivision. The form submitted by the county auditor shall be prescribed by the commissioner of revenue and shall contain the information which the commissioner deems necessary.

Sec. 4. [EFFECTIVE DATE.] *Sections 1 and 3 are effective upon final enactment. Section 2 is effective for claims based on rent paid in 1979 and subsequent years and property taxes payable in 1980 and subsequent years.*

ARTICLE IV: STATE REIMBURSEMENT

Section 1. Minnesota Statutes 1978, Section 124.212, Subdivision 2, is amended to read:

Subd. 2. Except as may otherwise be provided in this section, the following words and phrases when used in this section shall have the meanings herein ascribed to them.

(1) "Adjusted maintenance cost" means the state and local current expense for pupils in elementary and secondary schools, exclusive of transportation, veterans training program, community services, and after reduction for receipts from the sale of authorized items sold to the individual pupil by the school such as lunches, items of personal use, or other items specifically authorized by law or under the procedures set forth in sections 120.71 to 120.76, and after reduction for receipts from quasi-school activities when the school board has assumed direction and control of same. For purposes of determining the adjusted maintenance costs, the state department of education shall use only figures from the annual financial reports of the districts for the prior year and any supplementary documents received by it on or before August 1 of the current year. For any district which has not transmitted to the department of education before August 1, its annual financial report for the prior year, the figures from the most recent financial report of that district received on or before August 1, shall be used for purposes of calculating its certified levy and foundation aid.

(2) "Adjusted assessed valuation" shall mean the assessed valuation of the taxable property notwithstanding the provisions of section 275.49 of the school district as adjusted by the equalization aid review committee. *In determining adjusted assessed valuation, property which qualifies for the reimbursement specified in section 3, shall be treated as if it were classified as 3b or 3c in the case of homestead property, or as 3d in the case of non-homestead property.*

Sec. 2. *The 1979 and 1980 adjusted assessed values for taxes payable in 1981 and 1982 determined under the provisions of section 124.212 shall be adjusted so that property which qualifies*

for the reimbursement specified in section 3 shall be treated as if it were classified as 3b or 3c in the case of homestead property, or as 3d in the case of nonhomestead property.

Sec. 3. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.139] [SUBSIDIZED HOUSING REIMBURSEMENT.]
Subdivision 1. [REDUCED ASSESSMENT REIMBURSEMENT.] (a) *Each taxing jurisdiction shall receive reimbursement in 1981 and subsequent years for the difference between the tax determined pursuant to clause (b) and the tax actually payable by the owner of property which qualifies for the assessment categories described by section 273.13, subdivisions 17 and 17b, and on property that qualifies as class 3cc pursuant to section 273.13, subdivision 7.*

(b) *The county auditor shall calculate the tax on the property described in clause (a) in the same manner as the property would be assessed, if it were classified as 3b or 3c in the case of homestead property, or as 3d in the case of nonhomestead property.*

(c) *The difference between the amount calculated pursuant to clause (b) and the amount of tax actually payable by the owner on property described in clause (a) shall be certified by the county auditor and reported to the commissioner of revenue by May 1 of 1981 and subsequent years in a manner prescribed by the commissioner. The commissioner shall make payments to the taxing jurisdictions on July 15 of 1981 and subsequent years.*

Subd. 2. *When computing mill rates pursuant to sections 275.08 and 275.09, the county auditor shall regard property described in subdivision 1, clause (a) as if it were valued as class 3b or 3c in the case of homestead property, or class 3d in the case of nonhomestead property.*

Sec. 4. Minnesota Statutes 1978, Section 276.04, is amended to read:

276.04 [NOTICE OF RATES; PROPERTY TAX STATEMENTS.] *On receiving the tax lists from the county auditor, the county treasurer shall, if directed by the county board, give three weeks' published notice in a newspaper specifying the rates of taxation for all general purposes and the amounts raised for each specific purpose. He shall, whether or not directed by the county board, cause to be printed on all tax statements, or on an attachment, a tabulated statement of the dollar amount due to each taxing authority and the amount to be paid to the state of Minnesota from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the state, county, township or municipality and school district shall be separately stated but the amounts due other taxing districts, if any, may be aggregated. The property tax statements for class 2a property shall contain the same information that is required on the tax statements for real property. The county treasurer shall mail to taxpayers statements of their personal property taxes due, such statements to be mailed not later than February 15 (except in the case*

of Class 2a property), statements of the real property taxes due shall be mailed not later than January 31; provided, that the validity of the tax shall not be affected by failure of the treasurer to mail such statement. Such real and personal property tax statements shall contain the market value, as defined in section 272.03, subdivision 8, used in determining the tax. The statement shall also include the base tax as defined in section 273.011, subdivision 4, for qualified property as defined in section 273.011 for which the credit provided for in section 273.012 is claimed. The statement shall show the amount attributable to section 273.132 as "state paid agricultural credit" and the amount attributable to section 273.13, subdivisions 6 and 7 as "state paid homestead credit". The commissioner of revenue shall provide each county auditor with the names of those persons in the assessor's district who have filed and qualified for the property tax credit pursuant to sections 273.011 and 273.012 and shall inform the assessor of the base tax of those persons. *The statement shall show the reduction attributable to the aid given pursuant to section 3 and shall indicate that the reduction is paid by the state of Minnesota.* If so directed by the county board, the treasurer shall visit places in the county as he deems expedient for the purpose of receiving taxes and the county board is authorized to pay the expenses of such visits and of preparing duplicate tax lists.

Sec. 5. [APPROPRIATION.] *There is annually appropriated from the general fund to the commissioner of revenue an amount necessary to make the payments required by section 3.*

Sec. 6. [EFFECTIVE DATE.] *Sections 1 to 5 are effective for property taxes levied in 1980, payable in 1981.*

ARTICLE V: GAS TAX

Section 1. Minnesota Statutes 1978, Section 296.02, Subdivision 1, is amended to read:

296.02 [GASOLINE, EXCISE TAX.] Subdivision 1. [TAX IMPOSED FOR MOTOR VEHICLE USE.] There is hereby imposed an excise tax of nine 11 cents per gallon on all gasoline used in producing and generating power for propelling motor vehicles used on the public highways of this state. This tax shall be payable at the times, in the manner, and by persons specified in this chapter.

Sec. 2. Minnesota Statutes, 1979 Supplement, Section 473.596, is amended to read:

473.596 [ACCESS STREETS AND HIGHWAYS, HIGHWAY USER TAX DISTRIBUTION FUND.] So long as the tax imposed pursuant to article XIV, section 10, of the Minnesota Constitution is at or below the rate fixed by law on January 1, 1979, No money derived from the highway user tax distribution fund shall be used to construct, relocate, or improve any streets, highways, or other public thoroughfares, except ones included in the municipal state aid street system established pursuant to

article XIV, section 4, if such work is done in order to provide or improve access to a new sports facility constructed pursuant to sections 473.551 to 473.595. The commissioner of transportation shall determine whether expenditures are in violation of this section.

Sec. 3. The consumer services division of the department of commerce shall monitor the compliance of gasoline retailers operating in this state with the mandatory petroleum price regulations imposed under federal law. If a retailer is found to be not in compliance, he shall be subject to a fine of \$1,000 for each day during which the noncompliance exists.

Sec. 4. [EFFECTIVE DATE.] Sections 1, 2 and 3 are effective July 1, 1980.

ARTICLE VI: CORPORATE INCOME TAX

Section 1. Minnesota Statutes 1978, Section 290.06, Subdivision 1, is amended to read:

290.06 [RATES OF TAX; CREDITS AGAINST TAX.] Subdivision 1. [COMPUTATION, CORPORATIONS.] The privilege and income taxes imposed by this chapter upon corporations shall be computed by applying to their taxable net income in excess of the applicable credits allowed under section 290.21 the rate of 12 percent. The amount of tax payable by a corporation required to file a return shall not be less than \$100.

Sec. 2. [REPEALER.] Minnesota Statutes 1978, Section 290.21, Subdivision 2, is repealed.

Sec. 3. [EFFECTIVE DATE.] Sections 1 and 2 are effective for taxable years beginning after December 31, 1980.

ARTICLE VII: UTILITY PROPERTY

Section 1. Minnesota Statutes 1978, Section 273.36, is amended to read:

273.36 [ELECTRIC LIGHT AND POWER COMPANIES.] Personal property of electric light and power companies having a fixed situs in any city in this state shall be listed and assessed where situated, without regard to where the principal or other place of business of the company is located. *Transmission lines having a voltage of 69 kv and above, all attachments and appurtenances thereto, having a fixed situs in this state shall be listed and assessed where situated, without regard to where the principal or other place of business of the company is located.*

Sec. 2. Minnesota Statutes 1978, Section 273.37, Subdivision 2, is amended to read:

Subd. 2. All Transmission lines of less than 69 kv and distribution lines, and equipment attached thereto, having a fixed situs outside the corporate limits of cities except distribution lines tax-

ed as provided in sections 273.40 and 273.41, shall be listed with and assessed by the commissioner of revenue in the county where situated. The commissioner shall assess such property at the percentage of market value fixed by law; and, on or before the fifteenth day of November, shall certify to the auditor of each county in which such property is located the amount of the assessment made against each company and person owning such property.

Sec. 3. Minnesota Statutes, 1979 Supplement, Section 273.42, is amended to read:

273.42 [RATE OF TAX; ENTRY AND CERTIFICATION; CREDIT ON PAYMENT; PROPERTY TAX CREDIT.] Subdivision 1. The property set forth in section 273.37, subdivision 2, consisting of transmission lines of *less than 69 kv*, and distribution lines not taxed as provided in sections 273.38, 273.40 and 273.41 shall be taxed at the average rate of taxes levied for all purposes throughout the county and shall be entered on the tax lists by the county auditor against the owner thereof and certified to the county treasurer at the same time and in the same manner that other taxes are certified, and, when paid, shall be credited, 35 percent to the general revenue fund of the county, 50 percent to the general school fund of the county, and 15 percent to the townships within the county in which the lines are located, after deducting the amount required for the property tax credit as provided in subdivision 2. The amount available for distribution to the townships shall be divided among the townships in the same proportion that the length of transmission line in each township bears to the total length of transmission line in the county, ~~except that if a payment to a town exceeds ten percent of the town's levy for the preceding year, the excess amount shall be paid to the county.~~

Subd. 2. Owners of land defined as class 3, 3b, 3c, 3cc, 3d or 3f pursuant to section 273.13 listed on records of the county auditor or county treasurer over which runs a high voltage transmission line as defined in section 116C.52, subdivision 3, except a high voltage transmission line the construction of which was commenced prior to July 1, 1974, shall receive a property tax credit in an amount determined by multiplying a fraction, the numerator of which is the length of high voltage transmission line which runs over that parcel and the denominator of which is the total length of that particular line running over all property within the county by ten percent of the transmission line tax revenue derived from the tax on that *portion of the line within the city or township pursuant to this section* section 273.36. Where a right-of-way width is shared by more than one property owner, the numerator shall be adjusted by multiplying the length of line on the parcel by the proportion of the total width on the parcel owned by that property owner. The amount of credit for which the property qualifies shall not exceed 20 percent of the total gross tax on the parcel prior to deduction of the state paid agricultural credit and the state paid homestead credit, *provided that, if the affected parcel is included on the property tax statement of the landowner*

as part of a parcel which exceeds 40 acres, the total gross tax on the parcel shall be multiplied by a fraction, the numerator of which is 40 and the denominator of which is the total number of acres in the parcel set forth on the tax statement, and the maximum credit shall be 20 percent of the product of that computation, prior to deduction of those credits. The auditor of the county in which the affected parcel is located shall calculate the amount of the credit due for each parcel and transmit that information to the county treasurer. The county auditor, in computing the credits received pursuant to sections 273.13 and 273.135, shall reduce the gross tax by the amount of the credit received pursuant to this section, unless the amount of the credit would be less than \$10.

Sec. 4. Minnesota Statutes, 1979 Supplement, Section 275.51, Subdivision 3d, is amended to read:

Subd. 3d. The property tax levy limitation for governmental subdivisions in 1977 payable in 1978 and subsequent years shall be calculated as follows:

(a) The sum of the following amounts shall be computed: (1) the property tax permitted to be levied in 1976 payable 1977 computed pursuant to Minnesota Statutes 1976, Section 275.51, Subdivision 3c, plus

(2) the amount of any state aids the governmental subdivision was entitled to receive in calendar year 1977 pursuant to sections 477A.01; 298.26; 298.28, subdivisions 1 and 1a; 298.281, subdivision 1; 298.282; and 294.26, plus

(3) the amount levied in 1976 payable 1977 pursuant to Minnesota Statutes 1976, Section 275.50, Subdivision 5, Clauses (a), (c), (d), (e), and (f), except for levies made to pay tort judgments and make settlements of tort claims or to pay the salaries and benefits of municipal and probate court judges, plus

(4) the amount levied in 1976 payable 1977 pursuant to Minnesota Statutes 1976, Section 275.50, Subdivision 5, Clause (g) for the administrative costs of public assistance programs or county welfare systems, plus

(5) one-half of the amount of the special levy authorized under section 275.50, subdivision 5, clause (n) shall be added to the permanent levy limit base of the governmental subdivision in the year following the year in which it has been discontinued as a special levy pursuant to the provisions of section 275.50, subdivision 5, clause (n).

(b) The sum computed in clause (a) shall be increased annually in the manner provided in section 275.52 to derive the levy limit base for successive years.

(c) For taxes levied in 1978 payable 1979 and subsequent years, the levy limit base is the levy limit base which was computed for the immediately preceding year under the provisions of this section increased according to the provisions of section 275.52. To determine the levy limit base for taxes levied in 1979 payable 1980

and subsequent years, (a) the levy limit base used for taxes levied in 1979 payable in 1980 shall be increased by the excess of the amount levied in 1979 for refuse collection and street maintenance over the amount levied in 1978 payable 1979 for those purposes; and (b) in the case of a city of the first class located within the metropolitan area defined in section 473.121, subdivision 2, for the purpose of calculating the levy limit base to be used for taxes levied in 1979, payable 1980, the levy limit base used for taxes levied in 1978, payable 1979, shall be reduced by an amount sufficient to reduce the levy limitation for taxes levied in 1978 payable 1979 by 15 percent. *To determine the levy limit base used for taxes levied in 1981 payable in 1982 and subsequent years, the levy limit base used for taxes levied in 1981 payable in 1982 shall be increased by the revenue derived by the governmental subdivision for taxes levied in 1980 payable in 1981 from transmission lines of 69 kv or greater assessed under Minnesota Statutes 1978, Section 273.37.* Any amount levied in 1976 payable 1977 under the provisions of section 275.50, subdivision 5, clauses (a), (c), (d), (e) or (f) to meet the costs of programs, services or legal requirements which cease to exist in a subsequent year shall be subtracted from the levy limit base in the year in which the programs, services or legal requirements for which the levy was made cease to exist.

(d) The levy limit base shall be reduced by the total amount of state formula aids pursuant to section 477A.01 and taconite taxes and aids pursuant to sections 294.26; 298.26; 298.28, subdivision 1; 298.282 and state reimbursements for wetlands property tax exemptions provided in section 272.02, subdivision 1, clause (16); and the payments in lieu of taxes to a county pursuant to section 477A.12 which are required to be used to provide property tax levy reduction, to be paid in the calendar year in which property taxes are payable. As provided in section 298.28, subdivision 1, for taxes payable in 1978 and 1979, two cents per taxable ton, and for taxes payable in 1980 and thereafter, one cent per taxable ton of the amount distributed under section 298.28, subdivision 1, clause (4) (c) shall not be deducted from the levy limit base of the counties that receive that aid. The resulting figure is the amount of property taxes which a governmental subdivision may levy for all purposes other than those for which special levies and special assessments are made.

Sec. 5. Laws 1979, Chapter 303, Article II, Section 39, is amended to read:

Sec. 39. [EFFECTIVE DATE.] Sections 5, 8, 18, 19 and 24 except as otherwise provided and 38, subdivision 2 1, are effective for taxes levied in 1980 payable in 1981 and thereafter.

Sections 6, 16 and 17 are effective for taxes levied in 1979 payable 1980 and thereafter.

Sections 20, 21 and 38, subdivision 2, are effective for 1981 payable 1982 and thereafter.

Sections 28 to 34 are effective for claims based on property

taxes payable in 1980 and rent constituting property taxes in 1979 and subsequent years, except that section 28, subdivision 3, clause (f) is effective for property tax refund claims based on rent paid in 1976 and property taxes payable in 1977 and subsequent years.

Sec. 6 [EFFECTIVE DATE.] *Sections 1 to 3 are effective for taxes levied in 1981 and thereafter, and payable in 1982 and thereafter.*

ARTICLE VIII: MISCELLANEOUS

Section 1. Minnesota Statutes 1978, Section 272.01, Subdivision 2, is amended to read:

Subd. 2. (a) When any real or personal property which for any reason is exempt from ad valorem taxes, and taxes in lieu thereof, is leased, loaned, or otherwise made available and used by a private individual, association or corporation in connection with a business conducted for profit; ~~except where such use is by way of a concession in or relative to the use in whole or part of a public park, market, fair grounds, airport, port authority, municipal auditorium, municipal museum or municipal stadium,~~ there shall be imposed a tax, for the privilege of so using or possessing such real or personal property, in the same amount and to the same extent as though the lessee or user was the owner of such property.

(b) The tax imposed by this subdivision shall not apply to (1) property leased or used by way of a concession in or relative to the use in whole or part of a public park, market, fair grounds, port authority, municipal auditorium, municipal museum or municipal stadium or (2) property constituting or used as a public pedestrian ramp, concourse, passenger check-in area or ticket sale counter, boarding area or luggage claim area in connection with a public airport.

(c) Taxes imposed by this subdivision shall be due and payable as in the case of personal property taxes and such taxes shall be assessed to such lessees or users of real or personal property in the same manner as taxes assessed to owners of real or personal property, except that such taxes shall not become a lien against the property. When due, such the taxes shall constitute a debt due from the lessee or user to the state, township, city, county and school district for which the taxes were assessed and shall be collected in the same manner as personal property taxes. If property, subject to the tax imposed by this subdivision, is leased or used jointly by two or more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

Sec. 2. Minnesota Statutes 1978, Section 273.19, Subdivision 1, is amended to read:

273.19 [LESSEES AND EQUITABLE OWNERS.] Subdivision 1. Except as provided in subdivision 3, property held under a lease for a term of three or more years, and not taxable under section 272.01, subdivision 2, *clause (b) (1)*, or under a contract for the purchase thereof, when the property belongs to the United States,

to the state, or to any religious, scientific, or benevolent society or institution, incorporated or unincorporated, or to any railroad company or other corporation whose property is not taxed in the same manner as other property, or when the property is school or other state lands, shall be considered, for all purposes of taxation, as the property of the person so holding the same.

Sec. 3. Minnesota Statutes 1978, Section 275.28, Subdivision 3, is amended to read:

Subd. 3. [DESIGNATION OF YEAR OF TAX.] Beginning with property taxes payable in 1964 1980, taxes on real and personal property shall continue to be related to the year in which assessed but shall be *and* designated by the year in which they become payable but the liens shall relate back to the assessment date preceding except as otherwise provided; and further provided that such designation shall not be deemed to change the date or period to which such property taxes relate.

Sec. 4. Minnesota Statutes 1978, Section 273.135, Subdivision 2, is amended to read:

Subd. 2. The amount of the reduction authorized by subdivision 1 shall be

(a) in the case of property located within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 66 percent of the amount of such tax, provided that the amount of said reduction shall not exceed the maximum amount specified in clause (e) (c) .

(b) in the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 57 percent of the amount of such tax, provided that the amount of said reduction shall not exceed the maximum amount specified in clause (e) (c) .

(c) in the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a county with a population of less than 100,000 in which taconite is mined or quarried and wherein a school district is located which does meet the qualifications of a tax relief area; and provided that at least 90 percent of the area of the school district which does not meet the qualifications of section 273.134 lies within such county; 57 percent of the amount of the tax on qualified property located in the school district that does not meet the qualifications of section 273.134, provided that the amount of said reduction shall not exceed the maximum amount specified in clause (e). The reduction provided by this clause shall only be applicable to property located within the boundaries of the county described therein.

(d) in the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a school district in a county containing a city of the first class and a qualifying municipality, but not

in a school district containing a city of the first class or adjacent to a school district containing a city of the first class unless the school district so adjacent contains a qualifying municipality, 57 percent of the amount of the tax, but not to exceed the maximum specified in clause (e).

(e) The maximum reduction for property described in clause (a) shall be \$385 and for property described in clauses clause (b), (e) and (d), \$330 for taxes payable in 1978. These maximum amounts shall increase by \$15 per year for taxes payable in 1979 and subsequent years.

Sec. 5. Minnesota Statutes 1978, Section 296.14, is amended by adding a subdivision to read:

Subd. 4. Notwithstanding the provisions of this section, the producer of ethyl alcohol which is produced for personal use and not for sale in the usual course of business shall report and pay the tax on all ethyl alcohol delivered into the supply tank of a licensed motor vehicle during the preceding calendar year. The tax shall be reported and paid together with the income tax return of the taxpayer.

Sec. 6. Minnesota Statutes, 1979 Supplement, Section 297A.25, Subdivision 1, is amended to read:

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

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

(b) The gross receipts from the sale of prescribed drugs and medicine intended for use, internal or external, in the cure, mitigation, treatment or prevention of illness or disease in human beings and products consumed by humans for the preservation of health, including prescription glasses, therapeutic and prosthetic devices, but not including cosmetics or toilet articles notwithstanding the presence of medicinal ingredients therein;

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

(d) The gross receipts from the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minnesota and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to

or incorporated into other tangible personal property transported or shipped outside Minnesota and thereafter used in a trade or business outside Minnesota, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce (storage shall not constitute intermediate use); or (ii) which the seller delivers to a common carrier for delivery outside Minnesota, places in the United States mail or parcel post directed to the purchaser outside Minnesota, or delivers to the purchaser outside Minnesota by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

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

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

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

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

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

(iii) perfume, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic cachous and toilet powders. The tax imposed by this act shall not apply to lotion, oil, powder, or other article intended to be used or applied only in the case of babies.

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

(h) The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in

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

(i) The gross receipts from the sale of and storage, use or other consumption in Minnesota of tangible personal property (except as provided in section 297A.14) which is used or consumed in producing any publication regularly issued at average intervals not exceeding three months, and any such publication. For purposes of this subsection, "publication" as used herein shall include, without limiting the foregoing, a legal newspaper as defined by Minnesota Statutes 1965, Section 331.02, and any supplements or enclosures with or part of said newspaper; and the gross receipts of any advertising contained therein or therewith shall be exempt. For this purpose, advertising in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not exempt;

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

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

(l) The gross receipts from sales of rolling stock and the storage, use or other consumption of such property by railroads, freight line companies, sleeping car companies and express companies taxed on the gross earnings basis in lieu of ad valorem

taxes. For purposes of this clause "rolling stock" is defined as the portable or moving apparatus and machinery of any such company which moves on the road, and includes, but is not limited to, engines, cars, tenders, coaches, sleeping cars and parts necessary for the repair and maintenance of such rolling stock.

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

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

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

(p) The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious or educational purposes if the property purchased is to be used in the performance of charitable, religious or educational functions, or any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders;

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

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

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

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

(u) The gross receipts from the sale of building materials to be used in the construction or remodeling of a residence when the construction or remodeling is financed in whole or in part by the United States in accordance with 38 United States Code, Sections 801 to 805, as amended. This exemption shall not be effective at time of sale of the materials to contractors, subcontractors, build-

ers or owners, but shall be applicable only upon a claim for refund to the commissioner of revenue filed by recipients of the benefits provided in Title 38 United States Code, Chapter 21, as amended. The commissioner shall provide by regulation for the refund of taxes paid on sales exempt in accordance with this paragraph.

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

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

(x) The gross receipt from the sale of residential heating fuels in the following manner:

(i) all fuel oil, coal, wood, steam, propane gas, and L.P. gas sold to residential customers for residential use;

(ii) natural gas sold for residential use to customers who are metered and billed as residential users and who use natural gas for their primary source of residential heat, for the billing months of November, December, January, February, March and April;

(iii) electricity sold for residential use to customers who are metered and billed as residential users and who use electricity for their primary source of residential heat, for the billing months of November, December, January, February, March and April.

(y) *The gross receipts from either the sales to or the storage, use or consumption of tangible personal property by an organization of military service veterans or an auxiliary unit of an organization of military service veterans, provided that:*

(i) the organization or auxiliary unit is organized within the state of Minnesota and is exempt from federal taxation pursuant to section 501(c), clause (19), of the Internal Revenue Code as amended through December 31, 1978; and (ii) the tangible personal property which is sold to or stored, used or consumed by the organization or auxiliary unit is for charitable, civic, educational, or nonprofit uses and not for social, recreational, pleasure or profit uses.

Sec. 7. Minnesota Statutes 1978, Section 298.223, is amended to read:

298.223 [TACONITE AREA ENVIRONMENTAL PROTECTION FUND.] A fund called the taconite environmental protection fund is created for the purpose of reclaiming, restoring and enhancing those areas of northeast Minnesota *located within a tax relief area defined in section 273.134 that are adversely affected* by the environmentally damaging operations involved in mining taconite and iron ore and producing iron ore concentrate and for the purpose of promoting the economic development of northeast Minnesota. The taconite environmental protection fund shall be used for the following purposes:

(a) to initiate investigations into matters the Iron Range Resources and Rehabilitation Board determines are in need of study and which will determine the environmental problems requiring remedial action;

(b) reclamation, restoration or reforestation of minelands not otherwise provided for by state law;

(c) local economic development projects including construction of sewer and water systems, and other public works *located within a tax relief area defined in section 273.134;*

(d) monitoring of mineral industry related health problems among mining employees.

The taconite environmental protection fund shall be administered by the commissioner of the Iron Range Resources and Rehabilitation Board. The commissioner shall by September 1 of each year prepare a list of projects to be funded from the taconite environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary. Upon recommendation of the Iron Range Resources and Rehabilitation Board, this list shall be submitted to the legislative advisory commission for its review. This list with the recommendation of the legislative advisory commission shall then be transmitted to the governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each individual project. Funds for a project may be expended only upon approval of the project by the governor.

Notwithstanding the above, in 1977 the commissioner, with the recommendation of the board, shall submit a list of projects to the legislative advisory commission by June 15. This list shall by July 1 be transmitted to the governor for approval. Funds may be expended upon approval by the governor.

There is hereby annually appropriated to the commissioner of the Iron Range Resources and Rehabilitation Board such funds as are necessary to carry out the projects approved and such funds as are necessary for administration of this section. Annual administrative costs, not including detailed engineering expenses for the projects, shall not exceed five percent of the amount annually expended from the fund.

Funds for the purposes of this section are provided by section

298.28, subdivision 1, clause (9) relating to the taconite environmental protection fund.

Sec. 8. Minnesota Statutes 1978, Section 298.28, Subdivision 1, is amended to read:

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

(1) 2.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton", to the city or town in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

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

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

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

(b) 23 cents per taxable ton, less any amount distributed under part (c), shall be distributed to a group of school districts comprised of those school districts wherein the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 or in which is located property which is entitled to the reduction of tax pursuant to section 273.135, subdivision 2, clause (e). The 23 cents, less any amount distributed under part (c), shall be distributed in direct proportion to school district tax levies as follows: each district shall receive that portion of the total distribution which its permitted levy for the prior year, computed pursuant to section 275.125, comprises of the sum of permitted levies for the prior year

for all qualifying districts, computed pursuant to section 275.125. For purposes of distributions pursuant to this part, permitted levies for the prior year computed pursuant to section 275.125 shall not include the amount of any increased levy authorized by referendum pursuant to section 275.125, subdivision 2a, clause (4).

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

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

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

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

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

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

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

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

(7) 3 cents per taxable ton shall be deposited in the state treasury to the credit of the iron range resources and rehabilitation board account in the special revenue fund for the purposes

of section 298.22. Of this amount, one cent per taxable ton is to be used to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60 issued on June 12, 1970, which does not contain a municipality qualifying pursuant to The amount distributed pursuant to this clause shall be expended within or for the benefit of a tax relief area defined in section 273.134.

~~(8)~~ (7) .20 cent per taxable ton shall be paid in 1979 and each year thereafter, to the range association of municipalities and schools, for the purpose of providing an area wide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns and school districts within the iron range area of northeast Minnesota.

~~(9)~~ (8) the amounts determined under clauses (4)(a), (4)(c), and (5) shall be increased in 1979 and subsequent years in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1.

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

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

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

(c) On or before October 10 of each calendar year each producer of taconite or iron sulphides subject to taxation under section 298.24 (hereinafter called "taxpayer") shall file with the commissioner of revenue and with the county auditor of each county in which such taxpayer operates, and with the chief clerical officer of each school district, city or town which is entitled to participate in the distribution of the tax, an estimate of the amount of tax which would be payable by such taxpayer under said law for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of said year plus the amount becoming due because of probable production between

September 30 and December 31 of said year, less any credit allowable as hereinafter provided. Such estimate shall list the taxing districts entitled to participate in the distribution of such tax, and the amount of the estimated tax which would be distributable to each such district in the next ensuing calendar year on the basis of the last percentage distribution certified by the commissioner of revenue. If there be no such prior certification, the taxpayer shall set forth its estimate of the proper distribution of such tax under the law, which estimate may be corrected by the commissioner if he deems it improper, notice of such correction being given by him to the taxpayer and the public officers receiving such estimate. The officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district in computing the permissible tax levy of such county, city or school district in the year in which such estimate is made, and payable in the next ensuing calendar year, except that in 1978 and 1979 two cents per taxable ton, and in 1980 and thereafter, one cent per taxable ton of the amount distributed under clause (4)(c) shall not be deducted in calculating the permissible levy. Such taxpayer shall then pay, at the times payments are required to be made pursuant to section 298.27, as the amount of tax payable under section 298.24, the greater of (a) the amount shown by such estimate, or (b) the amount due under said section as finally determined by the commissioner of revenue pursuant to law. If, as a result of the payment of the amount of such estimate, the taxpayer has paid in any calendar year an amount of tax in excess of the amount due in such year under section 298.24, after application of credits for any excess payments made in previous years, all as determined by the commissioner of revenue, the taxpayer shall be given credit for such excess amount against any taxes which, under said section, may become due from the taxpayer in subsequent years. In any calendar year in which a general property tax levy subject to sections 275.125 or 275.50 to 275.59 has been made, if the taxes distributable to any such county, city or school district are greater than the amount estimated to be paid to any such county, city or school district in such year, the excess of such distribution shall be held in a special fund by the county, city or school district and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.125 or 275.50 to 275.59, of such county, city or school district payable in such year. If the amounts distributable to any such county, city or school district, after final determination by the commissioner of revenue under this section are less than the amounts indicated by such estimates, such county, city or school district may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sections 275.125 or 275.50 to 275.59 an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

There is hereby annually appropriated to such taxing districts as are stated herein, to the taconite property tax relief account and to the taconite municipal aid account in the apportionment fund in the state treasury, to the department of revenue, to the

iron range resources and rehabilitation board, to the range association of municipalities and schools, to the taconite environmental protection fund, and to the northeast Minnesota economic protection fund, from any fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment or transfer. The payment of the amount appropriated to such taxing districts shall be made by the commissioner of revenue on or before May 15 annually.

Sec. 9. Minnesota Statutes 1978, Chapter 477A, is amended by adding a section to read:

[477A.15] [TACONITE AID REIMBURSEMENT.] *Any school district in which is located property which had been entitled to a reduction of tax pursuant to Minnesota Statutes 1978, Section 273.135, Subdivision 2, clause (c), shall receive in 1981 and subsequent years an amount equal to the amount it received in 1980 pursuant to Minnesota Statutes 1978, Section 298.28, Subdivision 1, clause (3)(b). Any county in region 3 as defined in governor's executive order number 60 issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134, and in which are located local units of government which received environmental development grants in 1980 pursuant to Minnesota Statutes 1978, Section 298.28, Subdivision 1, clause (7), shall receive in 1981 and subsequent years an amount equal to the aggregate amount of the grants given to those local units in that county under that clause in 1980. The money distributed to the counties shall be used to provide environmental development grants. Payments shall be made pursuant to this section by the commissioner of revenue to the taxing jurisdictions on July 15 of 1981 and each year thereafter.*

Sec. 10. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.139] [SUPPLEMENTARY HOMESTEAD PROPERTY TAX RELIEF.] *Subdivision 1. The property tax to be paid in respect to property taxable within a tax relief area described in subdivision 2 on class 3b property not exceeding 240 acres, on class 3c property, and on class 3cc property, as otherwise determined by law and regardless of the market value of the property, for all purposes shall be reduced in the amount prescribed by subdivision 2, subject to the limitations contained therein.*

Subd. 2. The amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a county with a population of less than 100,000 in which taconite is mined or quarried and wherein a school district is located which does meet the qualifications of a tax relief area, and provided that at least 90 percent of the area of the school district which does not meet the qualifications of section 273.134 lies within such county, 57 percent of the amount of the tax on qualified property located in the school district that does not meet the qualifications of section 273.134, provided that

the amount of said reduction shall not exceed the maximum amount specified in clause (c). The reduction provided by this clause shall only be applicable to property located within the boundaries of the county described therein.

(b) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a school district in a county containing a city of the first class and a qualifying municipality, but not in a school district containing a city of the first class or adjacent to a school district containing a city of the first class unless the school district so adjacent contains a qualifying municipality, 57 percent of the amount of the tax, but not to exceed the maximum specified in clause (c).

(c) The maximum reduction shall be \$375 for taxes payable in 1981. These maximum amounts shall increase by \$15 per year for taxes payable in 1982 and subsequent years.

Subd. 3. Not later than December 1 of each year, commencing in 1980, each county auditor having jurisdiction over one or more tax relief areas defined in subdivision 2 shall certify to the commissioner of revenue his estimate of the total amount of the reduction, determined under subdivision 2, in taxes payable the next succeeding year with respect to all tax relief areas in his county.

Subd. 4. For the purposes of this section, the amount of property tax to be paid shall be determined before the allowance of any reduction prescribed by section 273.13, and the reduction prescribed by this section shall be in addition to that prescribed by section 273.13.

Sec. 11. Minnesota Statutes 1978, Section 124.212, Subdivision 8a, is amended to read:

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

(2) For districts which received payments under sections 294.21 to 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; section 9; any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; the foundation aid shall be reduced in the October adjustment payment by the difference between the dollar amount of the payments received pursuant to those sections in the fiscal year to which the October adjustment is attributable and the amount which was calculated, pursuant to section 275.-

125, subdivision 9, as a reduction of the levy attributable to the fiscal year to which the October adjustment is attributable. If the October adjustment of a district's foundation aid for a fiscal year is a negative amount because of this clause, the next fiscal year's foundation aid to that district shall be reduced by this negative amount in the following manner: there shall be withheld from each monthly scheduled foundation aid payment due the district in such fiscal year, 15 percent of the total negative amount, until the total negative amount has been withheld. The amount reduced from foundation aid pursuant to this clause shall be recognized as revenue in the fiscal year to which the October adjustment payment is attributable.

Sec. 12. Minnesota Statutes, 1979 Supplement, Section 275.125, Subdivision 9, is amended to read:

Subd. 9. (1) Districts which receive payments which result in deductions from foundation aid pursuant to section 124.212, subdivision 8a, clause (1), shall reduce the permissible levies authorized by subdivisions 3 to 14 by that portion of the previous year's payment not deducted from foundation aid on account of the payment. The levy reductions shall be made in the proportions that each permissible levy bears to the sum of the permissible levies. Reductions in levies pursuant to this clause, subdivision 10 of this section, and section 273.138, shall be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; section 9; and any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; shall not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall reduce the permissible levies authorized by this section by the greater of the following:

(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections in the previous fiscal year; or

(b) an amount equal to the total dollar amount of the payments received pursuant to those sections in the previous fiscal year less the product of the same dollar amount of payments times the ratio of the maximum levy allowed the district under subdivision 2a, to the total levy allowed the district under this section in the year in which the levy is certified.

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to subdivision 2a, clause 1 or 2, to an amount less than the amount raised by a levy of 10 mills times the adjusted assessed valuation of that district for the preceding year as determined by the equalization aid review committee. The amount of any increased levy authorized by referendum pursuant to subdivision 2a, clause (4) shall not be reduced

pursuant to this subdivision. The amount of any levy authorized by subdivision 4, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision. The amount of any levy authorized by subdivision 7a shall not be reduced pursuant to this subdivision.

(4) Before computing the reduction pursuant to this subdivision of the capital expenditure levy authorized by subdivision 11a, the commissioner shall ascertain from each affected school district the amount it proposes to levy for capital expenditures pursuant to that subdivision. The reduction of the capital expenditure levy shall be computed on the basis of the amount so ascertained.

(5) Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; or any law imposing a tax on severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; and not deducted from foundation aid pursuant to section 124.212, subdivision 8a, clause (2), and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the commissioner of finance in the following amount on the designated date: on or before March 15 of each year, 100 percent of the amount required to be subtracted from the previous fiscal year's foundation aid pursuant to section 124.212, subdivision 8a, which is in excess of the foundation aid earned for that fiscal year. The commissioner of finance shall deposit any amounts received pursuant to this clause in the taconite property tax relief fund in the state treasury, established pursuant to section 16A.70 for purposes of paying the taconite homestead credit as provided in section 273.135.

Sec. 13. Minnesota Statutes 1978, Chapter 298, is amended by adding a section to read:

[298.401] [APPORTIONMENT OF INCOME.] *All imputed income determined pursuant to section 298.40, subdivision 1, clause (b) is and shall be apportioned to Minnesota.*

Sec. 14. [FARM WINERY LICENSES.] *Subdivision 1. For purposes of this section and of section 2:*

(a) "Farm winery" means a winery operated by the owner of a Minnesota farm and producing table or sparkling wines from grapes, grape juice, other fruit bases or honey with a majority of the ingredients grown or produced in Minnesota.

(b) "Table or sparkling wines" means a beverage made without rectification or fortification and containing not more than 25 percent of alcohol by volume and made by the fermentation of grapes, grape juice, other fruits or honey.

Subd. 2. The commissioner of public safety may issue a farm winery license to the owner or operator of a farm winery located within the state and producing table or sparkling wines. Licenses

shall be issued and renewed on an annual basis upon payment of a fee of \$25, which shall be in lieu of all other license fees required by Minnesota Statutes, Chapter 340.

Subd. 3. A license shall authorize the sale on the farm winery premises of table or sparkling wines produced by that farm winery at on-sale or off-sale in retail or wholesale lots, in total quantities not in excess of 50,000 gallons in any calendar year, glassware, wine literature and accessories, and the dispensing of free samples of the wines offered for sale. Sales at on-sale and off-sale may be made on Sundays between 12 o'clock noon and 12 o'clock midnight. Labels for each type or brand produced shall be registered with the commissioner, without fee, prior to the sale thereof.

Subd. 4. Except as otherwise specified in this section, all provisions of Minnesota Statutes, Chapter 340 shall govern the production, sale, possession and consumption of table or sparkling wines produced by a farm winery.

Subd. 5. If Minnesota produced or grown grapes, grape juice, other fruit bases or honey is not available in quantities sufficient to constitute a majority of the table or sparkling wine produced by a farm winery, the holder of the farm winery license may file an affidavit stating this fact with the commissioner of public safety. If the commissioner determines, after consultation with the commissioner of agriculture, this to be true, the farm winery may use imported products and shall continue to be governed by the provisions of this section and section 2. The affidavit is effective for a period of one year, after which time the farm winery shall use the required amount of Minnesota products as provided by subdivision 1 unless the farm winery holder files a new affidavit with the commissioner.

Sec. 15. [TAXATION.] *In lieu of all taxes imposed by Minnesota Statutes, Section 340.47, there shall be levied and collected on all table or sparkling wines manufactured or produced by a Minnesota farm winery, the following excise tax:*

(a) Wines containing 14 percent or less of alcohol by volume, the sum of five cents per gallon;

(b) Wines containing more than 14 percent and not exceeding 21 percent of alcohol by volume, the sum of 15 cents per gallon;

(c) Wines containing more than 21 percent and not exceeding 25 percent of alcohol by volume, the sum of 30 cents per gallon.

Payment and collection of taxes imposed by this section shall be governed by Minnesota Statutes, Chapter 340.

Sec. 16. [APPROPRIATION.] *A sum sufficient to make the payments required by sections 9 and 10 is annually appropriated from the general fund to the commissioner of revenue for the purpose of funding those payments.*

Sec. 17. [EFFECTIVE DATE.] *Sections 1, 2, and 4 are effective for taxes levied in 1980, payable in 1981 and thereafter. Section 5 is effective for ethyl alcohol produced after April 1, 1980.*

Section 6 is effective for sales made after June 30, 1980. Sections 7 and 8 are effective for distributions made after December 31, 1980. Section 13 is effective the day following final enactment as a restatement of the intent of Minnesota Statutes, Section 298.40, as originally enacted.

ARTICLE IX: STATE INVESTMENT BOARD/ MINNEAPOLIS FUND

Section 1. [11A.01] [STATEMENT OF PURPOSE.] *The purpose of sections 1 to 23 is to establish standards which will insure that state and pension assets subject to this legislation will be responsibly invested to maximize the total rate of return without incurring undue risk.*

Sec. 2. [11A.02] [DEFINITIONS.] *Subdivision 1. For the purposes of sections 1 to 23, the terms defined in this section shall have the meanings given them.*

Subd. 2. "State board" means the Minnesota state board of investment created by Article XI, Section 8 of the constitution of the state of Minnesota for the purpose of administering and directing the investment of all state funds and pension funds.

Subd. 3. "Council" means the investment advisory council created by section 6.

Subd. 4. "Fund" means any of the individual funds, including but not limited to the permanent school fund, general fund of the state, retirement funds and other funds and accounts for which the state board has responsibilities.

Subd. 5. "Director" means the executive director of the state board.

Subd. 6. "Management" means the performance or delegation of general management duties relating to any fund established pursuant to this chapter.

Sec. 3. [11A.03] [STATE BOARD; MEMBERSHIP; ORGANIZATION.] *Pursuant to Article XI, Section 8, of the constitution of the state of Minnesota, the state board shall be composed of the governor, state auditor, state treasurer, secretary of state and attorney general. The governor shall serve as ex officio chairman of the state board.*

Sec. 4. [11A.04] [DUTIES AND POWERS.] *The state board shall:*

(1) Act as trustees for each fund for which it invests or manages moneys in accordance with the standard of care set forth in section 7.

(2) Formulate policies and procedures deemed necessary and appropriate to carry out its functions. Procedures adopted by the board shall allow fund beneficiaries and members of the public to become informed of proposed board actions. Procedures and policies of the board shall not be subject to the administrative procedure act.

- (3) *Employ an executive director as provided in section 5.*
- (4) *Employ investment advisors and consultants as it deems necessary.*
- (5) *Prescribe policies concerning personal investments of all employees of the board to prevent conflicts of interest.*
- (6) *Maintain a record of its proceedings.*
- (7) *As it deems necessary, establish advisory committees subject to the provisions of Minnesota Statutes, Section 15.059 to assist the board in carrying out its duties.*
- (8) *Not permit state funds to be used for the underwriting or direct purchase of municipal securities from the issuer or his agent.*
- (9) *Direct the state treasurer to sell property other than money which has escheated to the state when the board determines that sale of the property is in the best interest of the state. Escheated property shall be sold to the highest bidder in the manner and upon terms and conditions prescribed by the board.*
- (10) *Undertake any other activities necessary to implement the duties and powers set forth in this section.*
- (11) *Establish a formula or formulas to measure management performance and return on investment. All public pension funds in the state shall utilize the formula or formulas developed by the state board.*

Sec. 5. [11A.07] [EXECUTIVE DIRECTOR.] Subdivision 1. [SELECTION.] *The state board shall select an executive director.*

Subd. 2. [QUALIFICATIONS.] *The director of the state board shall be well qualified by training to administer and invest the money available for investment and possess experience in the management of institutional investment portfolios. The director shall be in the unclassified state service and serve at the pleasure of the state board.*

Subd. 3. [CONFIRMATION.] *The employment of the director shall be subject to the advice and consent of the senate in the same manner as the appointment of executive officers is confirmed by the senate.*

Subd. 4. [DUTIES AND POWERS.] *The director, at the direction of the state board, shall:*

- (1) *Plan, direct, coordinate and execute administrative and investment functions in conformity with the policies and directives of the state board.*

- (2) *Employ such professional and clerical staff as is necessary within the complement limits established by the legislature. These employees shall be in the unclassified service of the state.*

- (3) *Report to the state board on all operations under his control and supervision.*

(4) Maintain accurate and complete records of securities transactions and official activities.

(5) Purchase and sell all securities on the basis of competitive offerings or bids received from at least two firms known to specialize in the securities being traded and likely to position these securities in relevant quantities. Competitive bidding shall not be required when the securities to be traded are: listed or traded on a major United States exchange, bound by underwriting restrictions or classified as private placements and offered only to a limited number of institutional investors.

(6) Cause all securities acquired to be kept in the custody of the state treasurer or such other depositories as the state board deems appropriate.

(7) Prepare and file with the director of the legislative reference library on or before November 15 of each year, a report summarizing the activities of the state board, the council and the director during the preceding fiscal year. The report shall be prepared so as to provide the legislature and the people of the state with a clear, comprehensive summary of the portfolio composition, the transactions, the total annual rate of return and the yield to the state treasury and to each of the funds whose assets are invested by the state board, and the recipients of business placed or commissions allocated among the various commercial banks, investment bankers and brokerage organizations.

(8) Require state officials from any department or agency to produce and provide access to any financial documents the state board deems necessary in the conduct of their investment activities.

(9) Receive and expend legislative appropriations.

(10) Undertake any other activities necessary to implement the duties and powers set forth in this subdivision.

Sec. 6. [11A.08] [INVESTMENT ADVISORY COUNCIL.] Subdivision 1. [MEMBERSHIP.] There is created an investment advisory council consisting of ten members who are experienced in general investment matters and who shall be appointed by the state board.

Subd. 2. [DUTIES AND POWERS.] The council shall:

(1) Advise the state board and the director on general policy matters relating to investments;

(2) Advise the state board and the director on methods to improve the rate of return on invested money while insuring adequate security for that money;

(3) Advise the state board and the director on the form and content of the report required by section 5, subdivision 4, clause (7), so that the report clearly and objectively discloses the investment activities of the state board and the director;

(4) *Perform other tasks of an advisory nature as requested by the state board.*

Subd. 3. [OFFICERS; MEETINGS.] *The council shall annually elect a chairman and vice chairman from among its members, and may elect other officers as necessary. The council shall meet at least every other month and upon the call of the chairman of the council or the chairman of the state board.*

Subd. 4. [TERMS; COMPENSATION; REMOVAL; VACANCIES.] *The membership terms, compensation and removal of members appointed by the state board, and filling of vacancies of such members shall be as provided in Minnesota Statutes, Section 15.059 except that council members shall not receive a per diem.*

Subd. 5. [LIABILITY; INDEMNIFICATION.] *A member of the council shall be indemnified and held harmless by the state for any reasonable costs or expenses incurred as a result of any actual or threatened litigation or administrative proceedings arising out of the performance of the member's duties, except an action brought by the state or agency thereof arising from the failure of a council member to perform duties in the manner prescribed in section 7.*

Subd. 6. [CONFLICT OF INTEREST; ECONOMIC INTEREST STATEMENT.] *No member of the council may participate in deliberations or vote on any matter before the council which will or is likely to result in direct, measurable economic gain to the member. Additionally, no member of the council appointed by the state board may participate in deliberations or vote on any matter before the council which will or is likely to result in direct, measurable economic gain to his employer. Members of the council shall file with the board of ethical practices an economic interest statement in a manner as prescribed by Minnesota Statutes, Section 10A.09, Subdivisions 5 and 6.*

Sec. 7. [11A.09] [STANDARD OF CARE.] *In the discharge of their respective duties, the members of the state board, director, board staff, members of the council and any other person charged with the responsibility of investing money pursuant to the standards set forth in sections 1 to 23 shall act in good faith and shall exercise that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived therefrom.*

Sec. 8. [11A.10] [DUTIES OF OTHER OFFICIALS.] **Subdivision 1. [CUSTODY OF SECURITIES.]** *The state treasurer and other custodians of securities belonging to the various funds shall provide in the appropriate cases the state board and its delegates with reasonable access thereto. Each security shall be held as an asset of the fund from which the investment expenditure was made.*

Subd. 2. [ESCHEATED PROPERTY.] *The commissioner of finance shall report immediately to the state board all personal property other than money received by the state of Minnesota as escheated property. If the state board elects to sell escheated property, all moneys received from the sale shall be credited to the general fund of the state.*

Subd. 3. [AUDITS.] *State audits of the activities of the state board and its delegates shall be conducted by the legislative auditor.*

Subd. 4. [OFFICE SPACE.] *The commissioner of administration shall provide the director and staff with suitable office and storage space in the state capitol complex as near as practicable to the office of the state treasurer.*

Sec. 9. [11A.11] [INVESTMENT AND EXPENSE APPROPRIATION.] *There is appropriated to the state board annually, and from time to time, the various moneys as are available for investment in the various funds subject to their supervision and control, for the purposes of the purchase, sale, exchange and lending of securities, reinvestment activities, payment of the execution expenses of securities transactions, amortization of premiums or accumulation of discounts, and contribution and redemption of participation in the funds.*

Sec. 10. [11A.12] [GAINS AND LOSSES; DISPOSITION.] *All interest and profit accruing from and all losses incurred by investment activity shall be credited to or borne by the fund from which the investment was made.*

Sec. 11. [11A.13] [ASSETS AND DOCUMENTATION.] *Subdivision 1. [LEGAL TITLE TO FUND ASSETS.] Legal title to the assets of state funds to be invested by the state board shall be in the state of Minnesota, or its nominees. Legal title to pension funds to be invested by the state board shall be in the state board, or its nominees, as trustees for any person having a beneficial interest in the applicable fund subject to the rights of the particular funds maintaining shares, investment participation or units in the accounts to their credit.*

Subd. 2. [RIGHTS OF EMPLOYEES; VALIDITY OF DOCUMENTATION.] *The rights of any public employee to any assets in the retirement funds shall be as fixed by the law or laws authorizing or requiring a retirement fund to purchase or order the redemption of investment participations or units on behalf of the public employee. The state board may rely on the documents, forms and applications of the various retirement funds which accompany money for investment or orders to redeem assets as being made in concert with the applicable law and with the rights of the public employees concerned. Accordingly, the state board need not inquire into the legality or validity of any documents, forms and applications.*

Sec. 12. [11A.14] [MINNESOTA COMBINED INVESTMENT FUND.] *Subdivision 1. [ESTABLISHMENT.] There is hereby established a Minnesota combined investment fund for*

the purpose of providing an investment vehicle for assets of the participating funds. The combined fund shall consist of the following investment accounts: a cash management account and an equity account.

Subd. 2. [ASSETS.] The assets of the combined investment fund shall consist of the moneys certified to and received by the state board from participating retirement plans and funds which shall be used to purchase investment shares in the appropriate investment accounts. Each participating fund shall own an undivided participation in all the assets of the combined fund. As of any date, the total claim of a participating fund on the assets in each account shall be equal to the ratio of units owned by a fund in each account to the total issued units then outstanding.

Subd. 3. [MANAGEMENT.] The combined investment fund shall be managed by the state board.

Subd. 4. [INVESTMENTS.] The assets of the combined investment fund shall be invested by the state board subject to the provisions of section 22 with the following exceptions:

(a) The cash management account shall be invested in fixed-income obligations with maturities of less than three years.

(b) The equity account may be completely invested in corporate stocks.

Subd. 5. [PARTICIPATING PUBLIC RETIREMENT PLANS OR FUNDS.] The following public retirement plans and funds shall participate in the Minnesota combined investment fund:

(1) State employees retirement fund established pursuant to Minnesota Statutes, Chapter 352;

(2) Correctional employees retirement plan established pursuant to Minnesota Statutes, Chapter 352;

(3) Highway patrol retirement fund established pursuant to Minnesota Statutes, Chapter 352B;

(4) Public employees retirement fund established pursuant to Minnesota Statutes, Chapter 353;

(5) Public employees police and fire fund established pursuant to Minnesota Statutes, Chapter 353;

(6) Teachers retirement fund established pursuant to Minnesota Statutes, Chapter 354;

(7) Judges retirement fund established pursuant to Minnesota Statutes, Chapter 490; and

(8) Any other fund required by law to participate.

Subd. 6. [INITIAL TRANSFER OF ASSETS.] As of July 1, 1980, or a later date as determined by the state board, the participating funds shall transfer to the combined investment fund all appropriate securities then held together with cash necessary for the purchase of even units in the combined fund accounts.

Subd. 7. [INITIAL VALUATION OF ASSETS AND UNITS.] *All assets transferred to the Minnesota combined investment fund shall be valued at their current market value as determined by the state board, including accrued interest. The initial value of each account unit shall be \$1,000 with each participating fund allocated units in the various accounts of the Minnesota combined investment fund in the same proportion as their assets are to the total assets in each account.*

Subd. 8. [UNREALIZED APPRECIATION (DEPRECIATION) ACCOUNT.] *Any unrealized gains or losses in the value of investments incurred by a transferring fund shall be recorded in an unrealized appreciation (depreciation) account which is hereby created. Any future unrealized gains or losses shall also be recorded in this account at the close of each fiscal year.*

Subd. 9. [VALUATION OF UNITS.] (1) *Valuation of units for the equity account in the Minnesota combined investment fund shall be performed as of the last business day of each month, or more frequently should the state board determine that additional valuation dates are necessary. Valuation of units for the cash management account in the Minnesota combined investment fund shall be performed daily for every business day.*

(2) *The value of a unit for each account shall be determined by the following procedure:*

(a) *As of the close of business on the valuation date the state board shall determine the fair market value of each asset in each account, using the references, pricing services, consultants, or other methods as the state board deems appropriate.*

(b) *The sum total of the market value of all securities plus cash, less the value of undistributed income in each account, shall be divided by the number of units issued and outstanding for the account to determine the value per account unit.*

Subd. 10. [PURCHASE AND REDEMPTION OF UNITS.] *Purchase and redemption of units shall be on the first business day following the valuation date. All transactions shall be at the unit value as established on the immediately preceding valuation date. Except for the initial purchase of units by an authorized participant, all purchases and redemptions shall be made in cash unless the state board determines that an exception is necessary.*

Subd. 11. [EARNINGS DEFINED.] *Investment earnings shall be the sum total of the following of each account:*

(1) *Dividends receivable on securities trading ex-dividend up to and including the valuation date.*

(2) *Cash dividends received to and including the valuation date that were not accounted for on a previous valuation date.*

(3) *Accrued interest to and including the valuation date.*

(4) *Interest received which had not been accrued and accounted for on a prior valuation date.*

(5) *Income from the sale of options, rights, warrants, or security lending.*

(6) *Other income received to and including the valuation date.*

Subd. 12. [DISTRIBUTION OF EARNINGS.] *At least once each month the state board shall distribute to each participant net earnings determined proportionately in accordance with their average unit holdings in each account during the period. Unless otherwise directed by the participating fund, any distributions shall be used to purchase additional units in the accounts.*

Subd. 13. [RECORDS REQUIRED.] *The executive director of the state board shall keep accounting records. The records shall reflect the number of units in the Minnesota combined investment fund owned by each participating fund. No certificates or other evidence of ownership shall be required.*

Subd. 14. [REPORTS REQUIRED.] *As of each valuation date, or as often as the state board determines, each participant shall be informed of the number of units owned and the current value of the units. Annually, the state board shall provide to each participant, financial statements prepared in accordance with generally accepted accounting principles.*

Sec. 13. [11A.15] [STATE BOND FUND.] *Subdivision 1. [ESTABLISHMENT.] Pursuant to Article XI, Section 7, of the constitution of the state of Minnesota, there is hereby established a state bond fund for the purpose of the timely payment of principal and interest on bonds for which the full faith and credit of the state has been pledged. The state bond fund shall be a continuation of the state bond fund in existence on January 1, 1980.*

Subd. 2. [ASSETS.] *Any money appropriated to the state bond fund, any income arising from the invested assets of the state bond fund which is not immediately required to pay the principal or interest on state bonds and any proceeds arising from the sale of any securities in the state bond fund shall constitute the assets of the state bond fund.*

Subd. 3. [MANAGEMENT.] *The state bond fund shall be managed by the state treasurer who shall, from time to time, certify to the state board those portions of the state bond fund which in the judgment of the state treasurer are not required for immediate use.*

Subd. 4. [INVESTMENT.] *The state board shall invest assets of the state bond fund subject to the provisions of section 23.*

Subd. 5. [WITHDRAWAL OF ASSETS.] *Securities sufficient to equal the amount of money certified by the state treasurer as necessary to pay the principal or interest due on state bonds in excess of any cash on hand shall be sold at the request of the state treasurer and the certified amount of money shall be transferred to the state treasurer.*

Subd. 6. [CREDIT OF INCOME TOWARDS SUBSEQUENT APPROPRIATIONS.] *Notwithstanding provisions of section 10, the net income of the state bond fund after the recovery of any losses from the sale of securities shall be deducted from the amount of any subsequent appropriations for the payment of principal and interest of state bonds.*

Sec. 14. [11A.16] [PERMANENT SCHOOL FUND.] Subdivision 1. [ESTABLISHMENT.] *Pursuant to Article XI, Section 8, of the constitution of the state of Minnesota, there is hereby established a permanent school fund which shall be a continuation of the permanent school fund in existence on January 1, 1980.*

Subd. 2. [ASSETS.] *The permanent school fund shall consist of the proceeds derived from the school lands, the swamp lands and the internal improvement lands granted to the state and all cash and investments credited to the permanent school fund, to the swamp land fund and to the internal improvement land fund.*

Subd. 3. [MANAGEMENT.] *The permanent school fund shall be managed by the commissioner of finance.*

Subd. 4. [INVESTMENT.] *The permanent school fund shall be invested by the state board in the following securities as directed by Article XI, Section 8 of the constitution of the state of Minnesota:*

(a) Interest bearing fixed income securities of the United States and its agencies, including securities fully guaranteed by the United States, bonds of Minnesota or its political subdivisions or agencies, or of other states but not more than 50 percent of any issue by a political subdivision;

(b) Stocks of corporations with cash dividends paid from earnings for the five consecutive years prior to purchase, but not more than 20 percent of the fund shall be invested therein nor more than one percent in stock of any one corporation, nor more than five percent of the voting stock of any one corporation shall be owned;

(c) Bonds of corporations whose earnings have been at least three times the interest requirements on outstanding bonds for five consecutive years or longer immediately prior to purchase, but not more than 40 percent of the fund shall be so invested;

(d) The percentages referred to above shall be computed using the cost price of the stocks or bonds.

Subd. 5. [CALCULATION OF INCOME.] *As of the end of each fiscal year, the state board shall calculate the investment income earned by the permanent school fund. The investment income earned by the fund shall equal the amount of interest on debt securities and dividends on equity securities. If the sale of securities results in a net loss during a fiscal year, the net loss shall be recovered from interest and dividend income in equal installments over a period equal to (a) the average period prior to maturity remaining on the debt securities which were sold if the sale of debt*

securities resulted in the loss, or (b) over a period of five years if the sale of equity securities resulted in the loss unless there is a net gain in the sale of securities sufficient to eliminate the amount of the loss prior to the end of the period. In any fiscal year in which gains on the sale of securities exceed the losses on the sales of securities, the excess shall be added to the principal of the fund.

Subd. 6. [DISPOSITION OF INCOME.] *Notwithstanding provisions of section 10, the income of the permanent school fund as calculated pursuant to subdivision 5, shall be credited to the permanent school fund, and transferred to the school endowment fund as needed for payments made pursuant to Minnesota Statutes, Section 124.08.*

Sec. 15. [11A.17] [MINNESOTA SUPPLEMENTAL RETIREMENT INVESTMENT FUND.] Subdivision 1. [ESTABLISHMENT.] *There is hereby established a supplemental retirement investment fund for the purpose of providing an investment vehicle for the assets of various public retirement plans and funds. This fund shall consist of three investment accounts: an income share account, a growth share account, and a fixed-return account. The supplemental retirement investment fund shall be a continuation of the supplemental retirement fund in existence on January 1, 1980.*

Subd. 2. [ASSETS.] *The assets of the supplemental retirement investment fund shall consist of the moneys certified and transmitted to the state board from the participating public retirement plans and funds and shall be used to purchase investment shares in the investment accounts specified by the plan or fund.*

Subd. 3. [MANAGEMENT.] *The supplemental retirement investment fund shall be managed by the state board.*

Subd. 4. [INVESTMENT.] *The assets of the supplemental retirement investment fund shall be invested by the state board subject to the provisions of section 22; provided, however, that the fixed-return account shall be invested entirely in debt obligations and the growth share account shall be invested as follows:*

(a) Up to 100 percent of the book value may be invested in corporate stocks;

(b) Up to six percent of the book value may be invested in the stock of any one corporation;

(c) Up to ten percent of the book value may be invested in corporate stocks which do not conform with the dividend standard provided for in section 22.

Subd. 5. [PARTICIPATING PUBLIC RETIREMENT PLANS OR FUNDS.] *Any public retirement plan or fund authorized or required by law to invest its assets in the supplemental retirement investment fund may from time to time as provided by law certify moneys to the state board for the purchase of investment shares in the investment accounts of the supplemental retirement investment account. The state board shall credit each*

purchase of investment shares to the appropriate participating public retirement plan or fund and shall confirm each purchase in writing to the appropriate plan or fund. Each participating public retirement plan or fund shall maintain adequate records to account for moneys certified to the supplemental retirement investment fund.

Subd. 6. [PARTICIPATION IN FUND.] *Each public retirement plan or fund which has certified moneys to the state board for investment in the supplemental retirement investment fund shall have a participation in each investment account of the fund in which it has moneys invested. The participation shall be determined by the ratio of the number of shares credited to the public retirement plan or fund to the total number of shares in that account.*

Subd. 7. [PURCHASE OF SHARES.] *The state board shall allocate shares in the investment account or accounts at least monthly following the receipt of the funds for purchase of shares from the public retirement plan or fund as specified in the certification. The purchase price for shares shall be determined using the procedure specified in subdivision 9.*

Subd. 8. [REDEMPTION OF SHARES.] *The state board shall redeem shares in the investment account or accounts on the first business day after the valuation date next following the receipt of the request for redemption of shares from the public retirement plan or fund. The redemption value for shares shall be determined using the procedure specified in subdivision 9. Moneys representing the value of the redeemed shares shall be transmitted to the public retirement plan or fund making the request.*

Subd. 9. [VALUATION OF INVESTMENT SHARES.] *The value of investment shares in the income share investment account or in the growth share investment account shall be determined by dividing the total market value of the securities constituting the respective account by the total number of shares then outstanding in the investment account. Whenever the value of investment shares of an investment account has exceeded \$10 per share for a period of six consecutive months, each investment share in the investment account may be split at the direction of the board on a two new shares for one prior share basis. The value of investment shares in the fixed-return investment account shall be \$5 per share; provided, however, if the fixed-return investment account shares are redeemed by a public retirement fund where the shares are not attributable to the individual account of any person prior to the expiration of the multi-year period set by the board for the payment of the applicable assumed rate, the value of the investment shares shall be at market value. Terms as to withdrawal schedules will be agreed upon by the public retirement fund and the state board. Notwithstanding the provisions of section 10, the investment income earned by the fixed-return investment account shall be used to purchase additional shares on behalf of each participating public retirement plan or fund.*

Subd. 10. [CERTIFICATIONS FOR INVESTMENT AND

REQUESTS FOR REDEMPTION.] *The state board may specify the required forms for certifications of moneys for investment and requests for redemption of investment shares and may require the filing of any other documents which it deems necessary.*

Subd. 11. [PROSPECTUS.] *Annually, on or before July 1, the state board shall prepare and shall issue a prospectus for the supplemental retirement investment fund with separate exhibits for each investment account. The exhibit for each account shall list for each security representing the current assets of the account the following items, whichever are applicable:*

- (1) The purchase price of the security;*
- (2) The current market value of the security;*
- (3) The current dividend or interest rate of the security;*
- (4) The rating of a debt security issued by a nationally recognized rating agency if it is other than a security issued or guaranteed by the United States government.*

The prospectus shall set forth the statutory provisions governing the supplemental retirement investment account.

Sufficient copies of the prospectus shall be transmitted to each public retirement plan or fund participating in the supplemental retirement investment account to meet the plan or fund's distribution requirements. Ten copies of the prospectus shall be filed with the director of the legislative reference library.

Subd. 12. [RATE OF INTEREST FOR FIXED RETURN.] *At the beginning of each fiscal year, the state board shall set an assumed interest rate for moneys invested in the account during that year, with the rate applicable to all sums invested during that 12 month period. At the end of the 12 months, the state board may determine the period over which the an assumed rate is to apply to funds so invested, depending on the average yield and maturity of the securities purchased. Any earnings accrued to the account above the rate earlier indicated may be used to purchase additional shares on behalf of each participating public retirement plan or fund at fiscal year end after necessary reserves are established.*

Sec. 16. *Minnesota Statutes 1978, Chapter 11, is amended by adding a section to read:*

[11A.18] [MINNESOTA POST-RETIREMENT INVESTMENT FUND.] *Subdivision 1. [ESTABLISHMENT.] There is hereby established a post-retirement investment fund for the purpose of providing an investment vehicle for the reserves for various retirement annuities and benefits payable by the participating retirement funds and plans. The post-retirement investment fund shall be a continuation of the Minnesota adjustable fixed benefit fund in existence on January 1, 1980.*

Subd. 2. [ASSETS.] *The assets of the post-retirement investment fund shall consist of the moneys representing the reserves*

for various retirement annuities and benefits payable by participating retirement funds and plans which have been certified to and received by the state board from the participating public retirement funds and plans.

Subd. 3. [MANAGEMENT.] *The post-retirement investment fund shall be managed by the state board.*

Subd. 4. [INVESTMENT.] *The assets of the post-retirement investment fund shall be invested by the state board subject to the provisions of section 22.*

Subd. 5. [DEFERRED YIELD ADJUSTMENT ACCOUNT.] *There is hereby established a deferred yield adjustment account which shall be increased by the sale or disposition of any debt securities at less than book value and shall be decreased by the sale or disposition of debt securities at more than book value. At the end of each fiscal year, a portion of the balance of this account shall be offset against the investment income for that year. The annual portion of the balance to be offset shall be proportional to the reciprocal of the average remaining life of the bonds sold, unless the amounts are offset by gains on the future sales of these securities. The amount of this account shall be included in the recognized value of assets other than corporate stocks and all other equity investments. In any fiscal year in which the gains on the sales of debt securities exceed the discounts realized on the sales of such securities, the excess shall be used to reduce the balance of the account.*

Subd. 6. [PARTICIPATING PUBLIC RETIREMENT FUNDS OR PLANS.] *Any public retirement fund or plan authorized by law to participate in the post-retirement investment fund shall no later than the commencement of a benefit payment from the post-retirement investment fund, certify and transfer to the state board moneys equal to the actuarially determined reserves required for those retirement annuities and benefits which are payable by the public retirement fund or plan and which are specified in law to be included in the participation in the fund. The state board shall confirm in writing each certification and transfer of moneys made by a participating public retirement fund or plan. Each participating public retirement fund or plan shall maintain adequate records to account for moneys transferred to the post-retirement investment fund.*

Subd. 7. [PARTICIPATION IN FUND.] *Each participating public retirement fund or plan which has transferred moneys to the state board for investment in the post-retirement investment fund shall have an undivided participation in the fund. The participation on any valuation date shall be determined by adding to the participation on the prior valuation date: (a) funds transferred in accordance with subdivision 6, (b) the amount of required investment income on its participation as defined in subdivision 9, clause (1)(c) and (c) the reserves for any benefit adjustment made as of the current valuation date with the result adjusted for any mortality gains or losses determined pursuant to subdivision 11.*

Subd. 8. [WITHDRAWAL OF MONEYS.] Upon certification by the applicable executive director that a portion of the certified moneys representing the required reserves for various retirement annuities or benefits payable from the participating public retirement fund or plan are required for the payment of a retirement annuity or benefit, the state board shall sell sufficient securities or transfer sufficient available cash to equal the amount of money certified as required and shall order the transfer of that amount to the appropriate executive director.

Subd. 9. [CALCULATION OF POST-RETIREMENT ADJUSTMENT.] Annually, following June 30, the state board shall determine whether a post-retirement adjustment shall be payable and shall determine the amount of any post-retirement adjustment which shall be payable.

(1) The state board shall determine whether a post-retirement adjustment shall be payable using the following procedure:

(a) The state board shall determine the amount of dividends, interest, accruals and realized equity capital gains or losses applicable to the most recent fiscal year ending June 30;

(b) The participating public pension funds or plans shall determine the amount of reserves required for every annuitant and benefit recipient as of the current June 30. Every annuitant or benefit recipient who has been receiving an annuity or benefit for at least one year as of the current June 30 shall be eligible to receive a post-retirement adjustment. Each fund shall report separately the amount of the reserves for those annuitants and benefit recipients who are eligible to receive a post-retirement benefit adjustment and those annuitants and benefit recipients who are not eligible to receive a post-retirement adjustment. The amount of the required reserves shall be certified to the board as soon as is practical following the current June 30;

(c) The state board shall determine the amount of investment income required to equal five percent of the required reserves as of the preceding June 30 adjusted by five percent of each transfer in or transfer out multiplied by the fraction of a year from the date of transfer to the current June 30. This amount of required investment income shall be subtracted from the actual amount of investment income determined pursuant to clause (1)(a), to determine the amount of excess investment income. If this amount is positive, then a post-retirement adjustment may be paid.

(2) The state board shall determine the amount of any post-retirement adjustment which is payable using the following procedure:

(a) The state board shall determine the amount of excess investment income by the method indicated in clause (1);

(b) The participating public pension funds and plans shall certify to the state board the total required reserves as of the first of January next following the end of the fiscal year for the annuitants and benefit recipients eligible to receive the post-retirement adjustment as determined by clause (1)(b);

(c) If the state board determines that the book value of the assets of the fund is less than an amount equal to 100 percent of the current June 30 required reserves, with the book value to be determined after the adjustments provided for in subdivision 11, then the board shall allocate 25 percent of the excess investment income as an asset of the fund. The remaining 75 percent will be termed available for distribution. The book value of assets on any given date shall be the cost of equity investments and the amortized cost of fixed income investments.

(d) The resulting total amount available for distribution shall be increased by two and one-half percent, and the result shall be stated as a percentage of the total required reserves pursuant to clause (2)(b), and shall be certified to each participating public pension fund or plan as the amount of the post-retirement adjustment.

Subd. 10. [PAYMENT OF POST-RETIREMENT ADJUSTMENT.] Upon receiving the certification of the amount of the post-retirement adjustment from the state board, each participating public pension fund or plan shall determine the amount of the post-retirement adjustment payable to each eligible annuitant and benefit recipient. The dollar amount of the post-retirement adjustment payable to each annuitant or benefit recipient shall be calculated by applying the certified post-retirement adjustment percentage to the amount of the monthly annuity or benefit payable to each eligible annuitant or benefit recipient. The post-retirement adjustment shall commence to be paid on January 1 following the calculations required pursuant to this section and shall thereafter be included in the monthly annuity or benefit paid to the recipient. Notwithstanding Minnesota Statutes, Section 356.18, any adjustment pursuant to this section shall be paid automatically unless the intended recipient files a written notice with the applicable participating public pension fund or plan requesting that the adjustment not be paid.

Subd. 11. [ADJUSTMENT FOR MORTALITY GAINS AND LOSSES.] As of June 30 annually, the actuary of each participating public pension fund or plan shall calculate the amount of required reserves representing any mortality gains and any mortality losses incurred by the fund or plan during the fiscal year. The actuary shall report separately the amount of the reserves for annuitants and benefit recipients who are eligible for a post-retirement benefit adjustment and the amount of reserves for annuitants and benefit recipients who are not eligible for a post-retirement benefit adjustment. If the net amount of required reserves represents a mortality gain, the participating public pension fund or plan shall certify that amount to the state board, which shall sell sufficient securities or transfer sufficient available cash to equal the amount of money certified. If the amount of required reserves represents a mortality loss, the participating public pension fund or plan shall transfer to the state board an amount equal to the amount of the net mortality loss. The amount of the transfers shall be determined before any post-retirement benefit adjustments have been made. All book values of the assets of the fund for the purposes of subdivision 9 shall be determined

only after all adjustments for mortality gains and losses for the fiscal year have been made.

Subd. 12. [APPROPRIATION OF REQUIRED AMOUNTS.] All moneys necessary to meet the requirements of the certification of withdrawals and all moneys necessary to pay post-retirement adjustments pursuant to this section are hereby and from time to time appropriated from the post-retirement investment fund to the state board.

Sec. 17. [11A.19] [VARIABLE ANNUITY INVESTMENT FUND.] Subdivision 1. [ESTABLISHMENT.] There is hereby established a variable annuity investment fund for the purpose of providing an investment vehicle for the assets of the variable annuity program of the teachers retirement association. The variable annuity investment fund shall be a continuation of the variable annuity fund in existence on January 1, 1980.

Subd. 2. [ASSETS.] The assets of the variable annuity investment fund shall consist of all cash and investments credited to the variable annuity program of the teachers retirement association.

Subd. 3. [MANAGEMENT.] The variable annuity investment fund shall be managed by the state board.

Subd. 4. [INVESTMENT.] The assets of the variable annuity investment fund shall be invested by the state board subject to the provisions of section 22 except that:

(a) Up to 100 percent of the book value may be invested in corporate stocks;

(b) Up to six percent of the book value may be invested in the stock of any one corporation;

(c) Up to ten percent of the book value may be invested in corporate stocks which do not conform with the dividend standard provided for in section 22, subdivision 5.

Subd. 5. [VALUATION OF FUND.] The variable annuity investment fund shall be valued by the state board bimonthly, using the closing market prices of the last business days of August, October, December, February, April and June of each fiscal year. The ratio of the total market value of investments to the admitted value of investments at the end of the preceding fiscal year, plus the cost of investments acquired, less the net receipts from investments sold during the fiscal year, shall be determined for each valuation date. The admitted value of the investments of the variable annuity investment fund at the end of each fiscal year shall be the book value of all investments held at that date multiplied by the average of the ratios at the 12 bimonthly valuation dates for the fiscal year and the immediately preceding fiscal year. The book value of investments during any fiscal year shall be the admitted value at the end of the preceding fiscal year or the cost of the investments if acquired during the fiscal year.

Subd. 6. [ACCOUNTING PROCEDURES.] Notwithstanding

provisions of section 10, the following procedures shall be employed by the state board:

(1) *The earnings from the investments of the variable annuity investment fund shall consist of dividends, interest and all other income derived from the investments and shall be determined on an accrual basis as of each bimonthly valuation date. The income shall be attributed to those funds in the account at the beginning of the bimonthly period. Earnings from investments shall not include changes in the admitted values of the investments.*

(2) *Any realized gain or loss shall be recorded in a realized appreciation account, and shall consist of the amount received on sale less the cost of the security. Unrealized gains or losses for any fiscal year shall be determined as provided in subdivision 5.*

Subd. 7. [TOTAL ANNUAL INCREMENT OR DECREMENT.] *The total annual increment or decrement for any one year shall be the sum of (a) the six bimonthly computations of earnings as computed under subdivision 6, clause (1); (b) total realized gains or losses for the fiscal year as computed under subdivision 6, clause (2), after adjusting for the approximate unrealized gain or loss evidenced for such securities in the admitted value; and (c) total unrealized gains or losses for the fiscal year as computed under subdivision 6, clause (2).*

Subd. 8. [RATE OF RETURN.] *The total annual increment or decrement divided by the admitted value of the assets of the Minnesota variable annuity fund, as computed pursuant to subdivision 5, shall be defined as the rate of return for the fiscal year. The rate of return is to be used as the percentage of increase or decrease which shall be credited to the individual member's account balances at the end of the fiscal year.*

Sec. 18. [11A.20] [INVESTMENT OF STATE TREASURY FUNDS NOT CURRENTLY NEEDED.] **Subdivision 1. [CERTIFICATION OF STATE TREASURY FUNDS NOT CURRENTLY NEEDED.]** *The state treasurer shall make a report to the commissioner of finance daily or at other times as the commissioner of finance shall determine of the funds in the state treasury together with any other information which the commissioner may prescribe. When there are funds in the state treasury over and above the amount that the commissioner of finance has advised the treasurer is currently needed, the state treasurer shall certify to the state board the amount thereof.*

Subd. 2. [INVESTMENT.] *The certified amount of state treasury funds not currently needed shall be invested by the state board subject to the provisions of section 23.*

Subd. 3. [CREDITING OF INVESTMENT INCOME.] *Notwithstanding provisions of section 10, all investment income and all investment losses attributable to the investment of state treasury funds not currently needed shall be credited to the general fund.*

Sec. 19. [11A.21] [INVESTMENT OF HIGHWAY FUNDS.]

Subdivision 1. [CERTIFICATION OF HIGHWAY FUNDS.]

The commissioner of transportation shall certify to the state board those portions of the trunk highway fund established pursuant to Article XIV, Section 6 of the constitution of the state of Minnesota, the county state-aid highway fund established pursuant to Article XIV, Section 7 of the constitution of the state of Minnesota and the municipal state-aid street fund established pursuant to Article XIV, Section 8 of the constitution of the state of Minnesota which in the judgment of the commissioner are not required for immediate use.

Subd. 2. [INVESTMENT.] *The certified amount of highway funds not currently needed shall be invested by the state board subject to the provisions of section 22.*

Sec. 20. [11A.22] [STATE ZOOLOGICAL GARDEN OPERATING RECEIPTS INVESTMENT ACCOUNT.] Subdivision 1. [ESTABLISHMENT.] *There is hereby established a zoological garden operating receipts investment account for the purpose of investing funds not required for immediate use.*

Subd. 2. [CERTIFICATION OF RECEIPTS.] *The state zoological garden board shall, from time to time, certify to the state board the amount of funds available for investment.*

Subd. 3. [INVESTMENT.] *Amounts certified to the state zoological garden operating receipts investment account shall be invested by the state board subject to the provisions of section 23.*

Subd. 4. [CREDITING OF INVESTMENT INCOME.] *Notwithstanding provisions of section 10, all investment income and all investment losses attributable to the investment of the account shall be credited to or borne by the state zoological garden general account.*

Subd. 5. [WITHDRAWAL OF FUNDS.] *Upon certification by the state zoological garden board that moneys in the state zoological garden operating receipts investment account are needed for current purposes, the state board shall sell sufficient securities to equal the amount of moneys certified as needed and shall order the transfer of the moneys to the state zoological garden general account.*

Sec. 21. [11A.23] [INVESTMENT OF RETIREMENT FUNDS AND PLANS.] Subdivision 1. [CERTIFICATION OF ASSETS NOT NEEDED FOR IMMEDIATE USE.] *Each executive director administering a retirement fund or plan enumerated in subdivision 4 shall, from time to time, certify to the state board for investment those portions of the assets of the retirement fund or plan which in the judgment of the executive director are not required for immediate use. Assets of the fund or plan required for participation in the Minnesota post-retirement adjustment fund, the combined investment fund, the supplemental retirement investment fund or the variable annuity investment fund shall be transferred to those funds as provided by sections 1 to 23.*

Subd. 2. [INVESTMENT.] *Retirement fund assets certified*

to the state board pursuant to subdivision 1 shall be invested by the state board subject to the provisions of section 22. Retirement fund assets transferred to the Minnesota post-retirement adjustment fund, the combined investment fund, the supplemental retirement investment fund or the variable annuity investment fund shall be invested by the state board as part of those funds.

Subd. 3. [WITHDRAWAL OF ASSETS.] When an executive director administering a retirement fund or plan enumerated in subdivision 4, certifies to the state board that invested assets of the fund or plan are required for immediate use, the state board shall sell securities to equal the amount of assets certified as required and shall order the transfer of the assets to the appropriate executive director.

Subd. 4. [COVERED RETIREMENT FUNDS AND PLANS.] The provisions of this section shall apply to the following retirement funds and plans:

(1) State university and state community college supplemental retirement plan established pursuant to Minnesota Statutes, Sections 136.80 to 136.87;

(2) State employees retirement fund established pursuant to Minnesota Statutes, Chapter 352;

(3) Correctional employees retirement plan established pursuant to Minnesota Statutes, Chapter 352;

(4) Highway patrol retirement fund established pursuant to Minnesota Statutes, Chapter 352B;

(5) Unclassified employees retirement plan established pursuant to Minnesota Statutes, Chapter 352D;

(6) Public employees retirement fund established pursuant to Minnesota Statutes, Chapter 353;

(7) Public employees police and fire fund established pursuant to Minnesota Statutes, Chapter 353;

(8) Teachers' retirement fund established pursuant to Minnesota Statutes, Chapter 354;

(9) Judges' retirement fund established pursuant to Minnesota Statutes, Chapter 490; and

(10) Any other funds required by law to be invested by the board.

Sec. 22. [11A.24] [AUTHORIZED INVESTMENTS.] Subdivision 1. **[SECURITIES GENERALLY.]** The state board shall have the authority to purchase, sell, lend or exchange the following securities for funds or accounts specifically made subject to this section including the writing of covered call options.

Subd. 2. [GOVERNMENT OBLIGATIONS.] The state board may invest funds in governmental bonds, notes, bills, mortgages and other fixed obligations, including guaranteed or insured issues of (a) the United States, its agencies or its instrumentalities,

including financial contracts traded upon a contract market designated and regulated by a federal agency; (b) Canada and its provinces, provided the principal and interest is payable in United States dollars; (c) the states and their municipalities, political subdivisions, agencies or instrumentalities, where backed by the state's full faith and credit or if the issuer has not been in default in payments of principal or interest within the past ten years or in the case of revenue bonds the obligor has been completely self-supporting for the five prior years; (d) the International Bank for Reconstruction and development, the Inter-American Development Bank, the Asian development Bank, or any other United States Government sponsored organization of which the United States is a member, provided the principal and interest is payable in United States dollars and the issues are rated in the highest quality category by a nationally recognized rating agency.

Subd. 3. [CORPORATE OBLIGATIONS.] The state board may invest funds in bonds, notes, debentures, transportation equipment obligations, or any other longer term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any state thereof, or the Dominion of Canada or any province thereof if they conform to the following provisions:

(a) The principal and interest of obligations of corporations incorporated or organized under the laws of the Dominion of Canada or any province thereof shall be payable in United States dollars;

(b) The consolidated net pretax earnings of corporations other than finance corporations shall have been on average for the preceding five years at least 1.5 times the annual interest charges on total funded debt applicable to that period;

(c) The consolidated net pretax earnings of banks and finance corporations shall have been on average for the preceding five years at least 1.2 times the annual interest charges on total funded debt applicable to that period;

(d) Obligations shall be rated among the top three quality categories by a nationally recognized rating agency or if unrated, then the corporation shall have other comparably secured issues similarly rated or the consolidated net pretax earnings of the corporation shall have been on average for the preceding five fiscal years at least twice the ratios required in clauses (b) and (c).

Subd. 4. [OTHER OBLIGATIONS.] The state board may invest funds in bankers acceptances, certificates of deposit, commercial paper, notes or bonds secured by mortgages, repurchase agreements and reverse repurchase agreements and savings accounts if they conform to the following provisions:

(a) Bankers acceptances of United States banks shall be limited to those eligible for purchase by the Federal Reserve System;

(b) Certificates of deposit shall be limited to those issued by

banks and savings institutions that meet the collateral requirements established in Minnesota Statutes, Section 9.031, unless sufficient volume is unavailable at competitive interest rates. In that event, noncollateralized certificates of deposit may be purchased from United States banks and savings institutions that are rated in the highest quality category by a nationally recognized rating agency;

(c) Commercial paper shall be limited to those issued by United States corporations or their Canadian subsidiaries, shall be of the highest quality and mature in 270 days or less;

(d) Notes or bonds secured by first mortgages or trust deeds on improved real estate located in the United States including mortgage participation certificates and pools, with a maximum loan to value ratio of 80 percent for fully amortizable residential properties but otherwise in accordance with Minnesota Statutes, Section 61A.28, Subdivision 3. Real estate is a legal investment if acquired through a default or foreclosure;

(e) Repurchase agreements and reverse repurchase agreements shall be limited to one of the securities described in subdivision 2a;

(f) Savings accounts shall be limited to those fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

Subd. 5. [CORPORATE STOCKS.] The state board may invest funds in stocks or convertible issues of any corporation organized under the laws of the United States or the states thereof, the Dominion of Canada or its provinces, or any corporation listed on the New York Stock Exchange or the American Stock Exchange.

Sec. 23. [11A.25] [ADDITIONAL INVESTMENT PROVISIONS.] When investing assets of any funds or accounts specifically made subject to this section or not otherwise referred to in sections 1 to 23, all securities shall be debt obligations maturing within three years of the date of purchase and shall conform to the applicable provisions of section 22.

Sec. 24. By January 1, 1981, the executive director shall have submitted to the state board and the legislature a report analyzing ways in which increased portions of the funds under the investment control of the state board could be invested in ways directly beneficial to all Minnesotans without increasing the risk to the funds or lowering their total rates of return. The report shall identify any statutory amendments needed to permit this increased investment. In preparing this report the director shall consult with representatives of fund beneficiaries and other persons interested in the investment of public moneys.

Sec. 25. Minnesota Statutes, 1979 Supplement, Section 15A.081, is amended to read:

15A.081 [SALARIES AND SALARY RANGES FOR CERTAIN EMPLOYEES.] Subdivision 1. The following salaries or salary ranges are provided for the below listed employees in the executive branch of government:

	Salary or Range	
	Effective July 1, 1979	Effective July 1, 1980
	\$	\$
Administration, department of commissioner	44,000	47,000
Agriculture, department of commissioner	38,000	40,000
Commerce, department of commissioner of banks	34,000	36,500
commissioner of insurance	34,000	36,500
commissioner of securities	34,000	36,500
director of consumer services	28,000	30,000
Community college system chancellor	44,000	46,000
Corrections, department of commissioner	42,000	45,000
ombudsman	33,000	35,000
Crime control planning board, executive director	33,000	35,000
Economic development, department of commissioner	34,000	36,000
Economic security, department of commissioner	43,000	45,000
Education, department of commissioner	43,000	45,000
Energy agency director	38,000	40,000
Finance, department of commissioner	48,000	50,000
Health, department of commissioner	47,000	49,000
Hearing examiners office chief hearing examiner	38,000	40,000
Higher education coordinating board executive director	40,000	42,000
Housing finance agency executive director	39,000	41,000
Human rights, department of commissioner	31,000	33,000

	1979	1980
	\$	\$
Indian affairs board executive director	27,000	29,000
Investment, board of executive secretary	42,000	44,000
Iron range resources and rehabilitation board commissioner	30,000	31,000
Labor and industry, department of commissioner	38,000	40,000
judge of the workers' compensation court of appeals	38,000	40,000
Mediation services, bureau of director	36,000	38,000
Natural resources, department of commissioner	44,000	47,000
Personnel, department of commissioner	44,000	47,000
Planning agency director	43,000	45,000
Pollution control agency director	38,000	40,000
Public safety, department of commissioner	38,000	41,000
Public service, department of commissioner, public service commission	34,000	36,000
director	34,000	36,000
Public welfare, department of commissioner	44,000	48,000
Revenue, department of commissioner	44,000	47,000
State university system chancellor	44,000	46,000
Transportation, department of commissioner	44,000	48,000
Veterans affairs, department of commissioner	31,000	33,000

Sec. 26. Minnesota Statutes, 1979 Supplement, Section 43.064, is amended to read:

43.064 [OTHER SALARIES SET BY COMMISSIONER OF PERSONNEL.] Notwithstanding any other law to the contrary,

compensation for all unclassified positions in the executive branch not enumerated in the listing described in section 15A.081, shall be established by the commissioner except for the following: (1) positions listed in section 299D.03; (2) employees in the office of the governor whose salaries shall be determined by the governor; (3) employees in the office of the attorney general; (4) *employees of the state board of investment*; (5) positions in the state university system, the community college system, and in the higher education coordinating board whose primary duties consist of instructing and counseling students, directing academic programs of schools, divisions or departments of colleges and community colleges, or conducting research on academic subjects, or conducting academic support programs; and the positions of state university and community college presidents. Individual salaries for positions enumerated in clauses (3) and, (4) and (5) and for classified hearing examiners in the office of hearing examiners shall be determined by the attorney general, *the state board of investment*, the state university board, the state board for community colleges, the higher education coordinating board, and the chief hearing examiner, respectively, within the limits of salary plans which shall have been approved by the commissioner before becoming effective.

No provision of any subsequent law relating to salaries of state employees shall be construed as inconsistent with this section unless it is expressly provided in ~~such~~ *the* subsequent act that the provisions of this section shall not be applicable or shall be superseded, amended, or repealed.

Sec. 27. Minnesota Statutes 1978, Section 69.77, Subdivision 2. as amended by Laws 1980, Chapter 341, Section 1, is amended to read:

Subd. 2. Subdivision 1 does not apply to an association enumerated in subdivision 1a under the following circumstances:

(1) Each member of the association pays into the retirement funds of the association during his term of covered employment from and after January 1, 1981, a contribution for retirement and survivorship benefits of not less than eight percent of the maximum rate of salary from which retirement and survivorship credits and amounts of benefits are determined, and that ~~such~~ *the* contributions of a member are deducted from his salary by his governmental employer, transmitted to the association, and deposited to the credit of the proper fund thereof, provided that to avoid undue increase in the amount of employee contributions in any one year, any increase in the amount of contributions required by this section may be spread over several years, but the increase in rate of contribution in each year commencing in 1981 shall not be less than one percent until the appropriate levels of required employee contributions have been reached. This paragraph shall not apply to members who are volunteer firefighters, provided that the local governing body shall have given their approval to the exemption following consideration of the most recent actuarial survey.

(2) The officers of the association determine on or before the date established by the municipality, which shall not be later than September 1 and shall not be earlier than August 1 of each year the financial requirements and minimum obligation of the association for the following calendar year in accordance with the following requirements:

The financial requirements shall be based on the most recent actuarial survey prepared in accordance with sections 356.215, subdivision 4 and 356.216.

The normal level cost expressed as a percent of covered payroll determined from the actuarial survey shall be applied to the estimated covered payroll of the membership for the following year to determine the dollar amount of normal cost for said following year.

To the dollar amount of normal cost thus determined shall be added the amount of one year's interest at five percent on the amount of the (deficit) unfunded liability found by the actuarial survey of the fund.

The total of these two amounts represents the financial requirements of the association for the following year.

Except as otherwise provided in this paragraph, the minimum obligation of the governmental subdivision shall be the financial requirements of the association less member contributions herein provided from covered salary and less one year's estimated receipts expected from the state of Minnesota through state collected insurance premium taxes or other state aids. The minimum obligation may, by vote of the governing body of the governmental subdivision, be reduced to the amount levied in the preceding year for purposes of the association, plus the following percentage of the difference between that levy and the amount of the minimum obligation determined without benefit of this sentence: for the levy made in 1971, 10 percent; in 1972, 20 percent; in 1973, 30 percent; in 1974, 40 percent; in 1975, 50 percent; in 1976, 60 percent; in 1977, 70 percent; in 1978, 80 percent; and in 1979, 90 percent. Commencing with the levy made in 1980, there shall be no reduction in the minimum obligation pursuant to this paragraph.

(3) The foregoing determination of the obligation of a governmental subdivision shall be submitted to its governing body not later than September 1 of each year so that it may ascertain if it has been prepared in accordance with law.

(4) The governmental subdivision shall provide and pay as promptly as funds are available to the association at least the amount of the minimum obligation each year. Any portion of this amount not paid to the association at the end of any calendar year shall be increased at the rate of six percent per annum until so paid. On September 1 of any year the unpaid amount subject to interest shall be added to the obligation of the governmental subdivision.

(5) The governmental subdivision shall provide in its annual budget at least its minimum obligation and may levy taxes for the payment thereof without limitation as to rate or amount and irrespective of limitations imposed by other provisions of law upon the rate or amount of taxation when the balance of any fund of the association has attained a specified level; the levy of such taxes shall not cause the amount of other taxes levied or to be levied by the governmental subdivision, which are subject to any such limitation, to be reduced in any amount whatsoever. If the governmental subdivision does not include the full amount of the minimum obligation in its levy for any year, the officers of the association shall certify that amount to the county auditor, who shall spread a levy in the amount of ~~such~~ *the* obligation.

(6) Moneys paid by the governmental subdivision to the association in excess of the minimum amount so required shall be applied to the reduction in the unfunded liabilities of the association.

(7) The funds of the association shall be invested in securities which are proper investments ~~for funds of the Minnesota state retirement system pursuant to section 22~~, except that up to \$10,000 may be invested in the stock of any one corporation in any account of such small size that the three percent stock limitation ~~applicable to the Minnesota state retirement system specified in section 22, subdivision 5~~ would necessitate a lesser investment. Securities held by the association before July 1, 1971, which do not meet the requirements of this paragraph may be retained after that date if they were proper investments for the association on April 28, 1969. The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board of investment under the provisions of section ~~11-21~~ 15, provided that there be no *limit to the amount which may be invested in the income share account described in section 11-18, subdivision 2, or in the fixed-return account described in section 11-18, subdivision 3a, and that up to 20 percent of that portion of the assets of the association invested in the Minnesota supplemental retirement investment fund may be invested in the growth share account described in section 11-18, subdivision 3.*

(8) The association shall procure an actuarial survey showing the condition of its fund pursuant to section 356.216 as of December 31, 1978, and shall procure an actuarial survey every two years thereafter. The association shall also procure a quadrennial experience study pursuant to section 356.216 as of December 31, 1978, and shall procure a quadrennial experience study every four years thereafter. A copy of the actuarial survey and the quadrennial experience study shall be filed with the director of the legislative reference library, the governing body of the municipality in which the association is organized, the executive secretary of the legislative commission on pensions and retirement, and the commissioner of insurance, not later than June 1 of the following year.

Sec. 28. Minnesota Statutes 1978, Section 69.775, is amended to read:

69.775 [INVESTMENTS.] The special fund assets of the relief associations governed by sections 69.771 to 69.776 shall be invested in securities which are proper investments for funds of the Minnesota state retirement system pursuant to section 22, except that up to five percent of the special fund assets, or a minimum of \$10,000, may be invested in the stock of any one corporation. Securities held by the associations before January 1, 1972, which do not meet the requirements of this section may be retained after that date if they were proper investments for the association on May 14, 1971. The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board of investment under the provisions of section 11.21 15, provided that there be no limit to the amount which may be invested in the income share account described in section 11.18, subdivision 2, or in the fixed-return account described in section 11.18, subdivision 3a, and that up to 20 percent of that portion of the assets of the association invested in the Minnesota supplemental retirement fund may be invested in the growth share account described in section 11.18, subdivision 3.

Sec. 29. Minnesota Statutes 1978, Section 124.46, Subdivision 4, is amended to read:

Subd. 4. Bonds shall be issued pursuant to this section only when authorized by a law specifying the purpose thereof and the maximum amount of the proceeds authorized to be expended for such that purpose. Any act authorizing the issuance of bonds in the manner provided in this section shall, together with this section, constitute complete authority for such the issue, and such the bonds shall not be subject to the restrictions or limitations contained in any other law. Bonds issued pursuant hereto may be purchased by the state board of investment for the permanent school fund, swamp land fund, internal improvement land fund, or any other fund for which investments may be made by the state board of investment or may be sold elsewhere at public or private sale and shall be deemed "authorized securities" within the provisions of section 50.14 and acts amendatory thereof or supplemental thereto.

Sec. 30. Minnesota Statutes 1978, Section 167.42, is amended to read:

167.42 [PLEDGE OF FULL FAITH AND CREDIT.] The full faith and credit of the state of Minnesota is hereby irrevocably pledged to the payment of the principal of and the interest on the bonds authorized by sections 167.39 to 167.45. Such The bonds shall be issued and sold on competitive bids after reasonable notice, or direct to the state board of investment without bids and that board is hereby authorized to invest any funds under its control or discretion in any of these bonds, notwithstanding any limitations imposed by section 11.10 or any other provisions of law. Such The bonds shall be issued and sold by the state auditor under such rules and regulations and in such the form and denominations as he shall determine and shall be attested by the secre-

tary of state. ~~Such~~ *The* rules may provide for the maturity, registration, conversion and exchange of the bonds so issued; all bonds maturing more than three years after their date may be made redeemable at par at the expiration of ~~such the~~ three years and on each interest payment date thereafter upon ~~such~~ notice as ~~such the~~ rules, made prior to the issuance of the bonds, may provide. All expenses incident to the printing and the sale of the bonds, including actual and necessary traveling expenses of state officers and employees for ~~such the~~ purpose, shall be paid from the trunk highway fund and the amounts therefor are hereby appropriated from ~~said that~~ fund. The provisions of sections 15.041 to 15.044 shall not apply to the rules and regulations promulgated pursuant hereto. The state auditor shall keep a record showing the number, date of issue and date of maturity of each ~~such~~ bond.

Sec. 31. Minnesota Statutes 1978, Section 167.50, Subdivision 2, is amended to read:

Subd. 2. ~~Said~~ *The* bonds shall be issued and sold upon sealed bids after two weeks' published notice, ~~or they may be sold directly to the state board of investment without bids.~~ They shall mature serially over a term not exceeding 20 years from their respective dates of issue, shall not be sold for less than par and accrued interest, and shall not bear interest at a greater rate than five percent per annum. Subject to the foregoing limitations, and subject to any other limitations stated in the acts authorizing ~~such the~~ bonds and appropriating the proceeds thereof, but not subject to the provisions of sections 15.0411 to 15.0422, ~~such the~~ bonds shall be issued and sold in ~~such the~~ number of series, at ~~such~~ times, in ~~such the~~ form and denominations, bearing interest at ~~such the~~ rate or rates, maturing on ~~such~~ dates, either without option of prior redemption or subject to prepayment upon ~~such~~ notice and at ~~such the~~ times and prices, payable at ~~such the~~ bank or banks, within or without the state, with ~~such~~ provisions for registration, conversion, and exchange and for the issuance of notes in anticipation of the sale and delivery of definitive bonds, and in accordance with such further regulations, as the commissioner of finance may determine. The bonds shall be executed by the commissioner of finance and attested by the state treasurer under their official seals. The signature of one of these officers on the face of any bond, and their seals, and the signatures of both officers on the interest coupons appurtenant to any bond, may be printed, lithographed, stamped, or engraved thereon.

Sec. 32. Minnesota Statutes 1978, Section 193.146, Subdivision 4, is amended to read:

Subd. 4. [SALE.] ~~Such~~ *The* bonds shall be sold by ~~such the~~ corporation under ~~such~~ notice and upon ~~such the~~ terms and at ~~such~~ times as the corporation shall deem best. ~~Such~~ *The* bonds shall not be deemed or construed to be debts of the state of Minnesota or of the county or municipality in which ~~such the~~ armory is situated, nor to impose any personal liability upon any member of ~~such the~~ corporation, but shall be payable solely out of the income to be received by ~~such the~~ corporation as specified

herein. Bonds legally issued pursuant hereto may be purchased by the state board of investment for the permanent school fund, permanent university fund, swamp land fund, internal improvement land fund, or any other trust fund of the state of Minnesota, or for any other fund administered by such board, and, shall be deemed authorized securities within the provisions of section 50.14, and laws supplemental thereto, and shall be proper for the investment of capital, surplus, or deposits of any savings bank or trust company, and for the investment of funds of any insurance company, and for the investment of any sinking funds held by any public or municipal corporation, and may be pledged by any bank or trust company as security for the deposit of public moneys therein in lieu of surety bonds. Such The bonds shall be deemed and treated as instrumentalities of a public governmental agency, and as such shall be exempt from taxation.

Sec. 33. Minnesota Statutes 1978, Section 352.75, Subdivision 3, is amended to read:

Subd. 3. [EXISTING RETIRED MEMBERS AND BENEFIT RECIPIENTS.] As of the effective date of Laws 1978, Chapter 538, the liability for all retirement annuities, disability benefits, survivorship annuities and survivor of deceased active employee benefits paid or payable by the metropolitan transit commission—transit operating division employees retirement fund shall be transferred to the Minnesota state retirement system, and shall no longer be the liability of the metropolitan transit commission—transit operating division employees retirement fund. The required reserves for retirement annuities, disability benefits and optional joint and survivor annuities in effect on the day prior to the effective date of Laws 1978, Chapter 538 and the required reserves for the increase in annuities and benefits provided pursuant to subdivision 6 shall be determined using a five percent interest assumption and the applicable Minnesota state retirement system mortality table and shall be transferred by the Minnesota state retirement system to the Minnesota adjustable fixed benefit fund on the effective date of Laws 1978, Chapter 538 but shall be considered transferred as of June 30, 1978. The annuity or benefit amount in effect on the effective date of Laws 1978, Chapter 538, including the increase granted pursuant to subdivision 6, shall be considered the "originally determined benefit" for purposes of any adjustments made pursuant to section 11.25. If an adjustment from the Minnesota adjustable fixed benefit fund pursuant to section 11.25 is payable as of January 1, 1970, any annuitant or benefit recipient receiving an annuity or benefit from the Minnesota adjustable fixed benefit fund pursuant to this section shall be entitled to receive the adjustment if the annuitant or recipient began receiving the annuity or benefit from the metropolitan transit commission transit operating division employees retirement fund on or before June 30, 1977, but that adjustment shall not include in the base for calculation the amount of any increase granted pursuant to subdivision 6. If an adjustment from the Minnesota adjustable fixed benefit fund pursuant to section 11.25 is payable as of January 1, 1970, the required reserves for the

increase determined using a five percent interest assumption and the applicable Minnesota state retirement system mortality table shall be transferred by the Minnesota state retirement system to the Minnesota adjustable fixed benefit fund on January 1, 1979 16. For persons receiving benefits as survivors of deceased former retirement annuitants, the benefits shall be considered as having commenced on the date on which the retirement annuitant began receiving the retirement annuity.

Sec. 34. Minnesota Statutes 1978, Section 352B.26, Subdivision 3, is amended to read:

Subd. 3. [VALUATION OF ASSETS; ADJUSTMENT OF BENEFITS.] (1) As of June 30, 1969, the present value of all annuities, including joint and survivor annuities and qualified recipients of surviving spouse benefits, in force as of June 30, 1969, and as amended in accordance with Laws 1969, Chapter 977, shall be determined in accordance with the United States Life Tables, 1959-61, white males and white females, calculated with an interest assumption of three and one-half percent and assets representing the required reserves for these annuities shall be transferred to the Minnesota adjustable fixed benefit fund, during a period of one year in accordance with procedures specified in *Minnesota Statutes 1969*, Section 11.25. The provisions of this clause apply to all annuities which are payable under this chapter.

(2) Effective July 1, 1969, for those employees commencing to receive annuities and qualified recipients of surviving spouse benefits, or joint and survivor annuities, pursuant to this chapter, and acts amendatory thereof, the required reserves as determined in accordance with this section shall be transferred to the Minnesota adjustable fixed benefit fund as of the date benefits begin to accrue after June 30, 1969.

(3) Annuity payments shall be adjusted in accordance with the provisions of section 11.25, subdivisions 12 and 13.

(4) Notwithstanding section 356.18, increases in annuity payments pursuant to this section shall be made automatically unless written notice is filed by the annuitant with the executive director of the Minnesota state retirement system requesting that the increase shall not be made.

Sec. 35. Minnesota Statutes, 1979 Supplement, Section 353.023, is amended to read:

353.023 [TRANSFER OF PENSION COVERAGE OF MINNEAPOLIS MUNICIPAL EMPLOYEES RETIREMENT FUND COORDINATED PROGRAM.] Notwithstanding any provisions of law to the contrary, as of July 1, 1979, all active members of the coordinated program of the Minneapolis municipal employees retirement fund established pursuant to Minnesota Statutes 1978, Sections 422A.30 to 422A.39, shall cease to be members of the program of that fund and shall cease to have any accrual of service credit, rights, or benefits under the benefit plan of that program. From and after July 1, 1979, all active members

of the coordinated program will have their retirement coverage transferred to the coordinated program of the public employees retirement association. The accrued liability for retirement coverage of these members to date shall be transferred to the coordinated program of the public employees retirement association and shall no longer be the liability of the Minneapolis municipal employees retirement fund. Within 30 days of July 1, 1979, the board of trustees of the Minneapolis municipal employees retirement fund shall transfer the entire assets attributable to the coordinated program of the Minneapolis municipal employees retirement fund to the coordinated program of the public employees retirement association. The assets transferred shall be an amount equal in value to the amount of employee contributions made by coordinated program members since July 1, 1978, the amount of employer matching contributions made by an employing unit on behalf of a coordinated program member since July 1, 1978, an amount equal to the employer additional contribution for the members of the coordinated program, and an amount equal to the investment income earned by the fund on the invested assets of the program since July 1, 1978. The assets transferred to the public employees retirement fund shall only include securities which are proper investments pursuant to section 41.16 22. Within 30 days of July 1, 1979, the board of trustees and the actuary of the Minneapolis municipal employees retirement fund shall transfer to the public employees retirement association original copies of all records and documents which are in their possession relating to the coordinated program of the Minneapolis municipal employees retirement fund and any of its members and shall provide from time to time whatever additional relevant information which the board of trustees of the public employees retirement association may request. Upon the transfer of the assets, liabilities and records of the coordinated program of the Minneapolis municipal employees retirement fund to the coordinated program of the public employees retirement association, the coordinated program of the Minneapolis municipal employees retirement fund shall terminate and shall cease to exist.

Sec. 36. Minnesota Statutes 1978, Section 353.661, Subdivision 3, is amended to read:

Subd. 3. [TRANSFER OF EXISTING RECIPIENTS OF PENSION AND OTHER RETIREMENT BENEFITS.] As of July 1, 1978, the accrued liability for all retirement annuities, disability benefits, survivorship annuities and survivor of deceased active employee benefits paid or payable by the university of Minnesota police department retirement plan and fund shall be transferred to the public employees police and fire fund and shall no longer be the liability of the university of Minnesota police department retirement plan and fund. The required reserves for retirement annuities in effect as of June 30, 1978, including future automatic survivor benefits for survivors of deceased former retirement annuitants attributable to those annuities, and the required reserves for benefits of survivor of deceased former retirement annuitants in effect as of June 30, 1978 shall be determined

using a five percent interest assumption and the applicable public employees police and fire fund mortality table and shall be transferred by the public employees police and fire fund to the Minnesota adjustable fixed benefit fund on July 1, 1978 but shall be considered transferred as of June 30, 1978. The annuity or benefit amount on July 1, 1978 shall be considered the "originally determined benefit" for purposes of further adjustments pursuant to section 11.25. If an adjustment from the Minnesota adjustable fixed benefit fund pursuant to section 11.25 is payable as of January 1, 1979, any annuitant or benefit recipient receiving an annuity or benefit from the Minnesota adjustable fixed benefit fund pursuant to this section shall be entitled to receive the adjustment if the annuitant or recipient began receiving the annuity or benefit from the university of Minnesota police department retirement plan and fund on or before June 30, 1977. If an adjustment from the Minnesota adjustable fixed benefit fund pursuant to section 11.25 is payable as of January 1, 1979, the required reserves for the increase determined using a five percent interest assumption and the applicable public employees police and fire fund mortality table shall be transferred by the public employees police and fire fund to the Minnesota adjustable fixed benefit fund on January 1, 1979 16. For persons receiving benefits as survivors of deceased former retirement annuitants, the benefit shall be considered as having commenced on the date on which the retirement annuitant began receiving the retirement annuity.

Sec. 37. Minnesota Statutes 1978, Section 422A.02, is amended to read:

422A.02 [RETIREMENT BOARD; MEMBERS.] A retirement board of seven members is hereby constituted which shall consist of the following:

- (1) Mayor;
- (2) The city comptroller ~~or corresponding official comptroller-treasurer~~;
- (3) One member of the city council selected by the council; and
- (4) Four legally qualified voters ~~of the city, residents thereof~~ for the preceding five years, to be chosen by the employees as defined in sections 422A.01 to 422A.25 who are contributors to the retirement fund created by sections 422A.01 to 422A.25. The employees may form an association for that purpose and the employing authorities are authorized to make payroll deductions for the payment of dues to ~~said the~~ association. The persons selected shall serve for staggered terms of two years from the first of the next succeeding January after their election, and until their successors are duly elected. ~~Such~~ The selection shall be made by the employees during the first week of December of each year. Vacancies occurring by death, resignation, or removal of such representatives shall be filled by representatives chosen by the employees.

Sec. 38. Minnesota Statutes, 1979 Supplement, Section 422A.03, Subdivision 1, is amended to read:

422A.03 [MEETINGS; EMPLOYEES; RULES AND REGULATIONS.] Subdivision 1. The retirement board shall meet on the third Tuesday of each calendar month of each year and may adjourn from time to time. Special meetings may be held upon the call of the president. The board shall, by a four-sevenths vote of all members of the board, appoint an executive ~~secretary~~ *director*, who shall have charge of the performance of the duties required by the provisions of sections 422A.01 to 422A.25, and shall appoint other necessary ~~clerical help~~ *employees*. If at the time of his appointment as executive ~~secretary~~ *director* the appointee holds a position subject to the civil service rules and regulations of the city he shall be deemed to be on leave of absence from ~~such the~~ civil service position during his tenure as executive secretary, and upon termination of ~~such~~ service shall be returned to his permanent civil service classification. If no vacancy is available in his permanent civil service classified position, seniority shall prevail, and the person most recently certified to ~~such the~~ position shall be returned to the permanent civil service classification held by him prior to such certification.

Sec. 39. Minnesota Statutes, 1979 Supplement, Section 422A.03, Subdivision 2, is amended to read:

Subd. 2. The executive ~~secretary~~ *director* may be removed by a four-sevenths vote of all members of the board at a meeting called for ~~such that~~ purpose. Before exercising the power of removal, 15 days written notice shall be given to the executive ~~secretary~~ *director* setting forth the cause for removal and stating the time and place where ~~such the~~ charges will be heard. The hearing shall be open to the public. Other employees under the supervision of the board and employees appointed hereafter shall be subject to applicable civil service laws and rules of the city *unless the board determines that they should be unclassified*. The compensation of the executive ~~secretary~~ *director* and the other employees under the supervision of the board shall be fixed by ~~such the~~ board.

Sec. 40. Minnesota Statutes 1978, Section 422A.03, Subdivision 3, is amended to read:

Subd. 3. At the regular meeting in January each year, the board shall elect ~~one of from among~~ its members as a president, ~~one member as a vice president~~, and ~~one member as recording a secretary~~, who shall hold office for one year or until successors have been elected and qualified. *The city comptroller-treasurer shall serve as treasurer of the board.* The president shall preside at all meetings at which he is present. In the absence of the president the vice president shall preside and have all the powers of the president while acting as such. The recording secretary shall keep a record of all proceedings of the board, which shall be open to public inspection. At least one of the officers of the board shall be one of the representatives elected by the employees of the city to the board.

Sec. 41. Minnesota Statutes 1978, Section 422A.03, Subdivision 5, is amended to read:

Subd. 5. For the purpose of administration, except as otherwise herein provided, the executive secretary director, under the direction of the board, shall perform any and all acts and make such regulations as may be necessary and proper for the purpose of carrying out the provisions of sections 422A.01 to 422A.25.

Sec. 42. Minnesota Statutes 1978, Section 422A.05, Subdivision 1, is amended to read:

422A.05 [TRUSTEE OF FUNDS.] Subdivision 1. Except as otherwise provided by law the members of the retirement board shall be the trustees and custodians of the several funds created by sections 422A.01 to 422A.25 and shall have exclusive control and management of these funds, and power to invest the same, subject to all the terms, conditions, limitations, and restrictions imposed by law upon savings banks in the making and disposing of their investments, except convertible bonds which may be purchased as to rating but subject to the eligibility limits imposed below for common or preferred stock. Subject to like terms, conditions, limitations, and restrictions, these trustees shall have full power them and to hold, purchase, sell, assign, transfer, or dispose of any of the securities and investments in which any of the funds created by sections 422A.01 to 422A.25 shall have been invested as well as the proceeds of the investments, and of the money belonging to these funds.

Sec. 43. Minnesota Statutes 1978, Section 422A.05, is amended by adding a subdivision to read:

Subd. 2a. [STANDARD OF CARE.] *In the discharge of their respective duties, the members of the board, the executive director, the board staff and any other person charged with the responsibility of investing money pursuant to the standards set forth in chapter 422A shall act in good faith and shall exercise that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived therefrom.*

Sec. 44. Minnesota Statutes 1978, Section 422A.05, is amended by adding a subdivision to read:

Subd. 2b. [CONFLICT OF INTEREST.] *No member of the board may participate in the deliberations or the voting on any matter before the board which will or is likely to result in direct, measurable personal gain to the member.*

Sec. 45. Minnesota Statutes 1978, Section 422A.05, is amended by adding a subdivision to read:

Subd. 2c. *The board may invest funds in corporate stocks or corporate obligations of any corporation organized under the laws of the United States or of any state of the United States or the Dominion of Canada or any province thereof and other corporations traded on the New York or American Stock Exchanges if they conform to the following provisions:*

(a) *On corporate stocks:*

(1) *The market value of these investments shall not exceed 50 percent of the market value of the funds.*

(2) *Investments in any one corporation shall not exceed five percent of the market value of the funds or five percent of the total shares outstanding of any one corporation.*

(3) *Cash dividends on these investments shall have been earned and paid for the preceding five years.*

(4) *Investments which do not conform to the dividend standard contained in clause (3) may be held, but the total amount of these securities shall not exceed five percent of the total market value of the funds.*

(b) *On corporate obligations:*

(1) *The consolidated net pretax earnings of corporations other than finance corporations shall have been an average for the preceding five years at least 1.5 times the annual interest charge on total funded debt applicable to that period.*

(2) *The consolidated net pretax earnings of banks and finance corporations shall have been an average for the preceding five years at least 1.2 times the annual interest charges on total funded debt applicable to that period.*

(3) *Obligations shall be rated among the top three quality categories by a nationally recognized rating agency; or if unrated, the corporation shall have other comparably secured issues similarly rated; or the consolidated net pretax earnings of the corporation shall have been an average for the preceding five years at least twice the ratios required in clauses (a) and (b).*

Sec. 46. Minnesota Statutes 1978, Section 422A.05, Subdivision 3, is amended to read:

Subd. 3. The board shall have authority:

~~(1) To make such loans and advances of credits and purchases of obligations, representing loans and advances of credit, as are insured by the federal housing administration, and to obtain such insurance;~~

~~(2) (1) To make such loans secured by mortgages on real property, which the federal housing administrator has insured or made a commitment to insure, and to obtain such insurance;~~

~~(3) (2) To enter into any and all agency agreements necessary to enable it to invest its funds in loans, advances of credit, and obligations insured by the federal housing administrator, or which he has made a commitment to insure and to enter into any agreement or arrangement with any other of the pension and retirement systems of the city for the joint handling of these securities;~~

~~(4) To provide for the prorating of part or all of the cost of making, handling or foreclosing of such mortgages against the earnings of such mortgages and to establish reserve accounts from~~

~~such earnings to liquidate losses or future losses on such mortgages;~~

~~(5) (3) To employ and dismiss agents, attorneys, appraisers, and others necessary for the proper handling or and servicing of such mortgages investments and to fix their compensation or fee on such the basis as it may see fit for such services rendered in connection with such mortgages the investments; and~~

~~(6) (4) To do any and all things necessary to carry out the provisions of sections 422A.01 to 422A.25 in the best interest of the funds.~~

Sec. 47. Minnesota Statutes 1978, Section 422A.05, Subdivision 5, is amended to read:

Subd. 5. All payments from the funds created by sections 422A.01 to 422A.25 shall be made *signed* by the treasurer of the city ~~only upon warrant signed by the, executive secretary director, or employee or other person appointed by the retirement board, and no warrant payment shall be drawn made~~ except by order of the board duly entered in the record of its proceedings, except that the board may create a revolving fund in ~~such an~~ amount as may be necessary to be used for the purpose of withdrawals from the fund of excess contributions; refunds to employees upon their separation from the service and for ~~such~~ other purposes as may be determined by the board. The revolving fund ~~herein provided for~~ shall be periodically reimbursed by ~~warrant drawn and signed~~ as set forth herein. It shall be kept in the same bank or trust company as the city treasurer keeps other retirement funds. It shall be subject to withdrawal upon check signed by the executive ~~secretary director, or employee or other person appointed by the~~ board. The revolving fund shall be considered funds of the city insofar as it is necessary to bring them within any bond or security furnished by such bank or trust company to protect the city against loss.

Sec. 48. Minnesota Statutes 1978, Section 422A.05, Subdivision 6, is amended to read:

Subd. 6. The board may, in carrying out the provisions of sections 422A.01 to 422A.25, establish special funds supplementing individual contributions by the employees and to receive, invest, and disburse for such purpose all moneys in the form of donations, gifts, legacies, bequests, or otherwise which may be contributed by private individuals or corporations or organizations for the benefit of the city employees generally, or any special employee or class of employees of the city purposes as it deems necessary.

Sec. 49. Minnesota Statutes 1978, Section 422A.06, Subdivision 1, is amended to read:

422A.06 [RETIREMENT FUND.] Subdivision 1. [CREATION; DIVISIONS OF FUND.] For the purposes of sections 422A.01 to 422A.25 there shall be a city ~~municipal~~ Minneapolis employees retirement fund, hereafter referred to as the retirement fund. The retirement fund shall be subdivided into (1) a deposit accumula-

tion fund, (2) a participating share in the Minnesota adjustable fixed-benefit fund, (3) a survivor benefit fund, and (4) a disability benefit fund, and (5) a retirement benefit fund. Expense of administration of the retirement fund shall be paid from the deposit accumulation fund, less ~~such~~ *the* amount as the retirement board may charge against income from investments as the cost of handling the investments of the retirement fund.

Sec. 50. Minnesota Statutes 1978, Section 422A.06, Subdivision 3, is amended to read:

Subd. 3. [DEPOSIT ACCUMULATION FUND.] The deposit accumulation fund shall consist of the assets held in such fund, increased by amounts contributed by or for employees, amounts contributed by the city, amounts contributed by municipal activities supported in whole or in part by revenues other than taxes and amounts contributed by any public corporation, and by income from investments. There shall be paid from ~~such~~ *the* fund the amounts required to be transferred to the Minnesota adjustable fixed-benefit fund, *retirement benefit fund*, or the disability benefit fund, refunds of contributions, death benefits payable on death before retirement not payable from the survivors' benefit fund, retirement allowances granted pursuant to Laws 1965, Chapter 688, Laws 1969, Chapter 859, and expenses of administration.

Sec. 51. Minnesota Statutes 1978, Section 422A.06, Subdivision 4, is amended to read:

Subd. 4. [PARTICIPATION IN THE MINNESOTA ADJUSTABLE FIXED-BENEFIT FUND.] The ~~municipal~~ *Minneapolis* employees retirement fund shall participate in the Minnesota adjustable fixed-benefit fund *unless they elect to withdraw pursuant to section 422A.06, subdivision 8*. In that fund there shall be deposited the amounts provided in subdivision 5.

Sec. 52. Minnesota Statutes 1978, Section 422A.06, Subdivision 5, is amended to read:

Subd. 5. [VALUATION OF ASSETS; ADJUSTMENTS OF BENEFITS.] (a) For those members retiring pursuant to sections 422A.01 to 422A.25, assets equal to the required reserves as determined in accordance with a mortality table appropriate to the fund with an interest assumption of five percent, shall be transferred to the Minnesota adjustable fixed-benefit fund ~~or, the disability benefit funds as provided in subdivision 7, or the retirement benefit fund~~ except for any amounts payable from the survivor benefit fund, as of date of retirement.

(b) Annuity payments shall be adjusted in accordance with the provisions of sections 422A.09 and 422A.15, except that no minimum retirement payments therein described shall include any amounts payable from the survivors' benefit fund or disability benefit fund and supplemented benefits specifically financed by statute.

(c) Notwithstanding the provisions of section 356.18 increases

in annuity payments pursuant to this section will be made automatically unless written notice on a form prescribed by the board is filed with the retirement board requesting that the increase shall not be made.

(d) All annuities payable from the Minnesota adjustable fixed-benefit fund which are in effect on June 30, 1973 shall be increased in the same ratio that the actuarially computed reserve for such annuities determined by using an interest assumption of $3\frac{1}{2}$ percent bears to the actuarially computed reserve for such annuities determined by using an interest assumption of five percent. The reserves upon which such increases shall be based shall be the actuarially determined reserves for all Minnesota adjustable fixed-benefit fund annuities which were in effect on December 31, 1972, in accordance with the mortality assumptions then in effect and at interest assumptions of $3\frac{1}{2}$ percent and five percent. Such The ratio of increase computed to the last full $1/100$ of one percent shall be applied to all annuities payable from the Minnesota adjustable fixed-benefit fund which are in effect on June 30, 1973. Any additional annuity shall begin to accrue on July 1, 1973 and shall be considered as part of the base amount to be used in determining any increase which may become effective on January 1, 1974 under the provisions of section 11.25, subdivisions 12 and 13.

(e) All assets in the annuity stabilization reserve and suspense account shall be credited proportionately to the individual retirement funds' participation in the Minnesota adjustable fixed-benefit fund. Effective January 1, 1974 each participating fund in the Minnesota adjustable fixed-benefit fund, except the municipal employees retirement fund, shall increase the benefits in effect on June 30, 1973 by an amount that when added to the increase granted to such benefits effective July 1, 1973, equals 20 percent. The increase shall apply to accrual of benefits commencing January 1, 1974 and shall be in lieu of the adjustment provided by *Minnesota Statutes, 1973 Supplement*, Section 11.25, Subdivisions 12 and 13 scheduled to take effect January 1, 1974. The municipal employees retirement fund of Minneapolis shall determine the increase if any in accrual of benefits commencing January 1, 1974, determined on the basis of its entire participation in the manner provided in *Minnesota Statutes, 1973 Supplement*, Section 11.25, Subdivisions 12 and 13 as amended by Laws 1973, Chapter 7.

(f) The actuary for each participating fund shall calculate the reserve required to support the benefits in effect on June 30, 1973 as increase July 1, 1973 and herein. As of December 31, 1973, each participating fund shall transfer to or from the Minnesota adjustable fixed-benefit fund assets so that its participation equals the total of such required reserves and the reserve for benefits authorized on or after July 1, 1973. The increased benefits accruing as of January 1, 1974 shall be considered the "originally determined benefits" for the purpose of future adjustments.

Sec. 53. Minnesota Statutes 1978, Section 422A.06, is amended by adding a subdivision to read:

Subd. 8. [WITHDRAWAL FROM MINNESOTA ADJUSTABLE FIXED BENEFIT FUND.] The Minneapolis retirement board and the state board of investment may jointly agree to cease participation by the Minneapolis employees retirement fund in the Minnesota adjustable fixed benefit fund and transfer the assets in the Minnesota adjustable fixed benefit fund belonging to the retired members of the Minneapolis employees retirement fund to the retirement board for deposit in the retirement benefit fund established and administered by the retirement board. The agreement between the retirement board and the pension board shall provide for the allocation of expenses of the transfer of assets and for the determination of the value of the assets transferred. The valuation shall be established as of June 30 in the year in which the transfer occurs. The assets of the retirement benefit fund shall be invested in the same manner as provided by law for Minnesota adjustable fixed benefit fund assets.

Sec. 54. Minnesota Statutes, 1979 Supplement, Section 422A.08, Subdivision 2, is amended to read:

Subd. 2. Prior to August 31 of each year the retirement board shall prepare an itemized statement of its financial requirements from tax revenue for the succeeding fiscal year. A copy of the statement shall be submitted to the board of estimate and taxation and to the city council prior to September 15 of each year. This statement shall include:

(1) An estimate of the administrative expense of the board less:

(a) Such amount as the board may charge against the interest income account of the fund as cost of handling the investment securities of the fund.

(b) The cost of handling the retirement benefits of any city-owned public utility, improvement project, or other municipal activities supported in whole or in part by revenues other than taxes.

(c) The cost of handling the retirement benefits of any public corporation and its employees who have availed themselves of the provisions of sections 422A.01 to 422A.25.

(2) An estimated amount not to exceed $7\frac{1}{4}$ percent of the salaries and wages of all employees covered by the retirement fund less any amounts contributed for current cost of future retirement benefits by any city-owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than taxes, or any public corporation.

(3) The estimated amount to meet the requirements of section 422A.06, subdivision 3, less any amounts contributed for this purpose by any city-owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than taxes, or any public corporation.

(4) The cost of all monthly survivor's benefits provided in section 422A.23 as an obligation of the city and any of its boards, departments, commission or public corporations as therein provided, less any amounts contributed for this purpose by any city-owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than taxes, or any public corporation.

(5) Such other levies and financing as are required by law.

(6) The total of items 1, 2, and 3 above shall be increased or decreased as the case may be by any deficiency or excess of the amount of tax revenue actually collected within the preceding fiscal year under or over the amount actually determined to meet the financial requirements of the fund for such year. In no event shall the amount requested for levy exceed the total of entry age normal cost, less the amounts contributed by the employees, plus administrative expense, plus an amount necessary to amortize on a level annual dollar basis the principal amount of the actuarial deficit by the year 2017 using an interest rate of five percent, compounded annually, plus interest upon any deficiency from the previous year's levy at the rate of ~~four~~ six percent per annum. This limit does not apply to the requirements for survivors benefits provided in section 422A.23 nor to any levy which is administered by the retirement board pursuant to special act.

Sec. 55. Minnesota Statutes, 1979 Supplement, Section 422A.09, Subdivision 3, is amended to read:

Subd. 3. The exempt class shall consist of:

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

(2) Persons filling elective position. Provided that any elective officer holding an elective city office, excepting judges of a municipal court, shall, upon written application to the retirement board, be entitled to become a member of the contributing class of the fund, and after becoming a contributor to the fund be entitled to all benefits conferred upon employees of the contributing class except retirement on a service allowance, which shall be granted only upon completion of ten or more years of service and attaining at least age 60.

All retirement allowances shall be computed and determined as provided herein, except that in determining the number of years of service, credit shall be given for time served as an elective officer or employee, or member of an executive board or commission or any combination thereof. Persons who have served in elective positions which qualified them for membership in the fund prior to July 1, 1967, and who immediately thereafter hold elective office, first being appointed to that elective office in Hennepin county in which they served as an elected official, may retain or resume membership in the fund as an elective officer of the county.

The county shall collect and pay to the retirement fund the employee contribution. The employer cost of allowances and benefits credited to an elected officer as set forth above shall be paid from the county revenue fund by the proper county officials upon certification of such costs by the retirement board in the same manner as prescribed in section 422A.08 for the payment of costs by public corporations. A tax shall be levied by Hennepin county to defray the cost of such retirement allowances which may be in addition to all other taxes levied by the county. Before receiving a retirement allowance, or any other benefit, any person who claims credit for service under this section shall contribute to the fund an amount equal to the amount of contributions to the fund which such person would have made had he been a contributor to the fund since the date he first became eligible for membership in the fund, in accordance with the method of contribution herein provided for, plus ~~four~~ six percent compound interest.

(3) Persons serving without pay.

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

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

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

(7) Any person who is employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act from and after March 30, 1978, unless the city council of the city

of Minneapolis specifies that the person is to be considered as a provisional member of the retirement fund pursuant to section 356.451 or unless the person has as of the later of March 30, 1978 or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive training and employment act, or the person agrees in writing to make the required employer contribution in addition to the required employee contribution.

Sec. 56. Minnesota Statutes 1978, Section 462.631, Subdivision 1, is amended to read:

462.631 [APPROVED MORTGAGES, BOND ISSUE; LIMITATIONS, PROVISIONS.] Subdivision 1. Any redevelopment company, subject to the approval of the state housing commission, may borrow funds and secure the repayment thereof by bond and mortgage or by an issue of bonds under a trust indenture. Each mortgage or issue of bonds of a redevelopment company shall relate only to a single specified project and to no other, and those bonds shall be secured by mortgage upon all of the real property of which ~~such~~ *the* project consists. First lien bonds of a redevelopment company, when secured by a mortgage not exceeding 80 percent of the estimated cost prior to the completion of the project, or 80 percent of the appraised value or actual cost, but in no event in excess of 80 percent of the actual cost, after that completion, as certified by the state housing commission, are hereby declared securities in which all public officers and bodies of the state and of its municipal subdivisions, *including the state board if the bonds meet the requirements of section 22, subdivision 2*, all insurance companies and associations, all savings banks and savings institutions, including savings, building and loan associations, executors, administrators, guardians, trustees, and all other fiduciaries in the state may properly and legally invest the funds within their control. The bonds so issued and secured and the mortgage or trust indenture relating thereto may create a first or senior lien and a second or junior lien upon the real property embraced in any project; provided, however, that the total mortgage liens shall not exceed 80 percent of the estimated cost prior to the completion of the project, or 80 percent of the appraised value or actual cost, but in no event in excess of 80 percent of the actual cost after that completion, as certified by the state housing commission; and provided further that, where there are first and second mortgage liens upon the property embraced in a project, only the first or senior lien thereon shall be deemed a security in which ~~such~~ *the* officers, bodies, corporations, associations, and fiduciaries may invest the funds within their control. ~~Such~~ *The* bonds and mortgages may contain ~~such~~ other clauses and provisions as shall be approved by the state housing commission, including the right to assignment of rents and entry into possession in case of default: but the operation of the housing project in the event of such entry

by mortgagee or receiver shall be subject to regulations promulgated by the state housing commission. Provisions for the amortization of the bonded indebtedness of companies formed under sections 462.415 to 462.711 shall be subject to the approval of the state housing commission. So long as funds made available by the federal government or any instrumentality thereof or any mortgage or mortgage bonds insured by the federal housing administrator or any other instrumentality of the federal government are used in financing, in whole or in part, any project under sections 462.415 to 462.711, the capital structure of a redevelopment company undertaking such project and the proportionate amount of the cost of the lands and improvements to be represented by mortgages or bonds shall be entirely in the discretion of the housing commission; and all restrictions as to the amounts to be represented by mortgages, mortgage bonds, income debenture, or stock shall be inapplicable to ~~such the~~ projects or to redevelopment companies undertaking ~~such the~~ projects, except that the bonds, mortgages, debentures, and stock covering any project shall not exceed the total actual final cost of ~~such the~~ project as defined in section 462.635, clause 2.

Interest rates on mortgage indebtedness shall not exceed five percent per annum.

Sec. 57. Minnesota Statutes 1978, Section 475.73, Subdivision 1, is amended to read:

475.73 [STATE BOARD.] Subdivision 1. Obligations sold under the provisions of section 475.60 may be purchased by the state board of ~~Investment~~ *if the obligations meet the requirements of section 22, subdivision 2, upon the approval of the Attorney General as to form and execution of the application therefor, and under such rules and regulations as the board may specify, and the state board of Investment shall have authority to purchase the same to an amount not exceeding 15 percent of the assessed valuation of the taxable property of such the municipality, according to the last preceding assessment. Such* The obligations shall not run for a shorter period than one year, nor for a longer period than 30 years and shall bear interest at a rate to be fixed by the state board of ~~Investment~~ but not less than two percent per annum. Forthwith upon the delivery to the state of Minnesota of any obligations issued by virtue thereof, the commissioner of finance shall certify to the respective auditors of the various counties wherein are situated the municipalities issuing the same, the number, denomination, amount, rate of interest and date of maturity of each ~~such~~ obligation.

Sec. 58. [INSTRUCTIONS TO THE REVISOR.] Subdivision 1. *In the next or subsequent edition of Minnesota Statutes, the revisor of statutes shall substitute the term "executive director" for the term "executive secretary" wherever that term appears in reference to the state board of investment, shall substitute the term "Minnesota supplemental retirement investment fund" for the term "Minnesota supplemental retirement fund" wherever that*

term appears, and shall substitute the term "Minnesota variable annuity investment fund" for the term "Minnesota variable annuity fund" wherever that term appears.

Subd. 2. In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall substitute wherever the amount "four percent interest" appears in reference to the Minneapolis employees retirement fund the amount "six percent interest".

Subd. 3. In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall substitute "director" or "executive director" for "secretary" or "executive secretary" in chapter 422A.

Subd. 4. In the next or subsequent edition of the Minnesota Statutes, the revisor of statutes shall substitute wherever the term "Minnesota adjustable fixed benefit fund" appears in reference to the state board of investment, the term "Minnesota post-retirement investment fund".

Sec. 59. [INSTRUCTION TO REVISOR.] In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall in each section referred to in column A, strike the reference referred to in column B and insert the reference set forth in column C:

column A	column B	column C
Minnesota Statutes 1978	Minnesota Statutes 1978	
Section 3A.11, Subdivisions 1 and 2	Section 11.25	Section 11A.16
Section 60B.25(16)	Chapter 11	Section 11A.22
Section 82.34, Subdivision 5	Section 11.16	Section 11A.22
Section 137.022	Section 11.25, Subdivision 2	Section 11A.22
Section 137.022	Section 11.015, Subdivision 7	Section 11A.14, Subdivision 5
Section 137.022	Section 11.16, Subdivision 17	Section 11A.10, Subdivision 2
Section 137.025	Section 11.10	Section 11A.23
Section 161.04, Subdivision 2	Chapter 11	Section 11A.19
Section 162.16	Chapter 11	Section 11A.19
Section 198.265	Section 11.17	Section 11A.19
Section 222.59	Section 11.10	Section 11A.23
Section 352.04, Subdivision 12	Section 11.25	Section 11A.16
Section 352.061	Section 11.25	Section 11A.16

<i>column A</i>	<i>column B</i>	<i>column C</i>
<i>Minnesota Statutes</i> 1978	<i>Minnesota Statutes</i> 1978	
<i>Section 352.061</i>	<i>Chapter 11</i>	<i>Section 11A.22</i>
<i>Section 352.119,</i> <i>Subdivision 2(2)</i>	<i>Section 11.25,</i> <i>Subdivisions</i> <i>12 and 13</i>	<i>Section 11A.16</i>
<i>Section 352.93,</i> <i>Subdivision 3</i>	<i>Section 11.25</i>	<i>Section 11A.16</i>
<i>Section 352.96,</i> <i>Subdivision 2(a)</i>	<i>Section 11.18</i>	<i>Section 11A.15</i>
<i>Section 352B.26,</i> <i>Subdivision 3(3)</i>	<i>Section 11.25,</i> <i>Subdivisions</i> <i>12 and 13</i>	<i>Section 11A.16</i>
<i>Section 352D.015,</i> <i>Subdivision 3</i>	<i>Sections 11.18 to</i> <i>11.24</i>	<i>Section 11A.15</i>
<i>Section 352D.03</i>	<i>Section 11.18</i>	<i>Section 11A.15</i>
<i>Section 353.06</i>	<i>Section 11.25</i>	<i>Section 11A.16</i>
<i>Section 353.271,</i> <i>Subdivision 2(2)</i>	<i>Section 11.25,</i> <i>Subdivisions</i> <i>12 and 13</i>	<i>Section 11A.16</i>
<i>Section 354.05,</i> <i>Subdivision 23</i>	<i>Section 11.26</i>	<i>Section 11A.17</i>
<i>Section 354.05,</i> <i>Subdivision 26</i>	<i>Section 11.25,</i> <i>Subdivision 12</i>	<i>Section 11A.16</i>
<i>Section 354.62,</i> <i>Subdivision 4(3)</i>	<i>Section 11.26,</i> <i>Subdivision 7</i>	<i>Section 11A.17,</i> <i>Subdivision 8</i>
<i>Section 354.63,</i> <i>Subdivision 2(2)</i>	<i>Section 11.25,</i> <i>Subdivisions</i> <i>12 and 13</i>	<i>Section 11A.16</i>
<i>Section 356.39</i>	<i>Section 11.25</i>	<i>Section 11A.16</i>
<i>Section 360.017,</i> <i>Subdivision 2</i>	<i>Section 11.01</i>	<i>Section 11A.23</i>
<i>Section 422A.18,</i> <i>Subdivision 2</i>	<i>Section 11.25,</i> <i>Subdivision 12</i>	<i>Section 11A.16</i>
<i>Section 422A.23,</i> <i>Subdivision 10</i>	<i>Section 11.25,</i> <i>Subdivision 12</i>	<i>Section 11A.16</i>
<i>Section 490.123,</i> <i>Subdivision 3</i>	<i>Section 11.25</i>	<i>Section 11A.16</i>
<i>Section 490.123,</i> <i>Subdivision 3</i>	<i>Chapter 11</i>	<i>Section 11A.22</i>
<i>Section 525.161</i>	<i>Section 11.08</i>	<i>Section 11A.04</i> (8)
<i>Section 525.841</i>	<i>Section 11.08</i>	<i>Sections 11A.04</i> (8) <i>and 11A.08,</i> <i>Subdivision 2</i>

column A	column B	column C
Minnesota Statutes, 1979 Supplement	Minnesota Statutes 1978	
Section 299B.17, Subdivision 7	Section 11.10	Section 11A.23

Sec. 60. [TEMPORARY PROVISION.] *Portfolio securities held by the state board of investment or the retirement board of the Minneapolis employees retirement fund which met statutory criteria at the time of purchase but which became nonconforming as a result of the passage of this act may be retained.*

Sec. 61. [REPEALER.] *Minnesota Statutes 1978, Sections 11.01; 11.015; 11.04; 11.05; 11.06; 11.08; 11.10; 11.11; 11.115; 11.117, Subdivisions 1, 2, 3, 5, and 7; 11.12; 11.13; 11.14; 11.15; 11.16; 11.17; 11.18; 11.19; 11.20; 11.21; 11.22; 11.23; 11.24; 11.25; 11.26; 11.27; 11.28; 360.303; 422A.05, Subdivisions 2 and 4; 422A.07; 458.53; and Minnesota Statutes, 1979 Supplement, Sections 11.117, Subdivisions 4 and 6; 11.118; and 11.145 are repealed.*

Sec. 62. [EFFECTIVE DATE.] *This article is effective the day following enactment.*

ARTICLE X: POLICE, FIRE, JUDGES

Section 1. Minnesota Statutes, 1979 Supplement, Section 424A.02, is amended by adding a subdivision to read:

Subd. 9a. [POST RETIREMENT INCREASES.] Notwithstanding any provision of general or special law to the contrary, a relief association may, from time to time, with municipal approval pursuant to subdivision 10 and section 69.772, subdivision 6, or section 69.773, subdivision 6, whichever is applicable, provide a post retirement increase to retired members and other retirement benefit recipients of the relief association. The post retirement increase may only be granted pursuant to an amendment to the bylaws of the relief association and shall be applicable only to retired members and other retirement benefit recipients receiving a service pension or retirement benefit as of the effective date of the bylaw amendment. The authority to provide a post retirement increase to retired members and other retirement benefit recipients of a relief association contained in this subdivision shall supersede any prior special law authorization relating to the provision of post retirement increases.

Sec. 2. Minnesota Statutes, 1979 Supplement, Section 424A.04, is amended to read:

424A.04 [VOLUNTEER RELIEF ASSOCIATION; BOARD OF TRUSTEES.] Every volunteer firefighters' relief association shall be managed by a board of trustees consisting of nine members. Six trustees shall be elected from the membership of the relief association and three trustees shall be drawn from the officials of the municipality which has a fire department to which the relief association is directly associated or the municipality which contracts or the municipalities which contract with

the independent nonprofit firefighting corporation of which the relief association is a subsidiary. *The bylaws of a volunteer firefighters' association may provide that one of the six trustees required to be elected from the membership of the relief association may be a retired member of the relief association receiving a monthly pension elected by the membership of the fire department.* The ex officio trustees, if the relief association is directly associated with the fire department of a municipality, shall be the mayor, the clerk or clerk-treasurer, and the chief of the municipal fire department. The ex officio trustees, if the relief association is a subsidiary of an independent nonprofit firefighting relief corporation, shall be three elected officials of the contracting municipality designated by the governing body of the municipality if only one municipality contracts with the independent nonprofit firefighting corporation, two elected officials of the largest municipality in population and one elected official of the next largest municipality in population designated by the governing bodies of the applicable municipalities if two municipalities contract with the independent nonprofit firefighting corporation or one elected official of each of the three largest municipalities in population designated by the governing bodies of the applicable municipalities if three or more municipalities contract with the independent nonprofit firefighting corporation. An ex officio trustee shall have all of the rights and duties accorded to any other trustee except the right to be an officer of the board of trustees. A board shall have at least three officers, which shall be a president, a secretary and a treasurer. These officers shall be elected from among the elected trustees by either the full board of trustees or by the membership, as specified in the bylaws, and in no event shall any trustee hold more than one officer position at any one time. The terms of the elected trustees and of the officers of the board shall be specified in the bylaws of the relief association but shall not exceed three years. If the term of the elected trustees exceeds one year, the election of the various trustees elected from the membership shall initially and shall thereafter continue to be staggered on as equal a basis as is practicable.

It shall be the duty of the board of trustees to faithfully administer any provisions of statute or special law applicable to the relief association without prejudice and consistent with the expressed intent of the legislature. The members of the board shall act as trustees with a fiduciary obligation to the state of Minnesota which authorized the creation of the relief association, the taxpayers who aid in its financing and the firefighters who are its beneficiaries.

Sec. 3. [HIBBING; AUTHORIZATION FOR SEPARATE RELIEF ASSOCIATIONS FOR SALARIED AND VOLUNTEER FIREFIGHTERS.] *Notwithstanding any provisions of any law to the contrary, the city of Hibbing may establish and maintain or continue to maintain two separate relief associations for firefighters employed by or serving with the Hibbing municipal fire department. One relief association shall provide retirement*

benefit coverage for regular salaried firefighters employed by the Hibbing municipal fire department and the other relief association shall provide retirement benefit coverage for volunteer firefighters serving with the Hibbing municipal fire department. Any fire state aid amounts received by the city of Hibbing pursuant to Minnesota Statutes, Sections 69.011 to 69.051, shall be allocated proportionately between the two relief associations on the basis of the assessed property value, excluding mineral values, and the population pursuant to the most recent federal census, of the areas which are predominantly served by the members of each relief association, as determined by the governing body of the city of Hibbing.

Sec. 4. [RESTRICTION ON VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION MEMBERSHIP FOR CERTAIN PERSONS.] No person who is employed by the city of Hibbing as a regular salaried firefighter, and who is a member of the Hibbing salaried firefighters relief association to which Minnesota Statutes, Section 69.77, applies, shall be entitled while so employed after the effective date of this section to be a member of or to accrue any service credit in the relief association which provides retirement benefit coverage for volunteer firefighters serving with the Hibbing municipal fire department and to which Minnesota Statutes, Sections 69.771 to 69.776, apply.

Sec. 5. [PROPORTIONATE SERVICE PENSION IN CERTAIN CASES.] Any person who is prohibited from further membership in or from accruing further service credit in the volunteer firefighters' relief association which is established or maintained by the city of Hibbing and to which Minnesota Statutes, Sections 69.771 to 69.776 apply and who has not as of the effective date of this act received credit for sufficient years of service with the Hibbing municipal fire department or membership with the Hibbing volunteer firefighters' relief association to be entitled to a service pension without the benefit of this section shall be entitled when otherwise qualified to receive a proportionate service pension based on the number of completed years of service rounded to the nearest full years of service.

Sec. 6. [EVELETH POLICE OFFICERS AND FIRE FIGHTERS.] Notwithstanding any general or specific law to the contrary, retirement benefits payable to retired police officers and firefighters by the Eveleth police and fire trust fund may be increased by \$50 per month. Survivor benefits payable to a surviving spouse or surviving dependent child may be increased by \$25 per month. Increases shall be retroactive to January 1, 1980.

Sec. 7. Any volunteer firefighters' relief association which had prior special legislative authorization to grant a post retirement increase and which approved a post retirement increase prior to the effective date of Laws 1979, Chapter 201, may grant the post retirement increase, pursuant to section 1 of this article, effective retroactively to January 1, 1980.

Sec. 8. Minnesota Statutes 1978, Section 490.123, Subdivision 1, is amended to read:

490.123 [JUDGES' RETIREMENT FUND.] Subdivision 1. [CREATION; CONTRIBUTIONS.] There is hereby created a special fund known as the "judges' retirement fund". The fund shall be credited with all contributions, all interest and all other income authorized by law. From this fund there are appropriated the payments authorized by sections 490.121 to 490.132 in the amounts and at times provided herein, including the expenses of administering the fund. Except as provided in section 490.128, subdivision 2, each judge shall contribute to the fund from each salary payment a sum equal to one-half of one percent of salary, plus a sum equal to the salary multiplied by the rate of employee tax under the Federal Insurance Contributions Act as defined in section 355.01, subdivision 9, but in aggregate not less than seven percent of salary. The balance of all money necessary for administering sections 490.121 to 490.132 and the judges' retirement fund, including payment of retirement compensation and other benefits under sections 490.121 to 490.132, shall be contributed to the fund by the state. The amount required therefor is hereby annually appropriated from the general fund to the judges' retirement fund.

Sec. 9. Minnesota Statutes 1978, Section 490.124, Subdivision 1, is amended to read:

490.124 [MATURITY OF BENEFITS; RETIREMENT AND SURVIVORS' ANNUITIES.] Subdivision 1. [BASIC RETIREMENT ANNUITY.] Except as qualified hereinafter from and after mandatory retirement date, normal retirement date, early retirement date, or two years from the disability retirement date, as the case may be, a retirement annuity shall be payable to a retiring judge from the judges' retirement fund in an amount equal to: (1) two and one-half percent of the judge's final average compensation multiplied by the number of years and fractions of years of service rendered; prior to July 1, 1980; plus (2) three percent of the judge's final compensation multiplied by the number of years and fractions of years of service rendered after June 30, 1980; provided that such annuity shall not exceed 60 65 percent of the judge's annual salary for the year immediately preceding his retirement.

Sec. 10. [LOCAL POLICE AND SALARIED FIREFIGHTERS RELIEF ASSOCIATIONS; AUTOMATIC POST RETIREMENT ADJUSTMENTS FOR CERTAIN NEWLY EMPLOYED, ACTIVE AND RETIRED MEMBERS.] Subdivision 1. [ENTITLEMENT.] Notwithstanding any provision of law, municipal charter, municipal ordinance or resolution, or relief association articles of incorporation or bylaws to the contrary, any person who meets one of the following requirements for entitlement shall be entitled to an annual automatic post retirement adjustment in the amount of the service pension calculated pursuant to subdivision 2. A person meets the requirements for entitlement if:

(1) the person is a member of a covered local police or salaried firefighters relief association enumerated in subdivision 3, commences receiving a service pension at an age no earlier than attaining the age of 55 years, and has met all applicable requirements

for entitlement to a service pension specified in the applicable laws and relief association articles of incorporation or bylaws governing the local relief association;

(2) the person is a retired member of a covered local police or salaried firefighters relief association enumerated in subdivision 3, retired on a service pension after the effective date of this section and after attaining the age of at least 50 years but prior to attaining the age of 55 years and attains the age of 55 years subsequent to retirement; or

(3) the person was a retired member of a covered local police or salaried firefighters relief association or retirement trust fund enumerated in subdivision 3 on the effective date of this section, is receiving a service pension, and has attained the age of at least 55 years.

Subd. 2. [DETERMINATION OF ANNUAL AUTOMATIC POST RETIREMENT ADJUSTMENT AMOUNT; ACCRUAL; LIMITATION.] Any person who meets the requirements specified in subdivision 1, clauses (1) or (2) shall be entitled to receive the annual automatic post retirement adjustment on the January 1 next following the date upon which the requirements for entitlement are met but in no event prior to the date upon which the person attains the age of 55 years. Any person who meets the requirements specified in subdivision 1, clause (3) shall be entitled to receive the annual automatic post retirement adjustment on the January 1 next following the effective date of the approval of the benefit modification by the municipality as provided for in subdivision 3 or the date upon which the person attains the age of 55 years, whichever occurs later. The amount of the annual automatic post retirement adjustment shall be determined by the board of trustees of the local relief association on or before December 1 annually and the annual automatic post retirement adjustment shall accrue each year as of January 1 next following the determination date. The annual automatic post retirement adjustment shall be first payable with the service pension payment made for January. Each annual automatic post retirement adjustment in the amount of the service pension shall be equal to the dollar amount determined by applying the percentage by which the salary payable by the municipality to a top grade patrol officer or a top grade firefighter, whichever is applicable, has increased during the year subject to the limitation provided for in this subdivision to the amount of service pension payable to the person for the month immediately prior to the month in which the determination is made. The maximum percentage increase shall not exceed three and one-half percent in any year and any increase in the salary level of the applicable position used to govern the determination of annual automatic post retirement adjustments in excess of three and one-half percent in any year shall not carry over to or be used to calculate the rate of salary increase for any succeeding year in which the increase in the applicable position does not exceed three and one-half percent.

Subd. 3. [COVERED LOCAL POLICE AND FIREFIGHTERS RELIEF ASSOCIATION.] The provisions of this section shall

apply to the active members and retired members of a local police or salaried firefighters relief association or to the retired members of a retirement trust fund contained in the following enumeration of covered relief associations if the governing body of the applicable municipality approves the modification in the benefit plan of the relief association specified in this section following consideration of an actuarial valuation which is, or actuarial estimate based on the most recent actuarial valuation which was, prepared in accordance with Minnesota Statutes, Sections 356.215 and 356.216, based on the benefit plan of the applicable local relief association or retirement trust fund including the modification provided for in this section, approves the modification in retirement coverage for newly hired personnel specified in section 11, if applicable, and files a resolution indicating approval with the secretary of state, the commissioner of insurance and the executive secretary of the legislative commission on pensions and retirement on or before the first day of the tenth month following the effective date of this act:

- (1) Buhl police relief association;
- (2) Crookston firefighters relief association;
- (3) Crookston police relief association;
- (4) Eveleth joint retired police and firefighters retirement trust fund;
- (5) Moorhead firefighters relief association;
- (6) Moorhead police relief association;
- (7) Thief River Falls police retirement trust fund;
- (8) Virginia firefighters relief association;
- (9) West St. Paul police relief association.

Sec. 11. [MODIFICATION IN RETIREMENT COVERAGE FOR CERTAIN POLICE OFFICERS AND FIREFIGHTERS; AUTHORIZING MUNICIPAL IMPLEMENTATION.] *Subdivision 1. [AUTHORIZATION OF MUNICIPAL ACTION.]* Notwithstanding any provision of law, municipal charter, municipal ordinance or resolution, or relief association articles of incorporation or bylaws to the contrary, any municipality in which is located a covered local police or salaried firefighters' relief association enumerated in section 10, subdivision 3, is authorized to implement the provisions of this section. Implementation shall be effected by a municipal resolution approved by a majority of the governing body of the municipality following consultation with the board of trustees of the affected local relief association and the holding of a public meeting at which the views of the public are considered. Prior to becoming effective, a copy of the municipal resolution shall be filed with the secretary of state, the commissioner of finance, the commissioner of insurance and the executive secretary of the legislative commission on pensions and retirement. To be deemed an implementing municipal resolution within

the meaning of this section, the municipal resolution shall either refer to this section in the text or shall describe in summary form the modifications provided for in this section. Once granted, municipal approval shall be irrevocable.

Subd. 2. [MODIFICATION OF RETIREMENT COVERAGE FOR CERTAIN NEWLY HIRED POLICE OFFICERS AND FIREFIGHTERS.] *Any person first employed by a municipality which has adopted a municipal resolution pursuant to subdivision 1 after the effective date for the modification stated in the municipal resolution, which date shall not in any event be later than the first day of the month occurring six months after the date of passage of the municipal resolution, as a police officer or police trainee or as a firefighter or firefighter trainee, whichever position is covered in the municipal resolution, shall be a member of the public employees police and fire fund established by Minnesota Statutes, Sections 353.63 to 353.68, and shall not be a member of the applicable local police or firefighters' relief association established pursuant to any general or special law.*

Subd. 3. [OPERATION OF LOCAL RELIEF ASSOCIATION UPON MODIFICATION OF RETIREMENT COVERAGE FOR NEWLY HIRED POLICE OFFICERS AND FIREFIGHTERS.] *The minimum obligation of a municipality which has adopted a municipal resolution pursuant to subdivision 1 with respect to the local relief association shall be determined and governed in accordance with the provisions of Minnesota Statutes, Sections 69.77, 356.215 and 356.216, except that the normal cost calculation for the relief association shall be computed as a percentage of the compensation paid to the active members of the relief association. The compensation paid to persons with retirement coverage modified pursuant to subdivision 2 shall not be included in any of the computations made in determining the obligation of the municipality with respect to the local relief association.*

The contribution rate of members of the local relief association shall be governed by Minnesota Statutes, Section 69.77, unless a special law establishing a greater member contribution rate is applicable whereupon it shall continue to govern. The member contribution rate of persons with retirement coverage modified pursuant to subdivision 2 shall be governed by Minnesota Statutes, Section 353.65.

When every active member of the local relief association retires or terminates from active duty, the local relief association shall cease to exist as a legal entity and the assets of the special fund of the relief association shall be transferred to a trust fund to be established by the appropriate municipality for the purpose of paying service pensions and retirement benefits to recipient beneficiaries. If there are at least five recipient beneficiaries, the trust fund shall be managed by a board of trustees composed of five members selected by the recipient beneficiaries of the fund, subject to the approval of the governing body of the municipality. If there are fewer than five recipient beneficiaries, the trust fund

shall be managed by the governing body of the municipality. The term of the elected members of the board of trustees shall be indefinite and shall continue until a vacancy occurs in one of the board of trustee member positions. Board of trustee members shall not be compensated for their services, but shall be reimbursed for any expenses actually and necessarily incurred as a result of the performance of their duties in their capacity as board of trustee members. The municipality shall perform whatever services are necessary to administer the trust fund. The balance of assets remaining in the trust fund shall not revert to the municipality until all obligations of the trust fund are paid.

The financial requirements of the trust fund and the minimum obligation of the municipality with respect to the trust fund shall be determined in accordance with Minnesota Statutes, Sections 69.77, 356.215 and 356.216, until the unfunded accrued liability of the trust fund is fully amortized in accordance with this act. The municipality shall provide in its annual budget for at least the aggregate amount of service pensions, disability benefits, survivorship benefits and refunds which are projected as payable for the following calendar year, as determined by the board of trustees of the trust fund, less the amount of assets in the trust fund as of the end of the most current calendar year for which figures are available, valued pursuant to Minnesota Statutes, Section 356.20, Subdivision 4, Clause (1) (a), if the difference between those two figures is a positive number.

In calculating the amount of service pensions and other retirement benefits payable from the local relief association and in calculating the amount of any automatic post retirement increases in those service pensions and retirement benefits based on the salary paid or payable to active members or escalated in any fashion, the salary for use as the base for the service pension or retirement benefit calculation and the post retirement increase calculation for the local relief association shall be the salary for the applicable position as specified in the articles of incorporation or bylaws of the relief association as of the date immediately prior to the effective date of the municipal resolution adopted pursuant to subdivision 1, as the applicable salary is reset by the municipality periodically, irrespective of whether retirement coverage for persons holding the applicable position used in calculations is provided by the relief association or by the public employees police and fire fund.

If the modification of retirement coverage implemented pursuant to municipal resolution adopted pursuant to subdivision 1 is applicable to a local police relief association, the police state aid received by the municipality shall be disbursed pursuant to Minnesota Statutes, Section 69.031, Subdivision 5, Clause (2) (c). If the modification of retirement coverage implemented pursuant to a municipal resolution adopted pursuant to subdivision 1 is applicable to a local firefighters' relief association, the fire state aid received by the applicable municipality shall be disbursed as the municipality at its option may elect. The municipality may elect: (1) to transmit the total fire state aid to the treasurer of the local

relief association for immediate deposit in the special fund of the relief association; or (2) to apply the total fire state aid toward the employer contribution of the municipality to the public employees police and fire fund pursuant to Minnesota Statutes, Section 353.65, Subdivision 3; or (3) to allocate the total fire state aid proportionately between the special fund of the local relief association and employer contribution of the municipality to the public employees police and fire fund on the basis of the respective number of active full time salaried firefighters receiving retirement coverage from each.

Sec. 12. Laws 1979, Chapter 293, Section 10, Subdivision 1, is amended to read:

Sec. 10. [POST RETIREMENT ADJUSTMENT; LUMP SUM PAYMENTS.] Subdivision 1. [ENTITLEMENT.] Any person who, on or before July 1, 1979, has attained the age of 65 years and who is receiving a retirement annuity from , or any person who is receiving a disability benefit or a surviving spouse's annuity or benefit from a retirement fund specified in subdivision 4, clauses (1) to (5) which was computed under the laws in effect prior to June 1, 1973, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 4, clause (4), or prior to July 1, 1973, if the person is receiving an annuity or benefit from a retirement fund specified in subdivision 4, clause (1), (2), (3) or (5), and any person who, on or before July 1, 1979, has attained the age of 65 and who is receiving a "\$2 bill and annuity" annuity from the retirement fund specified in subdivision 4, clause (6), shall be entitled to receive a post retirement adjustment from the applicable retirement fund in the amount specified in subdivision 3.

Sec. 13. Laws 1979, Chapter 293, Section 10, is amended by adding a subdivision to read:

Subd. 6. [TRANSFER OF APPROPRIATION; TERMINAL AUDIT.] *From the amounts appropriated and apportioned pursuant to subdivision 5, there is transferred to the commissioner of finance for purposes of redistribution the specified amount from each fund indicated, as follows:*

<i>highway patrol retirement fund</i>	<i>\$ 11,971</i>
<i>state employees retirement fund</i>	<i>263,100</i>
<i>public employees retirement fund</i>	<i>238,155</i>
<i>public employees police and fire fund</i>	<i>45,471</i>

From the total amount transferred to the commissioner of finance for redistribution, the commissioner shall transfer the specified amount to each fund indicated as follows:

<i>Minneapolis municipal employees retirement fund</i>	<i>\$ 25,780</i>
<i>teachers retirement fund</i>	<i>173,711</i>

The remaining balance of the appropriation transferred to the

commissioner of finance following redistribution shall cancel and shall be returned to the general fund.

Each covered retirement fund as specified in subdivision 4 shall, as soon as is practical following the payment of the December 1, 1980, post retirement adjustment, calculate the amount of any appropriation apportioned to it which is in excess of the amounts required to pay the December 1, 1970, and December 1, 1980, post retirement adjustments and the post retirement adjustments provided for in this act. In addition, the executive secretary of the state board of investment, for covered retirement funds specified in subdivision 4, clauses (1) to (5), and the executive secretary of the Minneapolis municipal employees retirement fund, for that fund, shall calculate the amount which represents for each applicable covered retirement fund the investment income which the fund received on its portion of the appropriation calculated on the basis of the actual annual rate of investment return received on the assets of the retirement fund. The calculations required by this paragraph shall be reported to and verified by the commissioner of finance and amounts equal to these reported excess appropriation and investment income amounts shall be returned to the general fund.

The commissioner of finance is not authorized to adjust or modify any appropriation made pursuant to Laws 1979, Chapter 293, Section 10 or any amounts transferred pursuant to this act except in accordance with this subdivision.

Sec. 14. [RETROACTIVE APPLICATION.] *Any person who was not entitled to receive a lump sum post retirement adjustment on December 1, 1979, pursuant to Laws 1979, Chapter 293, Section 10, solely by virtue of not having attained the age of 65 years on or before July 1, 1979 shall be entitled to receive the lump sum post retirement adjustment which that person would have received on December 1, 1979. The adjustment shall be payable on the first day of the second month following the effective date of this section and may be included with the annuity or benefit payable on that date.*

Sec. 15. [REPEALER.] *Laws 1979, Chapter 293, Section 10, Subdivision 2, is repealed effective retroactively to July 1, 1979.*

Sec. 16. [EFFECTIVE DATE.] *Sections 1, 3, 4, 10, 11 and 14 shall be effective the day following final enactment. Sections 2, 5 and 15 are effective upon compliance with Minnesota Statutes, Section 645.021, Subdivision 3. Sections 8 and 9 are effective July 1, 1980. Section 12 is effective retroactively to November 30, 1979."*

Amend the title as follows:

Page 1, line 2, delete "property; eliminating the"

Page 1, delete lines 3 to 5 and insert:

"providing and modifying certain income tax credits and deductions and modifications of gross income; increasing the state share

of the cost of certain local and county programs; reducing certain property tax assessment ratios; providing for valuation of agricultural land for school district and other levy purposes; altering special levy and levy limit provisions; redefining certain property tax exemption provisions; providing a one-time refund of certain property tax increases; increasing metropolitan transit levy authorizations and authorizing added bonding; adjusting property tax refunds upon reclassification; allowing payment of decedent's property tax refund claims; increasing the state tax on gasoline; authorizing state enforcement of gasoline price regulations; eliminating the minimum corporate income tax and the specific credit; providing for taxation of certain utility property on a situs basis; providing for taxation of certain concessions; designating year relating to property taxes; restricting use of proceeds of taconite production tax; clarifying application of taconite occupation tax; reducing rate of tax on certain wine; exempting certain purchases by veterans' organizations from sales tax; providing for taxation of ethyl alcohol; modifying public employee pension provisions and their funding mechanisms; amending Minnesota Statutes 1978, Sections 69.77, Subdivision 2, as amended; 69.775; 124.212, Subdivisions 2, 8a, and 10; 124.46, Subdivision 4; 167.42; 167.50, Subdivision 2; 193.146, Subdivision 4; 272.01, Subdivision 2; 273.135, Subdivision 2; 273.19, Subdivision 1; 273.36; 273.37, Subdivision 2; 275.11, Subdivision 2; 275.28, Subdivision 3; 275.52, Subdivision 2; 276.04; 276.09; 276.10; 276.11; 290.06, and by adding subdivisions; 290.067, Subdivision 2; 290.18, by adding a subdivision; 290A.04, by adding a subdivision; 290A.11, by adding a subdivision; 290A.18; 296.02, Subdivision 1; 296.14, by adding a subdivision; 298.223; 298.28, Subdivision 1; 352.75, Subdivision 3; 352B.26, Subdivision 3; 353.657, Subdivision 3; 353.661, Subdivision 3; 375.192, Subdivision 1; 422A.02; 422A.03, Subdivisions 3 and 5; 422A.05, Subdivisions 1, 3, 5, 6 and by adding subdivisions; 422A.06, Subdivisions 1, 3, 4, 5 and by adding a subdivision; 462.631, Subdivision 1; 475.73, Subdivision 1; 490.123, Subdivision 1; 490.124, Subdivision 1; and Chapters 11; 273; 298; and 477A, by adding sections; and Minnesota Statutes, 1979 Supplement, Sections 15A.081, Subdivision 1; 43.064; 69.772, Subdivision 2a; 256.82; 256D.03, Subdivision 2; 256D.36, Subdivision 1; 272.02, Subdivision 1; 273.13, Subdivisions 6 and 7; 273.42; 275.125, Subdivision 9; 275.50, Subdivision 5; 275.51, Subdivision 3d; 290.01, Subdivision 20; 290.06, Subdivisions 3c, 3d, 3f and 14; 297A.25, Subdivision 1; 353.023; 422A.03, Subdivisions 1 and 2; 422A.08, Subdivision 2; 422A.09, Subdivision 3; 424A.02, by adding a subdivision; 424A.04; 473.596; 473.436, Subdivision 5; 473.446, Subdivision 1; and 477A.01, Subdivisions 1 and 4; and Laws 1979, Chapter 293, Section 10, Subdivision 1 and by adding a subdivision; and Chapter 303, Article II, Section 39; and repealing Minnesota Statutes 1978, Sections 11.01; 11.015; 11.04; 11.05; 11.06; 11.08; 11.10; 11.11; 11.115; 11.117, Subdivisions 1, 2, 3, 5 and 7; 11.12; 11.13; 11.14; 11.15; 11.16; 11.17; 11.18; 11.19; 11.20; 11.21; 11.22; 11.23; 11.24; 11.25; 11.26; 11.27; 11.28; 290.21, Subdivision 2; 360.303; 422A.05, Subdivisions 2 and 4; 422A.07; 458.53; Minnesota Statutes, 1979 Supplement; Sections 11.117, Subdivisions 4

and 6; 11.118; 11.145; and Laws 1979, Chapter 293, Section 10, Subdivision 2."

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

SECOND READING OF SENATE BILLS

S. F. Nos. 1683, 2025, 514, 620, 1629, 1978, 1986, 1884, 1053, 994, 2100 and 883 were read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

SECOND READING OF HOUSE BILLS

H. F. Nos. 2314, 2185 and 2082 were read the second time.

H. F. No. 1779 was read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS

Mr. Sikorski moved that the name of Mr. Hughes be added as co-author to S. F. No. 714. The motion prevailed.

Mrs. Brataas moved that the name of Mr. Ulland, J. be added as co-author to S. F. No. 2389. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Mr. Coleman moved to take up the Calendar. The motion prevailed.

CALENDAR

S. F. No. 2136: A bill for an act relating to elections; changing certain procedures and the effect of absentee ballots.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 54 and nays 7, as follows:

Those who voted in the affirmative were:

Bang	Hanson	Lessard	Peterson	Spear
Barrette	Hughes	Luther	Pillsbury	Staples
Benedict	Johnson	Menning	Purfeerst	Stern
Brataas	Keefe, J.	Moe	Renneke	Stokowski
Coleman	Keefe, S.	Nelson	Schaaf	Stumpf
Davies	Kirchner	Nichols	Schmitz	Tennessen
Dieterich	Kleinbaum	Ogdahl	Setzepfandt	Ulland, J.
Engler	Knaak	Olhoff	Sieloff	Vega
Frederick	Knoll	Olson	Sikorski	Wegener
Gearty	Knutson	Penny	Sillers	Willet
Gunderson	Laufenburger	Perpich	Solon	

Those who voted in the negative were:

Ashbach	Dunn	Omann	Rued	Strand
Bernhagen	Merriam			

So the bill passed and its title was agreed to.

S. F. No. 1997: A bill for an act relating to the city of Austin and Cook County; authorizing the establishment and financing of the capital cost of a solid waste disposal system and program in the city of Austin; providing for steam line construction agreements for Cook County and Independent School District No. 166.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Merriam voted in the negative.

So the bill passed and its title was agreed to.

S. F. No. 2183: A bill for an act relating to gambling devices; clarifying certain definitions; amending Minnesota Statutes 1978, Section 349.26, Subdivisions 4, 5, and 15.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S. F. No. 2231: A bill for an act relating to retirement; public safety employee retirement funds; corrections officers; coverage and mandatory retirement for the correctional employees retire-

ment plan; Moorhead police chief; membership in the public employees police and fire fund; amending Minnesota Statutes 1978, Sections 352.90; 352.91, Subdivisions 1 and 2, and by adding a subdivision; and Minnesota Statutes, 1979 Supplement, Section 43.051, Subdivision 3.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H. F. No. 2287: A bill for an act relating to the city of Edina; authorizing a temporary short term on-sale liquor license for a certain civic or charitable festival.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 53 and nays 8, as follows:

Those who voted in the affirmative were:

Ashbach	Gearty	Lessard	Perpich	Staples
Bang	Hanson	Luther	Pillsbury	Stern
Barrette	Hughes	Menning	Purfeerst	Stokowski
Benedict	Johnson	Merriam	Schaaf	Strand
Brataas	Keefe, J.	Moe	Schmitz	Stumpf
Coleman	Keefe, S.	Nelson	Setzepfandt	Tennessen
Davies	Kleinbaum	Nichols	Sieloff	Ulland, J.
Dieterich	Knaak	Ogdahl	Sikorski	Vega
Dunn	Knoll	Olson	Sillers	Wegener
Engler	Knutson	Omann	Solon	
Frederick	Laufenburger	Penny	Spear	

Those who voted in the negative were:

Bernhagen	Kirchner	Peterson	Rued	Willet
Gunderson	Olhoft	Renneke		

So the bill passed and its title was agreed to.

H. F. No. 2222: A bill for an act relating to insurance; autho-

rizing business trusts to exchange reciprocal or interinsurance contracts; amending Minnesota Statutes 1978, Section 71A.01, Subdivision 1.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S. F. No. 2195: A bill for an act relating to employment agencies; exempting certain medical doctor placement services from licensing provisions; amending Minnesota Statutes 1978, Section 184.21, Subdivision 2.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S. F. No. 1794: A bill for an act relating to state lands; authorizing the sale at public auction of lands and interests in lands located in Mower and Fillmore Counties.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S. F. No. 1601: A bill for an act relating to natural gas pipeline safety; transferring powers and duties in the administration of pipeline safety laws from the fire marshal division of the department of public safety to the department of public service; transferring personnel and records; appropriating funds; amending Minnesota Statutes 1978, Sections 299F.56, Subdivisions 5, and 6, and by adding a subdivision; 299F.57; 299F.58; 299F.60, Subdivisions 1 and 2; 299F.61, Subdivision 1; 299F.62; 299F.63; and 299F.64.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S. F. No. 2071: A bill for an act relating to financial institutions; providing that certain agreements taken by a bank and subject to a certain percentage limitation will not constitute a liability against it; providing for a different percentage limitation

in certain cases; amending Minnesota Statutes 1978, Section 48.24, Subdivision 3.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S. F. No. 1803: A bill for an act relating to commerce; restricting the scope of the corporate take-over statute; amending Minnesota Statutes 1978, Sections 80B.02, Subdivision 5; 80B.03, Subdivisions 2 and 3; repealing Minnesota Statutes 1978, Sections 80B.02, Subdivision 8; and 80B.03, Subdivisions 4 and 5.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H. F. No. 2135: A bill for an act relating to public welfare; providing that certain relatives of children receiving aid to families with dependent children are not responsible for contribu-

tions; amending Minnesota Statutes 1978, Section 256.87, Subdivision 1.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Nichols voted in the negative.

So the bill passed and its title was agreed to.

S. F. No. 336: A bill for an act relating to taxation; providing for state reimbursement of taxing districts for tax reduction granted to Title II and certain other property; appropriating money; amending Minnesota Statutes 1978, Section 276.04; and Chapter 273, by adding a section.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

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.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S. F. No. 2074: A bill for an act relating to industrial development; permitting hearings by a committee of the governing body; amending Minnesota Statutes, 1979 Supplement, Section 474.01, Subdivision 7b.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S. F. No. 2184: A bill for an act relating to Special School District No. 1; modifying the district's responsibility to develop a long range building plan and providing certain bonding authority; amending Laws 1963, Chapter 645, Section 3, Subdivision 5; and Laws 1959, Chapter 462, Section 3, Subdivision 7, as amended and renumbered.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 5, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Davies	Frederick	Perpich	Peterson	Tennessen
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So the bill passed and its title was agreed to.

S. F. No. 2134: A bill for an act relating to natural resources; providing for analysis of hydroelectric generating capacity of publicly owned dams; clarifying provisions relating to the administration of and authorization for dam repair and reconstruction grants; authorizing the employment of a person to administer grants; appropriating money; amending Minnesota Statutes 1978, Section 105.482, Subdivisions 1 and 4; Minnesota Statutes, 1979 Supplement, Section 105.482, Subdivisions 3 and 5a; and Laws 1979, Chapter 300, Section 4, Subdivisions 1 and 5.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S. F. No. 870: A bill for an act relating to electric utilities;

altering provisions for the required condemnation of lands contiguous to sites or routes of electric utilities; clarifying that certain required land condemnation need not be considered in environmental impact statements; amending Minnesota Statutes 1978, Sections 116C.63, Subdivision 4; and 116D.04, by adding a subdivision.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 2, as follows:

Those who voted in the affirmative were:

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

Messrs. Luther and Strand voted in the negative.

So the bill passed and its title was agreed to.

S. F. No. 2042: A bill for an act relating to the port authority of Winona; providing powers and conditions of debt; amending Laws 1967, Chapter 541, Section 1, as amended.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S. F. No. 2265: A bill for an act relating to municipalities;

authorizing joint municipal franchising for cable communications; permitting the establishment of a port authority by the city of Bloomington; amending Minnesota Statutes 1978, Section 238.08, by adding a subdivision.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S. F. No. 2264: A bill for an act relating to delivery or filing of documents; providing for timely delivery or filing of certain documents with respect to weekends and holidays; amending Minnesota Statutes 1978, Chapter 645, by adding a section.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S. F. No. 1931: A bill for an act relating to children; providing for venue for child custody proceedings; amending Minnesota Statutes, 1979 Supplement, Section 518.156, Subdivision 1.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S. F. No. 1690: A bill for an act relating to state departments; providing for the creation of a state employee assistance program in the department of administration; amending Minnesota Statutes 1978, Section 16.02, by adding a subdivision.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Purfeerst voted in the negative.

So the bill passed and its title was agreed to.

S. F. No. 1832: A bill for an act relating to public utilities and telephone companies; regulating delinquency charges on customer or subscriber accounts.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S. F. No. 1801: A bill for an act relating to the family; changing certain procedures and criteria for termination of parental rights; amending Minnesota Statutes 1978, Sections 260.221; 260.241, Subdivisions 1 and 2; and Chapter 260, by adding a section.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

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.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Ashbach	Garty	Knutson	Perpich	Solon
Bang	Gunderson	Laufenburger	Peterson	Spear
Barrette	Hanson	Luther	Pillsbury	Staples
Benedict	Hughes	Menning	Purfeerst	Stern
Bernhagen	Humphrey	Merriam	Renneke	Stokowski
Brataas	Johnson	Moe	Rued	Strand
Coleman	Keefe, J.	Nelson	Schaaf	Stumpf
Davies	Keefe, S.	Nichols	Schmitz	Tennessen
Dieterich	Kirchner	Ogdahl	Setzepfandt	Ueland, A.
Dunn	Kleinbaum	Olhoff	Sieloff	Ulland, J.
Engler	Knaak	Omann	Sikorski	Vega
Frederick	Knoll	Penny	Sillers	Willet

So the bill passed and its title was agreed to.

S. F. No. 1826: A bill for an act relating to probate; changing certain time limits for a personal representative to file an inventory and appraisal; amending Minnesota Statutes, 1979 Supplement, Section 524.3-706.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

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.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 50 and nays 12, as follows:

Those who voted in the affirmative were:

Bang	Hanson	Lessard	Pillsbury	Solon
Barrette	Hughes	Luther	Purfeerst	Spear
Benedict	Humphrey	Menning	Renneke	Staples
Brataas	Keefe, J.	Moe	Rued	Stern
Coleman	Keefe, S.	Nelson	Schaaf	Stokowski
Davies	Kleinbaum	Ogdahl	Schmitz	Stumpf
Dieterich	Knaak	Olhoft	Setzepfandt	Tennessee
Dunn	Knoll	Olson	Sieloff	Ueland, A.
Engler	Knutson	Penny	Sikorski	Ulland, J.
Gearty	Laufenburger	Perpich	Sillers	Vega

Those who voted in the negative were:

Ashbach	Gunderson	Nichols	Peterson	Wegener
Bernhagen	Johnson	Omann	Strand	Willet
Frederick	Merriam			

So the bill passed and its title was agreed to.

S. F. No. 2193: A bill for an act relating to commerce; establishing certain time price differentials on retail installment sales of mobile homes; amending Minnesota Statutes 1978, Section 168.72.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 57 and nays 6, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Dieterich	Menning	Merriam	Perpich	Willet
Johnson				

So the bill passed and its title was agreed to.

H. F. No. 1814: A bill for an act relating to agriculture; clarifying certain requirements for authorized farm corporations; amending Minnesota Statutes 1978, Section 500.24, Subdivision 2.

Mr. Davies moved that H. F. No. 1814, No. 34 on the Calendar, be stricken and placed at the top of General Orders. The motion prevailed.

S. F. No. 630: A bill for an act relating to commerce; providing

for the licensing and regulation of mobile home dealers; imposing certain duties and prohibiting certain practices; providing penalties; amending Minnesota Statutes 1978, Sections 327.43, Subdivision 1; 327.51, Subdivision 1, and by adding subdivisions; 327.55, Subdivisions 1 and 4; and Chapter 327, by adding sections; and Minnesota Statutes, 1979 Supplement, Section 327.43, Subdivision 2.

With the unanimous consent of the Senate, Mr. Schaaf moved to amend S. F. No. 630 as follows:

Page 5, line 13, delete "325.72 or 327.79" and insert "325.772 or 325.79"

Page 6, line 33, after "home" insert ", other than a new mobile home,"

The motion prevailed. So the amendment was adopted.

S. F. No. 630 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 56 and nays 4, as follows:

Those who voted in the affirmative were:

Bang	Hanson	Luther	Renneke	Stokowski
Barrette	Hughes	McCutcheon	Rued	Stumpf
Benedict	Humphrey	Menning	Schaaf	Tennessee
Bernhagen	Johnson	Merriam	Schmitz	Ueland, A.
Brataas	Keefe, J.	Moe	Setzepfandt	Ulland, J.
Davies	Keefe, S.	Nelson	Sieloff	Vega
Dieterich	Kirchner	Olson	Sikorski	Wegener
Dunn	Kleinbaum	Omann	Sillers	Willet
Engler	Knaak	Penny	Solon	
Frederick	Knutson	Perpich	Spear	
Gearty	Laufenburger	Pillsbury	Staples	
Gunderson	Lessard	Purfeerst	Stern	

Messrs. Nichols, Olhoft, Peterson and Strand voted in the negative.

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

S. F. No. 2117: A bill for an act relating to commerce; providing for investments in certain loans by savings banks and savings associations; defining terms; exempting savings associations from licensing and bonding requirements of safe deposit companies; deleting the dollar limitation on examination fees; amending Minnesota Statutes 1978, Sections 50.14, Subdivision 5; 51A.02, Subdivisions 8 and 17, and by adding a subdivision; 51A.37, Subdivision 3; 55.06, Subdivision 1; and 55.095.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S. F. No. 1853: A bill for an act relating to taxation; removing limitations on the admissibility of sales ratio studies; 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 271.01, Subdivision 1; 272.70; 278.01, Subdivision 1; 278.05; and 278.08; Minnesota Statutes, 1979 Supplement, Section 124.212, Subdivision 11.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S. F. No. 1749: A bill for an act relating to insurance; providing for the regulation of mass marketed life or health insurance; providing the commissioner with rule-making power on the subject of unfair methods and unfair or deceptive acts and practices; amending Minnesota Statutes 1978, Sections 72A.13; 72A.19; and 72A.41, Subdivision 1.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S. F. No. 1648: A bill for an act relating to taxation; real property; eliminating tax recapture upon certain sales of qualifying agricultural property; amending Minnesota Statutes 1978, Section 273.111, Subdivision 9, and by adding a subdivision.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S. F. No. 2062: A bill for an act relating to financial institutions; providing for interest rates on certain installment loans and open end loan account arrangements; granting certain lending powers to savings associations and savings and loan associations; amending Minnesota Statutes 1978, Sections 48.153; 51A.21, by adding a subdivision; and 52.14.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 53 and nays 6, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Dieterich	Merriam	Perpich	Sikorski	Willet
Johnson				

So the bill passed and its title was agreed to.

S. F. No. 251: A bill for an act relating to cooperative associations; validating elections of directors by mail voting; authorizing mail voting for directors of cooperative associations; providing for voting by members' spouses; amending Minnesota Statutes 1978, Section 308.071; and Chapter 308, by adding a section.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Sieloff voted in the negative.

So the bill passed and its title was agreed to.

S. F. No. 1255: A bill for an act relating to tax-forfeited land sales; increasing the interest rate on the unpaid balance of the purchase price; amending Minnesota Statutes 1978, Sections 282.01, Subdivision 4; 282.222, Subdivision 4; 282.261; and 282.35, Subdivisions 2 and 3; and Minnesota Statutes, 1979 Supplement, Section 282.15.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S. F. No. 1649: A bill for an act relating to agriculture; providing for testing to measure milk protein; providing for payments for milk protein and nonfat solids; amending Minnesota Statutes 1978, Section 32.25, Subdivision 1.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 47 and nays 14, as follows:

Those who voted in the affirmative were:

Bang	Gearty	Knoll	Peterson	Staples
Barrette	Gunderson	Lessard	Pillsbury	Stokowski
Benedict	Hanson	Luther	Purfeerst	Strand
Bernhagen	Hughes	Merriam	Renneke	Stumpf
Brataas	Humphrey	Nelson	Rued	Ueland, A.
Coleman	Johnson	Nichols	Schaaf	Vega
Davies	Keefe, J.	Ogdahl	Sieloff	Willet
Dieterich	Keefe, S.	Olhoff	Sikorski	
Dunn	Kirchner	Penny	Solon	
Frederick	Knaak	Perpich	Spear	

Those who voted in the negative were:

Engler	Laufenburger	Olson	Setzepfandt	Ulland, J.
Kleinbaum	Menning	Omann	Sillers	Wegener
Knutson	Moe	Schmitz	Stern	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Nelson moved that S. F. No. 1709 be taken from the table. The motion prevailed.

CONCURRENCE AND REPASSAGE

Mr. Nelson moved that the Senate concur in the amendments by

the House to S. F. No. 1709 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 1709: A bill for an act relating to corrections; providing for licensing of correctional facilities; regulating inmate earnings; providing for the investment of money in the correctional industries revolving account; authorizing the commissioner of corrections to amend 11 MCAR, sections 2.402 to 2.403; clarifying provisions relating to work release and temporary parole; amending provision concerning good time; limiting the powers of the Minnesota corrections board; amending Minnesota Statutes 1978, Sections 241.021, Subdivision 1; 241.26, Subdivisions 1, 2 and 4; 243.05; 243.18; 243.24, Subdivision 1; 243.88, Subdivision 2; 244.01, Subdivisions 1 and 2; 244.04, Subdivision 2; 244.08; Chapter 244, by adding a section; and Minnesota Statutes, 1979 Supplement, Section 241.27, Subdivision 2; and Laws 1978, Chapter 723, Article I, Section 19.

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 57 and nays 0, as follows:

Those who voted in the affirmative were:

Bang	Hanson	Menning	Purfeerst	Stern
Barrette	Hughes	Merriam	Renneke	Stokowski
Benedict	Humphrey	Moe	Rued	Strand
Bernhagen	Johnson	Nelson	Schaaf	Stumpf
Brataas	Keefe, J.	Nichols	Schmitz	Ueland, A.
Coleman	Kirchner	Ogdahl	Setzepfandt	Ulland, J.
Davies	Kleinbaum	Olhoft	Sieloff	Vega
Dieterich	Knaak	Omann	Sikorski	Wegener
Engler	Knutson	Penny	Sillers	Willett
Frederick	Laufenburger	Perpich	Solon	
Gearty	Lessard	Peterson	Spear	
Gunderson	Luther	Pillsbury	Staples	

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

Remaining on the Order of Business of Motions and Resolutions, Mr. Coleman moved to take up the Consent Calendar. The motion prevailed.

CONSENT CALENDAR

H. F. No. 1349: A bill for an act relating to natural resources; authorizing the commissioner of natural resources to convey the interests of the state in certain lands in Kandiyohi county for the purpose of correcting conveyancing errors.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Ashbach	Hanson	McCutcheon	Peterson	Staples
Bang	Hughes	Menning	Pillsbury	Stern
Barrette	Humphrey	Merriam	Purfeerst	Stokowski
Benedict	Johnson	Moe	Renneke	Strand
Bernhagen	Keefe, J.	Nelson	Rued	Stumpf
Davies	Kirchner	Nichols	Schaaf	Ueland, A.
Dieterich	Kleinbaum	Ogdahl	Setzepfandt	Ulland, J.
Dunn	Knaak	Olhoff	Sieloff	Vega
Engler	Knutson	Olson	Sikorski	Wegener
Frederick	Laufenburger	Omann	Sillers	Willet
Gearty	Lessard	Penny	Solon	
Gunderson	Luther	Perpich	Spear	

So the bill passed and its title was agreed to.

H. F. No. 942: A bill for an act relating to pollution control; authorizing state use of up to two percent of federal construction grant funds to administer the federal water pollution control act; amending Minnesota Statutes 1978, Section 116.16, Subdivision 10.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H. F. No. 1985: A bill for an act relating to municipal electric power; permitting municipal power agencies to contract and do business with foreign entities; amending Minnesota Statutes 1978, Section 453.52, Subdivision 9.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Ashbach	Bernhagen	Dunn	Gunderson	Johnson
Bang	Coleman	Engler	Hanson	Keefe, J.
Barrette	Davies	Frederick	Hughes	Kirchner
Benedict	Dieterich	Gearty	Humphrey	Kleinbaum

Knaak	Nelson	Peterson	Sikorski	Stumpf
Knutson	Nichols	Pillsbury	Sillers	Ueland, A.
Laufenburger	Ogdahl	Purfeerst	Solon	Ulland, J.
Lessard	Olhoff	Renneke	Spear	Vega
Luther	Olson	Rued	Staples	Wegener
Menning	Omann	Schaaf	Stern	Willet
Merriam	Penny	Setzepfandt	Stokowski	
Moe	Perpich	Sieloff	Strand	

So the bill passed and its title was agreed to.

RECESS

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

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

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned:

S. F. Nos. 1633, 1847, 1979 and 2102.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned March 21, 1980

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 801 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 801: A bill for an act relating to non-alcoholic beverages; requiring laboratory examination of certain beverages; deleting registration exemption for identified beverages; amending Minnesota Statutes 1978, Section 34.05, Subdivision 1; repealing Minnesota Statutes 1978, Section 34.05, Subdivision 2.

Senate File No. 801 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned March 21, 1980

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1584 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 1584: A bill for an act relating to transportation; providing for specific information signing for resorts and recreational camping areas along certain highways.

Senate File No. 1584 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned March 21, 1980

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted:

H. F. No. 1790.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted March 21, 1980

FIRST READINGS OF HOUSE BILLS

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

H. F. No. 1790: A bill for an act relating to advertising devices; authorizing advertising devices within 500 feet of local parks under certain circumstances; amending Minnesota Statutes 1978, Section 173.08, Subdivision 2.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1844, now on General Orders.

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. 2128, 2295, 2291, 1693, 1944, 1607, 2149, 1694, 2353, 1262, 2284, 1448, 1752, 1680, 1686, 2225, 1940, 1340 and H. F. Nos. 475, 1145, 1302, 1895 and 1781 makes the following report:

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

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

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

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Vega introduced—

Senate Resolution No. 55: A Senate resolution extending con-

gratulations to the Inver Hills Community College Women's Basketball Team on winning the Women's State Community College Basketball Championship.

Referred to the Committee on Rules and Administration.

RECESS

Mr. Coleman moved that the Senate do now recess until 3:45 o'clock p.m. The motion prevailed.

The hour of 3:45 o'clock p.m. having arrived, the President called the Senate to order.

SPECIAL ORDER

Pursuant to Rule 10, Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated H. F. No. 1781 a Special Order to be heard immediately.

H. F. No. 1781: A bill for an act relating to education; providing for aids to education, tax levies and the distribution of tax revenues; granting certain powers and duties to school districts, the commissioner of education, the department of education and others; aid for education of pupils of limited English proficiency; requiring the establishment of local policies to minimize chemical use problems; appropriating money; amending Minnesota Statutes 1978, Sections 120.095, Subdivision 6; 120.10, Subdivision 2; 121.88, by adding a subdivision; 122.22, Subdivisions 2 and 4; 122.23, Subdivisions 9 and 10; 122.25, Subdivision 1; 122.531, by adding subdivisions; 123.11, Subdivision 7; 123.36, by adding a subdivision; 123.39, Subdivision 3; 123.932, Subdivision 9, and by adding a subdivision; 124.20; 124.214, Subdivision 2; 124.572, Subdivision 7; 126.07; 126.36, Subdivision 3; 126.52, Subdivision 5, and by adding a subdivision; 126.54, Subdivisions 5 and 6; 127.09; 127.11; 127.21; 134.03; 134.08; 275.125, Subdivisions 5 and 5a; 354.05, Subdivision 2; Chapter 124, by adding a section; Chapter 125, by adding a section; Minnesota Statutes, 1979 Supplement, Sections 120.075, Subdivision 4, and by adding a subdivision; 121.912, Subdivision 1; 122.541, Subdivision 5; 123.35, Subdivision 15; 124.01; 124.11, Subdivisions 2a and 2b, and by adding a subdivision; 124.19, Subdivision 4; 124.212, Subdivision 7d; 124.223; 124.225; 124.245, Subdivisions 1 and 2; 124.247, Subdivisions 3 and 4; 126.54, Subdivision 1; 124.561, Subdivision 3a; 124.562, Subdivisions 2, 3 and 4; 124.5621, Subdivision 11; 124.5624, Subdivision 6; 124.5625; 124.565, Subdivision 6; 124.566; 124.572, Subdivision 2; 275.125, Subdivisions 2a, 2b, 7a, 7b, 11a and 20; 353.01, Subdivision 2b; 354A.011, Subdivision 27; 465.72; Laws 1979, Chapter 69, Sections 2 and 5; Chapter 334, Article VI, Section 35, Subdivision 9; Article VIII, Section 29; repealing Minnesota Statutes 1978, Sections 122.531, Subdivision 3; 125.61, as amended; 126.31 to 126.35; 126.36, Subdivisions 5 and 6; 126.37; 126.38; 126.39, Subdivisions 1, 2, 3, 4, 5, 6, 7, 8 and 9; 126.40, Subdivisions 1 and 2; 126.41, Subdivisions 2, 3, 4, 5, 6 and

7; 126.42; 126.52, Subdivisions 1, 2, 3, 4, 6 and 7; 127.22; Minnesota Statutes, 1979 Supplement, Sections 124.222, Subdivision 3; 126.39, Subdivision 10; 126.41, Subdivision-1; 126.52, Subdivision 10; Laws 1979, Chapter 334, Article V, Section 29.

Mr. Peterson moved to amend H. F. No. 1781, the unofficial engrossment, as follows:

Page 68, after line 8, insert:

"Sec. 14. Subdivision 1. Notwithstanding Minnesota Statutes, Section 121.912, Independent School District No. 22, Detroit Lakes, may transfer \$56,000 from its post-secondary vocational general fund to its post-secondary vocational capital expenditure fund for the purpose of constructing a truck diesel mechanic shop and a cold storage facility.

Subd. 2. This section is effective upon its approval by the board of Independent School District No. 22 and upon compliance with Minnesota Statutes, Section 645.021, Subdivision 3."

Renumber the sections in sequence

The motion prevailed. So the amendment was adopted.

Mr. Willet moved to amend H. F. No. 1781, the unofficial engrossment, as follows:

Page 61, after line 24, insert:

"Sec. 14. Laws 1979, Chapter 334, Article V, Section 22, Subdivision 6, is amended to read:

Subd. 6. [POST-SECONDARY VOCATIONAL SUPPORT SERVICES AID.] For post-secondary vocational support services aid there is appropriated:

\$18,706,800 \$19,206,800 1981.

This appropriation is based on the assumption that the state will spend for post-secondary vocational support services aid an amount equal to ~~\$6,886,400~~ \$6,386,400 in fiscal year 1981 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

Sec. 15. Laws 1979, Chapter 334, Article V, Section 32, Subdivision 7, is amended to read:

Subd. 7. [POST-SECONDARY VOCATIONAL CAPITAL EXPENDITURE AID.] For post-secondary vocational capital expenditure aid there is appropriated:

\$9,000,000 1980,

\$9,000,000 \$8,500,000 1981.

This appropriation is based on the assumption that the state will spend for post-secondary vocational capital expenditures an amount equal to \$500,000 in fiscal year 1981 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 39, before "Laws" insert "and Article 5, Section 32, Subdivisions 6 and 7;"

The motion prevailed. So the amendment was adopted.

CALL OF THE SENATE

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

Ashbach	Frederick	Knutson	Peterson	Sillers
Bang	Gearty	Luther	Pillsbury	Spear
Barrette	Gunderson	McCutcheon	Purfeerst	Staples
Benedict	Hughes	Menning	Renneke	Stern
Bernhagen	Humphrey	Merriam	Rued	Stokowski
Brataas	Johnson	Nelson	Schaaf	Strand
Davies	Kirchner	Nichols	Schmitz	Stumpf
Dieterich	Kleinbaum	Ogdahl	Setzepfandt	Ueland, A.
Dunn	Knaak	Omann	Sieloff	Vega
Engler	Knoll	Penny	Sikorski	Willet

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

Mr. Hughes moved to amend H. F. No. 1781, the unofficial engrossment, as follows:

Page 79, after line 31, insert:

"ARTICLE VIII

Research and Development

Section 1. [PURPOSE.] *The legislature of the state of Minnesota recognizes the long standing tradition and commitment of the people of this state to quality in education. This commitment has required a growing and unprecedented expenditure of public funds. As these expenditures continue to grow, it becomes necessary to insure that the expectations and priorities of the people of Minnesota for education continue to be met. One of the most effective means of maintaining and improving quality in public education, as in business, industry, science and medicine, is through research and development. Research and development in education makes it possible for those concerned to find answers to questions of educational importance, develop improved measures for education and create new responses to address future problems. Presently, however, only a small fraction of one percent of the total revenues spent on public education is allocated for research and development. The purpose of sections 10 and 11 of this article is to encourage research and development programs at the local school district level.*

Sec. 2. Subdivision 1. *For the 1980-1981 and 1981-1982 school years, the state board of education, with the approval of the governor after consultation with the legislative advisory com-*

mission in the manner provided in section 3.30, shall make up to 15 grants to school districts to engage in educational research and development. Districts are encouraged, but are not limited, to conduct educational research and development in the following areas:

(1) Review of school district purposes and priorities for education;

(2) Programs encouraging the development of local citizen task forces on educational issues;

(3) Programs in preventive education and basic living skills;

(4) Developing programs which emphasize the purpose and results of education for the effective development of the child, including programs which focus on the importance of the home environment, the behavior of parents and family members in promoting the total development of the child, and programs which focus on the responsibility of parents as teachers and on membership in a family as a career; and

(5) Developing uses for computerized instruction, cable television and other innovations in media technology.

The research may include a review of existing national and international research and may involve the cooperation of the private sector.

Subd. 2. Districts which wish to participate in the funded research and development shall submit a research and development proposal to the department of education no later than June 1 preceding the school year for which the research and development is proposed. Two or more districts may submit a joint proposal for cooperative research and development. A proposal may request funding for one year or two years. Districts are encouraged to establish offices of research and development with the grant funds and to coordinate the state board's research and development grant with grants for research and development from other sources. The council on quality education shall provide technical assistance to the state board of education in evaluating proposals. Districts shall be notified of their participation in the funding no later than August 1 preceding the school year for which the research and development is proposed.

Subd. 3. The funds shall be as equally distributed as possible among districts in cities of the first class, in suburbs, and outside the seven county metropolitan area. Districts are encouraged to propose research and development which is district wide or state-wide in its implementation.

Subd. 4. The department of education shall make a report to the legislature on the research and development conducted in accordance with this section before September 15, 1982.

Sec. 3. [APPROPRIATION; RESEARCH AND DEVELOPMENT PROGRAM.] *The sum of \$750,000 is appropriated from the general fund to the department of education for the fiscal year*

ending June 30, 1981 for the program authorized pursuant to sections 1 and 2 of this article. This appropriation is available until June 30, 1982.

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

The motion prevailed. So the amendment was adopted.

Mr. Barrette moved to amend H. F. No. 1781, the unofficial engrossment, as follows:

Page 68, after line 8, insert:

"Sec. 14. Minnesota Statutes 1978, Section 127.27, Subdivision 2, is amended to read:

Subd. 2. *"Dismissal" means the denial of the appropriate educational program to any pupil, including exclusion, expulsion, and suspension but excluding a removal from class as defined in section 15.*

Sec. 15. Minnesota Statutes 1978, Section 127.27, is amended by adding a subdivision to read:

Subd. 11. "Removal from class" means any of the following:

(a) an action taken by a principal to prevent a pupil from attending no more than one day of classes;

(b) an action taken by a teacher to prevent a pupil in any of grades seven through twelve from attending no more than three consecutive class periods of a given course of study; or

(c) an action taken by a teacher to prevent a pupil in any of grades kindergarten through six from attending no more than one-half day of classes.

Sec. 16. Minnesota Statutes 1978, Section 127.28, is amended to read:

127.28 [POLICY.] No public school shall deny due process or equal protection of the law to any public school pupil involved in a removal from class or in a dismissal proceeding which may result in suspension, exclusion, or expulsion.

Sec. 17. Minnesota Statutes 1978, Section 127.38, is amended to read:

127.38 [POLICIES TO BE ESTABLISHED.] The commissioner of education shall promulgate guidelines to assist each school board. Each school board shall, *pursuant to section 123.741, (a) establish uniform criteria for dismissal and (b) adopt policies and rules in writing to effectuate the purposes of sections 127.26 to 127.39.* The policies will emphasize the prevention of dismissal action through early detection of problems. The policies shall recognize the continuing responsibility of the school for the education of the pupil during the dismissal period and help prepare him for readmission.

Sec. 18. Minnesota Statutes 1978, Chapter 127, is amended by adding a section to read:

[127.381] [REMOVAL FROM CLASS.] Subdivision 1. No teacher or principal may remove a pupil from class unless authorized to do so by the school board in a policy adopted pursuant to this section and section 123.741.

Subd. 2. Each school board shall, by January 1, 1981 pursuant to section 123.741, adopt a policy governing removals from class. The policy shall provide for at least the following:

(a) whether a teacher or principal may remove a pupil from class;

(b) the grounds for a removal from class;

(c) the procedures for a removal;

(d) the length of the removal for each ground for removal identified pursuant to clause (b).

Subd. 3. A pupil may be removed from class only in accordance with the policy and procedures of the board established pursuant to this section and section 123.741.

Sec. 19. Minnesota Statutes, 1979 Supplement, Section 123.741, Subdivision 1, is amended to read:

123.741 [EDUCATIONAL POLICY; ADVISORY COMMITTEES.] Subdivision 1. The school board of each school district in the state shall develop and adopt a written educational policy which establishes educational goals for the district, a process for achieving these goals, and procedures for evaluating and reporting progress toward the goals. The policy shall also establish uniform criteria for pupil dismissals, as provided in section 127.38; policies and rules to effectuate the purposes of sections 127.26 to 127.39, as provided in section 127.38; and policies governing removal from class as provided in section 18. The school board shall review this policy each year and adopt revisions which it deems desirable. School boards are encouraged to develop this school district policy and any revisions after consultation with the staff of each school building. In formulating the policy, the school board of a district is encouraged to consider: (a) the number of dropouts of school age in the district and the reasons for the dropouts; (b) existing programs within the district for dropouts and potential dropouts and (c) program needs of dropouts and potential dropouts.

Sec. 20. Minnesota Statutes 1978, Section 123.741, Subdivision 3, is amended to read:

Subd. 3. Each school board is encouraged to appoint a curriculum an advisory committee to provide for active community participation in the process of developing and revising the district educational policy, developing the instructional plan, evaluating progress and reporting to the public."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 16, after "employees;" insert "providing for the removal of a pupil from class;"

Page 1, line 20, after "subdivision;" insert "123.741, Subdivision 3;"

Page 1, line 23, after "126.07;" insert "127.27, Subdivision 2, by adding a subdivision; 127.28; 127.38;"

Page 1, line 26, delete "and" and after the second "section;" insert "and 127, by adding a section;"

Page 1, line 28, after "Subdivision 5;" insert "123.741, Subdivision 1;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 16 and nays 33, as follows:

Those who voted in the affirmative were:

Bang	Kirchner	Omann	Renneke	Strand
Barrette	Knaak	Perpich	Rued	Ueland, A.
Engler	Ogdahl	Purfeerst	Sieloff	Ulland, J.
Keefe, J.				

Those who voted in the negative were:

Coleman	Keefe, S.	Merriam	Pillsbury	Stern
Dieterich	Kleinbaum	Nelson	Schmitz	Stokowski
Gearty	Knoll	Nichols	Setzepfandt	Stumpf
Gunderson	Laufenburger	Olhoff	Sikorski	Vega
Hughes	Luther	Olson	Sillers	Willet
Humphrey	McCutcheon	Penny	Spear	
Johnson	Menning	Peterson	Staples	

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

H. F. No. 1781 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Bang	Humphrey	Menning	Pillsbury	Staples
Barrette	Johnson	Merriam	Purfeerst	Stern
Benedict	Keefe, J.	Nelson	Renneke	Stokowski
Brataas	Keefe, S.	Nichols	Rued	Strand
Coleman	Kirchner	Ogdahl	Schmitz	Stumpf
Dieterich	Kleinbaum	Olhoff	Setzepfandt	Ueland, A.
Dunn	Knaak	Olson	Sieloff	Ulland, J.
Engler	Knoll	Omann	Sikorski	Vega
Gearty	Laufenburger	Penny	Sillers	Willet
Gunderson	Luther	Perpich	Solon	
Hughes	McCutcheon	Peterson	Spear	

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

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Luther moved that S. F. No. 438 be withdrawn from the Committee on Elections and re-referred to the Committee on Judiciary. The motion prevailed.

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

REPORTS OF COMMITTEES

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

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

H. F. No. 1012: A bill for an act relating to housing; prohibiting unfair treatment in housing and real property on the basis of familial status; amending Minnesota Statutes 1978, Sections 363.01, Subdivision 24, and by adding subdivisions; 363.02, Subdivision 2; 363.03, Subdivision 2; 363.05, Subdivision 1; 363.11; 363.115; and 363.12, Subdivision 1.

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

Page 2, line 2, delete *"their"*

Page 2, line 2, after *"(a)"* insert *"their"*

Page 2, line 3, delete the comma

Page 2, delete lines 4 and 5, and insert *"with the written permission of the parent or parents or guardian."*

Page 3, line 3, delete *"no more than"* and *"on"*

Page 3, delete line 4

Page 3, line 5, after *"or"* insert *", in a housing complex consisting of three or more buildings,"*

Page 3, line 6, delete *"a"* and insert *"the"*

Page 3, line 6, delete everything after *"complex"* and insert a period

Page 3, delete line 7

Page 3, line 8, delete *"same person;"*

Page 3, line 8, delete *"building"* and insert *"housing complex"*

Page 3, line 9, delete everything after *"a"* and insert *"group of buildings each containing five or more units on a contiguous parcel of land owned by the same person; a building shall not be exempt from section 363.03, subdivision 2, pursuant to this clause unless the owner has filed an election to designate the building as exempt with the commissioner; an election made by an owner pursuant to this clause may not be withdrawn for purposes of designating another building in the housing complex as exempt for a period of one year from the filing of the election,"*

Page 3, line 20, before the period, insert *"; or*

(e) an unoccupied dwelling unit in any building which is the

subject of a valid certificate filed with the commissioner pursuant to the provisions of this clause. To be valid, a certificate must be on a form provided by the commissioner, be received by the commissioner, state that on the date that the certificate is received by the commissioner at least a majority of the dwelling units in the building are occupied by elderly persons or are unoccupied and available for occupancy solely by elderly persons, state that on the date that the certificate is received by the commissioner there is on file with the owner of the building or a specified duly authorized agent of the owner for each occupied unit relied upon in support of the certificate a signed statement by an elderly person occupying the unit on the date that the certificate is received by the commissioner that the person is an elderly person, state that for a period of 180 days following the receipt of the certificate by the commissioner the owner or duly authorized agent will preserve the signed statements of the elderly persons and will, upon request, make the statements available for inspection by the commissioner or by any local commission having jurisdiction over the building, be signed by the owner or the duly authorized agent, and be in all respects true and accurate. A valid certificate shall remain valid for a period of 180 days following the date on which it is received by the commissioner. Any owner or authorized agent who files a certificate containing statements or information that the owner or authorized agent knows or should reasonably know to be false shall be guilty of a misdemeanor; or

(f) any unoccupied dwelling unit of up to one-third of the units in a building; or

(g) any unit in an adults-only rental building which is converted to an adults-only condominium"

Page 11, lines 1 to 7, delete the new language

Page 12, after line 1, insert:

"Sec. 9. Minnesota Statutes 1978, Chapter 504, is amended by adding a section to read:

[504.265] [RESTRICTIONS ON EVICTION DUE TO FAMILIAL STATUS.] Subdivision 1. As used in this section, (a) "tenant" shall have the meaning assigned to it in section 566.18, and (b) "familial status" shall have the meaning assigned to it in section 363.01, subdivision 31.

Subd. 2. No tenant of residential premises may be evicted, denied a continuing tenancy, or denied a renewal of a lease on the basis of familial status commenced during the tenancy unless one year has elapsed from the commencement of the familial status and the lessor has given the tenant six months prior notice in writing, except in case of nonpayment of rent, damage to the premises, disturbance of other tenants, or other breach of the lease."

Page 12, line 7, delete "one year" and insert "two years"

Page 12, line 8, delete "is less" and insert "occurs earlier"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "providing for restrictions on eviction on the basis of familial status;"

Page 1, line 8, delete "and"

Page 1, line 8, after "1" insert "; and Chapter 504, by adding a section"

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

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

S. F. No. 2039: A bill for an act relating to privacy; providing for classification of certain welfare data; amending Minnesota Statutes, 1979 Supplement, Section 15.1691, Subdivision 3.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes, 1979 Supplement, Section 15.162, Subdivision 2a is amended to read:

Subd. 2a. "Confidential data on individuals" means data which is: (a) made not public by statute or federal law applicable to the data and is inaccessible to the individual subject of that data; or (b) collected by a civil or criminal investigative agency as part of an active investigation undertaken for the purpose of the commencement of a legal action, provided that the burden of proof as to whether such investigation is active or in anticipation of a legal action is upon the agency. Confidential data on individuals does not include arrest information that is reasonably contemporaneous with an arrest or incarceration. The provision of clause (b) shall terminate and cease to have force and effect with regard to the state agencies, political subdivisions, statewide systems, covered by the ruling, upon the granting or refusal to grant a temporary classification pursuant to section 15.1642 of both criminal and civil investigative data, or on July 31, 1980 1981, whichever occurs first.

Sec. 2. Minnesota Statutes 1978, Section 15.162, Subdivision 3, is amended to read:

Subd. 3. "Data on individuals" includes all records, files and processes means all government data which contain any data in which an any individual, living or dead, is or can be identified and which are retained or intended to be retained on a permanent or temporary basis. It includes data collected, stored, or disseminated by manual, mechanical, electronic or any other means. Data on individuals are classified as public, private or confidential as the subject of that data, unless the appearance of the name or other identifying data can be clearly demonstrated to be only incidental to the data and the data are not accessed by the name or other identifying data of any individual.

Sec. 3. Minnesota Statutes 1978, Section 15.162 is amended by adding a subdivision to read:

Subd. 3a. "Data not on individuals" means all government data which is not data on individuals.

Sec. 4. Minnesota Statutes 1978, Section 15.162, Subdivision 5a, is amended to read:

Subd. 5a. "Private data on individuals" means data which is made by statute or federal law applicable to the data: (a) not public; and (b) accessible to the individual subject of that data or, in the event of his death, to the legal representative of his estate or to his surviving spouse and next of kin or their legal representative pursuant to section 11. Private data on individuals does not include arrest information that is reasonably contemporaneous with an arrest or incarceration, or documents relating to estates of decedents filed with the probate court.

Sec. 5. Minnesota Statutes 1978, Section 15.162, is amended by adding a subdivision to read:

Subd. 5c. "Nonpublic data" means data not on individuals which is made by statute or federal law applicable to the data: (a) not accessible to the public; and (b) accessible to the subject of the data.

Sec. 6. Minnesota Statutes 1978, Section 15.162, is amended by adding a subdivision to read:

Subd. 5d. "Public data not on individuals" means data which is accessible to the public pursuant to section 15.1621.

Sec. 7. Minnesota Statutes, 1979 Supplement, Section 15.1621, is amended by adding a subdivision to read:

Subd. 4. The classification of data in the hands of an agency shall change if it is required to do so to comply with either judicial or administrative rules pertaining to the conduct of legal actions or with a specific statute applicable to the data in the hands of the disseminating or receiving agency.

Sec. 8. Minnesota Statutes, 1979 Supplement, Section 15.1642, Subdivision 5, is amended to read:

Subd. 5. [EXPIRATION OF TEMPORARY CLASSIFICATION.] Emergency classifications granted before July 1, 1979 are redesignated as temporary classifications. All temporary classifications granted under this section prior to July 1, 1979 the effective date of this act and still in effect, and all temporary classifications thereafter applied for and granted pursuant to this section shall expire on July 31, 1980 1982 or 18 months after the classification is granted, whichever occurs later. For purposes of this section, all temporary classifications granted prior to December 1, 1979, shall be treated as if they were granted in 1979.

Sec. 9. Minnesota Statutes, 1979 Supplement, Section 15.1642, Subdivision 5a, is amended to read:

Subd. 5a. [LEGISLATIVE CONSIDERATION AND EXPIRATION OF TEMPORARY CLASSIFICATIONS.] On or before January 15 of each year, the commissioner shall submit all temporary classifications granted in the prior year in effect on January 15 in bill form for legislative consideration. Unless enacted by law, each temporary classification so submitted shall expire 18 months after being granted and may not be renewed more than once to the legislature.

Sec. 10. Minnesota Statutes 1978, Section 15.165, Subdivision 3, is amended to read:

Subd. 3. Upon request to a responsible authority, an individual shall be informed whether he is the subject of stored data on individuals, and whether it is classified as public, private or confidential. Upon his further request, an individual who is the subject of stored private or public data on individuals shall be shown the data without any charge to him and, if he desires, shall be informed of the content and meaning of that data. After an individual has been shown the private or public data and informed of its meaning, the data need not be disclosed to him for six months thereafter unless a dispute or action pursuant to this section is pending or additional data on the individual has been collected or created. The responsible authority shall provide copies of the private or public data upon request by the individual subject of the data. The cost of providing copies shall be borne by the individual. The responsible authority may require the requesting person to pay the actual costs of making, certifying, and compiling the copies.

The responsible authority shall comply immediately, if possible, with any request made pursuant to this subdivision, or within five days of the date of the request, excluding Saturdays, Sundays and legal holidays, if immediate compliance is not possible. If he cannot comply with the request within that time, he shall so inform the individual, and may have an additional five days within which to comply with the request, excluding Saturdays, Sundays and legal holidays.

Sec. 11. Minnesota Statutes 1978, Section 15.165, is amended by adding a subdivision to read:

Subd. 5. Upon the death of an individual who is the subject of stored data on individuals, that data shall retain the same classification as it had before his death, and all rights with respect to private data on a deceased data subject shall survive and accrue to his estate, or, if no estate is probated, to his surviving spouse, if any, and next of kin, if any. In the event that no estate is probated and that the state agency, statewide system, or political subdivision holding the private data is unable, after making a reasonable search, to locate any surviving spouse or next of kin, the private data shall be public. Confidential data on individuals shall remain confidential and shall not be disclosed except pursuant to a valid court order.

Sec. 12. Minnesota Statutes, 1979 Supplement, Section 15.166, Subdivision 4, is amended to read:

Subd. 4. In addition to the remedies provided in subdivisions 1 to 3 or any other law, any aggrieved person may bring an action in district court to compel compliance with sections 15.1611 to 15.1698 and may recover costs and disbursements, including reasonable attorney's fees, as determined by the court. If the court determines that a request for government data an action brought under this subdivision is frivolous and without merit and a basis in fact, it may award reasonable costs and attorney fees to the responsible authority. The matter shall be heard as soon as possible. In an action involving a request for government data under section 15.1621 or 15.165, the court may inspect in camera the government data in dispute, but shall conduct its hearing in public and in a manner that protects the security of data classified as not public.

Sec. 13. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1672] [EXAMINATION DATA.] *Data consisting solely of written testing or examination materials, or scoring keys used solely to determine individual qualifications for appointment or promotion in public service, or used to administer a licensing examination, or academic examination, the disclosure of which would compromise the objectivity or fairness of the testing or examination process are classified as nonpublic, except pursuant to court order.*

Sec. 14. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1673] [GENERAL NONPUBLIC DATA.] *Subdivision 1. As used in this section, the following terms have the meanings given them.*

(a) "Security information" means government data the disclosure of which would be likely to substantially jeopardize the security of information, possessions, individuals or property against theft, tampering, improper use, attempted escape, illegal disclosure, trespass, or physical injury.

(b) "Trade secret information" means government data, including a formula, pattern, compilation, program, device, method, technique or process (1) that was supplied by the affected individual or organization, (2) that is the subject of efforts by the individual or organization that are reasonable under the circumstances to maintain its secrecy, and (3) that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

(c) "Labor relations information" means management collective bargaining positions on economic and non-economic items that have not been presented during the negotiation process, including information specifically collected or created to prepare the management collective bargaining position.

Subd. 2. The following government data is classified as non-public data with regard to data not on individuals, pursuant to section 5, and as private data with regard to data on individuals, pursuant to section 15.162, subdivision 5a: Security information, trade secret information, sealed absentee ballots prior to opening by an election judge, sealed bids prior to the opening of the bid, and labor relations information.

Sec. 15. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1674] [DEFERRED ASSESSMENT DATA.] *Any data, collected by political subdivisions pursuant to section 435.193, which indicate the amount or location of cash or other valuables kept in the homes of applicants for deferred assessment, are private data pursuant to section 15.162, subdivision 5a.*

Sec. 16. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1675] [REVENUE DATA.] *The following data created, collected and maintained by the state department of revenue are classified as nonpublic, pursuant to section 5: criteria used in the computer processing of income tax returns to determine which returns are selected for audit; department criteria used to determine which income tax returns are selected for an in-depth audit; and department criteria and procedures for determining which accounts receivable balances below a specified amount are cancelled or written-off.*

Sec. 17. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1676] [SURPLUS LINE INSURANCE DATA.] *All data appearing on copies of surplus line insurance policies collected by the insurance division of the department of commerce pursuant to section 60A.20 are classified as private, pursuant to section 15.162, subdivision 5a.*

Sec. 18. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1677] [SOCIAL RECREATIONAL DATA.] *The following data collected and maintained by political subdivisions for the purpose of enrolling individuals in recreational and other social programs are classified as private, pursuant to section 15.162, subdivision 5a: data which describes physical or emotional problems of an individual; and opinions as to the emotional make-up or behavior of an individual.*

Sec. 19. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1678] [FEDERAL CONTRACTS DATA.] *To the extent that a federal agency requires it as a condition for contracting with a state agency or political subdivision, all government data collected and maintained by the state agency or political subdivision because that agency contracts with the federal agency are*

classified as either private or nonpublic depending on whether the data are data on individuals or data not on individuals.

Sec. 20. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1679] [LIBRARY DATA.] *Subdivision 1. As used in this section, "patron" means any individual who uses or has used the services of a public library.*

Subd. 2. All records collected, maintained, used or disseminated by a public library shall be administered in accordance with the provisions of sections 15.1611 through 15.17.

Subd. 3. That portion of records maintained by a public library which links a patron's name with materials requested or borrowed by the patron or which links a patron's name with a specific subject about which the patron has requested information or materials is classified as private, pursuant to section 15.162, subdivision 5a, and shall not be disclosed except pursuant to a valid court order.

Sec. 21. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1680] [MEDICAL EXAMINER DATA.] *Subdivision 1. [DEFINITION.] As used in this section, "medical examiner data" means data relating to deceased individuals and the manner and circumstances of their death which are created, collected, used or maintained by a county coroner or medical examiner in the fulfillment of his official duties pursuant to chapter 390 or any other law relating to county coroners or medical examiners.*

Subd. 2. [PUBLIC DATA.] Unless specifically classified otherwise by state statute or federal law, the following data created or collected by a medical examiner or coroner on a deceased individual are classified as public: name of the deceased; date of birth; date of death; address; sex; race; citizenship; marital status; location of death including name of hospital where applicable; name of spouse; whether or not the decedent ever served in the armed forces of the United States; social security number; occupation; business; father's name; mother's maiden name; birthplace; birthplace of parents; cause of death; causes of cause of death; whether an autopsy was performed and if so, whether it was conclusive; date and place of injury, if applicable, including work place; how injury occurred; whether death was caused by accident, suicide, homicide, or was of undetermined cause; certification of attendance by physician; physician's name and address; certification by coroner or medical examiner; name and signature of coroner or medical examiner; type of disposition of body; burial place name and location, if applicable; date of burial, cremation or removal; funeral home name and address; and name of local registrar or funeral director.

Subd. 3. [UNIDENTIFIED INDIVIDUAL; PUBLIC DATA.] Whenever a county coroner or medical examiner is unable to identify a deceased individual subject to his investigation, he may

release to the public any relevant data which would assist in ascertaining identity.

Subd. 4. [CONFIDENTIAL DATA.] *Data created or collected by a county coroner or medical examiner which is part of an active investigation mandated by chapter 390 or any other law relating to coroners or medical examiners are classified as confidential data on individuals pursuant to section 15.162, subdivision 2a until the completion of the coroner's or medical examiner's final summary of his findings at which point the data collected in the investigation and the final summary thereof shall become private, pursuant to section 15.162, subdivision 5a, except that nothing in this subdivision shall be construed to make private or confidential the data elements identified in subdivision 2 at any point in the investigation or thereafter.*

Subd. 5. [PRIVATE DATA.] *All other medical examiner data on deceased individuals are classified as private pursuant to section 15.162, subdivision 5a, and shall not be disclosed except pursuant to the provisions of chapter 390 or any other law on county coroners or medical examiners permitting disclosure, or pursuant to a valid court order.*

Sec. 22. *Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:*

[15.1681] [INVESTIGATIVE DETENTION DATA.] *Subdivision 1. [DEFINITION.] As used in this section, "investigative detention data" means government data created, collected, used or maintained by the state reformatories, prisons and correctional facilities, municipal or county jails, lockups, work houses, work farms and other correctional and detention facilities which: (a) if revealed, would disclose the identity of an informant who provided information about suspected illegal activities, and (b) if revealed, is likely to subject the informant to physical reprisals by others.*

Subd. 2. [GENERAL.] *Investigative detention data is confidential and shall not be disclosed except:*

(a) Pursuant to section 15.163 or any other statute;

(b) Pursuant to a valid court order; or

(c) To a party named in a civil or criminal proceeding, whether administrative or judicial, to the extent required by the relevant rules of civil or criminal procedure.

Sec. 23. *Minnesota Statutes, 1979 Supplement, Section 15.1691, Subdivision 3, is amended to read:*

Subd. 3. [INVESTIGATIVE DATA.] *Data collected, maintained, used or disseminated by the welfare system in an investigation, authorized by statute and relating to the enforcement of rules or law, is confidential pursuant to section 15.162, subdivision 2a, and shall not be disclosed except:*

(a) Pursuant to section 15.163;

(b) Pursuant to statute or valid court order;

(c) To a party named in a civil or criminal proceeding, administrative or judicial, for preparation of defense.

After presentation in court or in a hearing held pursuant to sections 15.0411 to 15.052, the data shall be public data on individuals to the extent reflected in court or hearing records.

Sec. 24. Minnesota Statutes, 1979 Supplement, Section 15.1692, Subdivision 1, is amended to read:

15.1692 [PERSONNEL DATA.] Subdivision 1. As used in this section, "personnel data" means data on individuals collected because the individual is or was an employee of or an applicant for employment by, *performs services on a voluntary basis for, or acts as an independent contractor with a state agency, statewide system or political subdivision or is a member of an advisory board or commission.*

Sec. 25. Minnesota Statutes, 1979 Supplement, Section 15.1692, Subdivision 2, is amended to read:

Subd. 2. Except for employees described in subdivision 6, the following personnel data on current and former employees, *volunteers and independent contractors of a state agency, statewide system or political subdivision and members of advisory boards or commissions* is public: name; actual gross salary; salary range; *contract fees*; actual gross pension; the value and nature of employer paid fringe benefits; the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary; job title; job description; education and training background; previous work experience; date of first and last employment; *notice of dismissal*; the status of any complaints or charges against the employee, whether or not the complaint or charge resulted in a disciplinary action; and the final disposition of any disciplinary action and supporting documentation; *work location; a work telephone number; badge number; and, if relevant to qualifications for employment, city or town of residence.*

Sec. 26. Minnesota Statutes, 1979 Supplement, Section 15.1693, Subdivision 2, is amended to read:

Subd. 2. Except as provided in subdivision 4, educational data is private data on individuals and shall not be disclosed except as follows:

(a) Pursuant to section 15.163;

(b) Pursuant to a valid court order;

(c) Pursuant to a statute specifically authorizing access to the private data;

(d) To disclose information in health and safety emergencies pursuant to the provisions of 20 U.S.C., Section 1232g(b)(1)(I) and 45 C.F.R., Section 99.36 which are in effect on July 1, 1979; or

(e) Pursuant to the provisions of 20 U.S.C., Sections 1232g(b)(1), (b)(4)(A), (b)(4)(B), (b)(1)(A), (b)(3) and 45

C.F.R., Sections 99.31, 99.32, 99.33, 99.34 and 99.35 which are in effect on July 1, 1979 ; or

(f) To appropriate health authorities but only to the extent necessary to administer immunization programs.

Sec. 27. Minnesota Statutes, 1979 Supplement, Section 15.1698, Subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section : (a) "Directory information" means name of the patient, date admitted, general condition, and date released.

(b) "Medical data" means data collected because an individual was or is a patient or client of a hospital, medical center, clinic, health or nursing agency operated by a state agency or political subdivision including business and financial records and data provided by or about relatives of the individual.

Sec. 28. Minnesota Statutes, 1979 Supplement, Section 15.1698, is amended by adding a subdivision to read:

Subd. 4.[CLASSIFICATION OF MEDICAL DATA.] *Unless the data is summary data or a statute specifically provides a different classification, medical data are private but are available only to the subject of the data as provided in section 144.335, and shall not be disclosed to others except:*

(a) Pursuant to section 15.163;

(b) Pursuant to a valid court order;

(c) To administer federal funds or programs;

(d) To the surviving spouse or next of kin of a deceased patient or client;

(e) To communicate a patient's or client's condition to a family member or other appropriate person in accordance with acceptable medical practice, unless the patient or client directs otherwise; or

(f) As otherwise required by law.

Sec. 29. Minnesota Statutes 1978, Section 600.23, Subdivision 3, is amended to read:

Subd. 3. [WITHDRAWAL.] Papers and instruments so deposited shall not be *made public* or withdrawn from ~~such~~ the office except upon the written order of the person depositing the same, or his executors or administrators, or on the order of some court for the purpose of being read in ~~such~~ the court and then to be returned to ~~such~~ the office. ~~When so deposited, they shall be open to the examination of any person desiring the same upon payment of the fees, if any, allowed by law.~~

Sec. 30. Laws 1978, Chapter 790, Section 5, Subdivision 2, is amended to read:

Subd. 2. Section 3 is effective April 1, 1980 1981 .

Sec. 31. [REPEALER.] *Minnesota Statutes, 1979 Supplement, Section 15.1692, Subdivision 4, is repealed.*

Sec. 32. [EFFECTIVE DATE.] *This act is effective the day following enactment."*

Delete the title and insert:

"A bill for an act relating to privacy; providing for the collection and dissemination of government data; classifying data as private, confidential, nonpublic or public; amending Minnesota Statutes 1978, Sections 15.162, Subdivisions 3 and 5a, and by adding subdivisions; 15.165, Subdivision 3, and by adding a subdivision; 600.23, Subdivision 3; and Chapter 15, by adding sections; Minnesota Statutes, 1979 Supplement, Sections 15.162, Subdivision 2a; 15.1621, by adding a subdivision; 15.1642, Subdivisions 5 and 5a; 15.166, Subdivision 4; 15.1691, Subdivision 3; 15.1692, Subdivisions 1 and 2; 15.1693, Subdivision 2; and 15.1698, Subdivision 1, and by adding a subdivision; and Laws 1978, Chapter 790, Section 5, Subdivision 2; repealing Minnesota Statutes, 1979 Supplement, Section 15.1692, Subdivision 4."

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

SECOND READING OF SENATE BILLS

S. F. No. 2039 was read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

MEMBERS EXCUSED

Mr. Lessard was excused from the Session of today at 4:40 o'clock p.m. **Mr. Moe** was excused from the Session of today at 4:30 o'clock p.m. **Mr. Hanson** was excused from the Session of today at 4:15 o'clock p.m. **Mr. Barrette** was excused from the Session of today from 3:15 to 5:00 o'clock p.m.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman moved that the Senate do now adjourn until 2:00 o'clock p.m., Monday, March 24, 1980. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate