

EIGHTY-SIXTH DAY

St. Paul, Minnesota, Tuesday, March 25, 1960

The Senate met at 10:30 o'clock a.m. and was called to order by the President.

CALL OF THE SENATE

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

Ashbach	Gunderson	McCutcheon	Peterson	Staples
Barrette	Hanson	Menning	Pillsbury	Stern
Benedict	Hughes	Merriam	Purfeerst	Stokowski
Bernhagen	Johnson	Moe	Renneke	Strand
Chmielewski	Keefe, S.	Nelson	Rued	Stumpf
Coleman	Kirchner	Nichols	Schmitz	Tennessee
Davies	Kleinbaum	Ogdahl	Setzpfandt	Ueland, A.
Dieterich	Knaak	Olhoff	Sieloff	Ulland, J.
Dunn	Knoll	Olson	Sikoraki	Vega
Engler	Laufenburger	Omann	Sillers	Willet
Frederick	Lessard	Penny	Solon	
Gearty	Luther	Perpich	Spear	

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

Prayer was offered by the Chaplain, Rev. Vincent L. Hawkinson.

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

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

The President declared a quorum present.

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

MEMBERS EXCUSED

Mr. Keefe, J. was excused from the Session of today until 12:30 o'clock p.m.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Bang introduced—

S. F. No. 2410: A bill for an act relating to human rights; prohibiting employment discrimination based on activity in a local human rights commission; amending Minnesota Statutes 1978, Section 363.03, Subdivision 1.

Referred to the Committee on Judiciary.

Mr. Bang introduced—

S. F. No. 2411: A bill for an act relating to education; creating a commission to study equalization of the compensation of teachers at community colleges, state universities and the University of Minnesota; appropriating money.

Referred to the Committee on Education.

Mr. Bang introduced—

S. F. No. 2412: A resolution memorializing the United States Congress and the President of the United States to enact legislation providing a franking privilege for official mail connected with voter's registration and absentee ballots.

Referred to the Committee on Elections.

Mr. Dieterich introduced—

S. F. No. 2413: A bill for an act relating to education; imposing affirmative action duties on school districts and the state board of education; providing a penalty for school districts which fail to fulfill the duties; authorizing a program of grants for certain administrative interns; appropriating money; amending Minnesota Statutes 1978, Sections 124.15, Subdivision 2; and 125.12, Subdivision 6b.

Referred to the Committee on Education.

Mr. Sikorski, Mrs. Stokowski, Messrs. Schaaf and Sieloff introduced—

S. F. No. 2414: A bill for an act relating to taxation; income; increasing the amount of exclusion for pension income; providing that the maximum exclusion shall be indexed to the cost of living; amending Minnesota Statutes, 1979 Supplement, Section 290.01, Subdivision 20.

Referred to the Committee on Taxes and Tax Laws.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

March 20, 1980

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S. F. Nos. 1296, 1755 and 920.

Sincerely yours,
Albert H. Quie, Governor

March 21, 1980

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S. F. Nos. 273, 1609 and 759.

Sincerely yours,
Albert H. Quie, Governor

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S. F. No. 1797.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 24, 1980

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H. F. Nos. 1818 and 1768.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 24, 1980

FIRST READING OF HOUSE BILLS

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

H. F. No. 1818: A bill for an act relating to game and fish; authorizing moose seasons in the discretion of the commissioner; granting preference to landowners in obtaining moose licenses; amending Minnesota Statutes 1978, Section 100.27, Subdivision 2; and Minnesota Statutes, 1979 Supplement, Section 100.271, Subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1785 now on General Orders.

H. F. No. 1768: A bill for an act relating to partition fences; exempting certain lands from the provisions of chapter 344; providing that when only one owner or occupant is benefited by a fence he shall be assigned the entire expenses of the fence; amending Minnesota Statutes 1978, Section 344.03, Subdivision 1; and Chapter 344, by adding sections.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1134 now on General Orders.

REPORTS OF COMMITTEES

Mr. Coleman moved that the Committee Reports at the Desk be now adopted, with the exception of reports pertaining to appointments. The motion prevailed.

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

S. F. No. 2217: A bill for an act relating to taxation; restricting the use of certain proceeds of the taconite production tax; amending Minnesota Statutes 1978, Sections 298.223 and 298.28, Subdivision 1.

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

Page 1, after line 7, insert:

"Section 1. 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), (c) 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."

Page 2, strike lines 28 to 33

Page 6, line 13, strike everything after "(6)"

Page 6, line 14, strike "(7)"

Page 6, line 26, strike "(8)" and insert "(7)"

Page 7, line 4, strike "(9)" and insert "(8)"

Page 7, line 9, strike "(10)" and insert "(9)"

Page 7, line 10, strike "(9)" and insert "(8)"

Page 10, after line 12, insert:

"Sec. 4. 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 sec-*

tion 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. 5. 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. 6. 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 4; 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. 7. 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 4; 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. 8. [APPROPRIATION.] A sum sufficient to make the payments required by sections 4 and 5 shall be annually appropriated from the general fund to the commissioner of revenue."

Page 10, line 13, delete "1 and 2" and insert "2 and 3"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "providing for state replacement of certain eliminated payments; appropriating funds;"

Page 1, line 4, after "Sections" insert "124.212, Subdivision 8a; 273.135, Subdivision 2;"

Page 1, line 5, before the period, insert "; Chapters 273, by adding a section; and 477A, by adding a section; and Minnesota Statutes, 1979 Supplement, Section 275.125, Subdivision 9"

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

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

S. F. No. 2116: A bill for an act proposing an amendment to the Minnesota Constitution, Article X, Section 6; removing restrictions upon the power to tax the mining, production or beneficiation of copper, copper-nickel or nickel.

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

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

S. F. No. 2203: A bill for an act proposing an amendment to the Minnesota Constitution, Article XIV, Section 11; removing certain restrictions on highway bonds.

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

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

S. F. No. 1927: A bill for an act proposing an amendment to the Minnesota Constitution, Article IV, Section 12; adding a provision to allow the legislature to call a special session.

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

Page 1, line 20, delete "a" and insert "*two-thirds*"

Page 1, line 21, delete "*majority*"

And when so amended the bill do pass and be re-referred to 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. 2389: A bill for an act relating to taxation; income; providing for the nonrecognition of gain or loss from sales or exchanges certified by the Federal Communications Commission; amending Minnesota Statutes 1978, Section 290.13, by adding a subdivision.

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

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

S. F. No. 2248: A bill for an act relating to taxation; sales and use tax; exempting used farm machinery; amending Minnesota Statutes, 1979 Supplement, Section 297A.25, Subdivision 1.

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

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

S. F. No. 2375: A bill for an act relating to taxation; clarifying provisions of the Minnesota tax increment financing act; amending Minnesota Statutes 1978, Section 472A.02, by adding a subdivision; and Minnesota Statutes, 1979 Supplement, Sections 273.73, Subdivisions 7, 8, 10, 11 and 12; 273.74, Subdivision 3; 273.75, Subdivisions 1, 2, 5 and 6; 273.76, Subdivisions 1, 2 and 3, and by adding a subdivision; 273.77; 273.78; 273.86, Subdivision 4; and 473F.08, Subdivision 6.

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

Page 18, after line 25, insert:

"Sec. 15. Minnesota Statutes, 1979 Supplement, Section 273.76, is amended by adding a subdivision to read:

Subd. 7. [ASSESSMENT AGREEMENTS.] An authority may, upon entering into a development or redevelopment agreement

pursuant to section 273.75, subdivision 5, enter into a written assessment agreement in recordable form with the developer or redeveloper of property within the tax increment financing district which establishes a minimum market value of the land and completed improvements to be constructed thereon until a specified termination date, which date shall be not later than the date upon which tax increment will no longer be remitted to the authority pursuant to section 273.75, subdivision 1. The assessment agreement shall be presented to the county assessor, or city assessor having the powers of the county assessor, of the jurisdiction in which the tax increment financing district is located. The assessor shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, shall execute the following certification upon such agreement:

The undersigned assessor, being legally responsible for the assessment of the above described property upon completion of the improvements to be constructed thereon, hereby certifies that the market value assigned to such land and improvements upon completion shall not be less than \$

Upon transfer of title of the land to be developed or redeveloped from the authority to the developer or redeveloper, such assessment agreement, together with a copy of this subdivision, shall be filed for record and recorded in the office of the county recorder or filed in the office of the registrar of titles of the county where the real estate or any part thereof is situated. Upon completion of the improvements by the developer or redeveloper, the assessor shall value the property pursuant to section 273.11, except that the market value assigned thereto shall not be less than the minimum market value contained in the assessment agreement. Nothing herein shall limit the discretion of the assessor to assign a market value to the property in excess of the minimum market value contained in the assessment agreement nor prohibit the developer or redeveloper from seeking, through the exercise of administrative and legal remedies, a reduction in market value for property tax purposes; provided, however, that the developer or redeveloper shall not seek, nor shall the city assessor, the county assessor, the county auditor, any board of review, any board of equalization, the commissioner of revenue or any court of this state grant a reduction of the market value below the minimum market value contained in the assessment agreement during the term of the agreement filed of record regardless of actual market values which may result from incomplete construction of improvements, destruction or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition of the property by a public entity. Recording or filing of an assessment agreement complying with the terms of this subdivision shall constitute notice of the agreement to any subsequent purchaser or encumbrancer of the land or any part thereof, whether voluntary or involuntary, and shall be binding upon them."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "authorizing assessment agreements;"

Page 1, line 9, delete "a subdivision" and insert "subdivisions"

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

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

S. F. No. 1696: A bill for an act relating to the legislature; proposing an amendment to Article IV, Section 23 of the Minnesota Constitution; extending the ordinary period for the governor to consider vetoing a bill; providing for a simplified veto process; providing for a "veto session" of the legislature at which it may consider overriding a governor's veto of a bill returned after the legislature's adjournment.

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

Page 2, line 29, after "*adjourned*" insert "*and a majority of the members elected to each house agrees in writing*"

Page 3, line 19, delete "ordinary"

Page 3, line 20, delete ", to simplify the veto process, and require" and insert "and to allow"

Page 3, line 21, delete "a veto of" and insert "vetoed bills?"

Page 3, delete lines 22 and 23

Amend the title as follows:

Page 1, line 6, delete everything after the first semicolon

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

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

S. F. No. 750: A bill for an act relating to public welfare; increasing personal needs allowance for residents of certain facilities; restricting the use of allowances by third parties; providing for a civil action and damages; providing a penalty; amending Minnesota Statutes 1978, Section 256B.35.

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

Page 1, line 19, delete "\$50" and insert "\$35"

Page 1, delete lines 20 to 23

Page 2, delete lines 1 to 7

Page 3, after line 24, insert:

"Sec. 2. [APPROPRIATION.] The sum of \$905,000 is appropriated from the general fund to the commissioner of public welfare to pay the increased personal needs allowance authorized by section 1."

Amend the title as follows:

Page 1, line 6, after "penalty;" insert "appropriating money;"

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

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

S. F. No. 386: A bill for an act relating to health; providing for special grants to provide a range of services designed to maintain physically impaired adults in their homes and communities; appropriating money; amending Minnesota Statutes 1978, Section 145.912, Subdivision 7; and Chapter 145, by adding a section.

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

Page 3, line 14, delete "\$3,000,000" and insert "\$2,000,000"

Page 3, line 15, delete "\$150,000" and insert "\$100,000"

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. 2182: A bill for an act relating to health; directing the department of health to undertake studies for determining health and environmental effects of high voltage transmission lines; appropriating money.

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

Page 1, delete section 1

Page 1, line 17, delete "Subdivision 1. The department" and insert "The commissioner"

Page 1, line 18, delete "department" and insert "commissioner"

Page 1, line 19, after "the" insert "CU-TR-1 400 kilovolt direct current electric"

Page 1, line 19, delete "described in section 1" and insert "running from the western border of Traverse County to Delano in Wright County"

Page 2, delete lines 3 to 20

Page 2, line 21, delete "department" and insert "commissioner"

Page 2, line 26, delete "department" and insert "commissioner"

Page 2, line 27, delete "department"

Page 2, delete lines 28 to 30

Page 2, line 33, delete "in a matrix or" and insert a period

Page 3, delete line 1 and insert "The conclusions of the study shall be reported to the legislature by April 1, 1981."

Page 3, line 4, delete "department" and insert "commissioner"

Page 3, line 5, delete "These funds are available until expended."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "department" and insert "commissioner"

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. 1943: A bill for an act relating to public welfare; requiring reporting of abuse or neglect of vulnerable adults; requiring certain facilities to establish abuse prevention plans; establishing penalties; appropriating money; amending Minnesota Statutes 1978, Chapter 626, by adding a section; repealing Minnesota Statutes 1978, Sections 245.813; and 626.555.

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

Page 12, line 14, after the dollar sign, insert "140,000"

Page 12, line 17, after the period, insert "*The approved complement of the department of public welfare is increased by two positions.*"

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. 1685: A bill for an act relating to pollution; recogniz-

ing the extent and severity of the problem of acid precipitation; appropriating funds and designating state agencies and departments to conduct activities designed to identify, control and abate acid precipitation.

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

Page 2, line 12, after "precipitation" insert "to be available until June 3, 1981"

Page 2, line 14, after the dollar sign, insert "53,000"

Page 2, line 16, after the dollar sign, insert "24,000"

Page 2, line 18, after the dollar sign, insert "23,000"

Page 2, delete lines 19 and 20

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. 1067: A bill for an act relating to pollution; establishing noise limits for motorboats; appropriating money; amending Minnesota Statutes 1978, Section 361.17.

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

Page 2, lines 2 and 3, delete "*of the Minnesota department of natural resources*"

Page 2, lines 8 and 9, delete "*of the Minnesota department of natural resources*"

Page 2, lines 17 and 18, delete "*of the Minnesota department of natural resources*"

Page 2, lines 28 and 29, delete "*of the Minnesota department of natural resources*"

Page 3, lines 1 and 2, delete "*of the Minnesota department of natural resources*"

Page 3, line 9, after the dollar sign insert "30,000"

Page 3, lines 10 and 11, delete "*Minnesota department*" and insert "*commissioner*"

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. 1883: A bill for an act relating to public welfare; providing for a study of revisions to the nursing home rate reimbursement formula; providing for an information retrieval sys-

tem; appropriating money; amending Minnesota Statutes 1978, Section 256B.47, by adding a subdivision.

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

Page 2, after line 28, insert:

“Sec. 3. [STATEMENT OF PURPOSE.] *The legislature finds that general health is related to dental health and, due to the increased longevity of the population, the expansion of the nursing home industry, and the existing unmet and continuing needs for dental health in nursing homes, it is appropriate and necessary to establish programs for residents of nursing homes which promote dental health and prevent dental disease.*

Sec. 4. [PROGRAM ASPECTS.] Subdivision 1. *The commissioner of health shall provide for the establishment of nursing home dental health programs as provided in this section.*

Subd. 2. The commissioner shall:

(a) Develop, maintain, and distribute to nursing homes a dental health manual which identifies their administrative and patient care responsibilities and which recommends a local dental health policy;

(b) Establish, in conjunction with the dental profession, nursing home dental health standards, priorities of dental operations and guidelines for advisory dentists;

(c) Review existing nursing home dental health regulations to insure their consistency with current oral health standards;

(d) Seek the cooperation and coordination of a joint statewide effort between the dental profession, the nursing home industry and senior citizen organizations to promote the purpose of this section; and

(e) Provide technical dental health assistance, dental consultation, and current dental health information to nursing homes.

Subd. 3. *In each of the eight health department districts, the commissioner shall establish during the biennial cycle a specific site program for nursing homes each to include:*

(a) The analysis and identification of resident dental care needs and obstacles to access and the achievement of optimal oral health care and maintenance; and

(b) A training program of preventive oral health practices for nursing home staff.

Sec. 5. [PROGRAM SUPERVISION.] *The commissioner shall provide for all administrative and technical responsibilities for section 4. The development and administration of the program shall be under a licensed dentist.*

Sec. 6. [REPORT.] *The commissioner shall compile, analyze, and evaluate programmatic data and accomplishments related to sections 4 and 5.”*

Page 2, line 30, after the dollar sign insert "40,000"

Page 2, line 33, delete "These funds" and insert "This appropriation"

Page 3, line 1, delete "shall be" and insert "is"

Page 3, line 2, after the dollar sign insert "40,000"

Page 3, line 9, delete "These funds shall be" and insert "This appropriation is"

Page 3, delete line 10 and insert "June 30, 1981,"

Page 3, after line 10, insert:

"Subd. 3. The sum of \$60,000 is appropriated from the general fund to the commissioner of health for nursing home dental health programs, to be available until June 30, 1981."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after "system;" insert "providing for nursing home dental health programs;"

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. 723: A bill for an act relating to welfare; changing income disregard provisions for certain medical assistance recipients and certain supplemental aid recipients; amending Minnesota Statutes 1978, Sections 256B.06, Subdivision 1; and 256D.37, Subdivisions 1 and 2.

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 256B.06, Subdivision 1, is amended to read:

256B.06 [ELIGIBILITY REQUIREMENTS.] Subdivision 1. Medical assistance may be paid for any person:

(1) Who is eligible for or receiving public assistance under the aid to families with dependent children program; or

(2) Who is eligible for or receiving supplemental security income for the aged, blind and disabled; or

(3) Who except for the amount of income or resources would qualify for supplemental security income for the aged, blind and disabled, or aid to families with dependent children and is in need of medical assistance; or

(4) Who is under 21 years of age and in need of medical care

that neither he nor his relatives responsible under sections 256B.01 to 256B.26 are financially able to provide; or

(5) Who is residing in a hospital for treatment of mental disease or tuberculosis and is 65 years of age or older and without means sufficient to pay the per capita hospital charge; and

(6) Who resides in Minnesota, or, if absent from the state, is deemed to be a resident of Minnesota in accordance with the regulations of the state agency; and

(7) Who alone, or together with his spouse, does not own real property other than the homestead. Real estate not used as a home may not be retained unless it produces net income applicable to the family's needs or the family is making a continuing effort to sell it at a fair and reasonable price; and

(8) Who, if single, does not have more than \$2,000 in cash or liquid assets, plus \$150 for each additional legal dependent or, if married, whose cash or liquid assets do not exceed \$10,000, except that the value of the homestead and one automobile shall be disregarded; and

(9) Who has or anticipates receiving an annual income not in excess of \$2,600 for a single person, or \$3,250 for two family members (man and wife, parent and child, or two siblings), plus \$625 for each additional legal dependent, or who has income in excess of these maxima and in the month of application, or during the three months prior to the month of application, incurs expenses for medical care that total more than one-half of the annual excess income in accordance with the regulations of the state agency. In computing income to determine eligibility of persons who are not residents of long term care facilities, the commissioner shall, beginning in July 1979, disregard increases in income of social security or supplementary security income recipients due solely to increases required by sections 215(i) and 1617 of the social security act, and shall disregard income of disabled persons that is also disregarded in determining eligibility for supplemental aid under section 256D.37, subdivision 1. In excess income cases, eligibility shall be limited to a period of six months beginning with the first of the month in which these medical obligations are first incurred.

(10) Who has continuing monthly expenses for medical care that are more than the amount of his excess income, computed on a monthly basis, in which case eligibility may be established before the total income obligation referred to in the preceding paragraph is incurred, and medical assistance payments may be made to cover the monthly unmet medical need. In licensed nursing home and state hospital cases, income over and above that required for justified needs, determined pursuant to a schedule of contributions established by the commissioner of public welfare, is to be applied to the cost of institutional care. The commissioner of public welfare may establish a schedule of contributions to be made by the spouse of a nursing home resident to the cost of care and shall seek a waiver from federal regulations which establish the amount required to be contributed by either spouse when one spouse is a nursing home resident; and

(11) Who has applied or agrees to apply all proceeds received or receivable by him or his spouse from automobile accident coverage and private health care coverage to the costs of medical care for himself, his spouse, and children. The state agency may require from any applicant or recipient of medical assistance the assignment of any rights accruing under private health care coverage. Any rights or amounts so assigned shall be applied against the cost of medical care paid for under this chapter. Any assignment shall not be effective as to benefits paid or provided under automobile accident coverage and private health care coverage prior to receipt of the assignment by the person or organization providing the benefits.

Sec. 2. Minnesota Statutes, 1979 Supplement, Section 256D.37, Subdivision 1, is amended to read:

256D.37 [NEW APPLICANTS AND RECIPIENTS; PROVISIONS FOR SUPPLEMENTAL AID.] Subdivision 1. For all applicants for ~~or recipients of supplemental security income who did not receive aid pursuant to any categorical aid program referred to in section 256D.36 during December, 1973, and who make application to the appropriate local agency,~~ the local agency shall determine whether the individual meets the eligibility criteria prescribed in subdivision 2. For each individual who meets the relevant eligibility criteria prescribed in subdivision 2, the local agency shall certify to the commissioner the amount of supplemental aid to which the individual is entitled in accordance with all of the standards in effect December 31, 1973, for the appropriate categorical aid program. In computing the amount of supplemental aid under this section, the local agency shall deduct from the gross amount of the individual's determined needs all income, subject to the criteria for income disregards in effect December 31, 1973, for the appropriate categorical aid program, *except that the earned income disregard for disabled persons who are not residents of long term care facilities shall be the same as the earned income disregard available to disabled persons in the supplemental security income program and all actual work expenses shall be deducted when determining the amount of income for the individual.* From and after the first of the month in which an effective application is filed, the state and the county shall share responsibility for the payment of the supplemental aid to which the individual is entitled under this section as ~~provided in section 256D.36.~~ *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. On and after January 1, 1981, the state shall pay 80 percent and the county shall pay 20 percent of the aid.*

Sec. 3. Minnesota Statutes 1978, Section 256D.37, Subdivision 2, is amended to read:

Subd. 2. The eligibility criteria for supplemental aid under this section shall be those in effect December 31, 1973 for the categorical aid programs of old age assistance, aid to the blind, and aid to the disabled, *except that in determining eligibility for disabled individuals who are not residents of long term care facilities, all actual work expenses shall be disregarded and the earned in-*

come disregard shall be the same as the earned income disregard used to determine eligibility for disabled individuals in the supplemental security income program, and except that net equity of \$25,000 in one home used as a residence, one automobile the market value of which does not exceed \$1,650, and real estate not used as a home which produces net income applicable to the family's needs or which the family is making a continuing effort to sell at a fair and reasonable price, are to be disregarded in determining eligibility. The commissioner of public welfare shall annually adjust the limitation on net equity in real property used as a home by the same percentage as the homestead base value index provided in section 273.122, subdivision 2. The local agency shall apply the relevant criteria to each application. The local agency in its discretion may permit eligibility of an applicant having assets in excess of the amount prescribed in this section if liquidation of the assets would cause undue loss or hardship.

Sec. 4. [REPEALER.] *Minnesota Statutes 1978, Section 256D.36, Subdivision 2, and Minnesota Statutes 1979 Supplement, Section 256D.36, Subdivision 1, are repealed.*

Sec. 5. [APPROPRIATION.] *The sum of \$47,500 is appropriated from the general fund to the commissioner of public welfare for the purposes of this act."*

Amend the title as follows:

Page 1, delete lines 5 to 7 and insert "recipients; appropriating money; amending Minnesota Statutes 1978, Section 256D.37, Subdivision 2; Minnesota Statutes, 1979 Supplement, Sections 256B.06, Subdivision 1; and 256D.37, Subdivision 1; repealing Minnesota Statutes 1978, Section 256D.36, Subdivision 2; and Minnesota Statutes, 1979 Supplement, Section 256D.36, Subdivision 1."

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

Mr. Davies from the Committee on Judiciary, to which was referred the following appointment as reported in the Journal for January 28, 1980:

CRIME VICTIMS REPARATIONS BOARD

Dr. Johanna B. Miller

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

Mr. Coleman moved that the foregoing committee report be laid on the table. The motion prevailed.

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

H. F. No. 1513: A bill for an act relating to the environment; regulating activities of drillers of exploratory borings; specifying the powers and duties of public officers and agencies; providing penalties; amending Minnesota Statutes 1978, Sections 156A.01;

156A.02, Subdivision 1, and by adding subdivisions; 156A.03, Subdivision 1; 156A.04; 156A.08; and Chapter 156A, by adding a section.

Reports the same back with the recommendation that the report from the Committee on Agriculture and Natural Resources shown in the Journal for March 18, 1980, "And when so amended the bill do pass" be adopted. Amendments adopted. Report adopted.

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

S. F. No. 1031: A bill for an act relating to education; providing for a center for the older adult learner and for an advisory council on the older adult learner; appropriating money; amending Minnesota Statutes 1978, Section 256.975, Subdivision 2; and Chapter 121, by adding sections.

Reports the same back with the recommendation that the report from the Committee on Education shown in the Journal for March 12, 1980, "And when so amended the bill do pass and be re-referred to the Committee on Finance" be adopted. Amendments adopted. Report adopted.

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

S. F. No. 2003: A bill for an act relating to public welfare; clarifying duties of the commissioner of public welfare regarding approval of public and private mental health centers and clinics for certain purposes; mandating additional rulemaking; amending Minnesota Statutes, 1979 Supplement, Section 245.69.

Reports the same back with the recommendation that the report from the Committee on Health, Welfare and Corrections shown in the Journal for March 14, 1980, "And when so amended the bill do pass" be adopted. Amendments adopted. Report adopted.

APPOINTMENTS

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

H. F. No. 1781: Messrs. Merriam, Anderson, Dunn, Hughes and Dieterich.

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

SECOND READING OF SENATE BILLS

S. F. Nos. 2217, 2389, 2248, 2375, 750, 386, 2182, 1943, 1685,

1067, 1883, 723 and 2003 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. No. 1513 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. Merriam be added as co-author to S. F. No. 1597. The motion prevailed.

Mr. Chmielewski moved that H. F. No. 1731 be withdrawn from the Committee on Employment and re-referred to the Committee on Rules and Administration for comparison with S. F. No. 1753, now on General Orders. The motion prevailed.

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

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

Rick Molton, Page classification, effective March 17, 1980

Rev. Dave Schneider, Chaplain, effective March 21, 1980

Rev. Vince Hawkinson, Chaplain, effective March 24, 1980

Rev. Lee Freeman, Chaplain, effective March 26, 1980

Rev. Gregory McDonald, Chaplain, effective March 28, 1980

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

Mr. Merriam moved that S. F. No. 2197 and S. F. No. 2225, now on General Orders, be stricken and re-referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration. 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

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.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Ashbach	Gearty	McCutcheon	Perpich	Staples
Bang	Gunderson	Manning	Peterson	Stern
Barrette	Hanson	Merriam	Pillsbury	Stokowski
Benedict	Hughes	Moe	Purfeerst	Strand
Bernhagen	Humphrey	Nelson	Rued	Stumpf
Brataas	Johnson	Nichols	Schaaf	Tennessee
Chmielewski	Kirchner	Ogdahl	Schmitz	Ueland, A.
Davies	Knaak	Olhoft	Setzepfandt	Ulland, J.
Dunn	Knoll	Olson	Sikorski	Vega
Engler	Lessard	Omann	Sillers	Wegener
Frederick	Luther	Penny	Spear	Willet

So the bill passed and its title was agreed to.

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; amending Minnesota Statutes 1978, Sections 168.181, Subdivision 2; 168.27, Subdivisions 6 and 17.

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	McCutcheon	Peterson	Staples
Bang	Hanson	Manning	Pillsbury	Stern
Barrette	Hughes	Merriam	Purfeerst	Stokowski
Benedict	Humphrey	Moe	Rued	Strand
Bernhagen	Johnson	Nelson	Schaaf	Stumpf
Brataas	Kirchner	Nichols	Schmitz	Tennessee
Chmielewski	Kleinbaum	Ogdahl	Setzepfandt	Ueland, A.
Davies	Knaak	Olhoft	Sieloff	Ulland, J.
Dunn	Knoll	Olson	Sikorski	Vega
Engler	Laufenburger	Omann	Sillers	Wegener
Frederick	Lessard	Penny	Solon	Willet
Gearty	Luther	Perpich	Spear	

So the bill passed and its title was agreed to.

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.

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

So the bill passed and its title was agreed to.

S. F. No. 1415: A bill for an act relating to taxation; clarifying the taxable status of Title II property owned by a non-profit entity; eliminating obsolete language; increasing the assessment ratio applied to housing for elderly or low and moderate income persons financed by the farmers home administration; amending Minnesota Statutes 1978, Section 273.13, Subdivision 17b; and Minnesota Statutes, 1979 Supplement, Sections 272.02, Subdivision 1; and 273.115, Subdivisions 1, 2, 3 and 6.

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:

Anderson	Hanson	McCutcheon	Pillsbury	Staples
Ashbach	Hughes	Menning	Renneke	Stokowski
Barrette	Humphrey	Merriam	Rued	Strand
Brataas	Jensen	Moe	Schaaf	Stumpf
Davies	Johnson	Nelson	Schmitz	Ueland, A.
Dunn	Keefe, S.	Nichols	Setzepfandt	Ulland, J.
Engler	Kleinbaum	Ogdahl	Sikorski	Vega
Frederick	Knaak	Olhoff	Sillers	
Gearty	Laufenburger	Olson	Solon	
Gunderson	Luther	Peterson	Spear	

Those who voted in the negative were:

Bang	Chmielewski	Lessard	Purfeerst	Wegener
Benedict	Dieterich	Omann	Sieloff	Willet
Bernhagen	Knoll	Perpich	Stern	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Moe moved that H. F. No. 2476 be taken from the table. The motion prevailed.

H. F. No. 2476: A bill for an act relating to the organization and operation of state government; clarifying, providing for deficiencies in, and supplementing appropriations for the expenses of state government with certain conditions; appropriating money; amending Minnesota Statutes 1978, Sections 3A.03, Subdivision 2; 3A.04, Subdivisions 3 and 4; 15.0597, Subdivisions 3, 4, 5, 6 and 7; 15.50, Subdivision 1; 16.854, Subdivision 1; 16A.131, by adding a subdivision; 16A.67, Subdivision 1; 16A.721; 43.005, by adding a subdivision; 43.05, Subdivision 2; 43.062, Subdivisions 1, 2 and 3; 43.065; 43.067, Subdivision 2; 43.068; 43.323, Subdivisions 1 and 2; 43.35; 62D, by adding a subdivision; 82.34; 90.195; 94.10, Subdivision 1; 94.16; 121.90; 121.902, Subdivision 1; 121.906, Subdivision 2; 121.908; 121.912, Subdivision 2; 121.914, Subdivision 1; 136.81, Subdivision 1; 145.913, Subdivision 3; 214.06, Subdivision 1; 216.16; 216A.01; 216A.03, Subdivision 3, and by adding a subdivision; 216A.04, Subdivisions 1 and 3, and by adding a subdivision; 216A.05, Subdivisions 4 and 5; 216A.07; 216B.17, Subdivision 1; 216B.19; 216B.54; 216B.62, Subdivisions 2 and 3; 216B.64; 237.02; 237.12; 237.295, Subdivisions 1 and 2; 246.014; 352.01, Subdivision 2B; 352.04, Subdivision 5; 352.73, Subdivision 3; 352B.25; 352C.04, Subdivision 3; 352C.09, Subdivision 2; 353.83; 354.55, Subdivision 5; 355.46, Subdivision 3; 355.50; 403.11, Subdivision 3; 473.408, Subdivision 3; 490.123, Subdivision 1; and Chapters 16, by adding sections; 16A, by adding sections; 97, by adding a section; 121, by adding sections; 216A, by adding a section; 246, by adding a section; 253A, by adding a section; 256, by adding a section; 259, by adding a section; Minnesota Statutes, 1979 Supplement, Sections 3.3005, Subdivision 4; 15A.083, Subdivision 4; 16A.126; 174.28, Subdivision 2; 43.09, Subdivision 2a; 43.24; 82.81, Subdivision 1; 121.917, Subdivision 4; 354A.12, Subdivision 2; 422A.101, Subdivision 3; and Laws 1979, Chapter 300, Section 4, Subdivisions 1 and 5; 301, Section 3 by adding a subdivision; repealing Minnesota Statutes 1978, Sections 3A.11, Subdivision 3; 43.03; 43.06; 121.92, Subdivision 1; 216B.62, Subdivision 1; 352.73, Subdivision 4; 354.43, Subdivision 2; 490.025, Subdivision 8; Minnesota Statutes, 1979 Supplement, Sections 16.93; 16.965; 121.92, Subdivision 2; and Laws 1979, Chapter 217, Section 11.

SUSPENSION OF RULES

Mr. Moe moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H. F. No. 2476 and that the rules of the Senate be so far suspended as to give H. F. No. 2476 its second and third reading and place it on its final passage. The motion prevailed.

H. F. No. 2476 was read the second time.

Mr. Moe moved to amend H. F. No. 2476 as follows:

Delete everything after the enacting clause and insert:

"Section 1. [STATE GOVERNMENT; APPROPRIATIONS.] The sums set forth in the columns designated "APPROPRIATIONS" are appropriated from the general fund, or any other

fund designated, to the agencies and for the purposes specified in the following sections of this act, to be available for the fiscal years indicated for each purpose. The figures "1980" and "1981", wherever used in this act, mean that the appropriation or appropriations listed thereunder are available for the year ending June 30, 1980, or June 30, 1981, respectively.

SUMMARY BY FUND

	1980	1981	TOTAL
General	\$12,599,600	\$20,849,574	\$33,449,174
Game and Fish	704,500	267,400	971,900

APPROPRIATIONS

Available for the Year
Ending June 30

1980	1981
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\$	\$
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Sec. 2. LEGISLATURE

(a) Legislative Reference Library	40,900	60,900
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This appropriation is added to the appropriation in Laws 1979, Chapter 333, Section 2, Subdivision 4, for the Legislative Reference Library.

(b) Revisor of Statutes		75,000
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This appropriation is available only to match money from the National Historical Publications and Records Commission for the unpublished laws project.

Sec. 3. CONTINGENT ACCOUNTS

Fuel and Utilities	704,500	7,000,000
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This appropriation is added to the appropriation in Laws 1979, Chapter 333, Section 8, Subdivision 6. \$704,500 the first year is from the game and fish fund.

Sec. 4. GOVERNOR

Washington Office		36,500
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This appropriation is added to the appropriation for executive operations in Laws 1979, Chapter 333, Section 9.

Sec. 5. SECRETARY OF STATE

Open Appointments	4,900	19,700
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This appropriation is added to the ap-

	1980	1981
	\$	\$
appropriation in Laws 1979, Chapter 333, Section 10.		
Sec. 6. ADMINISTRATION		
(a) Any unexpended balance of the \$51,500 appropriation in Laws 1979, Chapter 333, Section 18, for the reduction of obligations shall remain available for expenditure as provided in that section through June 30, 1981. If the surplus property revolving fund is abolished prior to June 30, 1981, any portion of the \$61,500 that is outstanding shall be immediately returned to the general fund.		
(b) County Litigation Expense		150,000
This appropriation is available to reimburse any county for up to 50 percent of the legal expenses incurred by it in litigation concerning state and county jurisdiction over Indians, Indian hunting and fishing rights, and other issues relating to Indians.		
(c) Small Business Definition	25,000	
This appropriation is available until June 30, 1981.		
Sec. 7. FINANCE		
Approved Complement — Add 3		
Payroll and Personnel		
Information System	221,300	250,400
Sec. 8. PERSONNEL		
Approved Complement		
General — Add 3		
(a) Affirmative Action for Veterans		18,000
This appropriation is added to the appropriation for Human Resource Improvement in Laws 1979, Chapter 333, Section 21.		
(b) Internship and Summer Youth		
Work Experience Programs		40,000
Sec. 9. PERSONNEL BOARD		65,500
Sec. 10. REVENUE		

	1980	1981
	\$	\$
(a) Railroad Gross Earnings		150,000
(b) Implement Tax Changes of 1979	92,600	92,600

Sec. 11. AGRICULTURE

Agricultural Research and Promotion 125,000

This appropriation is added to the appropriation in Laws 1979, Chapter 333, Section 24.

Sec. 12. NATURAL RESOURCES

Approved Complement

General — Add 35

26 of these positions represent BWCA positions totally reimbursed by federal money. Their continuation beyond this biennium is dependent upon the continuation of the federal money to pay for them.

Game and Fish — Add 9

Federal — Subtract 26

(a) All money that has in the past been appropriated to the commissioner of natural resources for forest management purposes from the iron range resources and rehabilitation account will in the future be appropriated from the general fund.

(b) Boundary Waters Canoe Area 3,000,000

This appropriation is available from October 1, 1980 to September 30, 1981, but only in the amount that the federal government has agreed to reimburse the state for expenditures from this appropriation. Federal money earned as reimbursement shall be deposited in the general fund.

The appropriation in Laws 1979, Chapter 333, Section 26 for the BWCA for the first year is available until September 30, 1980.

(c) St. Croix Wild River State Park 131,200

(d) Tettegouche State Park 24,000

(e) The appropriations in (c) and (d)

1980

1981

\$

\$

are added to the appropriation for Park and Recreation Management in Laws 1979, Chapter 333, Section 26.

(f) Soil and Water Conservation Board

25,000

This appropriation is added to the appropriation for the Soil and Water Conservation Board in Laws 1979, Chapter 333, Section 26.

(g) Conservation Officers

445,700

To assist the department in reducing the number of violations and providing a quicker response to public complaints. \$267,400 of this appropriation is from the game and fish fund and the entire appropriation is added to the appropriation for Enforcement of Natural Resources Laws and Rules in Laws 1979, Chapter 333, Section 26.

Sec. 13. POLLUTION CONTROL

Appropriations made in Laws 1979, Chapter 333, Section 29, for functions relating to the Reserve Mining project and for preparation of environmental impact statements are available for either year of the biennium.

Sec. 14. NATURAL RESOURCES ACCELERATION

(a) In Laws 1979, Chapter 333, Section 31, Subdivision 3, (1), the approved complement is changed to 6, the reference to paragraphs (g) and (h) is changed to paragraphs (j) and (k) and \$313,000 is changed to \$338,000.

(b) In Laws 1979, Chapter 333, Section 31, Subdivision 4, (b), the appropriation condition "through March, 1980" is changed to "through June 30, 1981".

Sec. 15. BOARD OF ELECTRICITY

200,000

300,000

This appropriation is added to the appropriation in Laws 1979, Chapter 333, Section 33, Subdivision 7.

Sec. 16. ECONOMIC DEVELOPMENT

	1980	1981
	\$	\$
Approved Complement		
General — Add 1		
Federal — Add 4		
(a) Duluth Port Authority		210,500
This appropriation is added to the appropriation for the same purpose in Laws 1979, Chapter 333, Section 38.		
(b) Development Resources		40,000
This appropriation is added to the appropriation for Economic Development Assistance in Laws 1979, Chapter 333, Section 38, and is available only to match federal money on the basis of \$1 state for \$3 federal.		
(c) Small Business Assistance Center		25,200
This appropriation is added to the appropriation for Small Business Development in Laws 1979, Chapter 333, Section 38.		

Sec. 17. VETERANS AFFAIRS

Approved Complement — Add 10

Veterans Home — Minneapolis	25,000	150,000
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This appropriation is added to the appropriation for the same purpose in Laws 1979, Chapter 333, Section 40.

Sec. 18. PUBLIC SAFETY

(a) State Patrol Overtime During

Independent Truckers Protest	343,300
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(b) \$135,000 of the appropriation by Laws 1979, Chapter 333, Section 41, for the investigation of cross jurisdictional criminal activity for fiscal 1980 shall not cancel and is available for fiscal 1981.

Sec. 19. CRIME CONTROL PLANNING BOARD

Approved Complement

General — Add 33

Each of these positions is totally reimbursed with federal money and the con-

	1980	1981
	\$	\$
<p>tinuation of each position is dependent upon the continued receipt of this federal money.</p>		
<p>Federal — Subtract 33</p>		
(a) Planning, Research and Evaluation		284,900
(b) Administration		201,100
(c) Law Enforcement Assistance		90,000

This appropriation is for grants for youth intervention programs.

The appropriations in (a), (b), and (c) are added to the appropriations for the same purposes in Laws 1979, Chapter 333, Section 42.

The sum of \$486,000 is subtracted from the appropriation for the crime control planning board contingent account in Laws 1979, Chapter 333, Section 8, Subdivision 4.

The executive director of the crime control planning board with the approval of the commissioner of finance may transfer unencumbered balances of the appropriations in Laws 1979, Chapter 333, Section 42, including the additions made by this act, not specified for a particular purpose, among the programs in that section. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

(d) Automated Fingerprint Identification System—Evaluation		30,000
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The board shall evaluate the need for expanding the Minnesota automated fingerprint identification system throughout the state and the adequacy of technology currently available to operate the expanded system. The board shall report to the legislature by January 1, 1981, the results of the evaluation, including a recommendation on expanding the system based upon projected costs and benefits.

	1980	1981
	\$	\$
(e) Automated Fingerprint Identification System—Upgrading		169,000

This appropriation is for a grant to the St. Paul police department to upgrade the Minnesota automated fingerprint identification system.

Sec. 20. HOUSING FINANCE AGENCY

Indian Housing	4,000,000
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This appropriation is for transfer to the housing development fund created in Minnesota Statutes, Section 462A.20.

\$2,665,000 is for the American Indian revolving fund created in Minnesota Statutes, Section 462A.21, Subdivision 4c.

\$1,335,000 is for the urban American Indian revolving fund created in Minnesota Statutes, Section 462A.21, Subdivision 4d.

Sec. 21. EDUCATION

(a) Vocational Student Services Minnesota Curriculum Services Center	455,000
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This appropriation is for a consolidation of the two programs formerly known as the Minnesota Instructional Materials Center and the Curriculum Articulation Center.

Vocational Student Organization Center	191,248
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Vocational Agricultural Coordinators	220,726
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These amounts shall be spent pursuant to agreements between the state board of education and the recipients. The agreements are not subject to the contract approval procedures of the commissioner of administration.

Until June 30, 1981, the recipient may charge fees to users of these services designed to cover the cost to the recipient of duplication and distribution, plus ten percent.

(b) Minnesota Career Information System	150,000
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	1980	1981
	\$	\$
Sec. 22. HIGHER EDUCATION CO-ORDINATION BOARD		
Scholarship and Grant-in-Aid Data Processing System	230,600	
This appropriation is available until June 30, 1981.		
Sec. 23. TRANSPORTATION		
(a) Transportation Finance Study Commission	150,000	
This appropriation is available until June 30, 1981.		
(b) Transit Assistance Grants	6,308,000	2,273,100
\$3,500,000 the first year is for a grant to the metropolitan transit commission for its regular route bus service program.		
\$1,500,000 the first year is for a social fare reimbursement grant to the metropolitan transit commission.		
Notwithstanding other laws or inter-agency agreements to the contrary, the commissioner of transportation shall immediately release the unencumbered balance remaining in the performance funding and social fare reimbursement grants accounts as appropriated in Laws 1979, Extra Session Chapter 1, Section 4 to the metropolitan transit commission for its regular route bus service program for the biennium ending June 30, 1981. The metropolitan transit commission shall continue to fulfill its obligations as provided in sections 174.24, subdivision 4, and 174.28.		
\$245,300 the first year and \$264,500 the second year is for subsidies to private operators within the metropolitan area.		
\$1,062,700 the first year and \$2,008,600 the second year is for public transit subsidy grants outside the Twin Cities metropolitan area.		
These appropriations are added to the appropriations for Transit Assistance Grants in Laws 1979, Extra Session Chapter 1, Section 4.		

1980

1981

\$

\$

Sec. 24. HEALTH

(a) The appropriation in Laws 1978, Chapter 793, Section 28, Subdivision 4, relating to contaminated wells in St. Louis Park, is available until June 30, 1981.

(b) Grants under Laws 1979, Chapter 336, Section 7, for converting hospitals to nursing homes shall also be made to a publicly owned or nonproprietary organization or person if the facility was used as a licensed hospital at any time during the last three years and if it meets all other requirements for a grant.

Sec. 25. CORRECTIONS

(a) Minnesota Corrections Board 298,200

Approved Complement — Add 9.5

(b) Crime Victim Services 39,000

Sec. 26. PUBLIC WELFARE

(a) Computer Costs 100,000 200,000

If the appropriation for either year is insufficient, the appropriation for the other year is available, upon the advance approval of the commissioner of finance.

The commissioner of public welfare shall continue to operate the state hospital billing and accounts receivable system.

(b) Costs to Move the Income Maintenance Bureau 238,000

This appropriation is available until June 30, 1981.

(c) American Indian Chemical Dependency Program 500,000

This appropriation is available until June 30, 1981.

(d) Hearing Impaired Program 50,000

This appropriation shall provide for a statewide program including evaluation, consultation, training, care and treatment for hearing impaired persons and

	1980	1981
	\$	\$
their families, and training and consultation to staff members and others to increase skills and knowledge.		
(e) State Hospital Complement		4,200,000
This appropriation provides money to increase the approved state complement of the several state hospitals serving mentally retarded residents by 250 positions. All new positions herein granted shall be to serve the mentally retarded residents and shall be direct-patient care positions, including, but not limited to, the classifications of human services technicians, recreation aide, social work case aide and dental assistant. No new supervisor positions shall be added as a result of this appropriation. As the number of mentally retarded residents declines, the 1 to 8 staff to resident ratio shall be maintained. "Staff" as used here means the direct care state complement, on duty in the residential units. The authority granted in Laws 1979, Chapter 336, Section 2, Subdivision 5 for 120 human services technicians is changed to 50 positions effective July 1, 1980.		
(f) Family Subsidy Program		75,000
This appropriation provides for participation of 30 additional families.		
(g) Notwithstanding the provisions of Chapter 256E, county boards may delegate to county welfare boards established pursuant to Chapter 393, authority to provide community social services and to develop contracts for purchase of community social services. Designation of the method for providing citizen participation in the planning process, approval of contracts, and final approval of the community social services plan shall not be delegated.		
(h) Notwithstanding the provisions of section 256.01, subdivision 2, clause (13), the commissioner of public welfare may operate the work equity program through December 1981.		

	1980	1981
	\$	\$
(i) Board of Aging		200,000

The legislature finds that the services of volunteers are crucial to the effectiveness of public and private human services programs in the state. The legislature further finds that retired senior citizens are an excellent source of volunteer services, and that by recognizing and supporting retired senior volunteer programs the state will be serving the interests of human services as well as the interests of those senior citizens who participate in the volunteer programs.

The board on aging, with the cooperation of heads of other affected state agencies, shall provide staff and material support and shall make financial grants from this appropriation to retired senior volunteer programs in the state. This support may include reimbursement of expenses incurred by program participants in the performance of their volunteer activities.

The board shall consult with the office of volunteer services prior to expending money available for the retired senior volunteer programs. Expenditures shall be made (1) to strengthen and expand existing retired senior volunteer programs, and (2) to encourage the development of new programs in areas in the state where these programs do not exist. Grants shall be made consistent with applicable federal guidelines.

The board shall report to the governor and the legislature by June 30, 1981, on (1) the number, type and location of human services activities assisted by retired senior volunteer programs supported by this appropriation; (2) the number of retired seniors participating in these activities; (3) the sources and recipients of direct support for the volunteer programs; and (4) any other information that the board believes will assist the governor and the legislature in evaluating the programs.

1980

1981

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§

Notwithstanding the provisions of Laws 1979, Chapter 336, Section 3, the sum therein appropriated to the department for matching federal funds for the establishment of Comprehensive Services for Independent Living, is hereby made available to the department for the fiscal year beginning July 1, 1980 regardless of federal funding levels. Any unexpended balance remaining in the first year for Comprehensive Services for Independent Living shall not cancel, but shall be available for the second year of the biennium.

Sec. 28. MINNESOTA HISTORICAL SOCIETY

Analysis of State Records

40,500

This appropriation is added to the appropriation in Laws 1979, Chapter 337, Section 4, Subdivision 1, Paragraph (a).

Sec. 29. [GRANTS FOR BRAIN INJURED PERSONS.] *Subdivision 1. [GRANT PROGRAM ESTABLISHED.] An experimental five year program of grants to Minnesota families with brain injured persons is established under the administration of the commissioner of public welfare to enable the families to participate in an intensive program offered by a nonprofit organization to stimulate the brain injured persons' neurological development with the objective of achieving physical, intellectual, and social excellence. The commissioner shall promulgate rules, including temporary rules, to carry out the provisions of this section under the provisions of chapter 15.*

Subd. 2. [GRANTS.] The commissioner of public welfare may make a grant to the parent, parents, or legal guardian of each brain injured person eligible under the provisions of this section to pay expenses incurred in participating in the neurological stimulation program. Each grant made under this section shall cover the costs of enrolling in an organization's program and may cover other expenses incurred due to participation in the program. The commissioner shall require the person's parent or legal guardian to submit a receipt or receipts to the commissioner from the nonprofit organization verifying payment of the costs of enrolling in the organization's program. The commissioner shall require the parent or legal guardian to keep appropriate records and shall annually audit the records.

Subd. 3. [ELIGIBILITY.] Grants shall be made for brain injured persons under the following conditions:

(a) Grants shall be distributed between parents or legal guardians of persons who are in state institutions for mentally retarded persons on the effective date of this section, persons who live at home but cannot function independently of other persons and who are able to attend community based nonresidential service programs, and persons involved in residential programs of neurological stimulation;

(b) The parent, parents, or legal guardian of each person agrees to ensure intensive family involvement in a program of stimulating the person's neurological development and to ensure consistent implementation of the program's requirements. Eligibility is also conditional on acceptance of the family by an organization that offers the program; and

(c) The parent, parents, or legal guardian of each person agrees to comply with the provisions of this section, including any record keeping, reporting and audit requirements.

Subd. 4. [REPORTS.] (a) Each eligible person for whom a grant is made under this section shall be initially evaluated to ascertain the current stage of neurological development and prognosis for improvement. After five years of participation or upon completion of the program, whichever comes first, each person shall be evaluated to ascertain physical, intellectual, or social progress. The commissioner shall contract with a neurosurgeon who is not associated with or employed by an institution under the control of the commissioner for the purpose of performing the initial and progress evaluations required by this subdivision.

(b) The parent, parents, or legal guardian shall report periodically, but at least annually, to the commissioner regarding the program experience.

(c) Information collected under this section is private data on individuals as defined in section 15.162, subdivision 5a and is also available to the parent or legal guardian of the subject of the data.

Subd. 5. [EXPIRATION.] The commissioner shall report to the legislature regarding the implementation of this section no later than January 1, 1985. This section shall expire five years from the first date that at least ten families are participating in the grant program established by this section. The commissioner shall report on the program to the legislature no later than the expiration date of this section to facilitate legislative review of the program.

Sec. 30. [APPROPRIATION.] The sum of \$120,000 is appropriated to the commissioner of public welfare for the brain injured person grant program for the biennium ending June 30, 1981. Grants shall not exceed \$12,000 per year for any participant. The commissioner of public welfare may use up to \$4,000 of this appropriation for administrative expenses.

Sec. 31. Minnesota Statutes, 1979 Supplement, Section 3.3005, Subdivision 4, is amended to read:

Subd. 4. If federal money becomes available to the state for

expenditure while the legislature is not in session, and the availability of money from that source or for that purpose or in that fiscal year could not reasonably have been anticipated and included in the governor's budget request, and an urgency requires that all or a portion of the money be allotted before the legislature reconvenes, *all or a portion of the amount of money subject to the urgency may be allotted to a state agency after it has submitted to the legislative advisory commission a request in the manner of a budget request and has received the commission's recommendation on it. Failure or refusal of the commission to make a recommendation within 30 days is deemed a negative recommendation.*

Sec. 32. Minnesota Statutes 1978, Section 15.0597, Subdivision 3, is amended to read:

Subd. 3. [PUBLICATION OF AGENCY DATA.] The secretary of state shall provide for *periodic annual* updating of the required data and shall annually arrange for the publication in the state register of the compiled data from all agencies on or about November 15 of each year. *Beginning in 1979, the compilation may be published together with the agency descriptions required by section 15.0412, subdivision 2.* Copies of the compilation shall be delivered to the governor and the legislature. Copies of the compilation shall be made available by the secretary to any interested person at cost, and copies shall be available for viewing by interested persons *and for sale.* The chairman of an agency who does not submit data required by this section *or section 15.0412, subdivision 2,* or who does not notify the secretary of a vacancy in his agency, shall not be eligible for a per diem or expenses in connection with agency service until December 1 of the following year.

Sec. 33. Minnesota Statutes 1978, Section 15.0597, Subdivision 4, is amended to read:

Subd. 4. [NOTICE OF VACANCIES.] The chairman of an *existing* agency, *in respect to vacancies in existing agencies, or the appointing authority, in respect to newly created agency positions,* shall notify the secretary of a vacancy *within 15 days after the occurrence of the vacancy.* Every 15 days the secretary shall prepare a list of all vacancies in state agencies, together with a list of the vacancies scheduled to occur within the next 45 days as a result of the expiration of membership terms or the creation of new agency positions. This listing shall be published in the next available issue of the state register, *and scheduled to occur in the agency as a result of the expiration of membership terms at least 45 days before the vacancy occurs.* The chairman of an existing agency shall give written notification to the secretary of each vacancy occurring as a result of newly created agency positions and of every other vacancy occurring for any reason other than the expiration of membership terms as soon as possible upon learning of the vacancy and in any case within 15 days after the occurrence of the vacancy. The appointing authority for newly created agencies shall give written notification to the secretary of all vacancies in the new agency within 15 days after the creation of the agency. Every 21 days, the secretary shall publish in the

state register a list of all vacancies of which the secretary has been so notified. Only one notice of a vacancy shall be so published, unless the appointing authority rejects all applicants and requests the secretary to republish the notice of vacancy. One copy of the listing shall be made available at the office of the secretary to any interested person. The secretary shall distribute by mail copies of the listings to requesting persons. The listing for all vacancies scheduled to occur in the month of January shall be published in the state register together with the compilation of agency data required to be published pursuant to subdivision 3.

Sec. 34. Minnesota Statutes 1978, Section 15.0597, Subdivision 5, is amended to read:

Subd. 5. [NOMINATIONS FOR VACANCIES.] Any person may nominate himself to be appointed to an agency vacancy by completing an application on a form prepared and distributed by the secretary. Any person or group of persons may, on a ~~similar~~ *the prescribed* application form, nominate another person to be appointed to a vacancy so long as the person so nominated consents in writing on the application form to the nomination. The application form shall specify the nominee's name, mailing address, telephone number, preferred agency position sought, a statement that the nominee satisfies any legally prescribed qualifications, and any other information the nominating person feels would be helpful to the appointing authority. The application form shall permit the nominating person at his discretion to indicate the nominee's sex, political party preference or lack thereof, race and national origin. If a person submits an application at the ~~behest of or upon~~ *the suggestion of* an appointing authority, the person shall so indicate on the application form. ~~The secretary shall, upon 15 Twenty-one days after publication of a vacancy in the state register or upon 15 days prior to a scheduled vacancy, whichever date occurs first, pursuant to subdivision 4, the secretary shall~~ submit copies of all applications received for a position to the appointing authority charged with filling the vacancy. If no applications have been received by the secretary for the vacant position by the date he is required to submit copies to the appointing authority, he shall so inform the appointing authority. Applications received by the secretary shall be deemed to have expired one year after receipt of the application ~~or upon appointment and, if required, advice and consent by the senate to a vacancy, whichever occurs first.~~ An application for a particular agency position shall be deemed to be an application for all vacancies in that agency occurring prior to the expiration of the application *and shall be public information.*

Sec. 35. Minnesota Statutes 1978, Section 15.0597, Subdivision 6, is amended to read:

Subd. 6. [APPOINTMENTS.] In making an appointment to a vacant agency position, the appointing authority shall consider applications for positions in that agency supplied by the secretary. No appointing authority may appoint someone to a vacant agency position until (1) ten days after receipt of the applications for

positions in that agency from the secretary or (2) receipt of notice from the secretary that no applications have been received for vacant positions in that agency. *At least five days before the date of appointment*, the appointing authority shall issue a public announcement and inform the secretary *in writing* of the name of the person the appointing authority intends to appoint to fill the agency vacancy *at least five days before the date of appointment and the expiration date of that person's term*. If the appointing authority intends to appoint a person other than one for whom an application was submitted pursuant to this section, the appointing authority shall complete an application form on behalf of the appointee and submit it to the secretary *indicating on the application that it is submitted by the appointing authority*. If the appointment requires the advice and consent of the senate, the secretary shall, prior to consideration by the senate of the appointment, supply the president of the senate with a copy of the application, together with a copy of any documents which the appointee is required by virtue of his appointment to submit to the ethical practices board. With respect to the ethical practices board, the secretary shall also submit a copy of the application and documents to the speaker of the house of representatives prior to consideration of the appointment by the house of representatives.

Sec. 36. Minnesota Statutes 1978, Section 15.0597, Subdivision 7, is amended to read:

Subd. 7. [REPORT.] Together with the compilation required in subdivision 3, the secretary shall annually deliver to the governor and the legislature a report containing the following information:

- (a) *The number of vacancies occurring in the preceding year;*
- (b) *The number of vacancies occurring as a result of scheduled ends of terms, unscheduled vacancies and the creation of new positions;*
- (c) *Breakdowns by county, legislative district and, if known, the sex, political party preference or lack thereof, race and national origin, for members whose agency membership terminated during the year and appointees to the vacant positions; and*
- (d) *The number of vacancies filled from applications submitted by (1) the appointing authorities for the positions filled, (2) nominating persons and self-nominees who submitted applications at the behest of or upon the suggestion of appointing authorities, and (3) all others.*

Sec. 37. Minnesota Statutes 1978, Section 16.854, Subdivision 1, is amended to read:

16.854 [STATE BUILDING INSPECTOR.] Subdivision 1. [APPOINTMENT.] As soon after July 1, 1971, as is possible The commissioner shall appoint a state building inspector who under the direction and supervision of the commissioner shall administer the code. *The state building inspector shall serve at the pleasure*

of the commissioner within the department of administration and shall be in the unclassified service of the state.

Sec. 38. Minnesota Statutes 1978, Chapter 16, is amended by adding a section to read:

[16.955] [COMPUTER ACTIVITIES; EVALUATION; APPROVAL; SYSTEM DEVELOPMENT METHODOLOGY.] *Subdivision 1. [DEFINITIONS.] For the purposes of this section the following terms have the meaning given them.*

(a) "Computer activity" means the development or acquisition of a data processing device or system.

(b) "Data processing device or system" means any equipment or computer programs, including but not limited to computer hardware, firmware, software, and communication protocol, used in connection with the processing of information via electronic data processing means, and includes data communication devices used in connection with computer facilities for the transmission of data.

(c) "State agency" means any state officer, employee, board, commission, authority, department or other agency of the executive branch of state government, but not including the University of Minnesota.

Subd. 2. [EVALUATION PROCEDURE.] By January 1, 1981, the commissioner of administration shall establish and, as necessary, update and modify procedures to evaluate computer activities proposed by state agencies. The procedures shall evaluate the necessity, design and plan for development, ability to meet user requirements, feasibility, and flexibility, of the proposed data processing device or system, its relationship to other state data processing devices or systems, and its costs and benefits when considered by itself and when compared with alternative solutions.

Subd. 3. [EVALUATION AND APPROVAL REQUIREMENTS.] A state agency shall not undertake a computer activity until the activity has been evaluated according to the procedures developed pursuant to subdivision 2 and the commissioners of administration and finance have given written approval of the proposed activity. If a proposed computer activity is not approved, the commissioner of finance shall cancel the unencumbered balance of any appropriation allotted for the activity. The commissioners of administration and finance may delegate their respective approval powers regarding computer activities to the head of another agency including the agency seeking approval where delegation is deemed appropriate.

Subd. 4. [REPORT TO LEGISLATURE.] If a proposed computer activity is approved, the commissioners of administration and finance shall submit to the legislature a concise narrative explanation of the computer activity and a request for any additional appropriation necessary to complete the activity.

Subd. 5. [SYSTEM DEVELOPMENT METHODOLOGY.] By

January 1, 1981, the commissioner of administration shall establish and, as necessary, update and modify a methodology for the development of data processing systems by state agencies. The development methodology shall enable and require a data processing system to be defined in terms of its computer programs, input requirements, output formats, administrative procedures, and processing frequencies.

Subd. 6. [SYSTEM DEVELOPMENT METHODOLOGY REQUIREMENTS.] *A state agency shall not develop, improve or modify of a data processing system using any methodology other than that established by the commissioner of administration.*

Sec. 39. Minnesota Statutes, 1979 Supplement, Section 16A.126, is amended to read:

16A.126 [COMMISSIONER TO APPROVE BILLING RATES FOR REVOLVING FUNDS.] *The commissioner of finance shall approve the rates at which services are billed state departments or agencies by any revolving fund. In order to reduce revolving fund reserves maintained for unforeseen needs and thereby reduce the rates which using agencies must pay, the commissioner may transfer moneys not otherwise appropriated in the general fund to a revolving fund if, in the commissioner's judgment, a bona fide, immediate expenditure is necessary and if there are insufficient moneys in the revolving fund to meet the expenditure. Any money so transferred for the purchase of equipment shall be repaid to the general fund in installments over its useful life on a schedule established by the commissioner of finance. Any Other moneys so transferred shall be repaid to the general fund on a schedule established by the commissioner of finance but within a period not to exceed five years.*

Sec. 40. Minnesota Statutes 1978, Section 16A.131, is amended to read:

16A.131 [SALARY DEDUCTIONS, AUTHORIZATION.] *Subdivision 1. Every officer and employee of the state may purchase and pay for bonds, stamps, and other securities issued by the federal government by directing in writing to the appropriate officer of the department where he is employed that deductions of the amount specified by him be made from his salary. The head of each department of the state is hereby required to cause such deduction to be made from the salary of each said persons on every payroll abstract and to approve one voucher payable to the state treasurer for the aggregate amount so deducted from the salaries covered by said payroll abstract, provided that deductions from salaries of officers or employees paid direct by any institution or agency of the state shall be made by the officer or employee authorized by law to pay such salaries, and remitted by him to the director by check payable to the state treasurer with a statement showing the amount of each of such deductions and the names of the officers and employees on whose account the same have been made. The money so deposited with the state treasurer shall be paid out on authorization of the governor by state warrant payable to the proper federal authority or to the officer or em-*

ployee from whose salary the money was deducted, as the case may require.

Subd. 2. The commissioner of finance, with the written consent of a state employee, may deduct from the salary of the employee a sum agreed to by the employee for the purchase of mass transit ridership cards. The commissioner of finance shall deposit all money resulting from these payroll deductions in the special account authorized by section 16.72, subdivision 7.

Sec. 41. Minnesota Statutes 1978, Section 16A.67, Subdivision 1, is amended to read:

16A.67 [CERTIFICATES OF INDEBTEDNESS.] Subdivision 1. For the purpose of supplying deficiencies in the general fund, certificates of indebtedness of the state may be issued in accordance with the provisions of Article II, Section 6, of the Constitution and the further provisions of this section. No such deficiency is deemed to exist by reason of the fact that expenditures pursuant to appropriation and allotment for a particular purpose may at any time exceed the cash receipts from any source of special revenue appropriated to the fund for such purpose, notwithstanding that a "fund" may have been created by law for such purpose and may have been established by the commissioner of finance as a bookkeeping account in the general books of account of the state for the purpose of reflecting the revenues deposited and expenditures appropriated for such purpose in accordance with the provisions of section 16A.53. A deficiency shall be deemed to exist only when the total amount of outstanding warrants drawn on ~~such~~ the general fund, pursuant to appropriation and allotment for all purposes and accounts of the fund, exceeds the cash balance in the fund. In this event a deficiency shall be deemed to exist in the general fund, notwithstanding that there may then be a balance of cash or investments on hand in one or more special or dedicated funds created by the Constitution or required to be created and maintained as separate funds by federal law or by rules or regulations promulgated by federal authority pursuant thereto; and this section does not authorize a transfer of money from any of those special or dedicated fund funds to the general fund, except by the issuance and sale of certificates of indebtedness as herein provided.

Sec. 42. Minnesota Statutes 1978, Section 97.431, Subdivision 4, is amended to read:

Subd. 4. [COMMISSIONER'S POWERS AND DUTIES.] Notwithstanding the provisions of any other law to the contrary, the commissioner of natural resources, on behalf of the state of Minnesota, shall take all actions, by order or otherwise, which are necessary to carry out the duties and obligations of the state of Minnesota arising from the agreement entered into by the parties to the settlement agreement. These actions include but are not limited to the following:

(a) The implementation of the exemption of members of the band and other members of the Minnesota Chippewa tribe from state laws relating to hunting, fishing, trapping, the taking of

minnows and other bait, and the gathering of wild rice while within the reservation, together with exemption from related possession and transportation laws, to the extent necessary to effectuate the terms of the settlement agreement;

(b) The establishment of a system of special licenses and related license fees for persons who are not members of the Minnesota Chippewa tribe for the privilege of hunting, fishing, trapping, or taking minnows and other bait, within the reservation. All money collected by the commissioner for special licenses shall be deposited in the state treasury and credited to the Leech Lake Band and White Earth Band special license account, which is hereby created. All money in the state treasury credited to the Leech Lake Band and White Earth Band special license account, less any deductions for administrative costs authorized by the terms of the settlement agreement, is appropriated to the commissioner who shall remit the money to the committee pursuant to the terms of the settlement agreement;

(c) To the extent necessary to effectuate the terms of the settlement agreement, the promulgation of regulations for the harvesting of wild rice within the reservation by non-Indians;

(d) To the extent necessary to effectuate the terms of the settlement agreement, the establishment of policies and procedures for the enforcement by conservation officers of the conservation code adopted by the band; and

(e) The arbitration of disputes arising under the terms of the settlement agreement.

Sec. 43. Minnesota Statutes 1978, Section 97.432, is amended to read:

97.432 [AMENDMENT TO LEECH LAKE SETTLEMENT AGREEMENT.] The commissioner may enter into an agreement with the reservation business committee of the Leech Lake Indian Reservation to amend the settlement agreement adopted in section 97.431 by providing that in lieu of collecting any additional fee in connection with the state waterfowl stamp for the privilege of hunting waterfowl on the Leech Lake Indian Reservation five percent of the proceeds from the sale of said stamp shall be credited to the Leech Lake Band and White Earth Band special license account established by section 97.431 and shall be remitted to the Leech Lake reservation business committee in the manner and subject to the terms and conditions provided in section 97.431.

Sec. 44. Minnesota Statutes 1978, Chapter 97, is amended by adding a section to read:

[97.433] [AGREEMENTS WITH THE LEECH LAKE AND WHITE EARTH BANDS OF CHIPPEWA INDIANS RELATING TO HUNTING AND FISHING LICENSES AND FEES.] *Subdivision 1.* [AGREEMENT WITH THE WHITE EARTH BAND OF CHIPPEWA INDIANS.] *The commissioner may enter into an agreement with authorized representatives of the White*

Earth Band of Chippewa Indians on substantially the same terms as the agreement adopted by section 97.431 and amended pursuant to section 97.432; except that in lieu of the system described in section 97.431, subdivision 4, clause (b), of special licenses and related license fees for persons who are not members of the Minnesota Chippewa tribe, for the privilege of hunting, fishing, trapping, or taking minnows and other bait within the reservation, the agreement shall provide that two and one-half percent of the proceeds from the sale of all licenses sold in the state of Minnesota for hunting, fishing, trapping, or taking of minnows or other bait shall be credited to the special license account established by section 97.431, and shall be remitted to the White Earth Band in the manner and subject to the terms and conditions that may be mutually agreed upon. An agreement negotiated pursuant to this subdivision shall be for a term of at least four years following the date of its execution.

Subd. 2. [AMENDMENT TO THE LEECH LAKE SETTLEMENT AGREEMENT.] *The commissioner may enter into an agreement with authorized representatives of the Leech Lake Band of Chippewa Indians to amend the settlement agreement adopted by section 97.431 and previously amended pursuant to section 97.432 by providing that in lieu of the system of special licenses and license fees for persons who are not members of the Minnesota Chippewa tribe for the privilege of hunting, fishing, trapping, or taking minnows and other bait within the reservation, five percent of the proceeds from the sale of all licenses sold in the state of Minnesota for hunting, fishing, trapping, or taking minnows and other bait shall be credited to the special license account established by section 97.431 and shall be remitted to the Leech Lake Band in the manner and subject to the terms and conditions that may be mutually agreed upon.*

Sec. 45. Minnesota Statutes, 1979 Supplement, Section 138.92, is amended to read:

138.92 [LOCAL AND REGIONAL HISTORICAL INTERPRETIVE CENTERS.] *Subdivision 1. A historical interpretive center shall be operated and maintained by the agency, society, corporation, or political subdivision that owns it. State money shall not be used for operating or maintenance expenses of any historical interpretive center not owned by the state of Minnesota or the Minnesota historical society.*

Subd. 2. A local historical organization or regional interpretive center receiving state money for any purpose of historical interpretation or historic preservation is subject to the controls of the Minnesota historical society's local grant in aid program and the Minnesota Outdoor Recreation Act of 1975.

Sec. 46. Minnesota Statutes 1978, Section 155.14, is amended to read:

155.14 [PRACTITIONERS FROM OTHER STATES.] *Subdivision 1. The board may dispense with and waive the examination for license upon the application of any person who is able to furnish documentary evidence and proof of having lawfully prac-*

ticed in another state, territory, District of Columbia or foreign country for a period of at least two years prior to the time of such application for license in Minnesota, upon the payment of the fee as set by the board for license as provided in this chapter.

Subd. 2. The board may waive the requirement related to practical experience in this state as specified in section 155.09, subdivision 4, for manager-operators. No waiver shall be allowed, however, unless the following conditions are met:

(a) The applicant has a current valid cosmetology related license from a state, territory, the District of Columbia, or a foreign country that has licensing requirements substantially similar to this state's requirements; and,

(b) The applicant is able to furnish documentary evidence of having lawfully performed as a manager-operator or its equivalent in a state, territory, the District of Columbia, or foreign country for a period of at least two years, one year of which was within the two years immediately preceding the date of application.

Nothing in this subdivision prohibits the board from requiring an examination for license of a manager-operator even if the board waives the requirement of practical experience in this state.

Sec. 47. Minnesota Statutes 1978, Section 174.03, is amended by adding a subdivision to read:

Subd. 5a. [BIENNIAL REQUEST.] The metropolitan transit commission shall submit all biennial legislative funding requests to the commissioner of transportation for informal review. The commissioner shall determine whether the funding request is consistent with the statewide transportation plan and whether further review of the request by the metropolitan transit commission is necessary. The metropolitan transit commission shall be informed of the commissioner's comments and recommendations in writing, and shall have the opportunity to amend the request. The funding request, as amended, shall then be presented by the commissioner to the legislature along with the commissioner's final comments and recommendations.

Sec. 48. Minnesota Statutes, 1979 Supplement, Section 180.03, Subdivision 2, is amended to read:

Subd. 2. Every person, firm or corporation that is or has been engaged in the business of mining or removing iron ore, taconite, semitaconite or other minerals except sand, crushed rock and gravel by the open pit method in any county which has appointed an inspector of mines pursuant to section 180.01 shall erect two inch by four inch mesh fencing along the outside perimeter of the excavation, open pit, or shaft of any mine in which mining operations have ceased for a period of six consecutive months or longer. The top and bottom wire shall not be less than 9 gauge and the filler wire shall not be less than 11 gauge. The fencing shall be not less than five feet in height with two strands of barbed wire six inches apart affixed to the top of the fence. The fence posts shall be no more than ten feet apart. In the case of open pit mines in

which mining operations cease after November 1, 1979, and before March 1, 1980, the fencing shall be erected as soon as possible after March 1, 1980. Where mining operations cease on or after March 1, 1980, the fencing shall be erected forthwith. In the case of open pit mines in which mining operations had ceased for a period of six consecutive months or longer before November 1, 1979, and not resumed, the fencing shall be erected within *two three* years after November 1, 1979. Any fencing required by an inspector of mines pursuant to subdivision 3 or other applicable law shall meet the standards of this section as a minimum. This subdivision does not apply to any excavation, open pit, or shaft, or any portion thereof, exempted from its application by the commissioner of natural resources pursuant to laws relating to mine-land reclamation or exempted from its application by the county mine inspector pursuant to subdivision 4.

Sec. 49. Minnesota Statutes 1978, Section 214.06, Subdivision 1, is amended to read:

214.06 [FEES; LICENSE RENEWALS.] Subdivision 1. Notwithstanding any law to the contrary, the commissioner of health as authorized by section 214.13, all health related licensing boards and all non-health related licensing boards may by rule, with the approval of the commissioner of finance, adjust any fee which the board is empowered to assess a sufficient amount so that the total fees collected by each board will as closely as possible equal anticipated expenditures during the fiscal biennium. Examination fees, if any, shall be set by rule so that the total amount of annual examination fee income approximately meets the anticipated cost of administering the examinations during the fiscal biennium. *Fee adjustments authorized under this subdivision may be made without a public hearing when the total fees will not exceed the amount of the direct appropriation.* All fees received shall be deposited with the state treasurer and credited to the general fund.

Sec. 50. Minnesota Statutes 1978, Section 256.73, Subdivision 2, is amended to read:

Subd. 2. [ALLOWANCE BARRED BY OWNERSHIP OF PROPERTY.] *Except as provided in clause (3),* the ownership by father, mother, child, children, or any combination thereof, of property as follows shall be a bar to any allowance under sections 256.72 to 256.87:

(1) Net equity in real estate used as a home which exceeds \$15,000; provided that real estate used as a home in excess of this amount will not be a bar to eligibility where the county welfare board determines that such real estate is not available for support of the family or the sale of such real estate would cause undue hardship. *Real property other than the homestead, except as described in clause (3); or*

(2) Personal property of a reasonable market value in excess of ~~\$300~~ \$600 for a one child recipient or ~~\$500~~ \$1,000 for more than one child recipient, exclusive of personal property used as the home, one automobile the market value of which does not exceed

\$1,650, insurance carried by a parent which does not exceed a cash surrender value of \$500, clothing and necessary household furniture and equipment, the earnings of a dependent child which are placed in a savings account to be used for a future purpose approved by the county agency in accordance with the rules and regulations of the commissioner of public welfare, and such property that produces a net income applicable to the family's needs; or.

(3) Real estate not used as a home which produces net income applicable to the family's needs or which the family is making a continuing effort to sell at a fair and reasonable price shall not be a bar to an allowance under sections 256.72 to 256.87. Net income shall be the residue after payment from gross income of taxes, insurance, maintenance, and interest on encumbrances, if any, on the property, provided that in computing net income the gross income shall not be charged with any expenses toward betterment of the property as improvements or by payment on the principal of a mortgage; provided, that the net income thus derived shall be applied on the family budget.

Sec. 51. Minnesota Statutes 1978, Section 256D.06, is amended by adding a subdivision to read:

Subd. 3. When a general assistance grant is used to pay a negotiated rate for a recipient living in a room and board arrangement or congregate living care, the allowance for clothing and personal needs shall not be less than that authorized for a medical assistance recipient pursuant to section 256B.35.

Sec. 52. Minnesota Statutes 1978, Section 403.11, Subdivision 3, is amended to read:

Subd. 3. [METHOD OF PAYMENT; CERTIFICATION.] A public utility incurring reimbursable costs under subdivision 1 or 2 for a year ending June 30, 1978, or any June 30 thereafter, shall certify those costs to the commissioner of administration no later than the following August 31. The certification shall be in a form as prescribed by the commissioner after consultation with the public service commission. If the commissioner and the commission approve the certified costs as appropriate and accurate, the commissioner shall so advise the commissioner of finance no later than the following October 31. If the costs are certified and approved in an even numbered year, the governor and the commissioner of finance shall include the certified costs in the regular budget submitted to the legislature. If the costs are certified and approved in an odd numbered year, they shall be submitted in a special message to the appropriations committees of the legislature no later than November 30 of each odd numbered year pay the certified costs from money appropriated for that purpose within 90 days following receipt by the commissioner of the certified costs. The commissioner of administration shall estimate the amount required to reimburse public utilities for the state's obligations under subdivisions 1 and 2 of this section and the governor shall include the estimated amount in the biennial budget request.

Sec. 53. Minnesota Statutes 1978, Section 473.408, is amended by adding a subdivision to read:

Subd. 8. The commission shall, on July 1 of each year beginning July 1, 1981, establish annual fares for its regular route bus service program. The fares shall not be changed or adjusted before July 1 of the next succeeding year.

Sec. 54. Minnesota Statutes 1978, Section 473.435, is amended to read:

473.435 [BUDGET PREPARATION; SUBMISSION.] The commission shall prepare, submit and adopt a budget in the manner provided in, and otherwise comply with, the provisions of section 473.163 and section 47 of this act.

Sec. 55. Laws 1979, Chapter 300, Section 4, Subdivision 1, is amended to read:

Sec. 4. [APPROPRIATIONS.] Subdivision 1. [SMALL STATE AND LOCAL DAM PROJECTS.] The sums set forth in this subdivision are sum of \$500,000 is appropriated from the state building fund to the commissioner of natural resources for repair and reconstruction of state dams pursuant to section 105.482, subdivision 3, where the expenditures do not require legislative approval under section 105.482, subdivision 5, to be available for the fiscal year ending June 30 in the years indicated until expended. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

1980
\$250,000

1981
\$250,000

Sec. 56. Laws 1979, Chapter 300, Section 4, Subdivision 5, is amended to read:

Subd. 5. [BOND SALE; DEBT SERVICE.] To provide the money appropriated from the state building fund in subdivisions 1, 2, 3 and 4 the commissioner of finance upon request of the governor shall sell and issue bonds of the state in an amount up to ~~\$3,275,000~~ \$3,775,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, Sections 16A.63 to 16A.67, and by the Constitution, Article XI, Sections 4 to 7.

Sec. 57. Laws 1979, Chapter 332, Article I, Section 115, Subdivision 2, is amended to read:

Subd. 3. [OPEN APPROPRIATIONS; COMPENSATION INCREASES.] (a) The compensation and economic benefit increases covered by this clause are those paid to classified and unclassified employees in the executive, legislative, and judicial branches of state government, and to employees of the Minnesota historical society and nonacademic employees of the University of Minnesota who are paid from state appropriations, if the increases are authorized by law during the 1979 session of the legislature or by appropriate resolutions for employees of the legislature. The amounts necessary to pay compensation and economic benefit increases covered by this clause are appropriated from the various

funds in the state treasury from which salaries are paid to the commissioner of finance for the fiscal years ending June 30, 1980, and June 30, 1981.

(b) The cost of living increases covered by this clause are those paid to classified employees pursuant to sections 43.12, subdivision 10 and 43.127, those paid to unclassified employees who are paid salaries comparable to employees in the classified service, and those paid to unclassified employees in the executive, legislative, and judicial branches of state government, and to employees of the Minnesota historical society and nonacademic employees of the University of Minnesota who are paid from state appropriations, if the increases are authorized by law during the 1979 session of the legislature or by appropriate resolutions for employees of the legislature. The amounts necessary to pay cost of living increases covered by this clause are appropriated from the various funds in the state treasury from which their salaries are paid to the commissioner of finance for the fiscal years ending June 30, 1980, and June 30, 1981, *except that the amount provided by the general fund shall not exceed \$17,535,800.*

(c) The amounts necessary to pay increased premium rates for basic life insurance and basic health benefit coverage authorized for eligible state employees and their dependents, in the event that these rates are increased over the rates in existence at the time of the passage of this act, are appropriated from the various funds in the state treasury from which these premiums are paid, to the commissioner of finance for the fiscal years ending June 30, 1980 and June 30, 1981.

(d) The commissioner shall transfer the necessary amounts to the proper accounts and shall promptly notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the amount transferred to each appropriation account.

(e) Money certified as needed by the University of Minnesota and transferred to it under this subdivision shall be used only for the purpose certified. Any amount transferred that exceeds the actual amount of cost of living increases or insurance premium increases paid to or for university employees until June 30, 1981 shall be returned to the general fund.

Sec. 58. [EMPLOYEE STATUS.] *Persons employed by a state agency and paid from an appropriation in Laws 1979, Chapter 301, Section 3, Clause 10 are in the unclassified service and their continued employment is contingent upon the availability of money from that appropriation.*

Sec. 59. [SPRING VALLEY ABANDONED RIGHT OF WAY.] *Subdivision 1. [LEGISLATIVE FINDINGS AND CONCLUSIONS.] The legislature finds, for the reasons stated below, that it is in the best interest of the state to acquire a portion of the abandoned Chicago, Milwaukee, St. Paul and Pacific Railroad right-of-way between the vicinities of Ramsey in Mower County and LaCrescent in Houston County. The reasons are: (1) An*

approximately 33 mile portion of the right-of-way, east of Fountain, satisfies the criteria stated in Minnesota Statutes, Section 86A.05, Subdivision 4, Clause (b), for the establishment of a state trail pursuant to Minnesota Statutes, Sections 84.029, Subdivision 2; and 85.015, Subdivision 7; (2) Other portions of the right-of-way west of Spring Valley, satisfy the criteria stated in Minnesota Statutes, Section 86A.05, Subdivisions 5, Clause (b), for the establishment of a state scientific and natural area; (3) Development of these units of the outdoor recreation system can be accomplished in such a way as to minimize adverse effects on adjoining agricultural lands; and (4) The right-of-way from Spring Valley to Ramsey has been proposed for, and has high potential for use by the Austin Utilities Board as a high voltage power line.

Subd. 2. [ACQUISITION AUTHORITY.] Following the planning process and hearings specified in Laws 1979, Chapter 301, Section 7, the commissioner of natural resources shall acquire, for development of a state recreational trail and to hold for a potential utility use, the portions of the abandoned Chicago, Milwaukee, St. Paul and Pacific Railroad right-of-way described in subdivision 1, determined appropriate by commissioner after planning studies, including trestles, bridges and culverts from the railroad or from any person to whom the right-of-way may revert upon abandonment. The commissioner shall have the first rights of purchase and may acquire by gift, purchase or, if required to perfect title or to require the railroad to sell the line in segments, condemnation pursuant to Minnesota Statutes, Chapter 117.

Subd. 3. [MITIGATION OF ADVERSE IMPACTS.] To the maximum extent the commissioner shall develop and maintain the portion of right-of-way used for trail purposes so as to minimize adverse effects on adjoining agricultural land and property owners. To this end the commissioner shall:

(a) Notwithstanding the provisions of Minnesota Statutes, Section 94.342, Subdivision 3, offer to exchange land with landowners whose land is crossed or adjacent to the trail right-of-way where the exchange will minimize or mitigate impact on farming use, privacy or other beneficial use of the lands of the adjacent owner and is consistent with the trail use;

(b) Allow easements for drainage culverts and tile lines to cross the trail right-of-way without cost to adjacent landowners, provided that the commissioner may restrict the location and construction method of the culverts and tile lines to protect the resource;

(c) Provide and maintain fencing on both sides of the line at the expense of the state where requested by the adjoining landowner;

(d) Allow easements for crossing livestock and farm equipment of adjoining owners where necessary and convenient; and

(e) Assign, prior to the opening of the trail, a full time trail manager to this trail.

Subd. 4. [FURTHER STUDY.] The commissioner shall study,

and hold a hearing, in the manner provided in Laws 1979, Chapter 301, Section 7, on the appropriateness of developing a trail on the portion of the right-of-way from Ramsey to Dexter. If the commissioner determines such a trail use is appropriate, it shall conform to all requirements of subdivision 3, except the requirement for land exchanges under clause (a). Notwithstanding the provisions of Minnesota Statutes, Chapter 86A or other laws to the contrary, this portion of the right-of-way if used for a trail may be used for high voltage power line purposes.

Subd. 5. The commissioner shall designate and manage as scientific and natural areas those portions of the right-of-way from Ramsey to Spring Valley recommended by the Scientific and Natural Area Advisory Committee totaling approximately 10.3 miles. Notwithstanding the provisions of Minnesota Statutes, Chapter 86A, the commissioner may operate a trail on the land described in subdivision 1 that is designated as a scientific and natural area, provided that trail uses shall be limited and controlled in a manner to assure the protection of the scientific and natural area resource values. Further, notwithstanding the provisions of Minnesota Statutes, Chapter 86A, or any other laws to the contrary, the scientific and natural areas may be used for a high voltage power line, provided towers are located and constructed and the line maintained in a manner to insure protection of the resource.

Sec. 60. [TRANSPORTATION FINANCE STUDY COMMISSION.] *Subdivision 1. An interim transportation finance study commission is created to examine the total state transportation system, present and future needs of the system, and the sources of transportation revenue of this state.*

Subd. 2. In addition to the examination of the management and program system and its sources of revenue, the commission shall:

(a) Study and make recommendations regarding present and future finance methods and improved use of resources for the construction and maintenance of the state transportation system;

(b) Conduct a survey of communities within the state in order to determine:

(1) Which communities are not adequately being served by either rail access or nine ton roads;

(2) The costs of upgrading roads to either nine or ten ton capacity in those communities that are not adequately serviced; and

(3) Any other information concerning the possible improvement and revitalization of transportation services to those communities that the commission deems relevant; and

(c) File a report by January 1, 1981, with the legislature.

Subd. 3. The commission shall consist of five members of the senate, including the chairman of the senate committee on transportation, to be appointed by the subcommittee on committees of the committee on rules and administration of the senate and five

members of the house of representatives, including the chairman of the house committee on transportation, to be appointed by the speaker. The governor shall appoint five additional members representing a broad cross-section of the public interest. The compensation of non-legislator members, their removal, and the filling of vacancies shall be as provided in Minnesota Statutes, Section 15.059. The members of the commission shall be reimbursed for all expenses actually and necessarily incurred in the performance of their duties. For legislative members, reimbursement shall be made pursuant to the rules governing legislators and legislative employees. Expenses of the commission shall be approved by the chairman and the expenses shall be paid in the same manner as other state expenses are paid.

Subd. 4. The commission shall exist and act from the date its members are appointed. The commission is terminated on January 1, 1981.

Subd. 5. The commission shall hold meetings at the times and places it may designate. It shall select a chairman and other officers from its membership.

Subd. 6. The commission may request information and staff assistance from any state officer or agency to assist it in carrying out the duties specified in subdivision 2. The officer or agency shall promptly furnish any data and staff assistance requested to the extent permitted by law.

Sec. 61. [CORRECTIONAL SERVICES FINANCING; STUDY COMMITTEE EXTENSION.] Notwithstanding the provisions of Laws 1979, Chapter 336, Section 4, Subdivision 4, the committee created to study the financing of correctional services and the Community Corrections Act in Minnesota may continue to meet until it has completed its report to the legislature, but not after January 1, 1981. The department of corrections approved complement is increased by one effective July 1, 1980 through January 31, 1981, but this position shall be financed from salary savings.

Sec. 62. [REPEALER.] Minnesota Statutes, 1979 Supplement, Section 16.965, is repealed, effective January 1, 1981.

Sec. 63. [EFFECTIVE DATE.] This act is effective the day following final enactment."

Amend the title by deleting it and inserting:

"A bill for an act relating to the organization and operation of state government; clarifying, providing for deficiencies in, and supplementing appropriations for the expenses of state government with certain conditions; appropriating money; amending Minnesota Statutes 1978, Sections 15.0597, Subdivisions 3, 4, 5, 6 and 7; 16.854, Subdivision 1; 16A.131; 16A.67, Subdivision 1; 97.431, Subdivision 4; 97.432; 174.03, by adding a subdivision; 155.14; 214.06, Subdivision 1; 256.73, Subdivision 2; 256D.06, by adding a subdivision; 403.11, Subdivision 3; 473.408, by adding a subdivision; 473.435; and Chapters 16, by adding a section; and

97, by adding a section; Minnesota Statutes, 1979 Supplement, Sections 3.3005, Subdivision 4; 16A.126; 138.92; 180.03, Subdivision 2; Laws 1979, Chapters 300, Section 4, Subdivisions 1 and 5; and 332, Article I, Section 115, Subdivision 2; repealing Minnesota Statutes, 1979 Supplement, Section 16.965."

The motion prevailed. So the amendment was adopted.

Mr. Humphrey moved to amend H. F. No. 2476, as amended by the Senate, adopted March 25, 1980, as follows:

(The text of the amended House File is identical to S. F. No. 2400.)

Page 39, after line 17, insert:

"Sec. 60. [STATE PLAN FOR SPENDING FEDERAL MONEY.] *Subdivision 1. The governor shall submit to the appropriate federal agency a state delivery plan for money the state receives under the Federal Home Energy Assistance Act of 1980, that includes the following elements:*

(a) *Those households in which one or more individuals are eligible for (a) aid to families with dependent children, (b) supplemental security income payments, (c) food stamps, or (d) certain veteran's benefits as limited by the Home Energy Assistance Act of 1980 shall be categorically eligible for assistance under the state plan, and procedures for simplified application shall be developed.*

(b) *Users of wood as a primary heating source, whether the wood is purchased or not, shall be eligible for assistance if otherwise eligible under federal law.*

(c) *Grants under the state plan may be in the form of a direct payment to an eligible household or as a line of credit to an energy supplier. The plan shall describe the conditions under which direct payment is permitted.*

(d) *Eligible households that have medically necessary cooling costs, as limited by federal law, shall be eligible for assistance.*

(e) *The state plan shall provide that three percent of the federal money shall be set aside for the emergency uses specified in federal law.*

Subd. 2. Before the state plan is submitted to the appropriate federal agency, the governor shall deliver the plan to the appropriate committees of the legislature for review and comment. Thereafter, the governor shall notify the committees of any changes made in the plan."

Renumber the sections in sequence

CALL OF THE SENATE

Mr. Humphrey imposed a call of the Senate for the balance of the proceedings on H. F. No. 2476. The following Senators answered to their names:

Ashbach	Frederick	Luther	Renneke	Stokowski
Bang	Gearty	Menning	Rued	Strand
Barrette	Gunderson	Merriam	Schaaf	Stumpf
Benedict	Hanson	Moe	Schmitz	Tennessee
Bernhagen	Humphrey	Nelson	Sikorski	Ueland, A.
Chmielewski	Johnson	Omman	Sillers	Vega
Coleman	Kirchner	Penny	Solon	Wegener
Davies	Knoll	Perpich	Spear	Willet
Dunn	Laufenburger	Pillsbury	Staples	
Engler	Lessard	Purfeerst	Stern	

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

The question was taken on the adoption of the amendment of Mr. Humphrey.

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

Those who voted in the affirmative were:

Anderson	Engler	Knaak	Perpich	Spear
Bang	Gearty	Knoll	Pillsbury	Staples
Barrette	Gunderson	Luther	Purfeerst	Stern
Brataas	Hanson	Menning	Schaaf	Stokowski
Chmielewski	Humphrey	Merriam	Schmitz	Strand
Coleman	Johnson	Moe	Setzepfandt	Tennessee
Davies	Keefe, J.	Nelson	Sieloff	Vega
Dieterich	Kirchner	Olson	Sikorski	Wegener
Dunn	Kleinbaum	Penny	Sillers	Willet

Those who voted in the negative were:

Bernhagen	Omman	Renneke	Rued	Ueland, A.
Frederick				

The motion prevailed. So the amendment was adopted.

Mr. Nelson moved to amend H. F. No. 2476, as amended by the Senate, adopted March 25, 1980, as follows:

(The text of the amended House File is identical to S. F. No. 2400.)

Page 36, line 26, delete "SPRING VALLEY"

Page 36, line 29, delete "a portion" and insert "the portions"

Page 36, line 31, delete "vicinities of Ramsey" and insert "Red Cedar River and the high voltage transmission line from Prairie Island to Adams which crosses the right-of-way east of Dexter"

Page 36, line 32, delete "LaCrescent" and insert "between Isinour Junction in Fillmore County and Money Creek Woods"

Page 37, line 1, delete "Fountain" and insert "Isinour Junction, as more specifically described and recommended for acquisition in the report of the hearing examiner on the Root River Trail dated March 5, 1980"

Page 37, line 6, delete "Spring Valley" and insert "Dexter"

Page 37, line 12, delete "and"

Page 37, lines 12 and 13, delete "*Spring Valley*" and insert "*the high voltage transmission line east of Dexter*"

Page 37, line 13, delete "*Ramsey*" and insert "*the Red Cedar River*"

Page 37, line 15, delete "*power*" and insert "*transmission*"

Page 37, line 15, after "*line*" insert "; and (5) *the right-of-way from the Red Cedar River to Dexter has potential for trail development*"

Page 37, line 16, delete "*Following the*"

Page 37, delete line 17

Page 37, line 18, delete everything before "*the*"

Page 37, line 19, after "*resources*" insert ", *having completed the study and hearing process specified in Laws 1979, Chapter 301, Section 7,*"

Page 37, line 23, delete everything after "*I*"

Page 37, line 24, delete "*studies*"

Page 38, line 27, delete "*Ramsey*" and insert "*the Red Cedar River*"

Page 38, line 27, after "*to*" insert "*the western edge of*"

Page 38, line 33, delete "*power*" and insert "*transmission*"

Page 39, line 4, delete "*Ramsey*" and insert "*the Red Cedar River*"

Page 39, line 4, delete "*Spring Valley*" and insert "*the western edge of Dexter*"

Page 39, line 6, delete "*10.3*" and insert "*7.75*"

The motion prevailed. So the amendment was adopted.

Mr. Gunderson moved to amend H. F. No. 2476, as amended by the Senate, adopted March 25, 1980, as follows:

(The text of the amended House File is identical to S. F. No. 2400.)

Pages 36 to 39, delete all of section 59

Renumber the sections in sequence

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 37, as follows:

Those who voted in the affirmative were:

Ashbach	Frederick	Knutson	Omann	Schmitz
Bang	Gunderson	Laufenburger	Penny	Setzepfandt
Benedict	Johnson	Menning	Purfeerst	Solon
Bernhagen	Keefe, J.	Moe	Renneke	Strand
Engler	Knaak	Olson	Rued	Wegener

Those who voted in the negative were:

Anderson	Hanson	Merriam	Schaaf	Stumpf
Barrette	Hughes	Nelson	Sieloff	Tennessee
Chmielewski	Humphrey	Nichols	Sikoraki	Ulland, J.
Coleman	Keefe, S.	Ogdahl	Sillers	Vega
Davies	Kirchner	Olhoft	Spear	Willet
Dieterich	Kleinbaum	Perpich	Staples	
Dunn	Luther	Peterson	Stern	
Gearty	McCutcheon	Pillsbury	Stokowski	

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

Mr. Schaaf moved to amend H. F. No. 2476, as amended by the Senate, adopted March 25, 1980, as follows:

(The text of the amended House File is identical to S. F. No. 2400.)

Page 1, after line 23, insert:

"ARTICLE I"

Page 41, after line 23, insert:

"ARTICLE II: PEOPLE MOVER SYSTEM"

Section 1. [DEFINITIONS.] *Subdivision 1. The definitions in this section apply to sections 1 to 14.*

Subd. 2. "City" means the city of St. Paul in Ramsey County acting through the city council or any agency, authority or corporation established by or with the approval of the city, acting through its governing body, to implement any of the provisions of this act.

Subd. 3. "Commission" means the metropolitan transit commission created by Minnesota Statutes, Section 473.404, having jurisdiction over the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington.

Subd. 4. "People mover system" means an automated fixed guideway transit system designed to serve the main commercial area of the city of St. Paul and the area of the city surrounding it as determined by the board, and all property, real and personal, and all contract rights, determined to be necessary or desirable for the acquisition, betterment, operation and maintenance of the system.

Subd. 5. "Transit system" has the meaning given in Minnesota Statutes, Section 473.121.

Subd. 6. "Acquisition" and "betterment" have the meanings given in Minnesota Statutes, Section 475.51.

Subd. 7. "Vehicle system" means the transit cars, the guideway, the guideway columns, the guideway electrification, the control and communication mechanisms, the platform doors, the maintenance and control center equipment, and other similar necessary components of the people mover system.

Subd. 8. "Capitol area" has the meaning given in Minnesota Statutes, Section 15.50.

Subd. 9. The "joint management board" or "board" means the board created under section 2.

Subd. 10. "Revenue service" means days the people mover system is actually operating and available for use by the general public.

Sec. 2. [JOINT MANAGEMENT BOARD; IMPLEMENTATION AUTHORITY.] *The city and the commission shall enter into a written joint powers agreement establishing a joint management board to manage and supervise the people mover system. The board shall have the powers and responsibilities provided for in this act and in the agreement. The board shall be composed of seven members. Two shall be members of the commission appointed by the chairman of the commission with the approval of the commission. Not more than one of these members shall be a resident of the city of St. Paul. Two members of the St. Paul city council and two members representing property owners in the area served by the people mover shall be appointed by and serve at the pleasure of the mayor of the city of St. Paul and shall be confirmed by the council. Notwithstanding the provisions of section 471.59, subdivision 2, the seventh member and chairman of the board shall be appointed by the chairman of the metropolitan council established by Minnesota Statutes, Section 473.123 and shall not be a resident of the city of St. Paul. The city and the commission acting together, pursuant to the joint powers agreement or any amendment thereof, may exercise all powers conferred upon either or both of them by law or charter, to provide for the acquisition, betterment, operation, maintenance and promotion of a people mover system. The commission shall agree as part of the joint powers agreement to issue bonds as needed for the acquisition and betterment of the people mover system as provided in section 11. The joint powers agreement shall include an agreement providing for coordination of the people mover system with transit service operated by the commission to encourage and enhance ridership on both systems and a parking, traffic and pedestrian management plan to improve and facilitate access to the people mover system, including construction of fringe parking facilities and skyways. By December 15, 1980, the board shall report to the legislature on the joint powers agreement, the activities conducted pursuant to it and to this act, and any additional legislation that may be necessary or appropriate. In addition to filing copies of the report as provided in section 3.195, the board shall provide an oral presentation to the appropriate standing committees of the legislature.*

Sec. 3. [METROPOLITAN COUNCIL REVIEW AND RECOMMENDATION.] *The metropolitan council established by Minnesota Statutes, Section 473.123, in making its review under Minnesota Statutes, Section 473.171, of the application for federal grant in connection with the people mover system as a matter of metropolitan significance, shall conduct a public hearing upon such application and the program proposed thereby within*

30 days of submission of the application to the council. Not less than 14 days before the hearing the council shall publish notice thereof in a newspaper having general circulation in the metropolitan area, stating the date, time and place of hearing, and the place where the application may be examined by any interested person. Within 14 days after the hearing the council shall make its recommendation upon the application and cause notice of the same to be published in the same manner as the hearing notice.

Sec. 4. [EQUIPMENT PURCHASE.] Subdivision 1. [REQUEST FOR PROPOSALS.] Notwithstanding the provisions of Minnesota Statutes, Sections 471.345 and 471.35 or any other provision of law or charter, a contract for purchase of a vehicle system comprising part of the people mover system shall be awarded to the bidder whose proposal is determined to be most favorable on the basis of specifications which shall include the following considerations: the cost of the vehicle system; its cost consequence for other elements of the people mover system; the operating and maintenance cost of the vehicle system; its visual, aesthetic, environmental, noise and energy impact; the supplier's plan for winter operation; the capacity of the vehicle system to meet the functional and physical specifications of the contract documents; the ability of the bidder to perform design, furnishing, installing and testing services for all vehicle system elements and for construction coordination; and ability of the bidder to meet requirements imposed as contract conditions in any grant contract entered into with the federal government. Bids may not be solicited without approval by the board of the functional and physical specifications proposed for the vehicle system purchase contract. Eligible bidders shall be limited to suppliers who have provided people mover systems which have successfully served the public.

Subd. 2. [CONTRACT AWARD.] Contracts for equipment purchase and for construction may not be awarded without approval of the board. The purchase contract for the vehicle system shall require the supplier to assure that the vehicle system operates within the specifications of the contract and to maintain the vehicle system for a five year period of revenue operation at a fixed base price with escalation clauses. The five year period shall be extended for the period of time equal to the time when the vehicle system is not in service because of a failure of the system to perform according to the specifications of the contract. The contract shall contain a provision permitting termination of the operation and maintenance portion of the contract by the board at the end of any year of revenue operation.

Subd. 3. [CERTIFICATION.] No revenue operation of the people mover system shall begin until the board receives written notice, signed by the administrator of the urban mass transportation administration, stating that the vehicle system or the part proposed to be operated has been fully tested, that it meets the criteria for acceptance established by the authority that let the construction and equipment purchase contracts with the concurrence of the administration, and that it is ready for year-around

revenue operation. The purchase contract for the vehicle system shall so provide. The written notice from the administration shall not imply any legal liability of the federal government for construction or operation of the people mover system.

Sec. 5. [SPECIAL ASSESSMENT.] *The people mover system and related access facilities, including the seventh place pedestrian mall and public galleria facilities, are determined to be local improvements within the meaning of the Minnesota Constitution, Article X, the city's charter, and Minnesota Statutes, Chapters 429 and 430. Accordingly, the costs of acquisition, construction, reconstruction, extension, operation, maintenance and promotion of the people mover system and such facilities whether paid or to be paid by the city or the commission, may be specially assessed against property determined to be specially benefited thereby, to the extent of and in proportion to the benefits. The special assessment shall be levied by the city pursuant to its charter, chapter 429 or 430, and the collections thereof may be pledged to the payment of the costs.*

Sec. 6. [ACCESS FACILITIES.] *By December 15, 1980 the board, the commission and the city shall report to the legislature on their plans for improving and facilitating access to the people mover system from other modes of transportation. In addition to filing copies of the reports as provided in section 3.195, the board, the city and the commission shall provide oral presentations of the reports to the appropriate standing committees of the legislature. The commission, subject to the approval of the board, shall produce a plan for managing the relationship between transit vehicles and the people mover to enhance ridership, revenue and patron satisfaction on both systems. The city, subject to the approval of the board, shall produce parking and traffic and pedestrian management plans, including plans for the construction of fringe parking ramps or lots and skyways to improve and facilitate access to the people mover system. The parking plans shall identify the specific locations and capacities of the proposed facilities, along with preliminary design, engineering, and traffic management studies. The plans shall include a development program with a schedule for the development of such facilities and a detailed financial plan demonstrating financial capability for a prospective five year period to support the capital, operating, maintenance and promotional costs of the parking and other access facilities.*

Sec. 7. [FARE AND TRANSFER POLICIES.] *Subdivision 1. [REDUCED OR SOCIAL FARES.] Fares charged during non-peak hours for elderly and handicapped riders shall not exceed one-half of the peak hour fares for the general public. The board may charge the social fares provided in Minnesota Statutes, Section 473.408, Subdivision 3, during non-peak hours. The board shall determine the peak and non-peak hours of the people mover system for purposes of the reduced fares provided in this subdivision. Reduced or social fares charged by the board shall be reimbursed by the Minnesota department of transportation as provided in Minnesota Statutes, Section 174.24, Subdivision 4.*

Subd. 2. [TRANSFER POLICY.] *All fares charged to riders of*

the people mover system who transfer from the system to transit service provided by the commission shall be paid to the commission. No additional fare shall be charged to any rider who transfers to the people mover system from transit service provided by the commission.

Sec. 8. [OPERATING DEFICIT; DETERMINATION AND PAYMENT.] *Subdivision 1. Any operating deficit of the people mover system shall be paid as provided in this section and section 9.*

Subd. 2. For the purposes of this section and section 9, "operating deficit" means that portion of the costs of operating, maintaining and promoting the people mover system during the period of revenue service which exceeds the amount received from revenues of the system, reimbursement for reduced or social fares, federal operating assistance and other sources exclusive of payments by the city, the commission and owners of benefited properties as provided in this section and section 9.

Subd. 3. As soon as practicable before the start of revenue service, the board shall:

(a) Establish an operating deficit account for the deposit of all money required to be paid pursuant to this section by the city, the commission and owners of benefited properties and for the payment of the operating deficit;

(b) Determine the estimated operating deficit for the calendar year in which revenue service is expected to begin and for the first year of revenue service;

(c) Determine the amount of the share required from the city, the commission and the owners of benefited properties to pay the estimated operating deficit as provided in section 9. If the system is expected to be in revenue service for only a portion of the first calendar year of revenue service, the shares shall be prorated according to the percentage of the year the system is expected to be in revenue service; and

(d) Establish procedures which assure that an amount equal to the estimated operating deficit for the calendar year in which service begins, as determined under clause (b), is paid to the operating deficit account by the city and the commission not later than the first day of revenue service and that additional amounts will be paid by the city and the commission if necessary to pay the actual operating deficit through the end of the first full calendar year of revenue service. The amounts which the city and commission may be required to pay pursuant to this clause are not limited to the amounts provided in section 9.

The city shall levy assessments on benefited properties pursuant to section 5 in the amount the board determines is required from the owners of the properties to pay the estimated operating deficit as determined under clause (c) of this subdivision. These assessments shall be levied at the earliest possible time consistent with the provisions of section 5.

Subd. 4. Not later than July 1 of the first full calendar year of revenue service and at one year intervals thereafter the board shall:

(a) Determine the actual operating deficit for the preceding calendar year;

(b) Determine the amounts paid into the operating deficit account during the preceding calendar year by the city, the commission and owners of benefited properties. Deductions and additions carried over from another year shall be included in payments made during the year subject to the determination;

(c) Determine the amounts which are required from the city, the commission and owners of benefited properties to pay the operating deficit for the preceding calendar year pursuant to section 9;

(d) Determine whether the city, the commission or owners of benefited properties have paid to the operating deficit account during the preceding calendar year an amount that is more or less than that required under clause (c) of this subdivision and deduct the excess from or add the deficiency to the required payment by that party for the following calendar year;

(e) Determine the estimated operating deficit for the following calendar year and the amounts which are required from the city, the commission and owners of benefited properties to pay that estimated operating deficit pursuant to section 9;

(f) Establish a schedule of payments by the city and the commission for the following calendar year which assures the payment of the estimated operating deficit in a timely manner; and

(g) Report its findings and determinations to the city and the commission.

For the purpose of the determination made in the first full calendar year of revenue service, the preceding calendar year is deemed to include all preceding calendar years in which an operating deficit was incurred or payments were made by the city, the commission and owners of benefited property.

Subd. 5. At the earliest possible time after receiving a report of the board as provided in subdivision 4, the city shall levy assessments for the amount determined by the board to be required from owners of benefited properties to pay the estimated operating deficit less any amount previously assessed which was not due and payable before the close of the previous year. The assessments shall be levied pursuant to section 5.

Subd. 6. The city and the commission shall pay the amounts determined by the board to be required from them to pay the estimated operating deficit according to the schedule established by the board.

Sec. 9. [OPERATING DEFICIT SHARING FORMULA.]
Subdivision 1. The city, the commission and the owners of bene-

fited properties shall share in the payment of the operating deficit according to the provisions of subdivisions 2 to 5.

Subd. 2. Owners of benefited properties shall pay the first \$300,000 of any operating deficit for any year of revenue service, subject to escalation as provided in subdivision 5. Payments shall be pursuant to assessments levied by the city pursuant to section 5.

Subd. 3. If the operating deficit for any year exceeds the amount required to be paid pursuant to subdivision 2, the city, the commission and owners of benefited properties shall each pay one-third of the remaining portion up to a maximum of \$500,000, subject to escalation as provided in subdivision 5. Payments by owners of benefited properties shall be pursuant to assessments levied by the city pursuant to section 5.

Subd. 4. If the operating deficit for any year exceeds the amounts required to be paid pursuant to subdivisions 2 and 3, owners of benefited properties shall pay one-half of the excess up to a maximum of \$800,000, subject to escalation as provided in subdivision 5, and the city shall pay the remaining amount of the excess. Payments by owners of benefited properties shall be pursuant to assessments levied by the city pursuant to section 5.

Subd. 5. The maximum payments provided in subdivisions 2 and 3 shall be increased beginning July 1, 1978, to the close of the first year of revenue service by an amount equal to the local consumer price index not to exceed eight percent, compounded annually. After the first year of revenue service, the amount calculated under the preceding sentence shall be increased by the actual rate of inflation of the cost of operating and maintaining the people mover system, compounded annually.

Sec. 10. [CAPITOL AREA FACILITIES; STATE OWNED PROPERTY.] *Subdivision 1. Construction of the people mover system within the capitol area shall be exempt from the provision of Minnesota Statutes 1978, Section 15.50, Subdivision 2, Clause (e), requiring design competition except that capitol station west shall be subject to an invited competition as defined in part II, 6, c(2) of the American Institute of Architecture document number 6-J332, issued November, 1976, sponsored and conducted by the capitol area architectural and planning board upon guidelines and criteria as determined by agreement between that board and the joint board. System improvements within the capitol area shall be in conformity with the comprehensive use plan for the capitol area and subject to the approval of the capitol area architectural and planning board.*

Subd. 2. The commissioner of administration on behalf of the state may grant to the city or the commission, without compensation, easements for the construction, location and operation of the people mover system upon state owned property. The commissioner of administration and the urban mass transportation administration shall establish the value of easements and related access facilities in the capitol area which will be required for the

people mover and which are eligible in lieu of cash as local contributions to the capital cost of the people mover project. The value of these easements and facilities shall be applied to the commission's share of the local contributions.

Sec. 11. Minnesota Statutes, 1979 Supplement, Section 473.436, is amended by adding a subdivision to read:

Subd. 6. [PEOPLE MOVER SYSTEM.] The commission may issue certificates of indebtedness, bonds or other obligations in an amount not exceeding \$9,000,000 for the purpose of acquisition and betterment of the people mover system as defined in section 1. The proceeds of the obligations shall be expended as provided in the joint powers agreement entered into by the commission pursuant to section 2. Proceeds of the obligations which are not needed for acquisition and betterment of the people mover system shall be expended to pay the operating deficit of the people mover system pursuant to sections 8 and 9. No obligations shall be issued under this subdivision until the commission determines that agreements have been executed between the authority that will let the construction contract for the people mover system and the appropriate labor organizations and construction contractor organizations which provide that no labor strike or management lockout will halt, delay or impede construction.

Sec. 12. [JUDICIAL PROCEEDINGS; TIME TO COMMENCE.] *No action shall be commenced or maintained, nor defense interposed in an eminent domain proceeding, questioning the public purpose, propriety of expenditure of public funds, or validity of any law authorizing the acquisition, betterment, operation, maintenance or financing of the people mover system, except by lawsuit commenced in the district court of Ramsey County within 90 days of the date of publication of the metropolitan council recommendation given pursuant to section 3, or within 90 days of the date of written notice mailed to persons whose property may be taken by subsequent proceedings in eminent domain for the people mover system or right of way. Such action timely commenced by any taxpayer, any person whose property is or may be taken or interfered with by reason of the proposed implementation of the people mover system, or other person with standing, shall be maintained in the manner provided by law, including Minnesota Statutes, Chapter 562. Nothing in this subdivision nor notice given pursuant thereto shall be construed as a taking of private property, nor as limiting a property owner's right to just compensation for the taking of private property to be litigated in proceedings in eminent domain subsequently instituted under charter or Minnesota Statutes, Chapter 117, for such taking and assessment and award of damages.*

Sec. 13. [LIMIT ON CAPITAL EXPENDITURES.] *Subdivision 1. [TOTAL EXPENDITURES.] Except as otherwise provided in this subdivision, the sum of all expenditures by the city and the commission, including federal grants and in-kind expenditures, for acquisition, construction and betterment of the people mover system shall not exceed \$90,000,000. This amount may be*

increased by up to 20 percent if the federal urban mass transportation administration provides 80 percent matching grants for any amount exceeding \$90,000,000 and that all of the non-federal share required to match the federal grants is provided by the city.

Subd. 2. [COMMISSION EXPENDITURES.] The commission shall expend no money for the acquisition, construction or betterment of the people mover system except the proceeds of the bonds authorized in section 11.

Sec. 14. [RELATIONSHIP TO TAX INCREMENT FINANCING DISTRICTS.] After approval of this act by the governing body of the city of St. Paul, no tax increment financing district may be certified by the county auditor pursuant to the provisions of Minnesota Statutes, Chapters 458, 462, 472A or 474 if the proposed district includes any property located within a distance of one half mile of the proposed route of the people mover system. In the case of a tax increment financing project for which certification has been requested from the county auditor prior to approval of this act, there may be no geographic enlargement of the district to add any property located within one half mile of the route. If a district for which certification was requested prior to approval of this act includes property located within one half mile of the route, no bonds may be issued after the date of the approval of this act by the municipality or the authority responsible for the project for the purpose of financing project activities within the district.

Sec. 15. [REPEALER.] Laws 1977, Chapter 454, Section 45, is repealed.

Sec. 16. [EFFECTIVE DATE.] This article is effective upon approval by resolution of the St. Paul city council and by resolution of the metropolitan transit commission. The resolutions shall be adopted after published notice to the public and public hearing."

Amend the title as follows:

Page 1, line 18, after the first semicolon, insert "473.436, by adding a subdivision;"

Page 1, line 21, after "16.965" insert "; and Laws 1977, Chapter 454, Section 45"

Mr. Sieloff questioned whether the amendment was germane.

The President ruled that the amendment was germane.

The question was taken on the adoption of the amendment of Mr. Schaaf.

Mr. Dieterich moved that those not voting be excused from voting. The motion did not prevail.

Mr. Hughes moved that those not voting be excused from voting. The motion did not prevail.

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

The roll was called, and there were yeas 32 and nays 32, as follows:

Those who voted in the affirmative were:

Aashbach	Frederick	Kirchner	Nichols	Ueland, A.
Bang	Gearty	Kleinbaum	Perpich	Vega
Brataas	Hanson	Laufenburger	Peterson	Wegener
Chmielewski	Hughes	Lessard	Schaaf	Willet
Coleman	Jensen	McCutcheon	Solon	
Dunn	Johnson	Moe	Stern	
Engler	Keefe, S.	Nelson	Stokowski	

Those who voted in the negative were:

Barrette	Keefe, J.	Olhoft	Schmitz	Strand
Benedict	Knaak	Olson	Setzepfandt	Stumpf
Bernhagen	Knoll	Omann	Sieloff	Tennessee
Davies	Knutson	Pillsbury	Sikorski	Ulland, J.
Dieterich	Luther	Purfeerst	Sillers	
Gunderson	Menning	Renneke	Spear	
Humphrey	Merriam	Rued	Staples	

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

Mr. Menning moved to amend H. F. No. 2476, as amended by the Senate, adopted March 25, 1980, as follows:

(The text of the amended House File is identical to S. F. No. 2400.)

Page 35, line 32, after the period insert "After June 30, 1980, the commissioner of finance shall pay no money to the University of Minnesota pursuant to the appropriation by this clause until the University first certifies to the commissioner of finance that it has eliminated the use of a mandatory student fee for the newspaper known as the Minnesota Daily, and has ceased to pay for subscriptions to the Minnesota Daily for University faculty and staff."

The question was taken on the adoption of the amendment.

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

The roll was called, and there were yeas 23 and nays 32, as follows:

Those who voted in the affirmative were:

Bang	Engler	Menning	Renneke	Stokowski
Barrette	Gearty	Olhoft	Rued	Wegener
Benedict	Gunderson	Olson	Schmitz	Willet
Bernhagen	Knutson	Omann	Setzepfandt	
Chmielewski	Lessard	Purfeerst	Sieloff	

Those who voted in the negative were:

Anderson	Humphrey	Luther	Peterson	Stumpf
Coleman	Johnson	Merriam	Pillsbury	Tennessee
Davies	Keefe, J.	Moe	Schaaf	Ueland, A.
Dieterich	Keefe, S.	Nelson	Sikorski	Ulland, J.
Dunn	Kirchner	Nichols	Sillers	
Frederick	Knaak	Ogdahl	Spear	
Hanson	Knoll	Perpich	Staples	

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

Having voted on the prevailing side, Mr. Pillsbury moved that the vote whereby the Schaaf amendment to H. F. No. 2476 failed to pass on March 25, 1980, be now reconsidered.

Mr. Moe moved that H. F. No. 2476 be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Nelson moved that S. F. No. 1933, No. 67 on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

SPECIAL ORDER

Pursuant to Rule 10, Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated H. F. No. 475 a Special Order to be heard immediately.

H. F. No. 475: A bill for an act relating to hospitals; requiring adoption of federal medicare standards for hospital licensing; regulating hospital inspections; providing for licensing of hospitals accredited by the joint commission on hospital accreditation; amending Minnesota Statutes 1978, Sections 144.55; and 144.50, Subdivision 1.

Mr. Nelson moved to amend the amendment placed on H. F. No. 475 by the Committee on Health, Welfare and Corrections, adopted by the Senate March 20, 1980, as follows:

In the amendment to page 2, line 12, after "et seq." insert "*in effect on the effective date of this section.*"

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

Mr. Sikorski moved to amend H. F. No. 475 as follows:

Page 1, after line 10, insert "ARTICLE I"

Page 6, after line 9, insert:

"ARTICLE II

Section 1. Minnesota Statutes 1978, Section 62A.16, is amended to read:

62A.16 [GROUP HOSPITAL AND MEDICAL COVERAGE AND HEALTH CARE PLANS, APPLICABILITY.] The pro-

visions of sections 62A.16 and 62A.17 shall apply to all group insurance policies or group subscriber contracts providing coverage for hospital or medical expenses incurred by a Minnesota resident employed within this state. Sections 62A.16 and 62A.17 shall also apply to health care plans established by employers in this state through health maintenance organizations or *supplemental health services plans* certified under chapter 62D.

Sec. 2. Minnesota Statutes 1978, Section 62A.17, Subdivision 4, is amended to read:

Subd. 4. [RESPONSIBILITY OF EMPLOYER.] After timely receipt of the monthly payment from an eligible employee, if the employer, or the trustee if the policy, contract or health care plan is administered by a trust, fails to make the payment to the insurer, the nonprofit health service plan corporation or, the health maintenance organization or *supplemental health services plan*, with the result that the employee's coverage is terminated, the employer or the trust shall become liable for the employee's coverage to the same extent as the insurer, the nonprofit health service plan corporation or, the health maintenance organization or *the supplemental health services plan*, would be if the coverage were still in effect.

Sec. 3. Minnesota Statutes 1978, Section 62D.01, Subdivision 2, is amended to read:

Subd. 2. (a) Faced with the continuation of mounting costs of health care coupled with its inaccessibility to large segments of the population, the legislature has determined that there is a need to explore alternative methods for the delivery of health care services, with a view toward achieving greater *competition*, efficiency and economy in providing these services.

(b) It is, therefore, the policy of the state to eliminate the barriers to the organization, promotion, and expansion of health maintenance organizations and *supplemental health services plans*; to provide for their regulation by the state commissioner of health; and to exempt them from the operation of the insurance and nonprofit health service plan corporation laws of the state except as hereinafter provided.

(c) It is further the intention of the legislature to closely monitor the development of health maintenance organizations and *supplemental health services plans* in order to assess their impact on the costs of health care to consumers, the accessibility of health care to consumers, and the quality of health care provided to consumers.

Sec. 4. Minnesota Statutes 1978, Section 62D.02, Subdivision 4, is amended to read:

Subd. 4. "Health maintenance organization" means a nonprofit corporation organized under chapter 317, controlled and operated as provided in sections 62D.01 to 62D.29 62D.30, which provides, either directly or through arrangements with providers or other persons, comprehensive health maintenance services, or arranges

for the provision of such services, to enrollees on the basis of a fixed prepaid sum without regard to the frequency or extent of services furnished to any particular enrollee.

Sec. 5. Minnesota Statutes 1978, Section 62D.02, Subdivision 5, is amended to read:

Subd. 5. "Evidence of coverage" means any certificate, agreement or contract issued to an enrollee which sets out the coverage to which he is entitled under the health maintenance contract or supplemental health services contract which covers him.

Sec. 6. Minnesota Statutes 1978, Section 62D.02, Subdivision 6, is amended to read:

Subd. 6. "Enrollee" means any person who has entered into, or is covered by, a health maintenance contract or supplemental health services contract.

Sec. 7. Minnesota Statutes 1978, Section 62D.02, Subdivision 7, is amended to read:

Subd. 7. "Comprehensive health maintenance services" means a set of comprehensive health services which the enrollees might reasonably require to be maintained in good health including as a minimum, but not limited to, emergency care, inpatient hospital and physician care, outpatient health services and preventive health services.

Every health maintenance organization shall have the option of excluding or including elective, induced abortions, except as necessary to prevent the death of the mother, whether performed in a hospital, other abortion facility, or the office of a physician, from any or all health maintenance service plans provided by the organization, including plans providing maternity services.

Sec. 8. Minnesota Statutes 1978, Section 62D.02, is amended by adding a subdivision to read:

Subd. 11. "Supplemental health services plan" means a corporation controlled and operated as provided in sections 62D.01 to 62D.30, which provides, either directly or through arrangements with providers or other persons, complete supplemental health services in a single specialized area of health services, or arranges to provide such services, to enrollees on the basis of a fixed prepaid sum without regard to the frequency or extent of services furnished to any particular enrollee. Single specialized areas of health services are areas such as dental services, mental health services, chiropractic services, chemical dependency services and other similar areas of services.

Sec. 9. Minnesota Statutes 1978, Section 62D.02, is amended by adding a subdivision to read:

Subd. 12. "Supplemental health services" means a complete set of health services which the enrollees might reasonably require to be maintained in good health in a single specialized area of health and which are within the scope of practice of the professional

persons providing the services as defined in subdivision 11, including as a minimum and as appropriate to the specialized area of health, but not limited to, outpatient health services, and preventive health services.

Sec. 10. Minnesota Statutes 1978, Section 62D.02, is amended by adding a subdivision to read:

Subd. 13. "Supplemental health services contract" means any contract by which a supplemental health services plan agrees to provide supplemental health services to enrollees. The contract may contain reasonable enrollee copayment provisions. Any contract may provide for supplemental health services in addition to those set forth in subdivision 12.

Sec. 11. Minnesota Statutes 1978, Section 62D.03, is amended to read:

62D.03 [ESTABLISHMENT OF HEALTH MAINTENANCE ORGANIZATIONS AND SUPPLEMENTAL HEALTH SERVICE PLANS.] Subdivision 1. Notwithstanding any law of this state to the contrary, any nonprofit corporation organized to do so may apply to the commissioner of health for a certificate of authority to establish and operate a health maintenance organization or supplemental health services plan in compliance with sections 62D.01 to 62D.30. No person shall establish or operate a health maintenance organization or supplemental health services plan in this state, nor sell or offer to sell, or solicit offers to purchase or receive advance or periodic consideration in conjunction with a health maintenance organization or health maintenance contract, supplemental health services plan or supplemental health services contract unless such the organization or plan has a certificate of authority under sections 62D.01 to 62D.29 62D.30.

Subd. 2. Every person operating a health maintenance organization on July 1, 1973 shall submit an application for a certificate of authority, as provided in subdivision 4, within 90 days of July 1, 1973. Each such applicant may continue to operate until the commissioner of health acts upon the applications. In the event that an application is denied, the applicant shall henceforth be treated as a health maintenance organization whose certificate of authority has been revoked.

Subd. 3. 2. The commissioner of health may require any person providing physician and hospital services comprehensive health maintenance services with payments made in the manner set forth in section 62D.02, subdivision 4, or any person providing supplemental health services, with payments made in the manner set forth in section 62D.02, subdivision 11, to apply for a certificate of authority under sections 62D.01 to 62D.29 62D.30. Any person directed to apply for a certificate of authority shall be subject to the provisions of subdivision 2.

Subd. 4. 3. Each application for a certificate of authority shall be verified by an officer or authorized representative of the appli-

cant, and shall be in a form prescribed by the commissioner of health. Each application shall include the following:

(a) A copy of the basic organizational document, if any, of the applicant ; such as , *including* the articles of incorporation, or other applicable documents, and all amendments thereto;

(b) A copy of the bylaws, rules and regulations, or similar document, if any, and all amendments thereto which regulate the conduct of the affairs of the applicant;

(c) A list of the names, addresses, and official positions of the following persons:

All members of the board of directors, and the principal officers of the organization; which shall contain a full disclosure in the application of the extent and nature of any contract or financial arrangements between them and the health maintenance organization or *supplemental health services plan*, including a full disclosure of any financial arrangements between them and any provider or other person concerning any financial relationship with the health maintenance organization or *supplemental health services plan* ;

(d) A statement generally describing the health maintenance organization or *supplemental health services plan* , its health care plan or plans, facilities, and personnel, including a statement describing the manner in which the applicant proposes to provide enrollees with comprehensive health maintenance services or *complete supplemental health services* ;

(e) A copy of the form of each evidence of coverage to be issued to the enrollees;

(f) A copy of the form of each individual or group health maintenance contract or *supplemental health services contract* which is to be issued to enrollees or their representatives;

(g) Financial statements showing the applicant's assets, liabilities, and sources of financial support. If the applicant's financial affairs are audited by independent certified public accountants, a copy of the applicant's most recent certified financial statement may be deemed to satisfy this requirement;

(h) ~~(1)~~ A description of the proposed method of marketing the plan, ~~(2)~~ A schedule of proposed charges , and ~~(3)~~ a financial plan which includes a three year projection of the expenses and income and other sources of future capital ;

~~(i)~~ A statement reasonably describing the geographic area or areas to be served and the type or types of enrollees to be served;

~~(j)~~ (i) A description of the complaint procedures to be utilized as required under section 62D.11;

~~(k)~~ (j) A description of the procedures and programs to be implemented to meet the requirements of section 62D.04, subdivision 1, clauses (b) and (e) and to monitor the quality of health care provided to enrollees;

~~(1)~~ *(k)* A description of the mechanism by which enrollees will be afforded an opportunity to participate in *express their views on matters of policy and operation under section 62D.06; and*

~~(m)~~ *(l)* Such Other information as the commissioner of health may reasonably require to be provided.

Sec. 12. Minnesota Statutes 1978, Section 62D.04, Subdivision 1, is amended to read:

62D.04 [ISSUANCE OF CERTIFICATE AUTHORITY.]
Subdivision 1. Upon receipt of an application for a certificate of authority, the commissioner of health shall determine whether the applicant for a certificate of authority has:

(a) Demonstrated the willingness and potential ability to assure that health care services will be provided in such a manner as to enhance and assure both the availability and accessibility of adequate personnel and facilities;

(b) Arrangements for an ongoing evaluation of the quality of health care;

~~(c)~~ A procedure to develop, compile, evaluate, and report statistics relating to the cost of its operations, the pattern of utilization of its services, the quality, availability and accessibility of its services, and such other matters as may be reasonably required by regulation of the commissioner of health;

~~(d)~~ *(c)* Reasonable provisions for emergency and out of area health care services;

~~(e)~~ *(d)* Demonstrated that it is financially responsible and may reasonably be expected to meet its obligations to enrollees and prospective enrollees *through financial arrangements or agreements with providers or other persons or a combination thereof*. In making this determination, the commissioner of health may consider either the standards of clauses *(1)* and *(2)*, or the standards of clauses *(3)* and *(4)*, whichever the applicant shall elect:

(1) The financial soundness of its arrangements for health care services and the proposed schedule of charges used in connection therewith;

(2) The adequacy of its working capital;

(3) Arrangements which will guarantee for a reasonable period of time the continued availability or payment of the cost of health care services in the event of discontinuance of the health maintenance organization; and

(4) Agreements with providers for the provision of health care services ;

~~(f)~~ *(e)* Demonstrated that it will assume full financial risk on a prospective basis for the provision of comprehensive health maintenance services or complete supplemental health services , including hospital care; provided, however, that the requirement in this paragraph shall not prohibit a health maintenance organization or supplemental health services plan from obtaining insurance or

making other arrangements (i) for the cost of providing to any enrollee comprehensive health maintenance services or complete supplemental health services, the aggregate value of which exceeds \$5,000 in any year, (ii) for the cost of providing comprehensive health care services or complete supplemental health services to its members on a non-elective emergency basis, or while they are outside the area served by the organization, or (iii) for not more than 95 percent of the amount by which the health maintenance organization's or supplemental health services plan's costs for any of its fiscal years exceed 105 percent of its income for such fiscal years; and

~~(g)~~ (f) Otherwise met the requirements of sections 62D.01 to ~~62D.29~~ 62D.30 .

Sec. 13. Minnesota Statutes 1978, Section 62D.04, Subdivision 3, is amended to read:

Subd. 3. Except as provided in section 62D.03, subdivision 2, no person who has not been issued a certificate of authority shall use the words "health maintenance organization" or "supplemental health services plan" or the initials "HMO" or "SHSP" in its name, contracts or literature. Provided, however, that persons who are operating under a contract with, operating in association with, enrolling enrollees for, or otherwise authorized by a health maintenance organization or supplemental health services plan licensed under sections 62D.01 to ~~62D.29~~ 62D.30 to act on its behalf may use the terms "health maintenance organization" or "HMO", or "supplemental health services plan" or "SHSP", for the limited purpose of denoting or explaining their association or relationship with the authorized health maintenance organization or supplemental health services plan. No health maintenance organization or supplemental health services plan which has a minority of consumers as members of its board of directors shall use the words "consumer controlled" in its name or in any way represent to the public that it is controlled by consumers.

Sec. 14. Minnesota Statutes 1978, Section 62D.05, is amended to read:

62D.05 [POWERS OF HEALTH MAINTENANCE ORGANIZATIONS AND SUPPLEMENTAL HEALTH SERVICES PLANS.] Subdivision 1. Any nonprofit corporation may, upon obtaining a certificate of authority as required in sections 62D.01 to ~~62D.29~~ 62D.30, operate as a health maintenance organization or supplemental health services plan.

Subd. 2. A health maintenance organization or supplemental health services plan may enter into health maintenance contracts or supplemental health services contracts in this state and engage in any other activities consistent with sections 62D.01 to ~~62D.29~~ 62D.30 which are necessary to the performance of its obligations under such the contracts or authorize its representatives to do so.

Subd. 3. A health maintenance organization or supplemental health services plan may contract with providers of health care services to render the services the health maintenance organiza-

tion or supplemental health services plan has promised to provide under the terms of its health maintenance contracts or supplemental health services contracts, may, subject to the limitations of section 62D.04, subdivision 1, clause (f) (e), contract with insurance companies and nonprofit health service plan corporations for insurance, indemnity or reimbursement of its cost of providing health care services or supplemental health services for enrollees or against the risks incurred by the health maintenance organization or supplemental health services plan and may contract with insurance companies and nonprofit health service plan corporations to insure or cover the enrollees' costs and expenses in the health maintenance organization or supplemental health services plan, including the customary prepayment amount and any co-payment obligations.

Subd. 4. A health maintenance organization or supplemental health services plan may contract with other persons for the provision of services, including, but not limited to, managerial and administration, marketing and enrolling, data processing, actuarial analysis, and billing services. If contracts are made with insurance companies or nonprofit health service plan corporations, such companies or corporations must be authorized to transact business in this state.

Subd. 5. Each health maintenance organization or supplemental health services plan authorized to operate under sections 62D.01 to ~~62D.29~~ 62D.30, or its representative, may accept from governmental agencies, private agencies, corporations, associations, groups, individuals, or other persons payments covering all or part of the cost of health care services or supplemental health services provided to enrollees.

Subd. 6. Any recipient of medical assistance, pursuant to chapter 256B, may make application to join a health maintenance organization or supplemental health services plan which has been approved for medical assistance by the commissioner of public welfare. If the commissioner of public welfare determines that the charge for the health maintenance contract or supplemental health services contract is less than the average state cost per recipient who is not enrolled in a health maintenance organization or supplemental health services plan, the commissioner shall provide recipients who enroll in health maintenance organizations or supplemental health services plans a special transportation allowance equal to one-half of the difference in costs.

Sec. 15. Minnesota Statutes 1978, Section 62D.06, Subdivision 1, is amended to read:

62D.06 [GOVERNING BODY.] Subdivision 1. The governing body of any health maintenance organization or supplemental health services plan may include enrollees, providers, or other individuals; provided, however, that after a health maintenance organization or supplemental health services plan has been authorized under sections 62D.01 to ~~62D.29~~ 62D.30 for one year, at least 40 percent of the governing body shall be composed of consumers elected by the enrollees from among the enrollees.

Sec. 16. Minnesota Statutes 1978, Section 62D.07, is amended to read:

62D.07 [EVIDENCE OF COVERAGE.] Subdivision 1. Every enrollee residing in this state is entitled to evidence of coverage under a health care plan. The health maintenance organization or *supplemental health services plan* or its designated representative shall issue the evidence of coverage.

Subd. 2. No evidence of coverage or amendment thereto shall be issued or delivered to any person in this state until a copy of the form of the evidence of coverage or amendment thereto has been filed with the commissioner of health pursuant to sections 62D.03 or 62D.08.

Subd. 3. An evidence of coverage shall contain:

(a) No provisions or statements which are unjust, unfair, inequitable, misleading, deceptive, or which are untrue, misleading or deceptive as defined in section 62D.12, subdivision 1; and

(b) A clear, concise and complete statement of:

(1) The health care services and the insurance or other benefits, if any, to which the enrollee is entitled under the health care plan;

(2) Any exclusions or limitations on the services, kind of services, benefits, or kind of benefits, to be provided, including any deductible or copayment feature;

(3) Where and in what manner information is available as to how services, including emergency and out of area services, may be obtained;

(4) The total amount of payment and copayment, if any, for health care services and the indemnity or service benefits, if any, which the enrollee is obligated to pay with respect to individual contracts, or an indication whether the plan is contributory or noncontributory with respect to group certificates; and

(5) A description of the health maintenance organization's or *supplemental health services plan's* method for resolving enrollee complaints.

Subd. 4. Any subsequent approved change in an evidence of coverage shall be issued to each enrollee.

Sec. 17. Minnesota Statutes 1978, Section 62D.08, is amended to read:

62D.08 [ANNUAL REPORT.] Subdivision 1. A health maintenance organization or *supplemental health services plan* shall, unless otherwise provided for by regulations adopted by the commissioner of health, file notice with the commissioner of health prior to any modification of the operations or documents described in the information submitted under clauses (a), (b), (e), (f), (i), (j), (k), and (l) ; and ~~(m)~~ of section 62D.03, sub-

division 4. If the commissioner of health does not disapprove of the filing within 30 days, it shall be deemed approved and may be implemented by the health maintenance organization or supplemental health services plan.

Subd. 2. Every health maintenance organization or supplemental health services plan shall annually, on or before April 1, file a verified report with the commissioner of health and to the commissioner of insurance covering the preceding calendar year.

Subd. 3. Such *The* report shall be on forms prescribed by the commissioner of health, and shall include:

(a) A financial statement of the organization, including its balance sheet and receipts and disbursements for the preceding year certified by an independent certified public accountant, reflecting at least (1) all prepayment and other payments received for health care services rendered, (2) expenditures to all providers, by classes or groups of providers, and insurance companies or non-profit health service plan corporations engaged to fulfill obligations arising out of the health maintenance contract or supplemental health services contract, and (3) expenditures for capital improvements, or additions thereto, including but not limited to construction, renovation or purchase of facilities and capital equipment;

(b) The number of new enrollees enrolled during the year, the number of enrollees as of the end of the year and the number of enrollees terminated during the year;

~~(c)~~ A summary of information compiled pursuant to section 62D.04, subdivision 1, clause (c) in such form as may be required by the commissioner of health;

~~(d)~~ (c) A report of the names and residence addresses of all persons set forth in section 62D.03, subdivision 4 3, clause (c) who were associated with the health maintenance organization during the preceding year, and the amount of wages, expense reimbursements, or other payments to such individuals for services to the health maintenance organization, including a full disclosure of all financial arrangements during the preceding year required to be disclosed pursuant to section 62D.03, subdivision 4 3, clause (c); and

~~(e)~~ (d) Such *Any* other information relating to the performance of the health maintenance organization or supplemental health services plan as is required by rule and reasonably necessary to enable the commissioner of health to carry out his duties under sections 62D.01 to 62D.29 62D.30 .

Sec. 18. Minnesota Statutes 1978, Section 62D.10, Subdivision 1, is amended to read:

62D.10 [PROVISIONS APPLICABLE TO ALL HEALTH PLANS.] Subdivision 1. The provisions of this section shall be applicable to nonprofit prepaid health care plans regulated under chapter 317, and health maintenance organizations and supple-

mental health services plans regulated pursuant to sections 62D.01 to 62D.29 62D.30, both each of which for purposes of this section shall be known as "health plans".

Sec. 19. Minnesota Statutes 1978, Section 62D.10, Subdivision 3, is amended to read:

Subd. 3. A health plan providing health maintenance services or *supplemental health services*, or reimbursement for health care costs to a specified group or groups may limit the open enrollment in each group plan to members of such group or groups, but after it has been in operation 24 months shall have an annual open enrollment period of at least one month during which it accepts enrollees from the members of each group up to a minimum of five percent of its current enrollment in each group plan. "Specified groups" may include, but shall not be limited to:

- (a) Employees of one or more specified employers;
- (b) Members of one or more specified labor unions;
- (c) Members of one or more specified associations;

(d) Patients of physicians providing services through a health care plan who had previously provided services outside the health care plan; and

- (e) Members of an existing group insurance policy.

Sec. 20. Minnesota Statutes 1978, Section 62D.101, is amended to read:

62D.101 [CONVERSION PRIVILEGES FOR FORMER SPOUSES.] Subdivision 1. No health maintenance contract or *supplemental health services contract* which in addition to covering an enrollee, also covers the enrollee's spouse shall contain a provision for termination of coverage for a spouse covered under the health maintenance contract or *supplemental health services contract* solely as a result of a break in the marital relationship except by reason of an entry of a valid decree of dissolution of marriage between the parties.

Subd. 2. Every health maintenance contract or *supplemental health services contract*, other than a contract whose continuance is contingent upon continued employment or membership, which contains a provision for termination of coverage of the spouse upon dissolution of marriage shall contain a provision to the effect that upon the entry of a valid decree of dissolution of marriage between the covered parties the spouse shall be entitled to have issued to him or her, without evidence of insurability, upon application made to the health maintenance organization or *supplemental health services plan* within 30 days following the entry of the decree, and upon the payment of the appropriate fee, an individual health maintenance contract or *supplemental health services contract*. The contract shall provide the coverage then being issued by the organization or *plan* which is most nearly similar to, but not greater than, the terminated coverage. Any probationary or waiting period set forth in the conversion contract shall be considered

as being met to the extent coverage was in force under the prior contract.

Subd. 3. This section applies to every health maintenance contract *and every supplemental health services plan* which is delivered, issued for delivery, renewed or amended on or after the effective date of this section.

Sec. 21. Minnesota Statutes 1978, Section 62D.11, is amended to read:

62D.11 [COMPLAINT SYSTEM.] Subdivision 1. Every health maintenance organization *or supplemental health services plan* shall establish and maintain a complaint system including an impartial arbitration provision, to provide reasonable procedures for the resolution of written complaints initiated by enrollees concerning the provision of health care services. Arbitration shall be subject to chapter 572, except (a) in the event that an enrollee elects to litigate his complaint prior to submission to arbitration, and (b) no medical malpractice damage claim shall be subject to arbitration unless agreed to by both parties subsequent to the event giving rise to the claim.

Subd. 2. The health maintenance organization *or supplemental health services plan* shall maintain a record of each written complaint filed with it for three years and the commissioner of health shall have access to the records.

Sec. 22. Minnesota Statutes 1978, Section 62D.12, is amended to read:

62D.12 [PROHIBITED PRACTICES.] Subdivision 1. No health maintenance organization, *supplemental health services plan*, or representative thereof may cause or knowingly permit the use of advertising or solicitation which is untrue or misleading, or any form of evidence of coverage which is deceptive. Each health maintenance organization *and each supplemental health services plan* shall be subject to sections 72A.17 to 72A.321, relating to the regulation of trade practices, except (a) to the extent that the nature of a health maintenance organization *or supplemental health services plan* renders such sections clearly inappropriate and (b) that enforcement shall be by the commissioner of health and not by the commissioner of insurance. Every health maintenance organization *and every supplemental health services plan* shall be subject to sections 325.79 and 325.907.

Subd. 2. No health maintenance organization *or supplemental health services plan* may cancel or fail to renew the coverage of an enrollee except for (a) failure to pay the charge for health care coverage; (b) termination of the health care plan; (c) termination of the group plan; (d) enrollee moving out of the area served; (e) enrollee moving out of an eligible group; (f) failure to make copayments required by the health care plan; or (g) other reasons established in regulations promulgated by the commissioner of health. An enrollee shall be given 30 days notice of any cancellation or nonrenewal.

Subd. 3. No health maintenance organization or *supplemental health services plan* may use in its name, contracts, or literature any of the words "insurance", "casualty", "surety", "mutual", or any other words which are descriptive of the insurance, casualty or surety business or deceptively similar to the name or description of any insurance or surety corporation doing business in this state; provided, however, that when a health maintenance organization or *supplemental health services plan* has contracted with an insurance company for any coverage permitted by sections 62D.01 to 62D.29 62D.30, it may so state.

Subd. 4. No health maintenance contract, *supplemental health services contract* or evidence of coverage shall provide for the reimbursement of an enrollee other than through a policy of insurance, except to refund payments made by or on behalf of an enrollee; or, with the prior approval of the commissioner of health, payments to enrollees for obligations incurred for non-elective emergency or out-of-area services received; or with prior approval, direct payments to providers for out-of-area, non-elective emergency or referral medical, hospital, or other health services rendered to enrollees.

Subd. 5. The providers under agreement with a health maintenance organization or *supplemental health services plan* to provide health care services and the health maintenance organization or *supplemental health services plan* shall not have recourse against enrollees for amounts above those specified in the evidence of coverage as the periodic prepayment, or copayment, for health care services.

Subd. 6. The rates charged by health maintenance organizations, *supplemental health services plans* and their representatives shall not discriminate except in accordance with accepted actuarial principles.

Subd. 7. No health maintenance organization or *supplemental health services plan* shall enroll more than 500,000 persons in the state of Minnesota. A violation of this subdivision shall be treated as a violation of the antitrust act, sections 325.8011 to 325.8028.

Subd. 8. No health maintenance organization or *supplemental health services plan* shall discriminate in enrollment policy against any person solely by virtue of status as a recipient of medical assistance or medicare.

Subd. 9. No *nonprofit* health maintenance organization or *supplemental health services plan* shall provide for the payment, whether directly or indirectly, of any part of its net earnings, to any person as a dividend or rebate; provided, however, that . Authorized expenses of a health maintenance organization or *supplemental health services plan* shall may include:

(a) cash rebates to enrollees, or to persons who have made payments on behalf of enrollees; or, when approved by the commissioner of health as provided in subdivision 4, direct payments to enrollees for obligations incurred for non-elective emergency or out-of-area services received; or, with prior approval, direct pay-

ments to providers for out-of-area, non-elective emergency or referral medical, hospital, or other health services rendered to enrollees;

(b) free or reduced cost health service to enrollees; or

(c) payments to providers or other persons based upon the efficient provision of services or as incentives to provide quality care. All net earnings shall be devoted to the nonprofit purposes of the health maintenance organization in providing comprehensive health care. The commissioner of health shall, pursuant to sections 62D.01 to ~~62D.29~~ 62D.30, revoke the certificate of authority of any health maintenance organization or supplemental health services plan in violation of that violates this subdivision.

Subd. 10. No health maintenance contract, *supplemental health services contract* or evidence of coverage entered into, issued, amended, renewed or delivered on or after January 1, 1976 shall contain any provision offsetting, or in any other manner reducing, any benefit to an enrollee or other beneficiary by the amount of, or in any proportion to, any increase in disability benefits received or receivable under the federal Social Security Act, as amended subsequent to the date of commencement of such benefit.

Subd. 11. Any health maintenance organization which includes coverage of comprehensive dental services in its comprehensive health maintenance services shall not include the charge for the dental services in the same rate as the charge for other comprehensive health maintenance services. The rates for dental services shall be computed, stated and bid separately. No employer shall be required to purchase dental services in combination with other comprehensive health services. An employer may purchase dental services separately.

Sec. 23. Minnesota Statutes 1978, Section 62D.13, is amended to read:

62D.13 [POWERS OF INSURERS AND NONPROFIT HEALTH SERVICE PLANS.] Notwithstanding any law to the contrary, an insurer or a hospital or medical service plan corporation may contract with a health maintenance organization or *supplemental health services plan* to provide insurance or similar protection against the cost of care provided through health maintenance organizations or *supplemental health services plans* and to provide coverage in the event of the failure of the health maintenance organization or *supplemental health services plan* to meet its obligations. The enrollees of a health maintenance organization or *supplemental health services plan* constitute a permissible group for group coverage under the insurance laws and the nonprofit health service plan corporation act. Under such contracts, the insurer or nonprofit health service plan corporation may make benefit payments to health maintenance organizations or *supplemental health services plans* for health care services rendered, or to be rendered, by providers pursuant to the health care plan. Any insurer, or nonprofit health service plan corporation, licensed to do

business in this state, is authorized to provide the types of coverages described in section 62D.05, subdivision 3.

Sec. 24. Minnesota Statutes 1978, Section 62D.14, is amended to read:

62D.14 [EXAMINATIONS.] Subdivision 1. The commissioner of health may make an examination of the financial affairs of any health maintenance organization or *supplemental health services plan* and its contracts, agreements, or other arrangements with providers as often as the commissioner of health deems necessary for the protection of the interests of the people of this state, but not less frequently than once every three years.

Subd. 2. The commissioner of health may make an examination concerning the quality of health care services provided to enrollees by any health maintenance organization or *supplemental health services plan* and providers with whom such organization or plan has contracts, agreements, or other arrangements pursuant to its health care plan as often as the commissioner of health deems necessary for the protection of the interests of the people of this state, but not less frequently than once every three years. Provided, that examinations of providers pursuant to this subdivision shall be limited to their dealings with the health maintenance organization or *supplemental health services plan* and its enrollees.

Subd. 3. In order to accomplish his duties under this section, the commissioner of health shall have the right to:

(a) Inspect or otherwise evaluate the quality, appropriateness, and timeliness of services performed under such contract; and

(b) Audit and inspect any books and records of a health maintenance organization or *supplemental health services plan* which pertain to services performed and determinations of amounts payable under such contract.

Subd. 4. Any data or information pertaining to the diagnosis, treatment, or health of any enrollee, or any application obtained from any person, shall be confidential and shall not be disclosed to any person except (a) to the extent that it may be necessary to carry out the purposes of sections 62D.01 to ~~62D.29~~ 62D.30 ; (b) upon the express consent of the enrollee or applicant; (c) pursuant to statute or court order for the production of evidence or the discovery thereof; or (d) in the event of claim or litigation between such person and the provider or , health maintenance organization or *supplemental health services plan* wherein such data or information is pertinent. A health maintenance organization or *supplemental health services plan* shall be entitled to claim any statutory privileges against such disclosure which the provider who furnished such information to the health maintenance organization or *supplemental health services plan* is entitled to claim.

Subd. 5. The commissioner of health shall have the power to administer oaths to and examine witnesses, and to issue subpoenas.

Subd. 6. Reasonable expenses of examinations under this section shall be assessed by the commissioner of health against the organization or plan being examined, and shall be remitted to the commissioner of health for deposit in the general fund of the state treasury.

Sec. 25. Minnesota Statutes 1978, Section 62D.15, is amended to read:

62D.15 [SUSPENSION OR REVOCATION OF CERTIFICATE OF AUTHORITY.] Subdivision 1. The commissioner of health may suspend or revoke any certificate of authority issued to a health maintenance organization or *supplemental health services plan* under sections 62D.01 to ~~62D.29~~ 62D.30 if he finds that:

(a) The health maintenance organization or *supplemental health services plan* is operating significantly in contravention of its basic organizational document, its health care plan, or in a manner contrary to that described in and reasonably inferred from any other information submitted under section 62D.03, unless amendments to such submissions have been filed with and approved by the commissioner of health;

(b) The health maintenance organization or *supplemental health services plan* issues evidences of coverage which do not comply with the requirements of section 62D.07;

(c) The health maintenance organization or *supplemental health services plan* is unable to fulfill its obligations to furnish comprehensive health maintenance services or *supplemental health services* as required under its health care plan;

(d) The health maintenance organization or *supplemental health services plan* is no longer financially responsible and may reasonably be expected to be unable to meet its obligations to enrollees or prospective enrollees;

(e) The health maintenance organization or *supplemental health services plan* has failed to implement a mechanism affording the enrollees an opportunity to participate in matters of policy and operation under section 62D.06;

(f) The health maintenance organization or *supplemental health services plan* has failed to implement the complaint system required by section 62D.11 in a manner designed to reasonably resolve valid complaints;

(g) The health maintenance organization, or any person acting with its sanction, has advertised or merchandised its services in an untrue, misrepresentative, misleading, deceptive, or unfair manner;

(h) The continued operation of the health maintenance organization or *supplemental health services plan* would be hazardous to its enrollees; or

(i) The health maintenance organization or *supplemental health services plan* has otherwise failed to substantially comply

with sections 62D.01 to ~~62D.29~~ 62D.30 or has submitted false information in any report required hereunder.

Subd. 2. A certificate of authority shall be suspended or revoked only after compliance with the requirements of section 62D.16.

Subd. 3. When the certificate of authority of a health maintenance organization or *supplemental health services plan* is suspended, the health maintenance organization or *plan* shall not, during the period of such suspension, enroll any additional enrollees except newborn children or other newly acquired dependents of existing enrollees, and shall not engage in any advertising or solicitation whatsoever.

Subd. 4. When the certificate of authority of a health maintenance organization or *supplemental health services plan* is revoked, the organization or *plan* shall proceed, immediately following the effective date of the order of revocation, to wind up its affairs, and shall conduct no further business except as may be essential to the orderly conclusion of the affairs of the organization or *plan*. It shall engage in no further advertising or solicitation whatsoever. The commissioner of health may, by written order, permit further operation of the organization or *plan* as he may find to be in the best interest of enrollees, to the end that enrollees will be afforded the greatest practical opportunity to obtain continuing health care coverage.

Sec. 26. Minnesota Statutes 1978, Section 62D.16, is amended to read:

62D.16 [DENIAL, SUSPENSION, AND REVOCATION; ADMINISTRATIVE PROCEDURES.] Subdivision 1. When the commissioner of health has cause to believe that grounds for the denial, suspension or revocation of a certificate of authority exists, he shall notify the health maintenance organization or *supplemental health services plan* in writing specifically stating the grounds for denial, suspension or revocation and fixing a time of at least 20 days thereafter for a hearing on the matter, except in summary proceedings as provided in section 62D.18.

Subd. 2. After such hearing, or upon the failure of the health maintenance organization or *supplemental health services plan* to appear at the hearing, the commissioner of health shall take action as is deemed advisable and shall issue written findings which shall be mailed to the health maintenance organization or *supplemental health services plan*. The action of the commissioner of health shall be subject to judicial review pursuant to chapter 15.

Sec. 27. Minnesota Statutes 1978, Section 62D.17, Subdivision 1, is amended to read:

62D.17 [PENALTIES AND ENFORCEMENT.] Subdivision 1. The commissioner of health may, in lieu of suspension or revocation of a certificate of authority under section 62D.15, levy an administrative penalty in an amount not less than \$100 nor more than \$10,000. Reasonable notice in writing to the health main-

tenance organization or *supplemental health services plan* shall be given of the intent to levy the penalty and the reasons therefor, and the health maintenance organization or *supplemental health services plan* shall have a reasonable time within which to remedy the defect in its operations which gave rise to the penalty citation, or have an administrative hearing and review of the commissioner of health's determination. Such administrative hearing shall be subject to judicial review pursuant to chapter 15.

Sec. 28. Minnesota Statutes 1978, Section 62D.17, Subdivision 3, is amended to read:

Subd. 3. (a) If the commissioner of health shall, for any reason, have *has* cause to believe that any violation of sections 62D.01 to ~~62D.29~~ 62D.30 has occurred or is threatened, the commissioner of health may, before commencing action under sections 62D.15 and 62D.16, and subdivision 1, give notice to the health maintenance organization or *supplemental health services plan* and to the representatives, or other persons who appear to be involved in such suspected violation, to arrange a voluntary conference with the alleged violators or their authorized representatives for the purpose of attempting to ascertain the facts relating to such suspected violation and, in the event it appears that any violation has occurred or is threatened, to arrive at an adequate and effective means of correcting or preventing such violation.

(b) Proceedings under this subdivision shall not be governed by any formal procedural requirements, and may be conducted in such manner as the commissioner of health may deem appropriate under the circumstances.

Sec. 29. Minnesota Statutes 1978, Section 62D.17, Subdivision 4, is amended to read:

Subd. 4. (a) The commissioner of health may issue an order directing a health maintenance organization, *supplemental health services plan*, or a representative of a health maintenance organization or *supplemental health services plan* to cease and desist from engaging in any act or practice in violation of the provisions of sections 62D.01 to ~~62D.29~~ 62D.30.

(b) Within 20 days after service of the order to cease and desist, the respondent may request a hearing on the question of whether acts or practices in violation of sections 62D.01 to ~~62D.29~~ 62D.30 have occurred. Such hearings shall be subject to judicial review as provided by chapter 15.

Sec. 30. Minnesota Statutes 1978, Section 62D.18, is amended to read:

62D.18 [REHABILITATION, LIQUIDATION, OR CONSERVATION OF HEALTH MAINTENANCE ORGANIZATION.] The commissioner of insurance may independently, or shall at the request of the commissioner of health, order the rehabilitation, liquidation or conservation of health maintenance organizations or *supplemental health services plans*. The rehabilitation, liquidation or conservation of a health maintenance organization or *sup-*

plemental health services plan shall be deemed to be the rehabilitation, liquidation or conservation of an insurance company and shall be conducted under the supervision of the commissioner of insurance and pursuant to chapter 60B, except to the extent that the nature of health maintenance organizations or *supplemental health services plans* render such law clearly inappropriate.

Sec. 31. Minnesota Statutes 1978, Section 62D.19, is amended to read:

62D.19 [UNREASONABLE EXPENSES.] No health maintenance organization or *supplemental health services plan* shall incur or pay for any expense of any nature which is unreasonably high in relation to the value of the service or goods provided. The commissioner of insurance shall, pursuant to the administrative procedures act, promulgate rules to implement and enforce this section.

Sec. 32. Minnesota Statutes 1978, Section 62D.20, is amended to read:

62D.20 [RULES.] *Subdivision 1.* The commissioner of health may, pursuant to chapter 15, promulgate such reasonable rules and regulations as are necessary or proper to carry out the provisions of sections 62D.01 to 62D.29 62D.30. Included among such regulations shall be those which provide minimum requirements for the provision of comprehensive health maintenance services, as defined in section 62D.02, subdivision 7, and for provision of complete *supplemental health services*, as defined in section 62D.02, subdivision 12, and reasonable exclusions therefrom.

Subd. 2. The rules shall provide three levels of qualified comprehensive health maintenance services which are actuarially equivalent to the three types of qualified plans for accident and health insurance described in section 62E.06. They shall allow reasonable substitution of actuarially equivalent benefits subject to the approval of the evidence of coverage by the commissioner. The commissioner of insurance shall assist the commissioner of health in determining actuarial equivalency of benefits. All evidences of coverage shall clearly state the level of coverage for qualified contracts.

Sec. 33. Minnesota Statutes 1978, Section 62D.21, is amended to read:

62D.21 [FEES.] Every health maintenance organization and *supplemental health services plan* subject to sections 62D.01 to 62D.29 62D.30 shall pay to the commissioner of health fees as prescribed by the commissioner of health pursuant to section 144.122 for the following:

- (a) Filing an application for a certificate of authority,
- (b) Filing an amendment to a certificate of authority,
- (c) Filing each annual report, and
- (d) Other filings, as specified by regulation.

Sec. 34. Minnesota Statutes 1978, Section 62D.22, Subdivision 2, is amended to read:

Subd. 2. Solicitation of enrollees by a health maintenance organization or supplemental health services plan granted a certificate of authority, or its representatives, or by a group of health care providers serving an enrolled group or groups of persons who have prospectively contracted for delivery of defined health care services shall not be construed to violate any provision of law relating to solicitation or advertising by health professionals.

Sec. 35. Minnesota Statutes 1978, Section 62D.22, Subdivision 3, is amended to read:

Subd. 3. Any health maintenance organization or supplemental health services plan authorized under sections 62D.01 to ~~62D.29~~ 62D.30 or group of health care providers serving an enrolled group or groups of persons who have prospectively contracted for delivery of defined health care services, because of the form of the providers' association with each other, shall not be deemed to be practicing corporate practice of a healing art.

Sec. 36. Minnesota Statutes 1978, Section 62D.22, Subdivision 5, is amended to read:

Subd. 5. Except as otherwise provided in sections 62D.01 to ~~62D.29~~ 62D.30, provisions of the insurance laws and provisions of nonprofit health service plan corporation laws shall not be applicable to any health maintenance organization or supplemental health services plan granted a certificate of authority under sections 62D.01 to ~~62D.29~~ 62D.30.

Sec. 37. Minnesota Statutes 1978, Section 62D.22, Subdivision 6, is amended to read:

Subd. 6. Every health maintenance organization and every supplemental health services plan shall be subject to the certificate of need act, sections ~~145.71 to 145.83~~ on the same basis as other persons ~~145.832 to 145.845~~, to the extent that federal law and regulations require.

Sec. 38. Minnesota Statutes, 1979 Supplement, Section 62D.22, Subdivision 7, is amended to read:

Subd. 7. A licensed health maintenance organization or a licensed supplemental health services plan shall be deemed to be a prepaid group practice plan for the purposes of chapter 43 and shall be allowed to participate as a carrier for state employees subject to any negotiated labor agreement and reasonable restrictions applied to all carriers.

Sec. 39. Minnesota Statutes 1978, Section 62D.22, Subdivision 8, is amended to read:

Subd. 8. All agents, solicitors, and brokers engaged in soliciting or dealing with enrollees or prospective enrollees of a health maintenance organization or a supplemental health services plan, whether employees or under contract to the health maintenance organization or supplemental health services plan, shall be subject

to the provisions of section 60A.17, concerning the licensure of health insurance agents, solicitors, and brokers, and lawful regulations thereunder. Medical doctors and others who merely explain the operation of health maintenance organizations or *supplemental health services plans* shall be exempt from the provisions of section 60A.17. Section 60A.17, subdivision 2, clause (2) shall not apply except as to provide for an examination of an applicant in his knowledge concerning the operations and benefits of health maintenance organizations or *supplemental health services plans* and related insurance matters.

Sec. 40. Minnesota Statutes 1978, Section 62D.22, is amended by adding a subdivision to read:

Subd. 10. The provisions of section 144.701, subdivision 1, shall not prevent hospitals from giving rate discounts to health maintenance organizations or supplemental health services plans.

Sec. 41. Minnesota Statutes 1978, Section 62D.25, is amended to read:

62D.25 [REPORT TO THE LEGISLATURE.] The commissioner of health shall *annually* report to the legislature on or before April 1, 1976, as to the following:

(1) The number of applications for certificates of authority which have been filed since July 1, 1973 *the last report* ;

(2) The number of certificates of authority granted pursuant to sections 62D.01 to ~~62D.20~~ 62D.30;

(3) The number of current enrollees in health maintenance organizations *and the number of current enrollees in supplemental health services plans* in the state of Minnesota;

(4) The average annual prepayment cost per enrollee in the state of Minnesota;

(5) The conclusions of the commissioner of health as to the ~~effect~~ *effects* of health maintenance organizations *and of supplemental health services plans* on the quality of health care services provided to the people of this state;

(6) The conclusions of the commissioner of health as to the effects of health maintenance organizations *and of supplemental health services plans* on health care costs and whether any cost savings are being passed on to enrollees in any form; and

(7) His recommendations as to any changes in sections 62D.01 to ~~62D.20~~ 62D.30 .

Sec. 42. Minnesota Statutes 1978, Section 62D.28, Subdivision 2, is amended to read:

Subd. 2. The area for planning and the proposed service area of the health maintenance organization must have insufficient availability of primary health care resources or a substantial population of medically unserved or underserved individuals, as determined by the commissioner of health. ~~An areawide comprehensive health planning agency~~ *A health systems agency* , as defined in section

145.72 145.833, subdivision 7, shall provide technical assistance to the commissioner of health in identifying areas with demographic and geographic health needs.

Sec. 43. Minnesota Statutes 1978, Section 62D.28, Subdivision 3, is amended to read:

Subd. 3. The planning organization seeking financial assistance must be a Minnesota nonprofit corporation having a board of directors with a majority composed of health care consumers from the proposed service area, but with additional representation of existing health interests in the area including health providers.

The organization shall cooperate with any area wide comprehensive health planning agency health systems agency established pursuant to section 145.72, subdivision 5 the National Health Planning and Resources Development Act, 42 U.S.C., Section 300k, et seq., and with other health care providers in the proposed area to be served by the organization in programs or studies for:

(a) Determining and assessing the ongoing health needs of the community, formulating a program to meet such needs, including, but not limited to, an identification of private and public funds which may be available for this purpose;

(b) Coordinating existing health activities where appropriate, and establishing better utilization of existing health facilities, programs, and services, with particular emphasis on health manpower training projects in the area including those for local community residents;

(c) Laying the foundation for a community health maintenance organization; and

(d) Promoting development and expansion of preventive and ambulatory, outpatient services with the objective of replacing crisis medicine with an integrated, comprehensive system of health care.

Sec. 44. [TEMPORARY PROVISION.] *The commissioner of health shall review all existing rules regulating health maintenance organizations and repeal all of those which inhibit competition between health maintenance organizations and insurers and which are not needed to protect the public. In exercising the duty set forth in this section and in section 8, the commissioner may, until December 31, 1980, exercise temporary rule making powers pursuant to chapter 15.*

Sec. 45. *Rules governing health maintenance organizations on the effective date of Article I are effective until rules implementing the provisions of Article I are promulgated.*

Sec. 46. Minnesota Statutes 1978, Section 62E.02, Subdivision 9, is amended to read:

Subd. 9. "Plan of health coverage" means any plan or combination of plans of coverage, including combinations of self insurance,

individual accident and health insurance policies, group accident and health insurance policies, coverage under a nonprofit health service plan, or coverage under a health maintenance organization subscriber contract or *supplemental health services plan subscriber contract*.

Sec. 47. Minnesota Statutes 1978, Section 62E.03, Subdivision 1, is amended to read:

62E.03 [DUTIES OF THE EMPLOYER.] Subdivision 1. Each employer who provides or makes available to his employees a plan of health coverage shall make available to his employees employed in this state a plan or combination of plans which have been certified by the commissioner as a number two qualified plan. If the plan of health coverage does not meet the requirements of section 62E.06 for a number two qualified plan, the employer shall make available a supplemental plan of health benefits which, when combined with the existing plan of health benefits, constitutes a number two coverage plan. The plan or combinations of plans may be financed from funds contributed solely by the employer or solely by the employees or any combination thereof. The plans may consist of self insurance, health maintenance contracts, *supplemental health services contracts*, group policies or individual policies or any combination thereof.

Sec. 48. Minnesota Statutes 1978, Section 62E.16, is amended to read:

62E.16 [CONVERSION PRIVILEGES.] Every program of self insurance, policy of group accident and health insurance or contract of coverage by a health maintenance organization or *supplemental health services plan* written or renewed in this state, shall include, in addition to the provisions required by section 62A.17, the right to convert to an individual coverage qualified plan without the addition of underwriting restrictions if the individual insured leaves the group regardless of the reason for leaving the group, or upon cancellation or termination of the coverage for the group except where uninterrupted and continuous group coverage is otherwise provided to the group. The person may exercise his right to conversion within 30 days of leaving the group or within 30 days following his receipt of due notice of cancellation or termination of coverage of the group and upon payment of premiums from the date of termination or cancellation. Due notice of cancellation or termination of coverage for a group shall be provided to each employee having coverage in the group by the insurer, self insurer or health maintenance organization cancelling or terminating the coverage except where reasonable evidence indicates that uninterrupted and continuous group coverage is otherwise provided to the group. Every employer having a policy of group accident and health insurance, group subscriber or contract of coverage by a health maintenance organization or *supplemental health services plan* shall, upon request, provide the insurer or health maintenance organization or *supplemental health services plan* a list of the names and addresses of covered employees. Plans of health coverage shall also include a provision which, upon the death of the

individual in whose name the contract was issued, permits every other individual then covered under the contract to elect, within the period specified in the contract, to continue his coverage under the same or a different contract without the addition of underwriting restrictions until he would have ceased to have been entitled to coverage had the individual in whose name the contract was issued lived. An individual conversion contract issued by a health maintenance organization or *supplemental health services plan* shall not be deemed to be an individual enrollment contract for the purposes of section 62D.10.

Sec. 49. Minnesota Statutes 1978, Section 72C.03, is amended to read:

72C.03 [SCOPE.] Except as otherwise specifically provided, sections 72C.01 to 72C.13 shall apply to all policies or contracts of direct insurance, issued by persons authorized at any time to transact insurance in this state and including nonprofit health service plan corporations under chapter 62C, health maintenance organizations, and *supplemental health services plans* under chapter 62D, assessment benefit associations under chapter 63, and fraternal beneficiary associations under chapter 64A. Sections 72C.01 to 72C.13 shall not apply to insurance as described in section 60A.20, subdivision 17, clauses (2) and (3), and the master contract for any policy of group insurance when the group consists of ten or more persons. Sections 72C.01 to 72C.13 shall not apply to policies or contracts issued prior to July 1, 1980 under which there is no unilateral right of the insurer to cancel, non-renew, amend or change in any way, unless the policy or contract is amended or changed by mutual agreement of the parties. Sections 72C.01 to 72C.13 shall not apply to a new policy or contract written in language other than English.

Sec. 50. Minnesota Statutes 1978, Section 144.691, Subdivision 4, is amended to read:

Subd. 4. [REPORTS.] Each hospital and outpatient surgery center, and every health maintenance organization and every *supplemental health services plan* required under section 62D.11 to implement a complaint system, shall at least annually submit to the state commissioner of health a report on the operation of its complaint or grievance mechanism. The frequency, form, and content of each report shall be as prescribed by rule of the state commissioner of health. Data relating to patient records collected by the state commissioner of health pursuant to this section shall be summary data within the meaning of section 15.162, subdivision 9. The state commissioner of health shall collect, analyze and evaluate the data submitted by the hospitals, health maintenance organizations, *supplemental health service plans*, and outpatient surgery centers; and shall periodically publish reports and studies designed to improve patient complaint and grievance mechanisms.

Sec. 51. Minnesota Statutes 1978, Section 144.692, is amended to read:

144.692 [IN-SERVICE TRAINING.] The state commissioner

of health shall study and publish recommendations for in-service personnel training programs designed to reduce the incidence of malpractice claims and suits against hospitals, outpatient surgery centers and , health maintenance organizations *and supplemental health services plans* regulated under chapter 62D.

Sec. 52. Minnesota Statutes 1978, Section 144.693, Subdivision 1, is amended to read:

144.693 [MEDICAL MALPRACTICE CLAIMS; REPORTS.] Subdivision 1. On or before September 1, 1976, and on or before March 1 and September 1 of each year thereafter, each insurer providing professional liability insurance to one or more hospitals, outpatient surgery centers, or health maintenance organizations, or *supplemental health services plans* shall submit to the state commissioner of health a report listing by facility or organization all claims which have been closed by or filed with the insurer during the period ending December 31 of the previous year or June 30 of the current year. The report shall contain, but not be limited to, the following information:

(a) The total number of claims made against each facility or organization which were filed or closed during the reporting period;

(b) The date each new claim was filed with the insurer;

(c) The allegations contained in each claim filed during the reporting period;

(d) The disposition and closing date of each claim closed during the reporting period;

(e) The dollar amount of the award or settlement for each claim closed during the reporting period; and

(f) Any other information the commissioner of health may, by rule, require.

Any hospital, outpatient surgery center, or health maintenance organization, or *supplemental health services plan* which is self insured shall be considered to be an insurer for the purposes of this section and shall comply with the reporting provisions of this section.

A report from an insurer submitted pursuant to this section is private data, as defined in section 15.162, subdivision 5a, accessible to the facility or organization which is the subject of the data, and to its authorized agents. Any data relating to patient records which is reported to the state commissioner of health pursuant to this section shall be reported in the form of summary data, as defined in section 15.162, subdivision 9.

Sec. 53. Minnesota Statutes 1978, Section 144.693, Subdivision 2, is amended to read:

Subd. 2. The state commissioner of health shall collect and review the data reported pursuant to subdivision 1. On December 1, 1976, and on January 2 of each year thereafter, the state com-

missioner of health shall report to the legislature his findings related to the incidence and size of malpractice claims against hospitals, outpatient surgery centers, and health maintenance organizations, and *supplemental health services plans* and shall make any appropriate recommendations to reduce the incidence and size of the claims. Data published by the state commissioner of health pursuant to this subdivision with respect to malpractice claims information shall be summary data within the meaning of section 15.162, subdivision 9.

Sec. 54. Minnesota Statutes 1978, Section 145.61, Subdivision 5, is amended to read:

Subd. 5. "Review organization" means a committee whose membership is limited to professionals and administrative staff, except where otherwise provided for by state or federal law, and which is established by a hospital, by a clinic, by one or more state or local associations of professionals, by an organization of professionals from a particular area or medical institution, by a health maintenance organization as defined in Minnesota Statutes, Chapter 62D, by a nonprofit health service plan corporation or *supplemental health services plan* as defined in Minnesota Statutes, Chapter 62C or by a professional standards review organization established pursuant to 42 U.S.C., Section 1320c-1 et seq. to gather and review information relating to the care and treatment of patients for the purposes of:

(a) Evaluating and improving the quality of health care rendered in the area or medical institution;

(b) Reducing morbidity or mortality;

(c) Obtaining and disseminating statistics and information relative to the treatment and prevention of diseases, illness and injuries;

(d) Developing and publishing guidelines showing the norms of health care in the area or medical institution;

(e) Developing and publishing guidelines designed to keep within reasonable bounds the cost of health care;

(f) Reviewing the quality or cost of health care services provided to enrollees of health maintenance organizations or *supplemental health services plans* ;

(g) Acting as a professional standards review organization pursuant to 42 U.S.C., Section 1320c-1 et seq.;

(h) Determining whether a professional shall be granted staff privileges in a medical institution or whether a professional's staff privileges should be limited, suspended or revoked; or

(i) Reviewing, ruling on, or advising on controversies, disputes or questions between:

(1) health insurance carriers or , health maintenance organizations or *supplemental health services plans* and their insureds or enrollees;

(2) professional licensing board, acting under their power, including disciplinary, license revocation or suspension procedures and health providers licensed by them when the matter is referred to a review committee by the professional licensing board;

(3) professionals and their patients concerning diagnosis, treatment or care, or the charges or fees therefor;

(4) professionals and health insurance carriers or , health maintenance organizations or *supplemental health services plans* concerning a charge or fee for health care services provided to an insured or enrollee; or

(5) professionals or their patients and the federal, state, or local government, or agencies thereof.

Sec. 55. Minnesota Statutes 1978, Section 256B.59, Subdivision 1, is amended to read:

256B.59 [SERVICE CONTRACTS; REVIEW.] Subdivision 1. [SERVICE CONTRACTS.] For each pilot program, the commissioner shall contract for the provision and financing of dental services under the terms set forth in sections 256B.56 to 256B.63. The commissioner may contract (a) with an insurance company regulated under chapter 62A, or a nonprofit health service plan corporation regulated under chapter 62C, or a health maintenance organization or a *supplemental health services plan that offers comprehensive dental services* established pursuant to chapter 62D; or (b) directly with one or more qualified providers of dental services. The party or parties with whom the commissioner contracts under clause (a) shall be known as the dental carriers. All participants in the pilot programs shall have a free choice of vendor for the delivery of dental services.

Sec. 56. Minnesota Statutes 1978, Section 256B.60, Subdivision 2, is amended to read:

Subd. 2. The full cost of premiums for participation in a pilot program shall be paid by the commissioner for individuals who live in an area to be serviced by a pilot program and who;

(a) Are not eligible to receive dental services or reimbursement for dental services under any other program authorized by law, or who do not have coverage for dental services from an insurance company, a nonprofit service plan corporation, a *supplemental health services plan*, or a health maintenance organization; and

(b) Are retired and aged 62 or over; and

(c) Have an annual net income of less than \$3,900 if single, or \$4,875 if married.

ARTICLE III

Section 1. Minnesota Statutes 1978, Section 62A.043, is amended by adding a subdivision to read:

Subd. 3. Benefits under this section are not required if the insurer or plan annually obtains from the policyholder or con-

tractholder a written statement that benefits equal to or greater than those required under this section are provided through a supplemental health services plan regulated under chapter 62D.

Sec. 2. Minnesota Statutes 1978, Section 62A.149, Subdivision 1, is amended to read:

62A.149 [BENEFITS FOR ALCOHOLICS AND DRUG DEPENDENTS.] Subdivision 1. The provisions of this section shall apply to all group policies of accident and health insurance and group subscriber contracts offered by nonprofit health service plan corporations regulated under chapter 62C, and to a plan or policy that is individually underwritten or provided for a specific individual and the members of his family as a nongroup policy unless the individual elects in writing to refuse benefits under this subdivision in exchange for an appropriate reduction in premiums or subscriber charges under the policy or plan, when the policies or subscriber contracts are issued or delivered in Minnesota or provide benefits to Minnesota residents enrolled thereunder. *This section shall not apply to policies designated primarily to provide coverage payable on a per diem, fixed indemnity or nonexpense incurred basis or policies that provide accident only coverage.*

Every insurance policy or subscriber contract included within the provisions of this subdivision, upon issuance or renewal, shall provide for payment of benefits for the treatment of alcoholism, chemical dependency or drug addiction to any Minnesota resident entitled to coverage thereunder on the same basis as coverage for other benefits when treatment is rendered in:

- (1) a licensed hospital,
- (2) a residential treatment program as licensed by the state of Minnesota pursuant to diagnosis or recommendation by a doctor of medicine,
- (3) a non-residential treatment program approved or licensed by the state of Minnesota.

Sec. 3. Minnesota Statutes 1978, Section 62A.149, is amended adding a subdivision to read:

Subd. 3. Benefits under this section are not required if the insurer or plan annually obtains from the policyholder or contractholder a written statement that benefits equal to or greater than those required under this section are provided through a supplemental health services plan regulated under chapter 62D.

Sec. 4. Minnesota Statutes 1978, Section 62A.15, is amended by adding a subdivision to read:

Subd. 5. Benefits under this section are not required if the insurer or plan annually obtains from the policyholder or contractholder a written statement that benefits equal to or greater than those required under this section are provided through a supplemental health services plan regulated under chapter 62D.

Sec. 5. Minnesota Statutes 1978, Section 62A.151, is amended to read:

62A.151 [HEALTH INSURANCE BENEFITS FOR EMOTIONALLY HANDICAPPED CHILDREN.] No policy or plan of health, medical, hospitalization, or accident and sickness insurance regulated under this chapter, or nonprofit health service plan corporation regulated under chapter 62C, or health maintenance organization regulated under chapter 62D which provides coverage of or reimbursement for inpatient hospital and medical expenses shall be delivered, issued, executed or renewed in this state, or approved for issuance or renewal in this state by the commissioner of insurance, after July 1, 1975 unless the policy or plan includes and provides health service benefits to any subscriber or other person covered thereunder, on the same basis as other benefits, for the treatment of emotionally handicapped children in a residential treatment facility licensed by the commissioner of public welfare. For purposes of this section "emotionally handicapped child" shall have the meaning set forth by the commissioner of public welfare in the rules and regulations relating to residential treatment facilities. The restrictions and requirements of this section shall not apply to any plan or policy which is individually underwritten or provided for a specific individual and the members of his family as a nongroup policy. The mandatory coverage under this section shall be on the same basis as inpatient hospital medical coverage provided under the policy or plan. *Benefits under this section are not required if the insurer or plan annually obtains from the policyholder or contractholder a written statement that benefits equal to or greater than those required under this section are provided through a supplemental health services plan regulated under chapter 62D.*

Sec. 6. Minnesota Statutes 1978, Section 62A.152, is amended by adding a subdivision to read:

Subd. 3. Benefits under this section are not required if the insurer or plan annually obtains from the policyholder or contractholder a written statement that benefits equal to or greater than those required under this section are provided through a supplemental health services plan regulated under chapter 62D.

Sec. 7. Minnesota Statutes 1978, Section 62A.153, is amended to read:

62A.153 [FREE STANDING AMBULATORY SURGICAL CENTERS.] No policy or plan of health, medical, hospitalization, or accident and sickness insurance regulated under this chapter, or subscriber contract provided by a nonprofit health service plan corporation regulated under chapter 62C shall be issued, renewed, continued, delivered, issued for delivery or executed in this state, or approved for issuance or renewal in this state by the commissioner of insurance unless the policy, plan or contract specifically provides coverage for a health care treatment or service rendered by a free standing ambulatory surgical center or facilities offering ambulatory medical service 24 hours a day seven days a week, which are not part of a hospital, but have been reviewed and

approved by the state commissioner of health to provide the treatment or service, on the same basis as coverage provided for the same health care treatment or service rendered by a hospital. *Benefits under this section are not required if the insurer or plan annually obtains from the policyholder or contractholder a written statement that benefits equal to or greater than those required under this section are provided through a supplemental health services plan regulated under chapter 62D.*

Sec. 8. Minnesota Statutes, 1979 Supplement, Section 62E.06, Subdivision 1, is amended to read:

62E.06 [MINIMUM BENEFITS OF QUALIFIED PLAN.]
Subdivision 1. **[NUMBER THREE PLAN.]** A plan of health coverage shall be certified as a number three qualified plan if it otherwise meets the requirements established by chapters 62A and 62E, and the other laws of this state, whether or not the policy is issued in Minnesota, and meets or exceeds the following minimum standards:

(a) The minimum benefits for a covered individual shall, subject to the other provisions of this subdivision, be equal to at least 80 percent of the cost of covered services in excess of an annual deductible which does not exceed \$150 per person. The coverage shall include a limitation of \$3,000 per person on total annual out-of-pocket expenses for services covered under this subdivision. The coverage shall be subject to a maximum lifetime benefit of not less than \$250,000.

~~The \$3,000 limitation on total annual out-of-pocket expenses and the \$250,000 maximum lifetime benefit shall not be subject to change or substitution by use of an actuarially equivalent benefit.~~

(b) Covered expenses shall be the usual and customary charges for the following services and articles when prescribed by a physician:

- (1) Hospital services;
- (2) Professional services for the diagnosis or treatment of injuries, illnesses, or conditions, other than outpatient mental or dental, which are rendered by a physician or at his direction;
- (3) Drugs requiring a physician's prescription;
- (4) Services of a nursing home for not more than 120 days in a year if the services would qualify as reimbursable services under medicare;
- (5) Services of a home health agency if the services would qualify as reimbursable services under medicare;
- (6) Use of radium or other radioactive materials;
- (7) Oxygen;
- (8) Anesthetics;
- (9) Prostheses other than dental;

(10) Rental or purchase, as appropriate, of durable medical equipment other than eyeglasses and hearing aids;

(11) Diagnostic X-rays and laboratory tests;

(12) Oral surgery for partially or completely unerupted impacted teeth, a tooth root without the extraction of the entire tooth, or the gums and tissues of the mouth when not performed in connection with the extraction or repair of teeth;

(13) Services of a physical therapist; and

(14) Transportation provided by licensed ambulance service to the nearest facility qualified to treat the condition; or a reasonable mileage rate for transportation to a kidney dialysis center for treatment.

(c) Covered expenses for the services and articles specified in this subdivision do not include the following:

(1) Any charge for care for injury or disease either (i) arising out of an injury in the course of employment and subject to a workers' compensation or similar law, (ii) for which benefits are payable without regard to fault under coverage statutorily required to be contained in any motor vehicle, or other liability insurance policy or equivalent self-insurance, or (iii) for which benefits are payable under another policy of accident and health insurance, medicare or any other governmental program except as otherwise provided by law;

(2) Any charge for treatment for cosmetic purposes other than surgery for the repair of an injury or birth defect;

(3) Care which is primarily for custodial or domiciliary purposes which would not qualify as eligible services under medicare;

(4) Any charge for confinement in a private room to the extent it is in excess of the institution's charge for its most common semi-private room, unless a private room is prescribed as medically necessary by a physician, provided, however, that if the institution does not have semi-private rooms, its most common semi-private room charge shall be considered to be 90 percent of its lowest private room charge;

(5) That part of any charge for services or articles rendered or prescribed by a physician, dentist, or other health care personnel which exceeds the prevailing charge in the locality where the service is provided; and

(6) Any charge for services or articles the provision of which is not within the scope of authorized practice of the institution or individual rendering the services or articles.

(d) The minimum benefits for a qualified plan shall include, in addition to those benefits specified in clauses (a) and (e), benefits for the following services subject to applicable deductibles, coinsurance provisions, and maximum lifetime benefit limitations:

(1) Well baby care, effective July 1, 1980:

~~(2) Physicians' services for routine check-ups and annual physicals when prescribed by a physician, effective July 1, 1982;~~

~~(3) Multiphasic screening and other diagnostic testing, effective July 1, 1982. The commissioner by rule shall prescribe reasonable limits on the reimbursement required for services listed in this clause.~~

(e) Effective July 1, 1979, the minimum benefits of qualified plan shall include, in addition to those benefits specified in clause (a), a second opinion from a physician on all surgical procedures expected to cost a total of \$500 or more in physician, laboratory and hospital fees, provided that the coverage need not include the repetition of any diagnostic tests.

ARTICLE IV

Section 1. [FINDINGS.] *The legislature finds that health care costs are an increasingly heavy burden on families and individuals and upon employers and governmental units which pay for health care benefits to their employees, dependents of their employees, and their citizens. The legislature further finds that increased competition, public awareness of health care costs, cost sharing, utilization of alternative delivery systems, and the termination of unnecessary regulation can contribute to a reduction in the escalation of health care costs.*

Sec. 2. Minnesota Statutes 1978, Section 144.703, is amended by adding a subdivision to read:

Subd. 3. In the event that the United States government enacts a hospital rate review or rate regulation program, the commissioner may seek an exemption from the federal law.

Sec. 3. Minnesota Statutes 1978, Section 144.703, is amended by adding a subdivision to read:

Subd. 4. The commissioner of health shall annually prepare a comparative list of not less than 25 nor more than 75 illnesses, injuries or conditions. The list shall specify, according to hospital, the respective price or charge of each hospital for treatment by surgical or medical means of each of the illnesses, injuries, or conditions. All hospitals in the state shall cooperate with the commissioner in preparing the list, post the list in their hospital lobbies, and make copies of the list available upon request to patients or prospective patients. The commissioner shall publicize the availability of the lists, make copies available to the public and health care providers upon request, and take other appropriate actions to increase public and provider awareness and use of the list.

Sec. 4. Minnesota Statutes, 1979 Supplement, Section 145.837, Subdivision 1, is amended to read:

145.837 [REVIEW OF APPLICATIONS.] Subdivision 1. [CRITERIA FOR REVIEW.] The commissioner of health shall,

after consulting with the state planning agency and the health systems agencies, promulgate rules governing the health systems agencies in their determinations whether certificates of need are required and in their review of applications for certificates of need pursuant to sections 145.832 to 145.845. The rules shall provide for the consideration of at least the following criteria:

(a) The relationship of the proposed construction or modification to the applicable health system plan and annual implementation plan;

(b) The relationship of the construction or modification being proposed to the long range development plan of the health care facility requesting the certificate of need;

(c) The need for health care facilities and services, excluding home health services, in the area and the requirements of the population of the area;

(d) The availability and adequacy of other less costly or more effective health services in the area which may serve as alternatives or substitutes for the whole or any part of the service to be provided by the proposed construction or modifications;

(e) The relationship of the proposed construction or modification to the existing health care system of the area, including the possible economics and improvement in service that may be derived from operation of joint, cooperative, or shared health care resources;

(f) The availability of resources, including health care providers, management personnel, and funds for both capital and operational needs for the provision of the services proposed to be provided and the availability of alternative uses of such resources for the provision of other health services;

(g) The immediate and long-term financial feasibility of the proposed construction or modification, as well as its probable impact on the operational costs and charges of the health care facility;

(h) The relationship, including the organizational relationship, of the health services proposed to be provided to ancillary or support services;

(i) The special needs and circumstances of medical teaching, research facilities and referral facilities which provide a substantial portion of their services or resources, or both, to individuals outside of the health service area;

(j) The special needs and circumstances of biomedical and behavioral research projects which are designed to meet a national need and for which local conditions offer special advantages;

(k) In the case of a construction project: the costs and methods of the proposed construction, including the costs and methods of energy provision and the probable impact of the construction

project reviewed on the costs of providing health services by the person proposing the project;

(l) The special needs of hospitals to convert excess hospital beds to long-term care or other alternate functions, but only if the hospitals terminate all acute care services; and

(m) The special requirements of health maintenance organizations to meet the health care needs of their present and future subscribers; and

(n) The effect of the proposed construction or modification on competition among health care providers and whether the proposed construction or modification will support development of competitive delivery systems.

Sec. 5. Minnesota Statutes 1978, Chapter 145, is amended by adding a section to read:

[145.846] [FEDERAL WAIVER.] *In the event that the United States government requires states to include health maintenance organizations, supplemental health services plans, or home health agencies under their certificate of need laws, the commissioner may seek an exemption from the federal requirements.*

Sec. 6. Minnesota Statutes 1978, Chapter 256B, is amended by adding a section to read:

[256B.066] *The commissioner of public welfare, in conjunction with the commissioner of health, shall seek to promote or establish demonstration projects in accordance with section 62D.30 to allow health maintenance organizations or other health care delivery systems to extend coverage to medical assistance recipients and other low income populations. The commissioner of public welfare may seek federal funding, shall seek necessary waivers from federal laws to conduct the projects, and shall monitor and report the progress and outcome of the projects.*

ARTICLE V

Section 1. [REPEALER.] *Minnesota Statutes 1978, Sections 62D.09 and 62D.10, Subdivision 2, are repealed."*

Page 6, line 10, delete "3" and insert "2"

Page 6, line 10, delete "This act shall take effect" and insert "Articles I, II, IV, and V are effective"

Page 6, line 11, delete "its" and insert "final"

Page 6, line 11, after the period insert "Article III is effective August 1, 1980 and applies only to policies, plans and contracts subject to chapters 62A, 62D and 62E issued or renewed on or after that date."

Amend the title as follows:

Page 1, line 2, delete "hospitals" and insert "health care delivery"

Page 1, line 6, after the semicolon insert:

"promoting health maintenance organizations by eliminating certain regulations; allowing development and operation of supplemental health services plans; promoting competition in health care delivery; requiring certain optional and mandatory benefits under certain health care plans; providing increased flexibility in benefit levels; modifying certain benefit requirements under the Minnesota Comprehensive Health Insurance Act of 1976; prescribing certain duties for the commissioners of health, public welfare, and insurance;"

Page 1, line 7, after "Sections" insert:

"62A.043, by adding a subdivision; 62A.149, Subdivision 1, and by adding a subdivision; 62A.15, by adding a subdivision; 62A.151; 62A.152, by adding a subdivision; 62A.153; 62A.16; 62A.17, Subdivision 4; 62D.01, Subdivision 2; 62D.02, Subdivisions 4, 5, 6, and 7, and by adding subdivisions; 62D.03; 62D.04, Subdivisions 1 and 3; 62D.05; 62D.06, Subdivision 1; 62D.07; 62D.08; 62D.10, Subdivisions 1 and 3; 62D.101; 62D.11; 62D.12; 62D.13; 62D.14; 62D.15; 62D.16; 62D.17, Subdivisions 1, 3, and 4; 62D.18; 62D.19; 62D.20; 62D.21; 62D.22, Subdivisions 2, 3, 5, 6, and 8, and by adding a subdivision; 62D.25; 62D.28, Subdivisions 2 and 3; 62E.02, Subdivision 9; 62E.03, Subdivision 1; 62E.16; 72C.03; 144.50, Subdivision 1;"

Page 1, line 7, delete "and"

Page 1, delete line 8 and insert:

"144.691, Subdivision 4; 144.692; 144.693, Subdivisions 1 and 2; 144.703, by adding subdivisions; 145.61, Subdivision 5; 256B.59, Subdivision 1; 256B.60, Subdivision 2; Chapters 145, by adding a section; and 256B, by adding a section; Minnesota Statutes, 1979 Supplement, Sections 62D.22, Subdivision 7; 62E.06, Subdivision 1; and 145.837, Subdivision 1; repealing Minnesota Statutes 1978, Sections 62D.09 and 62D.10, Subdivision 2."

The motion prevailed. So the amendment was adopted.

Mr. Chmielewski moved to amend the Sikorski amendment to H. F. No. 475, adopted by the Senate March 25, 1980, as follows:

Page 47, after line 18, insert:

"Sec. 8. Minnesota Statutes 1978, Chapter 62A, is amended by adding a section to read:

**[62A.22] [TRANSPORTATION FOR KIDNEY DIALYSIS.]
No policy or plan of health, medical, hospitalization, or accident and sickness insurance regulated under this chapter, or subscriber contract provided by a nonprofit health service plan corporation regulated under chapter 62C, or health maintenance organization regulated under chapter 62D which provides coverage of or reimbursement for inpatient hospital and medical expenses shall be delivered, issued, executed or renewed in this**

state, or approved for issuance or renewal in this state by the commissioner of insurance unless the policy, plan or contract provides coverage for transportation at a reasonable mileage rate to a kidney dialysis center for treatment prescribed by a physician. Benefits under this section are not required if the insurer or plan annually obtains from the policyholder or contractholder a written statement that benefits equal to or greater than those required under this section are provided through a supplemental health services plan regulated under chapter 62D."

Renumber the sections in sequence

Amend the title amendment as follows:

Page 55, line 37, after "Chapters" insert "62A, by adding a section;"

CALL OF THE SENATE

Mr. Nelson imposed a call of the Senate for the balance of the proceedings on H. F. No. 475. The following Senators answered to their names:

Anderson	Hughes	Nichols	Schmitz	Stumpf
Barrette	Humphrey	Olhoff	Setzepfandt	Tennesen
Benedict	Keefe, S.	Olson	Sikorski	Ueland, A.
Brataas	Knaak	Omann	Sillers	Ulland, J.
Chmielewski	Knoll	Penny	Solon	Vega
Dunn	Lessard	Perpich	Spear	Willet
Frederick	Luther	Pillsbury	Staples	
Gearty	Merriam	Purfeerst	Stern	
Gunderson	Moe	Renneke	Stokowski	
Hanson	Nelson	Rued	Strand	

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

The question recurred on the motion of Mr. Chmielewski to amend the Sikorski amendment to H. F. No. 475. The motion prevailed. So the amendment to the Sikorski amendment was adopted.

H. F. No. 475 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 48 and nays 7, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Laufenburger	Omann	Stern
Bang	Gunderson	Lessard	Penny	Stokowski
Barrette	Hanson	Luther	Perpich	Strand
Benedict	Hughes	Merriam	Pillsbury	Stumpf
Bernhagen	Humphrey	Moe	Purfeerst	Tennesen
Chmielewski	Johnson	Nelson	Schaaf	Ulland, J.
Davies	Keefe, S.	Nichols	Schmitz	Vega
Dieterich	Kirchner	Ogdahl	Setzepfandt	Willet
Dunn	Kleinbaum	Olhoff	Sikorski	
Engler	Knaak	Olson	Staples	

Those who voted in the negative were:

Brataas Frederick	Renneke Rued	Sillers	Spear	Ueland, A.
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So the bill, as amended, passed and its title was agreed to.

SPECIAL ORDER

Pursuant to Rule 10, Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated H. F. No. 1896 a Special Order to be heard immediately.

H. F. No. 1896: A bill for an act relating to juveniles; establishing criteria for reference of certain juveniles for prosecution; requiring written findings and conclusions after reference hearings; providing monitoring by the crime control planning board; amending Minnesota Statutes 1978, Section 260.125, by adding subdivisions.

Mr. Sikorski moved to amend H. F. No. 1896, as amended pursuant to Rule 49, adopted by the Senate March 24, 1980, as follows:

(The text of the amended House File is identical to S. F. No. 2149.)

Page 5, line 6, delete "*described in*"

Page 5, line 7, delete the new language

Page 5, line 11, strike "; or"

Page 5, lines 15 to 19, delete the new language

Page 16, lines 21 to 24, delete the new language

Page 17, line 29, strike everything after "(4)"

Page 17, line 30, strike "defined in section 260.015, subdivision 5,"

Page 17, line 31, delete the new language

Page 18, line 4, strike everything after "(d)"

Page 18, line 5, strike "defined in section 260.015, subdivision 5,"

Page 18, line 6, delete the new language

The motion prevailed. So the amendment was adopted.

Mr. Merriam moved to amend H. F. No. 1896, as amended pursuant to Rule 49, adopted by the Senate, March 24, 1980, as follows:

(The text of the amended House File is identical to S. F. No. 2149.)

Page 33, delete lines 30 and 31 and insert:

"Sec. 33. Minnesota Statutes 1978, Section 609.685, is amended to read:

609.685 [FURNISHING TOBACCO TO CHILDREN.] Whoever does any of the following furnishes tobacco in any form to a person under the age of 18 years may be sentenced to imprisonment for not more than 30 days or to payment of a fine of not more than \$50:

(1) Being under the age of 18 years, uses tobacco in any form; or

(2) Furnishes tobacco in any form to one not entitled thereto under clause (1)."

Amend the title as follows:

Page 1, line 23, delete "repealing the statute" and insert "deleting provisions"

Page 1, line 36, after the semicolon, insert "609.685;"

Page 1, line 38, delete everything after the semicolon

Page 1, line 39, delete everything before the period

The motion prevailed. So the amendment was adopted.

Mr. Sikorski moved to amend H. F. No. 1896, as amended pursuant to Rule 49, adopted by the Senate March 24, 1980, as follows:

(The text of the amended House File is identical to S. F. No. 2149.)

Page 15, lines 3 to 12, delete the new language and insert "No prior allegation or adjudication of delinquency or other records of the juvenile court with respect to a person shall be considered by any court in sentencing the person convicted for an offense committed after he has attained the age of 21 years."

Page 33, line 15, delete "all records pertaining to the" and insert "neither that"

Page 33, line 16, delete "and all" and insert "nor any"

Page 33, line 16, delete "convictions" and insert "conviction"

Page 33, line 16, delete "expunged and"

Page 33, line 17, delete "shall not be"

Page 33, line 17, delete "a" and insert "any"

Page 33, line 17, delete "for any" and insert "in determining a sentence to be imposed for a conviction occurring after the expiration of the period."

Page 33, delete lines 18 and 19

Page 33, line 25, delete "all records pertaining to the" and insert "neither that"

Page 33, line 26, delete "and all" and insert "nor any"

Page 33, line 26, delete "convictions" and insert "conviction"

Page 33, line 27, delete "*expunged and shall not be*"

Page 33, line 28, delete "*a*" and insert "*any*"

Page 33, line 28, delete everything after "*court*"

Page 33, line 29, delete "*disability*"

The motion prevailed. So the amendment was adopted.

Mr. Davies moved to amend H. F. No. 1896, as amended pursuant to Rule 49, adopted by the Senate March 24, 1980, as follows:

(The text of the amended House File is identical to S. F. No. 2149.)

Page 31, lines 27 and 28, delete "*, other than the supreme court,*"

The motion prevailed. So the amendment was adopted.

Mr. Davies then moved to amend H. F. No. 1896, as amended pursuant to Rule 49, adopted by the Senate March 24, 1980, as follows:

(The text of the amended House File is identical to S. F. No. 2149.)

Page 9, line 20, after "*clause*" insert "*(d)*"

The motion prevailed. So the amendment was adopted.

Mr. Sikorski moved to amend H.F. No. 1896, as amended pursuant to Rule 49, adopted by the Senate March 24, 1980, as follows:

(The text of the amended House File is identical to S. F. No. 2149.)

Page 2, after line 2, insert:

"Section 1. Minnesota Statutes 1978, Section 241.021, Subdivision 1, is amended to read:

241.021 [LICENSING AND SUPERVISION OF INSTITUTIONS AND FACILITIES.] Subdivision 1. [SUPERVISION OVER CORRECTIONAL INSTITUTIONS; ADVISORY TASK FORCES.] (1) The commissioner of corrections shall inspect and license all correctional facilities throughout the state, whether public or private, established and operated for the detention and confinement of persons detained or confined therein according to law except to the extent that they are inspected or licensed by other state regulating agencies. He shall promulgate pursuant to chapter 15, rules establishing minimum standards for these facilities with respect to their management, operation, physical condition, and the security, safety, health, treatment and discipline of persons detained or confined therein. Commencing September 1, 1980, no individual, corporation, partnership, voluntary association or other private organization legally responsible for the operation of a correctional facility may operate the facility unless licensed by the commissioner of corrections. The commissioner may provide by rule for provisional licenses which authorize

the operation of a correctional facility on a temporary basis where the operator is temporarily unable to comply with all of the requirements for a license. Notwithstanding the provisions of sections 15.0412 and 15.0413, rules setting standards for group homes established under the direction of the juvenile courts shall not take effect until September 1, 1979. The commissioner shall have access to the buildings, grounds, books, records, staff and to persons detained or confined in these facilities. He may require the officers in charge of these facilities to furnish all information and statistics he deems necessary, upon forms furnished by him. *Rules promulgated hereunder establishing the maximum number of children permitted to reside in group homes shall require that children in the group foster parents' natural family be counted in the number of children actually residing in the group home, and the application of the rules providing the maximum number and manner of counting residents shall not be waived.*

(2) Any state agency which regulates, inspects, or licenses certain aspects of correctional facilities shall, insofar as is possible, ensure that the minimum standards it requires are substantially the same as those required by other state agencies which regulate, inspect, or license the same aspects of similar types of correctional facilities, although at different correctional facilities.

(3) Nothing in this section shall be construed to limit the commissioner of corrections' authority to promulgate rules establishing standards of eligibility for counties to receive funds under sections 401.01 to 401.16, or to require counties to comply with operating standards the commissioner establishes as a condition precedent for counties to receive that funding.

(4) When the commissioner finds that any facility described in clause (1) of this subdivision, except foster care facilities for delinquent children and youth as provided in subdivision 2, does not conform to the minimum standards established by law or by the commissioner, he shall promptly notify the chief executive officer and the governing board of the facility of the deficiencies and order that they be remedied within a reasonable period of time. The commissioner may by written order restrict the use of any facility which does not substantially conform to minimum standards to prohibit the detention of any person therein for more than 72 hours at one time. When, after due notice and hearing, the commissioner finds that any facility described in this subdivision, except county jails and lockups as provided in sections 641.26, 642.10, and 642.11, does not conform to minimum standards, or is not making satisfactory progress toward substantial compliance therewith, he may issue his order revoking the license of that facility. After revocation of its license, that facility shall not be used until its license is renewed. When the commissioner is satisfied that satisfactory progress towards substantial compliance with minimum standard is being made, he may, at the request of the appropriate officials of the affected facility supported by a written schedule for compliance, grant an extension of time for a period not to exceed one year.

(5) As used in this subdivision, "correctional facility" means

any facility, including a group home, having a residential component, the primary purpose of which is to serve persons placed therein by a court, court services department, parole authority, or other correctional agency having dispositional power over persons charged with, convicted or adjudicated to be guilty or delinquent."

Page 20, line 16, delete "26" and insert "27"

Page 33, line 32, delete "26" and insert "27"

Page 33, line 33, delete "23, 24 and 25" and insert "24 to 26"

Page 34, line 3, delete "22, and 27 to 33" and insert "23, and 28 to 34"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "providing for maximum capacities for licensed group homes;"

Page 1, line 25, after "Sections" insert "241.021, Subdivision 1;"

The motion prevailed. So the amendment was adopted.

Mr. Barrette moved to amend H. F. No. 1896, as amended pursuant to Rule 49, adopted by the Senate March 24, 1980, as follows:

(The text of the amended House File is identical to S. F. No. 2149.)

Page 2, after line 2, insert:

"Section 1. Minnesota Statutes 1978, Section 244.04, Subdivision 2, is amended to read:

Subd. 2. By May 1, 1980 1981, the commissioner shall promulgate rules specifying disciplinary offenses which may result in the loss of good time and the amount of good time which may be lost as a result of each disciplinary offense. In no case shall an individual disciplinary offense result in the loss of more than 90 days of good time. The loss of good time shall be considered to be a disciplinary sanction imposed upon an inmate, and the procedure for the loss of good time and the rights of the inmate in the procedure shall be those in effect for the imposition of other disciplinary sanctions at each state correctional institution.

Sec. 2. Minnesota Statutes 1978, Section 244.08, Subdivision 1, is amended to read:

244.08 [MINNESOTA CORRECTIONS BOARD; COMMISSIONER.] Subdivision 1. Effective May 1, 1980 1981, the Minnesota corrections board shall have only those powers and duties vested in and imposed upon it in sections 241.26, subdivision 1, 244.01 to 244.11, 609.10, 609.145, subdivision 1, 609.165, subdivision 2, and 609.346, subdivision 1, with relation to persons sentenced for crimes committed on or after May 1, 1980 1981.

The Minnesota corrections board shall retain all powers and

duties presently vested in and imposed upon it with relation to persons sentenced for crimes committed on or before April 30, 1980 1981.

The Minnesota corrections board shall take into consideration, but not be bound by, the sentence terms embodied in the sentencing guidelines promulgated by the Minnesota sentencing guidelines commission and the penal philosophy embodied in sections 241.26, subdivision 1, 244.01 to 244.11, 609.10, 609.145, subdivision 1, 609.165, subdivision 2, and 609.346, subdivision 1, in its deliberations relative to parole, probation, release, or other disposition of inmates who commit the crimes giving rise to their sentences on or before April 30, 1980 1981.

Sec. 3. Minnesota Statutes 1978, Section 244.09, Subdivision 12, is amended to read:

Subd. 12. The guidelines shall be submitted to the legislature on January 1, 1980, and shall be effective May 1, 1980 1981, unless the legislature provides otherwise.

Sec. 4. Minnesota Statutes 1978, Section 244.09, is amended by adding a subdivision to read:

Subd. 13. The provisions of law implementing the sentencing guidelines prescribed in sections 244.01 to 244.08 and 244.10 and 244.11 shall be effective May 1, 1981, unless the legislature provides otherwise."

Page 20, line 16, delete "26" and insert "30"

Page 33, after line 29, insert:

"Sec. 37. Laws 1978, Chapter 723, Article I, Section 20, Subdivision 2, is amended to read:

Subd. 2. Sections 1 to 8, 10 to 17, and 19 are effective May 1, 1980 1981, and apply to all offenses committed on or after that date and to all persons convicted of a felony committed on or after that date."

Page 33, line 32, delete "26" and insert "30"

Page 33, line 33, delete "23, 24 and 25" and insert "27 to 29"

Page 34, line 3, delete "1 to 22, and 27 to 33" and insert "5 to 26, 31 to 36, and 38"

Page 34, after line 5, insert:

"Subd. 3. Sections 1 to 4 and 37 are effective the day following final enactment."

Re-number the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "delaying implementation of sentencing guidelines;"

Page 1, line 25, after "Sections" insert "244.04, Subdivision 2; 244.08, Subdivision 1; 244.09, Subdivision 12, and by adding a subdivision;"

Page 1, line 38, after the semicolon, insert "and Laws 1978, Chapter 723, Article I, Section 20, Subdivision 2;"

CALL OF THE SENATE

Mr. Sikorski imposed a call of the Senate for the balance of the proceedings on H. F. No. 1896. The following Senators answered to their names:

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

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

The question recurred on the Barrette amendment.

The roll was called, and there were yeas 22 and nays 36, as follows:

Those who voted in the affirmative were:

Ashbach	Engler	Knaak	Renneke	Ueland, A.
Bang	Frederick	Knutson	Rued	Ulland, J.
Barrette	Jensen	Ogdahl	Sieloff	
Bernhagen	Keefe, J.	Omann	Sillers	
Dunn	Kirchner	Pillsbury	Strand	

Those who voted in the negative were:

Anderson	Humphrey	Menning	Purfeerst	Stumpf
Benedict	Johnson	Merriam	Schaaf	Tennessen
Chmielewski	Keefe, S.	Moe	Schmitz	Vega
Davies	Kleinbaum	Nelson	Setzepfandt	Willet
Dieterich	Knoll	Olhoff	Sikorski	
Gearty	Leesard	Olson	Spear	
Gunderson	Luther	Penny	Stern	
Hanson	McCutcheon	Perpich	Stokowski	

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

Mr. Sieloff moved to amend H. F. No. 1896, as amended pursuant to Rule 49, adopted by the Senate March 24, 1980, as follows:

(The text of the amended House File is identical to S. F. No. 2149.)

Page 33, delete section 33

Page 34, line 3, delete "33" and insert "32"

Renumber the sections in sequence

Amend the title as follows:

Page 1, delete line 23

Page 1, line 24, delete "smoking;"

Page 1, line 38, delete everything after "section"

Page 1, line 39, delete everything before the period

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

Mr. McCutcheon moved to amend H. F. No. 1896, as amended pursuant to Rule 49, adopted by the Senate March 24, 1980, as follows:

(The text of the amended House File is identical to S. F. No. 2149.)

Page 32, after line 23, insert:

"Sec. 31. Minnesota Statutes 1978, Section 484.70, is amended by adding a subdivision to read:

Subd. 5. No referee sitting in juvenile court in the second and fourth judicial districts may hear any motion involving a contested case or preside at any hearing or final trial involving a contested case if either party or his attorney objects in writing to the assignment of a referee to hear the matter. The court shall, by rule, specify the time within which the objections must be filed. If written objections are not filed consistent with the court's rules, the parties and their attorneys are deemed to have conferred full judicial powers to the referee."

Page 34, line 3, delete "33" and insert "30 and 32 to 33"

Page 34, after line 5, insert:

"Subd. 3. Section 31 is effective the day following final enactment and expires July 31, 1981."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 22, after the semicolon, insert "authorizing juvenile court referees in the second and fourth judicial districts to hear contested trials, hearings, or motions unless objection is made;"

Page 1, line 35, after the third semicolon, insert "484.70, by adding a subdivision;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 42 and nays 15, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Laufenburger	Pillsbury	Stokowski
Bang	Gunderson	Lessard	Renneke	Stumpf
Barrette	Hughes	McCutcheon	Rued	Ueland, A.
Benedict	Humphrey	Menning	Schaaf	Ulland, J.
Bernhagen	Jensen	Nelson	Setzepfandt	Veza
Chmielewski	Johnson	Ogdahl	Sieloff	Willet
Dunn	Keefe, J.	Olson	Sillers	
Engler	Knoll	Perpich	Solon	
Frederick	Knutson	Peterson	Staples	

Those who voted in the negative were:

Davies	Kleinbaum	Moe	Purfeerst	Stern
Dieterich	Luther	Olhoff	Sikorski	Strand
Hanson	Merriam	Penny	Spear	Tennessee

The motion prevailed. So the amendment was adopted.

Mr. Sikorski moved to amend H. F. No. 1896, as amended pursuant to Rule 49, adopted by the Senate March 24, 1980, as follows:

(The text of the amended House File is identical to S. F. No. 2149.)

Page 13, line 14, after "case" insert "*and shall be entitled, upon request, to be notified of the disposition of the case*"

The motion prevailed. So the amendment was adopted.

Mr. Davies moved to amend H. F. No. 1896, as amended pursuant to Rule 49, adopted by the Senate March 24, 1980, as follows:

(The text of the amended House File is identical to S. F. No. 2149.)

Page 25, line 31, delete "*two*" and insert "*three*"

The motion prevailed. So the amendment was adopted.

Mr. Spear moved to amend the McCutcheon amendment to H. F. No. 1896, adopted by the Senate March 25, 1980, as follows:

Page 1, line 10 of the McCutcheon amendment, delete "*and fourth*" and delete "*districts*" and insert "*district*"

Amend the McCutcheon title amendment as follows:

Page 2, lines 6 and 7 of the McCutcheon amendment, delete "*and fourth*"

Line 7, delete "*districts*" and insert "*district*"

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

H. F. No. 1896 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 60 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Ulland, J. voted in the negative.

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

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1121:

H. F. No. 1121: A bill for an act relating to taxation; updating the definition of gross income for income tax purposes for individuals, trusts and estates with certain modifications; providing for exempt-interest dividends for certain mutual funds; extending the political contribution credit to congressional and local candidates; clarifying certain definitions; providing a tax credit for energy conservation expenditures; clarifying the renewable energy source credit; increasing the dependent care credit; extending investment tax credits to family corporations; making certain changes in the minimum tax and in the treatment of small business corporations; allowing a ten year carryback of product liability losses; providing for deferral of certain gains recognized in the disposition of broadcasting property; reducing certain property tax classification ratios; increasing homestead credits; changing the property tax status of certain mobile homes; providing for delayed assessments for certain improvements; increasing homestead base value; providing a classification for neighborhood real estate trusts; adjusting levy limits and providing for certain special levies; providing for certain hearings and appeals on special assessments; clarifying property tax settlements; clarifying certain property tax refund filing due dates; extending eligibility for property tax refunds to certain claimants; providing for adjustment of property tax refunds due to abatements; providing state reimbursement for certain property; authorizing heat applied tax stamping machines; increasing the sales tax on retail sales from vending machines; providing a sales tax exemption for certain arts admissions; fixing maximum interest rates on public ob-

ligations; excepting certain debt obligations from public sale requirement; appropriating money; amending Minnesota Statutes 1978, Sections 124.212, Subdivision 2; 168.012, Subdivision 9; 273.13, Subdivisions 3 and 17b, and by adding a subdivision; 275.51, by adding a subdivision; 275.52, Subdivisions 2 and 5; 276.04; 276.09; 276.10; 276.11; 290.01, by adding a subdivision; 290.09, Subdivisions 2, 24 and 28; 290.095, by adding a subdivision; 290.13, by adding a subdivision; 290.26, Subdivision 2; 290.49, Subdivision 10; 290.971, Subdivisions 1, 3 and 6; 290.972, Subdivisions 1, 3 and 5; 290A.06; 290A.11, by adding a subdivision; 290A.17; 290A.18; 290A.19; 297.03, Subdivision 6; 297A.02; 297A.25, Subdivision 1; 375.192, Subdivision 1; 429.061, Subdivisions 1 and 2; 429.081; 474.06; 475.55; 475.60, Subdivision 2; Chapters 273, by adding sections; and 298, by adding sections; Minnesota Statutes, 1979 Supplement, Sections 273.122; 273.13, Subdivisions 4, 5a, 6, 7, 14a and 19; 275.50, Subdivision 5; 290.01, Subdivision 20; 290.06, Subdivisions 11 and 14; 290.067, Subdivisions 1 and 2; 290.09, Subdivision 3; 290.091; 290.095, Subdivision 1; 290.14; 290.17, Subdivision 1; 290.37, Subdivision 1; 290A.03, Subdivision 3; repealing Minnesota Statutes 1978, Section 290.971, Subdivision 5; and Minnesota Statutes, 1979 Supplement, Section 290.23, Subdivision 16.

And the House respectfully requests that a Conference Committee of five members be appointed thereon:

Sieben, H.; Eken; Casserly; Pehler and Schreiber have been appointed as such committee on the part of the House.

House File No. 1121 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted March 25, 1980

Mr. Coleman, for Mr. McCutcheon, moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 1121, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

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

REPORTS OF COMMITTEES

Mr. Coleman moved that the Committee Reports at the Desk be now adopted, with the exception of reports pertaining to appointments. The motion prevailed.

Mr. Anderson from the Committee on Energy and Housing, to which was referred

S. F. No. 1938: A bill for an act relating to energy; creating the Minnesota state energy fund; authorizing the Minnesota energy

agency to administer and supervise programs of loans and grants for public improvements of a capital nature relating to the construction of energy systems utilizing from renewable resources and for efficient energy delivery and use; creating a program of aid to small businesses and low and moderate incomes to assist in the large scale conversion to energy systems using renewable resources and otherwise making the use of existing systems more efficient; authorizing the issuance of state bonds pursuant to Article XI of the Minnesota Constitution; appropriating money.

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

Page 1, line 22, delete "exhausted. Others will be"

Page 1, line 22, after "or" insert "may"

Page 1, line 27, delete "deteriorate" and insert "stagnate"

Page 2, line 27, after "to" insert "allow"

Page 2, line 27, delete "and small"

Page 2, delete line 28 and insert "to convert to the use of renewable energy sources or traditional"

Page 2, line 29, delete "plentiful" and after "sources" insert "that are more plentiful and for energy conservation"

Page 2, line 30, after "[DEFINITIONS.]" insert "Subdivision 1."

Page 2, line 31, delete "15" and insert "14"

Page 2, line 32, delete "(1)" and insert "Subd. 2."

Page 2, line 32, before the period, insert "except that in section 14 "agency" means the Minnesota housing finance agency"

Page 2, line 33, delete "(2)" and insert "Subd. 3."

Page 3, line 1, delete "15" and insert "12"

Page 3, line 2, delete "(3)" and insert "Subd. 4."

Page 3, line 4, delete "(4)" and insert "Subd. 5."

Page 3, line 5, after "convert" insert "conventional or" and delete the comma

Page 3, line 6, delete "traditional fuels which are not designated as scarce,"

Page 3, line 7, delete the comma

Page 3, line 9, delete "(5)" and insert "Subd. 6."

Page 3, line 12, delete "15" and insert "14"

Page 3, line 12, delete "specifically" and insert "fully"

Page 3, line 13, delete "the agency" and insert "rule, but during calendar year 1980 only persons having an annual household

income between 125 percent of the United States office of management and budget poverty guideline level and \$30,000 as determined pursuant to Minnesota Statutes, Section 290A.03, Subdivision 5, shall be considered low and moderate income persons. The income limits may be adjusted for inflation, by not more than 5 percent each year, for years subsequent to 1980"

Page 3, line 14, delete "(6)" and insert "Subd. 7."

Page 3, line 14, delete "or" and insert "school district, public or private institution of higher education, the Metropolitan Council, the Region 7 Development Commission, a municipal power agency, or any group or combination of those units operating under an agreement to jointly undertake projects authorized by sections 1 to 13"

Page 3, delete lines 15 to 17

Page 3, line 18, delete everything before the period

Page 3, line 22, delete "(7)" and insert "Subd. 8."

Page 3, line 24, after "solar" insert "radiation"

Page 3, line 28, delete "(e) wave action;" and reletter the clauses in sequence

Page 4, line 2, delete "(8)" and insert "Subd. 9."

Page 4, line 2, after "means" delete the rest of the line and insert "small business concern, as defined by 15 U.S.C. section 632 and 15 C.F.R. section 121.3-10 and other regulations defining small business concern for purposes of federal small business administration loans."

Page 4, delete lines 3 to 5

Page 4, line 6, delete "(9)" and insert "Subd. 10."

Page 4, line 22, after the period, insert "Feasibility studies performed pursuant to clauses (a) and (b) shall in no case exceed five percent of total estimated cost of a project."

Page 4, line 23, delete "(10)" and insert "Subd. 11."

Page 4, line 28, delete "and"

Page 4, after line 28 insert:

" (e) liquefied petroleum gas (LPG or propane); and"

Page 4, line 29, delete "(e)" and insert "(f)"

Page 4, line 32, after "oil" insert ", natural gas,"

Page 5, line 6, delete "15" and insert "14"

Page 5, line 11, delete "small businesses and"

Page 5, line 12, delete "sections 1 to 15" and insert "section 14"

Page 5, line 15, delete "grants and"

Page 5, line 15 after "the" insert "state energy" and after "fund" insert "debt account"

Page 5, line 18, delete ", small"

Page 5, delete line 19 except the semicolon

Page 5, line 20, delete "grants"

Page 5, line 21, delete "and"

Page 5, line 22, delete "grants or"

Page 5, line 25, delete "technological"

Page 5, line 28, delete "and,"

Page 5, line 29, after "(4)" delete the remainder of line 29 and line 30 and insert "Priorities for the evaluation of loan applications, including:

(a) the quantities and costs of scarce fuels estimated to be saved by the project;

(b) the environmental benefits of the project;

(c) the type and extent of employment created by the project;

(d) the extent to which the project has obtained additional financial support from federal, private, or other sources; and

(e) other matters the director finds necessary for the proper ranking of proposals submitted by qualified municipal applicants; and

(5) A limit of five percent of total project cost for feasibility studies."

Page 6, line 5, delete "and grants"

Page 6, line 7, delete "those purposes" and insert "this purpose"

Page 6, line 10, delete "All the"

Page 6, line 10, delete "fund" and insert "funds"

Page 6, line 11, delete "fund" and insert "funds"

Page 6, line 12, after "agency" insert "and the Minnesota housing finance agency"

Page 6, line 12, delete "fund" and insert "funds" and after "and" insert "shall"

Page 6, line 15, after "fund" insert "debt account"

Page 6, line 17, delete "the agency's own" and insert "agency rules"

Page 6, line 18, delete "regulations"

Page 6, line 20, delete "grant or"

Page 7, line 1, delete "one or more of"

Page 7, line 10, delete "as" and insert "which"

Page 7, line 17, delete "or grants"

Page 7, line 20, delete "or individual residence"

Page 7, delete line 32

Page 7, line 33, delete "(9)" and insert "(8)"

Page 8, line 1, delete "or grants"

Page 8, line 2, after "municipalities" insert ", pursuant to subdivision 1,"

Page 8, line 3, delete "both technologically" and after "feasible" insert ", energy efficient and cost effective in comparison with scarce traditional fuels,"

Page 8, delete section 9 and insert:

"Subd. 3. [MUNICIPAL LOANS TO SMALL BUSINESSES.]

(a) The agency, in consultation with the department of economic development, may make loans from the state energy fund debt account to municipalities for the purpose of funding programs of loans and grants to small businesses. To the extent possible, loans and grants made for these purposes shall constitute at least 25 percent of loan monies disbursed pursuant to sections 1 to 13 in each year. Loans and grants pursuant to these programs shall be made only for purposes of assisting small businesses with the expense incurred in connection with (a) installing or converting to energy systems utilizing renewable energy resources, (b) converting energy systems using relatively scarce fossil fuels to systems using more plentiful fossil fuels or peat, and (c) installing energy conserving components, materials, or equipment as defined by the agency.

(b) Each loan made pursuant to this subdivision shall be secured by a resolution adopted by the governing body of the municipality. The resolution shall obligate the municipality to make annual payments to the energy bond account. The payments of principal shall be in amounts sufficient to pay the principal amount of the loan within the period required by the agency. The payments of principal are not required to be equal or at a regular increasing rate. The rate on the loan shall be calculated on the declining balance at a rate not less than the average annual interest rate on the state bonds of the issue from which proceeds the loan was made.

(c) Prior to issuing any bonds for the purposes of this subdivision, the commissioner of finance shall obtain either a revenue ruling from the Internal Revenue Service or other adequate assurance that the bonds' interest payments will be exempt from taxation under section 103(a) of the internal revenue code.

(d) Section 10 shall not apply to loans made pursuant to this subdivision."

Page 8, line 16, delete "10" and insert "9"

Page 8, line 18, delete "grants or"

Page 8, line 21, delete "grants or"

Page 8, line 22, delete "section" and insert "act"

Page 9, line 4, delete "taxes,"

Page 9, delete line 5 and insert "pledged for the support of the project."

Page 9, line 6, delete "11" and insert "10"

Page 9, line 10, delete "or" and insert a period

Page 9, delete line 11

Page 11, line 29, delete "also" and insert "(a)"

Page 11, line 32, delete the period and insert "; (b) transfer and use for the purposes of the project any surplus funds of the municipality not specifically dedicated to any other purpose; and (c) levy taxes of up to one mill but not in excess of \$30 per capita on property within the municipal limits, except that the one mill and \$30 per capita limits shall not apply if higher limits are approved by a referendum."

Page 11, line 33, after "municipality" insert a comma

Page 12, line 1, after "are" insert "not"

Page 12, line 1, before the period insert "and shall be treated as a special levy pursuant to section 275.50, subdivision 5, clause (f)"

Page 12, line 1, delete "However,"

Page 12, delete lines 2 through 13

Page 12, line 15, after the comma insert "including a"

Page 12, line 17, delete "company or corporation of a" and insert "in whole or"

Page 12, line 18, after "maintenance" insert a comma

Page 12, line 19, delete everything after "facilities" and insert ". The payment may be made to the municipality in a lump sum,"

Page 12, line 20, delete everything before "or"

Page 12, line 21, after "maintenance" insert a comma

Page 12, line 23, after "money" insert "so"

Page 12, lines 24 and 25, after "maintenance" insert a comma

Page 12, line 26, delete the comma

Page 12, line 27, delete "company, or corporation"

Page 12, line 29, delete ", company or corporation" and insert "who"

Page 12, line 30, delete "which may pay" and insert "pays"

Page 12, line 31, after "facilities" delete the comma

Page 13, line 3, delete "and grants"

Page 13, delete sections 12 and 13

Page 14, line 1, delete "14" and insert "11"

Page 14, line 8, delete "15" and insert "12"

Page 14, line 16, delete "16" and insert "13"

Page 17, line 23, delete "16" and insert "13"

Page 17, line 26, delete "250,000,000" and after the dollar sign insert a blank

Page 17, line 27, delete "15" and insert "12"

Page 17, line 30, delete "15" and insert "12"

Page 18, after line 5, insert:

"Sec. 14. [462A.27] [LOANS PROGRAM FOR LOW AND MODERATE INCOME PERSONS.] Subdivision 1. For purposes of this section only, the term "agency" shall mean the Minnesota housing finance agency.

Subd. 2. The agency shall establish a program of loans for persons of low and moderate income to improve the energy efficiency of their principal residences or to equip their principal residences for the use of renewable energy sources or traditional fuels that are less costly and more plentiful. Both renters and homeowners are eligible for loans offered under this program.

Subd. 3. Expenses that qualify for loans under this section shall be established by rule but shall include:

(a) weatherization retrofit materials or materials and labor on residences constructed prior to January 1, 1980,

(b) structural or building envelope repairs essential for proper weatherization,

(c) improvements in the efficiency of existing energy systems, and

(d) the installation of or conversion to energy systems using peat, renewable energy sources, or more plentiful fossil fuels. Any solar energy system financed wholly or in part by this program shall comply with solar energy system standards of performance promulgated pursuant to Minnesota Statutes 1978, Section 116H.127.

Subd. 4. Notwithstanding other provisions of section 2 and this section, households having an annual income at or below 125 percent of the U.S. office of management and budget poverty guideline levels shall be eligible for loans from this program for purposes of:

(a) improvements in the efficiency of existing energy systems; and

(b) the installation of or conversion to energy systems using peat, renewable energy sources, or more plentiful fossil fuels. Any solar energy system financed wholly or in part by this program shall comply with solar energy system standards of performance promulgated pursuant to Minnesota Statutes 1978, Section 116H.127.

Subd. 5. Loans may be issued under this section directly by the agency or by housing and redevelopment authorities or local lenders that meet qualifications established by rule. Qualified local lenders participating in the program shall be provided with application forms prepared by the agency. Loans originated by a housing and redevelopment authority or a local lender shall be assumed by the agency at full loan value plus an origination fee.

Subd. 6. Loans made pursuant to this section need not be secured by a lien on personal or real property. Loans may be in amounts no larger than \$5,000. The interest rate on loans, within the range of 8 percent to 11 percent, shall be established by rule and based on household income.

Subd. 7. No loan shall be issued to an applicant until the applicant has certified at least the following:

(a) that principal and interest on the loan will be paid in full as provided by the terms of the loan agreement,

(b) the household income of the applicant,

(c) the intended use of loan money, and

(d) that no outstanding balance remains on any previous loan authorized by this section.

Subd. 8. The obligation to repay a loan issued to a homeowner or renter under this program may be assumed by a subsequent owner or renter of the residential property improved, regardless of the household income of the subsequent owner or renter. The agency shall make no charge for the assumption of a loan."

Page 18, delete sections 17 and 18 and insert:

"Sec. 15. [APPROPRIATION FOR ENERGY LOANS TO PERSONS OF LOW AND MODERATE INCOME.] The sum of \$1,500,000 is appropriated from the general fund to the housing development fund established pursuant to Minnesota Statutes, Section 462A.21, Subdivision 10, for the purpose of loans to persons of low and moderate income as provided by section 14."

Page 18, line 21, delete "19" and insert "16"

Page 18, line 25, delete "18" and insert "13"

Amend the title as follows:

Page 1, line 5, delete "and grants"

Page 1, line 7, delete "from"

Page 1, line 8, after the semicolon, insert "allowing municipalities to create"

Page 1, line 9, delete "creating" and delete "and"

Page 1, line 10, delete "low and moderate incomes to assist"

Page 1, line 13, after the semicolon, insert "establishing a loan program for persons of low and moderate income;"

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

Mr. Schaaf from the Committee on Governmental Operations, to which was referred the following appointment as reported in the Journal for April 26, 1979:

METROPOLITAN WASTE CONTROL COMMISSION CHAIRMAN

Salisbury Adams

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

Mr. Coleman moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Schaaf from the Committee on Governmental Operations, to which was referred the following appointment as reported in the Journal for April 19, 1979:

PUBLIC EMPLOYMENT RELATIONS BOARD

Karen A. Olsen

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

Mr. Coleman moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Schaaf from the Committee on Governmental Operations, to which was referred the following appointment as reported in the Journal for May 10, 1979:

PUBLIC EMPLOYMENT RELATIONS BOARD

Sidney S. Feinberg

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

Mr. Coleman moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Schaaf from the Committee on Governmental Operations, to which were referred the following appointments as reported in the Journal for May 2, 1979:

STATE DESIGNER SELECTION BOARD

Fred W. Kegel, Jr.

James B. Marshall, Jr.

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

Mr. Coleman moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Schaaf from the Committee on Governmental Operations, to which were referred the following appointments as reported in the Journal for May 2, 1979:

PERSONNEL BOARD

Glenn K. Christensen

William B. Flaherty

Paralee Milligan

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

Mr. Coleman moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Schaaf from the Committee on Governmental Operations, to which was referred the following appointment as reported in the Journal for March 29, 1979:

**DEPARTMENT OF ADMINISTRATION
COMMISSIONER**

James Hiniker

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

Mr. Coleman moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Schaaf from the Committee on Governmental Operations, to which was referred the following appointment as reported in the Journal for February 19, 1979:

**DEPARTMENT OF FINANCE
COMMISSIONER**

Wayne Burggraaff

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

Mr. Coleman moved that the foregoing committee report be laid on the table. The motion prevailed.

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

PUBLIC EMPLOYMENT RELATIONS BOARD

Thomas G. Arneson

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

Mr. Coleman moved that the foregoing committee report be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Wegener introduced—

Senate Resolution No. 58: A Senate resolution extending congratulations to the "Flyers" Girls Basketball team from Little Falls for winning the Class AA High School Basketball Championship.

Referred to the Committee on Rules and Administration.

Mr. Omann introduced—

Senate Resolution No. 59: A Senate resolution extending congratulations to the "Huskies" Girls Basketball team from Albany for winning the Class A High School Basketball Championship.

Referred to the Committee on Rules and Administration.

Mr. Vega introduced—

Senate Resolution No. 60: A Senate resolution extending congratulations to Mike Kubes of Henry Sibley High School, for winning the 100-yard breaststroke at the Minnesota State Swimming Meet.

Referred to the Committee on Rules and Administration.

RECESS

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

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

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

REPORTS OF COMMITTEES

Mr. Coleman from the Subcommittee on Bill Scheduling, to which were referred S. F. Nos. 2039, 1582, 1457, 2337, 2170, 2369, 1778, 1638, 2027, 2369, 2375, 2217, 386, 2182, 1943, 1686, 1067, 1883, 723, 750, 2003 and H. F. No. 1513 makes the following report:

That the above Senate Files and House File 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.

APPOINTMENTS

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

H. F. No. 1121: Messrs. McCutcheon, Johnson, Sillers, Peterson, and Hanson.

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

MEMBERS EXCUSED

Mr. Penny was excused from the session of today from 2:00 to 3:00 o'clock p.m. Mr. Omann was excused from the Session of today at 4:30 o'clock p.m. Messrs. Hanson, Johnson, Peterson, McCutcheon and Sillers were excused from the Session of today at 5:00 o'clock p.m. Mrs. Knaak was excused from the Session of today from 4:30 to 5:30 o'clock p.m.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman moved that the Senate do now adjourn until 1:00 o'clock p.m., Wednesday, March 26, 1980. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate