

NINETY-EIGHTH DAY

St. Paul, Minnesota, Friday, April 11, 1980

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

CALL OF THE SENATE

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

Aashbach	Engler	Knaak	Pillsbury	Stokowski
Bang	Frederick	Laufenburger	Purfeerst	Strand
Barrette	Gearly	Menning	Renneke	Stumpf
Bernhagen	Hanson	Nelson	Rued	Tennessee
Brataas	Hughes	Ogdahl	Schaaf	Ueland, A.
Coleman	Johnson	Olson	Setzepfandt	Ulland, J.
Davies	Keefe, S.	Omann	Solon	Wegener
Dunn	Kleinbaum	Penny	Stern	Willet

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

Prayer was offered by the Chaplain, Senator Emery Barrette.

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

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

The President declared a quorum present.

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

MEMBERS EXCUSED

Mr. Sillers was excused from the Session of today. Mr. Kirchner was excused from the Session of today until 5:00 o'clock p.m. Mr.

Moe was excused from the Session of today from 9:00 to 9:35 o'clock a.m. Mr. Stern was excused from the Session of today from 9:30 to 10:15 o'clock a.m.

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. 2100: A bill for an act relating to trade regulations; providing limits on formaldehyde concentrations emitted from building materials and insulation; prohibiting certain transactions; enacting the uniform trade secrets act; providing remedies; prescribing penalties.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned April 10, 1980

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 129 and repassed said bill in accordance with the report of the Committee, so adopted.

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

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

Edward A. Burdick, Chief Clerk, House of Representatives
Returned April 10, 1980

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 507 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 507: A bill for an act relating to taxation; providing for a levy apportionment for certain jurisdictions upon an assessment level differential greater than five percent; amending Minnesota Statutes 1978, Section 270.12, Subdivision 3.

Senate File No. 507 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned April 10, 1980

Mr. President:

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

S. F. No. 2085: A bill for an act relating to public employees; creating a state department of employee relations; establishing appropriate units for state and university of Minnesota employees; providing for a right to strike; providing for interim contract approval by the legislative commission on employee relations; clarifying civil service laws; providing for health benefits; providing for a study of promotional systems; repealing duty of the revisor of statutes regarding certain collective bargaining agreements; appropriating money; amending Minnesota Statutes 1978, Sections 43.001; 43.01, Subdivision 8; 43.05, by adding a subdivision; 43.111; 43.18, Subdivision 4; 43.19, Subdivision 1; 43.245; 43.321; 43.45; 43.46; 179.63, Subdivisions 7 and 8; 179.64, Subdivisions 2, 3, 4, and 5, and by adding a subdivision; 179.67, Subdivision 4; 179.69, Subdivisions 1 and 3; 179.71, Subdivisions 3 and 5; 179.72, Subdivision 6; 179.74, Subdivisions 2 and 3; and Chapters 43 and 179, by adding sections; and Minnesota Statutes, 1979 Supplement, Sections 3.855; 43.05, Subdivision 2; 43.067, Subdivision 1; 43.19, Subdivision 1; 43.50, Subdivision 1; 62D.22, Subdivision 7; 179.63, Subdivision 11; 179.65, Subdivision 6; and 179.74, Subdivisions 4 and 5; and Laws 1979, Chapter 332, Article I, Sections 114 and 116; repealing Minnesota Statutes 1978, Sections 43.003; 43.50, Subdivision 3; 179.64, Subdivision 1; 179.69, Subdivisions 4, 5, and 6; and 482.18; and Minnesota Statutes, 1979 Supplement, Sections 15A.081, Subdivision 5; and 179.64, Subdivision 7.

There has been appointed as such committee on the part of the House:

Simoneau, Novak and Sviggum.

Senate File No. 2085 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned April 10, 1980

Mr. President:

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

S. F. No. 630: A bill for an act relating to commerce; providing for the licensing and regulation of mobile home dealers; imposing certain duties and prohibiting certain practices; providing penalties; amending Minnesota Statutes 1978, Sections 327.43, Subdivision 1; 327.51, Subdivision 1, and by adding subdivisions; 327.55,

Subdivisions 1 and 4; and Chapter 327, by adding sections; and Minnesota Statutes, 1979 Supplement, Section 327.43, Subdivision 2.

Senate File No. 630 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 10, 1980

CONCURRENCE AND REPASSAGE

Mr. Schaaf moved that the Senate concur in the amendments by the House to S. F. No. 630 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 630: A bill for an act relating to commerce; providing for the licensing and regulation of mobile home dealers; imposing certain duties and prohibiting certain practices; providing penalties; amending Minnesota Statutes 1978, Sections 327.43, Subdivision 1; 327.51, Subdivision 1, and by adding subdivisions; 327.55, Subdivisions 1 and 4; and Chapter 327, by adding sections; and Minnesota Statutes, 1979 Supplement, Sections 327.43, Subdivision 2; and 327.44.

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

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

The roll was called, and there were yeas 49 and nays 0, as follows:

Those who voted in the affirmative were:

Aahbach	Frederick	Luther	Peterson	Stokowski
Bang	Gearty	Menning	Pillsbury	Strand
Barrette	Gunderson	Nelson	Purfeerst	Stumpf
Benedict	Hanson	Nichols	Renneke	Tennessee
Bernhagen	Hughes	Ogdahl	Rued	Ueland, A.
Brataas	Kleinbaum	Olhoft	Schaaf	Ulland, J.
Davies	Knaak	Olson	Schmitz	Vega
Dieterich	Knoll	Omann	Setzepfandt	Wegener
Dunn	Laufenburger	Penny	Sikorski	Willet
Engler	Lessard	Perpich	Spear	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 251: A bill for an act relating to cooperative associations; validating elections of directors by mail voting; authorizing mail voting for directors of cooperative associations; providing for

voting by members' spouses; amending Minnesota Statutes 1978, Section 308.071; and Chapter 308, by adding a section.

Senate File No. 251 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned April 10, 1980

CONCURRENCE AND REPASSAGE

Mr. Davies moved that the Senate concur in the amendments by the House to S. F. No. 251 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 251 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 45 and nays 11, as follows:

Those who voted in the affirmative were:

Ashbach	Frederick	Knoll	Omann	Solon
Bang	Gearty	Knutson	Penny	Spear
Barrette	Hanson	Lessard	Perpich	Stokowski
Benedict	Hughes	Luther	Peterson	Stumpf
Bernhagen	Johnson	Merriam	Pillsbury	Tennessen
Brataas	Keefe, J.	Moe	Renneke	Ueland, A.
Davies	Keefe, S.	Nelson	Schaaf	Ulland, J.
Dieterich	Kleinbaum	Ogdahl	Setzepfandt	Vega
Dunn	Knaak	Olson	Sikorski	Wegener

Those who voted in the negative were:

Engler	Menning	Olhoft	Rued	Strand
Gunderson	Nichols	Purfearst	Schmitz	Willet
Laufenburger				

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2040 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2040 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted April 10, 1980

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2040

A bill for an act relating to government data; providing definitions; classifying data as public, private, confidential, non-public,

or protected non-public; amending Minnesota Statutes 1978, Sections 15.162, by adding subdivisions; 15.165, Subdivision 3; 600.23, Subdivision 3; and Chapter 15, by adding sections; Minnesota Statutes, 1979 Supplement, Sections 15.162, Subdivision 2a; 15.163, Subdivisions 3, 5, and 9; 15.1642, Subdivisions 1 and 5; 15.166, Subdivision 4; 15.1692, Subdivision 2, and by adding a subdivision; 15.1693, by adding a subdivision; 15.1698, Subdivision 1, and by adding subdivisions; repealing Minnesota Statutes, 1979 Supplement, Section 15.1692, Subdivision 4.

April 9, 1980

The Honorable Fred C. Norton
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 2040, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and H. F. No. 2040 be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes, 1979 Supplement, Section 15.162, Subdivision 2a, is amended to read:

Subd. 2a. "Confidential data on individuals" means data which is: (a) made not public by statute or federal law applicable to the data and is inaccessible to the individual subject of that data; or (b) collected by a civil or criminal investigative agency as part of an active investigation undertaken for the purpose of the commencement of a legal action, provided that the burden of proof as to whether such investigation is active or in anticipation of a legal action is upon the agency. Confidential data on individuals does not include arrest information that is reasonably contemporaneous with an arrest or incarceration. The provision of clause (b) shall terminate and cease to have force and effect with regard to the state agencies, political subdivisions, statewide systems, covered by the ruling, upon the granting or refusal to grant a temporary classification pursuant to section 15.1642 of both criminal and civil investigative data, or on July 31, 1980 1981, whichever occurs first.

Sec. 2. Minnesota Statutes 1978, Section 15.162, Subdivision 3, is amended to read:

Subd. 3. "Data on individuals" includes all records, files and processes which contain any data means all government data in which an any individual, living or dead, is or can be identified and which are retained or intended to be retained on a permanent or temporary basis. It includes data collected, stored, or disseminated by manual, mechanical, electronic or any other means. Data on individuals are classified as public, private or confidential as

the subject of that data, unless the appearance of the name or other identifying data can be clearly demonstrated to be only incidental to the data and the data are not accessed by the name or other identifying data of any individual.

Sec. 3. Minnesota Statutes 1978, Section 15.162, is amended by adding a subdivision to read:

Subd. 3a. "Data not on individuals" means all government data which is not data on individuals.

Sec. 4. Minnesota Statutes 1978, Section 15.162, is amended by adding a subdivision to read:

Subd. 5c. "Non-public data" means data not on individuals which is made by statute or federal law applicable to the data: (a) not public; and (b) accessible to the subject of the data.

Sec. 5. Minnesota Statutes 1978, Section 15.162, amended by adding a subdivision to read:

Subd. 5d. "Protected non-public data" means data not on individuals which is made by statute or federal law applicable to the data (a) not public and (b) not accessible to the subject of the data.

Sec. 6. Minnesota Statutes 1978, Section 15.162, is amended by adding a subdivision to read:

Subd. 5e. "Public data not on individuals" means data which is accessible to the public pursuant to section 15.1621.

Sec. 7. Minnesota Statutes, 1979 Supplement, Section 15.1621, is amended by adding a subdivision to read:

Subd. 4. The classification of data in the possession of an agency shall change if it is required to do so to comply with either judicial or administrative rules pertaining to the conduct of legal actions or with a specific statute applicable to the data in the possession of the disseminating or receiving agency.

Sec. 8. Minnesota Statutes, 1979 Supplement, Section 15.1642, Subdivision 1, is amended to read:

15.1642 [TEMPORARY CLASSIFICATION.] Subdivision 1. [APPLICATION.] *Notwithstanding the provisions of section 15.1621, the responsible authority of a state agency, political subdivision or statewide system may apply to the commissioner for permission to classify data or types of data on individuals as private or confidential, or data not on individuals as non-public or protected non-public, for its own use and for the use of other similar agencies, political subdivisions or statewide systems on a temporary basis until a proposed statute can be acted upon by the legislature. The application for temporary classification is public.*

Upon the filing of an application for temporary classification, the data which is the subject of the application shall be deemed to be classified as set forth in the application for a period of 45 days,

or until the application is disapproved or granted by the commissioner, whichever is earlier.

Sec. 9. Minnesota Statutes, 1979 Supplement, Section 15.1642, is amended by adding a subdivision to read:

Subd. 2a. If the commissioner determines that an application for temporary classification involves data which would reasonably be classified in the same manner by all agencies, political subdivisions, or statewide systems similar to the one which made the application, the commissioner may approve or disapprove the classification for data of the kind which is the subject of the application for the use of all agencies, political subdivisions, or statewide systems similar to the applicant. If the commissioner deems this approach advisable, he shall provide notice of his intention by publication in the state register and by notification to the intergovernmental information systems advisory council, within ten days of receiving the application. Within 30 days after publication in the state register and notification to the council, an affected agency, political subdivision, the public, or statewide system may submit comments on the commissioner's proposal. The commissioner shall consider any comments received when granting or denying a classification for data of the kind which is the subject of the application, for the use of all agencies, political subdivisions, or statewide systems similar to the applicant. Within 45 days after the close of the period for submitting comment, the commissioner shall grant or disapprove the application. Applications processed under this subdivision shall be either approved or disapproved by the commissioner within 90 days of the receipt of the application. For purposes of subdivision 1, the data which is the subject of the classification shall be deemed to be classified as set forth in the application for a period of 90 days, or until the application is disapproved or granted by the commissioner, whichever is earlier. If requested in the application, or determined to be necessary by the commissioner, the data in the application shall be so classified for all agencies, political subdivisions, or statewide systems similar to the applicant until the application is disapproved or granted by the commissioner, whichever is earlier. Proceedings after the grant or disapproval shall be governed by the provisions of subdivision 3.

Sec. 10. Minnesota Statutes, 1979 Supplement, Section 15.1642, Subdivision 5, is amended to read:

Subd. 5. [EXPIRATION OF TEMPORARY CLASSIFICATION.] Emergency classifications granted before July 1, 1979 are redesignated as temporary classifications. All temporary classifications granted under this section prior to July 1, 1979 the effective date of this act and still in effect, and all temporary classifications thereafter applied for and granted pursuant to this section shall expire on July 31, 1980 or 18 months after the classification is granted, whichever occurs later. For purposes of this section, all temporary classifications granted prior to December 1, 1979, shall be treated as if they were granted in 1979.

Sec. 11. Minnesota Statutes, 1979 Supplement, Section 15.1642, Subdivision 5a, is amended to read:

Subd. 5a. [LEGISLATIVE CONSIDERATION AND EXPIRATION OF TEMPORARY CLASSIFICATIONS.] On or before January 15 of each year, the commissioner shall submit all temporary classifications granted in the prior year in effect on January 1 in bill form for legislative consideration. Unless enacted by law, each temporary classification so submitted shall expire 18 months after being granted and may not be renewed more than once to the legislature.

Sec. 12. Minnesota Statutes 1978, Section 15.165, Subdivision 3, is amended to read:

Subd. 3. Upon request to a responsible authority, an individual shall be informed whether he is the subject of stored data on individuals, and whether it is classified as public, private or confidential. Upon his further request, an individual who is the subject of stored private or public data on individuals shall be shown the data without any charge to him and, if he desires, shall be informed of the content and meaning of that data. After an individual has been shown the private or public data and informed of its meaning, the data need not be disclosed to him for six months thereafter unless a dispute or action pursuant to this section is pending or additional data on the individual has been collected or created. The responsible authority shall provide copies of the private or public data upon request by the individual subject of the data. The cost of providing copies shall be borne by the individual. The responsible authority may require the requesting person to pay the actual costs of making, certifying, and compiling the copies.

The responsible authority shall comply immediately, if possible, with any request made pursuant to this subdivision, or within five days of the date of the request, excluding Saturdays, Sundays and legal holidays, if immediate compliance is not possible. If he cannot comply with the request within that time, he shall so inform the individual, and may have an additional five days within which to comply with the request, excluding Saturdays, Sundays and legal holidays.

Sec. 13. Minnesota Statutes, 1979 Supplement, Section 15.166, Subdivision 4, is amended to read:

Subd. 4. In addition to the remedies provided in subdivisions 1 to 3 or any other law, any aggrieved person may bring an action in district court to compel compliance with sections 15.1611 to 15.1698 and may recover costs and disbursements, including reasonable attorney's fees, as determined by the court. If the court determines that a request for government data *an action brought under this subdivision* is frivolous and without merit and a basis in fact, it may award reasonable costs and attorney fees to the responsible authority. The matter shall be heard as soon as possible. In an action involving a request for government data under section 15.1621 or 15.165, the court may inspect in camera the government data in dispute, but shall conduct its hearing in public and in a manner that protects the security of data classified as not public.

Sec. 14. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1672] [EXAMINATION DATA.] *Data consisting solely of testing or examination materials, or scoring keys used solely to determine individual qualifications for appointment or promotion in public service, or used to administer a licensing examination, or academic examination, the disclosure of which would compromise the objectivity or fairness of the testing or examination process are classified as nonpublic, except pursuant to court order.*

Sec. 15. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1673] [GENERAL NONPUBLIC DATA.] *Subdivision 1. As used in this section, the following terms have the meanings given them.*

(a) "Security information" means government data the disclosure of which would be likely to substantially jeopardize the security of information, possessions, individuals or property against theft, tampering, improper use, attempted escape, illegal disclosure, trespass, or physical injury.

(b) "Trade secret information" means government data, including a formula, pattern, compilation, program, device, method, technique or process (1) that was supplied by the affected individual or organization, (2) that is the subject of efforts by the individual or organization that are reasonable under the circumstances to maintain its secrecy, and (3) that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

(c) "Labor relations information" means management positions on economic and non-economic items that have not been presented during the collective bargaining process or interest arbitration, including information specifically collected or created to prepare the management position.

Subd. 2. *The following government data is classified as nonpublic data with regard to data not on individuals, pursuant to section 4, and as private data with regard to data on individuals, pursuant to section 15.162, subdivision 5a: Security information, trade secret information, sealed absentee ballots prior to opening by an election judge, sealed bids prior to the opening of the bid, and labor relations information.*

Sec. 16. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1674] [DEFERRED ASSESSMENT DATA.] *Any data, collected by political subdivisions pursuant to section 435.193, which indicate the amount or location of cash or other valuables kept in the homes of applicants for deferred assessment, are private data pursuant to section 15.162, subdivision 5a.*

Sec. 17. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1675] [REVENUE DATA.] *The following data created, collected and maintained by the state department of revenue are classified as protected non-public, pursuant to section 5: criteria used in the computer processing of income tax returns to determine which returns are selected for audit; department criteria used to determine which income tax returns are selected for an in-depth audit; and department criteria and procedures for determining which accounts receivable balances below a specified amount are cancelled or written-off.*

Sec. 18. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1676] [SURPLUS LINE INSURANCE DATA.] *All data appearing on copies of surplus line insurance policies collected by the insurance division of the department of commerce pursuant to section 60A.20 are classified as private, pursuant to section 15.162, subdivision 5a.*

Sec. 19. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1677] [FEDERAL CONTRACTS DATA.] *To the extent that a federal agency requires it as a condition for contracting with a state agency or political subdivision, all government data collected and maintained by the state agency or political subdivision because that agency contracts with the federal agency are classified as either private or nonpublic depending on whether the data are data on individuals or data not on individuals.*

Sec. 20. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1678] [PROPERTY COMPLAINT DATA.] *The names of individuals who register complaints with state agencies or political subdivisions concerning violations of state laws or local ordinances concerning the use of property are classified as confidential, pursuant to section 15.162, subdivision 2a.*

Sec. 21. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1679] [LIBRARY DATA.] *Subdivision 1. All records collected, maintained, used or disseminated by a public library shall be administered in accordance with the provisions of sections 15.1611 to 15.17.*

Subd. 2. That portion of records maintained by a public library which links a library patron's name with materials requested or borrowed by the patron or which links a patron's name with a specific subject about which the patron has requested information or materials is classified as private, pursuant to section 15.162, subdivision 5a, and shall not be disclosed except pursuant to a valid court order.

Sec. 22. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1680] [INVESTIGATIVE DETENTION DATA.] *Subdivision 1. [DEFINITION.] As used in this section, "investigative detention data" means government data created, collected, used or maintained by the state reformatories, prisons and correctional facilities, municipal or county jails, lockups, work houses, work farms and other correctional and detention facilities which: (a) if revealed, would disclose the identity of an informant who provided information about suspected illegal activities, and (b) if revealed, is likely to subject the informant to physical reprisals by others.*

Subd. 2. [GENERAL.] Investigative detention data is confidential and shall not be disclosed except:

(a) Pursuant to section 15.163 or any other statute;

(b) Pursuant to a valid court order; or

(c) To a party named in a civil or criminal proceeding, whether administrative or judicial, to the extent required by the relevant rules of civil or criminal procedure.

Sec. 23. Minnesota Statutes, 1979 Supplement, Section 15.1691. Subdivision 3, is amended to read:

Subd. 3. [INVESTIGATIVE DATA.] Data on persons including data on vendors of services, which is collected, maintained, used or disseminated by the welfare system in an investigation, authorized by statute and relating to the enforcement of rules or law, is confidential pursuant to section 15.162, subdivision 2a, and shall not be disclosed except:

(a) Pursuant to section 15.163;

(b) Pursuant to statute or valid court order;

(c) To a party named in a civil or criminal proceeding, administrative or judicial, for preparation of defense.

After presentation in court, the data shall be public data on individuals to the extent reflected in court records. The data referred to in this subdivision shall be classified as public data upon its submission to a hearing examiner or court in an administrative or judicial proceeding.

Sec. 24. Minnesota Statutes, 1979 Supplement, Section 15.1692, Subdivision 1, is amended to read:

15.1692 [PERSONNEL DATA.] Subdivision 1. As used in this section, "personnel data" means data on individuals collected because the individual is or was an employee of or an applicant for employment by, performs services on a voluntary basis for, or acts as an independent contractor with a state agency, statewide system or political subdivision or is a member of an advisory board or commission.

Sec. 25. Minnesota Statutes, 1979 Supplement, Section 15.1692, Subdivision 2, is amended to read:

Subd. 2. Except for employees described in subdivision 6, the following personnel data on current and former employees, *volunteers and independent contractors* of a state agency, statewide system or political subdivision *and members of advisory boards or commissions* is public: name; actual gross salary; salary range; *contract fees*; actual gross pensions; the value and nature of employer paid fringe benefits; the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary; job title; job description; education and training background; previous work experience; date of first and last employment; the status of any complaints or charges against the employee, whether or not the complaint or charge resulted in a disciplinary action; and the final disposition of any disciplinary action and supporting documentation; *work location; a work telephone number; badge number; and, city and county of residence.*

Sec. 26. Minnesota Statutes, 1979 Supplement, Section 15.1693, Subdivision 2, is amended to read:

Subd. 2. Except as provided in subdivision 4, educational data is private data on individuals and shall not be disclosed except as follows:

- (a) Pursuant to section 15.163;
- (b) Pursuant to a valid court order;
- (c) Pursuant to a statute specifically authorizing access to the private data;

(d) To disclose information in health and safety emergencies pursuant to the provisions of 20 U.S.C., Section 1232g (b) (1) (I) and 45 C.F.R., Section 99.36 which are in effect on July 1, 1979; ~~or~~

(e) Pursuant to the provisions of 20 U.S.C., Sections 1232g (b) (1), (b) (4) (A), (b) (4) (B), (b) (1) (B), (b) (3) and 45 C.F.R., Sections 99.31, 99.32, 99.33, 99.34 and 99.35 which are in effect on July 1, 1979; or

(f) *To appropriate health authorities but only to the extent necessary to administer immunization programs.*

Sec. 27. Minnesota Statutes, 1979 Supplement, Section 15.1698, Subdivision 1, is amended to read:

15.1698 [MEDICAL DATA.] Subdivision 1. [DEFINITION.] As used in this section, : (a) "Directory information" means name of the patient, date admitted, general condition, and date released.

(b) *"Medical data" means data collected because an individual was or is a patient or client of a hospital, nursing home, medical center, clinic, health or nursing agency operated by a state agency or political subdivision including business and financial records, and data provided by or about relatives of the individual.*

Sec. 28. Minnesota Statutes, 1979 Supplement, Section 15.1698, is amended by adding a subdivision to read:

Subd. 4. [CLASSIFICATION OF MEDICAL DATA.] *Unless*

the data is summary data or a statute specifically provides a different classification, medical data are private but are available only to the subject of the data as provided in section 144.335, and shall not be disclosed to others except;

(a) Pursuant to section 15.163;

(b) Pursuant to a valid court order;

(c) To administer federal funds or programs;

(d) To the surviving spouse or next of kin of a deceased patient or client;

(e) To communicate a patient's or client's condition to a family member or other appropriate person in accordance with acceptable medical practice, unless the patient or client directs otherwise; or

(f) As otherwise required by law.

Sec. 29. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1699] [EMPLOYEE ASSISTANCE DATA.] *All data created, collected or maintained by the department of administration to administer the employee assistance program are classified as private, pursuant to section 15.162, subdivision 5a.*

Sec. 30. Minnesota Statutes 1978, Section 600.23, Subdivision 3, is amended to read:

Subd. 3. [WITHDRAWAL.] *Papers and instruments so deposited shall not be made public or withdrawn from such the office except upon the written order of the person depositing the same, or his executors or administrators, or on the order of some court for the purpose of being read in such the court, and then to be returned to such the office. When so deposited, they shall be open to the examination of any person desiring the same upon payment of the fees, if any, allowed by law.*

Sec. 31. Laws 1978, Chapter 790, Section 5, Subdivision 2, is amended to read:

Subd. 2. Section 3 is effective April 1, 1980 1981.

Sec. 32. [REPEALER.] *Minnesota Statutes, 1979 Supplement, Sections 15.1692, Subdivision 4, and 15.1698, Subdivision 2, are repealed.*

Sec. 33. [EFFECTIVE DATE.] *This act is effective the day following enactment."*

Delete the title in its entirety and insert:

"A bill for an act relating to privacy; providing for the collection and dissemination of government data; classifying data as private, confidential, nonpublic or public; amending Minnesota Statutes 1978, Sections 15.162, Subdivision 3, and by adding subdivisions; 15.165, Subdivision 3; 600.23, Subdivision 3; and Chapter 15, by adding sections; Minnesota Statutes, 1979 Supplement, Sections 15.162, Subdivision 2a; 15.1621, by adding a subdivision; 15.1642,

Subdivisions 1, 5, 5a, and by adding a subdivision; 15.166, Subdivision 4; 15.1691, Subdivision 3; 15.1692, Subdivisions 1 and 2; 15.1693, Subdivision 2; and 15.1698, Subdivision 1, and by adding a subdivision; and Laws 1978, Chapter 790, Section 5, Subdivision 2; repealing Minnesota Statutes, 1979 Supplement, Section 15.1692, Subdivision 4; and 15.1698, Subdivision 2."

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

House Conferees: (Signed) Tom Stoa, Terry M. Dempsey, Shirley A. Hokanson

Senate Conferees: (Signed) Robert J. Tennesen, Irving M. Stern, John B. Keefe

Mr. Tennesen moved that the foregoing recommendations and Conference Committee Report on H. F. No. 2040 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 2040 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 52 and nays 2, as follows:

Those who voted in the affirmative were:

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

Messrs. Barrette and Merriam voted in the negative.

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1453 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1453 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 10, 1980

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1453

A bill for an act relating to retirement; authorizing payment of severance pay to retiring employees; validating past payments; amending Minnesota Statutes 1978, Section 356.24; and Minnesota Statutes, 1979 Supplement, Section 465.72.

April 2, 1980

The Honorable Fred C. Norton
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 1453, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1453 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes, 1979 Supplement, Section 43.051, Subdivision 3, is amended to read:

Subd. 3. Notwithstanding the provisions of subdivision 1, any employee of the state of Minnesota in a covered classification as defined in section 352.91, who is a member of the special retirement program for correctional personnel established pursuant to sections 352.90 to 352.95, ~~shall may elect or be required to retire~~ from employment in the covered correctional position upon reaching the age of 55 years, ~~unless the person applies for and receives from the commissioner of corrections, or the commissioner of public welfare if the appointing authority is the Minnesota security hospital an extension beyond the conditional mandatory retirement age.~~

A covered correctional employee may be employed beyond the mandatory retirement age, but not beyond the age of 65 years. A correctional employee occupying a position specified as covered by the provisions of section 352.91, desiring employment beyond the conditional mandatory retirement age shall, at least 30 days prior to the date of reaching the conditional mandatory retirement age of 55 years, and annually thereafter, request in writing to the person's appointing authority that he be authorized to continue in employment in the covered position. Upon receiving the request, the appointing authority shall have a medical examination made of the employee. If the results of the medical examination, together with the determination and certification of the appointing authority as to establish the mental and physical ability of the employee to continue to fulfill the duties of his employment, he shall be continued in his employment for the following year; shall be transmitted to the commissioner of corrections or the commissioner of public welfare if the appointing authority is the Minnesota security hospital. If the determination of the appointing au-

thority relating to an employee based upon the results of the physical examination is adverse, the disposition of the matter shall be decided by the commissioner of corrections or of public welfare, ~~whichever is applicable, if the appointing authority is the Minnesota security hospital.~~ Based on the information provided to him, the decision of the applicable commissioner shall be made in writing and shall be final.

Sec. 2. Minnesota Statutes 1978, Section 352.90, is amended to read:

352.90 [CORRECTIONAL EMPLOYEES.] It is the policy of the legislature to provide special retirement benefits and contributions for certain correctional employees who, ~~because of the nature of their employment, are may be required to retire at an early age because they are unable to retain the mental or physical capacity required to maintain the safety, security, discipline and custody of inmates at state adult correctional facilities.~~ For the purpose of chapter 356, the actuary shall make separate reports with respect to these employees. Except as otherwise provided, the provisions of this chapter, apply to covered correctional employees.

Sec. 3. Minnesota Statutes 1978, Section 352.91, Subdivision 1, is amended to read:

352.91 [COVERED CORRECTIONAL SERVICE.] Subdivision 1. Covered correctional service means: (a) services performed on, before, or after July 1, 1973, by a state employee, as defined in section 352.01, as an attendant guard, attendant guard supervisor, correctional captain, correctional counselor I, correctional counselor II, correctional counselor III, correctional counselor IV, correctional lieutenant, correctional officer, correctional sergeant, director of attendant guards and guard farmer garden, provided the employee was employed in such position on July 1, 1973 or thereafter; (b) services performed before July 1, 1973 by an employee covered under clause (a) in a position classified as a houseparent, special schools counselor, shop instructor or guard instructor; and (c) services performed before July 1, 1973 in a position listed in clause (a) and positions classified as houseparent, guard instructor and guard farmer dairy, by a person employed on July 1, 1973 in a position classified as a license plant manager, prison industry foreman (general, metal fabricating and foundry), prison industry supervisor, food service manager, prison farmer supervisor, prison farmer assistant supervisor or rehabilitation therapist employed at the Minnesota security hospital. However an employee shall not be covered hereunder if first employed after July 1, 1973 and who because of his age could not acquire ~~ten years of sufficient service~~ to qualify for an annuity as a correctional employee.

Sec. 4. Minnesota Statutes 1978, Section 352.91, Subdivision 2, is amended to read:

Subd. 2. Covered correctional service shall also mean service rendered at any time by state employees as special teachers, tradesmen and maintenance personnel certified by the commissioner of personnel as being regularly engaged in rehabilitation,

treatment, custody or supervision of inmates employed at the Minnesota state reformatory for men correctional facility-St. Cloud, the state prison Minnesota correctional facility-Stilwater and the Minnesota correctional institution for women facility-Shakopee on or after July 1, 1974, other than any such employees who are 62 years of age or older as of July 1, 1974, and, effective the first payroll period after June 1, 1980, shall also include those employees of the Minnesota correctional facility-Lino Lakes and the employees of any other adult state correctional facility which may be established, who perform covered correctional service after June 1, 1980. For each special teacher who on July 1, 1974 is employed at one of the foregoing institutions facilities and is a member of the teachers retirement association, the teachers retirement association shall transfer to the Minnesota state retirement system an amount equal to accumulated employee and employer contributions, including any additional employer contributions on behalf of such employee. The term special teacher shall also include the classifications of institution facility educational administrator and supervisor.

Sec. 5. Minnesota Statutes 1978, Section 352.91, is amended by adding a subdivision to read:

Subd. 4. Upon the recommendation of the commissioner of corrections or the commissioner of public welfare, whichever is the appropriate employing authority, with the approval of the legislative advisory committee and with notification to and receipt of comments from the legislative commission on pensions and retirement, the commissioner of personnel may certify additional civil service classifications at state adult correctional or security hospital facilities to the executive director of the Minnesota state retirement system as positions rendering covered correctional service.

Sec. 6. Minnesota Statutes 1978, Section 352B.08, Subdivision 2, is amended to read:

Subd. 2. The annuity shall be paid in monthly installments equal to that portion of the average monthly salary of the member multiplied by two and one-half percent for each year and pro rata for completed months of service not exceeding 20 years and two percent for each year and pro rata for completed months of service in excess of 20 years. Effective June 1, 1973, "average monthly salary" shall mean the average of the monthly salaries for the five high years of service as a member. The monthly salary for the period prior to July 2, 1969 shall be deemed to be \$600. In lieu of the life annuity herein provided, the member or former member with 10 years or more of service may elect a joint and survivor annuity, payable to the surviving spouse a designated beneficiary for life, adjusted to the actuarial equivalent value of such life annuity. The joint and survivor annuity elected by a member may also provide that the elected annuity be reinstated to the life annuity herein provided, if after drawing the elected joint and survivor annuity, the spouse designated beneficiary dies prior to the death of the member. This reinstatement shall not be retroac-

tive but shall be in effect for the first full month subsequent to the death of the *surviving spouse designated beneficiary*. This additional joint and survivor option with reinstatement clause shall be adjusted to the actuarial equivalent value of a regular life annuity. The member with ten or more years of service or the former member with 20 years or more of allowable service credit is deemed to have elected a 100 percent joint and survivor annuity payable to a *surviving spouse* only on or after the member's 55th birthday.

Sec. 7. Minnesota Statutes 1978, Section 356.24, is amended to read:

356.24 [SUPPLEMENTAL PENSION OR DEFERRED COMPENSATION PLANS, RESTRICTIONS UPON GOVERNMENT UNITS.] Upon passage of this section, it shall be unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan which is maintained and operated in addition to a primary pension program for the benefit of the governmental subdivision employees. This section shall not apply to supplemental pension plans which are maintained and operated prior to passage of this section, except that, any changes in benefits or employer contributions after the passage of this section shall be made pursuant to legislative authorization. This section does not apply to plans that provide only for group health, hospital, disability, or death benefits, *nor to a plan which provides for the payment of severance pay as authorized by section 465.72 to a retiring or terminating employee.*

Sec. 8. Minnesota Statutes, 1979 Supplement, Section 465.72, is amended to read:

465.72 [SEVERANCE PAY.] Except as may otherwise be provided in Laws 1959, Chapter 690, as amended, all counties, cities, townships, and school districts or other governmental subdivisions are hereby authorized and empowered to pay severance pay to all of its employees and to establish, prescribe and promulgate provisions, rules and regulations for the payment of such severance pay upon leaving employment *on or prior or subsequent* to the normal retirement date. *Severance pay shall also include the payment of accumulated vacation leave, accumulated sick leave or a combination thereof.* Such severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits, and shall be paid in a manner mutually agreeable to the employee and employer over a period not to exceed five years from retirement or termination of employment. In the event that a *retired or terminated* employee dies before all or a portion of the severance pay has been disbursed, that balance due shall be paid to a named beneficiary or, lacking same, to the deceased's estate. In no event shall severance pay provided for an employee except a teacher as defined in section 179.63, subdivision 13, leaving employment exceed an amount equivalent to 100 days pay. Severance pay for a teacher as defined in section 179.63, subdivision 13, shall not exceed an amount equivalent to one year of pay.

Sec. 9. [465.721] [FUNDING.] *No county, city, township, school district or other governmental subdivision shall implement a plan for payment of severance pay pursuant to section 8 until a plan providing for full funding has been developed and approved by the governing body.*

Sec. 10. Minnesota Statutes 1978, Section 473.417, as amended by Laws 1980, Chapter 342, Section 16, is amended to read:

473.417 [ADDITIONAL EMPLOYER OBLIGATION TO AMORTIZE UNFUNDED ACCRUED LIABILITIES.] In order to amortize the additional unfunded accrued liability incurred by the Minnesota state retirement system as a result of the consolidation of the metropolitan transit commission—transit operating division employees retirement fund, and to place the metropolitan transit commission on an equivalent basis with the other employing units and agencies having employees covered by the Minnesota state retirement system, the metropolitan transit commission shall make an annual contribution to the Minnesota state retirement system in addition to the employer contribution specified in section 352.04, subdivision 3. The additional contribution shall be an amount equal to three and eight-tenths percent of the salaries of employees of the transit operating division on each payroll abstract, commencing July 1, 1978, and payable until the unfunded accrued liability amount of \$7,260,518 \$7,307,545 plus compound interest from July 1, 1978 at the rate of six percent per annum on the average unpaid balance is amortized, as determined by the executive director of the Minnesota state retirement system.

Sec. 11. Laws 1953, Chapter 91, Section 1, Subdivision 7, as amended by Laws 1975, Chapter 408, Section 1, is amended to read:

Subd. 7. [DULUTH, CITY OF; POLICE PENSIONS.] "Spouse" means a person who was the legal husband or wife of a member at the time of the member's death, and includes a person who was the legal husband or wife of any pensioner or deferred service pensioner at the time of the member's death who was married to the member at least a total of three years one year prior to the member's retirement from the department.

Sec. 12. Laws 1955, Chapter 151, Section 1, Subdivision 5, as amended by Laws 1963, Chapter 271, Section 2, is amended to read:

Subd. 5. "Widow" "Surviving spouse" means a woman person who was the wife spouse of a member or a pensioner while he or she was an active member, and who, in case the deceased member was a service pensioner, deferred pensioner, or on duty or non duty disability pensioner, was married to the member at least one year before his or her retirement from the police department; but does not include a surviving wife spouse of a member or a pensioner who deserts him or her or a common law wife spouse of a member or a pensioner.

Sec. 13. Laws 1955, Chapter 151, Section 3, Subdivision 2, is amended to read:

Subd. 2. This association shall create, maintain, and administer a policemen's pension fund for the benefit of its members, their widows surviving spouses, and their children.

Sec. 14. Laws 1955, Chapter 151, Section 13, as amended by Laws 1963, Chapter 271, Section 7, and Laws 1971, Chapter 549, Section 2, is amended to read:

Sec. 13. The association shall pay a pension to the widow surviving spouse or any child under 18 years of age of any pensioned and retired member, or to the widow surviving spouse or any child under 18 years of age of any member who dies while in the service of the city police department, or to the widow surviving spouse or any child under 18 years of age of any member who, after being a member of the city police department for not less than 20 years, severs his or her connection with the department, and dies before attaining the age of 50 years. The association shall pay to any such widow surviving spouse a pension of 20 units per month. The association shall pay to any such child under 18 years of age a pension of five units per month until the child attains the age of 18 years, provided, however, that if such child is married at the time of the death of the member or marries or becomes legally adopted after the death of the member, such the child shall not be entitled to such benefits. If the widow surviving spouse and children reside together, the pension payable to the children shall be paid to the widow surviving spouse and shall be used for the support of such the children. If a widow surviving spouse remarries, her the pension immediately ceases and the association shall not make any further pension payments to her. For the purposes of this section, all provisions governing a child under 18 shall be extended to include a full time student under the age of 23.

Sec. 15. Laws 1955, Chapter 151, Section 16, is amended to read:

Sec. 16. [SURVIVING SPOUSE AND CHILD OF MEMBER CONVICTED OF FELONY.] If a member convicted of a felony is receiving a pension at the time of his conviction and his wife or her surviving spouse and any of his children under 18 years of age had no part in the commission of such the felony, in the event of the death of such the member, such widow the surviving spouse and children may receive such any pensions as they would otherwise be entitled to receive from the association.

Sec. 16. [PENSION COVERAGE FOR MOORHEAD POLICE CHIEF.] Notwithstanding Minnesota Statutes, Section 353.64, Subdivision 1, or any other general or special law to the contrary, the person employed by the city of Moorhead on the effective date of this act as chief of police shall be a member of the public employees police and fire fund established by Minnesota Statutes, Sections 353.63 to 353.68 and not of the local police relief association. Any employee contributions made to the local police relief association shall be transferred to the public employees police and

fire fund. In addition an amount which together with the amount transferred is equal to the total employer and employee contributions pursuant to Minnesota Statutes, Section 353.65, which would have been required by the public employees police and fire fund during the period between initial employment as chief of police and the effective date of this act, shall be paid by the city into the public employees police and fire fund, which shall credit the chief of police with service as a member for this period only upon receipt of the required amounts.

Sec. 17. [RETIREMENT COVERAGE FOR CERTAIN ST. LOUIS PARK POLICE OFFICERS.] *Notwithstanding any provision of Minnesota Statutes, Section 353.64, Subdivision 1, or any other general or special law to the contrary, a person who was employed by the city of St. Louis Park as a police officer during the period from September of 1967 through July of 1977 shall upon (1) reemployment as a St. Louis Park police officer and (2) repayment of employee contributions previously refunded to him plus interest on the refund amount at the rate of six percent per annum compounded annually from the date the refund was taken until the date the refund was repaid and (3) the completion of additional service sufficient to total ten years or more, be entitled to transfer all allowable service credit in the St. Louis Park police relief association to the public employees police and fire fund. Upon fulfillment of the above conditions and application by the individual, but not later than December 31, 1986, the St. Louis Park police relief association shall pay to the public employees police and fire fund an amount equal to the combined employer and employee contributions made by or on behalf of the individual plus compound interest thereon at the rate of six percent per annum from the date originally received. In calculating the amount of employer contributions made on behalf of the individual, the amounts which represent the annual pro rata share of all amounts received by the St. Louis Park police relief association, excluding interest on the accumulated assets of the relief association and member contributions, determined on basis of the number of active members each year, shall be utilized. If the amount thus paid is greater than the total of contributions which would have been required had the individual been a member of the public employees police and fire fund during the periods when the service was rendered, the amount of the excess shall be refunded to the St. Louis Park police relief association. If the amount paid is less than the required amount, the individual shall pay this amount, unless the governing body of the city of St. Louis Park elects to make the payment. No service credit in the public employees police and fire fund shall be granted until all conditions of this section have been fulfilled and all required payments have been made.*

Sec. 18. [INVESTMENT OF FUNDS.] *The funds of either the Rochester fire department relief association or the Rochester police relief association shall be invested in securities which are proper investments for funds of the Minnesota state retirement system, except that up to \$10,000 may be invested in the stock of any one corporation in any account of such small size that the*

three percent stock limitation applicable to the Minnesota state retirement system would necessitate a lesser investment. The governing board of the applicable association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board of investment under the provisions of Minnesota Statutes, Section 11.21, provided that there be no limit to the amount which may be invested in the income share account described in section 11.18, subdivision 2, or in the fixed-return account described in section 11.18, subdivision 3a, and that up to 20 percent of that portion of the assets of the association invested in the Minnesota supplemental retirement fund may be invested in the growth share account described in section 11.18, subdivision 3.

Sec. 19. [PURCHASE OF PRIOR SERVICE BY CERTAIN EMPLOYEES OF THE METROPOLITAN TRANSIT COMMISSION—TRANSIT OPERATING DIVISION.] Subdivision 1. **[ELIGIBILITY.]** *A person who was employed continuously by the Twin City Lines bus company and by the metropolitan transit commission, its successor in interest from March 3, 1948 until October 1, 1970, who was employed from October 1, 1970 until June 26, 1978 by the management firm retained by the metropolitan transit commission to manage the transit operating division, and who was reemployed since June 26, 1978 by the metropolitan transit commission, may elect to purchase prior service credit in the Minnesota state retirement system for prior service as an employee of the management firm; not to exceed three years and 11 months of service credit.*

Subd. 2. **[PAYMENT FOR PURCHASE OF PRIOR SERVICE.]** *To purchase the prior service credit, the person described in subdivision 1 shall make a payment equal to four percent of the salary of the person for the period of prior service to be purchased, plus interest at the rate of six percent per annum compounded annually from the date the contributions otherwise would have been made to the date payment is actually made. If the person described in subdivision 1 elects to make the purchase of prior service, the payment of the required amounts shall be made in a lump sum prior to July 1, 1981. The period of allowable service shall be credited to the person only after receipt of the necessary payment by the executive director of the Minnesota state retirement system. The person described in subdivision 1 shall supply certified documentation of prior service and the compensation received for that service. The prior service to be purchased shall be the most recent period of prior service.*

Subd. 3. **[ENTITLEMENT TO ANNUITY.]** *A person who purchases a period of prior service pursuant to subdivision 2 shall be entitled: (1) to have the period of prior service purchased considered as "allowable service" within the meaning of Minnesota Statutes, Section 352.01, Subdivision 11 and considered as continuous state service within the meaning of section 352.113, subdivision 1; (2) to have the salary for the period of prior service purchased considered as "salary" within the meaning of section 352.01, subdivision 13; and (3) to have the remaining period of prior*

service as an employee of the management firm in excess of three years and 11 months considered as service in a public employee retirement system in the state of Minnesota having a like provision within the meaning of section 352.72, subdivision 1.

Sec. 20. [RETROACTIVE DISABILITY BENEFITS FOR CERTAIN MEMBERS OF THE TEACHERS RETIREMENT ASSOCIATION.] *Notwithstanding any contrary provision of Minnesota Statutes, Section 354.48, Subdivision 2, an employee of the Brainerd Community College who was totally and permanently disabled as defined in Minnesota Statutes, Section 354.05, Subdivision 14, for the period of December 18, 1976, through January 8, 1978, shall be entitled to retroactive disability benefits for the period of the disability, not to exceed one year. The retroactive disability benefits paid shall not exceed the amount of \$2,840.80.*

Sec. 21. [VALIDATION OF PRIOR PAYMENTS.] *Any payments or agreements for payments of severance pay made or authorized by a county, city, township, school district or other governmental subdivision prior to the effective date of this section which are within the limitations contained in sections 7 and 8 are hereby validated.*

Sec. 22. [REPEALER.] *Laws 1959, Chapter 131, Section 25, as amended by Laws 1969, Chapter 694, Section 7; and Laws 1969, Chapter 641, Section 5, are repealed.*

Sec. 23. [EFFECTIVE DATE.] *Sections 1, 2, 3, 4 and 5 are effective June 1, 1980. Section 6 is effective the day following final enactment and shall apply to a member or former member making application for benefits thereafter. Sections 7, 8, 9, 10, 19, 20 and 21 are effective the day following final enactment. Sections 11, 12, 13, 14, 15, 16, 17, and 18 are effective upon compliance with Minnesota Statutes, Section 645.021, Subdivision 3. Section 22 is effective upon approval by the governing body of the city of Rochester and upon compliance with Minnesota Statutes, Section 645.021, Subdivision 3."*

Delete the title and insert:

"A bill for an act relating to retirement; changing the provisions governing and the coverage of various state and local public employee retirement plans; authorizing the payment of severance pay to retiring employees; amending Minnesota Statutes 1978, Sections 352.90; 352.91, Subdivisions 1 and 2, and by adding a subdivision; 352B.08, Subdivision 2; 356.24; 473.417, as amended; and Minnesota Statutes, 1979 Supplement, Sections 43.051, Subdivision 3; and 465.72; and Laws 1953, Chapter 91, Section 1, Subdivision 7, as amended; Laws 1955, Chapter 151, Sections 1, Subdivision 5, as amended; 3, Subdivision 2; 13, as amended; and 16; and repealing Laws 1959, Chapter 131, Section 25, as amended; and Laws 1969, Chapter 641, Section 5."

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

House Conferees: (Signed) Dean E. Johnson, Al Patton, Donald M. Moe.

Senate Conferees: (Signed) A.O.H. Setzepfandt, Collin C. Peterson, Harmon T. Ogdahl.

Mr. Setzepfandt moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1453 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1453 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

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

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. Nos. 1398 and 2099.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned April 11, 1980

Mr. President:

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

S. F. No. 134: A bill for an act relating to public welfare; providing pre-trial proceedings and hearings to determine paternity of illegitimate children; revising Minnesota Statutes to conform with the uniform parentage act; amending Minnesota Statutes 1978, Sections 62A.041; 62C.14, Subdivision 5a; 64A.22, Sub-

division 1; 144.215, Subdivision 3; 257.025; 257.175; 257.28; 257.33; 259.24, Subdivisions 1 and 2; 259.25, Subdivision 1; 259.26, Subdivision 1; 259.29, Subdivision 1; and 260.231, Subdivision 3; repealing Minnesota Statutes 1978, Sections 257.251; 257.252; 257.253; 257.254; 257.255; 257.256; 257.257; 257.258; 257.259; 257.261; 257.262; 257.263; 257.264; 257.27; 257.29; 257.30; 257.31; and 517.19.

Senate File No. 134 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned April 10, 1980

CONCURRENCE AND REPASSAGE

Mr. Davies moved that the Senate concur in the amendments by the House to S. F. No. 134 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 134: A bill for an act relating to public welfare; providing pre-trial proceedings and hearings to determine paternity of children; revising Minnesota Statutes to conform with the uniform parentage act; amending Minnesota Statutes 1978, Sections 62A.041; 62C.14, Subdivision 5a; 64A.22, Subdivision 1; 144.215, Subdivision 3; 257.025; 257.175; 257.33; 259.24, Subdivisions 1 and 2; 259.25, Subdivision 1; 259.26, Subdivision 1; 260.231, Subdivision 3; and Minnesota Statutes, 1979 Supplement, Section 259.29, Subdivision 1; repealing Minnesota Statutes 1978, Sections 257.251; 257.252; 257.253; 257.254; 257.255; 257.256; 257.257; 257.258; 257.259; 257.261; 257.262; 257.263; 257.264; 257.27; 257.28; 257.29; 257.30; 257.31; 257.32; and 517.19.

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

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

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

Those who voted in the affirmative were:

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

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S. F. No. 2104: A bill for an act relating to state lands; changing the interest rate on unpaid sale balances; amending Minnesota Statutes 1978, Section 92.06, Subdivision 1.

Senate File No. 2104 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned April 11, 1980

Mr. Tennesen moved that S. F. No. 2104 be laid on the table. The motion prevailed.

RECESS

Mr. Hanson moved that the Senate do now recess until 11:30 o'clock a.m. The motion prevailed.

The hour of 11:30 o'clock a.m. having arrived, the President called the Senate to order.

RECESS

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

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

RECESS

Mr. Menning moved that the Senate do now recess until 3:30 o'clock p.m. The motion prevailed.

The hour of 3:30 o'clock p.m. having arrived, the President called the Senate to order.

RECESS

Mr. Keefe, S. moved that the Senate do now recess until 5:30 o'clock p.m. The motion prevailed.

The hour of 5:30 o'clock p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate for the balance of today's Session. The following Senators answered to their names:

Anderson	Gunderson	Merriam	Purfeerst	Stokowski
Bang	Hanson	Moe	Rued	Strand
Barrette	Hughes	Nelson	Schmitz	Stumpf
Bernhagen	Humphrey	Nichols	Setzepfandt	Tennesen
Brataas	Johnson	Ogdahl	Sieloff	Ueland, A.
Coleman	Keefe, S.	Olhoff	Sikorski	Vega
Dunn	Kleinbaum	Olson	Solon	Wegener
Engler	Knoll	Omann	Spear	Willet
Frederick	Luther	Penny	Staples	
Gearty	McCutcheon	Peterson	Stern	

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

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 2085 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2085

A bill for an act relating to public employees; creating a state department of employee relations; establishing appropriate units for state and university of Minnesota employees; providing for a right to strike; providing for interim contract approval by the legislative commission on employee relations; clarifying civil service laws; providing for health benefits; providing for a study of promotional systems; repealing duty of the revisor of statutes regarding certain collective bargaining agreements; appropriating money; amending Minnesota Statutes 1978, Sections 43.001; 43.01, Subdivision 8; 43.05, by adding a subdivision; 43.111; 43.18, Subdivision 4; 43.19, Subdivision 1; 43.245; 43.321; 43.45; 43.46; 179.63, Subdivisions 7 and 8; 179.64, Subdivisions 2, 3, 4, and 5, and by adding a subdivision; 179.67, Subdivision 4; 179.69, Subdivisions 1 and 3; 179.71, Subdivisions 3 and 5; 179.72, Subdivision 6; 179.74, Subdivisions 2 and 3; and Chapters 43 and 179, by adding sections; and Minnesota Statutes, 1979 Supplement, Sections 3.855; 43.05, Subdivision 2; 43.067, Subdivision 1; 43.19, Subdivision 1; 43.50, Subdivision 1; 62D.22, Subdivision 7; 179.63, Subdivision 11; 179.65, Subdivision 6; and 179.74, Subdivisions 4 and 5; and Laws 1979, Chapter 332, Article I, Sections 114 and 116; repealing Minnesota Statutes 1978, Sections 43.003; 43.50, Subdivision 3; 179.64, Subdivision 1; 179.69, Subdivisions 4, 5, and 6; and 482.18; and Minnesota Statutes, 1979 Supplement, Sections 15A.081, Subdivision 5; and 179.64, Subdivision 7.

April 11, 1980

The Honorable Edward J. Gearty
President of the Senate

The Honorable Fred C. Norton
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2085, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 2085 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes, 1979 Supplement, Section 3.855, is amended to read:

3.855 [LEGISLATIVE COMMISSION ON EMPLOYEE RELATIONS.] Subdivision 1. [ESTABLISHMENT.] There is created the legislative commission on employee relations. The

commission shall consist of six members of the senate and six members of the house of representatives. The senate members shall include the majority leader of the majority caucus of the senate, the minority leader of the minority caucus of the senate, the chairman of the governmental operations committee, the chairman of the finance committee, the chairman of the tax committee on taxes and tax laws, and an additional member designated by the minority leader, or their designees of the minority caucus. The house members shall include the speaker, the minority leader of the minority caucus of the house, the chairman of the governmental operations committee, the chairman of the appropriations committee, the chairman of the tax taxes committee, and an additional member designated by the minority leader, or their designees of the minority caucus. In the event that the membership of the house is evenly divided, the house members shall be selected pursuant to the rules of the house. Any member of the commission may resign by providing notice to the chairman. In the event of a resignation by a member of the: (1) senate, a replacement shall be selected from among the members of the senate by the committee on rules; (2) house, a replacement shall be selected from among the members of the house pursuant to house rules. The commission shall elect its own officers who shall serve for terms of two years. The chairmanship of the commission shall alternate between a member of the senate and a member of the house.

Subd. 2. [STATE EMPLOYEE NEGOTIATIONS.] Prior to the commencement of collective bargaining activities with state employees, the commission shall conduct hearings at which public employees, representatives of public employees and the commissioner of personnel shall be allowed to testify as to their beginning negotiating positions. The commissioner of personnel employee relations shall regularly advise the commission on the progress of collective bargaining activities with state employees pursuant to the state public employment labor relations act. During the course of the negotiations, the commission may make recommendations to the commissioner as it deems appropriate but no recommendation shall impose any obligation or grant any right or privilege to the parties. The commissioner shall submit to the chairman of the commission any negotiated agreements or arbitration awards which the commissioner has approved within five days of the making thereof. Approved negotiated agreements shall be submitted within five days of the date of approval by the commissioner or the date of approval by the affected state employees whichever occurs later. Arbitration awards shall be submitted within five days of their receipt by the commissioner. If the commission disapproves of any agreement or award, the commission shall specify in writing to the parties those portions with which it disagrees and the reasons therefor. Upon receipt of the notice of disapproval from the commission, the commissioner of personnel will reopen the negotiations. If the commission approves of an agreement or award, it shall cause the matter to be submitted to the legislature to be accepted or rejected pursuant to section 179.74, subdivision 5. Failure of the commission to disapprove of

affected portions of an agreement or award within 30 days of its receipt shall be deemed approval. Approval or disapproval by the commission shall not be binding on the entire legislature.

After adjournment of the legislature in an odd numbered year, the commission may give interim approval to a negotiated agreement or arbitration award. It shall submit the negotiated agreement or arbitration award to the entire legislature for ratification as provided in section 179.74, subdivision 5.

Subd. 3. [OTHER DUTIES.] In addition to the duties specified in subdivision 2, the commission shall perform the following:

(a) *Review and approve, reject, or modify a plan for compensation, terms and conditions of employment prepared and submitted by the commissioner of employee relations pursuant to section 10 covering all state employees who are not represented by an exclusive bargaining representative and whose compensation is not provided for by section 43.064 or other law;*

(b) *Continually monitor the state's civil service system, as provided for in chapter 43, rules of the commissioner of employee relations and the collective bargaining process, as provided for in sections 179.61 to 179.76, as applied to state employees;*

~~(b)~~ (c) *Research and analyze the need for improvements in those statutory sections; and*

~~(e)~~ (d) *Adopt rules not inconsistent with this section relating to the scheduling and conduct of commission business and other organizational and procedural matters; and*

(e) *Perform such other related functions as are delegated to it by the legislature.*

Sec. 2. Minnesota Statutes 1978, Chapter 43, is amended by adding a section to read:

[43.0001] *The name of the department of personnel is changed to the department of employee relations. The title of the commissioner of personnel is changed to the commissioner of employee relations. Subject to applicable laws, the department of employee relations, with its commissioner and officers, shall continue to exercise all the powers and duties vested in or imposed upon the department and commissioner of personnel immediately prior to the effective date of this section.*

Sec. 3. Minnesota Statutes 1978, Section 43.001, is amended to read:

43.001 [DEPARTMENT OF EMPLOYEE RELATIONS; CREATION.] Subdivision 1. The department of ~~personnel~~ *employee relations* is hereby created under the control and supervision of a commissioner of ~~personnel~~ *employee relations*, which office is hereby established.

Subd. 2. The commissioner of ~~personnel~~ *employee relations* is appointed by the governor under the provisions of section 15.06. ~~He shall have broad experience in a managerial position including~~

about five years as an executive personnel manager in one or more organizations essentially similar in complexity to state government. The commissioner shall be knowledgeable in executive personnel management and shall have background in labor relations.

Subd. 3. The commissioner may appoint one deputy commissioner and a confidential secretary, each of whom who shall serve at the pleasure of the commissioner in the unclassified service.

Subd. 4. Subject to the provisions of Laws 1973, Chapter 507 and to other applicable laws governing a state department or agency, the commissioner shall organize the department and employ such other officers, employees, and agents as he may deem necessary to discharge the functions of his the department, define the duties of such these officers, employees, and agents and to delegate to them any of his powers, duties, and responsibilities subject to his the commissioner's control and under such conditions as he the commissioner may prescribe. Personnel employed pursuant to this subdivision are in the classified service of the state civil service.

Subd. 5. The department of employee relations shall be organized into two divisions to be designated the division of personnel and the division of labor relations. Each division shall be under the immediate charge of a deputy commissioner.

Subd. 6. The deputy commissioners for the divisions of personnel and labor relations shall be appointed by and serve at the pleasure of the commissioner, and shall be in the unclassified service of the state. The deputy commissioner for the division of labor relations shall have extensive background in labor relations and shall have experience in dealing with contracts similar in complexity to those negotiated between the state and exclusive representatives of state employees.

Subd. 7. Each division of the department of employee relations shall be responsible for administering the duties and functions that are assigned to it by law and by the commissioner of employee relations. Insofar as the duties of the divisions are not mandated by law, the commissioner may establish and revise the assignments of either division.

Subd. 8. The division of labor relations shall perform the duties assigned to the commissioner of employee relations by sections 3.855, 43.05, subdivision 3 and chapter 179.

The deputy commissioner for the division of labor relations shall be the chief state labor negotiator for purposes of negotiating and administering agreements with exclusive representatives of state employees.

Subd. 9. The division of personnel shall perform the duties assigned to the commissioner by section 43.05, subdivision 2.

Sec. 4. Minnesota Statutes 1978, Section 43.01, Subdivision 8, is amended to read:

Subd. 8. [COMMISSIONER.] "Commissioner" means the commissioner of personnel employee relations.

Sec. 5. Minnesota Statutes, 1979 Supplement, Section 43.05, Subdivision 2, is amended to read:

Subd. 2. [SPECIFIED DUTIES.] The commissioner shall:

- (1) Attend all meetings of the board;
- (2) Promulgate personnel rules for the purpose of carrying out the provisions of this chapter; these rules shall provide, among other things, for current records of efficiency, and standards of performance, for all employees subject to the provisions of this chapter; the manner of completing appointments and promotions; rejection of eligible candidates; examinations; retention of examination records under the provisions of section 138.163; creation of eligible lists, with successful candidates ranked according to their ratings in the examinations; leaves of absence with and without pay; transfers, and reinstatements; layoffs, vacations, and hours of work; public notice of examinations; procedure for changes in rates of pay; compulsory retirement at fixed ages; and other conditions of employment. If a rule is made concerning sick leave for illness in the immediate family of an employee, the term "immediate family" shall be limited to the spouse, minor or dependent children, or parent where the parent has no other person to provide the necessary nursing care, living in the household of the employee;
- (3) Operate an information system from which data can be retrieved concerning employees in agencies under his jurisdiction showing their employment histories including the date of appointment, demotion, reinstatement, increases or decreases in pay, the compensation and title of the position, changes in title, transfers, and separations from the service; and the commissioner shall have access to all public and private personnel data kept by an appointing authority, the examination of which will aid in the discharge of his duties;
- (4) Prepare, in accordance with the provisions of this chapter and the rules adopted hereunder, examinations, eligible lists, and ratings of candidates for appointment;
- (5) Make certifications for appointment within the classified service, in accordance with the provisions of this chapter;
- (6) Make investigations concerning all matters touching the enforcement and effect of the provisions of this chapter and the personnel rules prescribed hereunder;
- (7) Discharge such duties as are imposed upon him by this chapter;
- (8) Establish, publish and continually review logical career paths in the classified civil service;
- (9) Consider all requests for other than state appropriated funds from any state department or agency for personnel purposes all of which shall be submitted to him for comment before any such request is made of a federal, local, or private agency; and

(10) Prepare rules regulating the temporary designation of positions in the unclassified civil service;

(11) Review, establish or change titles for the positions in the unclassified civil service in the executive branch of state government except those established by law or by the constitution, to make titles descriptive of positions and consistent throughout the state service; and

(12) In conformance with the rule making provisions of chapter 15, promulgate a code of ethics establishing standards of conduct to be observed by state employees in the performance of their official duties.

Sec. 6. Minnesota Statutes 1978, Section 43.05, is amended by adding a subdivision to read:

Subd. 3. The commissioner, through the division of labor relations, shall:

(a) Represent the state at hearings conducted by the director of the bureau of mediation services and the public employment relations board relating to state employees;

(b) Represent the state in all collective bargaining between the state and exclusive representatives, and represent the state in mediation and arbitration of collective bargaining disputes;

(c) Report to the legislative commission on employee relations pursuant to section 3.855;

(d) Be responsible for state management interpretation of all collective bargaining agreements between the state and exclusive representatives and provide state management personnel with training in the interpretation and application of these collective bargaining agreements;

(e) Oversee the administration of all written grievances arising under collective bargaining agreements between the state and an exclusive representative. The commissioner shall establish procedures which appointing authorities shall follow to enable the commissioner to monitor the grievance procedure at all steps;

(f) Have final authority to decide if a grievance shall be submitted to arbitration or if it shall be settled without arbitration;

(g) Represent the state at all grievance arbitrations;

(h) Collect and analyze all information necessary to carry out the responsibilities of this subdivision.

Sec. 7. Minnesota Statutes, 1979 Supplement, Section 43.067, Subdivision 1, is amended to read:

43.067 [SALARY LIMITS.] Subdivision 1. [AGENCY HEADS AND DEPUTIES.] The base salary of the head of any state department or other agency in the executive branch shall serve as the upper limit of compensation in the agency. The base salary of the chancellor of the state university system is the upper limit of

compensation of state university presidents. The base salary of the commissioner of labor and industry is the upper limit of compensation of employees in the bureau of mediation services. Within the agency, no person other than the agency head shall be paid more than the base salary that is or would be paid a deputy agency head pursuant to section 15A.081 whether or not there is a deputy agency head position for that agency.

Sec. 8. Minnesota Statutes 1978, Section 43.111, is amended to read:

43.111 [POLICY.] It is the public policy of the state of Minnesota that an efficient and well trained work force be maintained to carry out the work ordained by the legislature. It is further directed that modern methods of selection, training and salary administration be established and maintained. The standards of selection shall be of such a nature as to be based on merit and provide for the proper level of preparation and experience. Recognizing the cost of excessive employee turnover, it is directed that priority be given to the maintenance of a steady work force. To this end, training, by way of in-service programs and stipend allowances shall be encouraged. It is also established as the policy of the state of Minnesota that employees be paid a total compensation which is competitive with that paid for like positions in other private and public employment. Proper attention will also shall be given to equitable internal pay compensation relationships between related job classes and among the various levels within the same job family or department, with the understanding that the collective bargaining relationship between the state and its employees established through the provisions of chapter 179 must take precedence. Continuing analysis of pay rates and, supplementary pay practices shall be carried on, as well as and analyses of jobs to determine comparability of job content shall be carried on.

Sec. 9. Minnesota Statutes 1978, Chapter 43, is amended by adding a section to read:

[43.112] [COMPENSATION, TERMS, AND CONDITIONS OF EMPLOYMENT.] Subdivision 1. [REPRESENTED EMPLOYEES.] To the extent they are lawfully covered by a collective bargaining agreement, the compensation, terms and conditions of employment for all state employees represented by an exclusive representative certified pursuant to chapter 179 shall be governed by the collective bargaining agreement executed by the parties and approved by the legislature.

Subd. 2. [NON-REPRESENTED EMPLOYEES.] The compensation, terms and conditions of employment of all state employees not represented by an exclusive representative certified pursuant to chapter 179 shall be solely governed by statute, rule, or the plan developed by the commissioner and approved by the legislature pursuant to sections 3.855 and 179.74, subdivision 5, and section 10.

Subd. 3. [MERIT SYSTEM TO CONTROL.] The provisions of chapter 43 governing the recruitment, classification and selection

of state employees on the basis of their relative ability, knowledge and skills, including sections 43.111, 43.12, subdivision 1, 43.13 to 43.15, 43.17, 43.18, subdivisions 1 to 3, 43.19, subdivisions 2 and 3, 43.20, and 43.30, shall not be modified, waived or abridged by any contract executed by the state pursuant to chapter 179.

Sec. 10. Minnesota Statutes 1978, Chapter 43, is amended by adding a section to read:

[43.113] [PLAN FOR COMPENSATION, TERMS AND CONDITIONS OF EMPLOYMENT FOR NON-REPRESENTED EMPLOYEES.] *Subdivision 1. The commissioner of employee relations shall periodically submit to the legislative commission on employee relations a plan to govern the compensation, terms and conditions of employment for all state employees who are not represented by an exclusive representative certified pursuant to chapter 179 and whose compensation is not provided for by section 43.064 or other law. The commission shall review the plan and submit it to the legislature along with any recommendations it deems appropriate. The plan need not be adopted in accordance with the rulemaking provisions of chapter 15. The plan shall not take effect until approved by the legislature, provided that the legislative commission may give interim approval to a plan and subsequently submit it to the entire legislature for ratification in the same manner as provided for negotiated agreements and arbitration awards under section 179.74, subdivision 5.*

Subd. 2. In establishing and recommending compensation for any position within the plan, the commissioner of employee relations shall assure that:

(1) Compensation in the classified and unclassified service bear equitable relationships to one another;

(2) Compensation for state positions bears equitable relationships to compensation for similar positions outside state service;

(3) Compensation for management positions bears equitable relationships to compensation of represented employees managed; and

(4) Compensation for positions within the classified service bear equitable relationships among related job classes and among various levels within the same job family.

Compensations bear equitable relationships to one another within the meaning of this subdivision if compensation for positions which require comparable knowledge, abilities, duties, responsibilities and accountabilities are comparable and if compensation for positions which require differing knowledge, abilities, duties, responsibilities and accountabilities are proportional to the knowledge, abilities, duties and responsibilities required.

Sec. 11. Minnesota Statutes 1978, Section 43.18, Subdivision 4, is amended to read:

Subd. 4. [APPOINTMENT; PROBATION.] *The appointing authority shall appoint on probation, with sole reference to merit*

and fitness, one of the said candidates, whose name is certified in the manner above set forth, to fill such vacancy, except as provided in section 43.23. Seniority in length of service shall *may* also be one of the factors in an appointment in the manner as provided by personnel rule. The provisions of this section shall not apply when the employment situation is among those listed in section 43.20, for which competitive examinations are not required.

Sec. 12. Minnesota Statutes, 1979 Supplement, Section 43.19, Subdivision 1, is amended to read:

43.19 [VACANCIES; PROMOTIONS; DISMISSALS.] Subdivision 1. [VACANCIES FILLED BY PROMOTION.] (1) Vacancies in positions shall be filled, so far as practicable, by promotion from among persons holding positions in the executive branch of the state civil service, or the legislative branch of state civil service, and classified positions on the staff of the legislative auditor, Minnesota state retirement system and teachers retirement association and, subject to such *those* exceptions as the commissioner may provide, from the lower class and in accordance with section 43.18 and personnel rules. Except as provided in clause (2), promotions shall be based upon merit and fitness, to be ascertained by competitive examinations in which the employee's efficiency and job-related conduct shall constitute a factor. For positions defined by personnel rule as "non-managerial" seniority shall *may* also constitute a factor.

(2) The commissioner may authorize the appointing authority of any state agency to promote any employee in that agency to a higher class provided his position has been reallocated as the result of gradual changes in the job which have occurred over a period of time and he has performed satisfactorily in the position.

(3) *On or before January 1, 1981, the commissioner shall submit a report to the legislative commission on employee relations recommending methods of improving the state's efforts to insure equal employment opportunity pursuant to section 43.15. The report shall include recommendations with respect to both hiring and promotions along with an analysis of the effects of seniority requirements on promotional practices.*

Sec. 13. Minnesota Statutes 1978, Section 43.245, is amended to read:

43.245 [PERFORMANCE APPRAISAL SYSTEM.] The commissioner shall design and implement an employee performance appraisal system for the classified *and unclassified service services*. This system shall be based on uniform position description and results oriented performance standards formats. The commissioner, in consultation with the departments, shall develop criteria and content as necessary so long as the system is uniform for all departments. The commissioner shall establish and enforce rules with respect to the utilization of the results of this performance appraisal system in all decisions relating to the status of employees. The commissioner may further by rule prescribe the extent to which these reports shall be open to inspection by the

public and by the affected employee. Each employee in the classified and unclassified service in the executive branch shall be evaluated and counseled at least once a year on his work performance. Individual pay increases for all state employees not represented by an exclusive representative certified pursuant to chapter 179 shall be based on such the evaluation and other factors the commissioner includes, and the legislature approves, in the plan developed pursuant to section 10. Collective bargaining agreements entered into pursuant to chapter 179 may, and are encouraged to, provide for pay increases based on employee performance.

Sec. 14. Minnesota Statutes 1978, Section 43.321, is amended to read:

43.321 [GRIEVANCE PROCEDURE.] The commissioner shall promulgate by personnel rule procedures relating to grievances of any state officer or employee in the executive branch and provide the circumstances under which the grievance procedure is available, except that no state employee may avail himself of more than one grievance procedure on any one complaint or use the procedure set forth in the rule if he is a member of a bargaining unit that has a collective bargaining agreement entered into pursuant to chapter 179 which provides for methods and procedures to resolve that type of grievance.

Sec. 15. Minnesota Statutes 1978, Section 43.45, is amended to read:

43.45 [CONTRACTING AUTHORITY.] Subdivision 1. The commissioner is authorized to request bids from carriers or to negotiate with carriers and to enter into contracts with carriers which in the sole judgment of the commissioner are best qualified to underwrite and service the benefit plans. The commissioner shall consider such factors such as the cost and conversion options relating to the contracts as well as the service capabilities, character, financial position, and reputation with respect to such of the carriers and any other factors which the commissioner may deem appropriate. Each such benefit contract shall be for a uniform term of at least one year, but may be made automatically renewable from term to term in the absence of notice of termination by either party. Effective October 1, 1980, the commissioner shall, to the extent feasible, make basic hospital and medical benefits available from at least three carriers at least one each of whom shall be licensed to do business pursuant to chapters 62A, 62C and 62D. The commissioner need not provide health maintenance services to an employee who resides in an area which is not served by a licensed carrier. The commissioner may elect not to offer all three types of carriers if there are no bids or no acceptable bids by that type of carrier or if the offering of additional carriers would result in excessive additional administrative costs. Any carrier licensed pursuant to chapter 62A shall be exempt from the tax imposed by section 60A.15 on premiums paid to it by the state.

Subd. 2. Each contract under sections 43.42 to 43.49 shall contain a detailed statement of benefits offered and shall include such any maximums, limitations, exclusions, and other definitions of

benefits as the commissioner may deem necessary or desirable. Each contract shall provide benefits at least equal to those required by section 62E.06, subdivision 2.

Subd. 3. The commissioner shall make available, through such any carriers as it the commissioner may authorize, as many optional coverages as it deems deemed feasible and advantageous to eligible state employees and their dependents which said the employees may pay for at their own expense to be paid for through payroll deductions.

Subd. 4. The commissioner shall appoint and serve as chairman of an insurance advisory council consisting of eleven members. Two members shall be selected from names submitted by exclusive representatives of state employees. One member shall be selected from names submitted by exclusive representatives of employees of the university of Minnesota. One member shall be selected from names submitted by organizations representing retired state employees. One member shall be selected from names submitted by the regents of the university of Minnesota. The commissioners of administration, insurance, health and finance, and the deputy commissioner for labor relations or their designees, shall serve as the other members. Except as provided in this section, the provisions of section 15.059 shall apply to the members of the council. The council shall advise the commissioner in the selection of carriers and the implementation of collective bargaining agreements. Evidence of discussions, recommendations or decisions by the council shall not be submitted to any court or arbitrator in any matter involving state or university of Minnesota employees.

Sec. 16. Minnesota Statutes 1978, Section 43.46, is amended to read:

43.46 [CONTRIBUTIONS BY STATE.] Subdivision 1. The total contribution by the state for each state employee under sections 43.42 to 43.49 and for dependents of state employees shall be otherwise prescribed by law and which, rule, a plan prepared pursuant to section 10, or a collective bargaining agreement. The contribution shall be applied to provide basic hospital benefits, basic medical benefits, basic dental benefits, an annual health evaluation and screening program and basic life insurance of such in amounts as may be determined from time to time by the commissioner or in a collective bargaining agreement.

Subd. 2. [EMPLOYEE COVERAGE.] The amount of premium paid by the state for represented employees for state employees' basic hospital benefits, basic medical benefits and basic dental benefits coverage shall be negotiated between the state and exclusive representatives of state employees. Except as provided in this subdivision, the amount paid for each state employee's coverage shall be uniform for all employees in the same bargaining unit. Employees who select a carrier whose premium is in excess of the state payment shall be required to pay the difference. Employees who select a carrier whose premium is less than the state payment shall be paid the difference as additional compensation.

Subd. 3. [DEPENDENT COVERAGE.] The amount of premium paid by the state for state employees' dependents' basic hospital benefits, basic medical benefits and basic dental benefits coverage shall be negotiated between the state and exclusive representatives of state employees. Except as provided in this subdivision, the amount paid for each state employee's dependent coverage shall be uniform for all employees in the same bargaining unit. Employees who select a carrier whose premium is in excess of the state payment shall be required to pay the difference. Employees who select a carrier whose premium is less than the state payment shall be paid the difference as additional compensation.

Subd. 4. [UNREPRESENTED EMPLOYEES.] The commissioner shall establish the level of state payment of premiums paid by the state for all state employees who do not have an exclusive representative and for their dependents. The levels of payment shall be included in the plan prepared pursuant to section 10. Payments shall be made in the manner provided for in subdivisions 2 and 3.

Sec. 17. Minnesota Statutes, 1979 Supplement, Section 43.50, Subdivision 1, is amended to read:

43.50 [PAYMENT OF PREMIUMS.] Subdivision 1. Each department of the state government shall pay the amounts due for basic life insurance, basic dental insurance, and basic health hospital benefits and basic medical benefits coverage authorized for eligible state employees as provided by pursuant to this chapter. Effective July 1, 1979, each department of the state government shall contribute up to \$64 per year toward the cost of the approved annual health evaluation and screening program for each eligible employee who elects to participate and who elects health insurance coverage under Blue Cross and Blue Shield of Minnesota. Eligible employees who elect coverage under a health maintenance organization shall only be eligible to receive this benefit if the health maintenance organization in which the employee is enrolled does not make available without additional cost, on an annual basis, the tests performed for state employees by the approved program.

Additionally, and notwithstanding any law to the contrary, effective the first day of the first payroll period commencing on or after July 1, 1979, each department of the state government shall contribute up to \$60 per month or 90 percent of the cost, whichever is greater, toward the cost of dependent hospital medical insurance coverage premiums for their eligible employees who have eligible dependents. Each department shall also contribute one-half the difference between single and family dental coverage per month for all eligible employees carrying dependent dental insurance coverage. To enable employees to receive benefit from this provision, open enrollment periods from August 15 through September 30, 1979 and from August 15 through September 30, 1980, are established. During open enrollment periods employees may enroll their dependents in dental coverage and hospital medical coverage without proof of insurability. Effective January 1,

1981, The ~~changed~~ benefits provided in this section shall apply to eligible members of the legislature and their eligible dependents *when they become eligible for the benefits*. Each of the departments shall pay ~~such the~~ amounts from accounts and funds from which the department receives its revenues, including appropriations from the general fund and from any other fund, now or hereafter existing for the payment of salaries and in the same proportion as it pays therefrom the amounts of salaries. In order to enable the commissioner of finance to maintain proper records covering the appropriations pursuant to this section, he may require certifications in connection therewith as he may deem necessary from any state agency, the Minnesota historical society, or the University of Minnesota whose employees receive benefits pursuant to this chapter. The accounts and funds referred to from which departments receive appropriations under the terms of this section are hereby declared to be a source of revenue for the purposes of any other law or statutory enactment.

Sec. 18. Minnesota Statutes, 1979 Supplement, Section 62D.22, Subdivision 7, is amended to read:

Subd. 7. A licensed health maintenance organization shall be deemed to be a prepaid group practice plan for the purposes of chapter 43 and shall be allowed to participate as a carrier for state employees subject to any negotiated labor agreement *collective bargaining agreement entered into pursuant to chapter 179* and reasonable restrictions applied to all carriers. *The commissioner of employee relations may refuse to allow a health maintenance organization to continue as a carrier if it was selected by less than 200 employees in the preceding benefit year.*

Sec. 19. Minnesota Statutes 1978, Section 179.63, Subdivision 7, is amended to read:

Subd. 7. "Public employee" or "employee" means any person appointed or employed by a public employer except:

- (a) elected public officials;
- (b) election officers;
- (c) commissioned or enlisted personnel of the Minnesota national guard;
- (d) emergency employees who are employed for emergency work caused by natural disaster;
- (e) part time employees whose service does not exceed the lesser of 14 hours per week or 35 percent of the normal work week in the employee's bargaining unit;
- (f) employees who hold positions of a basically temporary or seasonal character for a period not in excess of 100 working days in any calendar year;

The exclusions of clauses (e) and (f) of this subdivision shall not apply to:

- (1) *an employee hired by a school district to replace an absent teacher who at the time of his absence is a "public employee" not*

within the other exclusions of this subdivision where the replacement employee is employed more than 30 working days as a replacement for that teacher; and

(2) an employee hired by a school district for a teaching position created by increased enrollment, curriculum expansion, courses which are a part of the curriculum whether offered annually or not, or other appropriate reasons.

Employees included as "public employees" pursuant to clauses (1) and (2) shall not be included under master contracts expiring June 30, 1981, for purposes of salary or fringe benefits;

(g) employees of charitable hospitals as defined by section 179.35, subdivision 3;

(h) full time undergraduate students employed by the school which they attend under a work study program or in connection with the receipt of any financial aid, irrespective of number of hours of service per week.

Sec. 20. Minnesota Statutes 1978, Section 179.63, Subdivision 8, is amended to read:

Subd. 8. "Confidential employee" means any employee who works in the personnel offices of a public employer or who has access to information subject to use by the public employer in meeting and negotiating or who actively participates in the meeting and negotiating on behalf of the public employer. *Provided that when the reference is to executive branch employees of the state of Minnesota or employees of the regents of the University of Minnesota, "confidential employee" means any employee who has access to information subject to use by the public employer in collective bargaining or who actively participates in collective bargaining on behalf of the public employer.*

Sec. 21. Minnesota Statutes, 1979 Supplement, Section 179.63, Subdivision 11, is amended to read:

Subd. 11. "Essential employee" means firefighters, police peace officers subject to licensure pursuant to sections 626.84 to 626.855, highway patrolmen, guards at correctional institutions facilities, and employees of hospitals other than state hospitals and registered nurses, as defined in section 148.171, engaged in the practice of professional nursing and employed in a state hospital or state nursing home; provided that (1) with respect to state employees, "essential employee" means all employees in the law enforcement, health care professional, correctional guards, and supervisory collective bargaining units, irrespective of severance, and no other employees, and (2) with respect to university of Minnesota employees, "essential employee" means all employees in the law enforcement, nursing professional and supervisory units, irrespective of severance, and no other employees. The term "firefighters" means salaried employees of a fire department whose duties include, directly or indirectly, controlling, extinguishing, preventing, detecting, or investigating fires.

Sec. 22. Minnesota Statutes 1978, Section 179.64, Subdivision 1, is amended to read:

179.64 [STRIKES AUTHORIZED: NON-TEACHERS.] Subdivision 1. No person holding a position by appointment or employment in the government of the state of Minnesota, or in the government of any one or more of the political subdivisions thereof, or in the service of the public schools, or of the state university, or in the service of any authority, commission or board or any other branch of the public service, whether included or excepted from this act may engage in a strike, nor shall any such person or organization of such persons or its officials or agents cause, condone, instigate, encourage, or cooperate, in a strike except as may be provided in subdivision 7. Except as otherwise provided by subdivision 1a and section 32, public employees, other than confidential, essential, managerial and supervisory employees and other than principals and assistant principals, may strike only under the following circumstances:

(1) (a) *The collective bargaining agreement between their exclusive representative and their employer has expired or, if there is no agreement, impasse under section 32 has occurred; and*

(b) *The exclusive representative and the employer have participated in mediation over a period of at least 45 days, provided that the mediation period established by section 32 shall govern negotiations pursuant to that section. For the purposes of this sub-clause the mediation period commences on the day following receipt by the director of a request for mediation; and*

(c) *Written notification of intent to strike was served on the employer and the director by the exclusive representative on or after the expiration date of the collective bargaining agreement or, if there is no agreement, on or after the date impasse under section 32 has occurred and at least ten days prior to the commencement of the strike, provided that if more than 30 days have expired after service of a notification of intent to strike, no strike may commence until ten days after service of a new written notification; or*

(2) *The requirements of clause (1) have been satisfied and a request for binding arbitration has been rejected pursuant to section 179.69; or*

(3) *The employer violates section 179.68, subdivision 2, clause (9); or*

(4) *In the case of state employees,*

(a) *The legislative commission on employee relations has not given approval during a legislative interim to a negotiated agreement or arbitration award pursuant to section 179.74, subdivision 5, within 30 days after its receipt; or*

(b) *The entire legislature rejects or fails to ratify a negotiated agreement or arbitration award, which has been approved during a legislative interim by the legislative commission on employee relations, at a special legislative session called to consider it, or at its next regular legislative session, whichever occurs first.*

Written notification of intent to strike, under clauses (3) or (4), shall be served on the employer and the director by the exclusive

representative at least ten days prior to the commencement of the strike, provided that if more than 30 days have expired after service of a notification of intent to strike, no strike may commence until ten days after service of a new written notification.

Subd. 1a. [STRIKES AUTHORIZED: TEACHERS.] Except as otherwise provided by section 31, teachers employed by a local school district, other than principals and assistant principals, may strike only under the following circumstances:

(1)(a) The collective bargaining agreement between their exclusive representative and their employer has expired, or if there is no agreement, impasse under section 31 has occurred; and

(b) The exclusive representative and the employer have participated in mediation over a period of at least 60 days, 30 days of which have occurred after the expiration date of the collective bargaining agreement, provided that the mediation period established by section 31 shall govern negotiations pursuant to that section. For the purposes of this sub-clause the mediation period commences on the day following receipt by the director of a request for mediation; and

(c) Written notification of intent to strike was served on the employer and the director by the exclusive representative on or after the expiration date of the collective bargaining agreement or, if there is no agreement, on or after the date impasse under section 31 has occurred and at least ten days prior to the commencement of the strike, provided that if more than 30 days have expired after service of a notification of intent to strike, no strike may commence until ten days after service of a new written notification; and

(d) A request for binding arbitration has been rejected pursuant to section 179.69; or

(2) 45 days after impasse pursuant to section 30 neither party has requested arbitration; or

(3) The employer violates section 179.68, subdivision 2, clause (9).

Written notification of intent to strike under clauses (2) and (3) shall be served on the employer and the director by the exclusive representative at least ten days prior to the commencement of the strike, provided that if more than 30 days have expired after service of a notification of intent to strike, no strike may commence until ten days after service of a new written notification, and further provided that notice of intent to strike under clause (2) shall be given no earlier than the last day of the period provided in clause (2).

Subd. 1b. Except as authorized in this section, all strikes by public employees shall be illegal. Except as provided in this section, no unfair labor practice or violation of sections 179.61 to 179.76 by a public employer shall give public employees a right to strike. Those factors may be considered, however, by the court in mitigation of or retraction of any penalties provided by this section.

During the period after contract expiration and prior to the date when the right to strike matures, and for additional time if agreed, the terms of an existing contract shall continue in effect and shall be enforceable upon both parties.

Sec. 23. Minnesota Statutes 1978, Section 179.64, Subdivision 2, is amended to read:

Subd. 2. Notwithstanding any other provision of law, any public employee who violates *strikes in violation of* the provisions of this section may have his appointment or employment terminated by the employer effective the date the violation first occurs. *Such* ~~The~~ termination shall be effective upon made by serving written notice served upon the employee. Service may be made by certified mail.

Sec. 24. Minnesota Statutes 1978, Section 179.64, Subdivision 3, is amended to read:

Subd. 3. For purposes of this subdivision an employee who is absent from any portion of his work assignment without permission, or who abstains wholly or in part from the full performance of his duties without permission from his employer on the date or dates when a strike *not authorized by this section* occurs is prima facie presumed to have engaged in a *an illegal strike on such the* date or dates involved.

Sec. 25. Minnesota Statutes 1978, Section 179.64, Subdivision 4, is amended to read:

Subd. 4. A public employee who knowingly violates *participates in a strike in violation of* the provisions of this section and whose employment has been terminated pursuant to this section, may, subsequent to such violation, *subsequently* be appointed or reappointed, employed or reemployed, but the employee shall be on probation for two years with respect to *such the* civil service status, tenure of employment, or contract of employment, as to *which he may have therefore been was previously* entitled.

No employee shall be entitled to any daily pay, wages, reimbursement of expenses, or per diem for the days on which he engaged in a strike.

Sec. 26. Minnesota Statutes 1978, Section 179.64, Subdivision 5, is amended to read:

Subd. 5. Any public employee, upon request, shall be entitled, ~~as hereinafter provided, to request the opportunity~~ to establish that he did not violate the provisions of this section. *Such* ~~The~~ request must shall be filed in writing with the officer or body having the power to remove *such the* employee, within ten days after notice of termination is served upon him; whereupon *such*. *The employing officer, or body, shall within ten days commence a proceeding at which such person the employee shall be entitled to be heard for the purpose of determining whether the provisions of this section have been violated by such the public employee, and. If there be are contractual grievance procedures, laws and regula-*

tions or rules establishing proceedings to remove such the public employee, the hearing shall be conducted in accordance therewith with whichever procedure the employee elects provided that the election shall be binding and shall terminate any right to the alternative procedures. The same proceedings proceeding may upon application to the court by an employer, an employee, or employee organization and the issuance of an appropriate order by the court include more than one employee's employment status if the employees' defenses are identical, analogous or reasonably similar. Such The proceedings shall be undertaken without unnecessary delay. Any person whose termination is sustained in the administrative or grievance proceeding may secure a review of his removal by serving a notice so requesting of appeal upon the employer removing him within 20 days after the results of the hearing referred to herein have been announced. This notice, with proof of service thereof, shall be filed within ten days after service, with the clerk of the district court in the county where the employer has its principal office or in the county where the employee last was employed by the employer. The district court shall thereupon have jurisdiction to review the matter in the same manner as on appeal from administrative orders and decisions. This hearing shall take precedence over all matters before the court and may be held upon ten days written notice by either party. The court shall make such order in the premises as is it deems proper ; and . An employer may obtain review of a decision to reinstate an employee in the same manner as provided for appeals by employees in this subdivision. An appeal may be taken therefrom from the district court order to the supreme court.

Sec. 27. Minnesota Statutes, 1979 Supplement, Section 179.65, Subdivision 6, is amended to read:

Subd. 6. Except for confidential employees excluded from bargaining pursuant to section 179.74, subdivision 4, and section 40, supervisory and confidential employees, principals and assistant principals may form their own organizations. An employer shall extend exclusive recognition to a representative of or an organization of supervisory or confidential employees, or principals and assistant principals, for the purpose of negotiating terms or conditions of employment, in accordance with all other provisions of sections 179.61 to 179.76, as though they were essential employees. Units of Supervisory or confidential employees employee organizations shall not participate in any capacity in any joint negotiations which involve the participation of units of employees other than supervisory or confidential employees. Affiliation of a supervisory or confidential employee with another employee organization which has as its members non-supervisory employees or non-confidential employees is permitted. A supervisory or confidential employee organization which is affiliated, either directly or indirectly, with another employee organization which is the exclusive representative of non-supervisory or non-confidential employees of the same public employer or with a federation or other joint body of employee organizations, any one of whose affiliates is the exclusive representative of non-supervisory or non-confidential employees of the same public employer, shall not be

certified as, or act as, an exclusive representative pursuant to sections 179.61 to 179.76 or section 41, except in the case of organizations of non-state, non-university of Minnesota essential supervisory employees as defined in section 179.63, subdivision 11.

Sec. 28. Minnesota Statutes 1978, Section 179.67, Subdivision 4, is amended to read:

Subd. 4. Any employee organization may obtain a certification election upon petition to the director wherein it is stated that at least 30 percent of the employees of a proposed employee unit wish to be represented by the petitioner ~~or that the certified representative no longer represents the majority of employees in the unit.~~ *Any employee organization may obtain a representation election upon petition to the director wherein it is stated that the currently certified representative no longer represents the majority of employees in an established unit and that at least 30 percent of the employees in the established unit wish to be represented by the petitioner rather than by the currently certified representative. An individual employee or group of employees in a unit may obtain a decertification election upon petition to the director wherein it is stated that the certified representative no longer represents the majority of the employees in an established unit and that at least 30 percent of the employees wish to be unrepresented.*

Sec. 29. Minnesota Statutes 1978, Section 179.69, Subdivision 1, is amended to read:

179.69 [PROCEDURES.] Subdivision 1. [MEDIATION PETITION.] When any employees or representative of employees shall desire to meet and negotiate an agreement establishing terms and conditions of employment, they shall give written notice to the employer and the director, and it shall thereupon be the duty of the employer to recognize the employee representative for purposes of reaching agreement on terms and conditions of employment of the employees or the employer shall within ten days of receipt of the written notice object or refuse to recognize the employees' representative or the employees as an appropriate unit. The employer or employees' representative may thereupon petition the director to take jurisdiction of the matter whereupon the director shall then be authorized and shall perform those duties as provided in section 179.71, subdivision 2 (a) and (b).

Upon the certified exclusive representative and the employer reaching agreement on terms and conditions of employment or receiving a valid arbitration award, they shall execute a written contract or memorandum of contract containing the terms of ~~such~~ *the negotiated agreement or arbitration award.* The contracts or memoranda shall in every instance be subject to the provisions of section 179.70.

A petition by an employer shall be signed by him or his duly authorized officer or agent; and a petition by an exclusive representative shall be signed by its authorized officer. In either case the petition shall be served by delivering it to the director in person or

by sending it by certified mail addressed to him at his office. The petition shall state briefly the nature of the disagreement of the parties. Upon receipt of a petition, the director, ~~or by September 1, whichever date is earlier~~ shall fix a time and place for a conference with the parties to ~~negotiate the matter upon the issues involved not agreed upon~~ in the matter, and he shall then take whatever steps he deems most expedient to bring about a settlement of the matter, including assisting in negotiating and drafting an agreement. It shall be the duty of all parties to respond to the summons of the director for joint or several conferences with him and to continue in such conference until excused by the director. *However, for other than essential employees, mediation conferences following the expiration date of a collective bargaining agreement, or in the case of teachers following mediation over a period of 60 days after the expiration date of a collective bargaining agreement, shall continue only for durations agreeable to both parties.*

Sec. 30. Minnesota Statutes 1978, Section 179.69, Subdivision 3, is amended to read:

Subd. 3. [BINDING ARBITRATION PETITIONS FOR NON-ESSENTIAL EMPLOYEES.] *For all public employees except those specified in subdivision 3a, the director shall certify a matter to the board for binding arbitration pursuant to section 179.72 if:*

(a) the director has determined that further mediation efforts under subdivision 1 would serve no purpose and has certified an impasse, or impasse has occurred by reason of the fact that the exclusive representative and the employer have participated in mediation for the period required in section 22 and the collective bargaining agreement has expired, and,

(b) within 15 days of a request by one party for binding arbitration the other party has accepted the request. A request for arbitration is deemed rejected if the other party has not responded within 15 days of the request.

Subd. 3a. [BINDING ARBITRATION PETITIONS FOR ESSENTIAL EMPLOYEES.] *For all public employees defined as essential pursuant to section 179.73, subdivision 11, or treated as though they were essential pursuant to section 179.65, subdivision 6, the director shall only certify a matter to the board for binding arbitration pursuant to section 179.72 when either or both parties, except for essential employees, petition for binding arbitration stating that an impasse has been reached and the director has determined that further mediation efforts under subdivision 1 would serve no purpose. Upon such petition and determination by the mediator, the parties shall each submit their respective final positions on matters not agreed upon. If the employer has petitioned for binding arbitration and the director has determined that an impasse has been reached said proceedings shall begin within 15 days thereof and be binding on both parties. The director shall determine the matters not agreed upon based upon his efforts to mediate the dispute. If the employee representative has petitioned for binding arbitration the employer shall have 15 days*

after the director of mediation has determined that an impasse has been reached to reject the request or agree to submit matters not agreed upon to binding arbitration. If the employer does not respond within 15 days it shall be regarded as a rejection and said rejection shall be a refusal by the employer within the meaning of section 179.64, subdivision 7. Under a petition by either party the parties may stipulate those agreed upon items to be excluded from arbitration.

Subd. 3b. [PROCEDURE.] When the director has certified a matter to the board for binding arbitration pursuant to subdivision 3 or 3a, within 15 days the parties shall each submit their respective final positions on matters not agreed upon. The director shall determine the matters not agreed upon based on the positions submitted by the parties and his efforts to mediate the dispute. Under a petition by either party the parties may stipulate those agreed upon items to be excluded from arbitration.

Sec. 31. Minnesota Statutes 1978, Chapter 179, is amended by adding a section to read:

[179.691] [NEW EXCLUSIVE REPRESENTATIVE: TEACHERS.] *If a new or different exclusive representative of teachers employed by a local school district is certified by the director at any time other than the period between 120 days before the termination date of a contract and the termination date of the contract, or if on July 1 of any odd-numbered year a representation proceeding involving the employer and the employer's teachers is before the director, the provisions of clause (1) of section 22 shall apply. In those cases, however, the employer and the exclusive representative of the teachers shall execute a written contract or memorandum of contract as provided in section 179.70 no later than 60 days after a certification by the director of a new or different exclusive representative or the resolution by the director of a representation proceeding. Either party may petition the director of mediation services for assistance in reaching an agreement, as provided in section 179.69, subdivision 1. If the employer and the exclusive representative of the teachers fail to execute a contract by 60 days after the certification of a new or different exclusive representative or the resolution by the director of a representation proceeding, they shall be conclusively presumed to be at an impasse after having participated in mediation sessions called pursuant to section 179.69 over a period of no less than 60 days.*

Sec. 32. Minnesota Statutes 1978, Chapter 179, is amended by adding a section to read:

[179.692] [NEW EXCLUSIVE REPRESENTATIVE: NON-TEACHERS.] *If a new or different exclusive representative of employees other than teachers employed by a local school district is certified by the director, or if on the expiration date of an existing contract a representation proceeding is before the director, the provisions of clause (1) of section 22 shall apply. In those cases, however, the employer and the exclusive representative of the employees shall execute a written contract or memo-*

randum of contract as provided in section 179.70 no later than 45 days after a certification by the director of a new or different exclusive representative or the resolution by the director of a representation proceeding. Either party may petition the director of mediation services for assistance in reaching an agreement, as provided in section 179.69, subdivision 1. If the employer and the exclusive representative fail to execute a contract by 45 days after the certification of a new or different exclusive representative or the resolution by the director of a representation proceeding, they shall be conclusively presumed to be at an impasse after having participated for a period of no less than 45 days in mediation sessions called pursuant to section 179.69.

Sec. 33. Minnesota Statutes 1978, Section 179.71, Subdivision 3, is amended to read:

Subd. 3. The director shall determine appropriate units, *except where appropriate units are defined by section 40*. In determining the appropriate unit he shall take into consideration, along with other relevant factors, the principles and the coverage of uniform comprehensive position classification and compensation plans of the employees, involvement of professions and skilled crafts and other occupational classifications, relevant administrative and supervisory levels of authority, geographical location, and the recommendation of the parties, and shall place particular importance upon the history and extent of organization and the desires of the petitioning employee representatives.

In addition, with regard to the inclusion or exclusion of supervisory employees, the director must find that an employee may perform or effectively recommend a majority of those functions referred to in section 179.63, subdivisions 9 or 9a, before an employee may be excluded as supervisory. However, in every case the administrative head, and his assistant, of a municipality, municipal utility, police or fire department shall be considered a supervisory employee.

He shall not designate an appropriate unit which includes employees subject to section 179.63, subdivision 11, with employees not included in section 179.63, subdivision 11.

Sec. 34. Minnesota Statutes 1978, Section 179.71, Subdivision 5, is amended to read:

Subd. 5. In addition to all other duties imposed by 179.77;

(a) ~~retain provide~~ mediation jurisdiction ~~over services as requested~~ by the parties for purposes of this subdivision until such time as the parties reach agreement; provided, however, he may continue to assist parties after the parties have submitted their final positions as provided or required under section 179.72, subdivision 6; or section 179.69, ~~subdivision 6~~;

(b) issue notices, subpoenas and orders as may be required by law to carry out his duties under sections 179.61 to 179.77. Issuance of orders shall include those orders of the Minnesota public employment relations board;

(c) certify to the Minnesota public employment relations board those items of dispute between parties to be subject to the action of the Minnesota public employment relations board under section 179.69, subdivision 3;

(d) assist the parties in formulating petitions, notices, and other papers required to be filed with the director or the board;

(e) certify the final results of any election or other voting procedure conducted pursuant to sections 179.61 to 179.77;

~~(f) furnish clerical and administrative services to the Minnesota public employment relations board as may be required;~~

~~(g) (f) adopt reasonable and proper rules and regulations relative to and regulating the forms of petitions, notices, orders and the conduct of hearings and elections subject to final approval of the Minnesota public employment relations board. Such The rules and regulations shall be printed and made available to the public and a copy delivered with each notice of hearing; provided, that every such any rule or regulation shall be filed with the secretary of state, and any change therein or additions thereto shall not take effect until 20 days after such the filing;~~

~~(h) (g) receive, catalogue and file in a logical manner all orders and decisions of the Minnesota public employment relations board and all arbitration panels authorized by sections 179.61 to 179.77 as well as all grievance arbitration decisions and the director's own orders and decisions. All orders and decisions catalogued and filed shall be made readily available to the public;~~

~~(i) (h) promulgate a grievance procedure to effectuate the purposes of section 179.70, subdivision 1. Such The grievance procedures procedure shall not provide for the services of the bureau of mediation services. The exercise of authority granted by this clause shall be subject to the provisions of chapter 15, said. The grievance procedure to shall be available to any public employee employed in a unit not covered by a negotiated contractual grievance procedure as contained in section 179.70, subdivision 1;~~

~~(j) (i) conduct elections;~~

(j) assign state employee classifications and university of Minnesota employee classifications to the appropriate units provided in section 40, when the classifications have not been assigned pursuant to section 40, or have been significantly modified in occupational content subsequent to assignment pursuant to section 40, and assign supervisory employees to the appropriate units provided in section 40 when the positions have not been assigned pursuant to section 40 or have been significantly modified in occupational content. The assignment of the classes shall be made on the basis of the community of interest of the majority of employees in these classes with the employees within the statutory units, and all the employees in the class, excluding supervisory and confidential employees, shall be assigned to a single appropriate unit.

Sec. 35. Minnesota Statutes 1978, Section 179.72, Subdivision 6, is amended to read:

Subd. 6. When final positions are certified to the board as provided in section 179.69, subdivision 3, or submitted to the board as provided in section 179.60, subdivision 5, the board shall constitute an arbitration panel as follows:

The parties shall, under the direction of the chairman of the board, alternately strike names from a list of seven arbitrators until only three names remain, which three members shall be members of the panel; provided, however, that if either party requests the parties shall select a single arbitrator to hear the dispute. If the parties are unable to agree on who shall strike the first name, the question shall be decided by the flip of a coin. In submitting names of arbitrators to the parties the board shall endeavor whenever possible to include names of persons from the general geographical area in which the public employer is located. The panel shall assume and have jurisdiction over the items of dispute certified to the board for which the panel was constituted. The panel's orders shall be issued upon a majority vote of members considering a given dispute. The members of the panel shall be paid their actual and necessary traveling and other expenses incurred in the performance of their duties plus a per diem allowance of \$180 for each day or part thereof while engaged in the consideration of a dispute. All fees, expenses and costs of the panel shall be shared and assessed equally to the parties to the dispute. In those cases where a single arbitrator is hearing a dispute, the fees, expenses and costs of the arbitrator shall also be shared and assessed equally by the parties to the dispute.

Sec. 36. Minnesota Statutes 1978, Section 179.74, Subdivision 2, is amended to read:

Subd. 2. The employer of state employees shall be, for purposes of sections 179.61 to 179.77 179.76, the commissioner of personnel employee relations or his representative.

Sec. 37. Minnesota Statutes 1978, Section 179.74, Subdivision 3, is amended to read:

Subd. 3. In all negotiations between the state and exclusive representatives the state shall be represented by the commissioner of personnel employee relations or his representative. The attorney general, and each appointing authority shall cooperate with the commissioner of personnel employee relations in conducting negotiations and shall make available such any personnel and other resources as are necessary to enable the commissioner to conduct effective negotiations.

Sec. 38. Minnesota Statutes, 1979 Supplement, Section 179.74, Subdivision 4, is amended to read:

Subd. 4. The commissioner of personnel employee relations shall meet and negotiate with the exclusive representative of appropriate each of the units specified in section 40, subdivision 1, in the manner prescribed by sections 179.61 to 179.77; provided, how-

ever, that the director of mediation services shall define appropriate units of state employees as all the employees under the same appointing authority except where professional, geographical or other considerations affecting employment relations clearly require appropriate units of some other composition 179.76. *The appropriate units provided for in section 40 shall be the only appropriate units for executive branch state employees.* The positions and classes of positions in the classified and unclassified services defined as managerial by the commissioner of personnel employee relations in accordance with the provisions of section 43.326 and so designated in the official state compensation schedules, all unclassified positions in the state university system and the community college system defined as managerial by their respective boards, all positions of physician employees compensated pursuant to section 43.126, the positions of all unclassified employees appointed by the governor, lieutenant governor, secretary of state, attorney general, treasurer and auditor, all positions in the bureau of mediation services and the public employment relations board, all hearing examiners examiner positions in the office of hearing examiners, and the positions of all confidential employees who work in the personnel offices of an appointing authority in the executive branch and who have access to information subject to use by the appointing authority in meeting and negotiating or who actively participate in the meeting and negotiating on behalf of the state, shall be excluded from any appropriate unit. Regardless of unit determination, The governor may upon the unanimous written request of exclusive representatives of units and appointing authorities the commissioner direct that negotiations be conducted for one or more appointing authorities units in a common proceeding or that supplemental negotiations be conducted for portions of a unit or units defined on the basis of appointing authority or geography.

Sec. 39. Minnesota Statutes, 1979 Supplement, Section 179.74, Subdivision 5, is amended to read:

Subd. 5. The commissioner of personnel employee relations is authorized to and may enter into agreements with exclusive representatives of the units specified in section 40, subdivision 1. The provisions of the negotiated agreements and arbitration awards shall be submitted to the legislature to be accepted or rejected in accordance with this section and section 3.855. A state employee whose exclusive representative, as defined by section 179.63, subdivision 6, has not reached a proposed agreement with the state which has been submitted by the commissioner to the legislative commission on employee relations on or before April 15 of an odd numbered year, shall not receive the wage and economic fringe benefit increases provided pursuant to an agreement executed and approved under this subdivision. Disapproval by the legislative commission on employee relations pursuant to section 3.855 or failure of the legislature to approve a negotiated agreement or arbitration award with respect to wages and economic fringe benefits by the time of adjournment of the regular legislative session in an odd numbered year shall be a defense to a violation of section 179.64. In the event that a proposed agreement or arbitration

award is rejected or is not approved by the legislature prior to its adjournment in an odd numbered year, the legislative commission on employee relations is authorized to give interim approval to a proposed agreement or arbitration award. The proposed agreement or arbitration award shall be implemented upon its approval by the commission and state employees covered by the proposed agreement or arbitration award shall not have the right to strike while the interim approval is in effect. The commission shall submit the agreement or arbitration award to the legislature for ratification at a special legislative session called to consider it or at its next regular legislative session. Wages and economic fringe benefit increases provided for in the agreement or arbitration award which were paid pursuant to the interim approval by the commission shall not be affected but such wages and benefit increases shall cease to be paid or provided effective upon the rejection of the agreement or arbitration award or upon adjournment by the legislature without acting upon the agreement or arbitration award.

Sec. 40. Minnesota Statutes 1978, Chapter 179, is amended by adding a section to read:

[179.741] [STATE AND UNIVERSITY OF MINNESOTA EMPLOYEES; APPROPRIATE UNITS.] Subdivision 1. [STATE EMPLOYEES.] Subject to the provisions of section 41, subdivision 5, all appropriate units of state employees certified as of the effective date of this subdivision are abolished. The following shall be the appropriate units of executive branch state employees for the purposes of sections 179.61 to 179.76. All units shall exclude employees excluded by section 38 and supervisory employees shall only be assigned to units 12 and 16. Unclassified employees, unless otherwise excluded, are included within the units which include the classifications to which they are assigned for purposes of compensation. No additional units of executive branch state employees shall be recognized for the purpose of meeting and negotiating.

(1) Law enforcement unit. This unit shall consist of all sworn highway patrol personnel, all uniformed conservation officers, and all criminal apprehension agents.

(2) Craft, maintenance, and labor unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(3) Service unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(4) Health care non-professional unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(5) Health care professional unit. This unit shall consist of all positions which are required to be filled by registered nurses.

(6) *Clerical and office unit.* This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(7) *Technical unit.* This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(8) *Correctional Guards unit.* This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(9) *State university instructional unit.* This unit shall consist of those positions assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(10) *Community college instructional unit.* This unit shall consist of those positions assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(11) *State university administrative unit.* This unit shall consist of those positions assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(12) *Professional engineering supervisory unit.* This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(13) *Health treatment unit.* This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(14) *General professional unit.* This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(15) *Professional state residential instructional unit.* This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(16) *Supervisory employees unit.* This unit shall consist of those positions assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

Subd. 2. [STATE EMPLOYEE SEVERANCE.] Each of the following groups of employees shall have the right, as specified in this subdivision, to separate from the general professional, health treatment or general supervisory units provided for in subdivision

1: attorneys, physicians, professional employees of the higher education coordinating board who are compensated pursuant to section 43.064, highway patrol-supervisors, and criminal apprehension investigative-supervisors. This right shall be exercised by petition during the period commencing on the effective date of this section and concluding thirty days after that date or, after January 1, 1981, during the sixty day period commencing 270 days prior to the termination of a contract covering the units. If one of these groups of employees exercises the right to separate from the units they shall have no right to meet and negotiate, but shall retain the right to meet and confer with the commissioner of employee relations and with the appropriate appointing authority on any matter of concern to them. The manner of exercise of their right to separate shall be as follows: An employee organization or group of employees claiming that a majority of any one of these groups of employees on a state-wide basis wish to separate from their units may petition the director for an election during the petitioning period. If the petition is supported by a showing of at least 30 percent support for the petitioner from the employees, the director shall hold an election to ascertain the wishes of the majority with respect to the issue of remaining within or severing from the units provided in subdivision 1. This election shall be conducted within 30 days of the close of the petition period. If a majority of votes cast endorse severance from the unit in favor of separate meet and confer status for any one of these groups of employees, the director shall certify that result. This election shall, where not inconsistent with other provisions of this section, be governed by section 179.67. If a group of employees elects to sever they may rejoin that unit by following the same procedures specified above for severance, but may only do so during the periods provided for severance.

Subd. 3. [UNIVERSITY OF MINNESOTA.] Subject to the provisions of section 41, subdivision 5 all appropriate units of university of Minnesota employees certified as of the effective date of this section are abolished. The following shall be the appropriate units of university of Minnesota employees for the purposes of sections 179.61 to 179.76. All units shall exclude managerial and confidential employees and supervisory employees shall only be assigned to unit 12. No additional units of university of Minnesota employees shall be recognized for the purpose of meeting and negotiating.

(1) Law enforcement unit. This unit shall consist of the positions of all employees with the power of arrest.

(2) Craft and trades unit. This unit shall consist of the positions of all employees whose work requires specialized manual skills and knowledge acquired through formal training or apprenticeship or equivalent on-the-job training or experience.

(3) Service, maintenance and labor unit. This unit shall consist of the positions of all employees whose work is typically that of maintenance, service or labor and which does not require extensive previous training or experience, except as provided in unit 4.

(4) *Health care non-professional and service unit.* This unit shall consist of the positions of all non-professional employees of the university of Minnesota hospitals, dental school and health service whose work is unique to those settings, excluding labor and maintenance employees as defined in unit 3.

(5) *Nursing professional unit.* This unit shall consist of all positions which are required to be filled by registered nurses.

(6) *Clerical and office unit.* This unit shall consist of the positions of all employees whose work is typically clerical or secretarial, including non-technical data recording and retrieval and general office work, except as provided in unit 4.

(7) *Technical unit.* This unit shall consist of the positions of all employees whose work is not typically manual and which requires specialized knowledge or skills acquired through two year academic programs or equivalent experience or on-the-job training, except as provided in unit 4.

(8) *Twin Cities instructional unit.* This unit shall consist of the positions of all instructional employees with the rank of professor, associate professor, assistant professor, including research associate, or instructor, including research fellow, located on the Twin Cities campuses.

(9) *Outstate instructional unit.* This unit shall consist of the positions of all instructional employees with the rank of professor, associate professor, assistant professor, including research associate, or instructor, including research fellow, located at the Duluth campus, provided that the positions of instructional employees of the same ranks at the Morris, Crookston or Waseca campuses shall be included within this unit if a majority of the eligible employees voting at a campus so vote during an election conducted by the director, provided that such an election shall not be held unless and until the Duluth campus has voted in favor of representation. The election shall be held when an employee organization or group of employees petitions the director stating that a majority of the eligible employees at one of these campuses wishes to join the unit and this petition is supported by a showing of at least 30 percent support from eligible employees at that campus and is filed within 60 days of the effective date of this section or, after January 1, 1981, during the period between September 1 and November 1.

(10) *Graduate assistant unit.* This unit shall consist of the positions of all graduate assistants who are enrolled in the graduate school and who hold the rank of research assistant, teaching assistant, teaching associate I or II, project assistant, or administrative fellow I or II.

(11) *Non-instructional professional unit.* This unit shall consist of the positions of all employees meeting the requirements of either clause (a) or (b) of section 179.63, subdivision 10, which are not defined as included within the instructional unit.

(12) *Supervisory employees unit.* This unit shall consist of the positions of all supervisory employees.

The employer shall petition the director within 90 days of the effective date of this subdivision indicating his position with respect to the allocation of all positions to the units provided in this subdivision. The employer shall serve a copy of the petition on the exclusive representatives of the affected employees. When the employer's position with respect to the positions to be included within a unit established by this subdivision is challenged by an employee organization petitioning under section 179.67, the director shall make a determination as to the allocation of the challenged positions under the language of subdivision 3. His determination shall be made within 60 days of receipt of the petitioning organization's challenge and may be appealed only to the supreme court which shall hear the matter on an expedited basis. Should both units 8 and 9 each elect exclusive bargaining representatives those representatives shall jointly negotiate a contract with the regents.

Subd. 4. [UNIVERSITY OF MINNESOTA EMPLOYEE SEVERANCE.] Each of the following groups of university of Minnesota employees shall have the right, as specified in this subdivision, to separate from the instructional and supervisory units provided for in subdivision 3: (1) health sciences instructional employees at all campuses with the rank of professor, associate professor, assistant professor, including research associate, or instructor, including research fellow, (2) instructional employees of the law school with the rank of professor, associate professor, assistant professor, including research associate, or instructor, including research fellow, (3) instructional supervisors, and (4) non-instructional professional supervisors. This right shall be exercised by petition during the period commencing on the effective date of this section and concluding 60 days after that date or, after January 1, 1981, during the period between September 1 and November 1. If one of these groups of employees exercises the right to separate from their unit they shall have no right to meet and negotiate, but shall retain the right to meet and confer with the appropriate officials on any matter of concern to them. The manner of exercise of the right to separate shall be as follows: An employee organization or group of employees claiming that a majority of any one of these groups of employees on a state-wide basis wish to separate from their unit may petition the director for an election during the petitioning period. If the petition is supported by a showing of at least 30 percent support for the petitioner from the employees, the director shall hold an election to ascertain the wishes of the majority with respect to the issue of remaining within or severing from their unit provided in subdivision 3. This election shall be conducted within 30 days of the close of the petition period. If a majority of votes cast endorse severance from their unit in favor of meet and confer status for any one of these groups of employees, the director shall certify that result. This election shall, where not inconsistent with other provisions of this section, be governed by section 179.67. If a group of employees elects to sever they may rejoin that unit by following the same procedures specified above for severance, but may only do so during the periods provided for severance.

Sec. 41. Minnesota Statutes 1978, Chapter 179, is amended by adding a section to read:

[179.742] [TRANSITION TO NEW BARGAINING UNIT STRUCTURE FOR STATE AND UNIVERSITY OF MINNESOTA EMPLOYEES.] *Subdivision 1. [APPLICATION OF SECTION.] Notwithstanding section 179.65, subdivision 2, or any other law, this section shall govern, where contrary to other law, the initial certification and decertification, if any, of exclusive representatives for the appropriate units of state employees and university of Minnesota employees established by section 40. Subsequent to the initial certification and decertification, if any, pursuant to this section, the provisions of this section shall not apply.*

Subd. 2. [EXISTING MAJORITY.] The director shall certify an employee organization as exclusive representative for an appropriate unit established by section 40 upon a petition filed with the director by the organization within 30 days of the effective date of this section for state employees and within 180 days of the effective date of this section for university of Minnesota employees stating that the petitioner is certified pursuant to section 179.67 as the exclusive representative of a majority of the employees included within the unit established by section 40 on the effective date of this section. Two or more employee organizations which represent the employees in a unit established by section 40, may petition jointly pursuant to this subdivision, provided that any organization may withdraw from a joint certification in favor of the remaining organization or organizations on 30 days notice to the remaining organization or organizations, the employer, and the director without effect upon the rights and obligations of the remaining organization or organizations or the employer. The director shall make a determination on a timely petition within 45 days of its receipt.

Subd. 3. [NO EXISTING MAJORITY.] (1) If no exclusive representative is certified under subdivision 2, the director shall certify an employee organization as exclusive representative for an appropriate unit established by section 40 upon a petition filed by the organization within the time period provided in subdivision 2, stating that the petitioner is certified pursuant to section 179.67 as the exclusive representative of fewer than a majority of the employees included within the unit established by section 40, where no other employee organization so certified has filed a petition within the time period provided in subdivision 2 so long as a majority of the employees in the unit established by section 40 are represented by employee organizations pursuant to section 179.67 on the effective date of this section. Two or more employee organizations, each of which represents employees included in the unit established by section 40 may petition jointly pursuant to this clause, provided that any organization may withdraw from a joint certification in favor of the remaining organization or organizations on 30 days notice to the remaining organization or organizations, the employer, and the director without effect upon the rights and obligations of the remaining organization or organizations or the employer. The

director shall make a determination on a timely petition within 45 days of its receipt.

(2) If no exclusive representative is certified under subdivision 2 or subdivision 3, clause (1), and an employee organization petitions the director within 45 days of the effective date of this section for state employees and within 195 days of the effective date of this section for university of Minnesota employees stating that at least 30 percent of the employees included within a unit established by section 40 wish to be represented by the petitioner, where this 30 percent is evidenced by current dues deduction rights, signed statements plainly indicating that the signatories wish to be represented for collective bargaining purposes by the petitioner rather than by any other organization, or a combination thereof, the director shall conduct a secret ballot election to determine the wishes of the majority. The election shall be conducted within 75 days of the effective date of this section for state employees and within 225 days of the effective date of this section for university of Minnesota employees and shall, where not inconsistent with other provisions of this section, be governed by section 179.67.

Subd. 4. [DECERTIFICATION.] Prior to January 1, 1981 the director shall consider a petition for decertification of an exclusive representative certified under this section only when the petition is filed within 60 days of the initial certification and only when the certification was made pursuant to subdivisions 2 or 3 (1). The petition shall be considered under the provisions of section 179.67 except where they are inconsistent with this subdivision.

Subd. 5. [CONTRACT AND REPRESENTATION RESPONSIBILITIES.] Notwithstanding the provisions of section 40, the exclusive representatives of units of state employees and university of Minnesota employees certified prior to the effective date of this section shall remain responsible for administration of their contracts and for all other contractual duties and shall enjoy the right to dues and fair share fee deduction and all other contractual privileges and rights until June 30, 1981. Exclusive representatives of state employees and university of Minnesota employees certified after the effective date of this section shall immediately upon certification have the responsibility of bargaining on behalf of employees within the unit. They shall also have the responsibility of administering grievances arising under previous contracts covering employees included within the unit which remain unresolved on June 30, 1981. Where the employer does not object, these responsibilities may be varied by agreement between the outgoing and incoming exclusive representatives. All other rights and duties of representation shall commence on July 1, 1981, except that exclusive representatives certified after the effective date of this section shall immediately upon certification have the right to all employer information and all forms of access to employees within the bargaining unit which would be permitted to the current contract-holder. This section shall in no way affect any existing collective bargaining contract. Should an exclusive bargaining agent not be certified for the unit provided for in

section 40, subdivision 3, clause (2), the employees assigned to that unit shall continue to be compensated pursuant to the appropriate university of Minnesota civil service rules, or by the terms of any master or uniform contract of their particular trade which exists between associations of employers in their local area representing all or substantially all of the employees of that trade.

Nothing in sections 1 to 42 shall prevent an exclusive representative certified after the effective date of sections 1 to 42 from assessing fair share or dues deductions immediately upon certification for employees in a unit established under section 40 if the employees were unrepresented for collective bargaining purposes prior to that certification.

Sec. 42. Minnesota Statutes 1978, Chapter 179, is amended by adding a section to read:

[179.743] [STATE EMPLOYEES.] *When no prior determination has been made with respect to the supervisory status of a state employee or his predecessor and no agreement can be reached between the employer and petitioning employee organizations, the commissioner of employee relations may petition the director for a determination. When no agreement can be reached between the employer and petitioning employee organizations on the confidential status of a state employee, the commissioner of employee relations may petition the director for a determination. The commissioner shall serve a copy of the petition on the exclusive representatives of the affected employees. The director shall not exclude any supervisory or confidential employee from an appropriate unit of nonsupervisory or nonconfidential state employees on the basis of a petition filed later than 30 days after the effective date of this section, except as provided in section 34. The director shall make all determinations under this subdivision within 60 days of receipt of a timely petition. The director shall have full discretion in his determination of the application of sections 179.63, subdivisions 8, 9, and 9a, and 179.71, subdivision 3, paragraph 2 in all cases arising under this subdivision. Notwithstanding any other law, his decision shall be final and no appeal whatsoever shall be heard. For the purposes of the certification of a bargaining agent for units provided in subdivision 1 of section 40 employees sought to be excluded by a timely and valid petition as supervisory or confidential shall be counted or shall vote separately in a fashion which shall permit them to be individually excluded or included after a determination as to their status. When a certification is dependent upon challenged employees, the director shall determine the status of the challenged employees prior to deciding the cases of challenged employees whose status need not be determined for a certification. In the latter situation the certification of a bargaining agent shall proceed irrespective of pending challenges.*

Sec. 43. Laws 1979, Chapter 332, Article I, Section 114, is amended to read:

Sec. 114. [REPEALER.] *Effective July 1, 1981, Minnesota Statutes 1978, Sections 43.03; 43.06; 43.062; 43.063; 43.064; 43.065;*

43.067; 43.068; 43.069; 43.07; 43.09; 43.111; 43.12, subdivisions 2 to 27; 43.121; 43.122; 43.126; 43.127; 43.128; 43.13; 43.14; 43.162; 43.17; 43.18; 43.19; 43.20; 43.21; 43.22; 43.222; 43.223; 43.224; 43.23; 43.24; 43.246; 43.321; 43.322; 43.323; 43.324; 43.326; 43.327; 43.33; 43.44; 43.45; 43.46; 43.48; and 43.49; 43.50; and 43.51 are repealed.

Sec. 44. Laws 1979, Chapter 332, Article I, Section 116, is amended to read:

Sec. 116. [EFFECTIVE DATE.] The effective dates for Article I are as follows: sections 2, 4, 8, 40, 45, 46, 47, 58, 61, 65, 82-91, and 113 are effective upon final enactment. Section 64, is effective June 30, 1980. Sections 3, 5, 6 and 7 are effective July 1, 1981. The remaining provisions of Article I are effective July 1, 1979. The provisions of section 47 shall apply to all disciplinary actions taken on or after the effective date of section 47. The provisions of section 63 shall expire on July 1, 1981, but shall apply to all arbitration proceedings which are to determine contractual provisions for the 1981-1983 biennium. The provisions of section 64 shall expire on July 1, 1981, but shall apply to all arbitration proceedings which are to determine contractual provisions for the next contract period. The provisions of sections 63, 93 to 111 and 113 shall expire on July 1, 1981. The provisions of section 137.02, subdivision 4, shall not apply to sections 93 to 111.

Sec. 45. [REPEALER.] Minnesota Statutes 1978, Sections 43.003; 43.50, Subdivision 3; 179.69, Subdivisions 4, 5, and 6; and 482.18; and Minnesota Statutes, 1979 Supplement, Sections 15A.081, Subdivision 5; and 179.64, Subdivision 7, are repealed.

Sec. 46. [APPROPRIATION.] Subdivision 1. The amount of \$285,000 is appropriated for the period ending June 30, 1981 to the department of employee relations. The approved complement of the department of employee relations is increased by 5 persons.

Subd. 2. The amount of \$100,500 is appropriated for the period ending June 30, 1981 to the bureau of mediation services for the purpose of implementing sections 19 to 40.

Sec. 47. [INSTRUCTIONS TO REVISOR.] In the next and all subsequent editions of Minnesota Statutes, the revisor of statutes shall substitute the term "department of employee relations" for "department of personnel" in every place where the latter is used. The revisor of statutes shall substitute the term "commissioner of employee relations" for "commissioner of personnel" in every place where the latter term is used.

Sec. 48. [EFFECTIVE DATE.] Section 16 shall be effective on July 1, 1981. Sections 22, 30, 31 and 32 are effective July 1, 1980. The remaining provisions of this act are effective the day following final enactment but shall not alter the terms of any existing collective bargaining agreement before it expires. Any impermissible affiliation of an exclusive representative, under the provisions of section 27, existing on the effective date of section 27 may continue until the termination of any labor agreement in effect on the effective date of this section."

Amend the title as follows:

Page 1, lines 16 and 17, delete "43.19, Subdivision 1;"

Page 1, line 18, before "2" insert "1,"

Page 1, line 31, delete " 179.64, Subdivision 1; "

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

Senate Conferees: (Signed) Nicholas D. Coleman, Tom Nelson, Robert O. Ashbach

House Conferees: (Signed) Wayne Simoneau, Steven Novak, Steve Swiggum

Mr. Coleman moved that the foregoing recommendations and Conference Committee Report on S. F. No. 2085 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 2085 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

NOTICE OF RECONSIDERATION

Mr. Dieterich gave notice of intention to move for reconsideration of S. F. No. 2085.

RECONSIDERATION

Mr. Coleman moved that the vote whereby S. F. No. 2085 was passed by the Senate on April 11, 1980, be now reconsidered.

The question was taken on the adoption of the motion.

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

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

Those who voted in the negative were:

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

The motion did not prevail.

RECESS

Mr. Coleman moved that the Senate do now recess until 8:00 o'clock p.m. The motion prevailed.

The hour of 8:00 o'clock p.m. having arrived, the President called the Senate to order.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Ashbach offered the following and moved that it be printed in the Journal:

Having been excused, the following members were absent, but would have voted aye on S. F. No. 2085:

Mrs. Knaak; Messrs. Knutson; Renneke; Ulland, J. and Keefe, J.

The motion prevailed.

Mr. Tennessen moved that S. F. No. 2104 be taken from the table. The motion prevailed.

S. F. No. 2104: A bill for an act relating to state lands; changing the interest rate on unpaid sale balances; amending Minnesota Statutes 1978, Section 92.06, Subdivision 1.

Mr. Tennessen moved that the Senate do not concur in the amendments by the House to S. F. No. 2104 and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

RECESS

Mr. Strand moved that the Senate do now recess until 9:15 o'clock p.m. The motion prevailed.

The hour of 9:15 o'clock p.m. having arrived, the President called the Senate to order.

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1121 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1121 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 11, 1980

CONFERENCE COMMITTEE REPORT ON 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 obligations; 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, Sub-

divisions 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.

April 10, 1980

The Honorable Fred C. Norton
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 1121, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1121 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE I

INCOME TAX

Section 1. Minnesota Statutes, 1979 Supplement, Section 290.01, Subdivision 20, is amended to read:

Subd. 20. [GROSS INCOME.] Except as otherwise provided in this chapter, the term "gross income," as applied to corporations includes every kind of compensation for labor or personal services of every kind from any private or public employment, office, position or services; income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source; except that gross income shall not include "exempt function income" of a "homeowners association" as those terms are defined in Section 528 of the Internal Revenue Code of 1954, as amended *through December 31, 1979*.

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

For each of the taxable years beginning after December 31, 1970, the term "gross income" in its application to individuals, estates,

and trusts shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this section.

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

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

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

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

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

~~The amendments made to sections 210(c) (3) and 220(c) (4) (extending the time for which a taxpayer is deemed to have made a contribution to an individual retirement account for the taxable year) by section 157(a) of P.L. 95-600 shall be effective for taxable years beginning after December 31, 1977.~~

The provisions of section 4 of P.L. 95-458, and sections 131, 133, 134, 141, 152, 156, 157, and 405 of P.L. 95-600 (relating to pensions, individual retirement accounts, deferred compensation plans, and to the sale of a residence) shall be effective at the same time that these provisions became effective for federal income tax purposes.

(vi) *The Internal Revenue Code of 1954, as amended through December 31, 1979, shall be in effect for taxable years beginning after December 31, 1979.*

For taxable years beginning after December 31, 1980 and before January 1, 1983, the provisions of section 404 (relating to partial exclusions of dividends and interest received by individuals) of the Crude Oil Windfall Profit Tax Act of 1980, P.L. 96-223, shall apply.

References to the Internal Revenue Code of 1954 in clauses (a), (b) and (c) following shall mean the code in effect for the purpose of defining gross income for the applicable taxable year.

(a) Modifications increasing federal adjusted gross income. There shall be added to federal adjusted gross income:

(1) Interest income on obligations of any state other than Minnesota or a political subdivision of any such other state exempt from federal income taxes under the Internal Revenue Code of 1954;

(2) Interest income on obligations of any authority, commission, or instrumentality of the United States, which the laws of the United States exempt from federal income tax, but not from state income taxes;

(3) Income taxes imposed by this state or any other taxing jurisdiction, to the extent deductible in determining federal adjusted gross income and not credited against federal income tax;

(4) Interest on indebtedness incurred or continued to purchase or carry securities the income from which is exempt from tax under this chapter, to the extent deductible in determining federal adjusted gross income;

(5) Amounts received as reimbursement for an expense of sickness or injury which was deducted in a prior taxable year to the extent that the deduction for such the reimbursed expenditure resulted in a tax benefit;

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

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

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

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

deduction either under section 290.01, subdivision 20 (b) (7) or under section 290.09, subdivision 24;

(9) Expenses and losses arising from a farm which are not allowable under section 290.09, subdivision 29;

(10) Expenses and depreciation attributable to substandard buildings disallowed by section 290.101;

(11) The amount by which the gain determined pursuant to section 41.59, subdivision 2 exceeds the amount of such gain included in federal adjusted gross income;

(12) To the extent deducted in computing the taxpayer's federal adjusted gross income for the taxable year, losses realized *recognized* upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;

(13) Interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code of 1954, as amended through December 31, 1976, if the nonprofit corporation is domiciled outside of Minnesota; and

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

(15) The amount of any excluded gain realized *recognized* by a trust on the sale or exchange of property as defined in section 641(c) (1) of the Internal Revenue Code of 1954;

(16) An amount equal to one-sixth of any gain from the sale or other disposition of property deducted under sections 1202(a) and 1202(c) (1) of the Internal Revenue Code of 1954;

(17) To the extent not included in the taxpayer's federal adjusted gross income, the amount of any gain, from the sale or other disposition of property having a lower adjusted basis for Minnesota income tax purposes than for federal income tax purposes. This modification shall not exceed the difference in basis. If the gain is considered a long term capital gain for federal income tax purposes, the modification shall be limited to 50 percent of the portion of the gain. This modification is limited to property that qualified for the energy credit contained in section 290.06, subdivision 14, and to property acquired in exchange for the release of the taxpayer's marital rights contained in section 290.14, clause (9); and

(18) The amount of any loss from a source outside of Minnesota which is not allowed under section 290.17 including any capital loss or net operating loss carryforwards or carrybacks resulting from the loss.

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

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

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to 50 per centum of ~~such~~ *the* portion of the gain. This modification shall not be applicable if the difference in basis is due to disallowance of depreciation pursuant to section 290.101.

(3) Interest or dividend income on securities to the extent exempt from income tax under the laws of this state authorizing the issuance of ~~such~~ *the* securities but includible in gross income for federal income tax purposes;

(4) Losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any capital loss or net operating loss carryforwards or carrybacks resulting from ~~such~~ *the* losses;

(5) If included in federal adjusted gross income, the amount of any credit received, whether received as a refund or credit to another taxable year's income tax liability, pursuant to chapter 290A, and the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether ~~such~~ *the* amount is received as a refund or credited to another taxable year's income tax liability;

(6) To the extent included in federal adjusted gross income, *or the amount reflected as the ordinary income portion of a lump sum distribution under section 402(e) of the Internal Revenue Code of 1954*, notwithstanding any other law to the contrary, the amount received by any person (i) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or (ii) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408, 409 or 409A of the Internal Revenue Code of 1954, ~~as amended through December 31, 1977~~. The maximum amount of this subtraction shall be \$10,000 ~~\$11,000~~ less the amount by which the individual's federal adjusted gross income, *plus the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code of 1954*, exceeds \$17,000. In the case of a volunteer firefighter who receives an involuntary lump sum distribution of his pension or retirement

benefits, the maximum amount of this subtraction shall be \$10,000 \$11,000; this subtraction shall not be reduced by the amount of the individual's federal adjusted gross income in excess of \$17,000;

(7) In the case of property acquired on or after January 1, 1973, the amount of any credit to the taxpayer's federal tax liability under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1976, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(8) To the extent included in the taxpayer's federal adjusted gross income for the taxable year, gain realized *recognized* upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;

(9) The amount of any distribution from a qualified pension or profit sharing plan included in federal adjusted gross income in the year of receipt to the extent of any contribution not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota law for a taxable year beginning in 1974 or later;

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

(11) The amount of gain on the sale of the taxpayer's residence excluded from the federal gross income of the taxpayer pursuant to section 121 of the Internal Revenue Code of 1954, as amended through December 31, 1978 provided that a taxpayer who elects under that section shall not, for the purpose of this subdivision, also take an exclusion according to the provisions of section 121 of the Internal Revenue Code, as amended through December 31, 1976;

(12) (11) The first \$3,000 of compensation for personal services in the armed forces of the United States or the United Nations, and the next \$2,000 of compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside the state of Minnesota. *This modification does not apply to compensation defined in clause (b) (6); and*

(13) (12) The amount of any income earned for personal services rendered *outside of Minnesota* prior to the date when the taxpayer became a resident of Minnesota. *This modification does not apply to compensation defined in clause (b) (6);*

(14) (13) In the case of wages or salaries paid or incurred on or after January 1, 1977, the amount of any credit for employment of certain new employees under sections 44B and 51 to 53 of the Internal Revenue Code of 1954 which is claimed as a credit against the taxpayer's federal tax liability, but only to the extent that the credit is connected with or allocable against the produc-

tion or receipt of income included in the measure of the tax imposed by this chapter;

(14) In the case of work incentive program expenses paid or incurred on or after January 1, 1979, the amount of any credit for expenses of work incentive programs under sections 40, 50A and 50B of the Internal Revenue Code of 1954 which is claimed as a credit against the taxpayer's federal tax liability, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(15) Unemployment compensation to the extent includible in gross income for federal income tax purposes under section 85 of the Internal Revenue Code of 1954;

(16) To the extent included in federal adjusted gross income, severance pay that may be treated as a lump sum distribution under the provisions of section 290.032, subdivision 5;

(17) The amount of any income or gain which is not assignable to Minnesota under the provisions of section 290.17; and

(18) Minnesota exempt-interest dividends as provided by section 2.

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

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

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

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

the reserve is distributed to shareholders ~~such~~ *the* distribution shall be taxed as a dividend for purposes of this act.

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

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

Sec. 2. Minnesota Statutes 1978, Section 290.01, is amended by adding a subdivision to read:

Subd. 27. [MINNESOTA EXEMPT-INTEREST DIVIDENDS.] If, at the close of each quarter of its taxable year, at least 50 percent of the value (as defined in section 851(c)(4) of the Internal Revenue Code of 1954 as amended through December 31, 1979) of the total assets of a regulated investment company (as defined and limited by section 851 of the Internal Revenue Code of 1954 as amended through December 31, 1979 and to which sections 851 to 855 of the Code apply for the taxable year) consists of obligations described in subdivision 20, clause (b) (1), or section 290.08, subdivision 8, determined without regard to section 290.08, subdivision 13, the company shall be qualified to pay Minnesota exempt-interest dividends, as defined herein, to its shareholders.

(A) A Minnesota exempt-interest dividend means any dividend or part thereof (other than a capital gain dividend as defined in subdivision 21, clause (5) or an exempt-interest dividend as defined in section 852(b)(5)(A) of the Internal Revenue Code of 1954, as amended through December 31, 1979) paid by a regulated investment company and designated by it as a Minnesota exempt-interest dividend in a written notice mailed to its shareholders not later than 45 days after the close of its taxable year. If the aggregate amount so designated with respect to a taxable year of the company, including Minnesota exempt-interest dividends paid after the close of the taxable year as described in section 290.21, subdivision 6, is greater than the excess of—

(i) The amount of interest that would be excludable from gross income under section 290.08, subdivision 8 determined without regard to section 290.08, subdivision 13, if the company were subject to chapter 290, whether or not the company is subject to chapter 290, over

(ii) The amounts that would be disallowed as deductions under section 290.09, subdivisions 3(b) and 13, if the company were subject to chapter 290, whether or not the company is subject to chapter 290, as a result of the company's ownership of obligations described in section 290.08, subdivision 8, determined without regard to section 290.08, subdivision 13, the portion of such distribution which shall constitute a Minnesota exempt-interest dividend shall be only that proportion of the amount so designated as the amount of the excess for the taxable year bears to the amount so designated.

(B) A Minnesota exempt-interest dividend shall be treated by the shareholders for all purposes of chapter 290 as an item of interest excludable from gross income under subdivision 20, clause (b)(1), and section 290.08, subdivision 8, subject to section 290.08, subdivision 13. Such purposes include but are not limited to—

(i) The determination of gross income and taxable income,

(ii) The determination of distributable net income under section 290.23,

(iii) The allowance of, or calculation of the amount of, any credit or deduction, and

(iv) The determination of the basis in the hands of any shareholder of any share of stock of the company.

Sec. 3. Minnesota Statutes, 1979 Supplement, Section 290.06, Subdivision 11, is amended to read:

Subd. 11. [CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.] In lieu of the credit against taxable net income provided by section 290.21, subdivision 3, clause (e), a taxpayer may take a credit against the tax due under this chapter of 50 percent but not more than \$50 of his contributions to a political party and candidate, candidates for elective state or federal public office and to any political party. The maximum

credit for an individual shall not exceed \$50 and, for a married couple, filing jointly, may take a similar credit of shall not more than exceed \$100. No credit shall be allowed under this subdivision for a contribution to any candidate, other than a candidate for elective judicial office or federal office, who has not signed an agreement to limit his campaign expenditures as provided in section 10A.32, subdivision 3b. The commissioner of revenue shall provide in the tax instruction booklet language understandable to a person of average intelligence which states that the taxpayer may only claim a credit against his tax due for contributions to candidates for (a) judicial office or (b) statewide or legislative office who have agreed to limit their expenditures. For purposes of this subdivision, "candidate" means a candidate as defined in section 10A.01, subdivision 5 other than a county court, probate court or county municipal court judgeship. The department of revenue shall provide on the first page of the Minnesota tax form an appropriate provision for the credit provided by this subdivision. For purposes of this subdivision, a political party means a major political party as defined by section 10A.01, subdivision 12.

This credit shall be allowed only if the contribution is verified in the manner the commissioner of revenue shall prescribe.

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

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

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

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

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

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

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

(c) In the case of a married individual, living with a spouse, an additional \$55 for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an addi-

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 5. Minnesota Statutes, 1979 Supplement, Section 290.06, Subdivision 3d, is amended to read:

Subd. 3d. [LOW INCOME ALTERNATIVE TAX.] *The taxes due as computed in accordance with section 290.06, subdivisions 2c, 3c, and 3e shall be credited with the following amounts. A claimant as defined in 290.012 may pay a tax computed under this subdivision in lieu of the tax computed under sections 290.06, subdivisions 2c, 3c, 3f, 9, 9a, 11, 14 and 290.081 without the provisions of section 290.012 and this subdivision :*

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

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

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

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

(d) A claimant with three dependents, with an income of \$8,900 \$10,000 or less;

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

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

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

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

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

(4) For taxable years beginning after December 31, 1980, the commissioner of revenue shall determine and announce by October

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

Sec. 6. Minnesota Statutes, 1979 Supplement, Section 290.06, Subdivision 3f, is amended to read:

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

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

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

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

(4) (a) In the case of an unmarried individual who has attained the age of 65 before the close of his taxable year, an additional \$60;

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

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

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

(e) For the purposes of sub-paragraphs (b), (c) and (d) of paragraph (4), an individual is blind if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or if his visual acuity is greater than 20/200 but is accompanied

by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

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

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

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

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

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

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

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

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

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

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

Sec. 7. Minnesota Statutes, 1979 Supplement, Section 290.06, Subdivision 14, is amended to read:

Subd. 14. [RESIDENTIAL ENERGY CREDIT.] A credit of 20 percent of the first \$10,000 of renewable energy source expenditures, including the expenditures described in clauses (a), (b) and

(d) if made by an individual taxpayer on a Minnesota building of six dwelling units or less and expenditures for biomass conversion equipment described in clause (c), may be deducted from the tax due under this chapter for the taxable year in which the expenditures were made. For purposes of this subdivision, the term "building" shall include a condominium or townhouse used by the taxpayer as a residence. In the case of qualifying expenditures incurred in connection with a building under construction by a contractor, the credit shall be deducted from the tax liability of the first individual to purchase the building for use as a principal residence or for residential rental purposes; the contractor shall not be eligible for the credit given pursuant to this subdivision for that expenditure.

A "renewable energy source expenditure" which qualifies shall include:

(a) Expenditures which qualify for the federal renewable energy source credit, pursuant to Section 44C of the Internal Revenue Code of 1954, as amended through December 31, 1978, and any regulations promulgated pursuant thereto, *provided that, after December 31, 1980, any solar collector included in the claimed expenditure is certified by the energy agency. A solar collector is a device designed to absorb incident solar radiation, convert it to thermal energy, and transfer the thermal energy to a fluid passing through or in contact with the device. "Solar collector" shall not include passive solar energy systems as defined in clause (d);*

(b) Expenditures for earth sheltered dwelling units. For purposes of this credit, an "earth sheltered dwelling unit" shall mean a structure which complies with applicable building standards and which is constructed so that:

(1) 80 percent or more of the wall roof area is covered with a minimum depth of 12 inches of earth; and

(2) 50 percent or more of the wall area is covered with a minimum depth of 12 inches of earth; and

(3) Those portions of the structure not insulated with a minimum of seven feet of earth shall have additional insulation;

(c) Expenditures for biomass conversion equipment *located in Minnesota* which produces ethanol, methane or methanol for use as a *gaseous or as a liquid fuel* which is not offered for sale; and

(d) Expenditures for passive solar energy systems. For purposes of this credit, a "passive solar energy system" is defined to include systems which utilize elements of the building and its operable components to heat or cool a building unit *with the sun's energy* by means of conduction, convection, radiation, or evaporation. A passive system shall include:

(1) Collection aperture, including glazing installed in south facing walls and roofs; and

(2) Storage element, including thermal mass in the form of water, masonry, rock, concrete, or other mediums which is de-

signed to store heat collected from solar radiation.

A passive system may include:

(1) Control and distribution element, including fans, louvers, and air ducts; and/or

(2) Retention element, including movable insulation used to minimize heat loss caused by nocturnal radiation through areas used for direct solar heat gain during daylight hours.

Eligible passive expenditures shall be for equipment, materials or devices that are an integral part of the components listed above and essential to the functioning of a passive design which qualifies pursuant to rules promulgated by the commissioner of revenue in cooperation with the director of the energy agency. Expenditures for equipment, materials, or devices which are a part of the normal heating, cooling, or insulation system of a building are not eligible for the credit.

If a credit was allowed to a taxpayer under this subdivision for any prior taxable year, the dollar amount of the maximum expenditure for which a taxpayer may qualify for a credit under this subdivision in subsequent years shall be \$10,000 reduced by the amount of expenditures which a credit was claimed pursuant to this subdivision in prior years. *A taxpayer shall never be allowed to claim more than \$10,000 of expenditures during the duration of the renewable energy credit.*

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

If the credit allowable under this subdivision exceeds the amount of tax due in a taxable year, the excess credit shall not be refunded but may be carried forward to the succeeding taxable year and added to the credit allowable for that year. No amount may be carried forward to a taxable year beginning after December 31, 1984.

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

The credit provided in this subdivision is subject to the provisions of Section 44C, (c) (7), (d) (1) to (3), and (e), of the Internal Revenue Code of 1954, as amended through December 31, 1978, and any regulations promulgated pursuant thereto.

The commissioner of revenue in cooperation with the director of the energy agency shall promulgate rules establishing additional qualifications and definitions for the credits provided in clauses ~~(a) to (d)~~ this subdivision.

Notwithstanding section 290.61, the commissioner of revenue may request the energy agency to assist in the review and auditing

of the information furnished by the taxpayer for purposes of claiming this credit. The provisions of section 290.61 shall apply to employees of the energy agency who receive information furnished by a taxpayer for purposes of claiming this credit.

The director of the energy agency shall promulgate rules establishing the criteria for certification of solar collectors as required by clause (a). The criteria shall:

(1) Specify the testing procedures to be used in the evaluation of solar collectors;

(2) Establish minimum levels of collector quality for safety;

(3) Provide a means to determine the maintainability and structural integrity of solar collectors;

(4) Establish a system for evaluating and rating the thermal performance of solar collectors;

(5) Specify the procedures to follow to obtain certification of a solar collector;

(6) Conform to the maximum extent practicable to the solar collector certification requirements of other states which have adopted certification procedures; and

(7) Allow for individual variation so as not to hamper the development of innovative solar collectors.

The director of the energy agency may promulgate temporary rules pursuant to section 15.0412, subdivision 5 to establish this certification procedure.

This subdivision is effective for expenditures made during taxable years beginning after December 31, 1978 and before January 1, 1983.

Sec. 8. Minnesota Statutes 1978, Section 290.08, Subdivision 24, is amended to read:

Subd. 24. [FAMILY FARM SECURITY LOAN INTEREST.] Gross income shall not include interest, including payment adjustment to the extent that it is applied to interest, earned by the seller of property on a family farm security loan executed after December 31, 1977 and before January 1, 1982 that is guaranteed by the commissioner of agriculture as provided in sections 41.51 to 41.60.

Sec. 9. Minnesota Statutes, 1979 Supplement, Section 290.081, is amended to read:

290.081 [INCOME OF NONRESIDENTS, RECIPROCITY.] (a) The compensation received for the performance of personal or professional services within this state by an individual who resides and has his place of abode and place to which he customarily returns at least once a month in another state, shall be excluded from gross income to the extent such compensation is subject to an income tax imposed by the state of his residence; provided that

such state allows a similar exclusion of compensation received by residents of Minnesota for services performed therein, or

(b) Whenever a nonresident taxpayer has become liable for income taxes to the state where he resides upon his net income for the taxable year derived from the performance of personal or professional services within this state and subject to taxation under this chapter, there shall be allowed as a credit against the amount of income tax payable by him under this chapter, such proportion of the tax so paid by him to the state where he resides as his gross income subject to taxation under this chapter bears to his entire gross income upon which the tax so paid to such other state was imposed; provided, that such credit shall be allowed only if the laws of such state grant a substantially similar credit to residents of this state subject to income tax under such laws, or

(c) If any taxpayer who is a resident of this state, or a domestic corporation or corporation commercially domiciled therein, has become liable for taxes on or measured by net income to another state or a province or territory of Canada upon, if the taxpayer is an individual or a resident estate or resident trust, any income, or if it is a corporation, upon income derived from the performance of personal or professional services within such other state or province or territory of Canada and subject to taxation under this chapter he or it shall be entitled to a credit against the amount of taxes payable under this chapter, of such proportion thereof, as such gross income subject to taxation in such state or province or territory of Canada bears to his entire gross income subject to taxation under this chapter; provided (1) that such credit shall in no event exceed the amount of tax so paid to such other state or province or territory of Canada on the gross income earned within such other state or province or territory of Canada and subject to taxation under this chapter, and (2) that such credit shall not be allowed if such other state or province or territory of Canada allows residents of this state a credit against the taxes imposed by such state or province or territory of Canada for taxes payable under this chapter substantially similar to the credit provided for by paragraph (b) of this section, and (3) the allowance of such credit shall not operate to reduce the taxes payable under this chapter to an amount less than would have been payable if the gross income earned in such other state or province or territory of Canada had been excluded in computing net income under this chapter.

(d) The commissioner shall by regulation determine with respect to gross income earned in any other state the applicable clause of this section. When it is deemed to be in the best interests of the people of this state, the commissioner may determine that the provisions of clause (a) shall not apply.

(e) "Tax So Paid" as used in this section means taxes on or measured by net income payable to another state or province or territory of Canada on income earned within the taxable year for which the credit is claimed, provided that such tax is actually paid in that taxable year, or subsequent taxable years.

(f) For the purposes of clause (a), whenever the Wisconsin tax on Minnesota residents which would have been paid Wisconsin without clause (a) exceeds the Minnesota tax on Wisconsin residents which would have been paid Minnesota without clause (a), or vice versa, then the state with the net revenue loss resulting from clause (a) shall receive from the other state the amount of such loss. This provision shall be effective for all years beginning after December 31, 1972. The data used for computing the loss to either state shall be determined on or before September 30 of the year following the close of the previous calendar year.

Interest shall be payable on all delinquent balances relating to taxable years beginning after December 31, 1977. The commissioner of revenue is authorized to enter into agreements with the state of Wisconsin specifying the reciprocity payment due date, conditions constituting delinquency, interest rates, and a method for computing interest due on any delinquent amounts.

If an agreement cannot be reached as to the amount of the loss, the commissioner of revenue and the taxing official of the state of Wisconsin shall each appoint a member of a board of arbitration and these members shall appoint the third member of the board. The board shall select one of its members as chairman. Such board may administer oaths, take testimony, subpoena witnesses, and require their attendance, require the production of books, papers and documents, and hold hearings at such places as are deemed necessary. The board shall then make a determination as to the amount to be paid the other state which determination shall be final and conclusive.

Notwithstanding the provisions of section 290.61, the commissioner may furnish copies of returns, reports, or other information to the taxing official of the state of Wisconsin, a member of the board of arbitration, or a consultant under joint contract with the states of Minnesota and Wisconsin for the purpose of making a determination as to the amount to be paid the other state under the provisions of this section. Prior to the release of any information under the provisions of this section, the person to whom the information is to be released shall sign an agreement which provides that he will protect the confidentiality of the returns and information revealed thereby to the extent that it is protected under the laws of the state of Minnesota.

Sec. 10. Minnesota Statutes 1978, Section 290.09, Subdivision 2, is amended to read:

Subd. 2. [TRADE OR BUSINESS EXPENSES; EXPENSES FOR PRODUCTION OF INCOME.] (a) In General. There shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including

(1) A reasonable allowance for salaries or other compensation for personal services actually rendered;

(2) Traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and

(3) Rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity. For purposes of the preceding sentence, the place of residence of a member of congress within the state shall be considered his home, but amounts expended by such members within each taxable year for living expenses shall not be deductible for income tax purposes in excess of \$3,000.

(b) **Expenses for Production of Income.** In the case of an individual, there shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year.

(1) For the production or collection of income;

(2) For the management, conservation, or maintenance of property held for the production of income; or

(3) In connection with the determination, collection, or refund of any tax.

(c) Campaign expenditures in an amount not to exceed the limits set out in section 210A.22, not subsequently reimbursed, which have been personally paid by a candidate for public office if the candidate has complied with the expenditure limitations set out in section 210A.22:

[No deduction shall be allowed under this clause for any contribution or gift which would be allowable as a credit under section 290.21 were it not for the percentage limitations set forth in such section);

(d) All expense money paid by the legislature to legislators;

(e) The provisions of section 280A (disallowing certain expenses in connection with the business use of the home and rental of vacation homes) of the Internal Revenue Code of 1954, as amended through December 31, 1976 1979, shall be applicable in determining the availability of any deduction under this subdivision.

(f) *Entertainment, amusement, or recreation expenses shall be allowed under this subdivision only to the extent that they qualify as a deduction under section 274 of the Internal Revenue Code of 1954, as amended through December 31, 1979.*

Sec. 11. Minnesota Statutes, 1979 Supplement, Section 290.067, Subdivision 1, is amended to read:

290.067 [DEPENDENT CARE CREDIT.] Subdivision 1. [AMOUNT OF CREDIT.] A taxpayer may take as a credit against the tax due from him and his spouse, if any, under this chapter an amount equal to 50 percent of the dependent care credit for which he is eligible pursuant to the provisions of section 44A of the Internal Revenue Code of 1954, as amended through December 31, 1978 1979, subject to the limitations provided in subdivision 2.

Sec. 12. Minnesota Statutes 1978, Section 290.067, Subdivision 2, is amended to read:

Subd. 2. [LIMITATIONS.] The credit for expenses incurred for the care of each dependent shall not exceed ~~\$150~~ \$400 in any taxable year, and the total credit for all dependents of a claimant shall not exceed ~~\$300~~ \$800 in a taxable year. The total credit shall be reduced by five percent of the amount by which the combined federal adjusted gross income of the claimant and his spouse, if any, exceeds ~~\$12,000~~ \$15,000. A married claimant shall file his income tax return for the year for which he claims the credit either jointly or separately on one form with his spouse. In the case of a married claimant only one spouse may claim the credit. No expense for which a medical expense deduction is claimed pursuant to section 290.09, subdivision 10, shall be claimed as a dependent care expense.

Sec. 13. Minnesota Statutes, 1979 Supplement, Section 290.09, Subdivision 3, is amended to read:

Subd. 3. [INTEREST.] (a) All interest paid or accrued within the taxable year on indebtedness, except as hereinafter provided.

(b) Interest paid or accrued within the taxable year on indebtedness incurred or continued to purchase or carry obligations or securities the income from which is excludable from gross income under section 290.08, or shares of a regulated investment company which during the taxable year of the holder thereof distributes Minnesota exempt-interest dividends as defined in section 2, or on indebtedness incurred or continued in connection with the purchasing or carrying of a single premium life insurance, annuity, or endowment contract, shall not be allowed as a deduction. (For purposes of this paragraph, a contract shall be treated as a single premium contract if substantially all the premiums on the contract are paid within a period of four years from the date on which the contract is purchased, or if an amount is deposited after January 1, 1955 with the insurer for payment of a substantial number of future premiums on the contract.)

(c) If personal property or educational services are purchased under a contract which provides that payment of part or all of the purchase price is to be made in installments, and in which carrying charges are separately stated but the interest charge cannot be ascertained, then the payments made during the taxable year under the contract shall be treated for purposes of this paragraph as if they included interest equal to six percent of the average unpaid balance under the contract during the taxable year, and such interest shall be allowed as a deduction. For purposes of the preceding sentence, the average unpaid balance is the sum of the unpaid balance outstanding on the first day of each month beginning during the taxable year, divided by 12. In the case of any contract to which this paragraph applies, the amount treated as interest for any taxable year shall not exceed the aggregate carrying charges which are properly attributable to such taxable year.

For purposes of this subdivision the term "educational services" means any service including lodging which is purchased from an

educational institution (as defined in section 151(e) (4) of the Internal Revenue Code of 1954, as amended through December 31, 1976) and which is provided for a student of such institution.

(d) A cash basis taxpayer may elect to deduct interest as it accrues on a reverse mortgage loan as defined in section 47.58, subdivision 1, rather than when it is actually paid. This election must be made, if at all, in the first taxable year in which it is available to the cash basis taxpayer and, if made, shall be binding on the taxpayer for each subsequent taxable year until maturity of the loan.

Sec. 14. Minnesota Statutes 1978, Section 290.09, Subdivision 28, is amended to read:

Subd. 28. [REAL ESTATE INVESTMENT TRUSTS; DEDUCTIBLE DIVIDENDS.] A "real estate investment trust," as defined in section 856 of the Internal Revenue Code of 1954, as amended through December 31, 1976 1979, and to which sections 856 to 858 860 of the Code apply for the taxable year, may deduct its dividends paid to the extent permitted by section 857(b) (2) (C) 857(b) (2) (B) of the Code, and its capital gains dividends paid as defined and limited by section 857(b) (3) (C) of the Code. Such a trust and its shareholders and beneficiaries shall be subject to all of the provisions of sections 857 and 858 of the Code which are applicable under this chapter, in determining their respective taxable net incomes, provided that the excess amount determined and subjected to available for the alternative tax under section 857(b) (3) (A) (ii) of the Code shall be included in gross income subject to the deduction provided by section 290.16, subdivision 4.

Sec. 15. Minnesota Statutes, 1979 Supplement, Section 290.091, is amended to read:

290.091 [MINIMUM TAX ON PREFERENCE ITEMS.] (a) In addition to all other taxes imposed by this chapter there is hereby imposed, a tax which, in the case of a resident individual, estate or trust, shall be equal to 40 percent of the amount of the taxpayer's minimum tax liability for tax preference items pursuant to the provisions of sections 56 55 to 58 and 443(d) of the Internal Revenue Code of 1954 as amended through December 31, 1976 1979 except that for purposes of the tax imposed by this section, excess itemized deductions as defined in section 57(b) shall not include any deduction taken for Minnesota income tax paid and capital gain as defined in section 57(a) of the Internal Revenue Code shall not include that portion of any gain occasioned by sale, transfer or the granting of a perpetual easement pursuant to any eminent domain proceeding or threat thereof as described in section 290.13, subdivision 5. This modification shall apply to the years in which the gain or reduction in loss is actually included in federal adjusted gross income even though amounts received pursuant to the eminent domain proceedings were received in prior years. In the case of a taxpayer other than a corporation, an amount equal to one-half of the net capital gain for the taxable year shall be used as the definition of capital gain in place of the

deduction determined under section 1202 of the Internal Revenue Code. In the case of a resident individual, estate or trust having preference items which could not be taken to reduce income from sources outside the state pursuant to section 290.17, subdivision 1, or any other taxpayer the tax shall equal 40 percent of that federal liability, multiplied by a fraction the numerator of which is the amount of the taxpayer's preference item income allocated to this state pursuant to the provisions of sections 290.17, subdivision 1, to 290.20, and the denominator of which is the taxpayer's total preference item income for federal purposes.

(b) In the case of a resident individual, estate or trust having preference items in taxable years beginning after December 31, 1976, and before January 1, 1978, which are not allocable to Minnesota under the provisions of sections 290.17 to 290.20 in effect for such years, the tax shall equal 40 percent of the taxpayer's federal minimum tax liability, multiplied by a fraction the numerator of which is the amount of the taxpayer's preference items allocable to Minnesota under the provisions of sections 290.17 to 290.20 in effect for such *those* years and the denominator of which is the taxpayer's total preference items for federal purposes.

(c) *The preference items for taxable years beginning after December 31, 1978 shall not include the portion of the sale of residence excluded under section 121 of the Internal Revenue Code of 1954 as amended through December 31, 1978.*

Sec. 16. Minnesota Statutes, 1979 Supplement, Section 290.095, Subdivision 1, is amended to read:

290.095 [OPERATING LOSS DEDUCTION.] Subdivision 1. [ALLOWANCE OF DEDUCTION.] (a) There shall be allowed as a deduction for the taxable year the amount of any net operating loss deduction as defined in subdivision 2, clause (b); provided, however, that the modifications specified in subdivision 4 shall be made in computing the taxable net income for the taxable year before the net operating loss deduction shall be allowed.

(b) A net operating loss deduction shall be available under this section only to corporate taxpayers except as provided in subdivisions 6, 7 and 9 hereof, and, with respect to individuals, estates and trusts, no deduction shall be allowed for or with respect to losses which constitute tax preference items as set forth in section 290.17, subdivision 1.

Sec. 17. Minnesota Statutes 1978, Section 290.095, is amended by adding a subdivision to read:

Subd. 10. [PRODUCT LIABILITY LOSS CARRYBACK.] In the case of a taxpayer which has a product liability loss, as defined in section 172(i) of the Internal Revenue Code of 1954 as amended through December 31, 1979, for a taxable year beginning after September 30, 1979 (referred to as "loss year"), the product liability loss shall be a net operating loss carryback to each of the 10 taxable years preceding the loss year.

Sec. 18. Minnesota Statutes 1978, Section 290.13, is amended by adding a subdivision to read:

Subd. 5a. [GAIN OR LOSS FROM SALE OR EXCHANGE TO EFFECTUATE POLICIES OF F.C.C.] *If the sale or exchange of property, including stock in a corporation, is certified by the Federal Communications Commission to be necessary or appropriate to effectuate a change in a policy of, or the adoption of a new policy by the commission with respect to the ownership and control of radio broadcasting stations, the sale or exchange shall, if the taxpayer so elects, be treated as an involuntary conversion of the property within the meaning of subdivision 5. For purposes of this subdivision, "radio broadcasting" includes telecasting.*

For purposes of subdivision 5 as made applicable by the provisions of this subdivision, stock of a corporation operating a radio broadcasting station located in Minnesota, whether or not representing control of the corporation, shall be treated as property similar or related in service or use to the property so converted. The part of the gain, if any, on the sale or exchange to which subdivision 5 is not applied shall nevertheless not be recognized, if the taxpayer so elects, to the extent that it is applied to reduce the basis for determining gain or loss on sale or exchange of property of a character subject to the allowance for depreciation under section 290.09, subdivision 7, remaining in the hands of the taxpayer immediately after the sale or exchange, or acquired in the same taxable year and with its situs in the state of Minnesota. The manner and amount of the reduction shall be determined under regulations prescribed by the commissioner. Any election made by the taxpayer under this subdivision shall be made by a statement to that effect in his return for the taxable year in which the sale or exchange takes place, and the election shall be binding for that taxable year and all subsequent taxable years.

The basis of property acquired on a sale or exchange treated as an involuntary conversion under this subdivision shall be determined pursuant to the provisions of subdivision 5.

Sec. 19. Minnesota Statutes, 1979 Supplement, Section 290.14, is amended to read:

290.14 [GAIN OR LOSS ON DISPOSITION OF PROPERTY, BASIS.] The basis for determining the gain or loss from the sale or other disposition of property acquired on or after January 1, 1933, shall be the cost to the taxpayer of such property, with the following exceptions:

(1) If the property should have been included in the last inventory, it shall be the last inventory value thereof;

(2) If the property was acquired by gift, it shall be the same as it would be if it were being sold or otherwise disposed of by the last preceding owner not acquiring it by gift if the facts required for this determination cannot be ascertained, it shall be the fair market value as of the date, or approximate date, of acquisition by such the last preceding owner, as nearly as the requisite facts can be ascertained by the commissioner;

(3) If the property was acquired by gift through an inter vivos transfer in trust, it shall be the same as it would be if it were being sold or otherwise disposed of by the grantor;

(4) Except as otherwise provided in this clause, the basis of property in the hands of a person acquiring the property from a decedent or to whom the property passed from a decedent shall, if not sold, exchanged or otherwise disposed of before the decedent's death by ~~such~~ *the* person, be the fair market value of the property at the date of decedent's death.

For the purposes of the preceding paragraph, the following property shall be considered to have been acquired from or to have passed from the decedent:

(a) Property acquired by bequest, devise, or inheritance, or by the decedent's estate from the decedent;

(b) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent, with the right reserved to the decedent at all times before his death to revoke the trust;

(c) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent with the right reserved to the decedent at all times before his death to make any change in the enjoyment thereof through the exercise of a power to alter, amend, or terminate the trust;

(d) Property passing without full and adequate consideration under a general power of appointment exercised by the decedent by will;

(e) In the case of a decedent's dying after December 31, 1956, property acquired from the decedent by reason of death, form of ownership, or other conditions (including property acquired through the exercise or non-exercise of a power of appointment), if by reason thereof the property is required to be included in determining the value of the decedent's gross estate for Minnesota inheritance tax purposes. In ~~such~~ *this* case, if the property is acquired before the death of the decedent, the basis shall be the amount determined under the first paragraph of this clause reduced by the amount allowed to the taxpayer as deductions in computing taxable net income under this chapter or prior Minnesota income tax laws for exhaustion, wear and tear, obsolescence, amortization, and depletion on ~~such~~ *the* property before the death of the decedent. ~~Such~~ *The* basis shall be applicable to the property commencing on the death of the decedent. This paragraph shall not apply to annuities described in section 290.08; and property described in paragraphs (a), (b), (c) and (d) of this clause.

This clause shall not apply to property which constitutes a right to receive an item of income in respect of a decedent under section 290.077. Nor shall it apply to restricted stock options described in section 290.078 which the employee has not exercised at death.

(5) If the property was acquired after December 31, 1932, upon an exchange described in section 290.13, subdivision 1, the basis shall be the same as in the case of the property exchanged, de-

creased in the amount of any money received by the taxpayer and increased in the amount of gain or decreased in the amount of loss to the taxpayer that was recognized upon *such the* exchange under the law applicable to the year in which the exchange was made. If the property so acquired consisted in part of the type of property permitted by section 290.13, subdivision 1, to be received without the recognition of gain or loss, and in part of other property, the basis provided in this clause shall be allocated between the properties, other than money, received, and for the purpose of the allocation there shall be assigned to *such the* other property an amount equivalent to its fair market value at the date of the exchange. This clause shall not apply to property acquired by a corporation by the issuance of its stock or securities as the consideration, in whole or in part, for the transfer of the property to it;

(6) If substantially identical property was acquired in the place of stocks or securities which were sold or disposed of and in respect of which loss was not allowed as a deduction under section 290.09, subdivision 5, the basis in the case of property so acquired shall be the same as in the case of the stock or securities so sold or disposed of, increased by the excess of the repurchase price of *such the* property over the sale price of *such the* stock or securities, or decreased by the excess of the sale price of *such the* stock or securities over the repurchase price of *such the* property;

(7) If the property was acquired after December 31, 1932, as the result of a compulsory or involuntary conversion described in section 290.13, subdivision 5, the basis shall be the same as in the case of the property so converted, decreased in the amount of any money received by the taxpayer which was not expended in accordance with the provisions of law applicable to the year in which *such* conversion was made, determining the taxable status of the gain or loss upon *such* conversion, and increased in the amount of gain or decreased in the amount of loss to the taxpayer recognized upon *such* conversion under the law applicable to the year in which *such* conversion was made.

(8) Neither the basis nor the adjusted basis of any portion of real property shall, in the case of a lessor of *such the* property, be increased or diminished on account of income derived by the lessor in respect of *such the* property and excludable from gross income under section 290.08, subdivision 14.

If an amount representing any part of the value of real property attributable to buildings erected or other improvements made by a lessee in respect of *such the* property was included in gross income of the lessor for any taxable year beginning before January 1, 1943, the basis of each portion of *such the* property shall be properly adjusted for the amount so included in gross income.

(9) If the property was acquired by the taxpayer as a transfer of property in exchange for the release of the taxpayer's marital rights, the basis of the property shall be the same as it would be if it were being sold or otherwise disposed of by the person who transferred the property to the taxpayer.

(10) The basis of property subject to the provisions of section 1034 of the Internal Revenue Code of 1954, as amended through December 31, 1979 (relating to the rollover of gain on sale of principal residence) shall be the same as the basis for federal income tax purposes. The basis shall be increased by the amount of gain realized on the sale of a principal residence outside of Minnesota, while a nonresident of this state, which gain was not recognized because of the provisions of section 1034.

Sec. 20. Minnesota Statutes, 1979 Supplement, Section 290.17, Subdivision 1, is amended to read:

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

Sec. 21. Minnesota Statutes 1978, Section 290.17, is amended by adding a subdivision to read:

Subd. 1a. [SUBSEQUENT ADJUSTMENT.] When a loss has been reduced by the amount of tax preference items pursuant to subdivision 1, and the taxpayer subsequently sells or otherwise disposes of an asset in relation to which arose an item of tax preference which caused the reduction of the loss, the taxpayer may increase the basis of the asset by the amount of the tax preference item that was used to reduce the loss. If the asset is a depletable asset, the taxpayer may elect to so increase its basis upon disposition or to reduce the amount of otherwise taxable income subsequently produced by that asset by the amount of the tax preference item.

Sec. 22. Minnesota Statutes 1978, Section 290.26, Subdivision 2, is amended to read:

Subd. 2. [EMPLOYER CONTRIBUTIONS.] Contributions of an employer to an employee's trust or annuity plan and compensation under a deferred-payment plan or to a simplified employee pension shall be allowed as a deduction in accordance with the provisions of Section Sections 404 or 408(k) of the Internal Revenue Code of 1954, as amended through December 31, 1976 1979 as adapted to the provisions of this act chapter under regulations rules issued by the commissioner of revenue.

Sec. 23. Minnesota Statutes, 1979 Supplement, Section 290.37, Subdivision 1, is amended to read:

290.37 [FILING REQUIREMENTS FOR INDIVIDUALS.] Subdivision 1. [PERSONS MAKING RETURNS.] The commis-

sioner of revenue shall annually determine the gross income levels at which individuals *and estates* shall be required to file a return for each taxable year.

The trustee or other fiduciary of property held in trust shall file a return with respect to the taxable net income of such trust if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed, or if the gross income of such trust exceeds \$750, if in either case such trust belongs to the class of taxable persons.

Every corporation shall file a return with respect to its taxable net income if in excess of \$500, or if its gross income exceeds \$5,000. The return in this case shall be signed by an officer of the corporation.

The receivers, trustees in bankruptcy, or assignees operating the business or property of a taxpayer shall file a return with respect to the taxable net income of such taxpayer if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed (or, if the taxpayer is a corporation, if the taxable net income exceeds \$500), or if such taxpayer's gross income exceeds \$5,000.

Such return shall (a) be verified or contain a written declaration that it is made under the penalties of criminal liability for wilfully making a false return, and (b) shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

For purposes of this subdivision the term "gross income" shall mean gross income as defined in section 61 of the Internal Revenue Code of 1954, as amended through December 31, 1976, modified and adjusted in accordance with the provisions of sections 290.01, subdivision 20, clauses (b) (6) and (b) (11), 290.08, and 290.17 and 290.65.

Sec. 24. Minnesota Statutes 1978, Chapter 290, is amended by adding a section to read:

[290.431] [NON-GAME WILDLIFE CHECKOFF.] *Effective with returns filed for taxable years beginning after December 31, 1979, every person who files an income tax return or property tax refund claim form may designate that \$1 or more shall be deducted from the refund that would otherwise be payable to that person and paid into a fund to be established for the management of non-game wildlife. The commissioner of revenue shall, on the first page of the income tax return and the property tax refund claim form, notify filers of their right to designate that a portion of their refund shall be paid into the non-game wildlife management fund. The sum of the amounts so designated to be paid shall be annually appropriated from the general fund to the commissioner of natural resources and credited to the non-game wildlife management fund for use by the non-game section of the division of wildlife in the department of natural resources.*

Sec. 25. Minnesota Statutes 1978, Section 290.49, Subdivision 10, is amended to read:

Subd. 10. [INCORRECT DETERMINATION OF FEDERAL ADJUSTED GROSS INCOME.] Notwithstanding any other provision of this chapter, if a taxpayer whose gross income is determined under section 290.01, subdivision 20, omits from income such an amount as will under the Internal Revenue Code of 1954, as amended through December 31, 1976 extend the statute of limitations for the assessment of federal income taxes; or otherwise incorrectly determines his federal adjusted gross income resulting in adjustments by the Internal Revenue Service then the period of assessment and determination of tax shall be the same as that under the Internal Revenue Code of 1954, as amended through December 31, 1976. *When a change is made to federal income during the extended time provided under this subdivision, the provisions under section 290.56 regarding additional extensions apply.*

Sec. 26. Minnesota Statutes 1978, Section 290.971, Subdivision 1, is amended to read:

290.971 [ELECTION OF CERTAIN SMALL BUSINESS CORPORATIONS AS TO TAXABLE STATUS; DEFINITIONS.] Subdivision 1. [SMALL BUSINESS CORPORATION.] For purposes of this chapter, the term "small business corporation" means a domestic corporation of the United States which is not a member of an affiliated group (as defined in section 1504 of the Internal Revenue Code of 1954, as amended through December 31, 1976 1979) and which does not

(1) have ~~(except as provided in subdivision 5)~~ more than ten 15 shareholders;

(2) have as a shareholder a person (other than an estate and other than a trust described in subdivision 6) who is not an individual;

(3) have a nonresident alien as a shareholder; and

(4) have more than one class of stock, and has elected under the provisions of section 1372(a) of the Internal Revenue Code of 1954, as amended through December 31, 1976 1979 to be taxed as a small business corporation under the provisions of said Internal Revenue Code of 1954, as amended through December 31, 1976 1979.

Sec. 27. Minnesota Statutes 1978, Section 290.971, Subdivision 3, is amended to read:

Subd. 3. [STOCK OWNED BY HUSBAND AND WIFE.] For purposes of subdivision 1 (1) ~~stock which~~

~~(1) is community property of a husband and wife (or the income from which is community income) under the applicable community property law of a state, or~~

~~(2) is held by a husband and wife as joint tenants, tenants by the entirety, or tenants in common, or~~

(3) was, on the date of death of a spouse, stock described in paragraph (1) or (2), and is, by reason of such death, held by the estate of the deceased spouse and the surviving spouse, or by the estates of both spouses (by reason of their deaths on the same date), in the same proportion as held by the spouses before such death, or

(4) was, on the date of the death of a surviving spouse, stock described in paragraph (3), and is, by reason of such death, held by the estates of both spouses in the same proportion as held by the spouses before their deaths, shall be treated as owned by one shareholder a husband and wife (and their estates) shall be treated as one shareholder.

Sec. 28. Minnesota Statutes 1978, Section 290.971, Subdivision 6, is amended to read:

Subd. 6. [CERTAIN TRUSTS PERMITTED AS SHAREHOLDERS.] For purposes of subdivision 1, the following trusts may be shareholders:

(1) (a) A trust all of which is treated as owned by the grantor (who is an individual who is a citizen or resident of the United States) under sections 671 to 679 of the Internal Revenue Code of 1954, as amended through December 31, 1976 1979.

(b) A trust which was described in subparagraph (a) immediately before the death of the grantor and which continues in existence after such death, but only for the 60-day period beginning on the day of the grantor's death. If a trust is described in the preceding sentence and if the entire corpus of the trust is includable in the gross estate of the grantor, the preceding sentence shall be applied by substituting "2-year period" for "60-day period."

(2) A trust created primarily to exercise the voting power of stock transferred to it.

(3) Any trust with respect to stock transferred to it pursuant to the terms of a will, but only for the 60 day period beginning on the day on which such the stock is transferred to it.

In the case of a trust described in paragraph (1), the grantor shall be treated as the shareholder.

In the case of a trust described in paragraph (2), each beneficiary of the trust shall, for the purposes of subdivision 1, paragraph (i), be treated as a shareholder.

Sec. 29. Minnesota Statutes 1978, Section 290.972, Subdivision 1, is amended to read:

290.972 [ELECTION BY SMALL BUSINESS CORPORATION.] Subdivision 1. [ELIGIBILITY.] Except as provided in subdivision 6 any small business corporation subject to the laws imposed by this chapter, and its shareholders may, in accordance with the provisions of this section, elect to have said the corporation and its shareholders taxed as though said the corporation were a partnership. Such The election shall be valid only if all

persons who are shareholders in such *the* corporation on the day on which the election is made

(1) on the first day of the first taxable year for which such election is effective, if such election is made on or before such first day, or

(2) on the day on which the election is made, if the election is made after such first day,

consent to such *the* election.

Sec. 30. Minnesota Statutes 1978, Section 290.972, Subdivision 3, is amended to read:

Subd. 3. [WHERE AND HOW MADE.] (1) [IN GENERAL.] An election under subdivision 1 may be made by a small business corporation for any taxable year at any time during the first month of such preceding taxable year, or at any time during the month preceding such first month *first 75 days of the taxable year*. Such *The* election shall be made in such a manner as the commissioner shall prescribe by *regulation rule*.

(2) [TREATMENT OF CERTAIN LATE ELECTIONS.] *If*

(a) *a small business corporation makes an election under subdivision 1 for any taxable year, and*

(b) *such election is made after the first 75 days of the taxable year and on or before the last day of such taxable year,*

then such election shall be treated as made for the following taxable year.

(3) In case of sickness, absence, or other disability, or when in the judgment of the commissioner good cause exists, he may upon application extend the time for making the election under subdivision 1 for not more than twelve months following the close of the taxable year for which the election is sought ; provided, however, that an application for an extension of time with respect to taxable years beginning after December 31, 1960 and prior to December 31, 1963 may be filed not later than December 31, 1965 .

Sec. 31. Minnesota Statutes 1978, Section 290.972, Subdivision 5, is amended to read:

Subd. 5. [TERMINATION.] (1) [NEW SHAREOLDERS.] (A) An election under subdivision 1 made by a small business corporation shall terminate if any person who was not a shareholder in such *the* corporation

(i) on the first day of the first taxable year of the corporation for which the election is effective, if such election is made on or before such first day, or

(ii) on the day on which the election is made , if such election is made after such first day ,

becomes a shareholder in such *the* corporation and affirmatively

refuses to consent to *such the* election on or before the 60th day after the day on which he acquires the stock.

(B) If the person acquiring the stock is the estate of a decedent, the period under subparagraph (A) for affirmatively refusing to consent to the election shall expire on the 60th day after which-ever of the following is the earlier:

(i) The day on which the executor or administrator of the estate qualifies; or

(ii) The last day of the taxable year of the corporation in which the decedent died.

(C) Any termination of an election under subparagraph (A) by reason of the affirmative refusal of any person to consent to *such the* election shall be effective for the taxable year of the corporation in which *such the* person becomes a shareholder in the corporation and for all succeeding taxable years of the corporation or, if later, the first taxable year for which the election would otherwise have been effective, and for all succeeding taxable years of the corporation.

(2) [REVOCATION.] An election under subdivision 1 made by a small business corporation may be revoked by it for any taxable year of the corporation after the first taxable year for which the election is effective. An election may be revoked only if all persons who are shareholders in the corporation on the day on which the revocation is made consent to the revocation. A revocation under this paragraph shall be effective

(A) for the taxable year in which made, if made before the close of the first month of *such the* taxable year,

(B) for the taxable year following the taxable year in which made, if made after the close of *such the* first month,

and for all succeeding taxable years of the corporation. *Such The* revocation shall be made in *such a* manner as the commissioner shall prescribe by regulation rule.

(3) [CEASES TO BE SMALL BUSINESS CORPORATION.] An election under subdivision 1 made by a small business corporation shall terminate if at any time

(A) after the first day of the first taxable year of the corporation for which the election is effective, if such election is made on or before such first day, or

(B) after the day on which the election is made, if such election is made after such first day,

the corporation ceases to be a small business corporation (as defined in section 290.971, subdivision 1). Such termination shall be effective for the taxable year of the corporation in which the corporation ceases to be a small business corporation and for all succeeding taxable years of the corporation.

(4) [FOREIGN INCOME.] An election under subdivision 1 made by a small business corporation shall terminate if for any taxable year of the corporation for which the election is in effect, such corporation derives more than 80 percent of its gross receipts from sources outside the United States. Such termination shall be effective for the taxable year of the corporation in which it derives more than 80 percent of its gross receipts from sources outside the United States, and for all succeeding taxable years of the corporation.

(5) [PASSIVE INVESTMENT INCOME.] (A) Except as provided in subparagraph (B), an election under subdivision 1 made by a small business corporation shall terminate if, for any taxable year of the corporation for which the election is in effect, such corporation has gross receipts more than 20 percent of which is passive investment income. Such termination shall be effective for the taxable year of the corporation in which it has gross receipts of such amount, and for all succeeding taxable years of the corporation.

(B) Subparagraph (A) shall not apply with respect to a taxable year in which a small business corporation has gross receipts more than 20 percent of which is passive investment income, if

(i) such taxable year is the first taxable year in which the corporation commenced the active conduct of any trade or business or the next succeeding taxable year; and

(ii) the amount of passive investment income for such taxable year is less than \$3,000.

(C) For purposes of this paragraph, the term "passive investment income" means gross receipts derived from royalties, rents, dividends, interest, annuities, and sales or exchanges of stock or securities (gross receipts from such sales or exchanges being taken into account for purposes of this paragraph only to the extent of gains therefrom). Gross receipts derived from sales or exchanges of stock or securities for purposes of this paragraph shall not include amounts received by an electing small business corporation which are treated under section 331 of the Internal Revenue Code of 1954, as amended through December 31, 1976 1979 (relating to corporate liquidations), as payments in exchange for stock where the electing small business corporation owned more than 50 percent of each class of the stock of the liquidating corporation.

Sec. 32. [DIRECTION TO REVISOR.] *In the next and subsequent editions of Minnesota Statutes the revisor of statutes shall substitute the words "Internal Revenue Code of 1954, as amended through December 31, 1979" for the words "Internal Revenue Code of 1954, as amended through December 31, 1976" or "Internal Revenue Code of 1954, as amended through December 31, 1977" or "Internal Revenue Code of 1954, as amended through December 31, 1978" wherever such words occur in chapter 290, except section 290.01, subdivision 20.*

Sec. 33. [REPEALER.] *Minnesota Statutes 1978, Section*

290.971, Subdivision 5, and Minnesota Statutes, 1979 Supplement, Section 290.23, Subdivision 16 are repealed.

Sec. 34. [EFFECTIVE DATE.] *Except as otherwise provided, section 1, clause (b)(13) is effective for taxable years beginning after December 31, 1976, and section 1, clauses (a)(12), (a)(17), (a)(18), (b)(6) (but only in regard to the changes relating to lump sum distributions), (b)(8), (b)(11), (b)(12), (b)(14), (b)(16), and (b)(17) are effective for taxable years beginning after December 31, 1978. For purposes of allowable carrybacks, section 1, clauses (b)(13) and (b)(14) are effective at the same time the carrybacks were allowable for federal income tax purposes. For taxable years beginning before January 1, 1980, section 1, clauses (b)(13) and (b)(14) are effective only if the taxpayer also applies the provision disallowing a portion of wages as required under section 280C of the Internal Revenue Code of 1954 for that taxable year. Section 7 is effective for expenditures made during taxable years beginning after December 31, 1978 and before January 1, 1983, except as otherwise specifically provided. Section 1, clause (b)(10) and section 8 are effective for interest received during taxable years beginning after December 31, 1977 on loans executed before January 1, 1982. Sections 11 and 12 are effective for taxable years beginning after December 31, 1980. Section 18 is effective for sales and exchanges occurring after December 31, 1975. Sections 16, 20, 22, 23 and 26 through 31, and 33 are effective for taxable years beginning after December 31, 1978. Section 25 is effective July 1, 1980.*

The rest of this article is effective for taxable years beginning after December 31, 1979, except as otherwise provided.

ARTICLE II PROPERTY TAX

Section 1. Minnesota Statutes 1978, Section 168.012, Subdivision 9, is amended to read:

Subd. 9. Mobile homes shall not be taxed as motor vehicles using the public streets and highways and shall be exempt from the motor vehicle tax provisions of this chapter. *Except as provided in section 273.13, mobile homes shall be taxed as personal property. The provisions of Minnesota Statutes 1957, Section 272.02 or any other act providing for tax exemption shall be inapplicable to mobile homes, except such mobile homes as are held by a licensed dealer and exempted as inventory. House trailers not used on the highway during any calendar year shall be taxed as mobile homes if occupied as human dwelling places.*

Sec. 2. Minnesota Statutes, 1979 Supplement, Section 256.82, is amended to read:

256.82 [PAYMENTS BY STATE.] Based upon estimates submitted by the county agency to the state agency, which shall state the estimated required expenditures for the succeeding month, upon the direction of the state agency payment shall be made monthly in advance by the state to the counties of all federal funds available for that purpose for such succeeding

month, together with an amount of state funds equal to 70 percent of the difference between the total estimated cost and the federal funds so available for payments made after December 31, 1979 and before January 1, 1981, and 80 85 percent of the difference for payments made after December 31, 1980. Adjustment of any overestimate or underestimate made by any county shall be made upon the direction of the state agency in any succeeding month.

Sec. 3. Minnesota Statutes, 1979 Supplement, Section 256D.03, Subdivision 2, is amended to read:

Subd. 2. After December 31, 1979, and before January 1, 1981, state aid shall be paid to local agencies for 60 percent and, after December 31, 1980, for 70 75 percent of all general assistance grants up to the standards of section 256D.01, subdivision 1, according to procedures established by the commissioner. Any local agency may, from its own resources, make payments of general assistance at a standard higher than that established by the commissioner, without reference to the standards of section 256D.01, subdivision 1.

Sec. 4. Minnesota Statutes, 1979 Supplement, Section 256D.36, Subdivision 1, is amended to read:

256D.36 [1973 CATEGORICAL AID RECIPIENTS; PROVISIONS FOR SUPPLEMENTAL AID.] Subdivision 1. Commencing January 1, 1974, the commissioner shall certify to each local agency the names of all county residents who were eligible for and did receive aid during December, 1973 pursuant to a categorical aid program of old age assistance, aid to the blind, or aid to the disabled. From and after January 1, 1980, until January 1, 1981, the state shall pay 70 percent and the county shall pay 30 percent of the supplemental aid calculated for each county resident certified under this section who is an applicant for or recipient of supplemental security income. After December 31, 1980, the state shall pay 80 85 percent and the county shall pay 20 15 percent of the aid. The amount of supplemental aid for each individual eligible under this section shall be calculated pursuant to the formula prescribed in Title II, Section 212 (a) (3) of Public Law 93-66, as amended.

Sec. 5. Minnesota Statutes 1978, Section 272.01, Subdivision 2, is amended to read:

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

(b) *The tax imposed by this subdivision shall not apply to (1)*

property leased or used by way of a concession in or relative to the use in whole or part of a public park, market, fair grounds, port authority, municipal auditorium, municipal museum or municipal stadium or (2) property constituting or used as a public pedestrian ramp, concourse, passenger check-in area or ticket sale counter, boarding area or luggage claim area in connection with a public airport.

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

Sec. 6. Minnesota Statutes, 1979 Supplement, Section 272.02, Subdivision 1, is amended to read:

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

- (1) All public burying grounds;
- (2) All public schoolhouses;
- (3) All public hospitals;
- (4) All academies, colleges, and universities, and all seminaries of learning;
- (5) All churches, church property, and houses of worship;
- (6) Institutions of purely public charity *except property assessed pursuant to section 273.13, subdivisions 17, 17b, 17c or 17d*;
- (7) All public property exclusively used for any public purpose;
- (8) All natural cheese held in storage for aging by the original Minnesota manufacturer;
- (9) (a) Class 2 property of every household of the value of \$100, maintained in the principal place of residence of the owner thereof. The county auditor shall deduct such exemption from the total valuation of such property as equalized by the revenue commissioner assessed to such household, and extend the levy of taxes upon the remainder only. The term "household" as used in this section is defined to be a domestic establishment maintained either (1) by two or more persons living together within the

same house or place of abode, subsisting in common and constituting a domestic or family relationship, or (2) by one person.

(b) During the period of his active service and for six months after his discharge therefrom, no member of the armed forces of the United States shall lose status of a householder under paragraph (a) which he had immediately prior to becoming a member of the armed forces.

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

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

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

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

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

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

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

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

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

(16) Wetlands. For purposes of this subdivision, "wetlands" means land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes. "Wetlands" shall be land preserved in its natural condition, drainage of which would be lawful, feasible and practical and would provide land suitable for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice. "Wetlands" shall include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

Sec. 7. Minnesota Statutes 1978, Section 273.13, Subdivision 3, is amended to read:

Subd. 3. [CLASS 2a; MOBILE HOMES; SECTIONAL STRUCTURES.] *(a) Except as provided in this subdivision all mobile homes, as defined in section 168.011, subdivision 8, shall constitute class 2a and shall be valued and assessed at 40 28 percent of the market value thereof. The valuation of class 2a property shall be subject to review and the taxes payable thereon in the manner provided in Laws 1975, Chapter 276 section 274.19. For purposes of this section, a "mobile home" means a structure transportable in one or more sections, which is built on a permanent chassis, designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and contains the plumbing, heating, air-conditioning, and electrical systems therein, including any accessory structure which is an addition or supplement to the mobile home and, when installed, becomes a part of the mobile home.*

(b) A mobile home which meets each of the following criteria

shall be valued and assessed as an improvement to real property, the appropriate real property classification shall apply, and the valuation shall be subject to review and the taxes payable in the manner provided for real property:

(i) The owner of the unit holds title to the land upon which it is situated;

(ii) The unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the mobile homes building code contained in sections 327.31 to 327.34, and the rules adopted thereto, or is affixed to the land in a manner comparable to other real property in the taxing district; and

(iii) The unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(c) A mobile home which meets each of the following criteria shall be assessed at the rate provided by the appropriate real property classification but shall be classified as 2a property, and the valuation shall be subject to review and the taxes payable thereon in the manner provided in section 274.19:

(i) The owner of the unit is a lessee of the land pursuant to the terms of a lease;

(ii) The unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the mobile homes building code contained in sections 327.31 to 327.34, and the rules adopted thereto, or is affixed to the land in a manner comparable to other real property in the taxing district; and

(iii) The unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(d) Sectional structures shall be valued and assessed as an improvement to real property provided the owner of the structure holds title to the land upon which it is located or is a qualifying lessee of the land under the provisions of section 273.19. For purposes of this clause "sectional structure" means a building or structural unit which has been in whole or substantial part manufactured or constructed at an off site location to be wholly or partially assembled on site alone or with other units and attached to a permanent foundation.

(e) The commissioner of revenue may promulgate rules pursuant to the administrative procedure act for the purpose of establishing additional criteria for the classification of mobile homes and sectional structures pursuant to the provisions of this subdivision.

Sec. 8. Minnesota Statutes, 1979 Supplement, Section 273.13, Subdivision 4, is amended to read:

Subd. 4. [CLASS 3.] (a) Tools, implements and machinery of an electric generating, transmission or distribution system or

a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures, all agricultural land, except as provided by classes 1, 3b, 3e, all buildings and structures assessed as personal property and situated upon land of the state of Minnesota or the United States government which is rural in character and devoted or adaptable to rural but not necessarily agricultural use shall constitute class 3 and shall be valued and assessed at 33 $\frac{1}{3}$ percent of the market value thereof, except as provided in clause (b). Except as provided in subdivision 5a, all real property devoted to temporary and seasonal residential occupancy for recreational purposes, and which is not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, shall be class 3 property and assessed accordingly. For this purpose, property is devoted to commercial use on a specific day if it is used, or offered for use, and a fee is charged for such use.

(b) For taxes assessed in 1979 1980, payable in 1980 1981 and thereafter, agricultural land and real property devoted to temporary and seasonal residential occupancy for recreation purposes which is classified as class 3 shall be assessed at 25 19 percent of its market value, and for taxes assessed in 1980, payable in 1981 and thereafter, it shall be assessed at 22 percent of its market value. For taxes assessed in 1980, payable in 1981 and thereafter, real property devoted to temporary and seasonal residential occupancy for recreation purposes which is classified as class 3 shall be assessed at 21 percent of its market value.

Sec. 9. Minnesota Statutes, 1979 Supplement, Section 273.13, Subdivision 5a, is amended to read:

Subd. 5a. [CLASS 3A.] Class 3a shall constitute commercial use real property which abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, which includes a portion used as a homestead by the owner, with the following limitations: the area of the property which shall be included in class 3a shall not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property, up to a total of 800 feet, and 500 feet in depth measured away from the lakeshore. Class 3a shall be assessed at 12 percent of the market value thereof in 1979 1980, for taxes payable in 1980 1981, and thereafter. The remainder of the parcel shall be classified and assessed according to the provisions of subdivision 4.

Sec. 10. Minnesota Statutes, 1979 Supplement, Section 273.13, Subdivision 6, is amended to read:

Subd. 6. [CLASS 3B.] Agricultural land, except as provided by class 1 hereof, and which is used for the purposes of a homestead shall constitute class 3b and shall be valued and assessed at 12 percent of its market value in 1979, for taxes payable in 1980 1981

and thereafter as follows: the first \$50,000 of market value shall be valued and assessed at 14 percent; the remaining market value shall be valued and assessed at 19 percent. The property tax to be paid on class 3b property as otherwise determined by law less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, shall be reduced by 50 58 percent of the tax for taxes payable in 1980 1981; and 55 percent thereafter; provided that the amount of said reduction shall not exceed \$550 for taxes payable in 1980, and \$600 thereafter \$650. Valuation subject to relief shall be limited to 240 acres of land, most contiguous surrounding, bordering, or closest to the house occupied by the owner as his dwelling place, and such other structures as may be included thereon utilized by the owner in an agricultural pursuit, provided that noncontiguous land shall constitute class 3b only if the homestead is classified as class 3b and the detached land is located in the same township or city or not farther than two townships or cities or combination thereof from the homestead. If the market value is in excess of the homestead base value, the amount in excess of that sum shall be valued and assessed at 25 percent of its market value in 1979, for taxes payable in 1980, and at 22 percent thereafter. The first \$12,000 market value of each tract of real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use, used for the purpose of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law.

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

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

Effective for the 1981 assessment and in subsequent years, the assessor shall determine and list separately on his records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

Sec. 11. Minnesota Statutes, 1979 Supplement, Section 273.13, Subdivision 7, is amended to read:

Subd. 7. [CLASS 3C, 3CC.] All other real estate and class 2a property, except as provided by classes 1 and 3cc, which is used for the purposes of a homestead, shall constitute class 3c, and shall be valued and assessed at 18 percent of the market value thereof in 1979, for taxes payable in 1980 1981 and at 17 percent thereafter as follows: the first \$25,000 of market value shall be valued and assessed at 16 percent; the next \$25,000 of market value shall be

valued and assessed at 22 percent; and the remaining market value shall be valued and assessed at 28 percent. The property tax to be paid on class 3c property as otherwise determined by law, less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, shall be reduced by 50 58 percent of the amount of such tax for taxes payable in 1980 1981, and 55 percent thereafter; provided that the amount of said reduction shall not exceed \$650 \$550 for taxes payable in 1980, and \$600 thereafter. If the market value is in excess of the sum of the homestead base value, the amount in excess of that sum shall be valued and assessed at 30 percent of market value in 1970, for taxes payable in 1980 and at 28 percent thereafter. The first \$12,000 market value of each tract of such real estate used for the purposes of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law. Class 3cc property shall include only real estate which is or mobile homes used for the purposes of a homestead by (a) any blind person, if such blind person is the owner thereof or if such blind person and his or her spouse are the sole owners thereof; or (b) any person (hereinafter referred to as veteran) who: (1) served in the active military or naval service of the United States and (2) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair, and (3) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of such a deceased veteran for as long as the surviving spouse retains the special housing unit as his or her homestead; or (c) any person who: (1) is permanently and totally disabled and (2) is receiving (i) aid from any state as a result of that disability, or (ii) supplemental security income for the disabled, or (iii) workers' compensation based on a finding of total and permanent disability, or (iv) social security disability, or (v) aid under the Federal Railroad Retirement Act of 1937, 45 United States Code Annotated, Section 228b(a)5; which aid is at least 90 percent of the total income of such disabled person from all sources. Class 3cc property shall be valued and assessed at five percent of the market value thereof for taxes payable in 1981 and thereafter as follows: in the case of agricultural land, including a mobile home, used for a homestead, the first \$33,000 of market value shall be valued and assessed at five percent, the next \$17,000 of market value shall be valued and assessed at 14 percent, and the remaining market value shall be valued and assessed at 19 percent; and in the case of all other real estate and mobile homes, the first \$33,000 of market value shall be valued and assessed at five percent, the next \$17,000 of market value shall be valued and assessed at 22 percent, and the remaining market value shall be valued and assessed at 28 percent. Permanently and totally disabled for the purpose of this subdivision means

a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings him an income. The property tax to be paid on class 3cc property as otherwise determined by law, less any reduction received pursuant to section 273.135, ~~regardless of whether or not the market value is in excess of the homestead base value~~, for all purposes shall be reduced by 50 58 percent of the amount of such tax for taxes payable in 1980, 1981 and 55 percent thereafter; provided that the amount of said reduction shall not exceed \$650 \$550 for taxes payable in 1980, and \$600 thereafter. If the market value is in excess of the sum of \$28,000, the amount in excess of that sum shall be valued and assessed at 25 percent in 1979 for taxes payable in 1980 and 22 percent thereafter, in the case of agricultural land used for a homestead and 30 percent in the case of all other real estate used for a homestead for taxes payable in 1980 and 28 percent for taxes payable in subsequent years .

Sec. 12. Minnesota Statutes 1978, Section 273.13, Subdivision 8a, is amended to read:

Subd. 8a. [CLASS 3E.] Real estate, rural in character, and used exclusively for the purpose of growing trees for timber, lumber, wood and wood products shall constitute class 3e, and shall be valued and assessed at 20 19 percent of the market value thereof.

Sec. 13. Minnesota Statutes 1978, Section 273.13, Subdivision 9, is amended to read:

Subd. 9. [CLASS 4a AND 4b.] All property not included in the preceding classes shall constitute class 4 4a and shall be valued and assessed at 43 percent of the market value thereof, *except that real property which is not improved with a structure and which is not utilized as part of a commercial or industrial activity shall constitute class 4b and shall be valued and assessed at 40 percent of market value.*

Sec. 14. Minnesota Statutes, 1979 Supplement, Section 273.13, Subdivision 14a, is amended to read:

Subd. 14a. [BUILDINGS AND APPURTENANCES ON LAND NOT OWNED BY OCCUPANT.] The property tax to be paid in respect of the value of all buildings and appurtenances thereto owned and used by the occupant as a permanent residence, which are located upon land subject to property taxes and the title to which is vested in a person or entity other than the occupant, for all purposes shall be reduced by 50 58 percent of the amount of the tax in respect of said value as otherwise determined by law for taxes payable in 1980 1981, and 55 percent thereafter, but not by more than \$550 for taxes payable in 1980, and \$600 thereafter \$650.

Sec. 15. Minnesota Statutes, 1979 Supplement, Section 273.13, Subdivision 19, is amended to read:

Subd. 19. [CLASS 3D, 3DD.] Residential real estate containing four or more units, other than seasonal residential, recreational and homesteads shall be classified as class 3d property and

shall have a taxable value equal to 40 38 percent of market value. Residential real estate containing three or less units, other than seasonal residential, recreational and homesteads, shall be classified as class 3dd property and shall have a taxable value equal to 32 28 percent of market value.

Residential real estate as used in this subdivision means real property used or held for use by the owner thereof, or by his tenants or lessees as a residence for rental periods of 30 days or more, but shall not include homesteads, or real estate devoted to temporary or seasonal residential occupancy for recreational purposes. Where a portion of a parcel of property qualified for class 3d or 3dd and a portion does not qualify for class 3d or 3dd the valuation shall be apportioned according to the respective uses.

Residential real estate containing less than three units when entitled to homestead classification for one or more units shall be classed as 3b, 3c or 3cc according to the provisions of subdivisions 6 and 7.

Sec. 16. Minnesota Statutes 1978, Section 273.19, Subdivision 1, is amended to read:

273.19 [LESSEES AND EQUITABLE OWNERS.] Subdivision 1. Except as provided in subdivision 3, property held under a lease for a term of three or more years, and not taxable under section 272.01, subdivision 2, *clause (b) (1)*, or under a contract for the purchase thereof, when the property belongs to the United States, to the state, or to any religious, scientific, or benevolent society or institution, incorporated or unincorporated, or to any railroad company or other corporation whose property is not taxed in the same manner as other property, or when the property is school or other state lands, shall be considered, for all purposes of taxation, as the property of the person so holding the same.

Sec. 17. Minnesota Statutes 1978, Section 275.11, Subdivision 2, is amended to read:

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

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

city where more than 25 percent of the assessed valuation consists of iron ore and in any statutory city, the levy permitted by this paragraph shall be in addition to any statutory or charter limitations. In any other city, the levy authorized by this paragraph shall be made within charter limitations.

Sec. 18. Minnesota Statutes 1978, Section 275.28, Subdivision 3, is amended to read:

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

Sec. 19. Minnesota Statutes, 1979 Supplement, Section 275.50, Subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1979 payable in 1980 and thereafter, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

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

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

(c) pay the costs to a governmental subdivision for their minimum required share of any program otherwise authorized by law, including the administrative costs of social services but not administrative costs of public assistance programs or of county welfare systems, for which matching funds have been appro-

priated by the state of Minnesota or the United States, but only to the extent that the costs to the governmental subdivision for the program exceed those expended in calendar year 1970, subject to rules promulgated by the commissioner of revenue pursuant to the administrative procedures act. Amounts levied pursuant to this clause which are in excess of the amount necessary to meet the minimum required share of a program shall be deducted from the general levy made in the following year;

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

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

(f) pay the costs of principal and interest on certificates of indebtedness, except tax anticipation or aid anticipation certificates of indebtedness, issued for any corporate purpose except current expenses or funding an insufficiency in receipts from taxes or other sources or funding extraordinary expenditures resulting from a public emergency;

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

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

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

in aggregate revenues as computed herein and divided by the population of the governmental subdivision in the preceding levy year is equal to or greater than two percent of the per capital levy limitation for the preceding levy year;

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

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

(l) pay amounts required to correct for an error of omission in the levy certified to the appropriate county auditor or auditors by the governing body of a city or town with statutory city powers in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

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

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

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

(2) The amount determined by dividing the overall levy limitation established pursuant to sections 275.50 to 275.56, and exclusive of special levies and special assessments, by the total taxable value of the governmental subdivision, and then multiplying this quotient times the total increase in assessed value of private industrial and nonresidential commercial development

within the governmental subdivision. For the purpose of this clause, the increase in the assessed value of private industrial and nonresidential commercial development is calculated as the increase in assessed value over the assessed value of the real estate parcels subject to such private development as most recently determined before the building permit was issued. In the fourth levy year subsequent to the levy year in which the building permit was issued, the increase in assessed value of the real estate parcels subject to such private development shall no longer be included in determining the special levy.

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

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

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

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

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

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

Sec. 20. Minnesota Statutes 1978, Section 275.52, Subdivision 2, is amended to read:

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

Sec. 21. Minnesota Statutes 1978, Section 275.52, Subdivision 5, is amended to read:

Subd. 5. For taxes levied in ~~1977 1980~~ payable in ~~1978 or for taxes levied in 1978 payable in 1979 1981 and subsequent~~ years a city other than a city of the first class, town, or county not containing a city of the first class which, in the preceding levy year, levied at least 98 percent of its total limited levy amount, may determine to levy in excess of the limitation provided in sections 275.50 to 275.56 by not to exceed 10 percent of its levy limit base by passing a resolution setting forth the amount by which the levy limit is proposed to be exceeded. The resolution shall be published for four successive weeks in the official newspaper of the governmental subdivision or if there is no official newspaper, in a newspaper of general circulation therein, together with a notice fixing a date for a public hearing on the proposed increase which hearing shall be held not less than four weeks nor more than six weeks after the first publication of the resolution. Following the public hearing, the governing body may determine to take no further action, or in the alternative, adopt a resolution authorizing the levy as originally proposed, or adopt a resolution approving a levy in such lesser amount as it so determines. The resolution shall be published in the official newspaper of the governmental subdivision or if there is no official newspaper, in a newspaper of general circulation therein. If within 30 days thereafter, a petition signed by voters equal in number to five percent of the votes cast in the governmental subdivision in the last general election or 2,000 voters, whichever is less, requesting a referendum on the proposed resolution is filed with the clerk or recorder of the governmental subdivision if the governmental subdivision is a city or town, or with the county auditor if the governmental subdivision is a county, the resolution shall not be effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at any such referendum. A levy increased pursuant to this subdivision, whether not challenged or approved at a referendum held at a special or general election held prior to October 1 in any levy year, increases the allowable levy in that same levy year and provides a permanent adjustment to the levy limit base of the governmental subdivision for future levy years. There shall be no reduction in distributions of formula aids to the governmental subdivision as a result of the additional levy.

The excess levy authorized by this subdivision is a one-time levy

adjustment to the levy limit base. If an adjustment was made after June 3, 1977, pursuant to this subdivision, in an amount less than ten percent of the base, calculated at the time of the adjustment, an additional adjustment to the current levy limit base is authorized in an amount equal to ten percent less the percent by which it was previously adjusted.

Sec. 22. *By February 15, 1981, each county assessor shall report to the commissioner of revenue on the range of average rental values of tillable agricultural land located in each township in the county and the estimated market values established in those townships in 1981.*

Sec. 23. *The 1979 adjusted assessed values determined under the provisions of section 124.212 shall be computed using the classification ratios which were in effect for taxes payable in 1980.*

Sec. 24. [REPEALER.] *Minnesota Statutes, 1979 Supplement, Section 273.122, is repealed.*

Sec. 25. [EFFECTIVE DATE.] *Sections 1 and 5 through 17, 19, 20 and 24 are effective for taxes levied in 1980 and subsequent years, payable in 1981 and subsequent years.*

ARTICLE III

PROPERTY TAX REFUND

Section 1. *Minnesota Statutes, 1979 Supplement, Section 290A.03, Subdivision 3, is amended to read:*

Subd. 3. [INCOME.] *"Income" means the sum of the following:*

(a) *federal adjusted gross income as defined in the Internal Revenue Code of 1954 as amended through December 31, 1976 1979; and*

(b) *the sum of the following amounts to the extent not included in clause (a):*

(i) *additions to federal adjusted gross income as provided in Minnesota Statutes, Section 290.01, Subdivision 20, Clause (a) (1), (a) (2), (a) (3), (a) ~~(10)~~ (9), (a) (14), and (a) (15);*

(ii) *all nontaxable income;*

(iii) *recognized net long term capital gains;*

(iv) *dividends excluded from federal adjusted gross income under section 116 of the Internal Revenue Code of 1954;*

(v) *cash public assistance and relief;*

(vi) *any pension or annuity (including railroad retirement benefits, all payments received under the federal social security act, supplemental security income, and veterans disability pensions), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;*

(vii) nontaxable interest received from the state or federal government or any instrumentality or political subdivision thereof;

(viii) workers' compensation;

(ix) unemployment benefits;

(x) nontaxable strike benefits; and

(xi) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise. In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, Sections 101(a), 102, 117, and 121 as amended through December 31, 1978;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) gifts from nongovernmental sources;

(d) surplus food or other relief in kind supplied by a governmental agency;

(e) relief granted under sections 273.012, subdivision 2 or 290A.01 to 290A.21; or

(f) child support payments received under a temporary or final decree of dissolution or legal separation; or

(g) federal adjusted gross income shall be reduced by wage or salary expense, or expense of work incentive programs which are not allowed as a deduction under provisions of section 280C of the Internal Revenue Code of 1954.

Sec. 2. Minnesota Statutes 1978, Section 290A.04, is amended by adding a subdivision to read:

Subd. 2c. If the net property taxes payable on a homestead in 1981 increase more than ten percent over the net property taxes payable in 1980 on the same property, a claimant who is a homeowner shall be allowed an additional refund equal to 50 percent of the amount by which the increase exceeds ten percent. This subdivision shall not apply to any increase in the net property taxes payable attributable to improvements made to the homestead. The refund shall not exceed \$300.

For purposes of this subdivision, "net property taxes payable" means property taxes payable after reductions made pursuant to sections 273.13, subdivisions 6, 7 and 14a; and 273.115, subdivision 1; and Laws 1980, Chapter 432, Section 7; and after the deduction of tax refund amounts for which the claimant qualifies pursuant to subdivisions 2, 2a, and 2b.

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

Sec. 3. Minnesota Statutes 1978, Section 290A.06, is amended to read:

290A.06 [FILING TIME LIMIT, LATE FILING.] Any claim for property taxes payable shall be filed with the department of revenue on or before August 31 of the year in which the property taxes are due and payable. *Any claim for rent constituting property taxes shall be filed with the department of revenue on or before August 31 of the year following the year in which the rent was paid.* The commissioner may extend the time for filing these claims for a period not to exceed six months in the case of sickness, absence, or other disability, or when in his judgment other good cause exists.

A claim filed after the original or extended due date shall be allowed, but the amount of credit shall be reduced by five percent of the amount otherwise allowable, plus an additional five percent for each month of delinquency, not exceeding a total reduction of 25 percent which may be cancelled or reduced by the commissioner in the case of sickness, absence, or other disability, or when in his judgment other good cause exists. In any event no claim shall be allowed if the *initial* claim is filed two years after the original due date for filing the claim.

The time limit on redetermination of claims for refund and examination of records shall be governed by sections 290.49, 290.50, and 290.56.

Sec. 4. Minnesota Statutes 1978, Section 290A.11, is amended by adding a subdivision to read:

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

Sec. 5. Minnesota Statutes 1978, Section 290A.17, is amended to read:

290A.17 [PUBLISHING OR RELEASING INFORMATION ON CLAIMS.] The provisions of section 290.61 relating to the confidential nature of income tax returns shall be applicable to claims filed pursuant to the provisions of chapter 290A. *When it is necessary to adjust or audit a claim that is required to include or recognize the income of another person, or information furnished by that person, the commissioner is authorized to disclose the income and other information of all people involved, to each person involved, so that a proper claim may be allowed.*

Nothing herein shall be construed to prohibit the commissioner from publishing or releasing the information concerning amounts of property tax accrued and the relief granted to taxpayers without including information which would identify individual taxpayers. The commissioner may examine income tax returns as he deems necessary and may utilize the information in legal and administrative proceedings to insure proper administration of sections 290A.01 to 290A.21, notwithstanding section 290.61.

Sec. 6. Minnesota Statutes 1978, Section 290A.18, is amended to read:

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

Sec. 7. Minnesota Statutes 1978, Section 290A.19, is amended to read:

290A.19 [OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE; PENALTY.] The owner or managing agent of any property for which rent is paid for occupancy as a homestead shall furnish a certificate of rent paid to each person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves prior to December 31, the obligation of the owner or managing agent shall be to at his option either provide the certificate to the renter at the time he moves, upon the renter's request, or to mail the certificate to the forwarding address if an address has been provided by the renter. The certificate shall be made available to the renter not later than February 15 of the year following the year in which the rent was paid. Any owner or managing agent who willfully fails to furnish a certificate as provided herein shall be liable to the commissioner for a penalty of \$20 for each act or failure to act. The penalty shall be assessed and collected in the manner provided in chapter 290 for the assessment and collection of income tax.

Sec. 8. Minnesota Statutes 1978, Section 375.192, Subdivision 1, is amended to read:

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

the application shall be referred to the county assessor, or if the property is located in a city of the first class having a city assessor, to such assessor, who shall investigate the facts and attach his report of such investigation to the application.

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

Sec. 9. [EFFECTIVE DATE.] *Sections 1, 6 and 7 are effective for claims based on rent paid in 1979 and subsequent years and property taxes payable in 1980 and subsequent years. Section 3 is effective for claims based on rent paid in 1975 and subsequent years and property taxes payable in 1976 and subsequent years. Section 5 is effective the day after final enactment.*

ARTICLE IV

STATE REIMBURSEMENTS

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

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

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

(2) "Adjusted assessed valuation" shall mean the assessed valuation of the taxable property notwithstanding the provisions of

section 275.49 of the school district as adjusted by the equalization aid review committee. *In determining adjusted assessed valuation, property which qualifies for the reimbursement specified in section 3, subdivision 1, shall be treated as if it were classified as 3b or 3c in the case of homestead property, or as 3d in the case of nonhomestead property.*

Sec. 2. The 1979 adjusted assessed values for taxes payable in 1981 determined under the provisions of section 124.212 shall be adjusted so that property which qualifies for the reimbursement specified in section 3, subdivision 1, shall be treated as if it were classified as 3b or 3c in the case of homestead property, or as 3d in the case of nonhomestead property.

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

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

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

(c) The difference between the amount calculated pursuant to clause (b) and the amount of tax actually payable by the owner on property described in clause (a) shall be certified by the county auditor and reported to the commissioner of revenue as part of the 1981 and subsequent years abstracts of tax lists required to be filed with the commissioner by section 275.29. The commissioner shall make payments on July 15 of 1981 and subsequent years to the taxing jurisdictions containing the property in the same proportion that the ad valorem tax was distributed.

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

Sec. 4. Minnesota Statutes 1978, Section 273.13, Subdivision 17b, is amended to read:

Subd. 17b. [VALUATION OF FARMERS HOME ADMINISTRATION PROPERTY IN MUNICIPALITIES OF UNDER 10,000.] Notwithstanding any other provision of law, any structure

(a) situated on real property that is used for housing for the

elderly or for low and moderate income families as defined by the farmers home administration,

(b) located in a municipality of less than 10,000 population,

(c) financed by a direct loan or insured loan from the farmers home administration, and

(d) which qualifies under subdivision 17a, shall, for 15 years from the date of the completion of the original construction or for the original term of the loan, be assessed at five percent of the adjusted market value thereof, provided that the fair market value as determined by the assessor is based on the normal approach to value using normal unrestricted rents.

Sec. 5. Minnesota Statutes 1978, Section 275.51, is amended by adding a subdivision to read:

Subd. 5. [LEVY LIMITATION ADJUSTMENT.] For taxes payable in 1982 and subsequent years, the reduced assessment reimbursement pursuant to section 3, subdivision 1, shall be considered as part of the property tax levy subject to the limitation provided by sections 275.50 through 275.59.

Sec. 6. Minnesota Statutes 1978, Section 276.04, is amended to read:

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

commissioner of revenue shall provide each county auditor with the names of those persons in the assessor's district who have filed and qualified for the property tax credit pursuant to sections 273.011 and 273.012 and shall inform the assessor of the base tax of those persons. The statement shall show the reduction attributable to the aid given pursuant to section 3 and shall indicate that the reduction is paid by the state of Minnesota. If so directed by the county board, the treasurer shall visit places in the county as he deems expedient for the purpose of receiving taxes and the county board is authorized to pay the expenses of such visits and of preparing duplicate tax lists.

Sec. 7. [APPROPRIATION.] *There is annually appropriated from the general fund to the commissioner of revenue an amount necessary to make the payments required by section 3.*

Sec. 8. *This article is effective the day following final enactment.*

ARTICLE V

SALES TAX

Section 1. Minnesota Statutes 1978, Section 297A.01, Subdivision 4, is amended to read:

Subd. 4. A "retail sale" or "sale at retail" means a sale for any purpose other than resale in the regular course of business. Property utilized by the owner only by leasing such property to others or by holding it in an effort to so lease it, and which is put to no use by the owner other than resale after such lease or effort to lease, shall be considered property purchased for resale. Sales of building materials, supplies and equipment to owners, contractors, subcontractors or builders for the erection of buildings or the alteration, repair or improvement of real property are "retail sales" or "sales at retail" in whatever quantity sold and whether or not for purpose of resale in the form of real property or otherwise. *Aircraft and parts for the repair thereof purchased by a non-profit, incorporated flying club or association utilized solely by the corporation by leasing such aircraft to shareholders of the corporation shall not be considered property purchased for resale. The leasing of the aircraft to the shareholders by the flying club or association shall not be considered a sale notwithstanding subdivision 3 of section 297A.01 if the tax imposed by this chapter was paid on the initial purchase as provided by this subdivision.*

Aircraft utilized by the owner only for the purpose of being leased to others, whether or not the lessee utilizes the aircraft for flight instruction or charter service, or by holding the aircraft in an effort to lease it, and which is put to no use by the owner other than resale after the lease, shall be considered aircraft purchased for resale.

Sec. 2. Minnesota Statutes, 1979 Supplement, Section 297A.25, Subdivision 1, is amended to read:

297A.25 [EXEMPTIONS.] Subdivision 1. The following are

specifically exempted from the taxes imposed by sections 297A.01 to 297A.44:

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

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

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

(d) The gross receipts from the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minnesota and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minnesota and thereafter used in a trade or business outside Minnesota, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce (storage shall not constitute intermediate use); or (ii) which the seller delivers to a common carrier for delivery outside Minnesota, places in the United States mail or parcel post directed to the purchaser outside Minnesota, or delivers to the purchaser outside Minnesota by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

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

(f) The gross receipts from the sale of and storage, use or consumption of petroleum products upon which a tax has been imposed under the provisions of chapter 296, whether or not any part of said tax may be subsequently refunded;

(g) The gross receipts from the sale of clothing and wearing apparel except the following:

(i) all articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semi-precious stones, and imitations thereof; articles made of, or ornamented, mounted or fitted with precious metals or imitations thereof; watches; clocks; cases and movements for watches and clocks; gold, gold-plated, silver, or sterling flatware or hollow ware and silver-plated hollow ware; opera glasses; lorgnettes; marine glasses; field glasses and binoculars.

(ii) articles made of fur on the hide or pelt, and articles of which such fur is the component material or chief value, but only if such value is more than three times the value of the next most valuable component material.

(iii) perfume, essences, extracts, toilet water, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic cachous and toilet powders. The tax imposed by this act shall not apply to lotion, oil, powder, or other article intended to be used or applied only in the case of babies.

(iv) trunks, valises, traveling bags, suitcases, satchels, overnight bags, hat boxes for use by travelers, beach bags, bathing suit bags, brief cases made of leather or imitation leather, salesmen's sample and display cases, purses, handbags, pocketbooks, wallets, billfolds, card, pass, and key cases and toilet cases.

(h) The gross receipts from the sale of and of the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein;

(i) The gross receipts from the sale of and storage, use or other consumption in Minnesota of tangible personal property (except as provided in section 297A.14) which is used or consumed in

producing any publication regularly issued at average intervals not exceeding three months, and any such publication. For purposes of this subsection, "publication" as used herein shall include, without limiting the foregoing, a legal newspaper as defined by Minnesota Statutes 1965, Section 331.02, and any supplements or enclosures with or part of said newspaper; and the gross receipts of any advertising contained therein or therewith shall be exempt. For this purpose, advertising in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not exempt;

(j) The gross receipts from all sales of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities or a state and its agencies, instrumentalities and political subdivisions;

(k) The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale;

(l) The gross receipts from sales of rolling stock and the storage, use or other consumption of such property by railroads, freight line companies, sleeping car companies and express companies taxed on the gross earnings basis in lieu of ad valorem taxes. For purposes of this clause "rolling stock" is defined as the portable or moving apparatus and machinery of any such company which moves on the road, and includes, but is not limited to, engines, cars, tenders, coaches, sleeping cars and parts necessary for the repair and maintenance of such rolling stock.

(m) The gross receipts from sales of airlift equipment and the storage, use or other consumption of such property by airline companies taxed under the provisions of sections 270.071 to 270.079. For purposes of this clause, "airlift equipment" includes airplanes and parts necessary for the repair and maintenance of such airlift equipment, and flight simulators.

(n) The gross receipts from the sale of telephone central office telephone equipment used in furnishing intrastate and interstate telephone service to the public.

(o) The gross receipts from the sale of and the storage, use or other consumption by persons taxed under the in lieu provisions of chapter 298, of mill liners, grinding rods and grinding balls which are substantially consumed in the production of taconite, the material of which primarily is added to and becomes a part of the material being processed.

(p) The gross receipts from the sale of tangible personal prop-

erty to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious or educational purposes if the property purchased is to be used in the performance of charitable, religious or educational functions, or any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders;

(q) The gross receipts from the sale of caskets and burial vaults;

(r) The gross receipts from the sale of cigarettes.

(s) The gross receipts from the sale of an automobile or other conveyance if the purchaser is assisted by a grant from the United States in accordance with 38 United States Code, Section 1901, as amended.

(t) The gross receipts from the sale to the licensed aircraft dealer of an aircraft for which a commercial use permit has been issued pursuant to section 360.654, if the aircraft is resold while the permit is in effect.

(u) The gross receipts from the sale of building materials to be used in the construction or remodeling of a residence when the construction or remodeling is financed in whole or in part by the United States in accordance with 38 United States Code, Sections 801 to 805, as amended. This exemption shall not be effective at time of sale of the materials to contractors, subcontractors, builders or owners, but shall be applicable only upon a claim for refund to the commissioner of revenue filed by recipients of the benefits provided in Title 38 United States Code, Chapter 21, as amended. The commissioner shall provide by regulation for the refund of taxes paid on sales exempt in accordance with this paragraph.

(v) The gross receipts from the sale of textbooks which are prescribed for use in conjunction with a course of study in a public or private school, college, university and business or trade school to students who are regularly enrolled at such institutions. For purposes of this clause a "public school" is defined as one that furnishes course of study, enrollment and staff that meets standards of the state board of education and a private school is one which under the standards of the state board of education, provides an education substantially equivalent to that furnished at a public school. Business and trade schools shall mean such schools licensed pursuant to section 141.25.

(w) The gross receipts from the sale of and the storage of material designed to advertise and promote the sale of merchandise or services, which material is purchased and stored for the purpose of subsequently shipping or otherwise transferring outside the state by the purchaser for use thereafter solely outside the state of Minnesota.

(x) The gross receipt from the sale of residential heating fuels in the following manner:

(i) all fuel oil, coal, wood, steam, propane gas, and L.P. gas sold to residential customers for residential use;

(ii) natural gas sold for residential use to customers who are metered and billed as residential users and who use natural gas for their primary source of residential heat, for the billing months of November, December, January, February, March and April;

(iii) electricity sold for residential use to customers who are metered and billed as residential users and who use electricity for their primary source of residential heat, for the billing months of November, December, January, February, March and April.

(y) *The gross receipts from the sale or use of tickets or admissions to the premises of or events sponsored by an association, corporation or other group of persons which provides an opportunity for citizens of the state to participate in the creation, performance or appreciation of the arts and which qualifies as a tax-exempt organization within the meaning of section 290.05, subdivision 1, clause (i).*

(z) *The gross receipts from either the sales to or the storage, use or consumption of tangible personal property by an organization of military service veterans or an auxiliary unit of an organization of military service veterans, provided that:*

(i) the organization or auxiliary unit is organized within the state of Minnesota and is exempt from federal taxation pursuant to section 501(c), clause (19), of the Internal Revenue Code as amended through December 31, 1978; and

(ii) the tangible personal property which is sold to or stored, used or consumed by the organization or auxiliary unit is for charitable, civic, educational, or nonprofit uses and not for social, recreational, pleasure or profit uses.

Sec. 3. Minnesota Statutes 1978, Section 297A.211, Subdivision 1, is amended to read:

297A.211 [COMMON CARRIERS AS RETAILERS.] Subdivision 1. Every person, as defined in this chapter, who is engaged in interstate for-hire transportation of tangible personal property or passengers by motor vehicle may at their option, under rules and regulations prescribed by the commissioner, register as retailers and pay the taxes imposed by this chapter in accordance with this section. Persons referred to herein are: (1) persons possessing a certificate or permit authorizing for-hire transportation of property or passengers from the interstate commerce commission or the Minnesota public service commission; or (2) persons transporting commodities defined as "exempt" in for-hire transportation in interstate commerce; or (3) persons who, pursuant to contracts with persons described in clauses (1) or (2) above, transport tangible personal property in interstate commerce. Persons qualifying under clauses (2) and (3) must main-

tain on a current basis the same type of mileage records that are required by persons specified in clause (1) by the interstate commerce commission. *Persons who in the course of their business are transporting solely their own goods in interstate commerce may also register as retailers pursuant to rules prescribed by the commissioner and pay the taxes imposed by this chapter in accordance with this section.*

Sec. 4. [LOCAL ADMISSIONS AND AMUSEMENT TAXES; EXEMPTION FOR ARTS ORGANIZATIONS.] *No tax imposed by a local unit of government or imposed on sales taking place in a single named local unit of government on sales of admissions or amusements under a law enacted prior or subsequent to the enactment of this provision, other than a general sales tax law, shall apply to amounts charged for admission to the premises of or events sponsored by a nonprofit arts organization.*

Sec. 5. [EFFECTIVE DATE.] *The provisions of section 1 relating to purchases by flying clubs or associations is effective for sales after June 30, 1980. The provisions of section 1 relating to aircraft exclusively used for leasing are effective November 1, 1979. Section 2, clause (y) and section 4 are effective for tickets sold or admissions charged after July 31, 1980. Section 2, clause (z) is effective for sales made after June 30, 1980.*

ARTICLE VI

TAX INCREMENT FINANCING

Section 1. Minnesota Statutes, 1979 Supplement, Section 273.73, Subdivision 7, is amended to read:

Subd. 7. [ORIGINAL ASSESSED VALUE.] *"Original assessed value" means the assessed value of all taxable real property within a tax increment financing district as most recently certified by the commissioner of revenue as of the date of the request by an authority for certification by the county auditor, together with subsequent adjustments as set forth in section 273.76, subdivisions 1 and 4; provided, however, that in determining the original assessed value the assessed value of real property exempt from taxation at the time of the request shall be zero except for real property which is tax exempt by reason of public ownership by the requesting authority and which has been publicly owned for less than one year prior to the date of the request for certification, in which event the assessed value of the property shall be the assessed value as most recently determined by the commissioner of revenue. For purposes of this subdivision, "real property" shall include any property normally taxable as personal property by reason of its location on or over publicly-owned property owned by a tax exempt entity.*

Sec. 2. Minnesota Statutes, 1979 Supplement, Section 273.73, Subdivision 8, is amended to read:

Subd. 8. [PROJECT.] *"Project" means a project as defined in section 362A.01; an industrial development district as defined in section 458.191, subdivision 1; a redevelopment project as defined*

in section 462.421, subdivision 14; a development district as defined in section 472A.02, subdivision 3 chapter 472A or any special law; or a project as defined in section 474.02, subdivisions 1, 1a or 1b.

Sec. 3. Minnesota Statutes, 1979 Supplement, Section 273.73, Subdivision 10, is amended to read:

Subd. 10. [REDEVELOPMENT DISTRICT.] (a) "Redevelopment project district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one of the following conditions, reasonably distributed throughout the project district, exists:

(1) The land is predominantly occupied by buildings, streets, utilities or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or

(2) The land is predominantly occupied by buildings, streets, utilities or other improvements and 20 percent of the buildings are structurally substandard and an additional 30 percent of the buildings are found to require substantial renovation or clearance in order to remove such existing conditions as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety and general well being of the community; or

(3) The land is not predominantly occupied by buildings, streets, utilities or other improvements, but at least 80 percent of the total acreage of such land has a fair market value upon inclusion in the project redevelopment district which, when added to the estimated cost of preparing the land for use, including utilities, if any, exceeds its anticipated fair market value after completion of said preparation; or

(4) The property consists of underutilized air rights existing over a public street, highway or right-of-way.

(b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. "Predominantly occupied" shall mean at least 50 percent of the parcels comprising at least 50 percent of the acreage.

Sec. 4. Minnesota Statutes, 1979 Supplement, Section 273.73, Subdivision 11, is amended to read:

Subd. 11. [HOUSING DISTRICT.] "Housing project district" means a type of tax increment financing district which consists of

a project, or that part of a portion of a project, intended for occupancy, in part, by persons or families of low and moderate income, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts.

Sec. 5. Minnesota Statutes, 1979 Supplement, Section 273.73, Subdivision 12, is amended to read:

Subd. 12. [ECONOMIC DEVELOPMENT DISTRICT.] "*Economic development project district*" means a type of tax increment financing district which consists of any project, or portions of a project, not meeting the requirements found in the definition of redevelopment project district or housing project district, but which the authority finds to be in the public interest because:

(a) It will discourage commerce, industry or manufacturing from moving their operations to another state; or

(b) It will result in increased employment in the municipality; or

(c) It will result in preservation and enhancement of the tax base of the municipality.

Sec. 6. Minnesota Statutes, 1979 Supplement, Section 273.74, Subdivision 3, is amended to read:

Subd. 3. [MUNICIPALITY APPROVAL.] No county auditor shall certify the original assessed value of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the project district is located. If an authority which proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of its tax increment financing plan by the municipality before the authority may use tax increment financing. The municipality shall approve the tax increment financing plan only after a public hearing thereon after published notice in a newspaper of general circulation in the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing. This hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project. Before or at the time of approval of the tax increment financing plan, the municipality shall make the following findings:

(a) That the project comprising the proposed tax increment financing district is a redevelopment project district, a housing project district or an economic development project district and the specific bases for such determination.

(b) That the proposed development or redevelopment, in the

opinion of the municipality, would not occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

(c) That the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole.

(d) That the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the district by private enterprise.

(e) That the municipality elects the method of tax increment computation set forth in section 273.76, subdivision 3, clause (b), if applicable.

When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority, or the plan shall be deemed approved. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for such financing.

Sec. 7. Minnesota Statutes, 1979 Supplement, Section 273.75, Subdivision 1, is amended to read:

273.75 [LIMITATIONS.] Subdivision 1. [DURATION OF TAX INCREMENT FINANCING DISTRICTS.] Subject to the limitations contained elsewhere in this subdivision any tax increment financing district as to which bonds are outstanding, payment for which the tax increment and other revenues have been pledged, shall remain in existence at least as long as any such bonds continue to be outstanding; provided, however, the tax increment pledged to the payment of bonds and interest thereon may be discharged and the tax increment financing district may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or date of redemption and interest thereon to such maturity or redemption date, provided that for bonds issued pursuant to section 273.77, clauses (a) and (b) the full faith and credit and any taxing powers of the municipality or authority shall continue to be pledged to the payment of the bonds until the principal of and interest on the bonds has been paid in full; provided, further, that no tax increment shall be paid to an authority for a tax increment financing district after three years from the date of certification of the original assessed value of the taxable real property in the district by the county auditor or three years from August 1, 1979, for tax increment financing districts authorized prior to August 1, 1979, unless within the three year period

(a) bonds have been issued pursuant to section 273.77, or in aid of a project pursuant to any other law, except revenue bonds issued pursuant to chapter 474, prior to August 1, 1979, or (b) the authority has acquired property within the district, or (c) the authority has constructed or caused to be constructed public improvements within the district; and provided, further, that no tax increment shall in any event be paid to the authority from a redevelopment project district after 25 years from date of receipt by the authority of the first tax increment, after 25 years from the date of the receipt for a housing project district and after eight years from the date of the receipt, or 10 years from approval of the tax increment financing plan, whichever is less, for an economic development project district.

For tax increment financing districts created prior to August 1, 1979, no tax increment shall be paid to the authority after 30 years from August 1, 1979.

Modification of a tax increment financing plan pursuant to section 273.74, subdivision 4, shall not extend the durational limitations of this subdivision.

Sec. 8. Minnesota Statutes, 1979 Supplement, Section 273.75, Subdivision 2, is amended to read:

Subd. 2. [EXCESS TAX INCREMENTS.] In any year in which the tax increment exceeds the amount necessary to pay the costs authorized by the tax increment financing plan, including the amount necessary to cancel any tax levy as provided in section 475.61, subdivision 3, the authority shall use the excess amount to (a) prepay any outstanding bonds, (b) discharge the pledge of tax increment therefor, (c) pay into an escrow account dedicated to the payment of such bond, or shall return the excess amount to the county auditor who shall distribute the excess amount to the municipality, county and school district in which the tax increment financing district is located in direct proportion to their respective mill rates.

Sec. 9. Minnesota Statutes, 1979 Supplement, Section 273.75, Subdivision 5, is amended to read:

Subd. 5. [REQUIREMENT FOR AGREEMENTS.] No more than 25 percent, by acreage, of the property to be acquired within a redevelopment project district, or ten percent, by acreage, of the property to be acquired within a housing or economic development project district, as set forth in the tax increment financing plan, shall at any time be owned by an authority as a result of acquisition with the proceeds of bonds issued pursuant to section 273.77 without the authority having prior to acquisition in excess of the percentages concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the authority should the development or redevelopment not be completed.

Sec. 10. Minnesota Statutes, 1979 Supplement, Section 273.75, Subdivision 6, is amended to read:

Subd. 6. [LIMITATION ON INCREMENT.] If, after five years from the date of certification of the original assessed value of the tax increment financing district pursuant to section 273.76, no demolition, rehabilitation or renovation of property or other site preparation, including improvement of a street adjacent to a *property parcel* but not installation of utility service, has been commenced on a *property parcel* located within a tax increment financing district by the authority or by the owner of the *property parcel* in accordance with the tax increment financing plan, no additional tax increment may be taken from that *property parcel*, and the original assessed value of that *property parcel* shall be excluded from the original assessed value of the tax increment financing district. If the authority or the owner of the *property parcel* subsequently commences demolition, rehabilitation or renovation or other site preparation on that *property parcel* including improvement of a street adjacent to that *property parcel*, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced, and the *property* may be added into the tax increment financing district. The county auditor shall certify the most recently assessed value of that *property* assessed value thereof as most recently certified by the commissioner of revenue and add it to the original assessed value of the tax increment financing district. For purposes of this subdivision "*parcel*" means a tract or plat of land established as a single unit for purposes of assessment.

Sec. 11. Minnesota Statutes, 1979 Supplement, Section 273.76, Subdivision 1, is amended to read:

273.76 [COMPUTATION OF TAX INCREMENT.] Subdivision 1. [ORIGINAL ASSESSED VALUE.] Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original assessed value of the tax increment financing district as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original assessed value has increased or decreased as a result of a change in tax exempt status of property within the district, reduction or enlargement of the district or changes pursuant to subdivision 4. The amount to be added to the original assessed value of the district as a result of previously tax exempt real property within the district becoming taxable shall be equal to the assessed value of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the value which shall be assessed by the assessor at the time of such transfer as of the date of title transfer. The amount to be added to the original assessed value of the district as a result of enlargements thereof shall be equal to the assessed value of the added real property as most recently certified by the commissioner of revenue as of the date of *modification* of the tax increment financing plan pursuant to section 273.74, subdivision 4. The amount to be subtracted from the original assessed value of the district as a result of previously taxable real property within the

district becoming tax exempt, or a reduction in the geographic area of the district, shall be the amount of original assessed value initially attributed to the property becoming tax exempt or being removed from the district. If the assessed value of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, the original assessed value of the district shall be reduced by that amount stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original assessed value of the district when the property upon which the abatement is made has not been improved since the date of certification of the district and to the captured assessed value of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor shall have the power to specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 273.74, subdivision 4.

Sec. 12. Minnesota Statutes, 1979 Supplement, Section 273.76, Subdivision 2, is amended to read:

Subd. 2. [CAPTURED ASSESSED VALUE.] The county auditor shall certify the amount of the captured assessed value to the authority each year, together with the proportion that the captured assessed value bears to the total assessed value of the real property within the tax increment financing district for that year.

(a) An authority may choose to retain any part or all of the captured assessed value for purposes of tax increment financing according to one of the two following options:

(1) If the plan provides that all the captured assessed value is necessary to finance or otherwise make permissible expenditures under section 273.75, subdivision 5 4, the authority may retain the full captured assessed value.

(2) If the plan provides that only a portion of the captured assessed value is necessary to finance or otherwise make permissible expenditures under section 273.75, subdivision 5 4, only that portion shall be set aside and the remainder shall be distributed among the affected taxing districts by the county auditor.

(b) The portion of captured assessed value that an authority intends to use for purposes of tax increment financing must be clearly stated in the tax increment financing plan.

Sec. 13. Minnesota Statutes, 1979 Supplement, Section 273.76, Subdivision 3, is amended to read:

Subd. 3. [TAX INCREMENT, RELATIONSHIP TO CHAPTER 473F.] (a) Unless the governing body elects pursuant to clause (b) the following method of computation shall apply:

(1) The original assessed value shall include any portion thereof which is subject to the area-wide tax imposed by section 473F.08, subdivision 6; in the levy and assessment of taxes in the year the district is certified and the current assessed value shall not be

reduced to any extent to reflect the contribution of the municipality to the area-wide tax base pursuant to section 473F.08, subdivision 2, clause (e).

(2) In each subsequent year, the county auditor shall compute assessed valuation, mill rates and the tax increment as follows:

(i) If the authority retains the full captured assessed value, the county auditor shall include no more than the original assessed value of the real property in the tax increment financing district for purposes of determining assessed value for local mill rates. The county auditor shall compute the mill rates of all taxes levied by the state, the county, the municipality or town, the school district and every other taxing district in which the district is located in whole or in part of the aforementioned assessed value. The county auditor shall extend all mill rates against the current assessed value, including the captured assessed value, except for that portion of the current assessed value which is subject to the area-wide tax rate determined pursuant to section 473F.08, subdivision 5. In each year for which the current assessed value exceeds the original assessed value, the county treasurer shall remit to the authority that portion of all taxes paid that year on real property in the district, including taxes paid as a result of the application of the area-wide tax determined pursuant to section 473F.08, subdivision 5, which exceeds the taxes attributable to the application of local mill rates to the original assessed value. The amount so remitted each year is referred to in this section as the tax increment for that year.

(ii) If the authority retains only a portion of the captured assessed value for its use and returns the remaining portion to the tax rolls of all affected taxing districts, the county auditor shall include the original assessed value which is shared with all the affected taxing districts in determining the assessed value for computing mill rates. He shall compute the mill rates of all taxes levied by the state, county, municipality, school district, and every other taxing district in which the district is located in whole or in part on this assessed value. He shall extend all mill rates against the total current assessed value including that portion of the captured assessed value which the authority is retaining for its use only, except for that portion of the current assessed value which is subject to the area-wide tax rate determined pursuant to section 473F.08, subdivision 5. In each year for which the current assessed value exceeds the original assessed value, the county treasurer shall remit to the authority that portion of all taxes paid on real property in the district, including taxes paid as a result of the area-wide tax rate determined pursuant to section 473F.08, subdivision 5, that exceeds the taxes attributable to the application of local mill rates to the original assessed value and to that portion of the captured assessed value which is shared with all the affected taxing districts. The amount so remitted each year is referred to as the tax increment.

(3) In any year in which the current assessed value of the tax increment financing district is less than the original assessed

value, thereby creating a tax increment deficit, the county auditor shall compute and extend taxes against the current assessed value, except for that portion of the current assessed value which is subject to the area-wide tax rate determined pursuant to sections 473F.02, subdivision 5. Taxes, including taxes paid as a result of the application of the area-wide tax rate determined pursuant to section 473F.02, subdivision 5, shall be distributed from the affected property to each of the taxing jurisdictions as determined by the current levy and there will be no tax increment. In any year subsequent to a year in which there exists a tax increment deficit, the tax increment shall be computed without regard to said deficit.

(1) The original assessed value and the current assessed value shall be determined before the application of the fiscal disparity provisions of chapter 473F. Where the original assessed value is equal to or greater than the current assessed value, there is no captured assessed value and no tax increment determination. Where the original assessed value is less than the current assessed value, the difference between the original assessed value and the current assessed value is the captured assessed value. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured assessed value of the authority.

(2) The county auditor shall exclude the retained captured assessed value of the authority from the taxable value of the local taxing districts in determining local taxing district mill rates. The mill rates so determined are to be extended against the retained captured assessed value of the authority as well as the taxable value of the local taxing districts. The tax generated by the extension of the local taxing district mill rates to the retained captured assessed value of the authority is the tax increment of the authority.

(b) Notwithstanding clause (a), the governing body may, by resolution approving the tax increment financing plan pursuant to section 273.74, subdivision 3, elect the following method of computation:

(1) The original assessed value shall not include any portion thereof which is subject to the area-wide tax imposed by section 473F.02, subdivision 6, in the levy and assessment of taxes in the year the district is certified and the current assessed value shall not include the portion thereof which is subject to the area-wide tax imposed by section 473F.02, subdivision 6, but shall not otherwise be reduced by the amount of the contribution of the municipality to the area-wide tax base pursuant to section 473F.02, subdivision 2, clause (a).

(2) In each subsequent year, the county auditor shall compute assessed valuation, mill rates and tax increments as follows:

(i) If the authority retains the full captured assessed value, the county auditor shall include no more than the original assessed value of the real property in the tax increment financing district for purposes of determining assessed value for local mill rates. The

county auditor shall compute the mill rates of all taxes levied by the state, the county, the municipality or town, the school district and every other taxing district in which the district is located in whole or in part on the aforementioned assessed value. The county auditor shall extend all mill rates against the current assessed value, including the captured assessed value. In each year for which the current assessed value exceeds the original assessed value, the county treasurer shall remit to the authority that proportion of all taxes paid that year on real property in the district which the captured assessed value bears to the current assessed value. The amount so remitted each year is referred to in this section as the tax increment for that year.

(ii) If the authority retains only a portion of the captured assessed value for its use and returns the remaining portion to the tax rolls of all affected taxing districts, the county auditor shall include the original assessed value and that portion of the captured assessed value which is shared with all the affected taxing districts in determining the assessed value for computing mill rates. He shall compute the mill rates of all taxes levied by the state, county, municipality, school district, and every other taxing district in which the district is located in whole or in part on this aforementioned assessed value. He shall extend all mill rates against the total current assessed value including that portion of the captured assessed value which the authority is retaining for its use only. In each year for which the current assessed value exceeds the original assessed value, the county treasurer shall remit to the authority that portion of all taxes paid on real property in the district that the retained captured assessed value bears to the total current assessed value in the district. The amount so remitted each year is referred to as the tax increment.

(3) In any year in which the current assessed value of the tax increment financing district is less than the original assessed value, thereby creating a tax increment deficit, the county auditor shall compute and extend taxes against the current assessed value. Taxes shall be distributed from the affected property to each of the taxing jurisdictions as determined by the current levy and there is no tax increment. In any year subsequent to a year in which there exists a tax increment deficit, tax increments shall be computed without regard to the deficit.

(1) The original assessed value shall be determined before the application of the fiscal disparity provisions of chapter 473F. The current assessed value shall exclude any fiscal disparity commercial-industrial assessed value increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to section 473F.08, subdivision 6. Where the original assessed value is equal to or greater than the current assessed value, there is no captured assessed value and no tax increment determination. Where the original assessed value is less than the current assessed value, the difference between the original assessed value and the current assessed value is the captured assessed value. This amount less any portion thereof which the authority has designated, in its tax increment financing plan,

to share with the local taxing districts is the retained captured assessed value of the authority.

(2) The county auditor shall exclude the retained captured assessed value of the authority from the taxable value of the local taxing districts in determining local taxing district mill rates. The mill rates so determined are to be extended against the retained captured assessed value of the authority as well as the taxable value of the local taxing districts. The tax generated by the extension of the local taxing district mill rates to the retained captured assessed value of the authority is the tax increment of the authority.

(4) (3) An election by the governing body pursuant to part (b) shall be submitted to the county auditor by the authority at the time of the request for certification pursuant to subdivision 1.

(c) The method of computation of tax increment applied to a district pursuant to clause (a) or (b), once established, shall remain the same for the duration of the district.

Sec. 14. Minnesota Statutes, 1979 Supplement, Section 273.76, is amended by adding a subdivision to read:

Subd. 6. A request for certification of a new tax increment financing district pursuant to subdivision 1 or of a modification to an existing tax increment financing district pursuant to section 273.74, subdivision 4, received by the county auditor on or before October 10 of the calendar year shall be recognized by the county auditor in determining mill rates for the current and subsequent levy years. Such requests received by the county auditor after October 10 of the calendar year shall not be recognized by the county auditor in determining mill rates for the current levy year but shall be recognized by the county auditor in determining mill rates for subsequent levy years.

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

Subd. 7. [PROPERTY CLASSIFICATION CHANGES.] In the event that any law governing the classification of real property and thereby determining the percentage of market value to be assessed for ad valorem taxation purposes is amended after August 1, 1979, the increase or decrease in assessed valuation resulting therefrom shall be applied proportionately to original assessed value and captured assessed value of any tax increment financing district in each year thereafter, whether created pursuant to the Minnesota Tax Increment Financing Act or any prior tax increment law.

Sec. 16. Minnesota Statutes, 1979 Supplement, Section 273.76, is amended by adding a subdivision to read:

Subd. 8. [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.

Sec. 17. Minnesota Statutes, 1979 Supplement, Section 273.77, is amended to read:

273.77 [TAX INCREMENT BONDING.] Any other law, general or special, notwithstanding, after August 1, 1979 no bonds, payment for which tax increment is pledged, shall be issued in connection with any project for which tax increment financing has been undertaken other than as is authorized hereby and the proceeds therefrom shall be used only in accordance with section 273.75, subdivision 5 4 as if said proceeds were tax increment, except that a tax increment financing plan need not be adopted for any project for which tax increment financing has been undertaken prior to August 1, 1979, pursuant to statutes not requiring a tax increment financing plan. Such bonds shall not be included for purposes of computing the net debt of any municipality.

(a) A municipality may issue general obligation bonds to finance any expenditure by the municipality or an authority the jurisdiction of which is wholly or partially within that municipality, pursuant to section 273.75, subdivision 5 4 in the same manner and subject only to the same conditions as those provided in chapter 475 for bonds financing improvement costs reimbursable from special assessments. Any pledge of tax increment, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision, except when the authority and the municipality are the same, shall be made by written agreement by and between the authority and the municipality and filed with the county auditor. When the authority and the municipality are the same, the municipality may by covenant pledge tax increment, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision and thereupon shall file the resolution containing such covenant with the county auditor. When tax increment, assessments and other revenues are pledged, the estimated collections of said tax increment, assessments and any other revenues so pledged may be deducted from the taxes otherwise required to be levied before the issuance of the bonds under section 475.61, subdivision 1, or the collections thereof may be certified annually to reduce or cancel the initial tax levies in accordance with section 475.61, subdivision 1 or 3.

(b) When the authority and the municipality are not the same, an authority may, by resolution, authorize, issue and sell its general obligation bonds to finance any expenditure which that authority is authorized to make by section 273.75, subdivision 5 4. Said bonds of the authority shall be authorized by its resolution, shall mature as determined by resolution of the authority in accordance with Laws 1979, Chapter 322, and may be issued in one or more series and shall bear such date or dates, bear interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in medium of payment at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices as the authority by resolution shall determine,

and any provision of any law to the contrary notwithstanding, the bonds shall be fully negotiable. In any suit, actions, or proceedings involving the validity of enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a district shall be conclusively deemed to have been issued for such purpose, and the district shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of Laws 1979, Chapter 322. Neither the authority, nor any director, commissioner, council member, board member, officer, employee or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds of the authority, and such bonds shall so state on their face, shall not be a debt of any municipality, the state or any political subdivision thereof, and neither the municipality nor the state or any political subdivision thereof shall be liable thereon, nor in any event shall such bonds be payable out of any funds or properties other than those of the authority and any tax increment and revenues of a tax increment financing district pledged therefor.

(c) Notwithstanding any other law general or special, an authority may, by resolution, authorize, issue and sell revenue bonds payable solely from all or a portion of revenues, including but not limited to tax increment revenues and assessments, derived from a tax increment financing district located wholly or partially within the municipality to finance any expenditure which the authority is authorized to make by section 273.75, subdivision 5 4. The bonds shall mature as determined by resolution of the authority in accordance with Laws 1979, Chapter 322 and may be issued in one or more series and shall bear such date or dates, bear interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in medium of payment at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices as the authority by resolution shall determine, and any provision of any law to the contrary notwithstanding, shall be fully negotiable. In any suit, action, or proceedings involving the validity or enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a district shall be conclusively deemed to have been issued for such purpose, and the district shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of Laws 1979, Chapter 322. Neither the authority, nor any director, commissioner, council member, board member, officer, employee or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds may be further secured by a pledge and mortgage of all or any portion of the district in aid of which the bonds are issued and such covenants as the authority

shall deem by such resolution to be necessary and proper to secure payment of the bonds. The bonds, and the bonds shall so state on their face, shall not be payable from nor charged upon any funds other than the revenues and property pledged or mortgaged to the payment thereof, nor shall the issuing authority be subject to any liability thereon or have the powers to obligate itself to pay or pay the bonds from funds other than the revenues and properties pledged and mortgaged and no holder or holders of the bonds shall ever have the right to compel any exercise of any taxing power of the issuing authority or any other public body, other than as is permitted or required under Laws 1979, Chapter 322 and pledged therefor hereunder, to pay the principal of or interest on any such bonds, nor to enforce payment thereof against any property of the authority or other public body other than that expressly pledged or mortgaged for the payment thereof.

Sec. 18. Minnesota Statutes, 1979 Supplement, Section 273.78, is amended to read:

273.78 [EXISTING PROJECTS.] The provisions of sections 273.71 to 273.77 shall not affect any project for which tax increment certification was requested pursuant to law prior to August 1, 1979, or any project carried on by an authority pursuant to section 462.545, subdivision 5 with respect to which the governing body has by resolution designated properties for inclusion in the project *district* prior to August 1, 1979, except:

(a) As otherwise expressly provided in sections 273.71 to 273.77; or

(b) As an authority may elect to proceed with an existing project *district*, under the provisions of sections 273.71 to 273.77; or

(c) That any enlargements of the geographic area of an existing tax increment financing district subsequent to August 1, 1979, shall be accomplished in accordance with and shall subject the property added as a result of the enlargement to the terms and conditions of sections 273.71 to 273.77; or

(d) That commencing with taxes payable in 1980, section 273.76, subdivision 3, clause (b) shall apply to all development districts created pursuant to chapter 472A, or any special law, prior to August 1, 1979.

Sec. 19. Minnesota Statutes, 1979 Supplement, Section 273.86, Subdivision 4, is amended to read:

Subd. 4. [EXCEPTIONS.] The provisions of this section shall not apply to any property purchased from an authority which acquired such property with tax increment or bonds issued pursuant to Laws 1979, Chapter 322, Sections 10 to 12 Section 7.

Sec. 20. Minnesota Statutes, 1979 Supplement, Section 473F.08, Subdivision 6, is amended to read:

Subd. 6. The rate of taxation determined in accordance with

subdivision 5 shall apply in the taxation of each item of commercial-industrial property subject to taxation within a municipality, including property located within any tax increment financing district, as defined in section 273.73, subdivision 9, to that portion of the assessed valuation of the item which bears the same proportion to its total assessed valuation as 40 percent of the amount determined pursuant to section 473F.06 in respect to the municipality in which the property is taxable bears to: ~~(a) the amount determined pursuant to section 473F.05 minus (b) the entire portion thereof located within any tax increment financing district, as defined in section 273.73, subdivision 9 for which tax increment is computed in accordance with section 273.76, subdivision 3, clause (a) (2), regardless of the extent to which it is or is not included in determining assessed value for purposes of computing local mill rates under section 273.76, subdivision 3, clause (a) (2).~~ The rate of taxation determined in accordance with subdivision 4 shall apply in the taxation of the remainder of the assessed valuation of the item.

Sec. 21. Minnesota Statutes 1978, Section 472A.02, is amended by adding a subdivision to read:

Subd. 11. A "development district" is a specific area within the corporate limits of a municipality which has been so designated and separately numbered by the governing body.

Sec. 22. [EFFECTIVE DATE.] *This article shall be effective the day following final enactment.*

ARTICLE VII TACONITE TAX

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 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.

Sec. 2. Minnesota Statutes 1978, Section 298.17, is amended to read:

298.17 [OCCUPATION TAXES TO BE APPORTIONED.] All occupation taxes which shall become due and payable on May 1, 1924, and subsequent thereto, from persons, copartnerships, companies, joint stock companies, corporations, and associations, however or for whatever purpose organized, engaged in the business of mining or producing iron ore or other ores, when collected shall be apportioned and distributed in accordance with the Constitution of the state of Minnesota, Article 10, Section 3, in the manner following: 90 percent shall be deposited in the state treasury and credited to the general fund of which four-ninths shall be used for the support of elementary and secondary schools; and ten percent of the proceeds of the tax imposed by this section shall be deposited in the state treasury and credited to the general fund for the general support of the university. *Of the moneys apportioned to the general fund by this section there is annually appropriated and credited to the iron range resources and rehabilitation board account in the special revenue fund an amount equal to that which would have been generated by a 1 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year, to be expended for the purposes of section 298.22. The moneys appropriated pursuant to this section shall be used to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 68, issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134. Payment to the iron range resources and rehabilitation board account shall be made by May 15 annually, beginning in 1981.*

Sec. 3. Minnesota Statutes 1978, Section 298.22, Subdivision 2, is amended to read:

Subd. 2. There is hereby created the iron range resources and rehabilitation board, consisting of eleven members, five of whom shall be state senators appointed by the subcommittee on committees of the rules committee of the senate, and five of whom shall be representatives, appointed by the speaker of the house of representatives, their terms of office to commence on May 1, 1943, and continue until January 3rd, 1945, or until their successors are appointed and qualified. Their successors shall be appointed each two years in the same manner as the original members were appointed, in January of every second year, commencing in January, 1945. The eleventh member of said board shall be the commissioner of natural resources of the state of Minnesota. Vacancies on the board shall be filled in the same manner as the original members were chosen. *At least a majority of the legislative members of the board shall be elected from state senatorial or legislative districts in which over 50 percent of the residents reside within a tax relief area as defined in Minnesota Statutes, Section 273.134.* All expenditures and projects made by the commissioner of iron range resources and rehabilitation shall first be submitted to said iron range resources and rehabilitation board which shall recommend approval or disapproval or modification of expenditures and projects for rehabilitation purposes as provided by this section, and the method, manner, and time of payment of all said funds proposed to be disbursed shall be first approved or disapproved by said board. The board shall biennially make its report to the governor and the legislature on or before November 15 of each even numbered year. The expenses of said board shall be paid by the state of Minnesota from the funds raised pursuant to this section.

Sec. 4. Minnesota Statutes 1978, Section 298.223, is amended to read:

298.223 [TACONITE AREA ENVIRONMENTAL PROTECTION FUND.] A fund called the taconite environmental protection fund is created for the purpose of reclaiming, restoring and enhancing those areas of northeast Minnesota *located within a tax relief area defined in section 273.134 that are adversely affected* by the environmentally damaging operations involved in mining taconite and iron ore and producing iron ore concentrate and for the purpose of promoting the economic development of northeast Minnesota. The taconite environmental protection fund shall be used for the following purposes:

(a) to initiate investigations into matters the Iron Range Resources and Rehabilitation Board determines are in need of study and which will determine the environmental problems requiring remedial action;

(b) reclamation, restoration or reforestation of minelands not otherwise provided for by state law;

(c) local economic development projects including construction

of sewer and water systems, and other public works *located within a tax relief area defined in section 273.134* ;

(d) monitoring of mineral industry related health problems among mining employees.

The taconite environmental protection fund shall be administered by the commissioner of the Iron Range Resources and Rehabilitation Board. The commissioner shall by September 1 of each year prepare a list of projects to be funded from the taconite environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary. Upon recommendation of the Iron Range Resources and Rehabilitation Board, this list shall be submitted to the legislative advisory commission for its review. This list with the recommendation of the legislative advisory commission shall then be transmitted to the governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each individual project. Funds for a project may be expended only upon approval of the project by the governor.

~~Notwithstanding the above, in 1977 the commissioner, with the recommendation of the board, shall submit a list of projects to the legislative advisory commission by June 15. This list shall by July 1 be transmitted to the governor for approval. Funds may be expended upon approval by the governor.~~

There is hereby annually appropriated to the commissioner of the Iron Range Resources and Rehabilitation Board such funds as are necessary to carry out the projects approved and such funds as are necessary for administration of this section. Annual administrative costs, not including detailed engineering expenses for the projects, shall not exceed five percent of the amount annually expended from the fund.

Funds for the purposes of this section are provided by section 298.28, subdivision 1, clause (9) relating to the taconite environmental protection fund.

Sec. 5. Minnesota Statutes 1978, Section 298.28, Subdivision 1, is amended to read:

298.28 [DIVISION AND DISTRIBUTION OF PROCEEDS.] Subdivision 1. The proceeds of the taxes collected under section 298.24, except the tax collected under section 298.24, subdivision 2, shall, upon certificate of the commissioner of revenue to the general fund of the state, be paid by the commissioner of revenue as follows:

(1) 2.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton", to the city or town in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the

tax going to cities and towns among such subdivisions upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(2) 12.5 cents per taxable ton, less any amount distributed under clause (8), to the taconite municipal aid account in the apportionment fund of the state treasury, to be distributed as provided in section 298.282.

(3) 29 cents per taxable ton to school districts to be distributed as follows:

(a) 6 cents per taxable ton to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The commissioner shall follow the apportionment formula prescribed in clause (1).

(b) 23 cents per taxable ton, less any amount distributed under part (c), shall be distributed to a group of school districts comprised of those school districts wherein the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 ~~or in which is located property which is entitled to the reduction of tax pursuant to section 273.135, subdivision 2, clause (e)~~. The 23 cents, less any amount distributed under part (c), shall be distributed in direct proportion to school district tax levies as follows: each district shall receive that portion of the total distribution which its permitted levy for the prior year, computed pursuant to section 275.125, comprises of the sum of permitted levies for the prior year for all qualifying districts, computed pursuant to section 275.125. For purposes of distributions pursuant to this part, permitted levies for the prior year computed pursuant to section 275.125 shall not include the amount of any increased levy authorized by referendum pursuant to section 275.125, subdivision 2a, clause (4).

(c) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(4) 19.5 cents per taxable ton to counties to be distributed as follows:

(a) 15.5 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to part (b). The commissioner shall follow the apportionment formula prescribed in clause (1).

(b) If an electric power plant owned by and providing the

primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, one cent per taxable ton of the tax distributed to the counties pursuant to part (a) and imposed on and collected from such taxpayer shall be distributed by the commissioner of revenue to the county in which the power plant is located.

(c) 4 cents per taxable ton shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in clause (1).

(5) (a) 25.75 cents per taxable ton, less any amount required to be distributed under part (b), to the taconite property tax relief account in the apportionment fund in the state treasury, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, .75 cent per taxable ton of the tax imposed and collected from such taxpayer shall be distributed by the commissioner of revenue to the county and school district in which the power plant is located as follows: 25 percent to the county and 75 percent to the school district.

(6) 1 cent per taxable ton to the state *for the cost of administering the tax imposed by section 298.24.*

(7) 3 cents per taxable ton shall be deposited in the state treasury to the credit of the iron range resources and rehabilitation board account in the special revenue fund for the purposes of section 298.22. *Of this amount, one cent per taxable ton is to be used to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60 issued on June 12, 1970, which does not contain a municipality qualifying pursuant to The amount determined in this clause shall be increased in 1981 and subsequent years in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1. The amount distributed pursuant to this clause shall be expended within or for the benefit of a tax relief area defined in section 273.134. No part of the fund provided in this clause may be used to provide loans for the operation of private business unless the loan is approved by the governor and the legislative advisory commission.*

(8) .20 cent per taxable ton shall be paid in 1979 and each year thereafter, to the range association of municipalities and schools, for the purpose of providing an area wide approach to problems which demand coordinated and cooperative actions and which are

common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns and school districts within the iron range area of northeast Minnesota.

(9) the amounts determined under clauses (4) (a), (4) (c), and (5) shall be increased in 1979 and subsequent years in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1.

(10) the proceeds of the tax imposed by section 298.24 which remain after the distributions in clauses (1) to (9) and parts (a), and (b), and ~~(c)~~ of this clause have been made shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection fund created in section 298.292 as follows: In 1978, 1979, 1980, 1981, and 1982, two-thirds to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection fund; in 1983 and thereafter, one-half to each fund. The proceeds shall be placed in the respective special accounts in the general fund.

(a) In 1978 and each year thereafter, there shall be distributed to each city, town, school district, and county the amount that they received under section 294.26 in calendar year 1977.

(b) In 1978 and each year thereafter, there shall be distributed to the iron range resources and rehabilitation board the amounts it received in 1977 under section 298.22.

~~(c)~~ On or before October 10 of each calendar year each producer of taconite or iron sulphides subject to taxation under section 298.24 (hereinafter called "taxpayer") shall file with the commissioner of revenue and with the county auditor of each county in which such taxpayer operates, and with the chief clerical officer of each school district, city or town which is entitled to participate in the distribution of the tax, an estimate of the amount of tax which would be payable by such taxpayer under said law for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of said year plus the amount becoming due because of probable production between September 30 and December 31 of said year, less any credit allowable as hereinafter provided. Such estimate shall list the taxing districts entitled to participate in the distribution of such tax, and the amount of the estimated tax which would be distributable to each such district in the next ensuing calendar year on the basis of the last percentage distribution certified by the commissioner of revenue. If there be no such prior certification, the taxpayer shall set forth its estimate of the proper distribution of such tax under the law, which estimate may be corrected by the commissioner if he deems it improper, notice of such correction being given by him to the taxpayer and the public officers receiving such estimate. The officers with whom such report is so filed shall use the amount so indicated as being distributable

to each taxing district in computing the permissible tax levy of such county, city or school district in the year in which such estimate is made, and payable in the next ensuing calendar year, except that in 1978 and 1979 two cents per taxable ton, and in 1980 and thereafter, one cent per taxable ton of the amount distributed under clause (4) (c) shall not be deducted in calculating the permissible levy. Such taxpayer shall then pay, at the times payments are required to be made pursuant to section 298.27, as the amount of tax payable under section 298.24, the greater of (a) the amount shown by such estimate, or (b) the amount due under said section as finally determined by the commissioner of revenue pursuant to law. If, as a result of the payment of the amount of such estimate, the taxpayer has paid in any calendar year an amount of tax in excess of the amount due in such year under section 298.24, after application of credits for any excess payments made in previous years, all as determined by the commissioner of revenue, the taxpayer shall be given credit for such excess amount against any taxes which, under said section, may become due from the taxpayer in subsequent years. In any calendar year in which a general property tax levy subject to sections 275.125 or 275.50 to 275.59 has been made, if the taxes distributable to any such county, city or school district are greater than the amount estimated to be paid to any such county, city or school district in such year, the excess of such distribution shall be held in a special fund by the county, city or school district and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.125 or 275.50 to 275.59, of such county, city or school district payable in such year. If the amounts distributable to any such county, city or school district, after final determination by the commissioner of revenue under this section are less than the amounts indicated by such estimates, such county, city or school district may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sections 275.125 or 275.50 to 275.59 an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

There is hereby annually appropriated to such taxing districts as are stated herein, to the taconite property tax relief account and to the taconite municipal aid account in the apportionment fund in the state treasury, to the department of revenue, to the iron range resources and rehabilitation board, to the range association of municipalities and schools, to the taconite environmental protection fund, and to the northeast Minnesota economic protection fund, from any fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment or transfer. The payment of the amount appropriated to such taxing districts shall be made by the commissioner of revenue on or before May 15 annually.

Sec. 6. 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). 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. 7. 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 not 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 com-

missioner 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. 8. 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 6; 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. 9. 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 6*; 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 pur-

suant 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. 10. Minnesota Statutes 1978, Chapter 298, is amended by adding a section to read:

[298.401] [APPORTIONMENT OF INCOME.] *All imputed income determined pursuant to section 298.40, subdivision 1, clause (b) is and shall be apportioned to Minnesota.*

Sec. 11. [APPROPRIATION.] *A sum sufficient to make the payments required by sections 6 and 7 is annually appropriated from the general fund to the commissioner of revenue for the purpose of funding those sections.*

Sec. 12. [EFFECTIVE DATE.] *Sections 1 and 7 are effective for taxes levied in 1980, payable in 1981 and thereafter. Sections 4 and 5 are effective for distributions made after December 31, 1980. Section 10 is effective the day following final enactment as a restatement of the intent of Minnesota Statutes, Section 298.40, as originally enacted.*

ARTICLE VIII

MUNICIPAL BONDS INTEREST RATES

Section 1. Minnesota Statutes 1978, Section 474.06, is amended to read:

474.06 [MANNER OF ISSUANCE OF BONDS; INTEREST RATE.] Bonds authorized under this chapter shall be issued in accordance with the provisions of chapter 475 relating to bonds payable from income of revenue producing conveniences, except that public sale shall not be required, and the bonds may mature at any time or times in such amount or amounts within 30 years from date of issue and may be sold at a price equal to such percentage of the par value thereof, plus accrued interest, and bearing interest at such rate or rates, *not exceeding nine percent per year*, as may be agreed by the contracting party, the purchaser, and the municipality or redevelopment agency, notwithstanding any limitation of interest rate or cost or of the amounts of annual maturities contained in any other law. When bonds authorized under this chapter are issued, they shall state whether they are issued for a project defined in section 474.02, subdivisions 1, 1a, 1b, or 1c.

Sec. 2. Minnesota Statutes 1978, Section 475.55, is amended to read:

475.55 [EXECUTION; NEGOTIABILITY; INTEREST RATES.] Subdivision 1. All obligations shall be signed by officers authorized by resolution of the governing body or by persons authorized to sign on behalf of a bank designated by the resolution as authenticating agent, and shall express the amount and the terms of payment. *Interest on obligations authorized by resolution before December 31, 1982 shall not exceed the rate of 12 percent per annum, payable half yearly. Interest thereon on obligations authorized thereafter shall not exceed the rate of seven nine percent per annum, payable half yearly.* All obligations shall be negotiable investment securities as provided in the uniform commercial code, chapter 336, article 8. The validity of an obligation shall not be impaired by the fact that one or more officers authorized to execute it shall have ceased to be in office before delivery to the purchaser or shall not have been in office on the formal issue date of the obligation. Every obligation shall be signed manually by one officer or authenticating agent. Other signatures and the seal of the issuer may be printed, lithographed, stamped or engraved thereon and on any interest coupons to be attached thereto. The seal need not be used.

Subd. 2. The provisions of subdivision 1 shall supersede ~~all provisions of any law or charter fixing a lower maximum interest rate fixed by any other law or a city charter with respect to obligations of the state or any municipality or governmental or public subdivision, district, corporation, commission, board, council, or authority of whatsoever kind, including warrants or orders issued in evidence of allowed claims for property or services furnished to the issuer, but shall not restrict the power of the issuer to fix limit the interest on any obligation in accordance with the issued pursuant to a law or charter authorizing its issuance the issuer to determine the rate or rates of interest.~~

Subd. 3. Notwithstanding any contrary provisions of law or charter, special assessments pledged to the payment of obligations may bear interest at the rate the governing body by resolution determines, not exceeding the greater of (a) the maximum interest rate per annum which the obligations may bear under the provisions of subdivisions 1 and 2 plus one percent or (b) the maximum interest rate permitted to be charged against the assessments under the law or city charter pursuant to which the assessments were levied.

Sec. 3. Minnesota Statutes 1978, Section 475.60, Subdivision 2, is amended to read:

Subd. 2. [REQUIREMENTS WAIVED.] The requirements as to public sale shall not apply to:

(1) Obligations issued under the provisions of a home rule charter or of a law specifically authorizing a different method of sale, or authorizing them to be issued in such manner or on such terms and conditions as the governing body may determine;

(2) Obligations sold by an issuer in an amount not exceeding the total sum of \$100,000 \$200,000 in any three month period;

(3) Obligations issued by a governing body other than a school board in anticipation of the collection of taxes or other revenues appropriated for expenditure in a single year, if sold in accordance with the most favorable of two or more proposals solicited privately; and

(4) Obligations sold to any board, department, or agency of the United States of America or of the state of Minnesota, in accordance with rules or regulations promulgated by such board, department, or agency.

Sec. 4. Section 1 of this article is effective December 31, 1982. The other sections are effective the day after final enactment.

ARTICLE IX

CORPORATE INCOME TAX

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

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

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

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

ARTICLE X

UTILITY PROPERTY

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

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

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

Subd. 2. All Transmission lines of less than 69 kv, transmission lines of 69 kv and above located in an unorganized township, and distribution lines, and equipment attached thereto, having a fixed situs outside the corporate limits of cities except distribution lines taxed as provided in sections 273.40 and 273.41, shall be listed with and assessed by the commissioner of revenue in the county where situated. The commissioner shall assess such property at the percentage of market value fixed by law; and, on or before the fifteenth day of November, shall certify to the auditor of each county in which such property is located the amount of the assessment made against each company and person owning such property.

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

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

Subd. 2. Owners of land defined as class 3, 3b, 3c, 3cc, 3d or 3f pursuant to section 273.13 listed on records of the county auditor or county treasurer over which runs a high voltage transmission line as defined in section 116C.52, subdivision 3, except a high voltage transmission line the construction of which was commenced prior to July 1, 1974, shall receive a property tax credit in an amount determined by multiplying a fraction, the numerator of which is the length of high voltage transmission line which runs over that parcel and the denominator of which is the total length of that particular line running over all property within the county city, township or unorganized township by ten percent of the transmission line tax revenue derived from the tax on that portion of the line within the city, township or unorganized township pursuant to this section section 273.36. Where a right-of-way width is shared by more than one property owner, the numerator

shall be adjusted by multiplying the length of line on the parcel by the proportion of the total width on the parcel owned by that property owner. The amount of credit for which the property qualifies shall not exceed 20 percent of the total gross tax on the parcel prior to deduction of the state paid agricultural credit and the state paid homestead credit, *provided that, if the property containing the right of way is included in a parcel which exceeds 40 acres, the total gross tax on the parcel shall be multiplied by a fraction, the numerator of which is the sum of the number of acres in each quarter section or portion thereof which contains a right of way and the denominator of which is the total number of acres in the parcel set forth on the tax statement, and the maximum credit shall be 20 percent of the product of that computation, prior to deduction of those credits.* The auditor of the county in which the affected parcel is located shall calculate the amount of the credit due for each parcel and transmit that information to the county treasurer. The county auditor, in computing the credits received pursuant to sections 273.13 and 273.135, shall reduce the gross tax by the amount of the credit received pursuant to this section, unless the amount of the credit would be less than \$10.

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

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

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

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

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

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

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

(b) The sum computed in clause (a) shall be increased annually

in the manner provided in section 275.52 to derive the levy limit base for successive years.

(c) For taxes levied in 1978 payable in 1979 and subsequent years, the levy limit base is the levy limit base which was computed for the immediately preceding year under the provisions of this section increased according to the provisions of section 275.52. To determine the levy limit base for taxes levied in 1979 payable 1980 and subsequent years, (a) the levy limit base used for taxes levied in 1979 payable in 1980 shall be increased by the excess of the amount levied in 1979 for refuse collection and street maintenance over the amount levied in 1978 payable 1979 for those purposes; and (b) in the case of a city of the first class located within the metropolitan area defined in section 473.121, subdivision 2, for the purpose of calculating the levy limit base to be used for taxes levied in 1979, payable 1980, the levy limit base used for taxes levied in 1978, payable 1979, shall be reduced by an amount sufficient to reduce the levy limitation for taxes levied in 1978 payable 1979 by 15 percent. *To determine the levy limit base used for taxes levied in 1981 payable in 1982 and subsequent years, the levy limit base used for taxes levied in 1981 payable in 1982 shall be increased by the revenue derived by the governmental subdivision for taxes levied in 1980 payable in 1981 from transmission lines of 69 kv or greater assessed under Minnesota Statutes 1978, Section 273.37.* Any amount levied in 1976 payable 1977 under the provisions of section 275.50, subdivision 5, clauses (a), (c), (d), (e) or (f) to meet the costs of programs, services or legal requirements which cease to exist in a subsequent year shall be subtracted from the levy limit base in the year in which the programs, services or legal requirements for which the levy was made cease to exist.

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

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

Sec. 39. [EFFECTIVE DATE.] Sections 5, 8, 18, 19 and 24,

except as otherwise provided and 38, subdivision 2 1, are effective for taxes levied in 1980 payable in 1981 and thereafter.

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

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

Sections 28 to 34 are effective for claims based on property taxes payable in 1980 and rent constituting property taxes in 1979 and subsequent years, except that section 28, subdivision 3, clause (f) is effective for property tax refund claims based on rent paid in 1976 and property taxes payable in 1977 and subsequent years.

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

ARTICLE XI

SPECIAL ASSESSMENT APPEALS

Section 1. Minnesota Statutes 1978, Section 429.061, Subdivision 1, is amended to read:

429.061 [ASSESSMENT PROCEDURE.] Subdivision 1. [CALCULATION, NOTICE.] At any time after a contract is let or the work ordered by day labor, the expense incurred or to be incurred in its making an improvement shall be calculated under the direction of the council, the council shall then determine by resolution the amount of the total expense the municipality will pay, other than the amount, if any, which it will pay as a property owner, and the amount to be assessed. Thereupon the clerk, with the assistance of the engineer or other qualified person selected by the council, shall calculate the proper amount to be specially assessed for the improvement against every assessable lot, piece or parcel of land, without regard to cash valuation, in accordance with the provisions of section 429.051. The proposed assessment roll shall be filed with the clerk and be open to public inspection. The clerk shall thereupon, under the council's direction, publish notice that the council will meet to consider the proposed assessment. Such notice shall be published in the newspaper at least once and shall be mailed to the owner of each parcel described in the assessment roll. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be such on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. Such publication and mailing shall be no less than two weeks prior to such meeting of the council. Except as to the owners of tax exempt property or property taxes on a gross earnings basis, every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived such mailed notice unless he has requested in writing that the county auditor or county treasurer, as the case may be, include his name on the records for such purpose. Such

notice shall state the date, time, and place of such meeting, the general nature of the improvement, the area proposed to be assessed, that the proposed assessment roll is on the file with the clerk, and that written or oral objections thereto by any property owner will be considered. *No appeal may be taken as to the amount of any assessment adopted pursuant to subdivision 2, unless a written objection signed by the affected property owner is filed with the municipal clerk prior to the assessment hearing or presented to the presiding officer at the hearing.* The notice shall also state that an owner may appeal an assessment to district court pursuant to section 429.081 by serving notice of the appeal upon the mayor or clerk of the municipality within 20 days after the adoption of the assessment and filing such notice with the district court within ten days after service upon the mayor or clerk. The notice shall also inform property owners of the provisions of sections 435.193 to 435.195 and the existence of any deferment procedure established pursuant thereto in the municipality.

Sec. 2. Minnesota Statutes 1978, Section 429.061, Subdivision 2, is amended to read:

Subd. 2. [ADOPTION; INTEREST.] At such meeting or at any adjournment thereof the council shall hear and pass upon all objections to the proposed assessment, whether presented orally or in writing. The council may amend the proposed assessment as to any parcel and by resolution adopt the same as the special assessment against the lands named in the assessment roll. Notice of any adjournment of the hearing shall be adequate if the minutes of the meeting so adjourned show the time and place when and where the hearing is to be continued, or if three days notice thereof be published in the newspaper.

The council may consider any objection to the amount of a proposed assessment as to a specific parcel of land at an adjourned hearing upon further notice to the affected property owner as it deems advisable. At the adjourned hearing the council or a committee of it may hear further written or oral testimony on behalf of the objecting property owner and may consider further written or oral testimony from appropriate city officials and other witnesses as to the amount of the assessment. The council or committee shall prepare a record of the proceedings at the adjourned hearing and written findings as to the amount of the assessment. The amount of the assessment as finally determined by the council shall become a part of the adopted assessment roll. All objections to the assessments not received at the assessment hearing in the manner prescribed by this section are waived, unless the failure to object at the assessment hearing is due to a reasonable cause.

The assessment, with accruing interest, shall be a lien upon all private and public property included therein, from the date of the resolution adopting the assessment, concurrent with general taxes; but the lien shall not be enforceable against public property as long as it is publicly owned, and during such period the assessment shall be recoverable from the owner of such property only in the manner and to the extent provided in section 435.19. Except as provided

below, all assessments shall be payable in equal annual installments extending over such period, not exceeding 30 years, as the resolution determines, payable on the first Monday in January in each year, but the number of installments need not be uniform for all assessments included in a single assessment roll if a uniform criterion for determining the number of installments is provided by the resolution. The first installment of each assessment shall be included in the first tax rolls completed after its adoption and shall be payable in the same year as the taxes contained therein; except that the payment of the first installment of any assessment levied upon unimproved property may be deferred until a designated future year, or until the platting of the property or the construction of improvements thereon, upon such terms and conditions and based upon such standards and criteria as may be provided by resolution of the council. In any event, every assessment the payment of which is so deferred, when it becomes payable, shall be divided into a number of installments such that the last installment thereof will be payable not more than 30 years after the levy of the assessment. All assessments shall bear interest at such rate as the resolution determines, not exceeding eight percent per annum, except that the rate may in any event equal the average annual interest rate on bonds issued to finance the improvement for which the assessments are levied. To the first installment of each assessment shall be added interest on the entire assessment from a date specified in the resolution levying the assessment, not earlier than the date of the resolution, until December 31 of the year in which the first installment is payable, and to each subsequent installment shall be added interest for one year on all unpaid installments; or alternatively, any assessment may be made payable in equal annual installments including principal and interest, each in the amount annually required to pay the principal over such period with interest at such rate as the resolution determines, not exceeding the maximum period and rate specified above. In the latter event no prepayment shall be accepted under subdivision 3 without payment of all installments due to and including December 31 of the year of prepayment, together with the original principal amount reduced only by the amounts of principal included in such installments, computed on an annual amortization basis. When payment of an assessment is deferred, as authorized in this subdivision, interest thereon for the period of deferment may be made payable annually at the same times as the principal installments of the assessment would have been payable if not deferred; or interest for this period may be added to the principal amount of the assessment when it becomes payable; or, if so provided in the resolution levying the assessment, interest thereon to December 31 of the year before the first installment is payable may be forgiven.

Sec. 3. Minnesota Statutes 1978, Section 429.081, is amended to read:

429.081 [APPEAL TO DISTRICT COURT.] Within 30 days after the adoption of the assessment, any person aggrieved, *who is not precluded by failure to object prior to or at the assessment hearing, or whose failure to so object is due to a reasonable cause,*

may appeal to the district court by serving a notice upon the mayor or clerk of the municipality. The notice shall be filed with the clerk of the district court within ten days after its service. The municipal clerk shall furnish appellant a certified copy of objections filed in the assessment proceedings, the assessment roll or part complained of, and all papers necessary to present the appeal. The appeal shall be placed upon the calendar of the next general term commencing more than five days after the date of serving the notice and shall be tried as other appeals in such cases. The court shall either affirm the assessment or set it aside and order a reassessment as provided in section 429.071, subdivision 2. If appellant does not prevail upon the appeal, the costs incurred shall be taxed by the court and judgment entered therefor. All objections to the assessment shall be deemed waived unless presented on such appeal. This section provides the exclusive method of appeal from a special assessment levied pursuant to this chapter.

ARTICLE XII

REVENUE RECAPTURE ACT

Section 1. [CITATION.] *This article may be cited as the "revenue recapture act".*

Sec. 2. [PURPOSE.] *The purpose of this article is to establish a system of collecting debts owed to state government by applying any of the debtor's tax refunds to the amount of his debt. To further this purpose a policy of cooperation is established between the department of revenue and claimant agencies in identifying individuals who both owe a claimant agency money and qualify for a tax refund.*

Sec. 3. [DEFINITIONS.] *Subdivision 1. For the purposes of sections 1 to 14, the terms defined in this section have the meanings given them.*

Subd. 2. "Claimant agency" means any state agency, as defined by Minnesota Statutes, Section 15.0411, Subdivision 2, and public agency responsible for child support enforcement.

Subd. 3. "Commissioner" means the commissioner of revenue.

Subd. 4. "Debtor" means a natural person obligated on a debt to a claimant agency.

Subd. 5. "Debt" means a legal obligation of a natural person to pay a fixed and certain amount of money, which equals or exceeds \$25 and which is due and payable to a claimant agency. A debt may arise under a contractual or statutory obligation, a court order, or other legal obligation, but need not have been reduced to judgment. A debt does not include any legal obligation of a current recipient of assistance which is based on overpayment of an assistance grant.

Subd. 6. "Department" means the department of revenue.

Subd. 7. "Refund" means an individual income tax refund,

pursuant to Minnesota Statutes, Chapter 290, or a property tax credit or refund, pursuant to chapter 290A.

Sec. 4. [AGENCY PARTICIPATION.] *Subdivision 1. The collection remedy under this section is in addition to and not in substitution for any other remedy available by law.*

Subd. 2. Any debt owed to a claimant agency shall be submitted by the agency for collection under the procedure established by sections 1 to 14 unless (a) an alternative means of collection is pending and believed to be adequate, (b) the collection attempt would result in a loss of federal funds, or (c) the agency is unable to supply the department with the necessary identifying information required by subdivision 3 or rules promulgated by the commissioner.

Subd. 3. For each debt submitted, the claimant agency shall provide the commissioner with the name and social security number of the debtor and any other identifying information required by rules promulgated by the commissioner.

Subd. 4. Whenever possible, a claimant agency shall obtain the identifying information required by subdivision 3 from any individual for whom the agency provides any service or transacts any business and who the claimant agency can foresee may become a debtor of the claimant agency.

Sec. 5. [MINIMUM SUM COLLECTIBLE.] *The minimum sum which a claimant agency may collect through use of the set-off procedure is \$25.*

Sec. 6. [COLLECTION OF DEBTS THROUGH SET-OFF.] *Subject to the limitations of sections 1 to 14 the department shall, upon request by a claimant agency, render assistance in the collection of any debt owing to the agency. This assistance shall be provided by use of a procedure in which the sum of the refund due the debtor is applied to the amount due and owing from the debtor to the claimant agency.*

Sec. 7. [PROCEDURE FOR SET-OFF COLLECTION.] *Subdivision 1. [NOTIFICATION REQUIREMENT.] On or before December 15 any claimant agency, seeking collection of a debt through set-off against a refund due in the succeeding year, shall submit to the commissioner information indicating the amount of each debt and information identifying the debtor, as required by section 4, subdivision 3. Subject to the notification deadline specified above, the notification shall be effective only to initiate set-off for claims against refunds that would be made in the calendar year subsequent to the year in which notification is made to the commissioner.*

Subd. 2. [SET-OFF PROCEDURES.] (a) The commissioner, upon receipt of notification, shall initiate procedures to detect any refunds otherwise payable to the editor. When the commissioner determines that a refund is due to a debtor whose debt was submitted by a claimant agency, the commissioner shall

remit the refund or the amount claimed, whichever is less, to the agency. In transferring or remitting moneys to the claimant agency, the commissioner shall provide information indicating the amount applied against each debtor's obligation and the debtor's address listed on the tax return.

(b) The commissioner shall remit to the debtor the amount of any refund due in excess of the debt submitted for set-off by the claimant agency. Notice of the amount set-off and address of the claimant agency shall accompany any disbursement to the debtor of the balance of a refund.

Subd. 3. [DEPOSIT OF FUNDS.] Any amounts remitted or transferred to state agencies shall be deposited as provided in Minnesota Statutes, Section 16A.72.

Subd. 4. [EFFECT OF TRANSFER OR PAYMENT.] Transfer or remittance of funds to a claimant agency pursuant to this section constitutes payment of the department's obligation to refund the sums as overpayments of taxes or property tax credits or refunds. Any action for the set-off funds shall be made against the claimant agency pursuant to section 9.

Subd. 5. [INTEREST ON REFUNDS.] Any refund wrongfully or incorrectly applied to a debt and transferred to a claimant agency shall be paid by the agency to the debtor. The sum wrongfully or incorrectly withheld shall bear interest at six percent per year, computed from the date when the refund would begin to bear interest under Minnesota Statutes, Section 290.92, Subdivision 13, Clause (1), regardless of whether the refund is payable under Minnesota Statutes, Chapter 290 or 290A. If the claimant agency is a state agency, the payment shall be made out of the agency's appropriation.

Sec. 8. [NOTICE AND HEARING REQUIRED.] Subdivision 1. Not later than five days after the claimant agency has sent notification to the department pursuant to section 7, subdivision 1, the claimant agency shall send a written notification to the debtor asserting the right of the claimant agency to the refund or any part thereof.

Subd. 2. (a) This written notice shall clearly set forth the basis for the claim to the refund and, further, shall advise the debtor of the claimant agency's intention to request set-off of the refund against the debt.

(b) The notice will also advise the debtor of his right to contest the validity of the claim at a hearing. The debtor must assert this right by written request to the claimant agency, which request the agency must receive within 45 days of the mailing date of the original notice, as required by subdivision 1.

Sec. 9. [CONTESTED CLAIMS PROCEDURE.] Subdivision 1. If a claimant agency, except for a public agency responsible for child support enforcement, receives written notice of a debtor's intention to contest at hearing the claim upon which the intended set-off is based, it shall initiate a hearing according to contested

case procedures established in the state administrative procedure act not later than 30 days after receipt of the debtor's request for a hearing. The public agency responsible for child support enforcement shall provide for hearing in the manner prescribed by Minnesota Statutes, Section 256.045.

Subd. 2. No issue may be raised at the hearing which has been previously litigated. If a debt is based on a court judgment or court order, the hearing required by subdivision 1 need not, but may be granted at the sole discretion of the commissioner of the claimant agency.

Sec. 10. [PRIORITY OF CLAIMS.] If two or more debts, in a total amount exceeding the debtor's refund, are submitted for set-off, the priority of payment shall be as follows: First, any delinquent tax obligations of the debtor which are owed to the department shall be satisfied. Secondly, the refund shall be applied to the remaining debts based on the order in time in which the commissioner received the debts.

Sec. 11. [DATA PRIVACY.] Notwithstanding Minnesota Statutes, Sections 290.61 and 290A.17, private and confidential data on individuals may be exchanged among the department, the claimant agency, and the debtor as necessary to accomplish and effectuate the intent of sections 1 to 14, as provided by Minnesota Statutes, Section 15.163, Subdivision 4, Clause (b). The department may disclose to the claimant agency only the debtor's name, address, social security number and the amount of the refund. Any person employed by, or formerly employed by, a claimant agency who discloses any such information for any other purpose, shall be subject to the civil and criminal penalties of Minnesota Statutes, Sections 15.167 and 290.61.

Sec. 12. [RULES.] The commissioner is authorized to develop and to require the use of any necessary forms. The commissioner or a claimant agency is authorized to make any rules necessary to effectuate the purposes of sections 1 to 14. Pursuant to this authority, temporary rules may be adopted pursuant to Minnesota Statutes, Section 15.0412, Subdivision 5.

Sec. 13. [APPROPRIATION.] A sum sufficient is appropriated from the general fund to the commissioner of revenue for the purpose of administering this article. This appropriation shall be available until June 30, 1981.

Sec. 14. [EFFECTIVE DATE.] Sections 1 to 14 are effective for tax refunds payable after December 31, 1980.

ARTICLE XIII TRANSPORTATION

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

473.446 [TRANSIT TAX LEVIES.] Subdivision 1. [AMOUNT.] For the purposes of sections 473.401 to 473.451

and the metropolitan transit system, the metropolitan transit commission shall levy each year upon all taxable property within the metropolitan transit taxing district, defined herein in this section, a transit tax consisting of:

(a) An amount equal to ~~1.72~~ *not to exceed 2.0* mills times the assessed value of all such property, the proceeds of which shall be used for payment of the expenses of operating regular route bus service;

(b) An additional amount, if any, as the commission determines to be necessary to provide for the full and timely payment of its certificates of indebtedness and other obligations outstanding on July 1, 1977, to which property taxes under this section have been pledged; and

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

Sec. 2. [JOINT COMMUTER RAIL STUDY COMMISSION.]

Subdivision 1. A joint commuter rail study commission is established for the purpose of conducting a feasibility study for the development of commuter rail transit service between the St. Cloud metropolitan area and the Minneapolis-St. Paul metropolitan area.

Subd. 2. The commission consists of eleven members as follows:

(a) one member of the St. Cloud transit commission appointed by that commission;

(b) one member of the St. Cloud area planning organization appointed by the chairperson of that organization;

(c) two members of the metropolitan council appointed by that council;

(d) two members of region 7W;

(e) two members of the house of representatives whose districts will contain a portion of the affected corridor, to be appointed by the speaker of the house;

(f) two members of the senate whose districts will contain a portion of the affected corridor, to be appointed by the president of the senate;

(g) the commissioner of the department of transportation or his designee, who shall be chairman of the commission.

Subd. 3. The joint commission shall report its findings and recommendations to the legislature on or before January 1, 1982. The report shall cover, but not be limited to, the issues of available corridors and rights-of-way, define necessary physical improvements, make potential ridership projections, and make recommendations for funding of capital and operating costs.

Subd. 4. The sum of \$50,000 is appropriated to the department of transportation from the general fund for the purposes of this section. The sum is available the day after final enactment and until January 1, 1982.

Subd. 5. This section is repealed January 1, 1982.

Sec. 3. [FEASIBILITY STUDY OF LIGHT RAIL TRANSIT IN METROPOLITAN AREA.] *The sum of \$150,000 is appropriated from the general fund to the metropolitan council established by Minnesota Statutes, Section 473.123. The council shall conduct a feasibility study of the use of light rail transit in the metropolitan area. The sum is available the day after final enactment and until June 1, 1981.*

The study shall:

(a) define major operational characteristics of a light rail transit system in selected corridors;

(b) quantify capital and operating costs;

(c) evaluate the interface of the light rail transit system with other transit systems;

(d) evaluate the impact of the light rail transit system on land-use and urban development;

(e) evaluate the impact of the light rail transit system on energy and the environment;

(f) compare light rail transit with diesel and electric driven buses and multipassenger alternatives;

(g) identify available sources of funds from federal, state, local, private and other sources; and,

(h) identify the conditions necessary for light rail transit to be feasible in the metropolitan area.

Findings and recommendations shall be presented to the seventy-second session of the legislature.

Sec. 4. [EFFECTIVE DATE.] *Section 1 is effective for taxes levied in 1980 and thereafter, payable in 1981 and thereafter. Sections 2 and 3 are effective the day after final enactment.*

ARTICLE XIV

STATE INVESTMENT BOARD

Section 1. [11A.01] [STATEMENT OF PURPOSE.] *The purpose of sections 1 to 23 is to establish standards which will insure that state and pension assets subject to this legislation will be responsibly invested to maximize the total rate of return without incurring undue risk.*

Sec. 2. [11A.02] [DEFINITIONS.] *Subdivision 1. For the purposes of sections 1 to 23, the terms defined in this section shall have the meanings given them.*

Subd. 2. "State board" means the Minnesota state board of investment created by Article XI, Section 8 of the constitution of the state of Minnesota for the purpose of administering and directing the investment of all state funds and pension funds.

Subd. 3. "Council" means the investment advisory council created by section 6.

Subd. 4. "Fund" means any of the individual funds, including but not limited to the permanent school fund, general fund of the state, retirement funds and other funds and accounts for which the state board has responsibilities.

Subd. 5. "Director" means the executive director of the state board.

Subd. 6. "Management" means the performance or delegation of general management duties relating to any fund established pursuant to this chapter.

Sec. 3. [11A.03] [STATE BOARD; MEMBERSHIP; ORGANIZATION.] Pursuant to Article XI, Section 8, of the constitution of the state of Minnesota, the state board shall be composed of the governor, state auditor, state treasurer, secretary of state and attorney general. The governor shall serve as *ex officio* chairman of the state board.

Sec. 4. [11A.04] [DUTIES AND POWERS.] *The state board shall:*

(1) Act as trustees for each fund for which it invests or manages moneys in accordance with the standard of care set forth in section 7.

(2) Formulate policies and procedures deemed necessary and appropriate to carry out its functions. Procedures adopted by the board shall allow fund beneficiaries and members of the public to become informed of proposed board actions. Procedures and policies of the board shall not be subject to the administrative procedure act.

(3) Employ an executive director as provided in section 5.

(4) Employ investment advisors and consultants as it deems necessary.

(5) Prescribe policies concerning personal investments of all employees of the board to prevent conflicts of interest.

(6) Maintain a record of its proceedings.

(7) As it deems necessary, establish advisory committees subject to the provisions of Minnesota Statutes, Section 15.059 to assist the board in carrying out its duties.

(8) Not permit state funds to be used for the underwriting or direct purchase of municipal securities from the issuer or his agent.

(9) Direct the state treasurer to sell property other than money

which has escheated to the state when the board determines that sale of the property is in the best interest of the state. Escheated property shall be sold to the highest bidder in the manner and upon terms and conditions prescribed by the board.

(10) Undertake any other activities necessary to implement the duties and powers set forth in this section.

(11) Establish a formula or formulas to measure management performance and return on investment. All public pension funds in the state shall utilize the formula or formulas developed by the state board.

Sec. 5. [11A.07] [EXECUTIVE DIRECTOR.] Subdivision 1. [SELECTION.] *The state board shall select an executive director.*

Subd. 2. [QUALIFICATIONS.] *The director of the state board shall be well qualified by training to administer and invest the money available for investment and possess experience in the management of institutional investment portfolios. The director shall be in the unclassified state service and serve at the pleasure of the state board.*

Subd. 3. [CONFIRMATION.] *The employment of the director shall be subject to the advice and consent of the senate in the same manner as the appointment of executive officers is confirmed by the senate.*

Subd. 4. [DUTIES AND POWERS.] *The director, at the direction of the state board, shall:*

(1) Plan, direct, coordinate and execute administrative and investment functions in conformity with the policies and directives of the state board.

(2) Employ such professional and clerical staff as is necessary within the complement limits established by the legislature. These employees shall be in the unclassified service of the state.

(3) Report to the state board on all operations under his control and supervision.

(4) Maintain accurate and complete records of securities transactions and official activities.

(5) Purchase and sell all securities on the basis of competitive offerings or bids received from at least two firms known to specialize in the securities being traded and likely to position these securities in relevant quantities. Competitive bidding shall not be required when the securities to be traded are: listed or traded on a major United States exchange, bound by underwriting restrictions or classified as private placements and offered only to a limited number of institutional investors.

(6) Cause all securities acquired to be kept in the custody of the state treasurer or such other depositories as the state board deems appropriate.

(7) Prepare and file with the director of the legislative reference

library on or before November 15 of each year, a report summarizing the activities of the state board, the council and the director during the preceding fiscal year. The report shall be prepared so as to provide the legislature and the people of the state with a clear, comprehensive summary of the portfolio composition, the transactions, the total annual rate of return and the yield to the state treasury and to each of the funds whose assets are invested by the state board, and the recipients of business placed or commissions allocated among the various commercial banks, investment bankers and brokerage organizations. This report shall contain financial statements for funds managed by the board prepared in accordance with generally accepted accounting principles.

(8) Require state officials from any department or agency to produce and provide access to any financial documents the state board deems necessary in the conduct of their investment activities.

(9) Receive and expend legislative appropriations.

(10) Undertake any other activities necessary to implement the duties and powers set forth in this subdivision.

Sec. 6. [11A.08] [INVESTMENT ADVISORY COUNCIL.] Subdivision 1. [MEMBERSHIP.] There is created an investment advisory council consisting of ten members who are experienced in general investment matters and who shall be appointed by the state board, the commissioner of finance and the executive directors of each of the following: the Minnesota state retirement system, the public employees retirement association, the teachers retirement association and the Minneapolis municipal employees retirement fund.

Subd. 2. [DUTIES AND POWERS.] The council shall:

(1) Advise the state board and the director on general policy matters relating to investments;

(2) Advise the state board and the director on methods to improve the rate of return on invested money while insuring adequate security for that money;

(3) Advise the state board and the director on the form and content of the report required by section 5, subdivision 4, clause (7), so that the report clearly and objectively discloses the investment activities of the state board and the director;

(4) Perform other tasks of an advisory nature as requested by the state board.

Subd. 3. [OFFICERS; MEETINGS.] The council shall annually elect a chairman and vice chairman from among its members, and may elect other officers as necessary. The council shall meet at least every other month and upon the call of the chairman of the council or the chairman of the state board.

Subd. 4. [TERMS; COMPENSATION; REMOVAL; VACANCIES.] The membership terms, compensation and removal

of members appointed by the state board, and filling of vacancies of such members shall be as provided in Minnesota Statutes, Section 15.059 except that council members shall not receive a per diem.

Subd. 5. [LIABILITY; INDEMNIFICATION.] *A member of the council shall be indemnified and held harmless by the state for any reasonable costs or expenses incurred as a result of any actual or threatened litigation or administrative proceedings arising out of the performance of the member's duties except an action brought by the state or agency thereof arising from the failure of a council member to perform duties in the manner prescribed in section 7.*

Subd. 6. [CONFLICT OF INTEREST; ECONOMIC INTEREST STATEMENT.] *No member of the council may participate in deliberations or vote on any matter before the council which will or is likely to result in direct, measurable economic gain to the member. Additionally, no member of the council appointed by the state board may participate in deliberations or vote on any matter before the council which will or is likely to result in direct, measurable economic gain to his employer. Members of the council shall file with the board of ethical practices an economic interest statement in a manner as prescribed by Minnesota Statutes, Section 10A.09, Subdivisions 5 and 6.*

Sec. 7. [11A.09] [STANDARD OF CARE.] *In the discharge of their respective duties, the members of the state board, director, board staff, members of the council and any other person charged with the responsibility of investing money pursuant to the standards set forth in sections 1 to 23 shall act in good faith and shall exercise that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived therefrom.*

Sec. 8. [11A.10] [DUTIES OF OTHER OFFICIALS.] Subdivision 1. [CUSTODY OF SECURITIES.] *The state treasurer and other custodians of securities belonging to the various funds shall provide in the appropriate cases the state board and its delegates with reasonable access thereto. Each security shall be held as an asset of the fund from which the investment expenditure was made.*

Subd. 2. [ESCHEATED PROPERTY.] *The commissioner of finance shall report immediately to the state board all personal property other than money received by the state of Minnesota as escheated property. If the state board elects to sell escheated property, all moneys received from the sale shall be credited to the general fund of the state.*

Subd. 3. [AUDITS.] *State audits of the activities of the state board and its delegates shall be conducted by the legislative auditor.*

Subd. 4. [OFFICE SPACE.] *The commissioner of administration shall provide the director and staff with suitable office and storage space in the state capitol complex as near as practicable to the office of the state treasurer.*

Sec. 9. [11A.11] [INVESTMENT AND EXPENSE APPROPRIATION.] *There is appropriated to the state board annually, and from time to time, the various moneys as are available for investment in the various funds subject to their supervision and control, for the purposes of the purchase, sale, exchange and lending of securities, reinvestment activities, payment of the execution expenses of securities transactions, amortization of premiums or accumulation of discounts, and contribution and redemption of participation in the funds.*

Sec. 10. [11A.12] [GAINS AND LOSSES; DISPOSITION.] *All interest and profit accruing from and all losses incurred by investment activity shall be credited to or borne by the fund from which the investment was made.*

Sec. 11. [11A.13] [ASSETS AND DOCUMENTATION.] *Subdivision 1. [LEGAL TITLE TO FUND ASSETS.] Legal title to the assets of state funds to be invested by the state board shall be in the state of Minnesota, or its nominees. Legal title to pension funds to be invested by the state board shall be in the state board, or its nominees, as trustees for any person having a beneficial interest in the applicable fund subject to the rights of the particular funds maintaining shares, investment participation or units in the accounts to their credit.*

Subd. 2. [RIGHTS OF EMPLOYEES; VALIDITY OF DOCUMENTATION.] *The rights of any public employee to any assets in the retirement funds shall be as fixed by the law or laws authorizing or requiring a retirement fund to purchase or order the redemption of investment participations or units on behalf of the public employee. The state board may rely on the documents, forms and applications of the various retirement funds which accompany money for investment or orders to redeem assets as being made in concert with the applicable law and with the rights of the public employees concerned. Accordingly, the state board need not inquire into the legality or validity of any documents, forms and applications.*

Sec. 12. [11A.14] [MINNESOTA COMBINED INVESTMENT FUND.] *Subdivision 1. [ESTABLISHMENT.] There is hereby established a Minnesota combined investment fund for the purpose of providing an investment vehicle for assets of the participating funds. The combined fund shall consist of the following investment accounts: a cash management account and an equity account.*

Subd. 2. [ASSETS.] *The assets of the combined investment fund shall consist of the moneys certified to and received by the state board from participating retirement plans and funds which shall be used to purchase investment shares in the appropriate investment accounts. Each participating fund shall own an undi-*

vided participation in all the assets of the combined fund. As of any date, the total claim of a participating fund on the assets in each account shall be equal to the ratio of units owned by a fund in each account to the total issued units then outstanding.

Subd. 3. [MANAGEMENT.] *The combined investment fund shall be managed by the state board.*

Subd. 4. [INVESTMENTS.] *The assets of the combined investment fund shall be invested by the state board subject to the provisions of section 22 with the following exceptions:*

(a) The cash management account shall be invested in fixed-income obligations with maturities of less than three years.

(b) The equity account may be completely invested in corporate stocks.

Subd. 5. [PARTICIPATING PUBLIC RETIREMENT PLANS OR FUNDS.] *The following public retirement plans and funds shall participate in the Minnesota combined investment fund:*

(1) State employees retirement fund established pursuant to Minnesota Statutes, Chapter 352;

(2) Correctional employees retirement plan established pursuant to Minnesota Statutes, Chapter 352;

(3) Highway patrol retirement fund established pursuant to Minnesota Statutes, Chapter 352B;

(4) Public employees retirement fund established pursuant to Minnesota Statutes, Chapter 353;

(5) Public employees police and fire fund established pursuant to Minnesota Statutes, Chapter 353;

(6) Teachers retirement fund established pursuant to Minnesota Statutes, Chapter 354;

(7) Judges retirement fund established pursuant to Minnesota Statutes, Chapter 490; and

(8) Any other fund required by law to participate.

Subd. 6. [INITIAL TRANSFER OF ASSETS.] *As of July 1, 1980, or a later date as determined by the state board, the participating funds shall transfer to the combined investment fund all appropriate securities then held together with cash necessary for the purchase of even units in the combined fund accounts.*

Subd. 7. [INITIAL VALUATION OF ASSETS AND UNITS.] *All assets transferred to the Minnesota combined investment fund shall be valued at their current market value as determined by the state board, including accrued interest. The initial value of each account unit shall be \$1,000 with each participating fund allocated units in the various accounts of the Minnesota combined investment fund in the same proportion as their assets are to the total assets in each account.*

Subd. 8. [UNREALIZED APPRECIATION (DEPRECIATION) ACCOUNT.] Any unrealized gains or losses in the value of investments incurred by a transferring fund shall be recorded in an unrealized appreciation (depreciation) account which is hereby created. Any future unrealized gains or losses shall also be recorded in this account at the close of each fiscal year.

Subd. 9. [VALUATION OF UNITS.] (1) Valuation of units for the equity account in the Minnesota combined investment fund shall be performed as of the last business day of each month, or more frequently should the state board determine that additional valuation dates are necessary. Valuation of units for the cash management account in the Minnesota combined investment fund shall be performed daily for every business day.

(2) The value of a unit for each account shall be determined by the following procedure:

(a) As of the close of business on the valuation date the state board shall determine the fair market value of each asset in each account, using the references, pricing services, consultants, or other methods as the state board deems appropriate.

(b) The sum total of the market value of all securities plus cash, less the value of undistributed income in each account, shall be divided by the number of units issued and outstanding for the account to determine the value per account unit.

Subd. 10. [PURCHASE AND REDEMPTION OF UNITS.] Purchase and redemption of units shall be on the first business day following the valuation date. All transactions shall be at the unit value as established on the immediately preceding valuation date. Except for the initial purchase of units by an authorized participant, all purchases and redemptions shall be made in cash unless the state board determines that an exception is necessary.

Subd. 11. [EARNINGS DEFINED.] Investment earnings shall be the sum total of the following of each account:

(1) Dividends receivable on securities trading ex-dividend up to and including the valuation date.

(2) Cash dividends received to and including the valuation date that were not accounted for on a previous valuation date.

(3) Accrued interest to and including the valuation date.

(4) Interest received which had not been accrued and accounted for on a prior valuation date.

(5) Income from the sale of options, rights, warrants, or security lending.

(6) Other income received to and including the valuation date.

Subd. 12. [DISTRIBUTION OF EARNINGS.] At least once each month the state board shall distribute to each participant net earnings determined proportionately in accordance with their average unit holdings in each account during the period. Unless

otherwise directed by the participating fund, any distributions shall be used to purchase additional units in the accounts.

Subd. 13. [RECORDS REQUIRED.] *The executive director of the state board shall keep accounting records. The records shall reflect the number of units in the Minnesota combined investment fund owned by each participating fund. No certificates or other evidence of ownership shall be required.*

Subd. 14. [REPORTS REQUIRED.] *As of each valuation date, or as often as the state board determines, each participant shall be informed of the number of units owned and the current value of the units. Annually, the state board shall provide to each participant, financial statements prepared in accordance with generally accepted accounting principles.*

Sec. 13. [11A.15] [STATE BOND FUND.] Subdivision 1. [ESTABLISHMENT.] *Pursuant to Article XI, Section 7, of the constitution of the state of Minnesota, there is hereby established a state bond fund for the purpose of the timely payment of principal and interest on bonds for which the full faith and credit of the state has been pledged. The state bond fund shall be a continuation of the state bond fund in existence on January 1, 1980.*

Subd. 2. [ASSETS.] *Any money appropriated to the state bond fund, any income arising from the invested assets of the state bond fund which is not immediately required to pay the principal or interest on state bonds and any proceeds arising from the sale of any securities in the state bond fund shall constitute the assets of the state bond fund.*

Subd. 3. [MANAGEMENT.] *The state bond fund shall be managed by the state treasurer who shall, from time to time, certify to the state board those portions of the state bond fund which in the judgment of the state treasurer are not required for immediate use.*

Subd. 4. [INVESTMENT.] *The state board shall invest assets of the state bond fund subject to the provisions of section 23.*

Subd. 5. [WITHDRAWAL OF ASSETS.] *Securities sufficient to equal the amount of money certified by the state treasurer as necessary to pay the principal of interest due on state bonds in excess of any cash on hand shall be sold at the request of the state treasurer and the certified amount of money shall be transferred to the state treasurer.*

Subd. 6. [CREDIT OF INCOME TOWARDS SUBSEQUENT APPROPRIATIONS.] *Notwithstanding provisions of section 10, the net income of the state bond fund after the recovery of any losses from the sale of securities shall be deducted from the amount of any subsequent appropriations for the payment of principal and interest of state bonds.*

Sec. 14. [11A.16] [PERMANENT SCHOOL FUND.] Subdivision 1. [ESTABLISHMENT.] *Pursuant to Article XI, Section 8, of the constitution of the state of Minnesota, there is hereby estab-*

lished a permanent school fund which shall be a continuation of the permanent school fund in existence on January 1, 1980.

Subd. 2. [ASSETS.] The permanent school fund shall consist of the proceeds derived from the school lands, the swamp lands and the internal improvement lands granted to the state and all cash and investments credited to the permanent school fund, to the swamp land fund and to the internal improvement land fund.

Subd. 3. [MANAGEMENT.] The permanent school fund shall be managed by the commissioner of finance.

Subd. 4. [INVESTMENTS.] The permanent school fund shall be invested by the state board in the following securities as directed by Article XI, Section 8 of the constitution of the state of Minnesota:

(a) Interest bearing fixed income securities of the United States and its agencies, including securities fully guaranteed by the United States, bonds of Minnesota or its political subdivisions or agencies, or of other states but not more than 50 percent of any issue by a political subdivision;

(b) Stocks of corporations with cash dividends paid from earnings for the five consecutive years prior to purchase, but not more than 20 percent of the fund shall be invested therein nor more than one percent in stock of any one corporation, nor more than five percent of the voting stock of any one corporation shall be owned;

(c) Bonds of corporations whose earnings have been at least three times the interest requirements on outstanding bonds for five consecutive years or longer immediately prior to purchase, but not more than 40 percent of the fund shall be so invested;

(d) The percentages referred to above shall be computed using the cost price of the stocks or bonds.

Subd. 5. [CALCULATION OF INCOME.] As of the end of each fiscal year, the state board shall calculate the investment income earned by the permanent school fund. The investment income earned by the fund shall equal the amount of interest on debt securities and dividends on equity securities. If the sale of securities results in a net loss during a fiscal year, the net loss shall be recovered from interest and dividend income in equal installments over a period equal to (a) the average period prior to maturity remaining on the debt securities which were sold if the sale of debt securities resulted in the loss, or (b) over a period of five years if the sale of equity securities resulted in the loss unless there is a net gain in the sale of securities sufficient to eliminate the amount of the loss prior to the end of the period. In any fiscal year in which gains on the sale of securities exceed the losses on the sales of securities, the excess shall be added to the principal of the fund.

Subd. 6. [DISPOSITION OF INCOME.] Notwithstanding provisions of section 10, the income of the permanent school fund as

calculated pursuant to subdivision 5, shall be credited to the permanent school fund, and transferred to the school endowment fund as needed for payments made pursuant to Minnesota Statutes, Section 124.08.

Sec. 15. [11A.17] [MINNESOTA SUPPLEMENTAL RETIREMENT INVESTMENT FUND.] Subdivision 1. [ESTABLISHMENT.] *There is hereby established a supplemental retirement investment fund for the purpose of providing an investment vehicle for the assets of various public retirement plans and funds. This fund shall consist of three investment accounts: an income share account, a growth share account, and a fixed-return account. The supplemental retirement investment fund shall be a continuation of the supplemental retirement fund in existence on January 1, 1980.*

Subd. 2. [ASSETS.] *The assets of the supplemental retirement investment fund shall consist of the moneys certified and transmitted to the state board from the participating public retirement plans and funds and shall be used to purchase investment shares in the investment accounts specified by the plan or fund.*

Subd. 3. [MANAGEMENT.] *The supplemental retirement investment fund shall be managed by the state board.*

Subd. 4. [INVESTMENT.] *The assets of the supplemental retirement investment fund shall be invested by the state board subject to the provisions of section 22; provided, however, that the fixed-return account shall be invested entirely in debt obligations and the growth share account shall be invested as follows:*

(a) Up to 100 percent of the book value may be invested in corporate stocks;

(b) Up to six percent of the book value may be invested in the stock of any one corporation;

(c) Up to ten percent of the book value may be invested in corporate stocks which do not conform with the dividend standard provided for in section 22.

Subd. 5. [PARTICIPATING PUBLIC RETIREMENT PLANS OR FUNDS.] *Any public retirement plan or fund authorized or required by law to invest its assets in the supplemental retirement investment fund may from time to time as provided by law certify moneys to the state board for the purchase of investment shares in the investment accounts of the supplemental retirement investment account. The state board shall credit each purchase of investment shares to the appropriate participating public retirement plan or fund and shall confirm each purchase in writing to the appropriate plan or fund. Each participating public retirement plan or fund shall maintain adequate records to account for moneys certified to the supplemental retirement investment fund.*

Subd. 6. [PARTICIPATING IN FUND.] *Each public retirement plan or fund which has certified moneys to the state board*

for investment in the supplemental retirement investment fund shall have a participation in each investment account of the fund in which it has moneys invested. The participation shall be determined by the ratio of the number of shares credited to the public retirement plan or fund to the total number of shares in that account.

Subd. 7. [PURCHASE OF SHARES.] The state board shall allocate shares in the investment account or accounts at least monthly following the receipt of the funds for purchase of shares from the public retirement plan or fund as specified in the certification. The purchase price for shares shall be determined using the procedure specified in subdivision 9.

Subd. 8. [REDEMPTION OF SHARES.] The state board shall redeem shares in the investment account or accounts on the first business day after the valuation date next following the receipt of the request for redemption of shares from the public retirement plan or fund. The redemption value for shares shall be determined using the procedure specified in subdivision 9. Moneys representing the value of the redeemed shares shall be transmitted to the public retirement plan or fund making the request.

Subd. 9. [VALUATION OF INVESTMENT SHARES.] The value of investment shares in the income share investment account or in the growth share investment account shall be determined by dividing the total market value of the securities constituting the respective account by the total number of shares then outstanding in the investment account. Whenever the value of investment shares of an investment account has exceeded \$10 per share for a period of six consecutive months, each investment share in the investment account may be split at the direction of the board on a two new shares for one prior share basis. The value of investment shares in the fixed-return investment account shall be \$5 per share; provided, however, if the fixed-return investment account shares are redeemed by a public retirement fund where the shares are not attributable to the individual account of any person prior to the expiration of the multi-year period set by the board for the payment of the applicable assumed rate, the value of the investment shares shall be at market value. Terms as to withdrawal schedules will be agreed upon by the public retirement fund and the state board. Notwithstanding the provisions of section 10, the investment income earned by the fixed-return investment account shall be used to purchase additional shares on behalf of each participating public retirement plan or fund.

Subd. 10. [CERTIFICATIONS FOR INVESTMENT AND REQUESTS FOR REDEMPTION.] The state board may specify the required forms for certifications of moneys for investment and requests for redemption of investment shares and may require the filing of any other documents which it deems necessary.

Subd. 11. [PROSPECTUS.] Annually, on or before July 1, the state board shall prepare and shall issue a prospectus for the supplemental retirement investment fund with separate exhibits

for each investment account. The exhibit for each account shall list for each security representing the current assets of the account the following items, whichever are applicable:

- (1) The purchase price of the security;*
- (2) The current market value of the security;*
- (3) The current dividend or interest rate of the security;*
- (4) The rating of a debt security issued by a nationally recognized rating agency if it is other than a security issued or guaranteed by the United States government.*

The prospectus shall set forth the statutory provisions governing the supplemental retirement investment account.

Sufficient copies of the prospectus shall be transmitted to each public retirement plan or fund participating in the supplemental retirement investment account to meet the plan or fund's distribution requirements. Ten copies of the prospectus shall be filed with the director of the legislative reference library.

Subd. 12. [RATE OF INTEREST FOR FIXED RETURN.] At the beginning of each fiscal year, the state board shall set an assumed interest rate for moneys invested in the account during that year, with the rate applicable to all sums invested during that 12 month period. At the end of the 12 months, the state board may determine the period over which the an assumed rate is to apply to funds so invested, depending on the average yield and maturity of the securities purchased. Any earnings accrued to the account above the rate earlier indicated may be used to purchase additional shares on behalf of each participating public retirement plan or fund at fiscal year end after necessary reserves are established.

Sec. 16. [11A.18] [MINNESOTA POST-RETIREMENT INVESTMENT FUND.] Subdivision 1. [ESTABLISHMENT.] There is hereby established a post-retirement investment fund for the purpose of providing an investment vehicle for the reserves for various retirement annuities and benefits payable by the participating retirement funds and plans. The post-retirement investment fund shall be a continuation of the Minnesota adjustable fixed benefit fund in existence on January 1, 1980.

Subd. 2. [ASSETS.] The assets of the post-retirement investment fund shall consist of the moneys representing the reserves for various retirement annuities and benefits payable by participating retirement funds and plans which have been certified to and received by the state board from the participating public retirement funds and plans.

Subd. 3. [MANAGEMENT.] The post-retirement investment fund shall be managed by the state board.

Subd. 4. [INVESTMENT.] The assets of the post-retirement

investment fund shall be invested by the state board subject to the provisions of section 22.

Subd. 5. [DEFERRED YIELD ADJUSTMENT ACCOUNT.] There is hereby established a deferred yield adjustment account which shall be increased by the sale or disposition of any debt securities at less than book value and shall be decreased by the sale or disposition of debt securities at more than book value. At the end of each fiscal year, a portion of the balance of this account shall be offset against the investment income for that year. The annual portion of the balance to be offset shall be proportional to the reciprocal of the average remaining life of the bonds sold, unless the amounts are offset by gains on the future sales of these securities. The amount of this account shall be included in the recognized value of assets other than corporate stocks and all other equity investments. In any fiscal year in which the gains on the sales of debt securities exceed the discounts realized on the sales of such securities, the excess shall be used to reduce the balance of the account.

Subd. 6. [PARTICIPATING PUBLIC RETIREMENT FUNDS OR PLANS.] Any public retirement fund or plan authorized by law to participate in the post-retirement investment fund shall no later than the commencement of a benefit payment from the post-retirement investment fund, certify and transfer to the state board moneys equal to the actuarially determined reserves required for those retirement annuities and benefits which are payable by the public retirement fund or plan and which are specified in law to be included in the participation in the fund. The state board shall confirm in writing each certification and transfer of moneys made by a participating public retirement fund or plan. Each participating public retirement fund or plan shall maintain adequate records to account for moneys transferred to the post-retirement investment fund.

Subd. 7. [PARTICIPATION IN FUND.] Each participating public retirement fund or plan which has transferred moneys to the state board for investment in the post-retirement investment fund shall have an undivided participation in the fund. The participation on any valuation date shall be determined by adding to the participation on the prior valuation date: (a) funds transferred in accordance with subdivision 6, (b) the amount of required investment income on its participation as defined in subdivision 9, clause (1)(c) and (c) the reserves for any benefit adjustment made as of the current valuation date with the result adjusted for any mortality gains or losses determined pursuant to subdivision 11.

Subd. 8. [WITHDRAWAL OF MONEYS.] Upon certification by the applicable executive director that a portion of the certified moneys representing the required reserves for various retirement annuities or benefits payable from the participating public retirement fund or plan are required for the payment of a retirement annuity or benefit, the state board shall sell sufficient securities or transfer sufficient available cash to equal the amount of money certified as required and shall order the transfer of that amount to the appropriate executive director.

Subd. 9. [CALCULATION OF POST-RETIREMENT ADJUSTMENT.] *Annually, following June 30, the state board shall determine whether a post-retirement adjustment shall be payable and shall determine the amount of any post-retirement adjustment which shall be payable.*

(1) The state board shall determine whether a post-retirement adjustment shall be payable using the following procedure:

(a) The state board shall determine the amount of dividends, interest, accruals and realized equity capital gains or losses applicable to the most recent fiscal year ending June 30;

(b) The participating public pension funds or plans shall determine the amount of reserves required for every annuitant and benefit recipient as of the current June 30. Every annuitant or benefit recipient who has been receiving an annuity or benefit for at least one year as of the current June 30 shall be eligible to receive a post-retirement adjustment. Each fund shall report separately the amount of the reserves for those annuitants and benefit recipients who are eligible to receive a post-retirement benefit adjustment and those annuitants and benefit recipients who are not eligible to receive a post-retirement adjustment. The amount of the required reserves shall be certified to the board as soon as is practical following the current June 30;

(c) The state board shall determine the amount of investment income required to equal five percent of the required reserves as of the preceding June 30 adjusted by five percent of each transfer in or transfer out multiplied by the fraction of a year from the date of transfer to the current June 30. This amount of required investment income shall be subtracted from the actual amount of investment income determined pursuant to clause (1)(a), to determine the amount of excess investment income. If this amount is positive, then a post-retirement adjustment may be paid.

(2) The state board shall determine the amount of any post-retirement adjustment which is payable using the following procedure:

(a) The state board shall determine the amount of excess investment income by the method indicated in clause (1);

(b) The participating public pension funds and plans shall certify to the state board the total required reserves as of the first of January next following the end of the fiscal year for the annuitants and benefit recipients eligible to receive the post-retirement adjustment as determined by clause (1) (b);

(c) If the state board determines that the book value of the assets of the fund is less than an amount equal to 100 percent of the current June 30 required reserves, with the book value to be determined after the adjustments provided for in subdivision 11, then the board shall allocate 25 percent of the excess investment income as an asset of the fund. The remaining 75 percent will be termed available for distribution. The book value of assets on any

given date shall be the cost of equity investments and the amortized cost of fixed income investments.

(d) The resulting total amount available for distribution shall be increased by two and one-half percent, and the result shall be stated as a percentage of the total required reserves pursuant to clause (2) (b), and if the percentage is equal to or greater than one percent, the amount shall be certified to each participating public pension fund or plan as the amount of the post-retirement adjustment. If the percentage is less than one percent, the amount shall be credited to a separate reserve established for this purpose. The reserve shall be invested in the same manner as all other assets of the fund and shall be credited with any investment income as specified in clause (1) (a). Amounts credited to the reserve shall be utilized in determining a post-retirement adjustment in the subsequent year. The amount certified shall be carried to five decimal places and stated as a percentage.

Subd. 10. [PAYMENT OF POST-RETIREMENT ADJUSTMENT.] Upon receiving the certification of the amount of the post-retirement adjustment from the state board, each participating public pension fund or plan shall determine the amount of the post-retirement adjustment payable to each eligible annuitant and benefit recipient. The dollar amount of the post-retirement adjustment payable to each annuitant or benefit recipient shall be calculated by applying the certified post-retirement adjustment percentage to the amount of the monthly annuity or benefit payable to each eligible annuitant or benefit recipient. The post-retirement adjustment shall commence to be paid on January 1 following the calculations required pursuant to this section and shall thereafter be included in the monthly annuity or benefit paid to the recipient. Notwithstanding Minnesota Statutes, Section 356.18, any adjustment pursuant to this section shall be paid automatically unless the intended recipient files a written notice with the applicable participating public pension fund or plan requesting that the adjustment not be paid.

Subd. 11. [ADJUSTMENT FOR MORTALITY GAINS AND LOSSES.] As of June 30 annually, the actuary of each participating public pension fund or plan shall calculate the amount of required reserves representing any mortality gains and any mortality losses incurred by the fund or plan during the fiscal year. The actuary shall report separately the amount of the reserves for annuitants and benefit recipients who are eligible for a post-retirement benefit adjustment and the amount of reserves for annuitants and benefit recipients who are not eligible for a post-retirement benefit adjustment. If the net amount of required reserves represents a mortality gain, the participating public pension fund or plan shall certify that amount to the state board, which shall sell sufficient securities or transfer sufficient available cash to equal the amount of money certified. If the amount of required reserves represents a mortality loss, the participating public pension fund or plan shall transfer to the state board an amount equal to the amount of the net mortality loss. The amount of the transfers shall be determined before any post-retirement benefit adjust-

ments have been made. All book values of the assets of the fund for the purposes of subdivision 9 shall be determined only after all adjustments for mortality gains and losses for the fiscal year have been made.

Subd. 12. [APPROPRIATION OF REQUIRED AMOUNTS.] *All moneys necessary to meet the requirements of the certification of withdrawals and all moneys necessary to pay post-retirement adjustments pursuant to this section are hereby and from time to time appropriated from the post-retirement investment fund to the state board.*

Sec. 17. [11A.19] [VARIABLE ANNUITY INVESTMENT FUND.] Subdivision 1. [ESTABLISHMENT.] *There is hereby established a variable annuity investment fund for the purpose of providing an investment vehicle for the assets of the variable annuity program of the teachers retirement association. The variable annuity investment fund shall be a continuation of the variable annuity fund in existence on January 1, 1980.*

Subd. 2. [ASSETS.] *The assets of the variable annuity investment fund shall consist of all cash and investments credited to the variable annuity program of the teachers retirement association.*

Subd. 3. [MANAGEMENT.] *The variable annuity investment fund shall be managed by the state board.*

Subd. 4. [INVESTMENT.] *The assets of the variable annuity investment fund shall be invested by the state board subject to the provisions of section 22 except that:*

(a) Up to 100 percent of the book value may be invested in corporate stocks;

(b) Up to six percent of the book value may be invested in the stock of any one corporation;

(c) Up to ten percent of the book value may be invested in corporate stocks which do not conform with the dividend standard provided for in section 22, subdivision 5.

Subd. 5. [VALUATION OF FUND.] *The variable annuity investment fund shall be valued by the state board bimonthly, using the closing market prices of the last business days of August, October, December, February, April and June of each fiscal year. The ratio of the total market value of investments to the admitted value of investments at the end of the preceding fiscal year, plus the cost of investments acquired, less the net receipts from investments sold during the fiscal year, shall be determined for each valuation date. The admitted value of the investments of the variable annuity investment fund at the end of each fiscal year shall be the book value of all investments held at that date multiplied by the average of the ratios at the 12 bimonthly valuation dates for the fiscal year and the immediately preceding fiscal year. The book value of investments during any fiscal year shall be the admitted value at the end of the preceding fiscal year or the cost of the investments if acquired during the fiscal year.*

Subd. 6. [ACCOUNTING PROCEDURES.] Notwithstanding provisions of section 10, the following procedures shall be employed by the state board:

(1) The earnings from the investments of the variable annuity investment fund shall consist of dividends, interest and all other income derived from the investments and shall be determined on an accrual basis as of each bimonthly valuation date. The income shall be attributed to those funds in the account at the beginning of the bimonthly period. Earnings from investments shall not include changes in the admitted values of the investments.

(2) Any realized gain or loss shall be recorded in a realized appreciation account, and shall consist of the amount received on sale less the cost of the security. Unrealized gains or losses for any fiscal year shall be determined as provided in subdivision 5.

Subd. 7. [TOTAL ANNUAL INCREMENT OR DECREMENT.] The total annual increment or decrement for any one year shall be the sum of (a) the six bimonthly computations of earnings as computed under subdivision 6, clause (1); (b) total realized gains or losses for the fiscal year as computed under subdivision 6, clause (2), after adjusting for the approximate unrealized gain or loss evidenced for such securities in the admitted value; and (c) total unrealized gains or losses for the fiscal year as computed under subdivision 6, clause (2).

Subd. 8. [RATE OF RETURN.] The total annual increment or decrement divided by the admitted value of the assets of the Minnesota variable annuity fund, as computed pursuant to subdivision 5, shall be defined as the rate of return for the fiscal year. The rate of return is to be used as the percentage of increase or decrease which shall be credited to the individual member's account balances at the end of the fiscal year.

Sec. 18. [11A.20] [INVESTMENT OF STATE TREASURY FUNDS NOT CURRENTLY NEEDED.] Subdivision 1. **[CERTIFICATION OF STATE TREASURY FUNDS NOT CURRENTLY NEEDED.]** The state treasurer shall make a report to the commissioner of finance daily or at other times as the commissioner of finance shall determine of the funds in the state treasury together with any other information which the commissioner may prescribe. When there are funds in the state treasury over and above the amount that the commissioner of finance has advised the treasurer is currently needed, the state treasurer shall certify to the state board the amount thereof.

Subd. 2. [INVESTMENT.] The certified amount of state treasury funds not currently needed shall be invested by the state board subject to the provisions of section 23.

Subd. 3. [CREDITING OF INVESTMENT INCOME.] Notwithstanding provisions of section 10, all investment income and all investment losses attributable to the investment of state treasury funds not currently needed shall be credited to the general fund.

Sec. 19. [11A.21] [INVESTMENT OF HIGHWAY FUNDS.]
Subdivision 1. [CERTIFICATION OF HIGHWAY FUNDS.] *The commissioner of transportation shall certify to the state board those portions of the trunk highway fund established pursuant to Article XIV, Section 6 of the constitution of the state of Minnesota, the county state-aid highway fund established pursuant to Article XIV, Section 7 of the constitution of the state of Minnesota and the municipal state-aid street fund established pursuant to Article XIV, Section 8 of the constitution of the state of Minnesota which in the judgment of the commissioner are not required for immediate use.*

Subd. 2. [INVESTMENT.] *The certified amount of highway funds not currently needed shall be invested by the state board subject to the provisions of section 23.*

Sec. 20. [11A.22] [STATE ZOOLOGICAL GARDEN OPERATING RECEIPTS INVESTMENT ACCOUNT.]
Subdivision 1. [ESTABLISHMENT.] *There is hereby established a zoological garden operating receipts investment account for the purpose of investing funds not required for immediate use.*

Subd. 2. [CERTIFICATION OF RECEIPTS.] *The state zoological garden board shall, from time to time, certify to the state board the amount of funds available for investment.*

Subd. 3. [INVESTMENT.] *Amounts certified to the state zoological garden operating receipts investment account shall be invested by the state board subject to the provisions of section 23.*

Subd. 4. [CREDITING OF INVESTMENT INCOME.] *Notwithstanding provisions of section 10, all investment income and all investment losses attributable to the investment of the account shall be credited to or borne by the state zoological garden general account.*

Subd. 5. [WITHDRAWAL OF FUNDS.] *Upon certification by the state zoological garden board that moneys in the state zoological garden operating receipts investment account are needed for current purposes, the state board shall sell sufficient securities to equal the amount of moneys certified as needed and shall order the transfer of the moneys to the state zoological garden general account.*

Sec. 21. [11A.23] [INVESTMENT OF RETIREMENT FUNDS AND PLANS.]
Subdivision 1. [CERTIFICATION OF ASSETS NOT NEEDED FOR IMMEDIATE USE.] *Each executive director administering a retirement fund or plan enumerated in subdivision 4 shall, from time to time, certify to the state board for investment those portions of the assets of the retirement fund or plan which in the judgment of the executive director are not required for immediate use. Assets of the fund or plan required for participation in the Minnesota post-retirement adjustment fund, the combined investment fund, the supplemental retirement investment fund or the variable annuity investment fund shall be transferred to those funds as provided by sections 1 to 23.*

Subd. 2. [INVESTMENT.] *Retirement fund assets certified to the state board pursuant to subdivision 1 shall be invested by the state board subject to the provisions of section 22. Retirement fund assets transferred to the Minnesota post-retirement adjustment fund, the combined investment fund, the supplemental retirement investment fund or the variable annuity investment fund shall be invested by the state board as part of those funds.*

Subd. 3. [WITHDRAWAL OF ASSETS.] *When an executive director administering a retirement fund or plan enumerated in subdivision 4, certifies to the state board that invested assets of the fund or plan are required for immediate use, the state board shall sell securities to equal the amount of assets certified as required and shall order the transfer of the assets to the appropriate executive director.*

Subd. 4. [COVERED RETIREMENT FUNDS AND PLANS.] *The provisions of this section shall apply to the following retirement funds and plans:*

(1) State university and state community college supplemental retirement plan established pursuant to Minnesota Statutes, Sections 136.80 to 136.87;

(2) State employees retirement fund established pursuant to Minnesota Statutes, Chapter 352;

(3) Correctional employees retirement plan established pursuant to Minnesota Statutes, Chapter 352;

(4) Highway patrol retirement fund established pursuant to Minnesota Statutes, Chapter 352B;

(5) Unclassified employees retirement plan established pursuant to Minnesota Statutes, Chapter 352D;

(6) Public employees retirement fund established pursuant to Minnesota Statutes, Chapter 353;

(7) Public employees police and fire fund established pursuant to Minnesota Statutes, Chapter 353;

(8) Teachers' retirement fund established pursuant to Minnesota Statutes, Chapter 354;

(9) Judges' retirement fund established pursuant to Minnesota Statutes, Chapter 490; and

(10) Any other funds required by law to be invested by the board.

Sec. 22. [11A.24] [AUTHORIZED INVESTMENTS.] *Subdivision 1. [SECURITIES GENERALLY.] The state board shall have the authority to purchase, sell, lend or exchange the following securities for funds or accounts specifically made subject to this section including the writing of covered call options.*

Subd. 2. [GOVERNMENT OBLIGATIONS.] *The state board may invest funds in governmental bonds, notes, bills, mortgages and other fixed obligations, including guaranteed or insured issues*

of (a) the United States, its agencies or its instrumentalities, including financial contracts traded upon a contract market designated and regulated by a federal agency; (b) Canada and its provinces, provided the principal and interest is payable in United States dollars; (c) the states and their municipalities, political subdivisions, agencies or instrumentalities, where backed by the state's full faith and credit or if the issuer has not been in default in payments of principal or interest within the past ten years or in the case of revenue bonds the obligor has been completely self-supporting for the five prior years; (d) the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, or any other United States Government sponsored organization of which the United States is a member, provided the principal and interest is payable in United States dollars and the issues are rated in the highest quality category by a nationally recognized rating agency.

Subd. 3. [CORPORATE OBLIGATIONS.] The state board may invest funds in bonds, notes, debentures, transportation equipment obligations, or any other longer term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any state thereof, or the Dominion of Canada or any province thereof if they conform to the following provisions:

(a) The principal and interest of obligations of corporations incorporated or organized under the laws of the Dominion of Canada or any province thereof shall be payable in United States dollars;

(b) The consolidated net pretax earnings of corporations other than finance corporations shall have been on average for the preceding five years at least 1.5 times the annual interest charges on total funded debt applicable to that period;

(c) The consolidated net pretax earnings of banks and finance corporations shall have been on average for the preceding five years at least 1.2 times the annual interest charges on total funded debt applicable to that period;

(d) Obligations shall be rated among the top three quality categories by a nationally recognized rating agency or if unrated, then the corporation shall have other comparably secured issues similarly rated or the consolidated net pretax earnings of the corporation shall have been on average for the preceding five fiscal years at least twice the ratios required in clauses (b) and (c).

Subd. 4. [OTHER OBLIGATIONS.] The state board may invest funds in bankers acceptances, certificates of deposit, commercial paper, mortgage participation certificates and pools, repurchase agreements and reverse repurchase agreements and savings accounts if they conform to the following provisions:

(a) Bankers acceptances of United States banks shall be limited to those eligible for purchase by the Federal Reserve System;

(b) Certificates of deposit shall be limited to those issued by banks and savings institutions that meet the collateral require-

ments established in Minnesota Statutes, Section 9.031, unless sufficient volume is unavailable at competitive interest rates. In that event, noncollateralized certificates of deposit may be purchased from United States banks and savings institutions that are rated in the highest quality category by a nationally recognized rating agency;

(c) Commercial paper shall be limited to those issued by United States corporations or their Canadian subsidiaries, shall be of the highest quality and mature in 270 days or less;

(d) Mortgage participation certificates and pools secured by first mortgages or trust deeds on improved real estate located in the United States where there is a guarantee of replacement by a note or bond of comparable value and security in the event of a default, and where the loan to value ratio for each loan does not exceed 80 percent for fully amortizable residential properties and in all other respects meets the requirements of section 61A.28, subdivision 3.

(e) Repurchase agreements and reverse repurchase agreements shall be limited to the securities described in subdivision 2, clause (a);

(f) Savings accounts shall be limited to those fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

Subd. 5. [CORPORATE STOCKS.] The state board may invest funds in stocks or convertible issues of any corporation organized under the laws of the United States or the states thereof, the Dominion of Canada or its provinces, or any corporation listed on the New York Stock Exchange or the American Stock Exchange, if they conform to the following provisions:

(a) The aggregate value of corporate stock investments, as adjusted for realized profits and losses, shall not exceed 50 percent of the book value of a fund;

(b) Investments in any one corporation shall not exceed three percent of the book value of a fund;

(c) Investments shall not exceed five percent of the total outstanding shares of any one corporation;

(d) Cash dividends on corporate stock investments shall have been earned and paid for the preceding five years;

(e) Investments which do not conform to the dividend standard contained in clause (d) may be held but the total amount of these securities shall not exceed five percent of the book value of a fund.

Sec. 23. [11A.25] [ADDITIONAL INVESTMENT PROVISIONS.] When investing assets of any funds or accounts specifically made subject to this section or not otherwise referred to in sections 1 to 23, all securities shall be debt obligations maturing within three years of the date of purchase and shall conform to the applicable provisions of section 22.

Sec. 24. *By January 1, 1981, the executive director shall prepare and submit to the state board and the legislature a report analyzing whether or not increased portions of the funds under the investment control of the state board could be invested in ways directly beneficial to all Minnesotans and be consistent with the investment standard of care set forth in statute for the board. The report shall assess the policy desirability of these increased investments. If the director concludes that such investments are desirable and can be accomplished consistent with the investment standard of care, he shall identify any statutory amendments needed to permit this increased investment. In preparing this report the director shall consult with representatives of fund beneficiaries and other persons interested in the investment of public moneys.*

Sec. 25. Minnesota Statutes, 1979 Supplement, Section 15A.081, Subdivision 1, is amended to read:

15A.081 [SALARIES AND SALARY RANGES FOR CERTAIN EMPLOYEES.] Subdivision 1. The following salaries or salary ranges are provided for the below listed employees in the executive branch of government:

	Salary or Range	
	Effective July 1, 1979	Effective July 1, 1980
Administration, department of commissioner	\$44,000	\$47,000
Agriculture, department of commissioner	38,000	40,000
Commerce, department of		
commissioner of banks	34,000	36,500
commissioner of insurance	34,000	36,500
commissioner of securities	34,000	36,500
director of consumer services	28,000	30,000
Community college system chancellor	44,000	46,000
Corrections, department of		
commissioner	42,000	45,000
ombudsman	33,000	35,000
Crime control planning board, executive director	33,000	35,000
Economic development, department of commissioner	34,000	36,000
Economic security, department of commissioner	43,000	45,000
Education, department of commissioner	43,000	45,000
Energy agency director	38,000	40,000
Finance, department of commissioner	48,000	50,000

	Salary or Range	
	Effective July 1, 1979	Effective July 1, 1980
	\$	\$
Health, department of commissioner	47,000	49,000
Hearing examiners office chief hearing examiner	38,000	40,000
Higher education coordinating board executive director	40,000	42,000
Housing finance agency executive director	39,000	41,000
Human rights, department of commissioner	31,000	33,000
Indian affairs board executive director	27,000	29,000
Investment, board of executive secretary	42,000	44,000
Iron range resources and rehabilitation board commissioner	30,000	31,000
Labor and industry, department of commissioner	38,000	40,000
judge of the workers' compensation court of appeals	38,000	40,000
Mediation services, bureau of director	36,000	38,000
Natural resources, department of commissioner	44,000	47,000
Personnel, department of commissioner	44,000	47,000
Planning agency director	43,000	45,000
Pollution control agency director	38,000	40,000
Public safety, department of commissioner	38,000	41,000
Public service, department of commissioner, public service commission director	34,000 34,000	36,000 36,000
Public welfare, department of commissioner	44,000	48,000
Revenue, department of commissioner	44,000	47,000

State university system chancellor	44,000	46,000
Transportation, department of commissioner	44,000	48,000
Veterans affairs, department of commissioner	31,000	33,000

Sec. 26. Minnesota Statutes, 1979 Supplement, Section 43.064, is amended to read:

43.064 [OTHER SALARIES SET BY COMMISSIONER OF PERSONNEL.] Notwithstanding any other law to the contrary, compensation for all unclassified positions in the executive branch not enumerated in the listing described in section 15A.081, shall be established by the commissioner except for the following: (1) positions listed in section 299D.03; (2) employees in the office of the governor whose salaries shall be determined by the governor; (3) employees in the office of the attorney general; (4) *employees of the state board of investment*; (5) positions in the state university system, the community college system, and in the higher education coordinating board whose primary duties consist of instructing and counseling students, directing academic programs of schools, divisions or departments of colleges and community colleges, or conducting research on academic subjects, or conducting academic support programs; and the positions of state university and community college presidents. Individual salaries for positions enumerated in clauses (3) and, (4) and (5) and for classified hearing examiners in the office of hearing examiners shall be determined by the attorney general, *the state board of investment*, the state university board, the state board for community colleges, the higher education coordinating board, and the chief hearing examiner, respectively, within the limits of salary plans which shall have been approved by the commissioner before becoming effective.

No provision of any subsequent law relating to salaries of state employees shall be construed as inconsistent with this section unless it is expressly provided in ~~such~~ the subsequent act that the provisions of this section shall not be applicable or shall be superseded, amended, or repealed.

Sec. 27. Minnesota Statutes 1978, Section 69.77, Subdivision 2, as amended by Laws 1980, Chapter 341, Section 1, is amended to read:

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

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

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

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

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

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

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

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

Except as otherwise provided in this paragraph, the minimum obligation of the governmental subdivision shall be the financial requirements of the association less member contributions herein provided from covered salary and less one year's estimated receipts expected from the state of Minnesota through state collected insurance premium taxes or other state aids. The minimum obligation may, by vote of the governing body of the governmental subdivision, be reduced to the amount levied in the preceding year for purposes of the association, plus the following percentage of the difference between that levy and the amount of the minimum obligation determined without benefit of this sentence: for the levy made in 1971, 10 percent; in 1972, 20 percent; in 1973, 30 percent; in 1974, 40 percent; in 1975, 50 percent; in 1976, 60 percent; in 1977, 70 percent; in 1978, 80 percent; and in 1979, 90 percent. Commencing with the levy made in 1980, there shall be no reduction in the minimum obligation pursuant to this paragraph.

(3) The foregoing determination of the obligation of a governmental subdivision shall be submitted to its governing body not

later than September 1 of each year so that it may ascertain if it has been prepared in accordance with law.

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

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

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

(7) The funds of the association shall be invested in securities which are proper investments for funds of the Minnesota state retirement system pursuant to section 22, except that up to \$10,000 may be invested in the stock of any one corporation in any account of such small size that the three percent stock limitation applicable to the Minnesota state retirement system specified in section 22, subdivision 5 would necessitate a lesser investment. Securities held by the association before July 1, 1971, which do not meet the requirements of this paragraph may be retained after that date if they were proper investments for the association on April 28, 1969. The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board of investment under the provisions of section 11.21 15, provided that there be no limit to the amount which may be invested in the income share account described in section 11.18, subdivision 2, or in the fixed-return account described in section 11.18, subdivision 3a, and that up to 20 percent of that portion of the assets of the association invested in the Minnesota supplemental retirement investment fund may be invested in the growth share account described in section 11.18, subdivision 3.

(8) The association shall procure an actuarial survey showing the condition of its fund pursuant to section 356.216 as of December 31, 1978, and shall procure an actuarial survey every two

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

Sec. 28. Minnesota Statutes 1978, Section 69.775, is amended to read:

69.775 [INVESTMENTS.] The special fund assets of the relief associations governed by sections 69.771 to 69.776 shall be invested in securities which are proper investments for funds of the Minnesota state retirement system pursuant to section 22, except that up to five percent of the special fund assets, or a minimum of \$10,000, may be invested in the stock of any one corporation. Securities held by the associations before January 1, 1972, which do not meet the requirements of this section may be retained after that date if they were proper investments for the association on May 14, 1971. The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board of investment under the provisions of section 11.21 15, provided that there be no limit to the amount which may be invested in the income share account described in section 11.18, subdivision 2, or in the fixed-return account described in section 11.18, subdivision 3a, and that up to 20 percent of that portion of the assets of the association invested in the Minnesota supplemental retirement fund may be invested in the growth share account described in section 11.18, subdivision 3.

Sec. 29. Minnesota Statutes 1978, Section 124.46, Subdivision 4, is amended to read:

Subd. 4. Bonds shall be issued pursuant to this section only when authorized by a law specifying the purpose thereof and the maximum amount of the proceeds authorized to be expended for such that purpose. Any act authorizing the issuance of bonds in the manner provided in this section shall, together with this section, constitute complete authority for such the issue, and such the bonds shall not be subject to the restrictions or limitations contained in any other law. Bonds issued pursuant hereto may be purchased by the state board of investment for the permanent school fund, swamp land fund, internal improvement land fund, or any other fund for which investments may be made by the state board of investment or may be sold elsewhere at public or private sale and shall be deemed "authorized securities" within the provisions of section 50.14 and acts amendatory thereof or supplemental thereto.

Sec. 30. Minnesota Statutes 1978, Section 167.42, is amended to read:

167.42 [PLEDGE OF FULL FAITH AND CREDIT.] The full

faith and credit of the state of Minnesota is hereby irrevocably pledged to the payment of the principal of and the interest on the bonds authorized by sections 167.39 to 167.45. ~~Such~~ *The* bonds shall be issued and sold on competitive bids after reasonable notice, ~~or direct to the state board of investment without bids and that board is hereby authorized to invest any funds under its control or discretion in any of these bonds, notwithstanding any limitations imposed by section 11.10 or any other provisions of law.~~ *The* bonds shall be issued and sold by the state auditor under ~~such~~ rules and regulations and in ~~such~~ *the* form and denominations as he shall determine and shall be attested by the secretary of state. *The* rules may provide for the maturity, registration, conversion and exchange of the bonds so issued; all bonds maturing more than three years after their date may be made redeemable at par at the expiration of ~~such~~ *the* three years and on each interest payment date thereafter upon ~~such~~ notice as ~~such~~ *the* rules, made prior to the issuance of the bonds, may provide. All expenses incident to the printing and the sale of the bonds, including actual and necessary traveling expenses of state officers and employees for ~~such~~ *the* purpose, shall be paid from the trunk highway fund and the amounts therefor are hereby appropriated from ~~said~~ *that* fund. The provisions of sections 15.041 to 15.044 shall not apply to the rules and regulations promulgated pursuant hereto. The state auditor shall keep a record showing the number, date of issue and date of maturity of each ~~such~~ bond.

Sec. 31. Minnesota Statutes 1978, Section 167.50, Subdivision 2, is amended to read:

Subd. 2. ~~Said~~ *The* bonds shall be issued and sold upon sealed bids after two weeks' published notice, ~~or they may be sold directly to the state board of investment without bids.~~ They shall mature serially over a term not exceeding 20 years from their respective dates of issue, shall not be sold for less than par and accrued interest, and shall not bear interest at a greater rate than five percent per annum. Subject to the foregoing limitations, and subject to any other limitations stated in the acts authorizing ~~such~~ *the* bonds and appropriating the proceeds thereof, but not subject to the provisions of sections 15.0411 to 15.0422, ~~such~~ *the* bonds shall be issued and sold in ~~such~~ *the* number of series, at ~~such~~ times, in ~~such~~ *the* form and denominations, bearing interest at ~~such~~ *the* rate or rates, maturing on ~~such~~ dates, either without option of prior redemption or subject to prepayment upon ~~such~~ notice and at ~~such~~ *the* times and prices, payable at ~~such~~ *the* bank or banks, within or without the state, with ~~such~~ provisions for registration, conversion, and exchange and for the issuance of notes in anticipation of the sale and delivery of definitive bonds, and in accordance with such further regulations, as the commissioner of finance may determine. The bonds shall be executed by the commissioner of finance and attested by the state treasurer under their official seals. The signature of one of these officers on the face of any bond, and their seals, and the signatures of both officers on the interest coupons appurtenant to any bond, may be printed, lithographed, stamped, or engraved thereon.

Sec. 32. Minnesota Statutes 1978, Section 193.146, Subdivision 4, is amended to read:

Subd. 4. [SALE.] *Such The* bonds shall be sold by *such the* corporation under *such* notice and upon *such the* terms and at *such* times as the corporation shall deem best. *Such The* bonds shall not be deemed or construed to be debts of the state of Minnesota or of the county or municipality in which *such the* armory is situated, nor to impose any personal liability upon any member of *such the* corporation, but shall be payable solely out of the income to be received by *such the* corporation as specified herein. Bonds legally issued pursuant hereto may be purchased by the state board of investment for the permanent school fund, permanent university fund, swamp land fund, internal improvement land fund, or any other trust fund of the state of Minnesota, or for any other fund administered by *such* board, and shall be deemed authorized securities within the provisions of section 50.14, and laws supplemental thereto, and shall be proper for the investment of capital, surplus, or deposits of any savings bank or trust company, and for the investment of funds of any insurance company, and for the investment of any sinking funds held by any public or municipal corporation, and may be pledged by any bank or trust company as security for the deposit of public moneys therein in lieu of surety bonds. *Such The* bonds shall be deemed and treated as instrumentalities of a public governmental agency, and as such shall be exempt from taxation.

Sec. 33. Minnesota Statutes 1978, Section 352.115, Subdivision 8, is amended to read:

Subd. 8. [ACCRUAL OF ANNUITY.] State employees shall make application for an annuity but such application shall not be made *more than 60 days* prior to the time the employee is eligible to retire by reason of both age and service requirements. If the director determines an applicant for annuity has fulfilled all the requirements of the law to entitle him to an annuity, he shall authorize payment thereof in accordance with the provisions of this chapter and payment shall be made pursuant to this authorization. An annuity shall begin to accrue no earlier than 60 days prior to the date the application is filed with the director except that if an optional annuity as provided in section 352.116, subdivision 3 is selected the annuity shall begin to accrue 30 days after the application is filed with the director but in no event prior to the day following the termination of state service or *prior to the day the employee is eligible to retire by reason of both age and service requirements*. The retirement annuity shall cease with the last payment which had accrued to the retired employee during his lifetime unless he elected an optional annuity provided in section 352.116, subdivision 3, and he had become entitled to payment thereof. The joint and last survivor annuity shall cease with the last payment received by the survivor in his or her lifetime. If a retired employee had not selected an optional annuity, or a survivor annuity is not payable under the option, and a spouse survives, such spouse shall be entitled only to the annuity for the calendar month in which the retired employee died. If an optional

annuity is payable after the death of the retired employee, the survivor shall be entitled to the annuity for the calendar month in which the retired employee died. If an employee who has filed an application for annuity prior to the termination of his state service dies before an annuity becomes payable to him, refundment of his accumulated contributions shall be made as provided in section 352.12, subdivision 1.

Sec. 34. Minnesota Statutes 1978, Section 352.23, is amended to read:

352.23 [TERMINATION OF RIGHTS.] When any employee accepts a ~~refundment~~ *refund* as provided in section 352.22, all existing service credits and all rights and benefits to which the employee was entitled prior to the acceptance of such ~~refundment~~ *refund* shall terminate and shall not again be restored until the former employee acquires not less than one year's allowable service credit subsequent to taking his last ~~refundment~~ *refund*. In that event, he may repay all ~~refundments~~ *refunds* which he had taken from the retirement fund. Repayment of ~~refundments~~ *refunds* will entitle the employee only to credit for service covered by (a) salary deductions, (b) payments made in lieu of salary deductions, and (c) payments made to obtain credit for service as permitted by laws in effect at the time payment was made. If an employee before taking one or more ~~refundments~~ *refunds* had credit for prior service or for military service without payment in either case, he may obtain credit for such forfeited service prior to July 1, 1929, and for such forfeited military service by making payments at a contribution rate of three percent of his average salary upon which deductions for the retirement fund were based, for the three year period immediately preceding repayment of ~~refundment~~ *refund* for service credit prior to July 1, 1929, and on the salary received by him at the time of entering military service to restore his military service credit. All such payments and repayment of ~~refundments~~ *refunds* are to be paid with interest at six percent per annum compounded annually *and may be paid in a lump sum or by payroll deduction in the manner provided in section 352.04.*

Sec. 35. Minnesota Statutes 1978, Section 352.75, Subdivision 3, is amended to read:

Subd. 3. [EXISTING RETIRED MEMBERS AND BENEFIT RECIPIENTS.] As of the effective date of Laws 1978, Chapter 538, the liability for all retirement annuities, disability benefits, survivorship annuities and survivor of deceased active employee benefits paid or payable by the metropolitan transit commission—transit operating division employees retirement fund shall be transferred to the Minnesota state retirement system, and shall no longer be the liability of the metropolitan transit commission—transit operating division employees retirement fund. The required reserves for retirement annuities, disability benefits and optional joint and survivor annuities in effect on the day prior to the effective date of Laws 1978, Chapter 538 and the required reserves for the increase in annuities and benefits provided pursuant to subdivision 6 shall be determined using a five percent

interest assumption and the applicable Minnesota state retirement system mortality table and shall be transferred by the Minnesota state retirement system to the Minnesota adjustable fixed benefit fund on the effective date of Laws 1978, Chapter 538 but shall be considered transferred as of June 30, 1978. The annuity or benefit amount in effect on the effective date of Laws 1978, Chapter 538, including the increase granted pursuant to subdivision 6, shall be considered the "originally determined benefit" for purposes of any adjustments made pursuant to section 11.25. If an adjustment from the Minnesota adjustable fixed benefit fund pursuant to section 11.25 is payable as of January 1, 1970, any annuitant or benefit recipient receiving an annuity or benefit from the Minnesota adjustable fixed benefit fund pursuant to this section shall be entitled to receive the adjustment if the annuitant or recipient began receiving the annuity or benefit from the metropolitan transit commission transit operating division employees retirement fund on or before June 30, 1977, but that adjustment shall not include in the base for calculation the amount of any increase granted pursuant to subdivision 6. If an adjustment from the Minnesota adjustable fixed benefit fund pursuant to section 11.25 is payable as of January 1, 1970, the required reserves for the increase determined using a five percent interest assumption and the applicable Minnesota state retirement system mortality table shall be transferred by the Minnesota state retirement system to the Minnesota adjustable fixed benefit fund on January 1, 1970. 16. For persons receiving benefits as survivors of deceased former retirement annuitants, the benefits shall be considered as having commenced on the date on which the retirement annuitant began receiving the retirement annuity.

Sec. 36. Minnesota Statutes 1978, Section 352B.26, Subdivision 3, is amended to read:

Subd. 3. [VALUATION OF ASSETS; ADJUSTMENT OF BENEFITS.] (1) As of June 30, 1969, the present value of all annuities, including joint and survivor annuities and qualified recipients of surviving spouse benefits, in force as of June 30, 1969, and as amended in accordance with Laws 1969, Chapter 977, shall be determined in accordance with the United States Life Tables, 1959-61, white males and white females, calculated with an interest assumption of three and one-half percent and assets representing the required reserves for these annuities shall be transferred to the Minnesota adjustable fixed benefit fund, during a period of one year in accordance with procedures specified in *Minnesota Statutes 1969*, Section 11.25. The provisions of this clause apply to all annuities which are payable under this chapter.

(2) Effective July 1, 1969, for those employees commencing to receive annuities and qualified recipients of surviving spouse benefits, or joint and survivor annuities, pursuant to this chapter, and acts amendatory thereof, the required reserves as determined in accordance with this section shall be transferred to the Minnesota adjustable fixed benefit fund as of the date benefits begin to accrue after June 30, 1969.

(3) Annuity payments shall be adjusted in accordance with the provisions of section 11.25, subdivisions 12 and 13.

(4) Notwithstanding section 356.18, increases in annuity payments pursuant to this section shall be made automatically unless written notice is filed by the annuitant with the executive director of the Minnesota state retirement system requesting that the increase shall not be made.

Sec. 37. Minnesota Statutes, 1979 Supplement, Section 352D.02, Subdivision 1, is amended to read:

352D.02 [COVERAGE.] Subdivision 1. The following employees in the unclassified service of the state who are eligible for coverage under the Minnesota state retirement system shall participate in the unclassified program unless such employee gives notice to the executive director of the state retirement system within one year following June 5, 1975 or the commencement of his employment, whichever is later, that he desires coverage under the regular employee plan. For the purposes of this chapter, an employee who does not file such notice with the executive director shall be deemed to have exercised his option to participate in the unclassified plan. The employee and applicable employer contributions for those employees covered by the regular plan on June 5, 1975, who after such date participate in the unclassified plan, shall be transferred to the supplemental fund in accordance with subdivision 4 and section 352D.03 as though the employee had elected to participate when first eligible to make such election. This subdivision shall also be applicable to any person who was an employee in an eligible position on or after January 1, 1975, has terminated service before June 5, 1975 with less than ten years of allowable service, and has not taken a refund of his contributions.

(1) Any employee in the office of the governor, lieutenant governor, secretary of state, state auditor, state treasurer, attorney general, reviser of statutes or the state board of investment,

(2) *The head of any department, division, or agency head, the assistant department head or deputy created by statute, an acting department head subsequently appointed to the position, or any employee enumerated in sections 15A.081, subdivision 1 or 15A.083, subdivisions 4 and 4a,*

(3) Any permanent, fulltime unclassified employee of the legislature or any commission or agency of the legislature or a parttime temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota state retirement system,

(4) Any person employed in a position established pursuant to section 43.09, subdivision 2a *or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level,*

(5) The chairman, chief administrator, and not to exceed nine

positions at the division director or administrative deputy level of the metropolitan waste control commission as designated by the commission, and the chairman, executive director, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan council as designated by the council; provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations shall be made without approval of the board of directors of the Minnesota state retirement system, and

(6) The executive director, associate executive director, and not to exceed nine positions of the higher education coordinating board in the unclassified service, as designated by the higher education coordinating board; provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations shall be made without approval of the board of directors of the Minnesota state retirement system.

~~The eligibility to participate of those employees specified in clauses (4) and (5) employed in such positions on April 21, 1976, shall be retroactive to their date of appointment to such positions.~~

~~The eligibility to participate of those employees specified in clause (6) employed in such positions on July 1, 1977, shall be retroactive to their date of appointment to such positions.~~

Sec. 38. Minnesota Statutes 1978, Section 352D.04, Subdivision 2, is amended to read:

Subd. 2. The moneys used to purchase shares under this section shall be the employee and employer contributions as provided in section 352.04, subdivisions 2 and 3 ; ~~clause (1). Except as authorized by section 352D.10, the additional amount provided in section 352.04, subdivision 3, clause (2) shall remain in the regular fund .~~

Sec. 39. Minnesota Statutes 1978, Section 352D.05, Subdivision 3, is amended to read:

Subd. 3. *Upon Thirty days after termination of covered employment or at any time thereafter a participant shall be entitled upon application, to withdraw the cash value of his total shares or may leave such shares on deposit with the supplemental retirement fund. Shares not withdrawn shall remain on deposit with the supplemental retirement fund until the former participant attains the age of at least 58 years, and applies for an annuity as provided in section 352D.06, subdivision 1.*

Sec. 40. Minnesota Statutes 1978, Section 352D.05, Subdivision 4, is amended to read:

Subd. 4. *No person shall be permitted to repay the value of shares withdrawn from the unclassified program, but A participant in the unclassified program may repay regular refunds taken pursuant to section 352.22, as provided in section 352.23. A participant in the unclassified program or an employee covered by the general plan who has withdrawn the value of the total shares may repay the refund taken and thereupon restore the service credit,*

rights and benefits forfeited by paying into the fund the greater of (1) the amount refunded plus interest at 6-½ percent per annum compounded annually from the date that the refund was taken until the date that the refund is repaid, or (2) an amount equal to the total of the employee and employer matching and additional contributions for the forfeited employment period less the administrative fee provided in section 352D.09, subdivision 7, plus interest at the rate of 6-½ percent per annum compounded annually from the date of the start of the forfeited employment period until the date that the refund is paid. If the participant had withdrawn only the employee shares as permitted under prior laws, repayment shall be pro rata. Payment shall be made in a lump sum.

Sec. 41. Minnesota Statutes, 1979 Supplement, Section 353.023, is amended to read:

353.023 [TRANSFER OF PENSION COVERAGE OF MINNEAPOLIS MUNICIPAL EMPLOYEES RETIREMENT FUND COORDINATED PROGRAM.] Notwithstanding any provisions of law to the contrary, as of July 1, 1979, all active members of the coordinated program of the Minneapolis municipal employees retirement fund established pursuant to Minnesota Statutes 1978, Sections 422A.30 to 422A.39, shall cease to be members of the program of that fund and shall cease to have any accrual of service credit, rights, or benefits under the benefit plan of that program. From and after July 1, 1979, all active members of the coordinated program will have their retirement coverage transferred to the coordinated program of the public employees retirement association. The accrued liability for retirement coverage of these members to date shall be transferred to the coordinated program of the public employees retirement association and shall no longer be the liability of the Minneapolis municipal employees retirement fund. Within 30 days of July 1, 1979, the board of trustees of the Minneapolis municipal employees retirement fund shall transfer the entire assets attributable to the coordinated program of the Minneapolis municipal employees retirement fund to the coordinated program of the public employees retirement association. The assets transferred shall be an amount equal in value to the amount of employee contributions made by coordinated program members since July 1, 1978, the amount of employer matching contributions made by an employing unit on behalf of a coordinated program member since July 1, 1978, an amount equal to the employer additional contribution for the members of the coordinated program, and an amount equal to the investment income earned by the fund on the invested assets of the program since July 1, 1978. The assets transferred to the public employees retirement fund shall only include securities which are proper investments pursuant to section 44.16 22. Within 30 days of July 1, 1979, the board of trustees and the actuary of the Minneapolis municipal employees retirement fund shall transfer to the public employees retirement association original copies of all records and documents which are in their possession relating to the coordinated program of the Minneapolis municipal em-

ployees retirement fund and any of its members and shall provide from time to time whatever additional relevant information which the board of trustees of the public employees retirement association may request. Upon the transfer of the assets, liabilities and records of the coordinated program of the Minneapolis municipal employees retirement fund to the coordinated program of the public employees retirement association, the coordinated program of the Minneapolis municipal employees retirement fund shall terminate and shall cease to exist.

Sec. 42. Minnesota Statutes 1978, Section 353.661, Subdivision 3, is amended to read:

Subd. 3. [TRANSFER OF EXISTING RECIPIENTS OF PENSION AND OTHER RETIREMENT BENEFITS.] As of July 1, 1978, the accrued liability for all retirement annuities, disability benefits, survivorship annuities and survivor of deceased active employee benefits paid or payable by the university of Minnesota police department retirement plan and fund shall be transferred to the public employees police and fire fund and shall no longer be the liability of the university of Minnesota police department retirement plan and fund. The required reserves for retirement annuities in effect as of June 30, 1978, including future automatic survivor benefits for survivors of deceased former retirement annuitants attributable to those annuities, and the required reserves for benefits of survivor of deceased former retirement annuitants in effect as of June 30, 1978 shall be determined using a five percent interest assumption and the applicable public employees police and fire fund mortality table and shall be transferred by the public employees police and fire fund to the Minnesota adjustable fixed benefit fund on July 1, 1978 but shall be considered transferred as of June 30, 1978. The annuity or benefit amount on July 1, 1978 shall be considered the "originally determined benefit" for purposes of further adjustments pursuant to section 11.25. If an adjustment from the Minnesota adjustable fixed benefit fund pursuant to section 11.25 is payable as of January 1, 1979, any annuitant or benefit recipient receiving an annuity or benefit from the Minnesota adjustable fixed benefit fund pursuant to this section shall be entitled to receive the adjustment if the annuitant or recipient began receiving the annuity or benefit from the university of Minnesota police department retirement plan and fund on or before June 30, 1977. If an adjustment from the Minnesota adjustable fixed benefit fund pursuant to section 11.25 is payable as of January 1, 1979, the required reserves for the increase determined using a five percent interest assumption and the applicable public employees police and fire fund mortality table shall be transferred by the public employees police and fire fund to the Minnesota adjustable fixed benefit fund on January 1, 1979. For persons receiving benefits as survivors of deceased former retirement annuitants, the benefit shall be considered as having commenced on the date on which the retirement annuitant began receiving the retirement annuity.

Sec. 43. Minnesota Statutes 1978, Section 462.631, Subdivision 1, is amended to read:

462.631 [APPROVED MORTGAGES, BOND ISSUE; LIMITATIONS, PROVISIONS.] Subdivision 1. Any redevelopment company, subject to the approval of the state housing commission, may borrow funds and secure the repayment thereof by bond and mortgage or by an issue of bonds under a trust indenture. Each mortgage or issue of bonds of a redevelopment company shall relate only to a single specified project and to no other, and those bonds shall be secured by mortgage upon all of the real property of which ~~such~~ *the* project consists. First lien bonds of a redevelopment company, when secured by a mortgage not exceeding 80 percent of the estimated cost prior to the completion of the project, or 80 percent of the appraised value or actual cost, but in no event in excess of 80 percent of the actual cost, after that completion, as certified by the state housing commission, are hereby declared securities in which all public officers and bodies of the state and of its municipal subdivisions, *including the state board of investment if the bonds meet the requirements of section 22, subdivision 2*, all insurance companies and associations, all savings banks and savings institutions, including savings, building and loan associations, executors, administrators, guardians, trustees, and all other fiduciaries in the state may properly and legally invest the funds within their control. The bonds so issued and secured and the mortgage or trust indenture relating thereto may create a first or senior lien and a second or junior lien upon the real property embraced in any project; provided, however, that the total mortgage liens shall not exceed 80 percent of the estimated cost prior to the completion of the project, or 80 percent of the appraised value or actual cost, but in no event in excess of 80 percent of the actual cost after that completion, as certified by the state housing commission; and provided further that, where there are first and second mortgage liens upon the property embraced in a project, only the first or senior lien thereon shall be deemed a security in which ~~such~~ *the* officers, bodies, corporations, associations, and fiduciaries may invest the funds within their control. ~~Such~~ *The* bonds and mortgages may contain ~~such~~ other clauses and provisions as shall be approved by the state housing commission, including the right to assignment of rents and entry into possession in case of default; but the operation of the housing project in the event of such entry by mortgagee or receiver shall be subject to regulations promulgated by the state housing commission. Provisions for the amortization of the bonded indebtedness of companies formed under sections 462.415 to 462.711 shall be subject to the approval of the state housing commission. So long as funds made available by the federal government or any instrumentality thereof or any mortgage or mortgage bonds insured by the federal housing administrator or any other instrumentality of the federal government are used in financing, in whole or in part, any project under sections 462.415 to 462.711, the capital structure of a redevelopment company undertaking such project and the proportionate amount of the cost of the lands and improvements to be represented by mortgages or bonds shall be entirely in the discretion of the housing commission; and all restrictions as to the amounts to be represented by mortgages, mortgage bonds,

income debenture, or stock shall be inapplicable to ~~such the~~ projects or to redevelopment companies undertaking ~~such the~~ projects, except that the bonds, mortgages, debentures, and stock covering any project shall not exceed the total actual final cost of ~~such the~~ project as defined in section 462.635, clause 2.

Interest rates on mortgage indebtedness shall not exceed five percent per annum.

Sec. 44. Minnesota Statutes 1978, Section 475.73, Subdivision 1, is amended to read:

475.73 [STATE BOARD OF INVESTMENT.] Subdivision 1. Obligations sold under the provisions of section 475.60 may be purchased by the state board of investment *if the obligations meet the requirements of section 22, subdivision 2*, upon the approval of the Attorney General as to form and execution of the application therefor, and under ~~such rules and regulations~~ as the board may specify, and the state board of investment shall have authority to purchase the same to an amount not exceeding 15 percent of the assessed valuation of the taxable property of ~~such the~~ municipality, according to the last preceding assessment. ~~Such~~ *The* obligations shall not run for a shorter period than one year, nor for a longer period than 30 years and shall bear interest at a rate to be ~~fixed by the state board of investment~~ but not less than two percent per annum. Forthwith upon the delivery to the state of Minnesota of any obligations issued by virtue thereof, the commissioner of finance shall certify to the respective auditors of the various counties wherein are situated the municipalities issuing the same, the number, denomination, amount, rate of interest and date of maturity of each ~~such~~ obligation.

Sec. 45. [INSTRUCTIONS TO THE REVISOR.] *Subdivision 1. In the next and subsequent edition of Minnesota Statutes, the revisor of statutes shall substitute the term "executive director" for the term "executive secretary" wherever that term appears in reference to the state board of investment, shall substitute the term "Minnesota supplemental retirement investment fund" for the term "Minnesota supplemental retirement fund" wherever that term appears, and shall substitute the term "Minnesota variable annuity investment fund" for the term "Minnesota variable annuity fund" wherever that term appears.*

Subd. 2. In the next and subsequent edition of the Minnesota Statutes, the revisor of statutes shall substitute wherever the term "Minnesota adjustable fixed benefit fund" appears in reference to the state board of investment, the term "Minnesota post-retirement investment fund".

Sec. 46. [INSTRUCTION TO REVISOR.] *In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall in each section referred to in column A, strike the reference referred to in column B and insert the reference set forth in column C:*

<i>column A</i>	<i>column B</i>	<i>column C</i>
<i>Minnesota Statutes 1978</i>	<i>Minnesota Statutes 1978</i>	
<i>Section 3A.11, Subdivisions 1 and 2</i>	<i>Section 11.25</i>	<i>Section 11A.18</i>
<i>Section 60B.25(16)</i>	<i>Chapter 11</i>	<i>Section 11A.24</i>
<i>Section 82.34, Subdivision 5</i>	<i>Section 11.16</i>	<i>Section 11A.24</i>
<i>Section 137.022</i>	<i>Section 11.25, Subdivision 2</i>	<i>Section 11A.18</i>
<i>Section 137.022</i>	<i>Section 11.015, Subdivision 7</i>	<i>Section 11A.16, Subdivision 5</i>
<i>Section 137.022</i>	<i>Section 11.16, Subdivision 17</i>	<i>Section 11A.12, Subdivision 2</i>
<i>Section 137.025</i>	<i>Section 11.10</i>	<i>Section 11A.25</i>
<i>Section 161.04, Subdivision 2</i>	<i>Chapter 11</i>	<i>Section 11A.21</i>
<i>Section 162.16</i>	<i>Chapter 11</i>	<i>Section 11A.21</i>
<i>Section 198.265</i>	<i>Section 11.17</i>	<i>Section 11A.21</i>
<i>Section 222.59</i>	<i>Section 11.10</i>	<i>Section 11A.25</i>
<i>Section 352.04, Subdivision 12</i>	<i>Section 11.25</i>	<i>Section 11A.18</i>
<i>Section 352.061</i>	<i>Section 11.25</i>	<i>Section 11A.18</i>
<i>Section 352.061</i>	<i>Chapter 11</i>	<i>Section 11A.24</i>
<i>Section 352.119, Subdivision 2(2)</i>	<i>Section 11.25, Subdivisions 12 and 13</i>	<i>Section 11A.18</i>
<i>Section 352.93, Subdivision 3</i>	<i>Section 11.25</i>	<i>Section 11A.18</i>
<i>Section 352.96, Subdivision 2(a)</i>	<i>Section 11.18</i>	<i>Section 11A.17</i>
<i>Section 352B.26, Subdivision 3(3)</i>	<i>Section 11.25, Subdivisions 12 and 13</i>	<i>Section 11A.18</i>
<i>Section 352D.015, Subdivision 3</i>	<i>Sections 11.18 to 11.24</i>	<i>Section 11A.17</i>
<i>Section 352D.03</i>	<i>Section 11.18</i>	<i>Section 11A.17</i>
<i>Section 353.06</i>	<i>Section 11.25</i>	<i>Section 11A.18</i>
<i>Section 353.271, Subdivision 2(2)</i>	<i>Section 11.25, Subdivisions 12 and 13</i>	<i>Section 11A.18</i>
<i>Section 354.05, Subdivision 23</i>	<i>Section 11.26</i>	<i>Section 11A.19</i>
<i>Section 354.05, Subdivision 26</i>	<i>Section 11.25, Subdivision 12</i>	<i>Section 11A.18</i>

<i>column A</i>	<i>column B</i>	<i>column C</i>
<i>Minnesota Statutes 1978</i>	<i>Minnesota Statutes 1978</i>	
<i>Section 354.62, Subdivision 4(3)</i>	<i>Section 11.26, Subdivision 7</i>	<i>Section 11A.19, Subdivision 8</i>
<i>Section 354.63, Subdivision 2(2)</i>	<i>Section 11.25, Subdivisions 12 and 13</i>	<i>Section 11A.18</i>
<i>Section 356.39</i>	<i>Section 11.25</i>	<i>Section 11A.18</i>
<i>Section 360.017, Subdivision 2</i>	<i>Section 11.01</i>	<i>Section 11A.25</i>
<i>Section 422A.18, Subdivision 2</i>	<i>Section 11.25, Subdivision 12</i>	<i>Section 11A.18</i>
<i>Section 422A.23, Subdivision 10</i>	<i>Section 11.25, Subdivision 12</i>	<i>Section 11A.18</i>
<i>Section 490.123, Subdivision 3</i>	<i>Section 11.25</i>	<i>Section 11A.18</i>
<i>Section 490.123, Subdivision 3</i>	<i>Chapter 11</i>	<i>Section 11A.24</i>
<i>Section 525.161</i>	<i>Section 11.08</i>	<i>Section 11A.04 (9)</i>
<i>Section 525.841</i>	<i>Section 11.08</i>	<i>Sections 11A.04 (9) and 11A.10, Subdivision 2</i>
<i>Minnesota Statutes, 1979 Supplement</i>	<i>Minnesota Statutes 1978</i>	
<i>Section 299B.17, Subdivision 7</i>	<i>Section 11.10</i>	<i>Section 11A.25</i>

Sec. 47. [TEMPORARY PROVISION.] *Portfolio securities held by the state board of investment which met statutory criteria at the time of purchase but which became nonconforming as a result of the passage of sections 1 to 23 may be retained.*

Sec. 48. [REPEALER.] *Minnesota Statutes 1978, Sections 11.01; 11.015; 11.04; 11.05; 11.06; 11.08; 11.10; 11.11; 11.115; 11.117, Subdivisions 1, 2, 3, 5, and 7; 11.12; 11.13; 11.14; 11.15; 11.16; 11.17; 11.18; 11.19; 11.20; 11.21; 11.22; 11.23; 11.24; 11.25; 11.26; 11.27; 11.28; 360.303; 458.53; and Minnesota Statutes, 1979 Supplement, Sections 11.117, Subdivisions 4 and 6; 11.118; and 11.145 are repealed.*

Sec. 49. [EFFECTIVE DATE.] *This article is effective the day following enactment.*

ARTICLE XV

POLICE, FIRE AND JUDGES RETIREMENT

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

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

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

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

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

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

(1) Each member of the association pays into the retirement funds of the association during his term of covered employment from and after January 1, 1981, a contribution for retirement and survivorship benefits of not less than eight percent of the maximum rate of salary from which retirement and survivorship credits and amounts of benefits are determined, and that such contributions of a member are deducted from his salary by his governmental employer, transmitted to the association, and deposited to the credit of the proper fund thereof, provided that to avoid undue increase in the amount of employee contributions in any one year, any increase in the amount of contributions required by this section may be spread over several years, but the increase in rate of contribution in each year commencing in 1981 shall not be less than one percent until the appropriate levels of required employee contributions have been reached. This paragraph shall not apply to members who are volunteer firefighters, provided that the local governing body shall have given their approval to the exemption following consideration of the most recent actuarial survey.

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

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

The total of the amounts calculated pursuant to clauses (a) and (b) shall constitute the financial requirements of the relief association for the following year.

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

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

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

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

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

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

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

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

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

(7) The funds of the association shall be invested in securities which are proper investments for funds of the Minnesota state retirement system, except that up to \$10,000 may be invested in the stock of any one corporation in any account of such small size that the three percent stock limitation applicable to the Minnesota state retirement system would necessitate a lesser investment. Securities held by the association before July 1, 1971, which do not meet the requirements of this paragraph may be retained after that date if they were proper investments for the association on April 28, 1969. The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board of investment under the provisions of section 11.21, provided that there be no share account described in section 11.18, subdivision 2, or in the fixed-return account described in section 11.18, subdivision 3a, and that up to 20 percent of that portion of the assets of the association invested in the Minnesota supplemental retirement fund may be invested in the growth share account described in section 11.18, subdivision 3.

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

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

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

Sec. 4. [POLICE AND SALARIED FIREFIGHTER'S RELIEF ASSOCIATIONS.] *Subdivision 1. [MEMBERSHIP OF NEW POLICE AND SALARIED FIREFIGHTERS IN THE PUBLIC EMPLOYEES POLICE AND FIRE FUND.] Notwithstanding any law to the contrary, all persons first employed by any municipality as police officers or police officer trainees, salaried firefighters or firefighter trainees or public safety officers or public safety officer trainees after the effective date of this section shall be members of the public employees police and fire fund established by sections 353.63 to 353.68, and shall not be members of any local police or paid firefighter's relief association established or maintained by the municipality, unless the municipality elects to retain the local relief association by the adoption of a municipal resolution approved by a majority of the governing body of the municipality following the holding of a public meeting at which the views of the public are considered and a copy of the municipal resolution is filed with the secretary of state, the commissioner of finance, the commissioner of insurance and the executive secretary of the legislative commission on pensions and retirement on or before August 15, 1980.*

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

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

pursuant to subdivision 1 shall be governed by Minnesota Statutes, Section 353.65.

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

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

In calculating the amount of service pensions and other retirement benefits payable from the local relief association and in calculating the amount of any automatic post retirement increases in those service pensions and retirement benefits based on the salary paid or payable to active members or escalated in any fashion, the salary for use as the base for the service pension or retirement benefit calculation and the post retirement increase calculation for the local relief association shall be the salary for the applicable position as specified in the articles of incorporation or bylaws of the relief association as of the date immediately prior to the effective date of the modification of retirement coverage for newly hired personnel pursuant to subdivision 1, as the applicable salary is reset by the municipality periodically, irrespective of whether retirement coverage for persons holding the ap-

plicable position used in calculations is provided by the relief association or by the public employees police and fire fund.

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

Subd. 3. [BENEFIT INCREASE FOR CERTAIN RELIEF ASSOCIATION MEMBERS.] *Notwithstanding any law to the contrary, any member of a local police or salaried firefighters' relief association located in a municipality which has not adopted a municipal resolution retaining the local relief association pursuant to subdivision 1, except the city of Minneapolis, shall be entitled to receive, after the effective date for the modification of pension coverage for newly employed personnel, a retirement annuity in addition to the service pension to which the member may be eligible upon retirement. The additional retirement annuity shall be payable for the life of the retired member. The additional retirement annuity shall be equal to one-half of one percent of the salary upon which the service pension is calculated payable on the date of termination of active service per year of service credit acquired in excess of 25 years of service credit. The retirement annuity under this subdivision shall not be subject to any post retirement increases granted pursuant to increases in the salary payable to a certain employment category or in the salaries payable to active members or be in any other manner escalated or increased after retirement.*

Subd. 4. [AUTOMATIC POST RETIREMENT ADJUSTMENTS FOR CERTAIN NEWLY EMPLOYED, ACTIVE AND RETIRED MEMBERS.] *(1) Notwithstanding any provision of law, municipal charter, municipal ordinance or resolution, or relief association articles of incorporation or bylaws to the contrary, any person who meets one of the following requirements for entitlement shall be entitled to an annual automatic post retirement adjustment in the amount of the service pension calculated pursuant to clause (2). A person meets the requirements for entitlement if:*

(a) the person is a member of a covered local police or salaried firefighters' relief association enumerated in clause (3) unless the municipality has adopted a municipal resolution retaining the local relief association pursuant to subdivision 1, if applicable, commences receiving a service pension at an age no earlier than attaining the age of 55 years, and has met all applicable requirements for entitlement to a service pension specified in the applicable laws and relief association articles of incorporation or bylaws governing the local relief association;

(b) the person is a retired member of a covered local police or salaried firefighters' relief association enumerated in clause (3) unless the municipality has adopted a municipal resolution retaining the local relief association pursuant to subdivision 1, if applicable, retired on a service pension after the effective date of this section and after attaining the age of at least 50 years but prior to attaining the age of 55 years and attains the age of 55 years subsequent to retirement; or

(c) the person was a retired member on the effective date of this section of a covered local police or salaried firefighters' relief association or retirement trust fund enumerated in clause 3, unless the municipality has adopted a municipal resolution retaining the local relief association pursuant to subdivision 1, if applicable, on the effective date of this section, is receiving a service pension, and has attained the age of at least 55 years.

(2) Any person who meets the requirements specified in clause (1) (a) or (1) (b) shall be entitled to receive the annual automatic post retirement adjustment on the January 1 next following the date upon which the requirements for entitlement are met but in no event prior to the date upon which the person attains the age of 55 years. Any person who meets the requirements specified in clause (1) (c) shall be entitled to receive the annual automatic post retirement adjustment on the January 1 next following the effective date of the approval of the benefit modification by the municipality as provided for in clause (3) or the date upon which the person attains the age of 55 years; whichever occurs later. The amount of the annual automatic post retirement adjustment shall be determined by the board of trustees of the local relief association on or before December 1 annually and the annual automatic post retirement adjustment shall accrue each year as of January 1 next following the determination date. The annual automatic post retirement adjustment shall be first payable with the service pension payment made for January. Each annual automatic post retirement adjustment in the amount of the service pension shall be equal to the dollar amount determined by applying the percentage by which the salary payable by the municipality to a top grade patrol officer or a top grade firefighter, whichever is applicable, has increased during the year subject to the limitation provided for in this clause to the amount of service pension payable to the person for the month immediately prior to the month in which the determination is made. The maximum percentage increase shall not exceed three and one-half percent in any year and any increase in the salary level of the applicable position used to govern the determination of annual automatic post retirement adjust-

ments in excess of three and one-half percent in any year shall not carry over to or be used to calculate the rate of salary increase for any succeeding year in which the increase in the salary of the applicable position does not exceed three and one-half percent.

(3) The provisions of this subdivision shall apply to the active members and retired members of a local police or salaried firefighters' relief association or to the retired members of a retirement trust fund contained in the following enumeration of covered relief associations if the governing body of the applicable municipality approves the modification in the benefit plan of the relief association specified in this subdivision following consideration of an actuarial valuation which is, or actuarial estimate based on the most recent actuarial valuation which was, prepared in accordance with Minnesota Statutes, Sections 356.215 and 356.216, based on the benefit plan of the applicable local relief association or retirement trust fund including the modification provided for in this subdivision, does not adopt a municipal resolution retaining the local relief association pursuant to subdivision 1, and files a resolution indicating approval of the modification in the benefit plan with the secretary of state, the commissioner of insurance and the executive secretary of the legislative commission on pensions and retirement on or before the first day of the tenth month following the effective date of this section:

- (a) Buhl police relief association;*
- (b) Crookston firefighters relief association;*
- (c) Crookston police relief association;*
- (d) Eveleth joint retired police and firefighters retirement trust fund;*
- (e) Moorhead firefighters relief association;*
- (f) Moorhead police relief association;*
- (g) Thief River Falls police retirement trust fund;*
- (h) Virginia firefighters relief association;*
- (i) West St. Paul police relief association.*

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

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

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

Sec. 7. [ALTERNATIVE BENEFIT INCREASE.] Notwithstanding any provision of law to the contrary, and in lieu of the benefit increase provided for in section 4, subdivision 3, the

governing body of a participating municipality, except the city of Minneapolis, is authorized by resolution approved by a majority of the members of the governing body, following consideration of an actuarial analysis of the effect of any change, to increase the service pension or retirement benefits provided by or modify any provision of the benefit plan of either a police relief association or a salaried firefighters relief association unless the municipality elects to retain the local relief association by the adoption of a municipal resolution pursuant to section 4, subdivision 1. The total cost of any increase or modification, including amortization by the applicable date to amortize specified in any prior applicable special legislation, shall not exceed 1.26 percent of covered payroll.

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

Sec. 9. [HEALTH AND WELFARE BENEFIT.] *Notwithstanding any law to the contrary, any person who, after July 1, 1980, retires on a service pension or a disability benefit from the Minneapolis police relief association or the Minneapolis firefighters relief association shall be entitled on January 1, 1981, or upon the date of retirement, whichever occurs later, to receive a monthly health and welfare benefit unless the city of Minneapolis elects to retain the local relief association by the adoption of a municipal resolution pursuant to section 4, subdivision 1. The monthly health and welfare benefit shall be an amount equal to one unit as defined pursuant to Laws 1963, Chapter 315, Section 1, Subdivision 3, for the Minneapolis police relief association, or Minnesota Statutes, Section 69.45, for the Minneapolis firefighters relief association, whichever is applicable. The monthly health and welfare benefit shall be paid to the retired member unless the retired member designates in writing that the amount be paid to an insurance carrier to defray the cost of any health or welfare related insurance coverage.*

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

of the respective relief association based on the most recent actuarial valuation of the relief association prepared pursuant to Minnesota Statutes, Sections 69.77, 356.215 and 356.216. The city of Minneapolis shall provide sufficient financial support to each relief association to meet the minimum obligation of the governmental subdivision including the cost of the health and welfare benefit, effective January 1, 1981.

Sec. 11. Minnesota Statutes, 1979 Supplement, Section 424A.02, is amended by adding a subdivision to read:

Subd. 9a. [POST RETIREMENT INCREASES.] Notwithstanding any provision of general or special law to the contrary, a volunteer firefighters' relief association may, from time to time, with municipal approval pursuant to subdivision 10 and section 69.772, subdivision 6, or section 69.773, subdivision 6, whichever is applicable, provide a post retirement increase to retired members and other retirement benefit recipients of the relief association. The post retirement increase may only be granted pursuant to an amendment to the bylaws of the relief association and shall be applicable only to retired members and other retirement benefit recipients receiving a service pension or retirement benefit as of the effective date of the bylaw amendment. The authority to provide a post retirement increase to retired members and other retirement benefit recipients of a relief association contained in this subdivision shall supersede any prior special law authorization relating to the provision of post retirement increases.

Sec. 12. Minnesota Statutes, 1979 Supplement, Section 424A.04, is amended to read:

424A.04 [VOLUNTEER RELIEF ASSOCIATIONS; BOARD OF TRUSTEES.] Every volunteer firefighters' relief association shall be managed by a board of trustees consisting of nine members. Six trustees shall be elected from the membership of the relief association and three trustees shall be drawn from the officials of the municipality which has a fire department to which the relief association is directly associated or the municipality which contracts or the municipalities which contract with the independent nonprofit firefighting corporation of which the relief association is a subsidiary. *The bylaws of a volunteer firefighters' association may provide that one of the six trustees required to be elected from the membership of the relief association may be a retired member of the relief association receiving a monthly pension elected by the membership of the fire department. The ex officio trustees, if the relief association is directly associated with the fire department of a municipality, shall be the mayor, the clerk or clerk-treasurer, and the chief of the municipal fire department. The ex officio trustees, if the relief association is a subsidiary of an independent nonprofit firefighting relief corporation, shall be three elected officials of the contracting municipality designated by the governing body of the municipality if only one municipality contracts with the independent nonprofit firefighting corporation, two elected officials of the largest municipality in population and one elected official of the next largest municipality in population designated by the governing bodies of the applicable municipalities if*

two municipalities contract with the independent nonprofit fire-fighting corporation, or one elected official of each of the three largest municipalities in population designated by the governing bodies of the applicable municipalities if three or more municipalities contract with the independent nonprofit firefighting corporation. An ex officio trustee shall have all of the rights and duties accorded to any other trustee except the right to be an officer of the board of trustees. A board shall have at least three officers, which shall be a president, a secretary and a treasurer. These officers shall be elected from among the elected trustees by either the full board of trustees or by the membership, as specified in the bylaws, and in no event shall any trustee hold more than one officer position at any one time. The terms of the elected trustees and of the officers of the board shall be specified in the bylaws of the relief association but shall not exceed three years. If the term of the elected trustees exceeds one year, the election of the various trustees elected from the membership shall initially and shall thereafter continue to be staggered on as equal a basis as is practicable.

It shall be the duty of the board of trustees to faithfully administer any provisions of statute or special law applicable to the relief association without prejudice and consistent with the expressed intent of the legislature. The members of the board shall act as trustees with a fiduciary obligation to the state of Minnesota which authorized the creation of the relief association, the taxpayers who aid in its financing and the firefighters who are its beneficiaries.

Sec. 13. [HIBBING; AUTHORIZATION FOR SEPARATE RELIEF ASSOCIATIONS FOR SALARIED AND VOLUNTEER FIREFIGHTERS.] *Subdivision 1. Notwithstanding any provisions of any law to the contrary, the city of Hibbing may establish and maintain or continue to maintain two separate relief associations for firefighters employed by or serving with the Hibbing municipal fire department. One relief association shall provide retirement benefit coverage for regular salaried firefighters employed by the Hibbing municipal fire department and the other relief association shall provide retirement benefit coverage for volunteer firefighters serving with the Hibbing municipal fire department. Any fire state aid amounts received by the city of Hibbing pursuant to Minnesota Statutes, Sections 69.011 to 69.051, shall be allocated proportionately between the two relief associations on the basis of the assessed property value, excluding mineral values, and the population pursuant to the most recent federal census, of the areas which are predominantly served by the members of each relief association, as determined by the governing body of the city of Hibbing and certified to the commissioner of insurance and the county auditor.*

Subd. 2. No person who is employed by the city of Hibbing as a regular salaried firefighter, and who is a member of the Hibbing salaried firefighters relief association to which Minnesota Statutes, Section 69.77, applies, shall be entitled while so employed after the effective date of this section to be a member of or to

accrue any service credit in the relief association which provides retirement benefit coverage for volunteer firefighters serving with the Hibbing municipal fire department and to which Minnesota Statutes, Sections 69.771 to 69.776, apply.

Subd. 3. Any person who is prohibited from further membership in or from accruing further service credit in the volunteer firefighters' relief association which is established or maintained by the city of Hibbing and to which Minnesota Statutes, Sections 69.771 to 69.776 apply and who has not as of the effective date of this section received credit for sufficient years of service with the Hibbing municipal fire department or membership with the Hibbing volunteer firefighters' relief association to be entitled to a service pension without the benefit of this section shall be entitled when otherwise qualified to receive a proportionate service pension based on the number of completed years of service rounded to the nearest full years of service.

Sec. 14. [EVELETH POLICE OFFICERS AND FIREFIGHTERS.] *Notwithstanding any general or specific law to the contrary, retirement benefits payable to retired police officers and firefighters by the Eveleth police and fire trust fund may be increased by \$50 per month. Survivor benefits payable to a surviving spouse or surviving dependent child may be increased by \$25 per month. Increases shall be retroactive to January 1, 1980.*

Sec. 15. *Any volunteer firefighters' relief association which had prior special legislative authorization to grant a post retirement increase and which approved a post retirement increase prior to the effective date of Laws 1979, Chapter 201, may grant the post retirement increase, pursuant to section 11 of this article, effective retroactively to January 1, 1980.*

Sec. 16. *Minnesota Statutes 1978, Section 490.123, Subdivision 1, is amended to read:*

490.123 [JUDGES' RETIREMENT FUND.] *Subdivision 1. [CREATION; CONTRIBUTIONS.] There is hereby created a special fund known as the "judges' retirement fund". The fund shall be credited with all contributions, all interest and all other income authorized by law. From this fund there are appropriated the payments authorized by sections 490.121 to 490.132 in the amounts and at times provided herein, including the expenses of administering the fund. Except as provided in section 490.128, subdivision 2, each judge shall contribute to the fund from each salary payment a sum equal to one-half of one percent of salary, plus a sum equal to the salary multiplied by the rate of employee tax under the Federal Insurance Contributions Act as defined in section 355.01, subdivision 9, but in aggregate not less than seven percent of salary. The balance of all money necessary for administering sections 490.121 to 490.132 and the judges' retirement fund, including payment of retirement compensation and other benefits under sections 490.121 to 490.132, shall be contributed to the fund by the state. The amount required therefor is hereby annually appropriated from the general fund to the judges' retirement fund.*

Sec. 17. Minnesota Statutes 1978, Section 490.124, Subdivision 1, is amended to read:

490.124 [MATURITY OF BENEFITS; RETIREMENT AND SURVIVORS' ANNUITIES.] Subdivision 1. [BASIC RETIREMENT ANNUITY.] Except as qualified hereinafter from and after mandatory retirement date, normal retirement date, early retirement date, or two years from the disability retirement date, as the case may be, a retirement annuity shall be payable to a retiring judge from the judges' retirement fund in an amount equal to: (1) two and one-half percent of the judge's final average compensation multiplied by the number of years and fractions of years of service rendered, prior to July 1, 1980; plus (2) three percent of the judge's final compensation multiplied by the number of years and fractions of years of service rendered after June 30, 1980; provided that such annuity shall not exceed 60 65 percent of the judge's annual salary for the year immediately preceding his retirement.

Sec. 18. Laws 1979, Chapter 293, Section 10, Subdivision 1, is amended to read:

Sec. 10. [POST RETIREMENT ADJUSTMENT; LUMP SUM PAYMENTS.] Subdivision 1. [ENTITLEMENT.] Any person who, on or before July 1, 1979, has attained the age of 65 years and who is receiving a retirement annuity from, or any person who is receiving a disability benefit or a surviving spouse's annuity or benefit from a retirement fund specified in subdivision 4, clauses (1) to (5) which was computed under the laws in effect prior to June 1, 1973, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 4, clause (4), or prior to July 1, 1973, if the person is receiving an annuity or benefit from a retirement fund specified in subdivision 4, clause (1), (2), (3) or (5), and any person who, on or before July 1, 1979, has attained the age of 65 and who is receiving a "\$2 bill and annuity" annuity from the retirement fund specified in subdivision 4, clause (6), shall be entitled to receive a post retirement adjustment from the applicable retirement fund in the amount specified in subdivision 3.

Sec. 19. Laws 1979, Chapter 293, Section 10, is amended by adding a subdivision to read:

Subd. 6. [TRANSFER OF APPROPRIATION; TERMINAL AUDIT.] *From the amounts appropriated and apportioned pursuant to subdivision 5, there is transferred to the commissioner of finance for purposes of redistribution the specified amount from each fund indicated, as follows:*

highway patrol retirement fund	\$ 11,971
state employees retirement fund	263,100
public employees retirement fund	238,155
public employees police and fire fund	45,471

From the total amount transferred to the commissioner of finance for redistribution, the commissioner shall transfer the specified amount to each fund indicated as follows:

Minneapolis municipal employees	
retirement fund	\$ 25,780
teachers retirement fund	173,711

The remaining balance of the appropriation transferred to the commissioner of finance following redistribution shall cancel and shall be returned to the general fund.

Each covered retirement fund as specified in subdivision 4 shall, as soon as is practical following the payment of the December 1, 1980, post retirement adjustment, calculate the amount of any appropriation apportioned to it which is in excess of the amounts required to pay the December 1, 1979, and December 1, 1980, post retirement adjustments and the post retirement adjustments provided for in this article. In addition, the executive secretary of the state board of investment, for covered retirement funds specified in subdivision 4, clauses (1) to (5), and the executive secretary of the Minneapolis municipal employees retirement fund, for that fund, shall calculate the amount which represents for each applicable covered retirement fund the investment income which the fund received on its portion of the appropriation calculated on the basis of the actual annual rate of investment return received on the assets of the retirement fund. The calculations required by this paragraph shall be reported to and verified by the commissioner of finance and amounts equal to these reported excess appropriation and investment income amounts shall be returned to the general fund.

The commissioner of finance is not authorized to adjust or modify any appropriation made pursuant to Laws 1979, Chapter 293, Section 10 or any amounts transferred pursuant to this act except in accordance with this subdivision.

Sec. 20. [RETROACTIVE APPLICATION.] Any person who was not entitled to receive a lump sum post retirement adjustment on December 1, 1979, pursuant to Laws 1979, Chapter 293, Section 10, solely by virtue of not having attained the age of 65 years on or before July 1, 1979 shall be entitled to receive the lump sum post retirement adjustment which that person would have received on December 1, 1979. The adjustment shall be payable on the first day of the second month following the effective date of this section and may be included with the annuity or benefit payable on that date.

Sec. 21. [RETIREMENT COVERAGE FOR MINNEAPOLIS CHIEF OF POLICE.] Notwithstanding any provision of law to the contrary, the chief of the police department of the city of Minneapolis shall be excluded from either membership in the Minneapolis police relief association or the public employees police and fire fund, unless the person at the time of appointment is either a member of the Minneapolis police relief association or the public employees police and fire fund, whereupon the person may elect by irrevocable written application within 30 days of the person's appointment as chief of police to continue membership in the applicable pension fund. If the person is excluded from membership in the Minneapolis police relief association or the public

employees police and fire fund by operation of this section, the city of Minneapolis may pay to the person compensation in addition to the salary allowed under any limitations imposed by law on the salaries of public employees, on the condition that the person agrees that the additional compensation shall be deposited by the city in a deferred compensation program. The additional compensation shall be a dollar amount equal to the employer contribution to meet the normal cost obligation of the Minneapolis police relief association as specified in the most recent actuarial valuation of the relief association prepared and reported pursuant to Minnesota Statutes, Sections 69.77 and 356.215, applied to the salary payable to a first grade patrol officer.

Sec. 22. [SPECIAL RETIREMENT COVERAGE FOR MILITARY AFFAIRS DEPARTMENT PERSONNEL.] Subdivision 1. **[ELIGIBILITY; RETIREMENT ANNUITY.]** An employee of the department of military affairs who is covered by the Minnesota state retirement system, who is ordered to active duty pursuant to Minnesota Statutes, Section 190.08, Subdivision 3, and who is required to retire from federal military status at the age of 60 years by applicable federal laws or regulations shall be entitled upon application, to a retirement annuity commencing at the age of 60 computed in accordance with Minnesota Statutes, Section 352.115, Subdivisions 2 and 3, without reduction pursuant to Minnesota Statutes, Section 352.116, Subdivision 1.

Subd. 2. **[DISABILITY BENEFIT.]** An employee described in subdivision 1, who is less than 60 years of age and who shall become disabled and physically or mentally unfit to perform his duties due to injury, sickness or other disability, and who shall be found disqualified for retention on active duty as a result of a physical examination required by applicable federal laws or regulations, shall be entitled upon application to disability benefits computed in the same manner as specified in Minnesota Statutes, Section 352.113. Disability benefits shall be otherwise governed by Minnesota Statutes, Section 352.113, except that the age for the termination of the disability benefit shall be 60 years.

Subd. 3. **[ADDITIONAL CONTRIBUTIONS.]** The special retirement annuities and disability benefits authorized by this section shall be financed by an employee contribution of one percent and an employer contribution of one percent, which contributions shall be in addition to the contributions required by Minnesota Statutes, Section 352.04, Subdivisions 2 and 3, and shall be made in the manner provided for in Minnesota Statutes, Section 352.04, Subdivisions 4, 5 and 6.

Subd. 4. **[ELECTION OF COVERAGE.]** To be covered by the provisions of this act, any employee of the department of military affairs, described in subdivision 1, who is employed on July 1, 1980, or is first employed in such position after July 1, 1980, shall by August 1, 1980, or within 30 days of their employment, whichever is later, file a notice with the executive director of the Minnesota state retirement system on a form prescribed by the executive director stating whether or not the employee elects to be covered.

Elections shall be irrevocable during any period of covered employment.

Subd. 5. [RESTRICTION ON COVERAGE.] Nothing in this section shall be construed to apply to the adjutant general.

Sec. 23. [PRIOR MODIFICATIONS IN RETIREMENT COVERAGE APPLICABLE TO CERTAIN LOCAL POLICE AND SALARIED FIREFIGHTERS RELIEF ASSOCIATIONS.] *Any actions of the city of Richfield or the city of Crystal providing by ordinance for the membership of newly employed police officers or police officer trainees, or firefighters or firefighter trainees in the public employees police and fire fund which occurred prior to the date of final enactment of this act are ratified and confirmed.*

Sec. 24. [REPEALER.] *Laws 1979, Chapter 293, Section 10, Subdivision 2, is repealed effective retroactively to July 1, 1979.*

Sec. 25. [EFFECTIVE DATE.] *Sections 1, 2, 6, 11, 12, 15, 19 and 20 are effective the day following final enactment. Sections 3 and 17 are effective July 1, 1980. Section 4 is effective June 15, 1980. Section 16 is effective for the first pay period ending after July 1, 1980. Section 5 is effective January 1, 1981. Section 18 is effective retroactively to November 30, 1979. Sections 8, 9, 10, 13, 14 and 21 are effective on the day of compliance with Minnesota Statutes, Section 645.021, Subdivision 3. Any benefit change pursuant to section 7 is effective upon approval by the governing body of the applicable municipality and upon compliance with Minnesota Statutes, Section 645.021. Section 22 is effective July 1, 1980. Section 23 is effective the day following final enactment.*

ARTICLE XVI

MINNEAPOLIS MUNICIPAL EMPLOYEES RETIREMENT FUND

Section 1. Minnesota Statutes 1978, Section 422A.02, is amended to read:

422A.02 [RETIREMENT BOARD; MEMBERS.] A retirement board of seven members is hereby constituted which shall consist of the following:

- (1) Mayor;
- (2) The city ~~comptroller or corresponding official comptroller-treasurer~~;
- (3) One member of the city council selected by the council; and
- (4) Four legally qualified voters of the city, ~~residents thereof for the preceding five years~~, to be chosen by the employees as defined in sections 422A.01 to 422A.25 who are contributors to the retirement fund created by sections 422A.01 to 422A.25. The employees may form an association for that purpose and the employing authorities are authorized to make payroll deductions for the payment of dues to said the association. The persons selected shall serve for staggered terms of two years from the first of the next

succeeding January after their election, and until their successors are duly elected. ~~Such~~ The selection shall be made by the employees during the first week of December of each year. Vacancies occurring by death, resignation, or removal of ~~such~~ representatives shall be filled by representatives chosen by the employees.

Sec. 2. Minnesota Statutes, 1979 Supplement, Section 422A.03, Subdivision 1, is amended to read:

422A.03 [MEETINGS; EMPLOYEES; RULES AND REGULATIONS.] Subdivision 1. The retirement board shall meet on the third Tuesday of each calendar month of each year and may adjourn from time to time. Special meetings may be held upon the call of the president. The board shall, by a four-sevenths vote of all members of the board, appoint an executive ~~secretary~~ director, who shall have charge of the performance of the duties required by the provisions of sections 422A.01 to 422A.25, and shall appoint other necessary clerical ~~help~~ employees. If at the time of his appointment as executive ~~secretary~~ director the appointee holds a position subject to the civil service rules and regulations of the city he shall be deemed to be on leave of absence from ~~such~~ the civil service position during his tenure as executive secretary, and upon termination of ~~such~~ service shall be returned to his permanent civil service classification. If no vacancy is available in his permanent civil service classified position, seniority shall prevail, and the person most recently certified to ~~such~~ the position shall be returned to the permanent civil service classification held by him prior to such certification.

Sec. 3. Minnesota Statutes, 1979 Supplement, Section 422A.03, Subdivision 2, is amended to read:

Subd. 2. The executive ~~secretary~~ director may be removed by a four-sevenths vote of all members of the board at a meeting called for ~~such~~ that purpose. Before exercising the power of removal, 15 days written notice shall be given to the executive ~~secretary~~ director setting forth the cause for removal and stating the time and place where ~~such~~ the charges will be heard. The hearing shall be open to the public. Other employees under the supervision of the board and employees appointed hereafter shall be subject to applicable civil service laws and rules of the city ~~unless the board determines that they should be unclassified~~. The compensation of the executive ~~secretary~~ director and the other employees under the supervision of the board shall be fixed by ~~such~~ the board.

Sec. 4. Minnesota Statutes 1978, Section 422A.03, Subdivision 3, is amended to read:

Subd. 3. At the regular meeting in January each year, the board shall elect ~~one of from among~~ its members as a president, ~~one member as a~~ vice president, and ~~one member as~~ recording a secretary, who shall hold office for one year or until successors have been elected and qualified. ~~The city comptroller-treasurer shall serve as treasurer of the board~~. The president shall preside at all meetings at which he is present. In the absence of the president the vice president shall preside and have all the powers of the president while acting as such. The recording secretary shall keep

a record of all proceedings of the board, which shall be open to public inspection. At least one of the officers of the board shall be one of the representatives elected by the employees of the city to the board.

Sec. 5. Minnesota Statutes 1978, Section 422A.03, Subdivision 5, is amended to read:

Subd. 5. For the purpose of administration, except as otherwise herein provided, the executive secretary *director*, under the direction of the board, shall perform any and all acts and make such regulations as may be necessary and proper for the purpose of carrying out the provisions of sections 422A.01 to 422A.25.

Sec. 6. Minnesota Statutes 1978, Section 422A.05, Subdivision 1, is amended to read:

422A.05 [TRUSTEE OF FUNDS.] Subdivision 1. Except as otherwise provided by law the members of the retirement board shall be the trustees and custodians of the several funds created by sections 422A.01 to 422A.25 and shall have exclusive control and management of these funds, and power to invest the same, subject to all the terms, conditions, limitations, and restrictions imposed by law upon savings banks in the making and disposing of their investments, except convertible bonds which may be purchased as to rating but subject to the eligibility limits imposed below for common or preferred stock. Subject to like terms, conditions, limitations, and restrictions, these trustees shall have full power *them and* to hold, purchase, sell, assign, transfer, or dispose of any of the securities and investments in which any of the funds created by sections 422A.01 to 422A.25 shall have been invested as well as the proceeds of the investments, and of the money belonging to these funds.

Sec. 7. Minnesota Statutes 1978, Section 422A.05, is amended by adding a subdivision to read:

Subd. 2a. [STANDARD OF CARE.] *In the discharge of their respective duties, the members of the board, the executive director, the board staff and any other person charged with the responsibility of investing money pursuant to the standards set forth in chapter 422A shall act in good faith and shall exercise that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived therefrom.*

Sec. 8. Minnesota Statutes 1978, Section 422A.05, is amended by adding a subdivision to read:

Subd. 2b. [CONFLICT OF INTEREST.] *No member of the board may participate in the deliberations or the voting on any matter before the board which will or is likely to result in direct, measurable personal gain to the member.*

Sec. 9. Minnesota Statutes 1978, Section 422A.05, is amended by adding a subdivision to read:

Subd. 2c. The board may invest funds in corporate stocks or corporate obligations of any corporation organized under the laws of the United States or of any state of the United States or the Dominion of Canada or any province thereof and other corporations traded on the New York or American Stock Exchanges if they conform to the following provisions:

(a) On corporate stocks:

(1) The market value of these investments shall not exceed 50 percent of the market value of the funds.

(2) Investments in any one corporation shall not exceed five percent of the market value of the funds or five percent of the total shares outstanding of any one corporation.

(3) Cash dividends on these investments shall have been earned and paid for the preceding five years.

(4) Investments which do not conform to the dividend standard contained in clause (3) may be held, but the total amount of these securities shall not exceed five percent of the total market value of the funds.

(b) On corporate obligations:

(1) The consolidated net pretax earnings of corporations other than finance corporations shall have been an average for the preceding five years at least 1.5 times the annual interest charge on total funded debt applicable to that period.

(2) The consolidated net pretax earnings of banks and finance corporations shall have been an average for the preceding five years at least 1.2 times the annual interest charges on total funded debt applicable to that period.

(3) Obligations shall be rated among the top three quality categories by a nationally recognized rating agency; or if unrated, the corporation shall have other comparably secured issues similarly rated; or the consolidated net pretax earnings of the corporation shall have been an average for the preceding five years at least twice the ratios required in clauses (a) and (b).

Sec. 10. Minnesota Statutes 1978, Section 422A.05, Subdivision 3, is amended to read:

Subd. 3. The board shall have authority:

(1) To make such loans and advances of credits and purchases of obligations, representing loans and advances of credit, as are insured by the federal housing administration, and to obtain such insurance;

(2) To make such loans secured by mortgages on real property, which the federal housing administrator has insured or made a commitment to insure, and to obtain such insurance; (1) To invest in mortgage participation certificates and pools secured by first mortgages or trust deeds on improved real estate located in the United States where there is a guarantee of replacement by a

note or bond of comparable value and security in the event of a default, and where the loan to value ratio for each loan does not exceed 80 percent for fully amortizable residential properties and in all other respects meets the requirements of section 61A.28, subdivision 3.

~~(3) (2) To enter into any and all agency agreements necessary to enable it to invest its funds in loans, advances of credit, and obligations insured by the federal housing administrator, or which he has made a commitment to insure and to enter into any agreement or arrangement with any other of the pension and retirement systems of the city for the joint handling of these securities;~~

~~(4) To provide for the prorating of part or all of the cost of making, handling or foreclosing of such mortgages against the earnings of such mortgages and to establish reserve accounts from such earnings to liquidate losses or future losses on such mortgages;~~

~~(5) (3) To employ and dismiss agents, attorneys, appraisers, and others necessary for the proper handling or and servicing of such mortgages investments and to fix their compensation or fee on such the basis as it may see fit for such services rendered in connection with such mortgages the investments; and~~

~~(6) (4) To do any and all things necessary to carry out the provisions of sections 422A.01 to 422A.25 in the best interest of the funds.~~

Sec. 11. Minnesota Statutes 1978, Section 422A.05, Subdivision 5, is amended to read:

Subd. 5. All payments from the funds created by sections 422A.01 to 422A.25 shall be made *signed* by the treasurer of the city *only upon warrant signed by the, executive secretary director, or employee or other person appointed by the retirement board, and no warrant payment shall be drawn made except by order of the board duly entered in the record of its proceedings, except that the board may create a revolving fund in such an amount as may be necessary to be used for the purpose of withdrawals from the fund of excess contributions; refunds to employees upon their separation from the service and for such other purposes as may be determined by the board. The revolving fund herein provided for shall be periodically reimbursed by warrant drawn and signed as set forth herein. It shall be kept in the same bank or trust company as the city treasurer keeps other retirement funds. It shall be subject to withdrawal upon check signed by the executive secretary director, or employee or other person appointed by the board. The revolving fund shall be considered funds of the city insofar as it is necessary to bring them within any bond or security furnished by such bank or trust company to protect the city against loss.*

Sec. 12. Minnesota Statutes 1978, Section 422A.06, Subdivision 1, is amended to read:

422A.06 [RETIREMENT FUND.] Subdivision 1. [CREATION; DIVISIONS OF FUND.] For the purposes of sections 422A.01 to 422A.25 there shall be a ~~city municipal~~ *Minneapolis* employees retirement fund, hereafter referred to as the retirement fund. The retirement fund shall be subdivided into (1) a deposit accumulation fund, (2) a participating share in the Minnesota adjustable fixed-benefit fund, (3) a survivor benefit fund, and (4) a disability benefit fund. Expense of administration of the retirement fund shall be paid from the deposit accumulation fund, ~~less such~~ *the* amount as the retirement board may charge against income from investments as the cost of handling the investments of the retirement fund.

Sec. 13. Minnesota Statutes 1978, Section 422A.06, Subdivision 3, is amended to read:

Subd. 3. [DEPOSIT ACCUMULATION FUND.] The deposit accumulation fund shall consist of the assets held in such fund, increased by amounts contributed by or for employees, amounts contributed by the city, amounts contributed by municipal activities supported in whole or in part by revenues other than taxes and amounts contributed by any public corporation, and by income from investments. There shall be paid from ~~such~~ *the* fund the amounts required to be transferred to the Minnesota adjustable fixed-benefit fund or the disability benefit fund, refunds of contributions, death benefits payable on death before retirement not payable from the survivors' benefit fund, retirement allowances granted pursuant to Laws 1965, Chapter 688, Laws 1969, Chapter 859, and expenses of administration.

Sec. 14. Minnesota Statutes 1978, Section 422A.06, Subdivision 5, is amended to read:

Subd. 5. [VALUATION OF ASSETS; ADJUSTMENTS OF BENEFITS.] (a) For those members retiring pursuant to sections 422A.01 to 422A.25, assets equal to the required reserves as determined in accordance with a mortality table appropriate to the fund with an interest assumption of five percent, shall be transferred to the Minnesota adjustable fixed-benefit fund or the disability benefit funds as provided in subdivision 7, ~~except for~~ any amounts payable from the survivor benefit fund, as of date of retirement.

(b) Annuity payments shall be adjusted in accordance with the provisions of sections 422A.09 and 422A.15, except that no minimum retirement payments therein described shall include any amounts payable from the survivors' benefit fund or disability benefit fund and supplemented benefits specifically financed by statute.

(c) Notwithstanding the provisions of section 356.18 increases in annuity payments pursuant to this section will be made automatically unless written notice on a form prescribed by the board is filed with the retirement board requesting that the increase shall not be made.

(d) All annuities payable from the Minnesota adjustable fixed-

benefit fund which are in effect on June 30, 1973 shall be increased in the same ratio that the actuarially computed reserve for such annuities determined by using an interest assumption of $3\frac{1}{2}$ percent bears to the actuarially computed reserve for such annuities determined by using an interest assumption of five percent. The reserves upon which such increases shall be based shall be the actuarially determined reserves for all Minnesota adjustable fixed-benefit fund annuities which were in effect on December 31, 1972, in accordance with the mortality assumptions then in effect and at interest assumptions of $3\frac{1}{2}$ percent and five percent. ~~Such~~ The ratio of increase computed to the last full 1/100 of one percent shall be applied to all annuities payable from the Minnesota adjustable fixed-benefit fund which are in effect on June 30, 1973. Any additional annuity shall begin to accrue on July 1, 1973 and shall be considered as part of the base amount to be used in determining any increase which may become effective on January 1, 1974 under the provisions of section 11.25, subdivisions 12 and 13.

(e) All assets in the annuity stabilization reserve and suspense account shall be credited proportionately to the individual retirement funds' participation in the Minnesota adjustable fixed-benefit fund. Effective January 1, 1974 each participating fund in the Minnesota adjustable fixed-benefit fund, except the municipal employees retirement fund, shall increase the benefits in effect on June 30, 1973 by an amount that when added to the increase granted to such benefits effective July 1, 1973, equals 20 percent. The increase shall apply to accrual of benefits commencing January 1, 1974 and shall be in lieu of the adjustment provided by *Minnesota Statutes, 1973 Supplement*, Section 11.25, Subdivisions 12 and 13 scheduled to take effect January 1, 1974. The municipal employees retirement fund of Minneapolis shall determine the increase if any in accrual of benefits commencing January 1, 1974, determined on the basis of its entire participation in the manner provided in *Minnesota Statutes, 1973 Supplement*, Section 11.25, Subdivisions 12 and 13 as amended by Laws 1973, Chapter 7.

(f) The actuary for each participating fund shall calculate the reserve required to support the benefits in effect on June 30, 1973 as increase July 1, 1973 and herein. As of December 31, 1973, each participating fund shall transfer to or from the Minnesota adjustable fixed-benefit fund assets so that its participation equals the total of such required reserves and the reserve for benefits authorized on or after July 1, 1973. The increased benefits accruing as of January 1, 1974 shall be considered the "originally determined benefits" for the purpose of future adjustments.

Sec. 15. *Minnesota Statutes, 1979 Supplement*, Section 422A.08, Subdivision 2, is amended to read:

Subd. 2. Prior to August 31 of each year the retirement board shall prepare an itemized statement of its financial requirements from tax revenue for the succeeding fiscal year. A copy of the statement shall be submitted to the board of estimate and taxation and to the city council prior to September 15 of each year. This statement shall include:

(1) An estimate of the administrative expense of the board less:

(a) Such amount as the board may charge against the interest income account of the fund as cost of handling the investment securities of the fund.

(b) The cost of handling the retirement benefits of any city-owned public utility, improvement project, or other municipal activities supported in whole or in part by revenues other than taxes.

(c) The cost of handling the retirement benefits of any public corporation and its employees who have availed themselves of the provisions of sections 422A.01 to 422A.25.

(2) An estimated amount not to exceed $7\frac{1}{4}$ percent of the salaries and wages of all employees covered by the retirement fund less any amounts contributed for current cost of future retirement benefits by any city-owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than taxes, or any public corporation.

(3) The estimated amount to meet the requirements of section 422A.06, subdivision 3, less any amounts contributed for this purpose by any city-owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than taxes, or any public corporation.

(4) The cost of all monthly survivor's benefits provided in section 422A.23 as an obligation of the city and any of its boards, departments, commission or public corporations as therein provided, less any amounts contributed for this purpose by any city-owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than taxes, or any public corporation.

(5) Such other levies and financing as are required by law.

(6) The total of items 1, 2, and 3 above shall be increased or decreased as the case may be by any deficiency or excess of the amount of tax revenue actually collected within the preceding fiscal year under or over the amount actually determined to meet the financial requirements of the fund for such year. In no event shall the amount requested for levy exceed the total of entry age normal cost, less the amounts contributed by the employees, plus administrative expense, plus an amount necessary to amortize on a level annual dollar basis the principal amount of the actuarial deficit by the year 2017 using an interest rate of five percent, compounded annually, plus interest upon any deficiency from the previous year's levy at the rate of ~~four~~ six percent per annum. This limit does not apply to the requirements for survivors benefits provided in section 422A.23 nor to any levy which is administered by the retirement board pursuant to special act.

Sec. 16. Minnesota Statutes, 1979 Supplement, Section 422A.09, Subdivision 3, is amended to read:

Subd. 3. The exempt class shall consist of:

(1) Employees who are members of any other organization or association of the city on behalf of which a tax is levied by the city for the purpose of paying retirement allowances to disabled or superannuated employees.

(2) Persons filling elective position. Provided that any elective officer holding an elective city office, excepting judges of a municipal court, shall, upon written application to the retirement board, be entitled to become a member of the contributing class of the fund, and after becoming a contributor to the fund be entitled to all benefits conferred upon employees of the contributing class except retirement on a service allowance, which shall be granted only upon completion of ten or more years of service and attaining at least age 60.

All retirement allowances shall be computed and determined as provided herein, except that in determining the number of years of service, credit shall be given for time served as an elective officer or employee, or member of an executive board or commission or any combination thereof. Persons who have served in elective positions which qualified them for membership in the fund prior to July 1, 1967, and who immediately thereafter hold elective office, first being appointed to that elective office in Hennepin county in which they served as an elected official, may retain or resume membership in the fund as an elective officer of the county. The county shall collect and pay to the retirement fund the employee contribution. The employer cost of allowances and benefits credited to an elected officer as set forth above shall be paid from the county revenue fund by the proper county officials upon certification of such costs by the retirement board in the same manner as prescribed in section 422A.08 for the payment of costs by public corporations. A tax shall be levied by Hennepin county to defray the cost of such retirement allowances which may be in addition to all other taxes levied by the county. Before receiving a retirement allowance, or any other benefit, any person who claims credit for service under this section shall contribute to the fund an amount equal to the amount of contributions to the fund which such person would have made had he been a contributor to the fund since the date he first became eligible for membership in the fund, in accordance with the method of contribution herein provided for, plus ~~four~~ six percent compound interest.

(3) Persons serving without pay.

(4) Persons employed on a temporary basis, as doorkeepers, ticket takers, and attendants at the municipal auditorium, park recreation facilities, or like activities, employed less than 1000 hours, or its equivalent if employed on any other basis than an hourly basis, in any calendar year from January 1 to December 31, inclusive, provided that employees who are contributing members of the fund on July 1, 1959 shall not be affected by the exclusions contained in this section.

(5) A person who is exempted from the contributing class by Minnesota Statutes 1974, Section 422A.09, Subdivision 3, Clauses (4) and (5), but who is employed by and paid, in whole or in part,

by the city or any of its boards, departments, or commissions, operated as a department of the city government or independently, if financed in whole or in part by city funds, including any person employed by a public corporation as herein defined, and including any person employed by the Minneapolis school district, each of whom is not a member of any other retirement system, who later becomes a contributing member of the fund may elect to qualify such time for credit by paying into the fund an amount equal to the amount of contributions to the fund which such person would have made had he been a contributor to the fund since the date he first qualified as an exempt member of the contributing class, in accordance with the method of contribution herein provided, plus four percent compound interest.

(6) Any person who is employed by the city or any of its boards, departments, commissions or a public corporation, as herein outlined, and is excluded from participation in the fund by paragraph (4) shall be separated from the service upon reaching the age of 70 regardless of the provisions of the veterans preference act.

(7) Any person who is employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act from and after March 30, 1978, unless the city council of the city of Minneapolis specifies that the person is to be considered as a provisional member of the retirement fund pursuant to section 356.451 or unless the person has as of the later of March 30, 1978 or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive training and employment act, or the person agrees in writing to make the required employer contribution in addition to the required employee contribution.

Sec. 17. [INSTRUCTIONS TO THE REVISOR.] *Subdivision 1. In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall substitute the term "executive director" for the term "executive secretary" wherever that term appears in reference to the state board of investment, shall substitute the term "Minnesota supplemental retirement investment fund" for the term "Minnesota supplemental retirement fund" wherever that term appears, and shall substitute the term "Minnesota variable annuity investment fund" for the term "Minnesota variable annuity fund" wherever that term appears.*

Subd. 2. In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall substitute wherever the amount "four percent interest" appears in reference to the Minneapolis employees retirement fund the amount "six percent interest."

Subd. 3. In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall substitute "director" or

“executive director” for “secretary” or “executive secretary” in chapter 422A.

Sec. 18. [TEMPORARY PROVISION.] *Portfolio securities held by the retirement board of the Minneapolis employees retirement fund which met statutory criteria at the time of purchase but which became nonconforming as a result of the passage of this act may be retained.*

Sec. 19. [REPEALER.] *Minnesota Statutes 1978, Sections 422A.05, Subdivisions 2 and 4; and 422A.07 are repealed.*

Sec. 20. [EFFECTIVE DATE.] *This article is effective upon compliance with Minnesota Statutes, Section 645.021, Subdivision 3.*

ARTICLE XVII

BALLOT QUESTIONS

Section 1. *Minnesota Statutes 1978, Section 10A.01, Subdivision 7, is amended to read:*

Subd. 7. *“Contribution” means a transfer of funds or a donation in kind.*

Contribution includes any loan or advance of credit to a political committee, political fund, or principal campaign committee, which loan or advance of credit is (a) forgiven, or (b) paid by an entity other than the political committee, political fund, or principal campaign committee to which the loan or advance of credit is made. If an advance of credit or a loan is forgiven or paid as provided in this subdivision, it is a contribution in the year in which the loan or advance of credit is made.

A contribution made for the purpose of defeating a candidate is considered made for the purpose of influencing the nomination or election of that candidate or any opponent of that candidate.

Contribution does not include services provided without compensation by an individual volunteering his time on behalf of a candidate, ballot question, political committee or political fund, or the publishing or broadcasting of news items or editorial comments by the news media.

Sec. 2. *Minnesota Statutes 1978, Section 10A.01, Subdivision 7a, is amended to read:*

Subd. 7a. *“Transfer of funds” or “transfer” means money or negotiable instruments given by an individual or association to a political committee, political fund, or principal campaign committee for the purpose of influencing the nomination or election of a candidate or for the purpose of promoting or defeating a ballot question.*

Sec. 3. *Minnesota Statutes 1978, Section 10A.01, Subdivision 7b, is amended to read:*

Subd. 7b. *“Donation in kind” means anything of value other than money or negotiable instruments given by an individual or*

association to a political committee, political fund, or principal campaign committee for the purpose of influencing the nomination or election of a candidate or for the purpose of promoting or defeating a ballot question. Donation in kind includes an approved expenditure.

Sec. 4. Minnesota Statutes 1978, Section 10A.01, Subdivision 10, is amended to read:

Subd. 10. "Campaign expenditure" or "expenditure" means a purchase or payment of money or anything of value, or an advance of credit, made or incurred for the purpose of influencing the nomination or election of a candidate or for the purpose of promoting or defeating a ballot question.

An expenditure is considered to be made in the year in which the goods or services for which it was made are used or consumed.

An expenditure made for the purpose of defeating a candidate is considered made for the purpose of influencing the nomination or election of that candidate or any opponent of that candidate.

Except as provided in clause (a), expenditure includes the dollar value of a donation in kind.

Expenditure does not include:

- (a) Noncampaign disbursements as defined in subdivision 10c;
- (b) Transfers as defined in subdivision 7a;
- (c) Services provided without compensation by an individual volunteering his time on behalf of a candidate, ballot question, political committee, or political fund; or
- (d) The publishing or broadcasting of news items or editorial comments by the news media.

Sec. 5. Minnesota Statutes 1978, Section 10A.01, Subdivision 10c, is amended to read:

Subd. 10c. "Non campaign disbursement" means a purchase or payment of money or anything of value made, or an advance of credit incurred, by a political committee, political fund, or principal campaign committee for any purpose other than to influence the nomination or election of a candidate or to promote or defeat a ballot question.

Noncampaign disbursement includes:

- (a) Payment for accounting and legal services;
- (b) Return of a contribution to the source;
- (c) Repayment of a loan made to the political committee, political fund, or principal campaign committee by that committee or fund;
- (d) Return of moneys from the state elections campaign fund;
- (e) Payment for food and beverages consumed at a fundraising event;

(f) Services for a constituent by a member of the legislature or a constitutional officer in the executive branch, performed from the beginning of the term of office to adjournment sine die of the legislature in the election year for the office held; and

(g) A donation in kind given to the political committee, political fund, or principal campaign committee for purposes listed in clauses (e) and (f). The board shall determine whether an activity involves a noncampaign disbursement within the meaning of this subdivision.

Sec. 6. Minnesota Statutes 1978, Section 10A.01, Subdivision 15, is amended to read:

Subd. 15. "Political committee" means any association as defined in subdivision 3 whose major purpose is to influence the nomination or election of a candidate *or to promote or defeat a ballot question*.

"Political committee" includes a major political party as defined in subdivision 12, a minor political party as defined in subdivision 13, and any principal campaign committee formed pursuant to section 10A.19.

Sec. 7. Minnesota Statutes, 1978, Section 10A.01, Subdivision 16, is amended to read:

Subd. 16. "Political fund" means any accumulation of dues or voluntary contributions by an association other than a political committee, which accumulation is collected or expended for the purpose of influencing the nomination or election of a candidate *or for the purpose of promoting or defeating a ballot question*.

Sec. 8. Minnesota Statutes 1978, Section 10A.01, is amended by adding a subdivision to read:

Subd. 23. "*Ballot question*" means a question or proposition which is placed on the ballot and which may be voted on by all voters of the state. "*Promoting or defeating a ballot question*" includes activities related to qualifying the question for placement on the ballot.

Sec. 9. Minnesota Statutes 1978, Section 10A.12, Subdivision 1, is amended to read:

10A.12 [POLITICAL FUNDS.] Subdivision 1. No association other than a political committee shall transfer more than \$100 in aggregate in any one year to candidates or political committees or make any approved or independent expenditure *or expenditure to promote or defeat a ballot question* unless the transfer or expenditure is made from a political fund.

Sec. 10. Minnesota Statutes 1978, Section 10A.20, Subdivision 3, is amended to read:

Subd. 3. Each report under this section shall disclose:

(a) The amount of liquid assets on hand at the beginning of the reporting period;

(b) The name, address and employer, or occupation if self-employed, of each individual, political committee or political fund who within the year has made one or more transfers or donations in kind to the political committee or political fund, including the purchase of tickets for all fund raising efforts, which in aggregate exceed \$50 for legislative candidates or \$100 for statewide candidates or *ballot questions*, together with the amount and date of each transfer or donation in kind, and the aggregate amount of transfers and donations in kind within the year from each source so disclosed. A donation in kind shall be disclosed at its fair market value. An approved expenditure is listed as a donation in kind. A donation in kind is considered consumed in the reporting period in which it is received. The names of contributors shall be listed in alphabetical order;

(c) The sum of contributions to the political committee or political fund during the reporting period;

(d) Each loan made or received by the political committee or political fund within the year in aggregate in excess of \$100, continuously reported until repaid or forgiven, together with the name, address, occupation and the principal place of business, if any, of the lender and any endorser and the date and amount of the loan. If any loan made to the principal campaign manager of a candidate is forgiven at any time or repaid by any entity other than that principal campaign committee, it shall be reported as a contribution for the year in which the loan was made;

(e) Each receipt in excess of \$100 not otherwise listed under clauses (b) to (d);

(f) The sum of all receipts of the political committee or political fund during the reporting period;

(g) The name and address of each individual or association to whom aggregate expenditures, including approved expenditures, have been made by or on behalf of the political committee or political fund within the year in excess of \$100, together with the amount, date and purpose of each expenditure and the name and address of, and office sought by, each candidate on whose behalf the expenditure was made, *identification of the ballot question which the expenditure is intended to promote or defeat*, and, in the case of independent expenditures made in opposition to a candidate, the name, address and office sought for each such candidate;

(h) The sum of all expenditures made by or on behalf of the political committee or political fund during the reporting period;

(i) The amount and nature of any advance of credit incurred by the political committee or political fund, continuously reported until paid or forgiven. If any advance of credit incurred by the principal campaign committee of a candidate is forgiven at any time by the creditor or paid by any entity other than that principal campaign committee, it shall be reported as a donation in kind for the year in which the advance of credit was incurred;

(j) The name and address of each political committee, political

fund, or principal campaign committee to which aggregate transfers in excess of \$100 have been made within the year, together with the amount and date of each transfer;

(k) The sum of all transfers made by the political committee, political fund, or principal campaign committee during the reporting period;

(l) For principal campaign committees only, the sum of non-campaign disbursements made in each category listed in section 10 of this act 10A.01, subdivision 10c during the reporting period; and

(m) The sum of all noncampaign disbursements made by the political committee, political fund, or principal campaign committee during the reporting period.

Sec. 11. Minnesota Statutes 1978, Section 10A.20, Subdivision 6, is amended to read:

Subd. 6. Every candidate who does not designate and cause to be formed a principal campaign committee, and any individual who makes independent expenditures or expenditures expressly advocating the approval or defeat of a ballot question in aggregate in excess of \$100 in any year, shall file with the board a report containing the information required by subdivision 3. Reports required by this subdivision shall be filed on the dates on which reports by committees and funds are filed.

Sec. 12. Minnesota Statutes 1978, Section 10A.32, Subdivision 3, is amended to read:

Subd. 3. As a condition of receiving any money from the state elections campaign fund, a candidate shall agree by stating in writing to the board that (a) his expenditures and approved expenditures shall not exceed the expenditure limits as set forth in section 10A.25 and that (b) he shall not accept contributions or allow approved expenditures to be made on his behalf for the period beginning with January 1 of the election year or with the registration of his principal campaign committee, whichever occurs later, and ending December 31 of the election year, which aggregate contributions and approved expenditures exceed the difference between the amount which may legally be expended by him or on his behalf, and the amount which he receives from the state elections campaign fund. The agreement, insofar as it relates to the expenditure limits set forth in section 10A.25, remains effective until the dissolution of the principal campaign committee of the candidate or the opening of filings for the next succeeding election to the office held or sought at the time of agreement, whichever occurs first. Beginning in 1980, Money in the account of the principal campaign committee of a candidate on January 1 of the election year for the office held or sought shall be considered contributions accepted by that candidate in that year for the purposes of this subdivision. Notwithstanding the effective date of this section, for 1978, the period for determining the aggregate contribution and approved expenditure limit agreed to pursuant to this subdivision shall begin January 1, 1978. That amount of all

contributions accepted by a candidate in an election year which equals the amount of noncampaign disbursements *and contributions and expenditures to promote or defeat a ballot question which are made by that candidate in that year, and the amount of contributions received and approved expenditures made between January 1, 1978, and February 28, 1978 which equals the amount of expenditures made between January 1, 1978, and February 28, 1978, for goods consumed and services used before February 28, 1978, shall not count toward the aggregate contributions and approved expenditure limit imposed by this subdivision. Any amount by which his aggregate contributions and approved expenditures agreed to under clause (b) exceed the difference shall be returned to the state treasurer in the manner provided in subdivision 2. In no case shall the amount returned exceed the amount received from the state elections campaign fund.*

The candidate may submit his signed agreement to the filing officer on the day he files his affidavit of candidacy or petition to appear on the ballot, or he may submit the agreement to the board no later than September 1.

The board prior to the first day of filing for office shall forward forms for the agreement to all filing officers. The filing officer shall without delay forward signed agreements to the board. An agreement may not be rescinded after September 1.

For the purposes of this subdivision only, the total amount to be distributed to each candidate is calculated to be his share of the total estimated funds in his party account as provided in subdivision 3a, plus the total amount estimated as provided in subdivision 3a to be in the general account of the state elections campaign fund and set aside for that office divided by the number of candidates whose names are to appear on the general election ballot for that office. If for any reason the amount actually received by the candidate is greater than his share of the estimate, and his contributions thereby exceed the difference, the agreement shall not be considered violated.

Sec. 13. Minnesota Statutes 1978, Section 210A.26, Subdivision 3, is amended to read:

Subd. 3. [STATEMENTS OF POLITICAL COMMITTEES.] Statements shall also be made by any political committee showing the total amount of receipts and disbursements, and for what purpose such disbursements were made. Such statement shall be filed within 30 days after any primary, municipal, or general election:

(a) When the committee is organized to support a candidate for a federal office with the filing officer of such candidate;

(b) When the committee is organized to support a candidate for a judicial district or county office with the auditor of the county in which such committee has its headquarters;

(c) ~~When the committee is organized to support or oppose any constitutional amendment with the secretary of state;~~

(d) When the committee is organized to support a candidate for municipal office in municipalities having more than 20,000 population or to support or oppose propositions in elections in such municipalities with the filing officer of the municipality.

Sec. 14. Minnesota Statutes 1978, Section 210A.26, is amended by adding a subdivision to read:

Subd. 6. [BALLOT QUESTIONS.] Any individual, political committee, association or corporation that makes any contribution or expenditure to promote or defeat a ballot question shall file reports as required by this subdivision. Reports shall be filed at the times required for filing financial statements under subdivision 1. Reports shall be filed with the official responsible for placing the question on the ballot. Each report shall show the following information, covering the period from the last report to seven days before the filing date:

(a) The name and address of each committee, individual, or other person to whom aggregate contributions or expenditures in excess of \$100 have been made to promote or defeat a ballot question, together with the amount, date and purpose of the contribution or expenditure;

(b) The total amount of contributions and expenditures made to promote or defeat a ballot question; and

(c) Identification of the ballot question which the individual, political committee, association or corporation seeks to promote or defeat.

The secretary of state shall prescribe the form for reports required under this subdivision and may do so without adopting rules pursuant to chapter 15.

For the purpose of this subdivision:

(1) "Ballot question" means a question or proposition, other than a ballot question as defined in section 10A.01, subdivision 23, which is placed on the ballot and which may be voted on by the voters of one or more political subdivisions of the state; and

(2) A contribution or expenditure for activities related to qualifying a question for placement on the ballot is a contribution or expenditure to promote or defeat the ballot question.

Sec. 15. Minnesota Statutes 1978, Section 210A.34, Subdivision 1, is amended to read:

210A.34 [CORPORATIONS NOT TO CONTRIBUTE TO POLITICAL CAMPAIGN; PERMITTED ACTIVITIES; REPORTS; PENALTIES.] Subdivision 1. It shall be unlawful for any corporation doing business in this state to ~~pay or contribute or make any contribution or to offer, consent or agree to pay or contribute~~ make any contribution, directly or indirectly, of any money, property, free service of its officers or employees or thing of value to any political party, organization, committee or individual for any political purpose whatsoever, or to promote or defeat the candidacy of any person for nomination, election, or appointment to

any political office. *For the purpose of this subdivision, "contribution" includes an expenditure to promote or defeat the election or nomination of any candidate to any political office which is made with the authorization or expressed or implied consent of, or in cooperation or in concert with, or at the request or suggestion of a candidate, his principal campaign committee or his agent.*

Sec. 16. Minnesota Statutes 1978, Section 210A.34, is amended by adding a subdivision to read:

Subd. 1a. It shall be unlawful for any corporation doing business in this state to make any independent expenditure or to offer, consent or agree to make any independent expenditure to promote or defeat the candidacy of any person for nomination, election or appointment to any political office. For the purpose of this subdivision, "independent expenditure" means an expenditure which is not made with the authorization or expressed or implied consent of, or in cooperation or concert with, or at the request or suggestion of, a candidate, his principal campaign committee or his agent.

Sec. 17. Minnesota Statutes 1978, Section 210A.34, is amended by adding a subdivision to read:

Subd. 1b. A corporation doing business in this state may make contributions or expenditures to promote or defeat a ballot question, to qualify a question for placement on the ballot, or to express its views on issues of public concern. But no such contribution shall be made to any candidate for nomination, election or appointment to a political office or to any committee organized wholly or partly to promote or defeat such a candidate.

Sec. 18. Minnesota Statutes 1978, Section 210A.34, is amended by adding a subdivision to read:

Subd. 1c. Nothing in this section shall be construed to prohibit publication or broadcasting of news items or editorial comments by the news media.

Sec. 19. [EFFECTIVE DATE.] *This article is effective the day following final enactment.*

ARTICLE XVIII

GASOHOL

Section 1. Minnesota Statutes 1978, Section 296.01, is amended by adding a subdivision to read:

Subd. 24. "Agricultural alcohol gasoline" means a gasoline blend at least ten percent of which is agricultural ethyl alcohol of at least 190 proof.

Sec. 2. Minnesota Statutes 1978, Section 296.02, is amended by adding a subdivision to read:

Subd. 7. The tax on gasoline imposed by subdivision 1 shall be reduced by four cents per gallon for gasoline which is agricultural alcohol gasoline as defined in section 1, which is blended by a

distributor with alcohol distilled in this state from agricultural products produced in this state, and which is used in producing and generating power for propelling motor vehicles used on the public highways of this state. The tax imposed by this subdivision shall be payable at the same time, and collected in the same manner, as the tax imposed by subdivision 1. The reduction in gasoline taxes imposed by this subdivision shall expire on December 31, 1984.

Sec. 3. [EFFECTIVE DATE.] *This article is effective May 1, 1980.*

ARTICLE XIX

MISCELLANEOUS

Section 1. Minnesota Statutes 1978, Section 10.39, Subdivision 1, is amended to read:

10.39 [LOANS, DUES; DEDUCTIONS FROM SALARIES.] Subdivision 1. The heads of the various departments of the government of the state of Minnesota are hereby authorized, by and with the written consent of any employee of any state department, to deduct from the salary of such employee such sum or sums as may be agreed to by such employee for the payment of any moneys to any state employees' credit union, or the *Minnesota Benefit Association* or to any organization contemplated by the provisions of section 179.65, of which the employee is a member; provided, that where an employee is a member of more than one such credit union or more than one such organization, only one credit union and one organization may be paid money by payroll deduction from the employee's salary; and provided further, that no deduction shall be made from the salary of any state employee for payment to any credit union or organization hereinbefore referred to unless there are at least 100 state employees who have deductions made from their salaries for payment to such credit union or organization. Provided however, that the above noted numerical requirement shall not apply to present and prospective members of credit unions and organizations which received authorized payroll deduction payments on the effective date of this act.

Sec. 2. Minnesota Statutes 1978, Section 117.155, is amended to read:

117.155 [PAYMENTS; PARTIAL PAYMENT PENDING APPEAL.] Except as otherwise provided herein payment of damages awarded may be made or tendered at any time after the filing of the report; and the duty of the petitioner to pay the amount of any award or final judgment upon appeal shall, for all purposes, be held and construed to be full and just compensation to the respective owners or the persons interested in the lands. If either the petitioner or any respondent appeals from an award, the respondent or respondents, if there is more than one, except encumbrancers having an interest in the award which has been appealed, may demand of the petitioner a partial payment of the award pending the final determination thereof, and it shall be the duty of the petitioner to comply with such demand and to

promptly pay the amount demanded but not in excess of an amount equal to three-fourths of the award of damages for the parcel which has been appealed, less any payments made by petitioner pursuant to section 117.042; provided, however, that the petitioner may by motion after due notice to all interested parties request, and the court may order, reduction in the amount of the partial payment for cause shown. If an appeal is taken from an award the petitioner may, but it cannot be compelled to, pay the entire amount of the award pending the final determination thereof. If any respondent or respondents having an interest in the award refuses to accept such payment the petitioner may pay the amount thereof to the clerk of district court to be paid out under direction of the court. A partial or full payment as herein provided shall not draw interest from the condemnor from the date of payment or deposit, and upon final determination of any appeal the total award of damages shall be reduced by the amount of the partial or full payment. If any partial or full payment exceeds the amount of the award of compensation as finally determined, the petitioner shall have a claim against the respondents receiving such payment for the amount thereof, to be recoverable in the same manner as in any civil action.

Sec. 3. Minnesota Statutes 1978, Section 296.14, is amended by adding a subdivision to read:

Subd. 4. Notwithstanding the provisions of this section, the producer of ethyl alcohol which is produced for personal use and not for sale in the usual course of business shall report and pay the tax on all ethyl alcohol delivered into the supply tank of a licensed motor vehicle during the preceding calendar year. The tax shall be reported and paid together with the income tax return of the taxpayer. The commissioner of revenue shall transfer the amount collected in each calendar year to the highway user tax distribution fund by March 30 of the following taxable year. Any producer, qualifying under this subdivision, shall be exempt from the licensing requirements contained in section 296.01, subdivision 1.

Sec. 4. Minnesota Statutes 1978, Section 297.03, Subdivision 6, is amended to read:

Subd. 6. [TAX METER MACHINES.] (1) The commissioner may authorize any person licensed as a distributor to stamp packages with a tax meter machine, approved by him, which shall be provided by the distributor. He may provide for the use of such a machine by the distributor, supervise and check its operation, provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5, and in that connection require the furnishing of a corporate surety bond in a suitable amount to guarantee the payment of the tax.

(2) *The commissioner may authorize any person licensed as a distributor to stamp packages with a heat-applied tax stamping machine, approved by him, which shall be provided by the distributor. The commissioner shall supervise and check the operation of the machines and shall provide for the payment of the tax on any package so stamped, subject to the discount provided in*

subdivision 5. The commissioner may sell heat-applied stamps on a credit basis under conditions prescribed by him, and in that connection require the furnishing of a corporate surety bond in an amount suitable to guarantee payment of the tax stamps so purchased by a distributor. The stamps shall be sold by the commissioner at a price which includes the tax after giving effect to the discount provided in subdivision 5.

Sec. 5. Minnesota Statutes 1978, Chapter 298, is amended by adding a section to read:

[298.75] [GRAVEL REMOVAL; PRODUCTION TAX.] Subdivision 1. A county may impose upon every person, firm, corporation or association, hereafter referred to as "operator," engaged in the business of removing gravel for sale from gravel pits or deposits, a production tax in an amount not to exceed ten cents per cubic yard of gravel removed.

Subd. 2. On October 1, 1980, and thereafter on the first day of each calendar quarter in each county in which a tax is imposed pursuant to this section, every operator shall make and file with the county auditor of the county in which the gravel is removed, a correct report under oath, in such form and containing such information as the auditor shall require relative to the quantity of gravel removed during the preceding calendar quarter. The report shall be accompanied by a remittance of the amount of tax due.

Subd. 3. If any operator fails to make the report required by subdivision 2 or files an erroneous report, the county auditor shall determine the amount of tax due and notify the operator by registered mail of the amount of tax so determined. An operator may, within 30 days from the date of mailing the notice, file in the office of the county auditor a written statement of objections to the amount of taxes determined to be due. The statement of objections shall be deemed to be a petition within the meaning of Minnesota Statutes, Chapter 278, and shall be governed by sections 278.02 to 278.13.

Subd. 4. Failure to file the report shall result in a penalty of \$5 for each of the first 30 days, beginning on the fourteenth day after the date when the county auditor has sent notice to the taxpayer as provided in subdivision 3, during which the report is overdue and no statement of objection has been filed. For each subsequent day during which the report is overdue and no statement of objection has been filed, a penalty of \$10 shall be assessed against the person who is required to file the report. The penalties imposed by this subdivision shall be collected as part of the tax. If neither the report nor a statement of objection has been filed after more than 60 days have elapsed from the date when the notice was sent, the person who is required to file the report is guilty of a misdemeanor.

Subd. 5. It is a misdemeanor for any operator to remove gravel from a pit or deposit unless all taxes due under this section have been paid or objections thereto have been filed pursuant to subdivision 3.

Subd. 6. All moneys collected as taxes under this section shall be deposited in the county treasury and credited as follows, for expenditure by the county board:

(a) Sixty percent to the county road and bridge fund for expenditure for the maintenance, construction and reconstruction of roads traveled by vehicles hauling gravel;

(b) Thirty percent to the town road and bridge fund, for expenditure for maintenance, construction and reconstruction of roads traveled by vehicles hauling gravel, in a manner determined by the county; and

(c) Ten percent to a special reserve fund which is hereby established, for expenditure for the restoration of abandoned gravel pits or deposits upon lands to which the county holds title or upon tax forfeited lands within the county.

Sec. 6. Minnesota Statutes 1978, Chapter 298, is amended by adding a section to read:

[298.76] Section 5 shall not supersede any local law.

Sec. 7. [FARM WINERY LICENSES.] Subdivision 1. For purposes of this section and of section 8:

(a) "Farm winery" means a winery operated by the owner of a Minnesota farm and producing table or sparkling wines from grapes, grape juice, other fruit bases or honey with a majority of the ingredients grown or produced in Minnesota.

(b) "Table or sparkling wines" means a beverage made without rectification or fortification and containing not more than 25 percent of alcohol by volume and made by the fermentation of grapes, grape juice, other fruits or honey.

Subd. 2. The commissioner of public safety may issue a farm winery license to the owner or operator of a farm winery located within the state and producing table or sparkling wines. Licenses shall be issued and renewed on an annual basis upon payment of a fee of \$25, which shall be in lieu of all other license fees required by Minnesota Statutes, Chapter 340.

Subd. 3. A license shall authorize the sale on the farm winery premises of table or sparkling wines produced by that farm winery at on-sale or off-sale in retail or wholesale lots, in total quantities not in excess of 50,000 gallons in any calendar year, glassware, wine literature and accessories, and the dispensing of free samples of the wines offered for sale. Sales at on-sale and off-sale may be made on Sundays between 12 o'clock noon and 12 o'clock midnight. Labels for each type or brand produced shall be registered with the commissioner, without fee, prior to the sale thereof.

Subd. 4. Except as otherwise specified in this section, all provisions of Minnesota Statutes, Chapter 340 shall govern the production, sale, possession and consumption of table or sparkling wines produced by a farm winery.

Subd. 5. If Minnesota produced or grown grapes, grape juice,

other fruit bases or honey is not available in quantities sufficient to constitute a majority of the table or sparkling wine produced by a farm winery, the holder of the farm winery license may file an affidavit stating this fact with the commissioner of public safety. If the commissioner determines, after consultation with the commissioner of agriculture, this to be true, the farm winery may use imported products and shall continue to be governed by the provisions of this section and section 8. The affidavit is effective for a period of one year, after which time the farm winery shall use the required amount of Minnesota products as provided by subdivision 1 unless the farm winery holder files a new affidavit with the commissioner.

Sec. 8. [TAXATION.] In lieu of all taxes imposed by Minnesota Statutes, Section 340.47, there shall be levied and collected on all table or sparkling wines manufactured or produced by a Minnesota farm winery, the following excise tax:

(a) Wines containing 14 percent or less of alcohol by volume, the sum of 4 cents per liter;

(b) Wines containing more than 14 percent of alcohol by volume, the sum of 13 cents per liter.

Payment and collection of taxes imposed by this section shall be governed by Minnesota Statutes, Chapter 340.

Sec. 9. Minnesota Statutes 1978, Section 340.47, Subdivision 1, is amended to read:

340.47 [EXCISE TAX.] Subdivision 1. [ON INTOXICATING LIQUORS.] There shall be levied and collected on all intoxicating liquors manufactured, imported, sold or in possession of any person in this state, except as herein provided by sections 340.50 and 340.601, and except the natural fermentation of fruit juices in the home for family use the following excise tax:

(1) On all table wine containing 14 percent or less of alcohol by volume, the sum of 27 cents per gallon;

(2) On all wines containing more than 14 percent and not exceeding 21 percent of alcohol by volume, the sum of 79 cents per gallon;

(3) On all wines containing more than 21 percent and not exceeding 24 percent of alcohol by volume, the sum of \$1.58 per gallon;

(4) On all wines containing more than 24 percent of alcohol by volume, the sum of \$3.08 per gallon;

(5) On all natural and artificial sparkling wines containing alcohol, the sum of \$2.00 \$1.50 per gallon;

(6) On all other distilled spirituous liquors, liqueurs, cordials, and liquors designated as specialties regardless of alcoholic content, the sum of \$4.39 per gallon, but not including ethyl alcohol; provided, that in computing the tax on any package of spirits a proportional tax at a like rate on all fractional parts of a gallon

shall be paid except that all fractional parts of a gallon less than one-sixteenth shall be taxed at the same rate as shall be taxed for one-sixteenth of a gallon; provided, however, that the contents of miniatures containing two fluid ounces or less shall be taxed 12 cents.

Sec. 10. Minnesota Statutes 1978, Section 340.47, Subdivision 1a, is amended to read:

Subd. 1a. [METRIC CONTAINERS.] In lieu of the tax imposed by subdivision 1, there shall be levied and collected on all intoxicating liquors manufactured, imported, sold or in possession of any person in this state when packaged in containers where the net contents is stated in metric units of measure, except as herein provided by sections 340.50 and 340.601, and except the natural fermentation of fruit juices in the home for family use the following excise tax:

(1) On all table wine containing 14 percent or less of alcohol by volume, the sum of seven cents per liter;

(2) On all wines containing more than 14 percent and not exceeding 21 percent of alcohol by volume, the sum of 21 cents per liter;

(3) On all wines containing more than 21 percent and not exceeding 24 percent of alcohol by volume, the sum of 42 cents per liter;

(4) On all wines containing more than 24 percent of alcohol by volume, the sum of 81 cents per liter;

(5) On all natural and artificial sparkling wines containing alcohol, the sum of 84 40 cents per liter;

(6) On all other distilled spirituous liquors, liqueurs, cordials, and liquors designated as specialties regardless of alcoholic content, the sum of \$1.16 per liter, but not including ethyl alcohol; provided, that in computing the tax on any package of intoxicating liquors where the net contents is stated in metric units of measure, a proportional tax at a like rate on all fractional or multiple parts of a liter shall be paid, provided, however, that the contents of miniatures containing 50 milliliters or less shall be taxed 12 cents.

Sec. 11. Minnesota Statutes, 1979 Supplement, Section 471.665, Subdivision 1, is amended to read:

471.665 [MILEAGE ALLOWANCES.] Subdivision 1. The maximum amount which shall be paid by any county, home rule charter or statutory city, town, or school district, to any officer or employee as compensation or reimbursement for the use by the officer or employee of his own automobile in the performance of his duties shall be set by the town board or other governing body of the unit in an amount not exceeding that provided to be determined by the commissioner of personnel for state officers and employees the governing body.

Sec. 12. Minnesota Statutes 1978, Section 471.665, Subdivision 3, is amended to read:

Subd. 3. *In lieu of the mileage allowance provided in subdivision 1, the governing body or town board of any city, county, town, or school district may pay any officer or employee thereof as compensation or reimbursement for the use by such the officer or employee of his own automobile in the performance of his official duties such mileage allowances as the governing body or town board may prescribe and may provide a monthly or periodic allowance in lieu of mileage; but no such allowance in lieu of mileage shall be paid to the members of such the governing body or town board except as otherwise provided by special law or home rule charter.*

Sec. 13. [REPEALER.] *Minnesota Statutes, 1979 Supplement, Section 340.47, Subdivision 1b, is repealed.*

Sec. 14. [APPROPRIATION.] *The sum of \$30,000 is appropriated annually from the general fund in the state treasury to the commissioner of revenue for the purchase of heat-applied stamps.*

Sec. 15. [EFFECTIVE DATE.] *Section 2 applies to all partial payments on deposit with the court on its effective date and to partial payments deposited thereafter. Sections 5 and 6 are effective for gravel removed from pits or deposits after June 30, 1980.*

ARTICLE XX

DEPARTMENT APPROPRIATIONS

Section 1. [APPROPRIATION.] *There is appropriated from the general fund to the commissioner of revenue for the purpose of funding the study of railroad gross earnings taxes, the amount of \$150,000 for fiscal year 1980. This amount shall be reduced by any amount otherwise appropriated for this purpose during this legislative session.*

Sec. 2. [APPROPRIATION.] *There is appropriated from the general fund to the commissioner of revenue for the purpose of implementing tax changes in Laws 1979, Chapter 303, the amount of \$92,600 for fiscal year 1980 and \$92,600 for fiscal year 1981. This amount shall be reduced by any amount otherwise appropriated for this purpose during this legislative session.*

Sec. 3. [APPROPRIATION.] *There is appropriated from the general fund to the commissioner of revenue the amount of \$100,000 to be available through June 30, 1981. This appropriation is for the purpose of implementing the sales ratio study design recommendations made in the 1980 legislative report entitled "Property Tax Equalization in Minnesota: A Review of the Sales Ratio Study."*

Notwithstanding any law to the contrary, the commissioner of revenue may negotiate with private consultants for the development of the sales ratio study system.

The recommended design changes shall be used in computing the 1980 adjusted assessed valuations as provided in Minnesota Statutes 1978, Section 124.212, Subdivision 10, Clause (a) and they shall be completed by March 15, 1981. The revenue depart-

ment shall also compute the 1980 adjusted assessed valuations using the same methodology as had been used for the previous year's valuations and shall report them to the legislature by March 15, 1981. The commissioner of revenue shall report his progress to the legislature in the development of this sales ratio system by July 1, 1980; October 1, 1980; and January 15, 1981. This appropriation shall be reduced by any amount otherwise appropriated for this purpose during this legislative session."

Delete the title and insert:

"A bill for an act relating to the operation and financing of state and local government; adopting certain federal income tax changes; allowing a subtraction of certain interest and dividend income; increasing the pension exclusion; adopting technical and conforming amendments to income tax and property tax refund provisions; providing an income tax credit for contributions to candidates for federal offices; providing a definition of "quadriplegic"; increasing low income credit amounts, eliminating indexing of that credit, and allowing it to be taken as an alternative tax; modifying provisions of the renewable energy source credit; authorizing deduction of certain interest; increasing the dependent care credit; allowing involuntary conversion treatment of divestitures required by the F.C.C.; authorizing a non-game wildlife income tax refund checkoff; providing for treatment of small business corporations; providing for taxation of mobile homes; increasing the state share of certain income maintenance payments; providing for taxation of airport concessions; eliminating certain property tax exemptions; adjusting property tax classifications and assessment ratios; increasing the homestead credit; allowing homestead of surviving spouse to retain 3cc classification; adjusting levy limitations; requiring study of agricultural land valuations; modifying the administration of the property tax refund; providing relief for substantial homestead net property tax increases in 1981; requiring state reimbursement of local taxing districts for reduced property tax revenue due to reduced assessment properties; providing certain state and local sales tax exemptions; authorizing certain carriers to be treated as common carriers; providing technical and conforming amendments to tax increment financing provisions; providing for adjustments to captured assessed values and original assessed values; authorizing assessment agreements; restricting use of proceeds of taconite production tax to the taconite relief area; providing for membership of IRRRB; altering source and distribution of certain payments related to taconite taxes; restating apportionment of imputed income under occupation tax provisions; adjusting maximum interest rates on industrial revenue bonds and municipal bonds; increasing limit on issues requiring public sales; eliminating minimum tax on corporations and specific exemption for corporations; providing for taxation of utility property on situs basis; adjusting computation of credit paid to owners of rights of way; restricting procedure for appeals of special assessments; requiring collection of certain debts owed to the state by taking tax refunds; increasing the metropolitan transit levy authorization;

creating a joint commuter rail study commission; providing for a study of light rail transit; recodifying the laws governing the state board of investment; altering standards for the investment of state and pension assets; modifying public employee pension provisions and funding mechanisms; making certain changes in the Minneapolis employees retirement fund; authorizing contributions by corporations in relation to ballot questions; allowing deductions from state employees salaries for the Minnesota benefit association; restricting interest related to condemnation actions; providing for taxation of ethyl alcohol; reducing the excise tax on gasohol; authorizing heat-applied cigarette tax stamps; providing county option to impose gravel tax, authorizing licensure of farm wineries and providing for excise tax on wine produced on farm wineries; making reduction of excise tax on sparkling wines permanent; allowing local government to set mileage reimbursement rates; appropriating funds; providing penalties; amending Minnesota Statutes 1978, Section 10.39, Subdivision 1; 10A.01, Subdivisions 7, 7a, 7b, 10, 10c, 15, 16, and by adding a subdivision; 10A.12, Subdivision 1; 10A.20, Subdivisions 3 and 6; 10A.32, Subdivision 3; 69.77, Subdivision 2, as amended; 69.775; 117.155; 124.212, Subdivisions 2 and 8a; 124.46, Subdivision 4; 167.42; 167.50, Subdivision 2; 168.012, Subdivision 9; 193.146, Subdivision 4; 210A.26, Subdivision 3, and by adding a subdivision; 210A.34, Subdivision 1, and by adding subdivisions; 272.01, Subdivision 2; 273.13, Subdivision 3, 8a, 9, and 17b; 273.135, Subdivision 2; 273.19, Subdivision 1; 273.36; 273.37, Subdivision 2; 275.11, Subdivision 2; 275.28, Subdivision 3; 275.51, by adding a subdivision; 275.52, Subdivisions 2 and 5; 276.04; 290.01, by adding a subdivision; 290.06, Subdivision 1; 290.067, Subdivision 2; 290.08, Subdivision 24; 290.09, Subdivisions 2 and 28; 290.095, by adding a subdivision; 290.13, by adding a subdivision; 290.17, 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.04, by adding a subdivision; 290A.06; 290A.11, by adding a subdivision; 290A.17; 290A.18; 290A.19; 296.01, by adding a subdivision; 296.02, by adding a subdivision; 296.14, by adding a subdivision; 297.03, Subdivision 6; 297A.01, Subdivision 4; 297A.211, Subdivision 1; 298.17; 298.22, Subdivision 2; 298.223; 298.28, Subdivision 1; 340.47, Subdivisions 1 and 1a; 352.115, Subdivision 8; 352.23; 352.75, Subdivision 3; 352B.26, Subdivision 3; 352D.04, Subdivision 2; 352D.05, Subdivisions 3 and 4; 353.657, Subdivision 3; 353.661, Subdivision 3; 375.192, Subdivision 1; 422A.02; 422A.03, Subdivisions 3 and 5; 422A.05, Subdivisions 1, 3 and 5, and by adding subdivisions; 422A.06, Subdivisions 1, 3, and 5; 429.061, Subdivisions 1 and 2; 429.081; 462.631, Subdivision 1; 471.665, Subdivision 3; 472A.02, by adding a subdivision; 474.06; 475.55; 475.60, Subdivision 2; 475.73, Subdivision 1; 490.123, Subdivision 1; 490.124, Subdivision 1; and Chapters 273; 290; 298; and 477A, by adding sections; and Minnesota Statutes, 1979 Supplement, Sections 15A.081, Subdivision 1; 43.064; 256.82; 256D.03, Subdivision 2; 256D.36, Subdivision 1; 272.02, Subdivision 1; 273.13, Subdivisions 4, 5a, 6, 7, 14a and 19; 273.42; 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, 3, and by adding subdivisions; 273.77; 273.78; 273.86, Subdivision 4; 275.125, Subdivision 9; 275.50, Subdivision 5; 275.51, Subdivision 3d; 290.01, Subdivision 20; 290.06, Subdivisions 11, 3c, 3d, 3f, and 14; 290.067; Subdivision 1; 290.081; 290.09, Subdivision 3; 290.091; 290.095, Subdivision 1; 290.14; 290.17, Subdivision 1; 290.37, Subdivision 1; 290A.03, Subdivision 3; 297A.25, Subdivision 1; 352D.02, Subdivision 1; 353.023; 422A.03, Subdivisions 1 and 2; 422A.08, Subdivision 2; 422A.09, Subdivision 3; 424A.02, by adding a subdivision; 424A.04; 471.665, Subdivision 1; 473.446, Subdivision 1; and 473F.08, Subdivision 6; and Laws 1979, Chapter 293, Section 10, Subdivision 1, and by adding a subdivision; and Chapter 303, Article II, Section 39; and repealing Minnesota Statutes 1978, Sections 11.01; 11.015; 11.04; 11.05; 11.06; 11.08; 11.10; 11.11; 11.115; 11.117, Subdivisions 1, 2, 3, 5 and 7; 11.12; 11.13; 11.14; 11.15; 11.16; 11.17; 11.18; 11.19; 11.20; 11.21; 11.22; 11.23; 11.24; 11.25; 11.26; 11.27; 11.28; 290.21, Subdivision 2; 290.971, Subdivision 5; 360.303; 422A.05, Subdivisions 2 and 4; 422A.07; 458.53; Minnesota Statutes, 1979 Supplement, Sections 11.117, Subdivisions 4 and 6; 11.118; 11.145; 273.122; 290.23, Subdivision 16; 340.47, Subdivision 1b; and Laws 1979, Chapter 293, Section 10, Subdivision 2."

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

House Conferees: (Signed) Harry Sieben, Jr., James R. Casserly, James C. Pehler, Willis R. Eken, William Schreiber

Senate Conferees: (Signed) Bill McCutcheon, Marvin B. Hanson, Douglas J. Johnson, Collin C. Peterson, Otto T. Bang, Jr.

Mr. McCutcheon moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1121 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1121 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

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

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2268 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2268 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted April 11, 1980

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2268

A bill for an act relating to financial institutions; authorizing examinations of certain bank holding companies; providing for the institution of cease and desist proceedings and the issuance of temporary orders; amending Minnesota Statutes 1978, Section 46.24; and Minnesota Statutes, 1979 Supplement, Section 46.04.

April 10, 1980

The Honorable Fred C. Norton
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 2268, report that we have agreed upon the items in dispute and recommend as follows:

The Senate recede from its amendments and that H. F. No. 2268 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes, 1979 Supplement, Section 46.04, is amended to read:

46.04 [COMMISSIONER; POWERS.] *Subdivision 1.* The commissioner of banks, referred to in Minnesota Statutes, Chapters 46 to 59, as the commissioner, is vested with all the powers, authority, and privileges which, prior to the enactment of Laws 1909, Chapter 201, were conferred by law upon the public examiner, and he shall take over all duties in relation to state banks, savings banks, trust companies, savings associations, and other financial institutions within the state which, prior to the enactment of chapter 201, were imposed upon the public examiner. The commissioner of banks shall exercise a constant supervision, either personally or through the examiners herein provided for, over the books and affairs of all state banks, savings banks, trust companies, savings associations, and other financial institutions doing business within this state; and shall, through examiners, examine at least once in every 18 month period the state banks and savings

banks as are also subject to annual examinations by the federal deposit insurance corporation or the federal reserve bank. If any state bank or savings bank is not examined by one of these federal agencies annually, the commissioner shall examine the bank or savings bank, so that the bank or savings bank is examined at least once annually by either one of these federal agencies or the commissioner. Trust companies, savings associations, credit unions, industrial loan and thrift companies and other financial institutions shall be examined once a year. With the exception of industrial loan and thrift companies which do not have deposit liabilities and small loan companies, it shall be the principal purpose of these examinations to inspect and verify the assets and liabilities of each and so far investigate the character and value of the assets of each such institution as to determine with reasonable certainty that the values are correctly carried on its books. Assets and liabilities shall be verified in accordance with methods of procedure which the commissioner may determine to be adequate to carry out the intentions of this section. None of the above provisions shall limit limits the commissioner in making additional examinations as he deems necessary or advisable. He shall investigate the methods of operation and conduct of these institutions and their systems of accounting, to ascertain whether these methods and systems are in accordance with law and sound banking principles. He may make such requirements as to records as he deems necessary to facilitate the carrying out of his duties and to properly protect the public interest. He may examine, or cause to be examined by these examiners, on oath, any officer, director, trustee, owner, agent, clerk, customer, or depositor of any such financial institution touching the affairs and business thereof, and may issue, or cause to be issued by the examiners, subpoenas, and administer, or cause to be administered by the examiners, oaths. In case of any refusal to obey any subpoena issued by him or under his direction, the refusal may at once be reported to the district court of the district in which the bank or other financial institution is located, and this court shall enforce obedience to these subpoenas in the manner provided by law for enforcing obedience to subpoenas of the court. In all matters relating to his official duties, the commissioner of banks has the power possessed by courts of law to issue subpoenas and cause them to be served and enforced, and all officers, directors, trustees, and employees of state banks, savings banks, trust companies, savings associations, and other financial institutions within the state, and all persons having dealings with or knowledge of the affairs or methods of these institutions, shall afford reasonable facilities for these examinations, make such returns and reports to the commissioner of banks as he may require; attend and answer, under oath, his lawful inquiries; produce and exhibit such any books, accounts, documents, and property as he may desire to inspect, and in all things aid him in the performance of his duties.

Subd. 2. With respect to specific transactions between a bank holding company and a state bank affiliate, the commissioner of banks shall have the authority to examine the records of such holding company that directly pertain to such transactions to the

same extent such holding company were a state bank or trust company. For purposes of this subdivision, a bank holding company is defined as a company registered as such with the Federal Reserve System pursuant to the Bank Holding Company Act of 1956, as amended.

Sec. 2. Minnesota Statutes 1978, Section 46.24, is amended to read:

46.24 [CEASE AND DESIST PROCEEDINGS; INJUNCTIVE RELIEF.] Subdivision 1. [NOTICE OF CHARGES, ISSUANCE, CONTENTS; HEARING; CEASE AND DESIST ORDER, ISSUANCE, SERVICE, CONTENTS.] If in the opinion of the commissioner any institution or a director, officer, employee, agent or other person participating in the conduct of the affairs of the institution is engaging, or has engaged, or the commissioner has reasonable cause to believe that the institution is about to engage, in an unsafe or unsound practice in conducting the business of such institution or is violating, has violated, or the commissioner has reasonable cause to believe that the institution or a director, officer, employee, agent or other person participating in the conduct of the affairs of the institution is about to violate a law or rule, or a condition imposed in writing by the commissioner in connection with the granting of any application or other request by the institution or any written agreement entered into with the commissioner, the commissioner may issue and serve upon the institution or director, officer, employee, agent or other person, a notice of charges in respect thereof. The notice shall contain a statement of the facts constituting the alleged unsafe or unsound practice or violation, and shall fix a time and place at which a hearing will be held to determine whether an order to cease and desist therefrom should issue against the institution or a director, officer, employee, agent or other person participating in the conduct of the affairs of the institution. The hearing shall be not earlier than 10 days nor later than 30 days after service of the notice unless an earlier or a later date is set by the commissioner at the request of the institution any party so served. Unless the institution appears party or parties so served appear at the hearing by a duly authorized representative, it they shall be are deemed to have consented to the issuance of the cease and desist order. In the event of such consent, or if upon the record made at any such hearing the commissioner finds that any unsafe or unsound practice or violation specified in the notice of charges has been established, the commissioner may issue and serve upon the institution or a director, officer, employee, agent or other person participating in the conduct of the affairs of the institution an order to cease and desist from any such the practice or violation. By provisions which may be mandatory or otherwise, the order may require the institution and or its directors, trustees, officers, employees and, agents and other persons participating in the conduct of the affairs of the institution to cease and desist from the same and to take affirmative action to correct the conditions resulting from any such the practice or violation.

Subd. 2. [EFFECTIVE DATE.] A cease and desist order shall become is effective at the expiration of 30 days after the service of

the order upon the institution or other person concerned, except in the case of an order issued upon consent which ~~shall become~~ is effective at the time specified therein, and ~~shall remain~~ remains effective and enforceable as provided therein, except to the extent it is stayed, modified, terminated or set aside by the action of the commissioner or a reviewing court.

Subd. 3. [TEMPORARY CEASE AND DESIST ORDERS.]

(1) Whenever the commissioner of banks determines that the violation or threatened violation or the unsafe or unsound practice or practices, specified in the notice of charges served upon the institution or a director, officer, employee, agent, or other person participating in the conduct of the affairs of the institution pursuant to subdivision 1, or the continuation thereof, is likely to cause insolvency or substantial dissipation of assets or earnings of the institution, or is likely to seriously weaken the condition of the institution or otherwise seriously prejudice the interests of the institution's depositors prior to the completion of the proceedings conducted pursuant to subdivision 1, the commissioner may issue a temporary order requiring the institution or a director, officer, employee, agent, or other person to cease and desist from the violation or practice and to take affirmative action to prevent insolvency, dissipation, condition, or prejudice pending completion of the proceedings. The order becomes effective upon service upon the institution or a director, officer, employee, agent, or other person participating in the conduct of the affairs of the institution and, unless set aside, limited, or suspended by a court in proceedings authorized by clause (2), remains effective and enforceable pending the completion of the administrative proceedings pursuant to the notice and until the time the commissioner dismisses the charges specified in the notice, or if a cease and desist order is issued against the institution or a director, officer, employee, agent or other person, until the effective date of the order.

(2) Within ten days after the institution concerned or a director, officer, employee, agent, or other person participating in the conduct of the affairs of the institution has been served with a temporary cease and desist order, the institution or a director, officer, employee, agent, or other person may apply to the appropriate district court for an injunction setting aside, limiting, or suspending the enforcement, operation, or effectiveness of the order pending the completion of the administrative proceedings pursuant to the notice of charges served upon the institution or a director, officer, employee, agent, or other person under subdivision 1, and the court has jurisdiction to issue an injunction.

Sec. 3. Minnesota Statutes 1978, Chapter 47, is amended by adding a section to read:

[47.202] [COMMISSIONER'S REPORT ON FEDERAL PRE-EMPTION.] The commissioner shall, in his next annual report to the legislature, as required by section 47.20, subdivision 12, include an analysis of the effect of the provisions of P. L. 96-211, Title V, Part A on real estate lending in Minnesota.

Sec. 4. Minnesota Statutes 1978, Chapter 47, is amended by adding a section to read:

[47.203] [FEDERAL PREEMPTION OVERRIDE.] *The provisions of P. L. 96-211, Title V, Part A, Section 501 (a) (1), do not apply with respect to a loan, mortgage, credit sale or advance made in this state after the effective date of this section, nor with respect to a loan, mortgage, credit sale or advance secured by real property located in this state and made after the effective date of this section.*

Sec. 5. [EFFECTIVE DATE.] *Section 4 is effective December 31, 1981."*

Delete the title and insert:

"A bill for an act relating to financial institutions; authorizing examinations of certain bank holding companies; providing for the institution of cease and desist proceedings and the issuance of temporary orders; requiring commissioner to report on federal usury preemption; amending Minnesota Statutes 1978, Section 46.24; Chapter 47, by adding sections; and Minnesota Statutes, 1979 Supplement, Section 46.04."

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

House Conferees: (Signed) Robert L. Ellingson, Kathleen A. Blatz

Senate Conferees: (Signed) William P. Luther, Jim Nichols, Harmon T. Ogdahl

Mr. Luther moved that H. F. No. 2268 and the Conference Committee report be laid on the table. The motion prevailed.

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

APPOINTMENTS

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

S. F. No. 2104: Messrs. Tennesen; Ulland, J. and Lessard.

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

SPECIAL ORDER

H. F. No. 1507: A bill for an act relating to appropriations; converting certain standing appropriations to direct appropriations; abolishing other standing appropriations; appropriating money; amending Minnesota Statutes 1978, Sections 9.061, Subdivision 5; 97.482, Subdivision 2; and 638.08; repealing Minnesota Statutes 1978, Section 7.07.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1813 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1813 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 11, 1980

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1813

A bill for an act relating to public finance; authorizing the issuance of Minnesota state railroad assistance bonds; appropriating money; amending Minnesota Statutes 1978, Chapter 222, by adding a section.

April 9, 1980

The Honorable Fred C. Norton
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 1813, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1813 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [RAILROAD ASSISTANCE; APPROPRIATION.] The sum of \$13,500,000 is appropriated from the state building fund to the rail service improvement account in the special revenue fund, to be expended by the commissioner of transportation for the purposes specified in Minnesota Statutes, Sections 222.49 to 222.62.

Sec. 2. [BOND SALE; DEBT SERVICE.] Subdivision 1. To provide the money appropriated in this act from the state building fund the commissioner of finance upon request of the governor shall sell and issue bonds of the state in an amount up to \$13,500,000 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."

Delete the title and insert:

"A bill for an act relating to transportation; appropriating money for rail service improvement; authorizing issuance of state bonds."

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

House Conferees: (Signed) Bruce Anderson, Steve A. Sviggum, Gordon O. Voss

Senate Conferees: (Signed) Timothy J. Penny, Franklin J. Knoll, Emery Barrette

Mr. Penny moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1813 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1813 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Ashbach	Gunderson	Lessard	Peterson	Staples
Bang	Hanson	Luther	Purfeerst	Stern
Barrette	Humphrey	Menning	Renneke	Stokowski
Bernhagen	Johnson	Merriam	Rued	Strand
Davies	Keefe, J.	Nelson	Schaaf	Tennessen
Dieterich	Keefe, S.	Nichols	Schmitz	Ueland, A.
Dunn	Kirchner	Olhoff	Setzepfandt	Ulland, J.
Engler	Kleinbaum	Olson	Sieloff	Vega
Frederick	Knaak	Omman	Sikorski	Wegener
Gearty	Knoll	Penny	Spear	Willet

Mrs. Brataas and Mr. Knutson voted in the negative.

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

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Luther moved that H. F. No. 2268 and the Conference Committee report be taken from the table. The motion prevailed.

H. F. No. 2268: A bill for an act relating to financial institutions; authorizing examinations of certain bank holding companies; providing for the institution of cease and desist proceedings and the issuance of temporary orders; requiring commissioner to report on federal usury preemption; amending Minnesota Statutes 1978, Section 46.24; Chapter 47, by adding sections; and Minnesota Statutes, 1979 Supplement, Section 46.04.

Mr. Luther moved that the foregoing recommendations and Conference Committee Report on H. F. No. 2268 be now adopted, and that the bill be repassed as amended by the Conference Committee.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 30 and nays 24, as follows:

Those who voted in the affirmative were:

Barrette	Humphrey	Merriam	Penny	Stokowski
Coleman	Johnson	Moe	Peterson	Strand
Davies	Keefe, S.	Nelson	Sikorski	Stumpf
Gearty	Knoll	Nichols	Spear	Tennessen
Hanson	Luther	Ogdahl	Staples	Vega
Hughes	Menning	Olhoft	Stern	Willet

Those who voted in the negative were:

Ashbach	Frederick	Knutson	Purfeerst	Solon
Bernhagen	Gunderson	Laufenburger	Renneke	Ueland, A.
Brataas	Kirchner	Lessard	Rued	Ulland, J.
Dunn	Kleinbaum	Olson	Schmitz	Wegener
Engler	Knaak	Omann	Setzepfandt	

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

H. F. No. 2268 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 38 and nays 23, as follows:

Those who voted in the affirmative were:

Bang	Humphrey	Merriam	Peterson	Stokowski
Barrette	Johnson	Moe	Schaaf	Strand
Coleman	Keefe, S.	Nelson	Sieloff	Stumpf
Davies	Knoll	Nichols	Sikorski	Tennessen
Dieterich	Lessard	Ogdahl	Solon	Vega
Gearty	Luther	Olhoft	Spear	Willet
Hanson	McCutcheon	Penny	Staples	
Hughes	Menning	Perpich	Stern	

Those who voted in the negative were:

Aahbach	Frederick	Knaak	Purfeerst	Ueland, A.
Bernhagen	Gunderson	Knutson	Renneke	Ulland, J.
Brataas	Keefe, J.	Laufenburger	Rued	Wegener
Dunn	Kirchner	Olson	Schmitz	
Engler	Kleinbaum	Omann	Setzepfandt	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1302 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1302 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 11, 1980

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1302

A bill for an act relating to financial institutions; permitting banks and trust companies to take junior liens under certain circumstances; amending Minnesota Statutes 1978, Section 48.19, Subdivision 1.

April 11, 1980

The Honorable Fred C. Norton
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 1302, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1302 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 48.19, Subdivision 1, is amended to read:

48.19 [LOANS ON REAL ESTATE RESTRICTED.] Subdivision 1. [RESTRICTIONS; EXCEPTION.] No bank or trust company shall make any loan upon the security of real estate unless it is a first lien thereon, except that a bank or trust company may take a junior lien: (a) upon real estate to secure a loan previously contracted; or (b) upon farm real estate to secure a loan made to a farmer who resides in a county which due to weather conditions is a declared federal disaster area at the time the loan contract is signed; or (c) upon real estate to secure a loan if the total unpaid

aggregate of all outstanding liens against the same real estate does not exceed 80 percent of its appraised value. Before any such loans are made the value of the real estate shall be determined by an appraisal made by a committee appointed by the board of directors, which appraisal shall be made a matter of record; except that the board may accept an appraisal made by or for an agency of the United States government when such agency is guaranteeing or insuring the loan or any part thereof.

A bank may take additional liens on the same security and these shall be considered to be part of the same mortgage lien thereon providing it has been established that there are no intervening liens.

Loans in which the small business administration cooperates through agreements to participate on an immediate or deferred basis under the federal small business act or loans or obligations secured or guaranteed by the United States or any department, bureau, board, commission, or establishment of the United States, including any corporation wholly owned directly or indirectly by the United States, shall not be subject to the restrictions or limitations of this section imposed upon loans secured by real estate.

Sec. 2. Minnesota Statutes 1978, Section 50.14, Subdivision 5, is amended to read:

Subd. 5. (1) Class four shall be:

(a) Notes or bonds secured by mortgages or trust deeds on unencumbered real estate, whether in fee or in a leasehold of a duration not less than ten years beyond the maturity of the loan, in any state of the United States, worth at least twice the amount loaned thereon;

(b) Notes or bonds secured by mortgages or trust deeds on unencumbered real estate in clause (1) (a) where ~~such the~~ notes or bonds do not exceed 80 percent of the appraised value of the security for the same, provided that ~~such the~~ notes or bonds are payable in installments aggregating not less than five percent of the original principal ~~per annum a year~~ in addition to the interest; or, are payable on a regular amortization basis in equal installments including principal and interest, ~~such these~~ instalments to be payable monthly in ~~such~~ amounts that the debt will be fully paid in not to exceed 30 years if the security is non-agricultural real estate, and ~~such these~~ instalments to be payable annually or semi-annually in ~~such~~ amounts that the debt will be fully paid in not to exceed 25 years if the security is agricultural real estate. A construction loan ~~shall be is~~ deemed amortized as required by this clause if the first instalment thereon ~~shall be is~~ payable not later than 18 months after the date of the first advance in the case of residential construction or not later than 36 months after the date of the first advance in the case of nonresidential construction; and

(c) Notes or bonds secured by mortgages or trust deeds on unencumbered real estate in clause (1) (a) which are in an original principal amount of \$100,000 or more and which do not

exceed 95 percent of the appraised value of the security for the same which may be payable in such *the* manner as the trustees of the bank shall prescribe, provided that construction loans made by a savings bank pursuant to this clause (1) (c) shall do not exceed in the aggregate five percent of the assets of the savings bank.

(2) Class four investments shall be made only on report of a committee directed to investigate the same and report its value, according to the judgment of its members, and its report shall be preserved among the bank's records.

(3) Notwithstanding anything to the contrary in clause (1) (b), a mutual savings bank organized under the laws of this state may invest in notes or bonds secured by mortgages or trust deed where such *the* notes or bonds do not exceed 95 percent of the appraised value of the security for the same. Except as modified herein, the other provisions of clause (1) (b) shall apply.

(4) For purposes of this subdivision, real estate shall be is deemed unencumbered if the only existing mortgage or lien against the real estate is a first mortgage lien in favor of the savings bank making a second mortgage loan or if *the total unpaid aggregate of all outstanding liens against the same real estate does not exceed 80 percent of its appraised value.*

Sec. 3. Minnesota Statutes 1978, Chapter 47, is amended by adding a section to read:

[47.202] [COMMISSIONER'S REPORT ON FEDERAL PRE-EMPTION.] *The commissioner of banks shall, in his next annual report to the legislature, as required by section 47.20, subdivision 12, include an analysis of the effect of the provisions of P. L. 96-211, Title V, Part A on real estate lending in Minnesota.*

Sec. 4. Minnesota Statutes 1978, Chapter 47, is amended by adding a section to read:

[47.203] [FEDERAL PREEMPTION OVERRIDE.] *The provisions of Pub. L. 96-211, Title V, Part A, Section 501 (a) (1), do not apply with respect to a loan, mortgage, credit sale or advance made in this state after the effective date of this section, nor with respect to a loan, mortgage, credit sale or advance secured by real property located in this state and made after the effective date of this section.*

Sec. 5. Minnesota Statutes 1978, Section 168.72, is amended to read:

168.72 [TIME PRICE DIFFERENTIALS.] *Subdivision 1. [MOTOR VEHICLES.] (a) The time price differential authorized by sections 168.66 to 168.77 in a retail installment sale shall not exceed the following rates:*

Class 1. Any motor vehicle designated by the manufacturer by a year model of the same or not more than one year prior to the year in which the sale is made — \$8 per \$100 per year.

Class 2. Any motor vehicle designated by the manufacturer by a

year model of two or three years prior to the year in which the sale is made — \$11 per \$100 per year.

Class 3. Any motor vehicle not in Class 1 or Class 2 — \$13 per \$100 per year plus a flat charge of \$3 for each such retail installment sale.

(b) ~~Such~~ *The* time price differential shall be computed on the principal balance as determined under section 168.71(b) and shall be computed at the rate indicated on contracts payable in successive monthly installment payments substantially equal in amount extending for a period of one year. On contracts providing for installment payments extending for a period less than or greater than one year, the time price differential shall be computed proportionately.

(c) When a retail installment contract provides for unequal or irregular installment payments, the time price differential shall be ~~is~~ at the effective rate provided in subsection (a) hereof, having due regard for the irregular schedule of payment.

(d) The time price differential ~~shall be~~ *is* inclusive of all charges incident to investigating and making the contract, and for the extension of the credit provided for in the contract and no fee, commission, expense or other charge whatsoever shall be taken, received, reserved or contracted for except as provided in sections 168.66 to 168.77.

Subd. 2. [MOBILE HOMES.] (a) *Notwithstanding any other law to the contrary the time price differential authorized by sections 168.66 to 168.77 in a retail installment sale of a mobile home, as defined in section 168.011, subdivision 8, shall not exceed 12 percent per year or at a rate of not more than 4-½ percent in excess of the discount rate on 90 day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district encompassing Minnesota, whichever is greater.*

(b) *This subdivision supersedes the provisions of subdivision 3 for purposes of determining the lawful time price differential in a retail installment sale of a mobile home if the sale is made between the effective date of this subdivision and July 31, 1983.*

Subd. 3. *A sale of a mobile home made after July 31, 1983, is governed by the provisions of subdivision 1 for purposes of determining the lawful time price differential rate. A retail installment sale of a mobile home that imposes a time price differential rate that is greater than the rate permitted by this subdivision is lawful and enforceable in accordance with its terms until the indebtedness is fully satisfied if the rate was lawful when the sale was made.*

Sec. 6. Minnesota Statutes 1978, Section 550.37, is amended by adding a subdivision to read:

Subd. 21. *Rights of action for injuries to the person of the debtor or of a relative whether or not resulting in death.*

Sec. 7. Minnesota Statutes 1978, Section 550.37, is amended by adding a subdivision to read:

Subd. 22. The debtor's aggregate interest not to exceed in value \$4,000 in any accrued dividend or interest under or loan value of any unmaturing life insurance contract owned by the debtor under which the insured is the debtor or an individual of whom the debtor is a dependent.

Sec. 8. Minnesota Statutes 1978, Section 550.37, is amended by adding a subdivision to read:

Subd. 23. The debtor's right to receive a payment under a stock bonus, pension, profit sharing, annuity, or similar plan or contract on account of illness, disability, death, age, or length of service, to the extent reasonably necessary for the support of the debtor and any dependent of the debtor.

Sec. 9. [REPEALER.] *Minnesota Statutes, 1979 Supplement, Section 48.185, Subdivision 2, is repealed.*

Sec. 10. [REPEALER.] *Section 5, subdivision 2 is repealed effective July 31, 1983.*

Sec. 11. [EFFECTIVE DATES.] *Sections 1, 2, 3, 5, subdivisions 1 and 3, 6, 7, 8 and 9 are effective the day following final enactment. Section 4 is effective December 31, 1981."*

Delete the title and insert:

"A bill for an act relating to commerce; permitting banks, trust companies and mutual savings banks to take junior liens under certain circumstances; requiring availability of bank ownership information; requiring the commissioner of banks to report on federal usury preemption; providing a federal preemption override; establishing certain time price differentials on retail installment sales of mobile homes; exempting certain insurance contracts, employee benefits and rights of action from garnishment or attachment; amending Minnesota Statutes 1978, Sections 48.19, Subdivision 1; 50.14, Subdivision 5; and 168.72; 550.37, by adding subdivisions; and Chapter 47, by adding sections; repealing Minnesota Statutes, 1979 Supplement, Section 48.185, Subdivision 2."

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

House Conferees: (Signed) Robert L. Ellingson, Ann Wynia, Kathleen A. Blatz

Senate Conferees: (Signed) Otto T. Bang Jr., Roger Laufenberger, Douglas J. Johnson

Mr. Bang moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1302 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1302 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

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

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

MESSAGES FROM THE HOUSE—CONTINUED.

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2085 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 2085: A bill for an act relating to public employees; creating a state department of employee relations; establishing appropriate units for state and university of Minnesota employees; providing for a right to strike; providing for interim contract approval by the legislative commission on employee relations; clarifying civil service laws; providing for health benefits; providing for a study of promotional systems; repealing duty of the revisor of statutes regarding certain collective bargaining agreements; appropriating money; amending Minnesota Statutes 1978, Sections 43.001; 43.01, Subdivision 8; 43.05, by adding a subdivision; 43.111; 43.18, Subdivision 4; 43.19, Subdivision 1; 43.245; 43.321; 43.45; 43.46; 179.63, Subdivisions 7 and 8; 179.64, Subdivisions 2, 3, 4, and 5, and by adding a subdivision; 179.67, Subdivision 4; 179.69, Subdivisions 1 and 3; 179.71, Subdivisions 3 and 5; 179.72, Subdivision 6; 179.74, Subdivisions 2 and 3; and Chapters 43 and 179, by adding sections; and Minnesota Statutes, 1979 Supplement, Sections 3.855; 43.05, Subdivision 2; 43.067, Subdivision 1; 43.19, Subdivision 1; 43.50, Subdivision 1; 62D.22, Subdivision 7; 179.63, Subdivision 11; 179.65, Subdivision 6; and 179.74, Subdivisions 4 and 5; and Laws 1979, Chapter 332, Article I, Sections 114 and 116; repealing Minnesota Statutes 1978, Sections 43.003; 43.50, Subdivision 3; 179.64, Subdivision 1; 179.69, Subdivisions 4, 5, and 6; and 482.18; and Minnesota Statutes, 1979 Supplement, Sections 15A.081, Subdivision 5; and 179.64, Subdivision 7.

Senate File No. 2085 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1980

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 74 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 74

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

April 11, 1980

The Honorable Edward J. Gearty
President of the Senate

The Honorable Fred C. Norton
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 74, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and the bill be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE I

Section 1. Minnesota Statutes 1978, Section 204A.32, Subdivision 4, is amended to read:

Subd. 4. [CHALLENGE OF VOTER; DISPOSITION OF BALLOTS.] At any time before the ballots of any voter are deposited in the ballot boxes, the judges or, any person who was not present at the time the voter procured the ballots, but not otherwise, authorized challenger or other voter may challenge the qualifications of that voter and the deposit of any received absentee ballots in the ballot boxes. The judges shall determine the qualifications of any voter who is present in the polling place in the manner provided in section 204A.39, and if the voter is found to be disqualified, shall place the ballots of that voter unopened among the spoiled ballots. The judges shall determine whether to receive or reject the ballots of an absent voter and whether to deposit received absentee ballots in the ballot boxes in the manner provided in sections 207.11, 207.24 and 207.25, and shall dispose of any absentee ballots not received or deposited in the manner provided in section 207.11.

Sec. 2. Minnesota Statutes 1978, Section 209.02, Subdivision 3, is amended to read:

Subd. 3. [NOTICE OF CONTEST, FILING, SERVICE.] The notice of contest shall be filed within seven ten days after the

canvass is completed, except that if the contest relates to a primary election, the time for filing the notice of contest shall be limited to five days. Within the same period ~~copies thereof~~ *the contestant shall be served serve one copy of the notice* upon the ~~candidate whose election is contested~~ *contestee* and, *if the contestee is a candidate*, upon the official authorized to issue the *candidate's notice of nomination or certificate of election*. *When the contest relates to the nomination or election of a candidate, that candidate shall be designated the contestee*. When the contest relates to a constitutional amendment or other question to be voted for statewide or to a question to be voted for in more than one county, the secretary of state shall be designated the contestee; and a copy of the notice of contest shall be served upon him within seven days, or five days in the case of a primary, after the canvass is completed. When the contest relates to a question that affects a single county or a single municipality, the county auditor or the clerk of the municipality, as the case may be, shall be designated the contestee; and a copy of the notice of contest shall be served upon him within seven days, or five days in the case of a primary, after the canvass is completed. In all cases where the contest relates to an irregularity in the conduct of the election or canvass of votes a copy of the notice of contest shall also be served within seven ~~ten~~ days, or five days in the case of a primary, after the canvass is completed upon the county auditor of the county in which the irregularity is ~~said~~ *alleged* to have existed.

Sec. 3. Minnesota Statutes 1978, Section 209.02, Subdivision 4, is amended to read:

Subd. 4. [NOTICE OF CONTEST, HOW SERVED.] Service of the notice of contest shall be made in the same manner as provided for the service of summons in civil actions. In all cases two copies of the notice shall be furnished the official authorized to issue the certificate of election to the time of service upon him, and the official shall send one copy thereof by certified mail to the contestee at his last known address. If the sheriff ~~contestant~~ is unable to make personal or substituted service upon the contestee, then the ~~contestant's~~ affidavit of the sheriff to that effect and the ~~an~~ affidavit of the official authorized to issue the certificate of election that he sent a copy to the contestee by certified mail to his ~~the contestee's~~ last known address shall be sufficient to confer jurisdiction upon the proper court to hear and determine the contest. *The affidavits shall be made and filed with the court within the period for filing the notice of contest as provided in subdivision 3.*

Sec. 4. Minnesota Statutes 1978, Section 209.02, Subdivision 4a, is amended to read:

Subd. 4a. [NOTICE OF CONTEST, CERTAIN LEGISLATIVE CONTESTS, HOW SERVED.] In legislative contests, notice of contest shall be filed and served as provided in subdivisions 2 to 4; except that the clerk of district court with whom the notice, and answer, if any, has been filed. *In addition, but not as a jurisdictional requirement, the contestant shall, within three*

days of receipt of each filing the notice, submit by certified mail one copy thereof to the chief justice of the supreme court. Upon receipt of the notice of contest, the chief justice shall, within five days, submit to the parties a list of all the district judges in the state, having stricken any judges involved in a trial with which serving as judge in the election contest would interfere and having stricken the name of any judge whose health precludes service as judge in the election contest. The parties shall within two days after receiving the list of judges meet together and, in cases where an unfair campaign practice is alleged, by alternating strikes remove the names of all judges until but one remains who shall then proceed to hear the contest in the manner provided in section 209.10. In cases where no unfair campaign practice is alleged, the parties shall follow the same procedure using only the names of judges of the judicial district or districts covering the area served by the contested office. The judge shall, within 15 days after notice has been filed, convene at an appropriate place within the county, or, if the district includes all or portions of more than one county, a county within the legislative district and hear testimony of the parties, under the ordinary rules of evidence for civil actions. If the contestant does not proceed within the time provided for herein his action shall be dismissed and the judge shall transmit a copy of his order for dismissal to the chief clerk of the house of representatives or the secretary of the senate, as appropriate.

Sec. 5. Minnesota Statutes 1978, Chapter 209, is amended by adding a section to read:

[209.055] [CHALLENGE OF BALLOT BASED ON VOTER'S ACTS; VOTER'S PRIVILEGE TO SECRECY OF BALLOT.]

A party to a contest of an election may challenge the counting of any ballot cast at that election on the grounds that the voter who cast the ballot was not eligible to vote or that the voter did not comply with a provision of law requisite to the casting or counting of the ballot. If a challenge on these grounds is sustained, the voter shall not be compelled to reveal how he voted in the contested election unless the party seeking to compel the testimony shows that the voter:

(a) Cast the ballot knowing that he was not an eligible voter or knowing that he was not a resident of the precinct in which he voted; or

(b) Knowingly violated a provision of law requisite to the casting or counting of the ballot.

A voter may waive the right not to disclose how he voted.

Sec. 6. Minnesota Statutes 1978, Section 209.06, Subdivision 2, is amended to read:

Subd. 2. [RECOUNT, BOND, TAXING OF COSTS.] The party applying for the inspection shall file with the clerk of district court a bond, cash or surety in the sum of \$250 if the contest be within a single county; otherwise the bond shall be in a sum to be fixed by the court in its discretion, with such sureties as shall

be approved by the court, and conditioned that he will pay the costs and expenses of such in case he fails to maintain his contest. If the contestee succeeds, costs of the contest shall be taxed against the contestant. If the contestant succeeds, costs of the contest shall be taxed against the contestee, except that if the contestee loses because of an error in the counting of ballots or canvass of the returns or by reason of any other irregularity in the election procedure, costs shall be taxed, in the discretion of the judge, upon those municipalities responsible for errors which resulted in the reversal of the prior results of the election.

ARTICLE II

Section 1. Minnesota Statutes 1978, Chapter 205, is amended by adding a section to read:

[205.201] [FIRST CLASS CITIES; ELECTION DAY.] *The regular election of all elected officers of a city of the first class, including city council members, the mayor, elected members of city boards and commissions, and the board members of any school district principally situated in a city of the first class, shall be held on the first Tuesday after the first Monday in November in odd-numbered years. A primary election shall be held six weeks before the regular election day. No primary shall be held to select candidates for any nonpartisan office when only two persons file for nomination for that office, or when not more than twice the number of persons to be elected file for nomination for that office. The time for the filing of any affidavit, application, petition or other document required to place the name of any person on the ballot for election to any office to be filled as provided in this section shall commence 14 weeks before the day of the regular election and shall conclude 12 weeks before that day. Any general or special law or home rule charter provision inconsistent with the provisions of this section is superseded to the extent that it is inconsistent with those provisions.*

Sec. 2. Minnesota Statutes 1978, Section 123.51, is amended to read:

123.51 [SPECIAL SCHOOL DISTRICTS, LAWS APPLICABLE.] *Special districts as now organized shall continue to operate under the special legislation and charter provisions governing them until conversion to independent districts. The provisions of Laws 1957, Chapter 947, relating to independent districts shall apply to and govern each special district unless the special laws and charter provisions governing the special district provide for the matter, in which case the special laws and charter provisions relating to the special district shall apply and control. The provisions of article II, section 1 shall control and shall supersede inconsistent provisions of special laws or charters in the matter of school district elections in special districts principally situated in cities of the first class.*

Sec. 3. Minnesota Statutes 1978, Section 410.21, is amended to read:

410.21 [APPLICATION OF GENERAL ELECTION LAWS.] *Except as provided otherwise in article II, section 1, the provisions of any charter of any such city adopted pursuant to this chapter shall be valid and shall control as to nominations, primary elections, and elections for municipal offices, notwithstanding that such charter provisions may be inconsistent with any general law relating thereto, and such general laws shall apply only in so far as consistent with such charter.*

Sec. 4. Notwithstanding any provisions of law to the contrary, article II, sections 1 and 2 apply to the city of South St. Paul and to the special school district principally situated in South St. Paul. This section is effective upon approval by the city council of South St. Paul and the school board of the special school district in South St. Paul and upon compliance with Minnesota Statutes 1978, Section 645.021.

Sec. 5. [ADJUSTMENT OF TERMS; CITY OF SAINT PAUL; REFERENDUM.] *The city councils of the cities of St. Paul and South St. Paul by ordinance may extend the terms of all officers of those cities who will be elected at the regular city election in 1980 to the first business day in January of 1984. If adopted, the ordinance shall be placed on the city ballot at the regular city election in 1980 and shall be effective upon approval by a majority of those voting on the question at that election. The terms of all officers of the school district principally situated in the city of St. Paul and the school district principally situated in the city of South St. Paul who are elected at the regular city election in 1980 shall be extended in the same manner as the terms of city officers if an ordinance concerning the terms of city officers is adopted and approved by the respective cities as provided in this subdivision. If an ordinance is adopted and approved as provided in this subdivision, all regular St. Paul and South St. Paul city elections beginning in 1983 shall be held as provided in article II, section 1. If an ordinance is not adopted and approved as provided in this subdivision, the terms of all officers described in article II, section 1 who are elected at the regular city election in 1980, including the officers of the school district principally situated in the city of St. Paul and the school district principally situated in the city of South St. Paul, shall be on the first business day in January of 1982, and the regular St. Paul and South St. Paul city elections beginning in 1981 shall be held as provided in article II, section 1.*

ARTICLE III

Section 1. Minnesota Statutes 1978, Chapter 210A, is amended by adding a section to read:

[210A.192] [CAMPAIGN FUNDS; MISUSE.] *Subdivision 1. [DEFINITION.] Campaign funds are property entrusted to a person or put in that person's charge to be used to influence an election or elections or to influence public opinion on a public issue or issues.*

Subd. 2. [PROHIBITED USES OF CAMPAIGN FUNDS.] *The use of campaign funds is prohibited except:*

- (1) *For political purposes permitted by section 210A.16;*
- (2) *For influencing public opinion on a public issue or issues;*
- (3) *For expenses incurred in connection with an election contest brought pursuant to chapter 209;*
- (4) *For returning funds to the persons from whom they were received; or*
- (5) *For expenses to assist a candidate who is elected to office to carry out the duties of that office, including services to constituents.*

Subd. 3. [RESTITUTION.] *A person who violates subdivision 2 shall make restitution to the general account established by section 10A.30, subdivision 2, in an amount equal to the amount of campaign funds involved in the violation of that subdivision.*

Subd. 4. [COMMINGLING OF CAMPAIGN FUNDS PROHIBITED.] *Campaign funds shall not be commingled with other funds. Campaign funds intentionally commingled or which remain commingled for longer than 30 days, whether or not intentionally commingled, forfeit to the general account established by section 10A.30, subdivision 2.*

Subd. 5. [FUNDS NOT SPENT FORFEITED.] *Campaign funds not expended, determined by first in-first out accounting, within six years from December 31 of the year received forfeit to the general account established by section 10A.30, subdivision 2.*

Sec. 2. Minnesota Statutes 1978, Section 210A.19, Subdivision 1, is amended to read:

210A.19 [UNLAWFUL EXPENDITURES; PENALTY.] **Subdivision 1. [TREATING BY CANDIDATES PROHIBITED.]** *Every person or candidate for nomination or election to a public office, who, either by himself or by any other person, directly or indirectly, gives, provides, or pays wholly or in part, or promises to pay wholly or in part, the expenses of giving or providing any meat, drink, or other entertainment or provisions, clothing, liquors, cigars or tobacco to or for any person for the purpose of or with the intent to influence that person or any other person to give or refrain from giving his vote at the primary or election to or for any candidate or measure before the people shall be guilty of a misdemeanor. This subdivision shall not be construed to prohibit the payment of any compensation, either monetary or in kind, for personal services rendered to a candidate to influence the election of that candidate.*

ARTICLE IV

Section 1. Minnesota Statutes 1978, Section 10A.25, Subdivision 2, is amended to read:

Subd. 2. *In a year in which an election is held for an office sought by a candidate, no expenditures shall be made by the principal campaign committee of that candidate, nor any approved expenditures made on behalf of that candidate which expendi-*

tures and approved expenditures result in an aggregate amount in excess of the following:

(a) For governor and lieutenant governor, running together, 12½ cents per capita or \$600,000 whichever is greater;

(b) For attorney general, 2½ cents per capita or \$100,000 whichever is greater;

(c) For secretary of state, state treasurer and state auditor, separately, 1¼ cents per capita or \$50,000 whichever is greater;

(d) For state senator, 20 cents per capita or \$15,000 \$20,000, whichever is greater;

(e) For state representative, 20 cents per capita or \$7,500 \$10,000, whichever is greater.

Sec. 2. Article IV, section 1 is effective the day following its final enactment."

Amend the title by deleting it in its entirety and inserting:

"A bill for an act relating to elections; allowing post-election challenges to absent voters; permitting certain challenges of voters in an election contest; establishing conditions for compelling voters to disclose the manner in which they voted; clarifying and simplifying the procedures for instituting an election contest; extending the deadline for instituting an election contest after a general election; providing for the election days of certain first class cities and school districts principally situated in those cities; providing the city and school district election day for South St. Paul and the school district located in South St. Paul; providing for extension or reduction of the terms of certain elected officials; prohibiting certain uses of campaign funds; providing a civil penalty; providing that compensation for personal services rendered to influence election of a candidate is not a prohibited expenditure; regulating campaign financing; increasing certain expenditure limits; amending Minnesota Statutes 1978, Sections 10A.25, Subdivision 2; 123.51; 204A.32, Subdivision 4; 209.02, Subdivisions 3, 4 and 4a; 209.06, Subdivision 2; 210A.19, Subdivision 1; 410.21; and Chapters 205; 209; and 210A, by adding sections."

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

Senate Conferees: (Signed) Jack Davies, Steve Keefe

House Conferees: (Signed) C. Thomas Osthoff, Paul McCarron

Mr. Davies moved that the foregoing recommendations and Conference Committee Report on S. F. No. 74 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Coleman moved that the recommendations and Conference Committee Report on S. F. No. 74 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

The question was taken on the adoption of the motion of Mr. Coleman.

The roll was called, and there were yeas 40 and nays 18, as follows:

Those who voted in the affirmative were:

Ashbach	Gearty	Knaak	Olson	Setzepfandt
Bang	Hanson	Knutson	Omamn	Sieloff
Barrette	Hughes	Laufenburger	Perpich	Solon
Bernhagen	Humphrey	Lessard	Peterson	Staples
Brataas	Johnson	McCutcheon	Purfeerst	Stokowski
Coleman	Keefe, J.	Moe	Renneke	Ueland, A.
Engler	Kirchner	Nelson	Rued	Ulland, J.
Frederick	Kleinbaum	Ogdahl	Schmits	Wegener

Those who voted in the negative were:

Anderson	Keefe, S.	Merriam	Sikorski	Vega
Davies	Knoll	Olhoft	Stern	Willet
Dieterich	Luther	Penny	Strand	
Gunderson	Menning	Schaaf	Tennessen	

The motion prevailed.

MOTIONS AND RESOLUTIONS—CONTINUED

SUSPENSION OF RULES

Mr. Coleman moved that the rules of the Senate be so far suspended as to withdraw H. F. No. 2046 from the Subcommittee on Bill Scheduling and place H. F. No. 2046 on the Special Orders Calendar. The motion prevailed.

SPECIAL ORDER

H. F. No. 2046: A bill for an act establishing the Minnesota small business conference; providing for its organization, meetings and procedures; appropriating money.

Mr. Peterson moved that the amendment made to H. F. No. 2046 by the Committee on Rules and Administration in the report adopted April 1, 1980, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 2046 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Frederick	Laufenburger	Peterson	Strand
Ashbach	Gearty	Lessard	Renneke	Stumpf
Bang	Gunderson	Luther	Rued	Tennessen
Barrette	Hanson	Menning	Schaaf	Ueland, A.
Bernhagen	Humphrey	Merriam	Setzepfandt	Ulland, J.
Brataas	Johnson	Moe	Sieloff	Vega
Coleman	Keefe, J.	Olhoft	Sikorski	Wegener
Davies	Kirchner	Olson	Solon	Willet
Dieterich	Knaak	Omamn	Staples	
Dunn	Knoll	Penny	Stern	
Engler	Knutson	Perpich	Stokowski	

So the bill passed and its title was agreed to.

MEMBERS EXCUSED

Mrs. Brataas was excused from the Session of today at 11:30 o'clock a.m. Mr. Spear was excused from the Session of today from 10:45 o'clock a.m. to 2:30 o'clock p.m. Mrs. Staples was excused from the Session of today from 9:00 to 9:45 o'clock a.m. Mr. Humphrey was excused from the Session of today from 9:00 to 9:45 o'clock a.m. Mr. Olhoft was excused from the Session of today from 6:15 to 10:00 o'clock p.m. Mr. Chmielewski was excused from the Session of today. Mr. Benedict was excused from the Session of today at 12:00 o'clock noon. Mr. Perpich was excused from the early part of today's Session and from 5:40 to 11:00 o'clock p.m. Mr. Jensen was excused from the Session of today. Messrs. Knutson; Renneke; Keefe, J.; Ulland, J. and Mrs. Knaak were excused from the Session of today from 5:30 to 6:15 o'clock p.m.

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.

SPECIAL ORDER

S. F. No. 2419: A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results and technical errors of a noncontroversial nature; amending Minnesota Statutes, 1979 Supplement, Section 204A.23; Laws 1980, Chapters 341, Section 8; 345, Section 17; 357, Section 21; 358, Section 2; 361, Section 6; and 373, by adding a section; amending laws enacted at the 1980 regular session styled as S. F. No. 1865, by adding a section; S. F. No. 2117, Sections 1 and 2; H. F. No. 1710, Section 15; H. F. No. 1878, Section 8; and H. F. No. 1942, Section 3.

Mr. Davies moved to amend S. F. No 2419 as follows:

Page 1, after line 16, insert:

"Section 1. Minnesota Statutes 1978, Section 118.01, Subdivision 1, as amended by a law styled as S.F. No. 1132 enacted at the 1980 regular session is amended to read:

118.01 [DEPOSITORY BONDS.] Subdivision 1. Any bank, trust company or thrift institution authorized to do business in this state, designated as a depository of funds of a municipality, as provided by law may, in lieu of the corporate or personal surety bond required to be furnished to secure the funds, deposit with the custodian of the funds, the bonds or other interest bearing obligations, ~~except bonds secured by real estate, and obligations issued pursuant to chapter 474, as which~~ are legally authorized investments for savings banks under section 50.14, ~~except as otherwise provided by this subdivision. or~~ Notes secured by first mortgages of future maturity, upon which interest is not past due, on im-

proved real estate free from delinquent taxes, within the county wherein the depository is located, or within counties immediately adjoining the county in the state of Minnesota *may also be deposited with the custodian of the funds in lieu of the corporate or personal surety bond required to be furnished to secure the funds. Industrial revenue bonds or notes issued pursuant to chapter 474 or similar bonds or notes of other states, territories, or their municipal subdivisions or bonds secured by real estate may not be deposited with the custodian of the funds in fulfilling the requirement of this subdivision.*"

Page 3, after line 12, insert:

"Sec. 4. Minnesota Statutes, 1979 Supplement, Section 354.094, Subdivision 3, as amended by Laws 1980, Chapter 454, Section 4, is amended to read:

Subd. 3. A member on extended leave of absence pursuant to section 125.60 or section 1 who does not pay employee contributions into the fund in any year shall be deemed to cease to render teaching services beginning in that year for purposes of this chapter and may not pay employee contributions into the fund in any subsequent year of the leave. Nonpayment of employee contributions into the fund shall not affect the rights or obligations of the member or his employer under section 125.60 or section 1.

Sec. 5. Minnesota Statutes, 1979 Supplement, Section 354.66, Subdivision 2, as amended by Laws 1980, Chapter 454, Section 9, is amended to read:

Subd. 2. A teacher in the public elementary, secondary or area vocational-technical schools, in the community college system or the state university system of the state who has 20 years or more of allowable service or 20 years or more of full time teaching service in Minnesota public elementary, secondary and or area vocational-technical schools, *in the community college system or the state university system* may, by agreement with the board of the employing district, be assigned to teaching service within the district in a part time teaching position."

Page 8, line 23, delete the quotation mark

Page 8, after line 23, insert:

"Sec. 12. Laws 1980, Chapter 485, Section 2, is amended to read:

[169.871] [CIVIL PENALTY.] Subdivision 1. The owner or lessee of a vehicle that is operated with a gross weight in excess of a weight limit imposed under sections 169.83 to 169.87 or a shipper who ships or tenders goods for shipment in a single truck or combination vehicle that exceeds a weight limit imposed under sections 169.83 to 169.87 is liable for a civil penalty as follows:

(a) If the total gross excess weight is not more than 2,000 pounds, one cent per pound for each pound in excess of the legal limit;

(b) If the total gross excess weight is more than 2,000 pounds but not more than 3,000 pounds, five cents per pound for each pound in excess of the legal limit;

(c) If the total gross excess weight is more than 3,000 pounds but not more than 5,000 pounds, 15 cents per pound for each pound in excess of the legal limit; or

(d) If the total gross excess weight is *more than* 5,000 pounds *or more*, 30 cents per pound for each pound in excess of the legal limit.

Any penalty imposed and fines collected pursuant to this subdivision shall be disposed of as provided in section 299D.03, subdivision 5, with the following exceptions:

(a) If the violation occurs in the county, the remaining five-eighths shall be credited to the highway user tax distribution fund.

(b) If the violation occurs within the municipality, and the city attorney prosecutes the offense, and a plea of not guilty is entered, the remaining one-third shall be paid to the highway user tax distribution fund."

Page 14, line 21, after the period, insert "*Unless otherwise provided within the section, each section of this act is effective on the effective date of the act amended by that section.*"

Page 14, after line 19, insert:

"Sec. 18. A law enacted at the 1980 regular session styled as H. F. No. 2028, Section 1, is amended in the second paragraph by deleting "another" and inserting "any".

Sec. 19. A law enacted at the 1980 regular session styled as H. F. No. 2045, Section 3, Subdivision 6, Clause (a), is amended in the first sentence by deleting "loan or business" and inserting "*or business loan*".

Sec. 20. A law enacted at the 1980 regular session styled as H. F. No. 1896 is amended by deleting section 1 and inserting:

Section 1. Minnesota Statutes 1978, Section 245.802, Subdivision 1 is amended to read:

245.802 [RULES; REGULATIONS.] Subdivision 1. The commissioner shall develop and promulgate rules and regulations pursuant to chapter 15 for the operation and maintenance of day care and residential facilities and agencies, and for granting, suspending, revoking, and making licenses probationary. In developing rules and regulations, he shall consult with:

(1) Other appropriate state agencies including, but not limited to, the state commissioner of health, the state board of education, and the fire marshal. Any agency consulted is directed to cooperate with and assist the commissioner in developing appropriate rules and regulations for the licensing of day care and residential facilities and agencies;

(2) Persons and the relatives of the persons who use the service;

(3) Advocacy groups;

(4) Representatives of those who operate daycare or residential facilities or agencies;

(5) Experts in relevant professional fields.

Rules promulgated under this section establishing the maximum number of children permitted to reside in group foster homes shall require that children in the group foster parents' natural family be counted in the number of children actually residing in the group foster home, and the application of the rules providing the maximum number and manner of counting residents shall not be waived.

Sec. 21. Laws 1978, Chapter 723, Article I, Section 19, as amended by Laws 1980, Chapter 417, Section 16, is amended to read:

Sec. 19. [REPEALER.] Minnesota Statutes 1976, Sections 246.43, as amended by Laws 1977; Chapter 130, Section 1; 609.115; and 609.16 are repealed."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after "Statutes" insert "1978, Section 118.01, Subdivision 1, as amended at the 1980 regular session by S. F. No. 1132; Minnesota Statutes"

Page 1, line 7, delete "Section" and insert "Sections" and after the semicolon, insert "354.094, Subdivision 3, as amended; Laws 1978, Chapter 723, Article I, Section 19, as amended;"

Page 1, line 9, delete "and" and after "section;" insert "and 485, Section 2;"

Page 1, line 13, delete "and"

Page 1, line 14, after "3" insert "; H. F. No. 2028, Section 1; H. F. No. 2045, Section 3, Subdivision 6; H. F. No. 1896, Section 1, and the title thereof by deleting from the title "241.021" and inserting "245.802" "

The motion prevailed. So the amendment was adopted.

Mr. Davies then moved to amend S.F. No. 2419 as follows:

Page 3, delete section 4

Page 14, after line 19, insert:

"Sec. 22. Laws 1980, Chapter 471, Section 1, is amended to read:

Section 1. Minnesota Statutes 1978, Section 331.02, Subdivision 1, is amended to read:

331.02 [LEGAL NEWSPAPER.] Subdivision 1. [QUALIFICATIONS.] In order to be qualified as a medium of official and legal publication, a newspaper shall:

(1) Be printed in the English language in newspaper format and in column and sheet form equivalent in printed space to at least 1200 square inches;

(2) If a weekly, be distributed at least once each week for 50 weeks each year, or if a daily, at least five days each week; but in any week in which a legal holiday is included, not more than four issues of a daily paper are necessary;

(3) In at least half of its issues each year, have an average of no more than 75 percent of its printed space comprised of advertising material and paid legal notices; and in all of its issues each year, have 25 percent if published more often than weekly or 50 percent, if weekly, of its news columns devoted to news of local interest to the community which it purports to serve, but not more than 25 percent of its total nonadvertising column inches in any issue may wholly duplicate any other publication unless the duplicated material is from recognized general news services;

(4) Be circulated in and near the municipality which it purports to serve, and have at least 500 copies regularly delivered to paying subscribers and have entry as second-class matter in its local post office, or have at least 500 copies regularly distributed without charge to local residents;

(5) Have its known office of issue established in the county in which lies, in whole or in part, the municipality which the newspaper purports to serve;

(6) File a copy of each issue immediately with the state historical society;

(6a) Be made available at single or subscription prices to any person, corporation, partnership or other unincorporated association requesting the newspaper and making the applicable payment, or be distributed without charge to local residents;

(7) Have complied with all the foregoing conditions of this subdivision for at least one year last past;

(8) The newspaper must annually publish and submit to the secretary of state a sworn United States Post Office second-class statement of ownership and circulation or in the absence of a permit must annually publish and submit a statement of ownership and circulation verified by a recognized independent circulation auditing agency.

Sec. 23. A law enacted at the 1980 regular session styled as H.F. No. 1662 is amended in section 5, subdivision 3, as follows:

Subd. 3. Employees in shared positions shall be eligible for the following benefits and subject to the following obligations:

(1) Membership in the Minnesota state retirement system, the teachers retirement association, or the highway patrol retirement fund, whichever is appropriate, except that employees who are members of the Minnesota state retirement system or the highway patrol retirement fund shall have allowable service for purposes of Minnesota Statutes, Section 352.01, Subdivisions 11 and 16,

credited on a fractional basis either weekly or annually based upon the relationship that the number of hours of service bears to either 40 hours per week or 2,080 hours per year, with any salary paid for the fractional service credited on the basis of the rate of salary applicable for a full-time week or a full-time year;

(2) Vacation and sick leave accrual at the rate of the appropriate shared-time percent of the entitlement of comparable full-time employees;

(3) Employee dental, medical and hospital benefits coverage shall be available of the same type and coverage afforded to comparable full-time employees. Employees in shared positions who elect such coverage shall pay, by payroll deduction, the difference between the actual cost to the employer and the appropriate shared-time percent of the actual cost. The remaining percent shall be paid by the employer. Employee life insurance coverage shall be available to employees in shared positions on the same terms as for comparable full-time employees;

(4) Dependent life insurance coverage shall be available to employees in shared positions on the same terms as for comparable full-time employees. Dependent medical, hospital and dental benefits coverage shall be available to employees in shared positions of the same type and coverage afforded to comparable full-time employees, except that the employer shall contribute the appropriate shared-time percent of the dollar amount contributed for comparable full-time employees electing the same program, the remainder to be paid by payroll deduction by the employee electing such coverage;

(5) Employees in shared positions shall be entitled to the appropriate shared-time percent of the holiday pay to which comparable full-time employees are entitled for holidays observed by the full-time employees whenever the employee in a shared position would otherwise be scheduled to work on that day. The employee may be allowed to reschedule working hours to avoid any loss in pay due to the prorating of holiday pay. When an employee in a shared position is not scheduled to work on an observed holiday the next scheduled working day shall be treated as the holiday;

(6) Employees in shared positions shall accrue seniority time in every relevant category at the same rate accorded to comparable full-time employees. No full-time employee accepting a shared position shall suffer any loss of or gap in seniority time in the relevant categories applicable to the full-time employment, but shall be treated as though on leave of absence from that full-time employment; and

(7) Any other benefits of employment for employees in shared positions shall be prorated at a rate of the appropriate shared-time percent of those available to comparable full-time employees, whenever the benefits are divisible. Contributions by the employer toward the benefits, if any, shall be equal to the appropriate share time percent of the full-time benefits. When not divisible, the cost

of the full-time benefits normally allocable to the employer shall be allocated, the appropriate shared-time percent to the employee in a shared position, by payroll deduction, and the remaining percent to the employer.

Sec. 24. A law passed at the 1980 regular session styled as H. F. No. 1942, Section 3, is amended by adding a sentence at the end thereof to read: *"The approved complement of the department of public welfare is increased by two positions."*

Sec. 25. A law enacted at the 1980 regular session styled as H. F. No. 1842, Section 6, is amended by adding at the end thereof a paragraph to read:

"This appropriation is available until June 30, 1981."

Sec. 26. Laws 1979, Chapter 300, Section 4, Subdivision 2, is amended to read:

Subd. 2. [STATE DAM.] The sum of \$325,000 is appropriated from the state building fund to the commissioner of natural resources for reconstruction of the state owned dam at Cold Spring, Stearns County, to be available until expended. *In the event the engineering and construction costs exceed \$325,000, the commissioner of natural resources may expend an additional amount not to exceed \$25,000 from funds appropriated by Laws 1979, Chapter 300, Section 4, Subdivision 1."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, after the semicolon, insert "Laws 1979, Chapter 300, Section 4, Subdivision 2;

Page 1, line 8, delete "345, Section 17;"

Page 1, line 9, after "section;" insert "Chapter 471, Section 1;"

Page 1, line 14, before the period, insert "H. F. No. 1662, Section 5; H. F. No. 1942, Section 3; H. F. No. 1842, Section 6"

The motion prevailed. So the amendment was adopted.

Mr. Davies then moved to amend S. F. No. 2419 as follows:

Page 14, after line 19, insert:

"Sec. 27. A law enacted at the 1980 regular session styled as H. F. No. 874, Section 1, Subdivision 2, unnumbered sentence 2, is amended to read: "The jurisdiction of the commission shall include all rules as defined in section 15.0411, subdivision 3 and all rules promulgated by agencies specified in section 15.0411, subdivision 2, ~~clauses (e) through (i)~~ rules promulgated by the department of military affairs."

This amendment is effective notwithstanding that House File No. 874 may be approved or effective at a later time than this section."

Amend the title as follows:

Page 1, line 14, before the period, insert “; H. F. No. 874, Section 1”

The motion prevailed. So the amendment was adopted.

Mr. Davies then moved to amend S. F. No. 2419 as follows:

Page 14, after line 19 insert:

“Sec. 27. A law enacted at the 1980 regular session styled as H. F. No. 2040, Section 2, is amended in the first sentence by deleting “, *living or dead*.””

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 13, delete “and”

Page 1, line 14, after “Section 3” insert “; and H. F. No. 2040, Section 2”

The motion prevailed. So the amendment was adopted.

S. F. No. 2419: A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results and technical errors of a noncontroversial nature; amending Minnesota Statutes 1978, Section 118.01, Subdivision 1, as amended at the 1980 regular session by S. F. No. 1132; Minnesota Statutes, 1979 Supplement, Sections 204A.23; 354.094, Subdivision 3, as amended; Laws 1978, Chapter 723, Article I, Section 19, as amended; Laws 1979, Chapter 300, Section 4, Subdivision 2; Laws 1980, Chapters 341, Section 8; 357, Section 21; 358, Section 2; 361, Section 6; 471, Section 1; and 485, Section 2; amending laws enacted at the 1980 regular session styled as S. F. No. 1865, by adding a section; S. F. No. 2117, Sections 1 and 2; H. F. No. 1710, Section 15; H. F. No. 1878, Section 8; H. F. No. 1942, Section 3; H. F. No. 1662, Section 5; H. F. No. 1942, Section 3; H. F. No. 874, Section 1; H. F. No. 2040, Section 2; H. F. No. 1842, Section 6; H. F. No. 2028, Section 1; H. F. No. 2045, Section 3, Subdivision 6; H. F. No. 1896, Section 1, and the title thereof by deleting from the title “241.021” and inserting “245.802”.

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 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Coleman	Gearty	Keeffe, J.	Knutson
Ashbach	Davies	Gunderson	Keeffe, S.	Laufenburger
Bang	Dieterich	Hanson	Kirchner	Lessard
Barrette	Dunn	Hughes	Kleinbaum	Luther
Bernhagen	Engler	Humphrey	Knaak	Menning
Brataas	Frederick	Johnson	Knoll	Merriam

Moe
Nelson
Olhoff
Olson
Omman
Penny

Perpich
Peterson
Purfeerst
Renneke
Rued
Schaaf

Schmitz
Setzepfandt
Sieloff
Sikorski
Solon
Spear

Staples
Stern
Stokowski
Strand
Stumpf
Tenneessen

Ueland, A.
Ulland, J.
Vega
Wegener
Willet

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

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2476 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2476 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 11, 1980

CONFERENCE COMMITTEE REPORT ON 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.

April 11, 1980

The Honorable Fred C. Norton
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 2476, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2476 be further amended 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	\$22,100,700	\$19,923,600	\$42,024,300
Game and Fish	704,500	959,300	1,663,800
TOTAL	\$22,805,200	\$20,882,900	\$43,688,100

APPROPRIATIONS
Available for the Year
Ending June 30
1980 1981

Sec. 2. CONTINGENT ACCOUNTS

(a) Fuel and Utilities\$ 704,500 \$ 5,000,000

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.

	1980	1981
(b) Grain Inspection		1,000,000

This appropriation is added to the appropriation in Laws 1979, Chapter 333, Section 8, Subdivision 7.

Sec. 3. 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. 4. GOVERNOR

Washington Office		32,000
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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 ...	25,000	
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Approved Complement—add 1

This appropriation is for the open appointments program.

This appropriation is available until June 30, 1981. Funds which were to expire March 30, 1980 are available until June 30, 1980.

Sec. 6. STATE PLANNING AGENCY

The appropriation for population estimates made in Laws 1979, Chapter 303, Article II, Section 37, is available until June 30, 1981.

Sec. 7. ADMINISTRATION

Approved Complement

General—Add 1

(a) Small Business Set Aside		25,000
------------------------------------	--	--------

This appropriation is contingent on the passage in 1980 of a law expanding the small business and minority set aside.

1980

1981

(b) Surplus Property Revolving Fund

Any unexpended balance of the \$61,500 appropriated 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.

(c) Micrographics Acceleration

100,000

This sum is appropriated to the commissioner of administration for purposes of establishing a micrographics acceleration account. The commissioner may expend money from this account to promote and initiate new applications of micrographics, to microfilm permanent records stored in the state records center, to microfilm state agency records having permanent value but which have been damaged due to disasters, to microfilm state agency records having permanent value when the agencies cease to exist, and to microfilm state agency records having permanent value when the agencies must move to new quarters or reorganize their space due to new programs and for whom no microfilming moneys have been appropriated.

A work program shall be presented to the chairman of the house appropriations committee and the chairman of the senate finance committee for review and comment prior to the expenditure of money appropriated by this paragraph.

This appropriation is available until June 30, 1981.

(d) The requirement made in Laws 1978, Chapter 791, Section 2, Clause (q) that all of lot Q shall be made available to the visiting public is deleted.

(e) The appropriation made in Laws 1978, Chapter 791, Section 2, Clause (r) is also available to meter other spaces in the capitol complex and to convert the

1980

1981

parking time limits of existing meters in the capitol complex.

(f) County Litigation Expense

150,000

The commissioner of administration shall 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.

Sec. 8. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD ...

28,000

This appropriation is added to the appropriation in Laws 1979, Chapter 333, Section 19. This appropriation is available until June 30, 1981.

Sec. 9. FINANCE

Approved Complement—Add 3

(a) Payroll and Personnel Information System

221,300

250,400

(b) Advance Inflation Adjustment

959,200

Sec. 10. PERSONNEL

Approved Complement

General—Add 2

(a) Affirmative Action for Veterans ...

6,000

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

The commissioner of personnel shall evaluate the accomplishments of these programs and present recommendations for their future operation to the legislature by January 1, 1981. Unless extended by the legislature, these programs expire June 30, 1981.

Sec. 11. REVENUE

(a) Railroad Gross Earnings

150,000

(b) Implement Tax Changes of 1979 ...

92,600

92,600

1980

1981

Sec. 12. AGRICULTURE**Agricultural Research and Promotion . .****125,000**

This appropriation is added to the appropriation in Laws 1979, Chapter 333, Section 24 for Development and Protection of Agricultural Resources.

Sec. 13. NATURAL RESOURCES**Approved Complement****General—Add 9****Game and Fish—Add 9****(a) Ditch Assessments****85,000**

This appropriation is added to the appropriation for Administrative Management Services in Laws 1979, Chapter 333, Section 26, to be available until June 30, 1981.

(b) Big Marine Lake Pilot Study**73,500**

The commissioner of natural resources shall conduct a pilot study project, which could be applied in similar geohydrologic circumstances statewide, to determine the effectiveness of utilizing Little Carnelian Lake as an outlet through infiltration and seepage for surplus waters of Big Marine and Big Carnelian Lakes, Washington County.

(c) 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, if the iron range resources and rehabilitation board funds the iron range information system and the heavy metals release study in the department of natural resources in the amount of \$100,000 for the remainder of this biennium.

(d) Boundary Waters Canoe Area Forestry Intensification**3,000,000**

The money appropriated by Laws 1979, Chapter 333, Section 26, for implementation of the federal Boundary Waters Canoe Area legislation during fiscal year 1981 is increased by this appropriation

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from the general fund in order to provide a total of \$3,750,000 to qualify for \$3,000,000 in federal reimbursements on the basis of 80 percent federal, 20 percent state. If by January 1, 1981 the federal program has not been appropriated, the unexpended balance of this appropriation of \$3,750,000 will cancel. Said \$3,750,000 is available for expenditure for the period October 1, 1980 to September 30, 1981, provided that no more than \$250,000 may be expended prior to the appropriation of federal funds. All such federal reimbursements are deposited to the general fund. The existing 26 complement positions approved by the legislative advisory commission on July 31, 1979 are continued in the federal complement.

The money appropriated by Laws 1979, Chapter 333, Section 26 for implementation of the federal Boundary Waters Canoe Area legislation during fiscal year 1980 shall not lapse on June 30, 1980, but shall continue through September 30, 1980.

(e) St. Croix Wild River State Park ...	131,200
(f) Tettegouche State Park	24,000
(g) Inflation Expenses at State Parks ..	150,000
(h) The appropriations in (e), (f) and (g) are added to the appropriation for Park and Recreation Management in Laws 1979, Chapter 333, Section 26.	
(i) 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.

(j) Geological Test Drilling	194,000
(k) Soil and Water Conservation Board .	25,000

This appropriation is added to the ap-

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appropriation for the Soil and Water Conservation Board made in Laws 1979, Chapter 333, Section 26.

(1) The amount of the appropriation made in Laws 1979, Chapter 333, Section 26, for the fiscal year 1981 from the general fund is changed from \$33,741,000 to \$33,049,100 and the amount from the game and fish fund is changed from \$16,103,100 to \$16,795,000 to provide 100 percent of regional game and fish administration, 29 percent of field services support, and 60 percent of regional enforcement financing from the game and fish fund. These percentages shall be used in preparing future budget requests.

Sec. 14. MINNESOTA ZOOLOGICAL GARDEN

The appropriation made in Laws 1979, Chapter 333, Section 27, shall stand.

During consideration of the zoological garden's transportation system legislation, the legislature was consistently and unequivocally assured that the only post enactment responsibility of the legislature would be to appropriate the receipts of the transportation system for the purpose of effecting the installment payments of the system. Accordingly, authorization for the acquisition by installment purchase agreement of the transportation system at the Minnesota zoological garden pursuant to Minnesota Statutes, Section 85A.02, Subdivision 16 was made on the understanding that the system would produce revenues sufficient to meet all operating costs and installment payments. This authorization did not constitute a direct or indirect obligation of the state for the acquisition of the system beyond net revenues generated by the system.

This section is intended to make clear to all potential investors in state and local bonds and to financial institutions that the state is not and never has been responsible otherwise for the financing of the zoo ride. The legislature's action regarding appropriations for installment purchase payments for the zoo ride is

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intended to have no effect on the security of bonds for which the state's full faith credit, and taxing power are pledged, or bonds of the Minnesota housing finance agency secured in the manner provided by Minnesota Statutes, Section 462A.22, Subdivision 8. This section is further intended to forestall any attempt by any person to cause damage to the credit rating of the state in order to force the state to assume an obligation for which it is neither legally nor morally responsible.

Sec. 15. 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. 16. NATURAL RESOURCES ACCELERATION

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

(b) In Laws 1979, Chapter 333, Section 31, Subdivision 3, Clause (l), 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.

(c) \$75,000 of the unexpended balance of money appropriated by Laws 1975, Chapter 204, Section 55, and reappropriated by Laws 1977, Chapter 455, Section 28, for construction and repair of dams and channel excavation to manage water levels on Heron Lake in Jackson County is reappropriated and shall remain available until expended for a water management study of Heron Lake in Jackson County, to be conducted by the Middle Des Moines Watershed District and the DNR. Of this money, \$32,500 may be expended for salaries, supplies, and expenses for one additional unclas-

sified position in the department of natural resources.

The money reappropriated above may not be expended until local money in the amount of \$50,000 is made available for the water management study.

The remainder of the appropriation is cancelled.

Sec. 17. BOARD OF ELECTRICITY

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200,000

300,000

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

Sec. 18. ECONOMIC DEVELOPMENT

Approved Complement

General—Add 1

Federal—Subtract 1

(a) Small Business Assistance Center..

25,200

This appropriation is added to the appropriation for Small Business Development in Laws 1979, Chapter 333, Section 38.

(b) Duluth Port Authority

210,500

This appropriation is added to the appropriation for the same purpose in Laws 1979, Chapter 333, Section 38.

(c) 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.

Sec. 19. VETERANS AFFAIRS

Approved Complement—Add 8.5

(a) Veterans Home—Minneapolis

21,000

126,000

This appropriation is added to the appropriation for the same purpose in Laws 1979, Chapter 333, Section 40.

(b) In Laws 1979, Chapter 333, Section 40, the appropriation language relative to nondedicated receipts for the veterans

	1980	1981
home is changed from "\$3,546,000" to "\$3,369,500".		
(c) Educational Benefits for Soldiers and their children		15,000

Sec. 20. PUBLIC SAFETY

(a) State Patrol Overtime During Independent Truckers Protest 343,300

(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. 21. CRIME CONTROL PLANNING BOARD

\$486,000 is appropriated to the crime control planning board from the crime control planning board contingency account for Fiscal Year 1981 program levels specified in this section.

(a) Planning, Research and Evaluation .	284,900
(b) Administration	201,100

The executive director of the crime control planning board, with the approval of the commissioner of finance, may transfer unencumbered balances not specified for a particular purpose between the program levels of administration and criminal justice planning, research, and evaluation. The transfer shall occur only after obtaining advice from the chairmen of the house appropriations committee and the senate finance committee. The advice is advisory only. Failure by the chairman to provide advice within 15 days is to be considered positive assent.

The complement as specified in Laws 1979, Chapter 333, Section 42, for the crime control planning board stands. For accounting purposes, the crime control planning board may treat these positions as all state funded.

(c) Law Enforcement Assistance	90,000
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This appropriation is for grants for youth intervention programs.

The appropriations in (a), (b), and (c)

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are added to the appropriations for the same purposes in Laws 1979, Chapter 333, Section 42.

(d) Automated Fingerprint Identification System—Evaluation

30,000

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.

(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. 22. COUNCIL ON BLACK MINNESOTANS

40,000

Sec. 23. HOUSING FINANCE AGENCY

(a) Indian Housing 3,000,000

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

\$2,000,000 is for the American Indian revolving fund created in Minnesota Statutes, Section 462A.21, Subdivision 4c, for distribution in the amount of \$1,830,000 to the Minnesota Chippewa Tribe and \$170,000 to the Sioux Communities.

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

(b) Temporary Shelter Residential Housing

100,000

This appropriation is for transfer to the housing development fund, created in

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section 462A.20, for the purposes of section 462A.05, as amended by this act, and for the payment of necessary and incidental costs and expenses.

Sec. 24. EDUCATION

(a) Vocational Student Organization Center	191,200
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(b) Vocational Curriculum Services....	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.

(c) Vocational Agricultural Coordinators	220,700
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(d) The amounts in (a), (b), and (c) 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.

Sec. 25. HIGHER EDUCATION COORDINATION BOARD

(a) Scholarship and Grant-in-Aid Data Processing System.....	230,600
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This appropriation is available until June 30, 1981.

\$160,600 of this appropriation is available after a feasibility study of the system is completed and may be expended only with the approval of the governor after consultation with the legislative advisory commission.

(b) Study of Area Vocational-Technical Institutes	28,000
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In view of future enrollment trends, the higher education coordinating board, in cooperation with the state board for vocational education, shall conduct a study of the area vocational-technical insti-

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tutes and make recommendations in regard to:

(1) The mission of the area vocational-technical institutes and their relationship to other systems and institutions;

(2) The instructional programs and community services to be offered by the area vocational-technical institutes;

(3) The governance and structure of the area vocational-technical institutes;

(4) The financing policies and procedures of the area vocational-technical institutes;

(5) Other appropriate issues as necessary.

The board shall submit its report and recommendations to the legislature by February 1, 1981.

Sec. 26. STATE UNIVERSITY BOARD

175,000

This appropriation is for a grant to Northern Minnesota Public Television, Incorporated, for the purchase of studio and production equipment and is available until June 30, 1981.

Sec. 27. TRANSPORTATION

(a) Transportation Finance Study Commission

60,000

(b) Transit Assistance Grants

14,658,000

2,273,100

\$11,500,000 the first year is for performance funding payments to the metropolitan transit commission for its regular route bus service program.

\$1,850,000 the first year is for a social fare reimbursement grant to the metropolitan transit commission, of which no more than \$25,000 may be used by the commission for administrative expenses. \$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 sub-

	1980	1981
sidy 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.		
(c) Amtrack Rail Subsidy—Duluth-Twin Cities	475,000	
The appropriations in (a), (b), and (c) above are available until June 30, 1981.		
Sec. 28. CORRECTIONS		
(a) Minnesota Corrections Board		298,200
Approved Complement—Add 9.5		
(b) Crime Victim Services		39,000
(c) Notwithstanding the provisions of Minnesota Statutes, Chapter 401, effective January 1, 1981 no county or group of counties participating in the Community Corrections Act shall be charged any per diem cost of confinement for adults sentenced to the commissioner of corrections for crimes committed on or after January 1, 1981.		
Sec. 29. 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 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 is for a grant to Ram-		

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sey county for the St. Paul Ramsey mental health center for a statewide program including evaluation, consultation, training, care, and treatment for hearing impaired persons and their families, and training and consultation to staff members and others to increase skills and knowledge. This is a final and non-recurring appropriation.

(e) State Hospital Complement

4,200,000

This appropriation provides funds 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 technician, 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 technician positions above the approved complement is changed to 50 positions effective July 1, 1980.

(f) Notwithstanding the provisions of section 256.01, subdivision 2, clause (13), the commissioner of public welfare has the authority to operate the work equity program through December 1981.

(g) Family Subsidy Program

100,000

This appropriation provides for participation by up to 35 additional families in the mentally retarded family subsidy program.

This appropriation is available until June 30, 1981.

(h) State Adoption Exchange

15,000

This appropriation provides money to

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administer a photographic state adoption exchange.

This appropriation is available until June 30, 1981.

(i) Notwithstanding the provisions of Minnesota Statutes, Chapter 256E, a county board may delegate to a county welfare board established pursuant to Chapter 393, authority to provide, or approve contracts for the purchase of, the kinds of community social services that were provided or contracted for by county welfare boards prior to the enactment of Laws 1979, Chapter 324. Designation of the method for providing citizen participation in the planning process, final approval of the community social services plan and the distribution of community social services money shall be the responsibility of the county board.

(j) Services to Brain-Injured Persons. .

24,000

The commissioner of public welfare shall contract with an approved vendor to pay the costs of services provided to brain-injured persons. The commissioner shall contract with a neurosurgeon who is independent of the approved vendor to evaluate, initially and on or about March 1, 1981, each person for whom services are provided under this appropriation to ascertain the person's current stage of neurological development and prognosis for improvement. The neurosurgeon shall send a written report of each evaluation to the commissioner. For the purposes of this appropriation, "approved vendor" means the Institutes for the Achievement of Human Potential. The commissioner shall report to the legislature by April 1, 1981 on the implementation of this provision.

Sec. 30. 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 hos-

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pitals 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.

\$40,000 of the appropriation in Laws 1979, Chapter 336, Section 7 for conversion of hospitals is transferred to the commissioner of public welfare to provide a grant for the establishment of a branch mental health clinic.

(c) Special Grants for Home Based Services for Elderly and Adult Physically Impaired Persons

500,000

This appropriation shall be spent in accordance with this act. None of this appropriation may be used by the commissioner of health for administration of these special grants.

(d) THC Therapeutic Research Act...

100,000

Not more than \$10,000 of this appropriation may be used by the commissioner for administrative expenses. This appropriation is available until June 30, 1981.

Sec. 31. ECONOMIC SECURITY

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, provided there is assurance of a minimum of 25 percent federal participation in the program. 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. The division of vocational rehabilitation shall submit to the governor and the legislature by January 1, 1981 a report regarding comprehensive services for independent living in Minnesota.

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Sec. 32. MINNESOTA HISTORICAL SOCIETY

Analysis of State Records.....	40,500
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This appropriation is added to the appropriation in Laws 1979, Chapter 337, Section 4, Subdivision 1, Paragraph (a).

Sec. 33. BOARD OF THE ARTS.... 500,000

This appropriation is for a grant to West Central Minnesota Educational Television Company to build or purchase office, studio and transmission facilities and to purchase production, transmission and tower equipment. This appropriation is available only to match a federal grant from the National Telecommunications and Information Administration sufficient to cover 75 percent of the total projects costs, and the state share is limited to 15 percent of total project costs, but local and private money may cover 10 percent or greater share of project costs. This appropriation is available until December 1, 1981.

Sec. 34. [RETIREMENT CONTRIBUTIONS.]**Subdivision 1. EXECUTIVE DIRECTOR OF THE MINNESOTA STATE RETIREMENT SYSTEM**

(a) Legislators' and their Surviving Spouses and Dependents, per Sections 3A.03, Subdivision 2; 3A.04, Subdivisions 3 and 4; and 3A.11.....	1,100,000
(b) Supplemental Benefits for Former State Employees per Section 352.73....	65,000
(c) Constitutional Officers, Commissioners, and their Spouses and Dependent Children Benefits, per Section 352C.04, Subdivision 3; and 352C.09, Subdivision 2	85,700
(d) Judges' Retirement State Contributions, per Section 490.123, Subdivision 1	2,110,000

Subd. 2. BOARD OF TRUSTEES OF THE TEACHERS RETIREMENT FUND

1980 1981

(a) State University and Community College Supplemental Retirement, per Section 136.81, Subdivision 1; and Teachers Supplemental Benefits, per Section 354.55, Subdivision 5..... 1,352,500

(b) Employer Contributions Statewide, per Section 354.43..... 78,297,000

Subd. 3. COMMISSIONER OF FINANCE

(a) Employer Contributions Duluth Teachers Retirement Fund Association, per Section 354A.12, Subdivision 2..... 1,337,000

(b) Employer Contributions Minneapolis Teachers Retirement Fund Association, per Section 354A.12, Subdivision 2..... 8,878,925

(c) Employer Contributions St. Paul Teachers Retirement Fund Association, per Section 354A.12, Subdivision 2..... 6,600,000

(d) Municipal Employees Retirement Fund per Minnesota Statutes, Section 422A.101, Subdivision 3..... 4,500,000

Subd. 4. COMMISSIONER OF PERSONNEL

Social Security Contributions for Educational Employees of Political Subdivisions, per Section 355.46..... 65,101,000

Subd. 5. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Supplemental Benefits for Section 353.83 61,400

Sec. 35. 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. 36. [FEDERAL MONEY REQUESTS, 1980 SESSION.]

Requests to spend federal money or to add federal complement submitted to the 1980 session of the legislature that were previously submitted to the legislative advisory commission are approved. Those not previously submitted to the legislative advisory commission are referred to the legislative advisory commission for review at its next meeting.

Sec. 37. Minnesota Statutes 1978, Section 3A.03, Subdivision 2, is amended to read:

Subd. 2. [REFUNDMENT.] (1) Any person who has made contributions pursuant to subdivision 1 who is no longer a member of the legislature and has less than eight years service as a member of the legislature and is not receiving, has not received, or is not entitled to receive any allowance or benefit under sections 3A.01 to 3A.10 is entitled to receive upon application to the director a refundment of all contributions credited to his account without interest thereon. The moneys required for such refundments are appropriated annually to the director from the general fund in the state treasury.

(2) The refundment of contributions as provided in clause (1) above terminates all rights of a former member of the legislature or his survivors under sections 3A.01 to 3A.10. Should the former member of the legislature again be a member of the legislature after having taken a refundment as provided above, he shall be considered a new member. However, such new member may reinstate the rights and credit for service forfeited, provided the new member repays all refundments taken plus interest thereon at six percent per annum compounded annually.

(3) No person shall be required to apply for or accept a refundment.

Sec. 38. Minnesota Statutes 1978, Section 3A.04, Subdivision 3, is amended to read:

Subd. 3. [PAYMENT.] The surviving spouse's and dependent children's survivor benefits payable under this section are appropriated annually to the director from the general fund in the state treasury, and shall be paid by him the director monthly in the same manner as retirement allowances are authorized to be paid by sections 3A.01 to 3A.10.

Sec. 39. Minnesota Statutes 1978, Section 3A.04, Subdivision 4, is amended to read:

Subd. 4. [REFUNDS TO ESTATE.] Upon the death of a member of the legislature without a surviving spouse and without any dependents, a refundment of contributions of such deceased member of the legislature shall be paid to the estate of the member upon application of the representative thereof. Such moneys as may be necessary to carry out the terms of this provision are appropriated annually to the director from the general fund in the state treasury.

This subdivision is applicable to an application for refundment covering contributions of a deceased member, regardless of when his death occurred.

Sec. 40. Minnesota Statutes 1978, Section 10A.01, Subdivision 10c, is amended to read:

Subd. 10c. "Noncampaign disbursement" means a purchase or payment of money or anything of value made, or an advance of credit incurred, by a political committee, political fund, or principal campaign committee for any purpose other than to influence the nomination or election of a candidate.

Noncampaign disbursement includes:

- (a) Payment for accounting and legal services;
- (b) Return of a contribution to the source;
- (c) Repayment of a loan made to the political committee, political fund, or principal campaign committee by that committee or fund;
- (d) Return of moneys from the state elections campaign fund;
- (e) Payment for food and beverages consumed at a fundraising event;
- (f) Services for a constituent by a member of the legislature or a constitutional officer in the executive branch, performed from the beginning of the term of office to *60 days after* adjournment sine die of the legislature in the election year for the office held; and
- (g) A donation in kind given to the political committee, political fund, or principal campaign committee for purposes listed in clauses (e) and (f). The board shall determine whether an activity involves a noncampaign disbursement within the meaning of this subdivision.

Sec. 41. Minnesota Statutes 1978, Section 11.15, Subdivision 4, is amended to read:

Subd. 4. ~~All interest and profit accruing from any investment of the state bond fund shall be credited to and be a part of the state bond fund. and all loss from the sale thereof and all necessary expenses of investment and reinvestment shall be charged to that fund.~~

Notwithstanding any other law to the contrary and unless otherwise required by covenants made for the security of bonds outstanding on the date of enactment and payable from the state bond fund, all interest and profit accruing after January 1, 1980, from any investment of the state bond fund is appropriated and shall be credited to and be a part of the general fund. All necessary expenses of investment and reinvestment of the state bond fund shall be charged to the state bond fund.

Sec. 42. 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 1970, 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. 43. 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. 44. 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. 45. 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. 46. 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. 47. Minnesota Statutes 1978, Section 15.50, Subdivision 1, is amended to read:

15.50 [CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD.] Subdivision 1. (a) *The legislature finds that the purposes of the board are to (1) preserve and enhance the dignity, beauty and architectural integrity of the capitol, the buildings immediately adjacent to it and, the capitol grounds, and the capitol area; (2) protect, enhance, and increase the open spaces within the capitol area when deemed necessary and desirable for the improvement of the public enjoyment thereof; (3) develop proper approaches to the capitol area for pedestrian movement, the highway system, and mass transit system so that the area achieves its maximum importance and accessibility; and (4) establish a flexible framework for growth of the capitol buildings which will be in keeping with the spirit of the original design.*

(b) *A The capitol area architectural and planning board, herein referred to as the board, consisting consists of seven ten members is hereby created. The lieutenant governor shall be a member of the board. Three members shall be appointed by the governor by and with the advice and consent of the senate; three members, one of whom shall be a resident of the district planning council area containing the capitol area, shall be appointed by the mayor of the*

city of Saint Paul, with the advice and consent of the city council. *The speaker of the house shall appoint a member of the house of representatives and the president of the senate shall appoint one senator to be members of the board.* Each person appointed to the board shall qualify by taking the oath of office. *Effective following the end of terms of members expiring June 30, 1975, the number of members to be appointed by the governor shall increase to four and the number of members to be appointed by the mayor of the city of Saint Paul shall decrease to two.*

(c) The lieutenant governor is the chairman of the board. The attorney general is the legal advisor to the board. The board may elect a vice-chairman who may preside at meetings in the absence of the lieutenant governor and such other officers as it may deem necessary to carry out its duties.

(d) The board shall select an executive secretary to serve the board. It may employ such other officers and employees as it may deem necessary all of whom shall be in the classified service of the state civil service. The board may contract for professional and other similar service on such terms as it may deem desirable.

Sec. 48. Minnesota Statutes 1978, Section 15.50, Subdivision 2, is amended to read:

Subd. 2. (a) The board shall prepare, prescribe, and from time to time amend a comprehensive use plan for the capitol area, herein called the area which shall initially consist of that portion of the city of Saint Paul comprehended within the following boundaries: Beginning at the point of intersection of the centerline of the Arch-Pennsylvania freeway and the centerline of Marion Street, thence southerly along the centerline of Marion Street to the north line of the right-of-way of Interstate Highway 94, thence easterly along the said north line to the centerline of Cedar Avenue, thence southeasterly along the centerline of Cedar Avenue to the centerline of Tenth Street, thence northeasterly along the centerline of Tenth Street to the centerline of Minnesota Street, thence Northwesterly along the centerline of Minnesota Street to the centerline of Eleventh Street, thence northeasterly along the centerline of Eleventh Street to the centerline of Jackson Street, thence northwesterly along the centerline of Jackson Street to the centerline of the Arch-Pennsylvania freeway extended, thence westerly along the centerline of the Arch-Pennsylvania freeway extended and Marion Street to the point of origin. Pursuant to the comprehensive plan, or any portion thereof, the board may regulate, by means of zoning regulations adopted pursuant to the administrative ~~procedures~~ procedure act, the kind, character, height, and location, of buildings and other structures constructed or used, the size of yards and open spaces, the percentage of lots that may be occupied, and the uses of land, buildings and other structures, within the area. *To protect and enhance the dignity, beauty and architectural integrity of the capitol area, the board is further empowered to include in its zoning rules design review procedures and standards with respect to any proposed construction activities in the capitol area signifi-*

cantly affecting the dignity, beauty and architectural integrity of the area. No person shall undertake these construction activities as defined in the board's rules in the capitol area unless he has first submitted construction plans to the board, obtained a zoning permit from the board and received a written certification from the board specifying that he has complied with all design review procedures and standards. The Violation of ~~such~~ the zoning regulations shall be is a misdemeanor. The board may, at its option, proceed to abate any such violation by injunction. The board and the city of St. Paul shall cooperate in assuring that the area adjacent to the capitol area is developed in a manner that is in keeping with the purpose of the board and the provisions of the comprehensive plan.

(b) The commissioner of administration shall act as a consultant to the board with regard to the physical structural needs of the state. He shall make studies and report the results to the board when they request him to do so for their planning purpose.

(c) No public building, street, parking lot, or monument, or other construction shall be built or altered on any public lands within the area unless the plans for the same conforms to the comprehensive use plan as specified in clause (d) and to the requirement for competitive plans as specified in clause (e). No alteration substantially changing the external appearance of any existing public building approved in the comprehensive plan or the exterior or interior design of any proposed new public building the plans for which were secured by competition under clause (e), may be made without the prior consent of the board. The commissioner of administration shall consult with the board regarding internal changes having the effect of substantially altering the architecture of the interior of any proposed building.

(d) The comprehensive plan shall show the existing land uses and recommend future uses including: areas for public taking and use; zoning for private land and criteria for development of public land, including building areas and open spaces; vehicular and pedestrian circulation; utilities systems; vehicular storage; elements of landscape architecture. No substantial alteration or improvement shall be made to public lands or buildings in the area save with the written approval of the board.

(e) The board shall secure by competitions, plans for any new public building. Plans for any comprehensive plan, landscaping scheme, street plan, or property acquisition, which may be proposed, or for any proposed alteration of any existing public building, landscaping scheme or street plan may be secured by a similar competition. Such competition shall be conducted under rules prescribed by the board and may be of any type which meets the competition standards of the American Institute of Architects. Designs selected shall become the property of the state of Minnesota and the board may award one or more premiums in each such competition and may pay such costs and fees as may be required for the conduct thereof. At the option of the board, plans for projects estimated to cost less than \$500,000 \$1,000,000 may be

approved without competition provided such plans have been considered by the ~~architectural~~ *advisory* committee described in clause (f). Plans for projects estimated to cost less than \$200,000 \$400,000 and for construction of streets need not be considered by the ~~architectural~~ *advisory* committee if in conformity with the comprehensive plan.

(f) The board shall not adopt any plan under clause (e) ~~hereof~~ unless it shall first ~~receive~~ *receives* the comments and criticism of ~~a an~~ *an* advisory committee of three ~~architects~~ *persons*, each of whom is either an architect or a planner, who have been selected and appointed as follows: one by the board of the arts, one by the board, and one by the Minnesota Society of the American Institute of Architects. Members of ~~such the~~ committee shall not be contestants under clause (e) ~~hereof~~. ~~Such~~ *The* comments and criticism shall be a matter of public information. ~~Such~~ *The* committee shall advise the board on all architectural and planning matters. For that purpose:

(1) ~~Such~~ *The* committee shall be kept currently informed concerning, and have access to, all data, including all plans, studies, reports and proposals, relating to the area as the same are developed or in the process of preparation whether by the commissioner of administration, the state planning director, the metropolitan council, the city of Saint Paul, or by any architect, planner, agency or organization, public or private, retained by the board or not retained and engaged in any work or planning relating to the area. A copy of any such data prepared by any public employee or agency shall be filed with the board promptly upon completion;

(2) The board may employ such stenographic or technical help as may be reasonable to assist ~~such the~~ committee to perform its duties;

(3) When so directed by the board; ~~such~~ , *the* committee may serve as, and any member or members thereof may serve on, the jury or as professional advisor for any architectural competition. The board shall select the architectural advisor and jurors for any competition with the advice of the committee *and*

(4) *The city of St. Paul shall advise the board.*

(g) The comprehensive plan for the area shall be developed and maintained in close cooperation with the state planning agency and the planning department and the council for the city of Saint Paul and the board of the arts, and no such plan or amendment thereof shall be effective without 90 days' notice to the planning department of the city of Saint Paul and the board of the arts.

(h) The board and the commissioner of administration jointly, shall prepare, prescribe, and from time to time revise standards and policies governing the repair, alteration, furnishing, appearance and cleanliness of the public and ceremonial areas of the state capitol building. Pursuant to this power, the board shall consult with the director of the Minnesota state historical society and receive his advice regarding the historic fidelity of plans for

the capitol building. The standards and policies developed as here-in provided shall be binding upon the commissioner of administration. The provisions of sections 15.0411 to 15.0426 shall not apply to this clause.

(i) The board in consultation with the commissioner of administration shall prepare and submit to the legislature and the governor no later than October 1 of each even-numbered year a report on the status of implementation of the comprehensive plan together with a program for capital improvements and site development, and the commissioner of administration shall provide the necessary cost estimates for such a *the* program.

(j) The state shall, by the attorney general upon the recommendation of the board and within appropriations available for that purpose, acquire by gift, purchase or eminent domain proceedings any real property situated in the area described in this section and it shall also have the power to acquire an interest less than a fee simple interest in the property, if it finds that it is needed for future expansion or beautification of the area.

(k) The board is the successor of the state veterans' service building commission, and as such may adopt regulations and may reenact the regulations adopted by its predecessor under Laws 1945, Chapter 315, and acts amendatory thereof.

(l) The board shall meet at the call of the chairman and at such other times as it may prescribe.

(m) The commissioner of administration is authorized to and shall assign quarters in the state veterans service building to (1) the department of veterans affairs of which such part as the commissioner of administration and commissioner of veterans affairs may mutually determine shall be on the first floor above the ground and (2) the American Legion, Veterans of Foreign Wars, Disabled American Veterans, Military Order of the Purple Heart, United Spanish War Veterans, and Veterans of World War I, and their auxiliaries, incorporated, or when incorporated, under the laws of the state, and (3) as space becomes available to such other state departments and agencies as he may deem desirable.

Sec. 49. Minnesota Statutes, 1979 Supplement, Section 15A.083, Subdivision 4, is amended to read:

Subd. 4. [RANGES FOR OTHER JUDICIAL POSITIONS.] Salaries or salary ranges are provided for the following positions in the judicial branch of government. The appointing authority of any position for which a salary range has been provided shall fix the individual salary within the prescribed range, considering the qualifications and overall performance of the employee. Appointments to fill vacancies shall not be made above the midpoint of the salary range prescribed for the position unless the personnel board *state court administrator* has been consulted in advance and its *his* approval obtained. Any salary increase that would adjust an employee's rate of pay beyond the midpoint of the range pre-

scribed for the position must be approved in advance by the personnel board state court administrator.

	Salary or Range	
	Effective July 1, 1979	Effective July 1, 1980
Public defender	\$37,500	\$40,000
District administrator	27,000-37,500	28,500-40,000
County attorneys council executive director	22,000-32,000	23,500-34,000
Board on judicial standards executive director	36,000	38,000
State court administrator	44,500	47,000

Sec. 50. Minnesota Statutes 1978, Section 16.02, Subdivision 10, is amended to read:

Subd. 10. To rent land and other premises when necessary for state purposes. ~~No such land or premises shall be rented for a term exceeding two years at a time; except that, with the approval of the legislative advisory commission;~~ The commissioner may lease land or premises for a term not exceeding five years, subject to cancellation upon 30 days written notice by the state for any reason except rental of other land or premises for the same use; provided further that the rental of non-state owned land and buildings, or substantial portions thereof, by the commissioner within the capitol area as defined in section 15.50 shall not take place unless the commissioner first consults with the capitol area architectural and planning board. Lands needed by the department of transportation for storage of vehicles or road materials may be rented for a term not exceeding five years ~~without the approval of the legislative advisory commission,~~ such leases for terms over two years being subject to cancellation upon 30 days written notice by the state for any reason except rental of other land or premises for the same use.

Sec. 51. Minnesota Statutes 1978, Chapter 16, is amended by adding a section to read:

[16.095] [CONTRACTS-VENDORS RECORDS SUBJECT TO EXAMINATION.] *A contract made by or under the supervision of the commissioner of administration, any state department or agency, or any county or unit of local government shall include an audit clause that provides that the books, records, documents, and accounting procedures and practices of the contractor relevant to the contract are subject to examination by the contracting department or agency, and either the legislative auditor or the state auditor as appropriate.*

Sec. 52. 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 approved data processing systems by state agencies. The development methodology shall be used to define the design, programming, and implementation of approved data processing systems. The development methodology shall also en-

able 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. 53. 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. 54. Minnesota Statutes 1978, Chapter 16A, is amended by adding a section to read:

[16A.065] [ADVANCE PAYMENTS AND DEPOSITS.] *Notwithstanding any other law to the contrary, the commissioner of finance may allow advance deposits or payments by any department for the procurement of software or software maintenance services for state-owned or leased electronic data processing equipment.*

Sec. 55. 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. 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. 56. 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 employee 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. 57. Minnesota Statutes 1978, Chapter 16A, is amended by adding a section to read:

[16A.19] [RETIREMENT APPROPRIATIONS; DEFICIENCIES.] *In the event that a direct appropriation for retirement contributions, benefits, or administrative expenses, or for social security contributions pursuant to section 355.46, is insufficient to meet the state's obligation under the program for which it is made for the fiscal year for which it is made, the agency to whom the appropriation was made shall certify to the committee on finance of the senate, the committee on appropriations of the house of representatives, and the commissioner of finance the amount necessary to meet the deficiency. Upon this certification, the commissioner of finance shall transfer the necessary amounts to the appropriate accounts. The amount necessary to make the transfer is appropriated from the general fund in the state treasury to the agency to whom the transfer is made.*

Sec. 58. 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 11, 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. 59. Minnesota Statutes 1978, Section 16A.721, is amended to read:

16A.721 [FEES FROM SEMINARS AND WORKSHOPS.]

The commissioner of finance may adopt rules for charging fees for seminars and workshops conducted by state agencies. The commissioner may establish an account for deposit of seminar and workshop fee receipts generated, which are appropriated for payment of expenses relating to the workshops and seminars. The commissioner shall not allow the unobligated balance of this account to exceed \$10,000. This provision applies to fiscal year 1979.

Sec. 60. [PERSONNEL BOARD ABOLISHED; TRANSITION.] *The personnel board is abolished. Its duties and functions are transferred as provided for in this act. All employees of the board shall be reassigned to the department of personnel without loss of seniority, salary, benefits or other rights.*

Sec. 61. Minnesota Statutes 1978, Section 43.05, Subdivision 2, is amended to read:

Subd. 2. [SPECIFIED DUTIES.] The commissioner shall:

(1) Attend all meetings of the board;

(2)(1) Promulgate personnel rules for the purpose of carrying out the provisions of this chapter; these rules shall provide, among other things, for current records of efficiency, and standards of performance, for all employees subject to the provisions of this chapter; the manner of completing appointments and promotions; rejection of eligible candidates; examinations; retention of examination records under the provisions of section 138.163; creation of eligible lists, with successful candidates ranked according to their ratings in the examinations; leaves of absence with and without pay; transfers, reinstatements, layoffs, vacations, and hours of work; public notice of examinations; procedure for changes in rates of pay; compulsory retirement at fixed ages; and other con-

ditions of employment. If a rule is made concerning sick leave for illness in the immediate family of an employee, the term "immediate family" shall be limited to the spouse, minor or dependent children, or parent where the parent has no other person to provide the necessary nursing care, living in the household of the employee;

~~(3)~~(2) Operate an information system from which data can be retrieved concerning employees in agencies under his jurisdiction showing their employment histories including the date of appointment, demotion, reinstatement, increases or decreases in pay, the compensation and title of the position, changes in title, transfers, and separations from the service; and the commissioner shall have access to all public and private personnel data kept by an appointing authority, the examination of which will aid in the discharge of his duties;

~~(4)~~(3) Prepare, in accordance with the provisions of this chapter and the rules adopted hereunder, examinations, eligible lists, and ratings of candidates for appointment;

~~(5)~~(4) Make certifications for appointment within the classified service, in accordance with the provisions of this chapter;

~~(6)~~(5) Make investigations concerning all matters touching the enforcement and effect of the provisions of this chapter and the personnel rules prescribed hereunder;

~~(7)~~(6) Discharge such duties as are imposed upon him by this chapter;

~~(8)~~(7) Establish, publish and continually review logical career paths in the classified civil service;

~~(9)~~(8) Consider all requests for other than state appropriated funds from any state department or agency for personnel purposes of all which shall be submitted to him for comment before any such request is made of a federal, local, or private agency; and

~~(10)~~(9) Prepare rules regulating the temporary designation of positions in the unclassified civil service;

~~(11)~~(10) Review, establish or change titles for the positions in the unclassified civil service in the executive branch of state government except those established by law or by the constitution, to make titles descriptive of positions and consistent throughout the state service; and

~~(12)~~(11) In conformance with the rule making provisions of chapter 15, promulgate a code of ethics establishing standards of conduct to be observed by state employees in the performance of their official duties.

Sec. 62. Minnesota Statutes 1978, Section 43.062, Subdivision 1, is amended to read:

43.062 [SALARY SETTING AUTHORITY.] Subdivision 1. [SALARY LISTING.] The personnel board *governor* shall, on or

before November 15 January 15 of each even odd numbered year, submit to the commissioner of personnel legislature a listing of salaries for the positions listed in sections 15A.081 and 15A.083 and for members of the legislature. The board governor may also recommend adding or deleting of positions from this list.

Sec. 63. Minnesota Statutes 1978, Section 43.062, Subdivision 2, is amended to read:

Subd. 2. [COMMITTEE TO CONSIDER ADVICE.] Before submitting the salary listing prescribed in subdivision 1 to the commissioner of personnel, the personnel board governor shall consult with the governor, the commissioner of administration, the commissioner of finance, and the commissioner of personnel concerning the salary listing and shall give due consideration to the advice of these officers. Before submitting to the commissioner of personnel a salary listing prescribed in subdivision 1 for an employee in the office of a constitutional officer, the personnel board governor shall consult with the constitutional officer concerning the salary listing and shall give due consideration to the advice of the officer.

Sec. 64. Minnesota Statutes, 1979 Supplement, Section 43.062, Subdivision 3, is amended to read:

Subd. 3. [BASE SALARIES.] Except for positions for which salary ranges have been established, the salary listing shall contain a specific salary for each position defined in subdivision 1.

The board governor shall determine only a fixed salary for the positions of the constitutional officers, executive secretary of the board of investment, the judge of the workers' compensation court of appeals and the commissioner of public service.

Sec. 65. Minnesota Statutes 1978, Section 43.065, is amended to read:

43.065 [SALARY REVIEW.] Subdivision 1. [SALARIES TO BE EQUITABLE.] When determining or recommending salaries for any position, the personnel board and the governor and the commissioner of personnel shall assure that:

(1) Salaries in the classified and unclassified service bear equitable relationship to one another;

(2) Salaries among the various positions listed in section 15A.081, bear equitable relationships to one another; and

(3) Salaries for state positions bear equitable relationships to salaries for similar positions outside state service.

Salaries bear equitable relationships to one another within the meaning of this section if salaries for positions which require comparable knowledge, abilities, duties, responsibilities and accountabilities are comparable and if salaries for positions which require differing knowledge, abilities, duties, responsibilities and accountabilities are directly proportional to the knowledge, abilities, duties, and responsibilities required.

Subd. 2. [METHOD OF REVIEW.] In recommending the salary listing described in section 15A.081, the ~~board~~ *governor* shall consider only those criteria established by subdivision 1 and shall not take into account personal performance of individual incumbents. The ~~board~~ *governor* shall establish an objective system for quantifying knowledge, abilities, duties, responsibilities and accountabilities and in determining salary listings rate each position according to this system.

Subd. 3. [INFORMATION, CONSULTANTS.] Each department shall furnish the ~~board~~ *commissioner* with any information which the ~~board~~ *commissioner* may request to aid in the performance of its duties. Subject to appropriations, the ~~board~~ *commissioner* may engage expert consultants.

Sec. 66. Minnesota Statutes 1978, Section 43.067, Subdivision 2, is amended to read:

Subd. 2. [DISCRETIONARY EXEMPTIONS.] The ~~personnel board~~ *commissioner* may grant exemptions from the provisions of subdivision 1 in the case of individual persons. A salary increase authorized by other law by reason of seniority or cost of living adjustments shall not be sufficient reason to grant an exemption. The ~~board~~ *commissioner* may grant an exemption upon application of the appointing authority, but only if the ~~board~~ *commissioner* determines that the position requires special expertise necessitating a higher salary in order to attract or retain qualified persons. In no event may a salary exempted pursuant to this subdivision exceed 120 percent of the base salary of the position in respect to which the exemption was requested.

Sec. 67. Minnesota Statutes 1978, Section 43.068, is amended to read:

43.068 [GOVERNOR MAY FIX CERTAIN SALARIES.] The initial salary of a department head and any deputy of a department head occupying a position in the unclassified service hereafter established whose salary is not specifically prescribed by law shall be fixed by the governor, after consultation with the ~~personnel board~~ *commissioner*, whose recommendation shall be advisory only, in an amount comparable to the salary of a department head or a deputy of a department head having similar duties and responsibilities.

Sec. 68. Minnesota Statutes, 1979 Supplement, Section 43.09, Subdivision 2a, is amended to read:

Subd. 2a. [ADDITIONAL UNCLASSIFIED POSITIONS.] Notwithstanding any other law to the contrary, the ~~personnel board~~ *commissioner*, upon the request of the governor, is hereby authorized to establish permanent unclassified positions, or to unclassify previously classified positions, provided that:

(1) Positions so established involve only deputy or assistant heads of departments or agencies, or director level positions which are not specifically established by law, and who are appointed by and report directly to a head of a department or agency who is

required by law to be appointed by the governor, or by a gubernatorially appointed board; as well as one position for a personal secretary of any head of a department or agency listed in clause (4).

(2) Classified incumbents of such positions, if any, are not removed from that position for a period of one year except under applicable provisions of rules and laws governing classified state employees. An incumbent of a position that is declassified pursuant to this subdivision, if he so requests within 120 days after being removed from that position, shall be appointed to a classified position comparable to the position that was declassified, or if such a position is unavailable, to a position comparable to that which he held immediately prior to being appointed to the position that was declassified. If a position is declassified and the incumbent at the time the position was declassified had no classified status immediately prior to the appointment to the position that was declassified, he shall, if he so requests within 120 days after being removed from that position, be appointed to a comparable or lower classified position within two salary ranges of the position that was declassified.

(3) If an employee in the classified civil service accepts a newly created unclassified position, he shall retain an inactive classified civil service status and, upon his request, shall be reappointed to a classified position comparable to that which he held immediately prior to being appointed to the unclassified position.

(4) Positions so established are limited in number to six in the departments of administration, corrections, economic security, finance, transportation, natural resources, public safety, public welfare, and revenue; to five in the departments of commerce, education, health, labor and industry, personnel and the housing finance agency; to four in the departments of agriculture, and economic development; to three in the department of public service, the planning agency, and the pollution control agency; and to two in the departments of human rights, the crime control planning board and veterans affairs. Departments or agencies not enumerated in this clause shall not be authorized to establish additional unclassified positions under the provisions of this subdivision.

(5) Funds are available.

Sec. 69. Minnesota Statutes, 1979 Supplement, Section 43.15, Subdivision 1, is amended to read:

43.15 [AFFIRMATIVE ACTION; DISCRIMINATION FORBIDDEN.] Subdivision 1. [STATEWIDE AFFIRMATIVE ACTION PROGRAM.] In order to assure that positions in the state civil service are equally accessible to all qualified persons, and in order to eliminate the underutilization of qualified members of protected groups, the commissioner of personnel shall adopt and periodically revise as necessary a statewide affirmative action program covering all agencies in the executive branch. The commissioner shall designate a state director of equal employment opportunity to serve in the unclassified service and to whom may be

delegated the preparation, revision and implementation of the program. The statewide program and any revisions thereto shall be adopted as rules and individual agency affirmative action plans adopted pursuant to the statewide program shall be in accordance with adopted rules. As used in this section, "protected group" means a group consisting of females, handicapped persons, and until 1989 veterans who served in the military service of this country during the period **July 1 from August 5, 1964, to December 31, 1976 May 7, 1975**, and separated under honorable conditions from any branch of the armed forces of the United States: (a) after having served on active duty for 181 consecutive days or (b) by reason of disability incurred while serving on active duty, and who are permanent residents of the state of Minnesota, or members of the following minorities: Black, Hispanic, Asian or Pacific Islander, American Indian or Alaskan native.

Sec. 70. Minnesota Statutes, 1979 Supplement, Section 43.24, is amended to read:

43.24 [REMOVAL.] Subdivision 1. [WRITTEN STATEMENT.] No permanent employee in the classified service, under the provisions of this chapter or the rules made pursuant thereto, shall be removed, discharged, suspended without pay for more than 30 days, or reduced in pay or position, except for just cause. In case of any disciplinary action, as enumerated in this section, the employee shall, before the action is taken, be furnished with a statement, in writing, setting forth the reasons for the disciplinary action, be permitted five days time to reply thereto, in writing, or upon his request, to appear personally and reply to the head of the department. A copy of the statement and the employee's reply, if any, shall be filed with the commissioner prior to the effective date thereof. Any permanent employee in the classified service who is removed, discharged, suspended without pay for more than 30 days, or reduced in pay or position, shall be notified no later than the effective date of the action of his right to appeal the action to the *board chief hearing examiner of the state office of administrative hearings who shall assign a hearing examiner to hear the matter.*

Subd. 1a. [JUST CAUSE.] For the purposes of this section, "just cause" includes, but is not limited to, consistent failure to perform assigned duties, substandard performance, insubordination, and serious violation of written policies and procedures, provided the policies and procedures are applied in a uniform, non-discriminatory manner. "Just cause" excludes the religious beliefs, political beliefs, race, sex, disability status and age of the employee, subject however to mandatory retirement ages specified by law and excludes discharge for mere whim or caprice.

Subd. 2. [APPEAL TO BOARD; PUBLIC HEARINGS, FINDINGS, HEARING CONFERENCE.] Any permanent employee who is removed, discharged, suspended without pay for more than 30 days, or reduced in pay or position and who has not elected to proceed pursuant to a grievance procedure, if *such the* procedure is available, pursuant to sections 179.61 to 179.77, may appeal to the *board chief hearing examiner of the state office of administra-*

tive hearings who shall assign a hearing examiner to hear the matter within 30 days after the effective date of such the removal, discharge, suspension or reduction in pay or position. In no event may an employee avail himself of both the procedure under this section and the grievance procedure under sections 179.61 to 179.77. Upon such appeal, both the appealing employee and the appointing authority or their representatives shall meet with the hearing officer, at a place and on such a date as set by him for the purpose of determining the facts at issue. Prior to the hearing conference, both parties may stipulate on mutually agreed matters relevant to the dismissal or other disciplinary action referred to in this subdivision. If the hearing officer is successful in reaching a mutually agreed settlement between both parties, such agreement shall be certified to the board chief hearing examiner, with copies furnished to both parties, and such the agreement, if approved by the board chief hearing examiner, shall become binding on both parties. The hearing conference shall be conducted in such manner and follow such procedures as prescribed by the board contested case provisions of chapter 15. The issues and facts on which agreement has not been reached will be decided during the hearing at which hearing technical rules of evidence shall not apply. If the board hearing examiner finds that the action complained of was not taken by the appointing authority for just cause, the employee shall be reinstated to his position, or an equal position in another department or division, without loss of pay. If the board hearing examiner finds that there exist sufficient grounds for institution of dismissal but extenuating circumstances are brought out in testimony and evidence, it he may in its his discretion reinstate the employee, with full, partial, or no pay, or it may modify the appointing authority's action by substituting a lesser disciplinary action. The hearing officer shall recommend to the board chief hearing examiner an appropriate disposition of the case. If no exceptions are made, the hearing officer's recommended disposition shall, at the option of the board chief hearing examiner, become final. If exceptions are taken, the board chief hearing examiner, upon a review of the record, may accept the officer's recommendations with or without additional oral or written evidence from the parties, may remand the case to the officer for further hearing, adopt the hearing officer's report with any changes warranted by the record, or issue its own report of findings and orders. In those cases in which the board chief hearing examiner finds just cause for dismissal, the findings and recommendations of the board chief hearing examiner shall be submitted to and considered by the appointing authority, who may, not later than 30 days after receipt of such the findings and recommendations, reinstate the employee with or without pay for the period of suspension, or otherwise modify his original decision of suspension, demotion, or discharge. When any permanent employee is dismissed and not reinstated after appeal, the board chief hearing examiner may direct that his name be placed on an appropriate reemployment list, for employment in any similar position other than the one from which he has been removed, which direction shall be enforced by the commissioner. If the chief hearing examiner supports the agency decision, or if the agency refuses to

accept the chief hearing examiner's recommendations, the employee may appeal as though from a contested case decision pursuant to chapter 15.

Subd. 3. [REQUEST FOR WRITTEN STATEMENT.] When any such permanent employee shall be suspended without pay, he shall, within 30 days time after being notified of such disciplinary action, be furnished with a statement in writing specifically setting forth the reasons for the disciplinary action, and a copy of such statement shall then also be filed with the commissioner.

Sec. 71. Minnesota Statutes 1978, Section 43.323, Subdivision 1, is amended to read:

43.323 [PERSONNEL RULE; PROCEDURE.] Subdivision 1. When so authorized by law, the commissioner of personnel shall issue, *personnel rules or revisions* in conformance with the requirements of chapter 15, *personnel rules, or changes thereof, and shall submit such proposed rules, or changes to existing rules, to the personnel board, for its opinion which shall be advisory only.*

Within three weeks after receipt of such proposed rules or changes to existing rules, the personnel board shall file its opinion on the proposed rule or rule change with the commissioner.

After receipt of the board's advisory opinion on the proposed rule or change of rule, the commissioner shall within seven days promulgate or withdraw the proposed rule or proposed change of rule. A provision of an agreement entered into by the commissioner pursuant to section 179.74, subdivision 5 shall supersede the provisions of any rule or portion thereof which is inconsistent therewith.

Sec. 72. Minnesota Statutes 1978, Section 43.324, Subdivision 2, is amended to read:

Subd. 2. The recommendation of the commissioner as required by subdivision 1 shall include the recommendations of the personnel board concerning salaries in the unclassified service or any modifications thereof which he has made. *But no modification of the personnel board's recommendations shall be made by the commissioner without a written explanation therefor, and in no event may the commissioner make any changes in the recommendations of the personnel board concerning positions in the legislative and judicial branches.*

Sec. 73. Minnesota Statutes 1978, Section 43.35, is amended to read:

43.35 [VIOLATIONS; PENALTIES.] Any personnel board member, the commissioner, or examiner or any other person,

(1) who wilfully or corruptly, by himself or in cooperation with one or more persons, defeats, deceives, or obstructs any person with respect to his rights of examination or application according to this chapter, or to any rules or regulations prescribed pursuant thereto, or

(2) who wilfully or corruptly falsely marks, grades, estimates, or reports upon the examination or proper standing of any person examined, registered, certified, employed, or promoted pursuant to the provisions of these sections, or aids in so doing, or who wilfully destroys any examination questions, answers, or records thereon of any applicant for civil service within a period of one year after any examination has been completed, or

(3) who wilfully or corruptly makes or files any false representations concerning the persons examined, registered, certified, appointed, employed, or promoted, or

(4) who wilfully or corruptly furnishes any person with any special or secret information for the purpose of either improving or injuring the prospects or chances of any person so examined, registered, or certified, being appointed, employed, or promoted, or

(5) who personates any other person, or permits or aids in any manner any other person to personate him in connection with any examination or registration, or application or request to be examined or registered, or

(6) who wilfully or corruptly shall appoint to a position in the classified service, or dismisses, suspends, reduces in rank or pay any officer or employee from any position in the classified service otherwise than in compliance with, and in conformity to, the provisions of this chapter and the rules and regulations of the commissioner of personnel adopted pursuant thereto, or

(7) who wilfully or corruptly refuses or neglects otherwise to comply with, or conform to, the provisions of this chapter and the rules and regulations made pursuant thereto, or violates any of these provisions, shall be deemed guilty of a misdemeanor and punished accordingly.

Any conviction under this section shall render the public officer or position held by the person so convicted vacant, and such person shall be ineligible to hold public office for a period of five years from the date of the conviction.

Sec. 74. Minnesota Statutes 1978, Section 62D.12, is amended by adding a subdivision to read:

Subd. 12. No health maintenance contract issued or renewed on or after July 1, 1980 shall contain any provision denying or reducing benefits because services are rendered to an insured or dependent who is eligible for or receiving medical assistance pursuant to chapter 256B or services pursuant to sections 252.27; 260.251, subdivision 1a; 261. 27; or 393.07, subdivisions 1 or 2.

Sec. 75. Minnesota Statutes, 1979 Supplement, Section 82.21, Subdivision 1, is amended to read:

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

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

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

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

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

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

Sec. 76. Minnesota Statutes 1978, Section 82.34, is amended to read:

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

Subd. 2. There is hereby created in the state treasury a real estate education, research and recovery fund which shall be administered by the commissioner in the manner and for the purposes prescribed in this section.

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

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

Commencing with calendar year 1981, not to exceed \$400,000 of the fund shall be available for recovery purposes to satisfy all claims authorized for payment each calendar year. This shall be designated as the recovery portion of the fund. Commencing in calendar year 1981, if the amount remaining in the fund after pay-

ment of all amounts authorized during the preceding calendar year for payment to claimants is less than \$400,000 plus the amount appropriated pursuant to subdivision 6, every licensed real estate broker and real estate salesperson, when renewing his license, shall pay, in addition to the annual renewal fee and the \$5 fee set forth in subdivision 3, a sum not to exceed \$35, said sum having been reasonably determined by the commissioner to be necessary to restore the balance in the fund.

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

Subd. 6. The commissioner, in his discretion may use any funds in excess of \$200,000 may expend monies as appropriated for the following purposes:

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

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

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

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

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

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

Subd. 7. When any aggrieved person obtains a final judgment in any court of competent jurisdiction against any person licensed under this chapter, on grounds of fraudulent, deceptive or dishonest practices, or conversion of trust funds arising directly out of any transaction when the judgment debtor was licensed and performed acts for which a license is required under this chapter, and which cause of action occurred on or after July 1, 1973, the aggrieved person may, upon the judgment becoming final, and upon termination of all proceedings, including reviews and appeals, file a verified application in the court in which the judgment was entered for an order directing payment out of the real estate education, research and recovery portion of the fund of the amount of actual and direct out of pocket loss in such transaction,

but excluding interest on the loss and on any judgment obtained as a result of such loss, up to the sum of \$20,000 of the amount unpaid upon the judgment, provided that nothing in this chapter shall be construed to obligate the fund for more than \$20,000 per transaction, subject to the limitations set forth in subdivisions 12 and 14, regardless of the number of persons aggrieved or parcels of real estate involved in such transaction. A copy of the verified application shall be served upon the commissioner and upon the judgment debtor, and a certificate or affidavit of such service filed with the court.

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

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

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

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

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

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

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

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

Subd. 9. Whenever the court proceeds upon an application as set forth in subdivision 7, it shall order payment out of the real estate education, research and recovery portion of the fund only upon a determination that the aggrieved party has a valid cause of action within the purview of subdivision 7 and has complied with the provisions of subdivision 8. The judgment shall be only prima

facie evidence of such cause of action and for the purposes of this section shall not be conclusive. The commissioner may defend any such action on behalf of the fund and shall have recourse to all appropriate means of defense and review including examination of witnesses. The commissioner may move the court at any time to dismiss the application when it appears there are no triable issues and the petition is without merit. The motion may be supported by affidavit of any person or persons having knowledge of the facts, and may be made on the basis that the petition, and the judgment referred to therein, does not form the basis for a meritorious recovery claim within the purview of subdivision 7; provided, however, the commissioner shall give written notice at least ten days before such motion. The commissioner may, subject to court approval, compromise a claim based upon the application of an aggrieved party. He shall not be bound by any prior compromise or stipulation of the judgment debtor.

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

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

Subd. 12. (a) Notwithstanding any other provision of this section, the liability of *that the recovery portion of the real estate education, research and recovery fund allocated for the purposes of this section to all persons for all losses* shall not exceed \$20,000 \$25,000 for any one licensee;

(b) If the \$20,000 \$25,000 liability of the real estate education, research and recovery *portion of the* fund is insufficient to pay in full the valid claims of all aggrieved persons by whom claims have been filed against any one licensee, such \$20,000 \$25,000 shall be distributed among them in the ratio that their respective claims bear to the aggregate of such valid claims or in such other manner as the court deems equitable. Distribution of such moneys shall be

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

Subd. 13. Should the commissioner pay from the real estate education, research and recovery portion of the fund any amount in settlement of a claim or toward satisfaction of a judgment against a licensed broker or salesperson, the license of the broker or salesperson shall be automatically suspended upon the effective date of an order by the court as set forth herein authorizing payment from the real estate education, research and recovery portion of the fund. No such broker or salesperson shall be granted reinstatement until he has repaid in full, plus interest at the rate of four 12 percent a year, twice the amount paid from the real estate education, research and recovery portion of the fund on his account, and has obtained a surety bond issued by an insurer authorized to transact business in this state in the amount of \$40,000. The bond shall be filed with the commissioner, with the state of Minnesota as obligee, conditioned for the prompt payment to any aggrieved person entitled thereto, of any amounts received by the real estate broker or salesperson or to protect any aggrieved person from loss resulting from fraudulent, deceptive or dishonest practices or conversion of trust funds arising out of any transaction when the real estate broker or salesperson was licensed and performed acts for which a license is required under this chapter. The bond shall remain operative for as long as that real estate broker or salesperson is licensed. No payment shall be made from the recovery portion of the fund based upon claims against any broker or salesperson who is granted reinstatement pursuant to this subdivision. A discharge in bankruptcy shall not relieve a person from the penalties and disabilities provided in this section.

Subd. 14. If, at any time, the money deposited in the real estate education, research and recovery fund and allocated for purposes other than real estate education and research is insufficient to satisfy any duly authorized claim or portion thereof, the commissioner shall, when sufficient money has been deposited in the real estate education, research and recovery fund, satisfy such unpaid claims or portions thereof, in the order that such claims or portions thereof were originally filed, plus accumulated interest at the rate of four percent a year. The commissioner shall satisfy all claims against licensees for which an order pursuant to subdivision 11 directing payment from the recovery portion of the fund has become final during the calendar year. Each claim shall be satisfied by the commissioner in not less than 30 and not more than 90 days following the end of the calendar year in which the order directing payment of the claim becomes final, commencing with calendar year 1981. If, at the end of any calendar year, the com-

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

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

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

Subd. 17. When, upon the order of the court, the commissioner has paid from the real estate education, research and recovery portion of the fund any sum to the judgment creditor, the commissioner shall be subrogated to all of the rights of the judgment creditor to the extent of the amount so paid and the judgment creditor shall assign all his right, title and interest in the judgment to the extent of the amount so paid to the commissioner and any amount and interest so recovered by the commissioner on the judgment shall be deposited to the fund.

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

Subd. 19. The commissioner shall include in the annual report of the commerce commission pursuant to section 45.033, a report on the activities of the real estate education, research and recovery fund; noting the amount of money received by the fund, the amount of money expended and the purposes therefor.

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

Sec. 77. [APPROPRIATION.] Subdivision 1. The sum of \$158,900 is appropriated from the real estate education, research, and recovery fund to the commissioner of securities for the purpose of section 82.34, subdivision 6, as amended by this act. This appropriation is available until June 30, 1981.

The approved complement for the department of commerce — securities division is increased by three positions upon termination of the university of Minnesota contract for real estate education activities.

Subd. 2. If the position of St. Cloud State University chair of real estate has not been filled by August 1, 1980, all further contractual obligations of the state are void and \$25,000 of this appropriation shall cancel and revert to the real estate education research and recovery fund. In this event, an additional \$25,000 within this appropriation is earmarked for repayment of any bona fide contractual expenses incurred by St. Cloud State University during the life of the contract.

Sec. 78. Minnesota Statutes 1978, Section 90.195, is amended to read:

90.195 [SPECIAL USE PERMIT.] The commissioner, for a \$5 fee, may issue a permit to salvage or cut not to exceed 25 cords of fuelwood per year for personal use from either or both of the following sources: (1) Dead, down, and diseased trees; (2) other trees that are of negative value under good forest management practices. Such The permits may be issued for a period not to exceed one year. The commissioner shall charge a fee, not less than \$5, in an amount up to the stumpage current market value of fuelwood of similar species, grade, and volume that is being sold in the area where the salvage or cutting is authorized under the permit.

Sec. 79. Minnesota Statutes 1978, Section 94.10, Subdivision 1, is amended to read:

94.10 [SURVEYS, APPRAISALS AND SALE.] Subdivision

1. Before offering any surplus state owned lands for sale, the commissioner of administration may survey such lands, and if the value thereof is estimated to be \$5,000 \$20,000 or less, may have such lands appraised. He shall have the lands appraised if the estimated value is in excess of \$5,000 \$20,000. The appraisal shall be made by not less than three appraisers, at least two of whom shall be residents of the county in which the lands are situated. Each appraiser shall before entering upon the duties of his office take and subscribe an oath that he will faithfully and impartially discharge his duties as appraiser according to the best of his ability and that he is not interested directly or indirectly in any of the lands to be appraised or the timber or improvements thereon or in the purchase thereof and has entered into no agreement or combination to purchase the same or any part thereof, which oath shall be attached to the report of such appraisal. Before offering such surplus state owned lands for public sale, such lands shall first be offered to the city, county, town, school district, or other public body corporate or politic in which the lands are situated for public purposes and they may be sold for such public purposes for not less than the appraised value thereof. To determine whether a public body desires to purchase the surplus land, the commissioner of administration shall publish notice describing the land on the same day of at least two successive weeks in a newspaper of general circulation in the county in which the land is located; however, the commissioner shall give a written notice to the governing body of each political subdivision whose jurisdictional boundaries include or are adjacent to the surplus land. If a public body desires to purchase the surplus land it shall submit a written offer to the commissioner not later than two weeks after the last published notice setting forth in detail its reasons for desiring to acquire and its intended use of the land. In the event that more than one public body tenders an offer, the commissioner shall determine which party shall receive the property, and he shall submit written findings regarding his decision. If lands are offered for sale for such public purposes, and if a public body notifies the commissioner of administration of its desire to acquire such lands, the public body may have not to exceed two years from the date of the accepted offer to commence payment for the lands in the manner provided by law.

Sec. 80. Minnesota Statutes 1978, Section 94.16, is amended to read:

94.16 [FUNDS, HOW DISPOSED OF.] All moneys received from the sale of such lands or lots shall be credited to the general fund of the state, *except that a portion of the proceeds from the sale equal in amount to the survey, appraisal, legal, advertising, and other expenses incurred by the commissioner of administration or other state official in rendering the property saleable shall be remitted to the account from which the expenses were paid, and are appropriated and immediately available for expenditure in the same manner as other money in the account.*

Sec. 81. 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. 82. 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 *an amount equal to* 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 com-

mittee in the manner and subject to the terms and conditions provided in section 97.431.

Sec. 83. 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 an amount equal to 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, an amount equal to 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.

Subd. 3. [SOURCE OF PAYMENTS.] Money to make payments to the Leech Lake Band and White Earth Band special license account pursuant to sections 80 and 81 is annually appropriated for that purpose in a ratio of 60 percent from the game and fish fund and 40 percent from the general fund.

Sec. 84. Minnesota Statutes 1978, Section 106.471, is amended by adding a subdivision to read:

Subd. 9. Where the cost of the repair of a ditch system exceeds the benefits determined in the original proceedings for the estab-

ishment of the ditch, the requirements of section 106.501 for improvements of ditch systems shall apply when the following conditions are present:

(a) The repair will result in the drainage of 100 or more acres of public waters in Anoka County;

(b) The public waters have existed for 15 or more years;

(c) The ditch system has not been substantially repaired for more than 25 years; and

(d) The physical repair has not commenced prior to the effective date of this subdivision.

Sec. 85. Minnesota Statutes 1978, Chapter 112, is amended by adding a section to read:

[112.431] [DRAINAGE IMPROVEMENTS.] *Subdivision 1. [FINDINGS.] The legislature finds that because of urban growth and development in the metropolitan area problems arise for the improvement and repair of drainage systems which were originally established for the benefit of land used for agricultural purposes and that the procedure for the improvement and repair of drainage systems now in the metropolitan area should be simplified to more adequately and economically improve and repair drainage systems.*

Subd. 2. [DEFINITIONS.] (a) For the purpose of this section the terms defined in this subdivision have the meanings ascribed to them.

(b) "Drainage system" means a ditch as defined by Minnesota Statutes, Section 106.011, Subdivision 17.

(c) "Watershed district" means any watershed district established pursuant to the provisions of Minnesota Statutes, Chapter 112, wholly or partially in a metropolitan county.

(d) "Metropolitan county" means any one of the following counties: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott or Washington.

(e) "Metropolitan area" means the combined area of the metropolitan counties.

Subd. 3. [DRAINAGE IMPROVEMENTS.] With the concurrence of the governing bodies of the home rule charter or statutory cities and the town board of the towns where the drainage system is located, the board of managers of a watershed district in which there exists a drainage system shall have the power to improve and repair any drainage system transferred to the watershed district pursuant to Minnesota Statutes, Section 112.65 by conforming to Minnesota Statutes, Sections 429.031; 429.041, Subdivisions 1 and 2; 429.051; 429.061 and 429.071.

Subd. 4. [ALTERNATIVE POWER.] With the concurrence of the governing bodies of the home rule charter or statutory cities and the town boards of the towns where the drainage system is located, the managers in their discretion may improve and repair

a drainage system under the power granted to them elsewhere in Minnesota Statutes, Chapter 112.

Subd. 5. [APPEAL.] Any person aggrieved by an order for improvement or repair by the managers or by an assessment may appeal as provided in Minnesota Statutes, Sections 112.801 and 112.82.

Sec. 86. [NINE MILE CREEK, RILEY-PURGATORY CREEK AND RED LAKE WATERSHED DISTRICTS; TAX LEVY; ANNUAL ADMINISTRATIVE FUND LEVY.] Notwithstanding any other law to the contrary, the Nine Mile Creek Watershed District in Hennepin County, the Riley-Purgatory Creek Watershed District in Hennepin and Carver counties and the Red Lake Watershed District in Polk, Beltrami, Marshall, Clearwater, Pennington, Red Lake, Koochiching, Mahnomen and Roseau counties are each authorized, in addition to all powers each now possesses, to establish an administrative fund. This fund shall be maintained by an annual ad valorem tax levy on each dollar of assessed valuation of all taxable property within the respective districts sufficient to raise an amount each year of up to, but not to exceed, an amount of \$125,000 in each district. This levy is in lieu of, not in addition to, the administrative levy contained in Minnesota Statutes 1978, Section 112.61, Subdivision 3. The funds shall be used for general administrative expenses and for the construction and maintenance of projects of benefit to the district. The managers may make an annual levy for this fund as provided in Minnesota Statutes, Section 112.611.

Sec. 87. Minnesota Statutes 1978, Section 116C.63, Subdivision 4, is amended to read:

Subd. 4. When private real property defined as class 3, 3b, 3c, 3cc, 3d, or 3f pursuant to section 273.13 is proposed to be acquired for the construction of a site or route by eminent domain proceedings, the property fee owner, or when applicable, the fee owner with the written consent of the contract for deed vendee, or the contract for deed vendee with the written consent of the fee owner, shall have the option to require the utility to condemn a fee interest in any amount of contiguous, commercially viable land which he wholly owns or has contracted to own in undivided fee and elects in writing to transfer to the utility within 60 days after his receipt of the notice of the objects of the petition filed pursuant to section 117.055. Commercial viability shall be determined without regard to the presence of the utility route or site. The owner or, when applicable, the contract vendee shall have only one such option and may not expand or otherwise modify his election without the consent of the utility. The required acquisition of land contiguous to, but outside the designated right-of-way of a route or the boundary of a site, pursuant to this subdivision shall be considered an acquisition for a public purpose and for use in the utility's business, for purposes of chapter 117 and section 500.24, respectively; provided that a utility shall divest itself completely of all such lands used for farming or capable of being used for farming within five years after the date of acquisition, or such

land shall be sold at a public sale in the manner prescribed by law for the foreclosure of a mortgage by action not later than the time it can receive the market value paid at the time of acquisition of lands less any diminution in value by reason of the presence of the utility route or site. Upon the owner's election made under this subdivision, the easement interest over and adjacent to the lands designated by the owner to be acquired in fee, sought in the condemnation petition for a high voltage transmission line right-of-way shall automatically be converted into a fee taking.

Sec. 88. Minnesota Statutes 1978, Section 116D.04, is amended by adding a subdivision to read:

Subd. 10. No attempt need be made to tabulate, analyze or otherwise evaluate the potential impact of elections made pursuant to section 116C.63, subdivision 4, in environmental impact statements done for large electric power facilities. It is sufficient for purposes of this chapter that such statements note the existence of section 116C.63, subdivision 4.

Sec. 89. Minnesota Statutes 1978, Section 136.81, Subdivision 1, is amended to read:

136.81 [SALARY DEDUCTIONS, MATCHING FUNDS.] Subdivision 1. Beginning July 1, 1967, there shall be deducted from the salary of each person described in section 136.80, subdivision 1, a sum equal to five percent of the portion of such person's annual salary paid between \$6,000 and \$15,000. Such deduction is to be made in the same manner as other retirement deductions are made from the salary of such a person only after the first \$6,000 has been paid in a fiscal year. The moneys so deducted, together with an equal sum contributed by the state, shall be deposited to the credit of the supplemental retirement account of the teachers retirement fund, which account is hereby established as an account separate and distinct from other funds, accounts, or assets of the teachers retirement fund. The moneys required from time to time to match the person's salary deductions as provided in this subdivision are appropriated *shall be contributed* to the board of trustees of the teachers retirement fund ~~from the general fund by the state.~~

Any deductions taken from the salary of a person for the supplemental retirement fund in error shall upon discovery and verification be refunded to the employee. The retirement board shall establish an account which will reflect any gains or losses due to the purchasing and redemption of shares made in error. The balance of such account shall be disposed of annually to the account established for the purpose of prorating among employees share accounts the cancellations of the previous 12 months.

If any payroll deductions are not made from an employee's salary as provided in this section, such deductions shall be remitted to the supplemental retirement account of the teachers retirement association within one year from the end of the fiscal year in which the deductions were due, and at the time of the

receipt of such amount an equal amount shall be ~~appropriated~~ contributed to the board of trustees of the teachers retirement fund ~~from the general fund by the state.~~

Sec. 90. Minnesota Statutes 1978, Chapter 138, is amended by adding a section to read:

[138.93] [GRANT-IN-AID ASSISTANCE; NON-STATE OWNED HISTORICAL INTERPRETIVE CENTERS.] *Subdivision 1. [STATE ASSISTANCE.] The state may pay part of the cost of construction of non-state owned historical interpretive center projects. The state's share may not exceed 50 percent of the cost of any project. In regions 3, 4, 9, 10, and 11, expenditures from appropriations by the 1977, 1978, and 1979 legislature shall be considered a part of the state share of the project cost for the purposes of this section. No more than ten percent of the state's share of future appropriations pursuant to this section may be used for professional services. Development regions are the regions designated pursuant to section 462.385. There shall not be more than one state assisted project in each region.*

Subd. 2. [SELECTION PROCESS.] Each regional planning commission, except in regions 3, 4, 9, 10 and 11, may request designation of a non-state owned historical interpretive center. Applications shall be received by the commission for 180 days thereafter. Applications shall be in the form prescribed by the Minnesota historical society and include a master plan in accordance with the Minnesota outdoor recreation act of 1975. The regional planning commission may establish an advisory committee of 20 members from the region to make recommendations.

Subd. 3. [DESIGNATION.] After receipt of the regional planning commission's recommendation and review of the master plan in accordance with subdivision 5, the Minnesota historical society shall designate the center and notify the owner applicant and the regional planning commission of the designation; however, in region 4, the Red River Valley Center at Moorhead is designated; in region 10, the Mississippi Interpretive Center at Winona is designated; in region 9, the Agricultural Interpretive Center at Waseca is designated; in region 3, the Lake Superior Museum of Transportation and Industry is designated; in region 11, the historic Washington County Courthouse at Stillwater is designated.

Subd. 4. [MASTER PLANS.] The owner shall prepare and submit to the regional planning commission a master plan for the development and management of the center, in a format and detail appropriate for the project. The regional planning commission shall choose a project and report its choice to the Minnesota historical society. The Minnesota historical society shall make the master plan available for review and comment by the public and other state agencies for at least 30 days. Copies of the master plan shall be submitted to the state planning agency for review and comment.

Subd. 5. [MASTER PLAN REVIEW AND APPROVAL.] The

Minnesota historical society shall review the master plan to determine whether it:

(a) Provides for development of the center in a manner consistent with the purposes of this section;

(b) Recognizes historical values and resources that relate to the area involved;

(c) Provides an historical program based on sound historical research; and,

(d) Meets the requirement of section 138.92. Within 60 days after receipt of a master plan, the Minnesota historical society shall notify the owner that the plan has been reviewed, and forward its recommendations for any changes it might suggest. The owner shall review the recommendations and notify the Minnesota historical society of the disposition made of them. The plan may be approved by the society only after all conditions of this section have been met. The society shall forward all approved master plans to the appropriate regional planning commission and the owner. If the society rejects a project chosen by a regional planning commission the commission may again request applications in accordance with subdivision 2 in the subsequent fiscal year.

Subd. 6. [APPROPRIATION REQUESTS.] The Minnesota historical society may seek appropriations for grant-in-aid assistance pursuant to this section and sections 16A.10 and 16A.11.

Sec. 91. [SPECIAL GRANTS FOR HOME BASED SERVICES FOR ELDERLY AND ADULT PHYSICALLY IMPAIRED PERSONS.] *Subdivision 1. The commissioner of health may make special grants to local boards of health and to the county board of any county that has not organized a local board of health to provide pre-institutional or post-institutional community based health programs designed to assist elderly and adult physically impaired persons in maintaining an optimal level of functioning and in remaining capable of residing in a family setting or home community. The commissioners of health and public welfare shall collaborate to maximize state and federal money for nursing home pre-admission screening programs. Applicants shall submit for approval an application and budget for the use of the funds in the form specified by the commissioner of health.*

As used in this section, "elderly" means persons aged 60 or over.

Subd. 2. The range of services and programs established by these special grants shall be designed to:

(a) Support families and individuals to avoid premature or inappropriate admission to an institutional care setting;

(b) Provide respite for families and responsible caretakers from continuous care and supervision of elderly and adult physically impaired persons, and to assist caretakers in providing appropriate services;

(c) Maintain or restore elderly and adult physically impaired

persons to optimal functional potential and to retard physical and emotional deterioration;

(d) Provide for support and follow up services to persons residing in their own or a family member's home; and

(e) Facilitate appropriate release of elderly and adult physically impaired persons from acute and long term care facilities to family care or to other community based programs.

Subd. 3. Local boards of health and county boards shall not use special grants to replace or substitute for services or programs otherwise funded from other local, state, or federal sources, but shall use special grants only to expand health and health-related supportive social service programs existing on the effective date of this section, or to add programs.

Subd. 4. The commissioner of health shall report and make recommendations to the legislature by January 15, 1981 concerning the implementation of these special grants and the advisability of the integration of the special grant program into the community services subsidy program.

Subd. 5. This section expires July 1, 1981.

Sec. 92. Minnesota Statutes 1978, Section 145.913, Subdivision 3, is amended to read:

Subd. 3. [ADVISORY COMMITTEE.] In each case where a board of health has been assigned the responsibilities of sections 145.911 to 145.922 a single local community health services advisory committee shall be established by the participating county boards or city councils to advise, consult with, or make recommendations to the board of health on matters relating to the development, maintenance, funding, and evaluation of community health services. The committee shall consist of not less than nine members and no more than 21 members. The membership of the advisory committee shall be as follows: at least one-third providers of health services, including at least three licensed health professionals; and at least one-third consumers selected to represent consumers organizations or constituencies within the community, provided, however, that the advisory committee to a county board of health for a county with 300,000 or more persons shall be as follows: at least 51 percent local government officials and the remainder divided equally between providers of health services and consumers. Continuity of membership of each advisory committee shall be assured by having an approximately equal number of terms expire each year. First appointments may be for less than two years, thereafter all terms shall be two years and no member shall serve more than three consecutive terms. Notwithstanding any law to the contrary, members may receive a per diem and be reimbursed for travel and other necessary expenses while engaged in their official duties, as determined by the appointing authority. The committee shall elect officers including a chairman and vice-chairman with terms of one year. The committee shall meet at least ~~six~~ three times a year and at the call of the chairman or a majority of the members.

Sec. 93. Minnesota Statutes 1978, Chapter 152, is amended by adding a section to read:

[152.21] [THC THERAPEUTIC RESEARCH ACT.] Subdivision 1. [FINDINGS AND PURPOSE.] *The legislature finds that scientific literature indicates promise for delta-9 tetrahydrocannabinol (THC), the active component of marijuana, in alleviating certain side effects of cancer chemotherapy under strictly controlled medical circumstances.*

The legislature also finds that further research and strictly controlled experimentation regarding the therapeutic use of THC is necessary and desirable. The intent of this section is to establish an extensive research program to investigate and report on the therapeutic effects of THC under strictly controlled circumstances in compliance with all federal laws and regulations promulgated by the federal food and drug administration, the national institute on drug abuse and the drug enforcement administration. The intent of the legislature is to allow this research program the greatest possible access to qualified cancer patients residing in Minnesota who meet protocol requirements. The establishment of this research program is not intended in any manner whatsoever to condone or promote the illicit recreational use of marijuana.

Subd. 2. [DEFINITIONS.] *For purposes of this section, the following terms shall have the meanings given.*

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

(b) "Marijuana" means marijuana as defined in Minnesota Statutes, Section 152.01, Subdivision 9, and delta-9-tetrahydrocannabinol (THC), tetrahydrocannabinols or a chemical derivative of tetrahydrocannabinols, and all species of the genus *Cannabis*.

(c) "Principal investigator" means the individual responsible for the medical and scientific aspects of the research, development of protocol, and contacting and qualifying the clinical investigators in the state.

(d) "Clinical investigators" means those individuals who conduct the clinical trials.

(e) "Sponsor" means that individual or organization who, acting on behalf of the state, has the total responsibility for the state program.

Subd. 3. [RESEARCH GRANT.] *The commissioner of health shall grant funds to the principal investigator selected by the commissioner pursuant to subdivision 4 for the purpose of conducting a research program under a protocol approved by the FDA regarding the therapeutic use of oral THC and other dosage forms, if available, according to the guidelines and requirements of the federal food and drug administration, the drug enforcement administration and the national institute on drug abuse. The commissioner shall ensure that the research principal investigator complies with the requirements of subdivision 5. The commissioner may designate the principal investigator as the sponsor.*

The commissioner shall report to the legislature on January 1 of each odd-numbered year on the number of oncologists and patients involved in the program and the results available at that date regarding the effects of therapeutic use of THC on patients involved in the program. The commissioner shall also report on the current status of THC under the federal Food, Drug and Cosmetic Act and the federal Controlled Substances Act.

Subd. 4. [PRINCIPAL INVESTIGATOR.] *Within three months of the effective date of this section, the commissioner shall, in consultation with a representative chosen by the state board of pharmacy and a representative chosen by the state board of medical examiners, select a person or research organization to be the principal investigator of the research program.*

Subd. 5. [DUTIES.] *The principal investigator shall:*

(1) Apply to the Food and Drug Administration for a notice of "Claimed Investigational Exemption for a New Drug (IND)" pursuant to the Federal Food, Drug and Cosmetic Act, 21 U.S.C., Section 301, et seq., and shall comply with all applicable laws and regulations of the federal food and drug administration, the drug enforcement administration, and the national institute on drug abuse in establishing the program;

(2) Notify every oncologist in the state of the program, explain the purposes and requirements of the program to them, provide on request each of them with a copy of the approved protocol which shall include summaries of current papers in medical journals reporting on research concerning the safety, efficacy and appropriate use of THC in alleviating the nausea and emetic effects of cancer chemotherapy, and provide on request each of them with a bibliography of other articles published in medical journals;

(3) Allow each oncologist (clinical investigator) in the state who meets or agrees to meet all applicable federal requirements for investigational new drug research and who so requests to be included in the research program as a clinical investigator to conduct the clinical trials;

(4) Provide explanatory information and assistance to each clinical investigator in understanding the nature of therapeutic use of THC within program requirements, including the Informed Consent Document contained in the protocol, informing and counseling patients involved in the program regarding the appropriate use and the effects of therapeutic use of THC;

(5) Apply to contract with the national institute on drug abuse for receipt of dosage forms of THC, fully characterized as to contents and delivery to the human system, pursuant to regulations promulgated by the national institute on drug abuse, and the federal food and drug administration. The principal investigator shall ensure delivery of the THC dosages to clinical investigators as needed for participation in the program;

(6) Conduct the research program in compliance with federal

laws and regulations promulgated by the federal food and drug administration, the drug enforcement administration, the national institute on drug abuse, and the purposes and provisions of this section;

(7) Submit periodic reports as determined by the commissioner on the numbers of oncologists and patients involved in the program and the results of the program;

(8) Submit reports on intermediate or final research results, as appropriate, to the major scientific journals in the United States; and

(9) Otherwise comply with the provisions of this section.

Subd. 6. [EXEMPTION FROM CRIMINAL SANCTIONS.] *For the purposes of this section, the following are not violations listed in sections 152.09 or 152.15:*

(1) Use or possession of THC, or both, by a patient in the research program;

(2) Possession, prescribing use of, administering, or dispensing THC, or any combination of these actions, by the principal investigator or by any clinical investigator;

(3) Possession or distribution of THC, or both, by a pharmacy registered to handle Schedule I substances which stores THC on behalf of the principal investigator or a clinical investigator.

THC obtained and distributed pursuant to this section is not subject to forfeiture under Minnesota Statutes, Section 152.19.

For the purposes of this section, THC is removed from Schedule I contained in Minnesota Statutes, Section 152.02, Subdivision 2, and inserted in Schedule II contained in Minnesota Statutes, Section 152.02, Subdivision 3.

Subd. 7. [CITATION.] *This section may be cited as the "THC Therapeutic Research Act."*

Sec. 94. *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 practiced 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. 95. Minnesota Statutes 1978, Section 168.66, Subdivision 4, is amended to read:

Subd. 4. "Retail installment contract" means any agreement, entered into in this state, evidencing a retail installment sale of a motor vehicle, other than for the purpose of re-sale, *when purchased primarily for personal, family or household use*, pursuant to which title to, or a lien upon the motor vehicle is retained by the retail seller as security for the retail buyer's obligation. This term includes a mortgage, conditional sale contract, or any contract for the bailment or leasing of a motor vehicle by which the bailee or lessee contracts to pay as compensation for its use a sum substantially equivalent to the time sale price of the motor vehicle and by which it is agreed that the bailee or lessee is bound to become, or has the option of becoming, the owner of such motor vehicle. "Retail installment contract" *does not include any agreement, entered into in this state, evidencing an installment sale of a motor vehicle purchased primarily for use in business. For purposes of this subdivision, "business" means a commercial or industrial enterprise which is carried on for the purpose of active or passive investment or profit.*

Sec. 96. 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. 97. Minnesota Statutes, 1979 Supplement, Section 174.28, Subdivision 2, is amended to read:

Subd. 2. [BASIS AND FORM OF CONTRACT.] Pursuant to the public transit subsidy program the commissioner shall enter

one or more contracts with the commission to pay amounts sufficient to provide the commission with a subsidy per passenger of 46.04 cents in the last half of calendar year 1979, 46.74 cents in calendar year 1980, and 48.34 cents in the first half of calendar year 1981 and thereafter. *The commissioner of transportation shall investigate to determine if the metropolitan transit commission has experienced extraordinary increases in fuel, labor, or other operational costs which necessitate an adjustment in the subsidy per passenger. If the commissioner determines that an additional subsidy is required, the subsidy per passenger may be adjusted to pay the increased costs.*

Sec. 98. 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. 99. Minnesota Statutes 1978, Section 197.75, Subdivision 1, is amended to read:

197.75 [EXPENDITURES, LIMITATION.] Subdivision 1. The commissioner of veterans affairs shall spend a biennial appropriation for tuition of soldiers, and for tuition, fees, board, room, books and supplies of the children of soldiers who have died as a result of their service in the military or naval forces of the United States as determined by the United States Veterans Administration or other instrumentality of the United States, in the University of Minnesota, a state university, a community college, or any other university of higher learning within the state accredited by

the North Central Association of Colleges and Secondary Schools, a law college approved by the supreme court, a nursing school approved by the state nurses examining board, or in a trade school in the state which may be approved by the state department of education, or in a theological seminary, for any course which such soldier or child may elect. Not more than \$250 \$350 shall be expended for the benefit of any individual soldier, and not more than \$250 \$350 in any calendar year shall be expended for the benefit of any child under this section, and that need therefor shall be established and determined by the commissioner of veterans affairs. No child of any soldier shall make application for the benefits provided herein unless such child shall have resided in Minnesota for at least two years immediately prior to the date of said application. Children of soldiers eligible for benefits hereunder shall be admitted to state institutions of university grade free of tuition. Payments of tuition as provided for herein shall be made by the commissioner of veterans affairs directly to the institution in which the course of instruction is given upon such conditions as shall be imposed by the commissioner of veterans affairs.

Sec. 100. 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. 101. [NAME CHANGE; TRANSFER OF FUNCTIONS.] *The name of the public service commission is changed to the public utilities commission. Subject to the provisions of this act and other applicable laws, the public utilities commission and the department of public service shall continue to exercise all the powers and duties vested in, or imposed upon them, as existing and constituted immediately prior to the effective date of this act.*

Sec. 102. Minnesota Statutes 1978, Section 216.16, is amended to read:

216.16 [HEARINGS BEFORE PUBLIC UTILITIES COMMISSION.] If the matter be not adjusted to the satisfaction of the ~~department~~ *commission*, it shall set a time and place of hearing, and give at least ten days notice thereof to each party. The parties may appear either in person or by attorney. The ~~department~~ *commission* shall hear evidence and otherwise investigate

the matter, make findings of fact upon all matters involved, and such order or recommendation in the premises as may be just. A copy of such findings and order or recommendation shall forthwith be served upon each party. No proceedings shall be dismissed on account of want of pecuniary interest in the complaint. The department is authorized to designate by resolution any of its employees to receive and report evidence. Employees so designated shall have power to administer oaths to witnesses, examine witnesses, and receive evidence. In any proceedings in which the evidence is received by one commissioner or by an employee so designated, such commissioner or employee shall make a full and complete report thereof to the department and the department shall proceed to a determination of the facts and issue its order or recommendation as hereinabove provided.

Sec. 103. Minnesota Statutes 1978, Section 216A.01, is amended to read:

216A.01 [ESTABLISHMENT OF DEPARTMENT AND COMMISSION.] There ~~is are~~ hereby created and established the department of public service ~~to consist of two branches, and~~ the public service utilities commission and the administrative division. The department of public service shall have and possess all of the rights and powers and perform all of the duties vested in it by this chapter, ~~and, immediately prior to enactment of said chapter, .~~ *The public utilities commission shall have and possess all of the rights and powers and perform all of the duties vested in it by this chapter, and those formerly vested by law in the railroad and warehouse commission.*

Sec. 104. Minnesota Statutes 1978, Section 216A.03, Subdivision 3, is amended to read:

Subd. 3. [CHAIRMAN.] The commission shall elect one of their number chairman *at the meeting of the commission in the second week in January of each year for a term of one year.*

If a vacancy occurs in the position of chairman, the commission shall elect a new chairman to complete the unexpired term.

Sec. 105. Minnesota Statutes 1978, Section 216A.03, is amended by adding a subdivision to read:

Subd. 3a. [POWERS AND DUTIES OF THE CHAIRMAN.] *The chairman shall be the principal executive officer of the commission. He shall preside at meetings of the commission. The chairman shall organize the work of the commission and may make assignments to commission members, appoint committees and give direction to the commission staff through the executive secretary subject to the approval of the commission.*

Sec. 106. Minnesota Statutes 1978, Section 216A.04, Subdivision 1, is amended to read:

216A.04 [EXECUTIVE SECRETARY; EMPLOYEES.] Subdivision 1. [SELECTION OF EXECUTIVE SECRETARY.] The commission shall appoint ~~a~~ *an* executive secretary, not a member, who shall be in the unclassified service of the state and shall serve

at the pleasure of the commission; except that the secretary now serving the railroad and warehouse commission shall continue as secretary in the classified service. He ~~The executive secretary~~ shall take, subscribe and file an oath similar to that required of the commissioners. He shall be charged with keeping full and correct records of all transactions and proceedings of the commission, have the power to administer oaths, and perform such other duties as may be prescribed by the commission. He shall be the official custodian of the records and seal of the commission, and shall be subject to the same disqualifications as commissioners.

Sec. 107. Minnesota Statutes 1978, Section 216A.04, is amended by adding a subdivision to read:

Subd. 1a. [POWERS AND DUTIES OF THE EXECUTIVE SECRETARY.] *The executive secretary shall:*

(1) *Cause to be kept full and correct records of all transactions and proceedings of the commission;*

(2) *Appoint, subject to chapter 43 and the approval of the commission, all other classified employees of the commission and supervise and direct their activities;*

(3) *Have custody of the seal of the commission;*

(4) *Serve as the administrative officer of the commission with responsibility for personnel, budget and other administrative details related to the work of the commission or as required by state law;*

(5) *Prepare orders, reports, and other materials as assigned by the commission and recommend to the commission such measures as may be appropriate to achieve the objectives of the commission;*

(6) *Advise the commission of its financial position and recommend a budget for its approval; and*

(7) *Perform other duties as the commission directs.*

Sec. 108. Minnesota Statutes 1978, Section 216A.04, Subdivision 3, is amended to read:

Subd. 3. [OFFICERS AND EMPLOYEES.] *The commission may employ one unclassified employee in addition to the executive secretary to serve at the pleasure of the commission. The commission may employ such other assistants persons as may be necessary to carry out its functions, including hearing officers and reporters, within the funds provided therefor from time to time. The commissioners individually may act as hearing officers.*

Hearing reporters may provide transcripts of proceedings before the commission to persons requesting transcripts who pay a reasonable charge therefor to the reporter. The amount of the charge shall be fixed by the commission and retained by the reporter, any other law to the contrary notwithstanding.

Sec. 109. Minnesota Statutes 1978, Section 216A.05, Subdivision 4, is amended to read:

Subd. 4. [PERFORMANCE OF FUNCTIONS OF PUBLIC UTILITIES COMMISSION.] The commission shall exercise each and every legislative function imposed by law on the department of public service it.

Sec. 110. Minnesota Statutes 1978, Section 216A.05, Subdivision 5, is amended to read:

Subd. 5. [HEARINGS UPON PETITIONS.] With respect to those matters within its jurisdiction the commission shall receive, hear and determine ~~within six months~~ all petitions filed with it in accordance with the ~~procedures established by law~~ *rules of practice and procedure promulgated by the commission*, and may investigate, hold hearings and make determinations upon its own motion to the same extent, and in every instance, in which it may do so upon petition. Upon receiving petitions filed pursuant to sections 221.061, 221.081, 221.121, subdivision 1, 221.151, 221.296, and 221.55, the commission shall give notice of the filing of the petition to representatives of associations or other interested groups or persons who have registered their names with the ~~director of the department~~ *executive secretary* for that purpose and to whomever he deems to be interested in the petition. The commission may grant or deny the request of the petition 30 days after notice of the filing has been fully given. If the commission receives a written objection and a notice of intent to appear at a hearing to object to the petition from any person within 20 days of the notice having been fully given, the request of the petition shall be granted or denied only after a contested case hearing has been conducted on the petition, unless the objection is withdrawn prior to the hearing. The commission may elect to hold a contested case hearing if no objections to the petition are received. If a timely objection is not received, or if received and withdrawn, and the request of the petition is denied without hearing, the petitioner may request within 30 days of receiving the notice of denial, and shall be granted, a contested case hearing on the petition.

Sec. 111. Minnesota Statutes 1978, Section 216A.07, is amended to read:

216A.07 [DIRECTOR: POWERS AND DUTIES.] *Subdivision 1.* The director shall be the executive and administrative head of the public service department. He shall have and possess all the rights and powers and perform all the duties relating to the administrative function of the department as set forth in this chapter. The director may:

(1) Prepare all forms or blanks for the purpose of obtaining information which he may deem necessary or useful in the proper exercise of his authority and duties in connection with regulated businesses;

(2) Prescribe the time and manner within which forms or blanks shall be filed with the department;

(3) Inspect at all reasonable times, and copy the books, records, memoranda and correspondence or other documents and records of any person relating to any regulated business; and

(4) Cause the deposition to be taken of any person concerning the business and affairs of any business regulated by the department. Information sought through said deposition shall be for a lawfully authorized purpose and shall be relevant and material to the investigation or hearing before the commission. Information obtained from said deposition shall be used by the department only for a lawfully authorized purpose and pursuant to powers and responsibilities conferred upon the department. Said deposition is to be taken in the manner prescribed by law for taking depositions in civil actions in the district court.

Subd. 2. [ENFORCEMENT.] The director is responsible for the enforcement of chapters 216A, 216B and 237 and the orders of the commission issued pursuant to those chapters.

Subd. 3. [INTERVENTION IN PROCEEDINGS.] The director may intervene as a party in all proceedings before the commission. The attorney general shall act as counsel in the proceedings.

Subd. 4. [INVESTIGATIONS.] The director may, on his own initiative, investigate any matter subject to the jurisdiction of the department or commission.

Subd. 5. [RULEMAKING.] The director shall make substantive and procedural rules to implement the provisions of chapters 216A, 216B and 237. Rules adopted under this authority shall be promulgated pursuant to the administrative procedure act and shall have the force and effect of law.

Sec. 112. Minnesota Statutes 1978, Chapter 216A, is amended by adding a section to read:

[216A.095] [COOPERATION BETWEEN DEPARTMENT AND COMMISSION.] *Nothing in chapter 216A prevents the department or the commission from entering into agreements with each other or with other agencies to coordinate and share services, to conduct joint projects or investigations on matters within the authority and jurisdiction of the parties thereto, or to temporarily assign staff to projects requested by each other or by other agencies. The cooperative agreements may provide for the sharing of costs between the parties thereto or the reimbursement of the department or commission operating budget for expenditures made on behalf of the department or commission or agency. No cooperative effort shall interfere with the independence and integrity of either the commission or the department of any other agency that is a party.*

Sec. 113. Minnesota Statutes 1978, Section 216B.17, Subdivision 1, is amended to read:

216B.17 [COMPLAINTS.] Subdivision 1. On its own motion or upon a complaint made against any public utility, by the governing body of any political subdivision, by another public utility, by the department, or by any 50 consumers of the particular utility that any of the rates, tolls, tariffs, charges, or schedules or any joint rate or any regulation, measurement, practice, act or omis-

sion affecting or relating to the production, transmission, delivery or furnishing of natural gas or electricity or any service in connection therewith is in any respect unreasonable, insufficient or unjustly discriminatory, or that any service is inadequate or cannot be obtained, the commission shall proceed, with notice, to make such investigation as it may deem necessary. The commission may dismiss any complaint without a hearing if in its opinion a hearing is not in the public interest.

Sec. 114. Minnesota Statutes 1978, Section 216B.19, is amended to read:

216B.19 [JOINT HEARINGS AND INVESTIGATIONS.] In the discharge of its duties under Laws 1974, Chapter 429, the commission or the department may cooperate with similar commissions of other states and any federal agency and may hold joint hearings and make joint investigations with other commissions.

Sec. 115. Minnesota Statutes 1978, Section 216B.54, is amended to read:

216B.54 [ACTIONS BY COMMISSION OR DEPARTMENT; ATTORNEY GENERAL TO INSTITUTE.] Whenever the commission or department shall be of the opinion that any person or public utility is failing or omitting or is about to fail or omit to do anything required of it by Laws 1974, Chapter 429 or by any order of the commission, or is doing anything or about to do anything, or permitting anything or about to permit anything to be done, contrary to or in violation of Laws 1974, Chapter 429 or of any order of the commission, it shall refer the matter to the attorney general who shall take appropriate legal action.

Sec. 116. Minnesota Statutes 1978, Section 216B.62, is amended to read:

216B.62 [COST OF EXAMINATION; ASSESSMENT OF EXPENSES; LIMITATIONS; OBJECTIONS.] Subdivision 1. Immediately after the passage and adoption of Laws 1974, Chapter 429, the commission shall assess to all public utilities subject to the provisions of Laws 1974, Chapter 429 in proportion to their respective gross operating revenues, as hereinafter defined, during the preceding calendar year, the sum of \$300,000. The assessment shall be paid into the state treasury within 30 days after the bill has been mailed, by certified mail, to the several public utilities, which shall constitute notice of said assessment and demand of payment thereof.

Subd. 2. Whenever the commission or department, in a proceeding upon its own motion, on complaint, or upon an application to it, shall deem it necessary, in order to carry out the duties imposed by Laws 1974, Chapter 429, to investigate the books, accounts, practices, and activities of, or make appraisals of the property of any public utility, or to render any engineering or accounting services to any public utility, the public utility shall pay the expenses reasonably attributable to the investigation,

appraisal, or service. The commission *and department* shall ascertain the expenses, and the department shall render a bill therefor to the public utility, either at the conclusion of the investigation, appraisal, or services, or from time to time during its progress, which bill shall constitute notice of the assessment and a demand for payment. The amount of the bills so rendered by the department shall be paid by the public utility into the state treasury within 30 days from the date of rendition. The total amount, in any one calendar year, for which any public utility shall become liable, by reason of costs incurred by the commission within that calendar year, shall not exceed two-fifths of one percent of the gross operating revenue from retail sales of gas, or electric service by the public utility within the state in the last preceding calendar year. Where, pursuant to this subdivision, costs are incurred within any calendar year which are in excess of two-fifths of one percent of the gross operating revenues, the excess costs shall not be chargeable as part of the remainder under subdivision 3, but shall be paid out of the general appropriation to the department *and commission*. In the case of public utilities offering more than one public utility service only the gross operating revenues from the public utility service in connection with which the investigation is being conducted shall be considered when determining this limitation.

Subd. 3. The department *and commission* shall annually, within 90 days after the close of each fiscal year, ascertain the total of *its their* expenditures to the performance of *its their* duties relating to public utilities under Laws 1974, Chapter 429, and shall deduct therefrom all amounts chargeable to public utilities under subdivision 2. The remainder shall be assessed by the commission *and department* to the several public utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year. The assessment shall be paid into the state treasury within 30 days after the bill has been mailed to the several public utilities, which shall constitute notice of the assessment and demand of payment thereof. The total amount which may be assessed to the public utilities, under authority of this subdivision, shall not exceed one-eighth of one percent of the total gross operating revenues of the public utilities during such calendar year from retail sales of gas or electric service within the state.

Subd. 4. Within 30 days after the date of the mailing of any bill as provided by subdivisions 2 and 3, the public utility against which the bill has been rendered may file with the commission objections setting out the grounds upon which it is claimed the bill is excessive, erroneous, unlawful or invalid. The commission shall within 60 days hold a hearing and issue an order in accordance with its findings. The order shall be appealable in the same manner as other final orders of the commission.

Subd. 5. The commission *and department* shall be authorized to charge cooperative electric associations their proportionate share of the expenses incurred in the adjudication of service area disputes and all of the costs incurred in the adjudication of com-

plaints over service standards and practices. Cooperative electric associations electing to become subject to rate regulation by the commission pursuant to section 216B.02, subdivision 4, shall be subject to this section.

Sec. 117. Minnesota Statutes 1978, Section 216B.64, is amended to read:

216B.64 [ATTORNEY GENERAL TO REPRESENT COMMISSION AND DEPARTMENT.] The attorney general of the state shall, upon request of the commission or department, represent and appear for the commission or department in all actions and proceedings involving any question under Laws 1974, Chapter 429, and shall aid in any investigation or hearing had under the provisions of Laws 1974, Chapter 429. The attorney general shall perform all duties and services in connection with Laws 1974, Chapter 429 and the enforcement thereof as the commission or department may require. He shall also bring all actions to collect penalties herein provided.

Sec. 118. Minnesota Statutes 1978, Section 237.02, is amended to read:

237.02 [UNDER DEPARTMENT OF PUBLIC SERVICE AND PUBLIC UTILITIES COMMISSION.] The department of public service and the public utilities commission, now existing under the laws of this state, is hereby vested with the same jurisdiction and supervisory power over telephone companies doing business in this state as it now has over railroad and express companies; and, wherever the term "department" is used in this chapter, it shall mean the department of public service. The definitions set forth in section 216A.02 shall apply also to chapter 237.

Sec. 119. Minnesota Statutes 1978, Section 237.12, is amended to read:

237.12 [CONNECTIONS BETWEEN TELEPHONE COMPANIES DISCONTINUED ONLY ON ORDER.] When public convenience requires the same, every telephone company shall, for a reasonable compensation, permit a physical connection or connections to be made, and telephone service to be furnished between any telephone exchange system operated by it, and the telephone toll line or lines operated by another company, or between its telephone toll line or lines and the telephone exchange system of another telephone company, or between its toll line and the toll line of another company, whenever such physical connection or connections are practicable and will not result in irreparable injury to the telephone system so compelled to be connected. The term "physical connection," as used in this section, means such number of trunk lines or complete wire circuits and connections as may be required to furnish reasonable and adequate service between such telephone lines and exchanges and shall not be deemed to provide for any connection whereby one line or circuit is to be bridged upon another line or circuit. In case of failure of the telephone companies concerned to allow or agree upon such phy-

sical connection or connections, or the terms and conditions upon which the same shall be made, application may be made to the department for an order requiring such connection and fixing the compensation, terms and conditions thereof, and if after investigation and hearing the department shall find that such physical connections will not result in irreparable injury to such telephone properties, it shall by order direct that such connections be made, and prescribe reasonable conditions and compensation therefor and for the joint use thereof, and by whom the expense of making and maintaining such connection or connections shall be paid. When application is made to the department requesting physical connection it shall be presumed that such connection is necessary, and that the public convenience will be promoted thereby, and the burden of overcoming such presumption shall be upon the party resisting such application. The telephone companies so connecting shall give service over the connecting line or lines without preference to or discrimination against any service or telephone company whatever.

Wherever a physical connection or connections exist between any telephone exchange system operated by a telephone company and the toll line or lines operated by another telephone company or between its toll line or lines and the telephone exchange system of another telephone company, or between its toll line and the toll line of another telephone company, neither of the companies shall cause such connection to be severed or the service between the companies to be discontinued without first obtaining an order from the department upon an application for permission to discontinue such physical connection. Upon the filing of an application for discontinuance of such a connection, the department shall investigate and ascertain whether public convenience requires the continuance of such physical connection, and if the department so finds, *the commission* shall fix the compensation, terms and conditions of the continuance of the physical connection and service between the telephone companies.

Sec. 120. Minnesota Statutes 1978, Section 237.295, Subdivision 1, is amended to read:

237.295 [COST OF EXAMINATION; ASSESSMENT OF EXPENSES; LIMITATION; OBJECTIONS.] Subdivision 1. Whenever the department or *commission*, in a proceeding upon its own motion, on complaint, or upon an application to it, shall deem it necessary in order to carry out the duties imposed on it to investigate the books, accounts, practices, and activities of, or make appraisals of the property of any telephone company, or to render any engineering or accounting services to any telephone company, the telephone company shall pay the expenses reasonably attributable to the investigation, appraisal, or service. The department and *commission* shall ascertain the expenses, and *the department* shall render a bill therefor to the telephone company, either at the conclusion of the investigation, appraisal, or services, or from time to time during its progress, which bill shall constitute notice of the assessment and a demand for payment. The amount of the bills so assessed by the department shall be paid by the

telephone company into the state treasury within 30 days from the date of assessment. The total amount, in any one calendar year, for which any telephone company shall become liable, by reason of costs incurred by the department *and commission* within that calendar year, shall not exceed two-fifths of one percent of the gross jurisdictional operating revenue of the telephone company in the last preceding calendar year. Where, pursuant to this subdivision, costs are incurred within any calendar year which are in excess of two-fifths of one percent of the gross jurisdictional operating revenues, the excess costs shall not be chargeable as part of the remainder under subdivision 2, but shall be paid out of the general appropriation of the department.

Sec. 121. Minnesota Statutes 1978, Section 237.295, Subdivision 2, is amended to read:

Subd. 2. The department *and commission* shall annually, within 90 days after the close of each fiscal year, ascertain the total of its expenditures to the performance of its duties relating to telephone companies, and shall deduct therefrom all amounts chargeable to telephone companies under subdivision 1. The remainder shall be assessed by the department to the several telephone companies in proportion to their respective gross jurisdictional operating revenues during the last calendar year. The assessment shall be paid into the state treasury within 30 days after the bill has been mailed to the several telephone companies, which shall constitute notice of the assessment and demand of payment thereof. The total amount which may be assessed to the telephone companies, under authority of this subdivision, shall not exceed one-eighth of one percent of the total gross jurisdictional operating revenues during such calendar year.

Sec. 122. [TRANSFER OF COMPLEMENT, FUNDS, EQUIPMENT.] *The unencumbered balances of appropriations made to the department of public service for the commission support division by Laws 1979, Chapter 333, Section 37, are transferred to the public utilities commission. The commissioner of finance shall determine the amounts to be transferred.*

Twenty-four positions in the public service department used to staff the commission support division are transferred to the public utilities commission and the complement of the department of public service is reduced by that number.

Nothing herein shall be construed as abrogating or modifying any rights now enjoyed by affected employees under the terms of an agreement between an exclusive representative of public employees and the state or of its appointing authorities.

The commissioner of finance and commissioner of personnel shall transfer the budget, position, and employees referenced above and any accrued benefits pertaining thereto to the public utilities commission.

All equipment, furnishings, and supplies presently used by the commission support division and any contractual arrangements for telephone service, office space or other matters related to the

operation of the division are transferred to the public utilities commission.

Sec. 123. [INSTRUCTION TO REVISOR.] *Insofar as possible, the revisor of statutes shall substitute the term "public utilities commission" for the term "public service commission" in the next and subsequent editions of Minnesota Statutes consistently with the provisions of this act. The revisor may make related changes in grammar and punctuation, but shall not change the meaning of any provision except consistently with this act.*

Insofar as possible, the revisor of statutes shall substitute the term "commission" for the term "department" wherever it appears in sections 216.10, 216.13, 216.14, 216.16, 216.161, 216.17, 216.18, 216.24, 216.25, 216.26, 216.27, 216.271, 237.10, 237.16, 237.18, 237.20, 237.21, 237.22, 237.23, 237.24, 237.25, 237.26, 237.27 and 237.28 of the next and subsequent editions of Minnesota Statutes consistently with the provisions of this act. The revisor may make related changes in grammar and punctuation, but shall not change the meaning of any provision except consistently with this act.

Sec. 124. Minnesota Statutes 1978, Section 238.08, is amended by adding a subdivision to read:

Subd. 5. Municipalities may by ordinance or resolution create a joint cable communications commission under section 471.59, to which each member municipality may delegate authority vested in the municipality by statute or charter to prepare, adopt, grant, administer, and enforce a cable communications franchise, and establish rates thereunder. The adoption, granting, administration and enforcement of a cable communications franchise, and the establishment of rates thereunder by a joint cable communications commission, pursuant to this subdivision is deemed to comply with procedural requirements of a statute or charter for the adoption, granting, administration and enforcement of a franchise, and establishment of rates. The members and governing body of the joint commission shall consist of two representatives appointed by each municipality, at least one of whom shall be a member of the council of that municipality and the other a qualified voter residing within that municipality.

Sec. 125. Minnesota Statutes 1978, Section 245.814, is amended to read:

245.814 [LIABILITY INSURANCE FOR FOSTER PARENTS.] The commissioner of public welfare shall within the appropriation provided purchase and provide insurance to foster parents to cover their liability for:

(1) injuries or property damage caused or sustained by foster children in their home; and

(2) actions arising out of alienation of affections sustained by the natural parents of a foster child.

Coverage shall apply to all foster boarding homes licensed by the department of public welfare, *licensed by a federally recog-*

nized tribal government, or established by the juvenile court and certified by the commissioner of corrections pursuant to section 260.185, subdivision 1, clause (c) (5), to the extent that the liability is not covered by the provisions of the standard homeowner's or automobile insurance policy. The insurance shall not cover property owned by the foster parents, damage caused intentionally by a child over 12 years of age, or property damage arising out of business pursuits or the operation of any vehicle, machinery, or equipment.

Sec. 126. Minnesota Statutes 1978, Section 246.014, is amended to read:

246.014 [SERVICES.] The measure of services established and prescribed by section 246.012, are:

(1) There shall be served in state hospitals a single standard of food for patients and employees alike, which is nutritious and palatable together with special diets as prescribed by the medical staff thereof. There shall be a chief dietitian in the department of public welfare and at least one dietitian at each state hospital. There shall be adequate staff and equipment for processing, preparation, distribution and serving of food.

(2) There shall be a staff of persons, professional and lay, sufficient in number, trained in the diagnosis, care and treatment of the mentally ill, physical illness, and including religious and spiritual counsel through qualified chaplains (who shall be in the unclassified service) adequate to take advantage of and put into practice modern methods of psychiatry, medicine and related field.

(3) There shall be a staff and facilities to provide occupational and recreational therapy, entertainment and other creative activities as are consistent with modern methods of treatment and well being.

(4) There shall be in each state hospital for the care and treatment of the mentally ill facilities for the segregation and treatment of patients who have communicable disease.

(5) The commissioner of public welfare shall provide modern and adequate psychiatric social case work service.

(6) The commissioner of public welfare shall make every effort to improve the accommodations for patients so that the same shall be comfortable and attractive with adequate furnishings, clothing, and supplies.

(7) The commissioner of public welfare shall establish training programs for the training of personnel and may require the participation of personnel in such programs. Within the limits of the appropriations available he may establish professional training programs in the forms of educational stipends for positions for which there is a scarcity of applicants.

(8) There shall be a separate hospital for the diagnosis, care and treatment of the mentally ill who have tuberculosis which

shall conform to the standards established for the diagnosis, care and treatment of physical disease. Pending construction of such separate hospital, one of the present state hospitals, or so much thereof as may be necessary, shall be set apart for the diagnosis, care and treatment of the mentally ill who have tuberculosis and shall be staffed and equipped to meet the accepted requirements of modern medicine for the care and treatment of persons afflicted with tuberculosis.

(9) The standards herein established shall be adapted and applied to the diagnosis, care and treatment of inebriate persons and mentally deficient persons who come within those terms as defined in the laws relating to the hospitalization and commitment of such persons, and of persons who are psychopathic personalities within the definition thereof in Minnesota Statutes 1945, Section 526.09.

(10) The commissioner of public welfare shall establish a program of detection, diagnosis and treatment of mentally or nervously ill persons and persons described in paragraph (9), and within the limits of appropriations may establish clinics and staff the same with persons specially trained in psychiatry and related fields.

(11) The commissioner of personnel and the personnel board may reclassify employees of the mental institutions from time to time, and assign classifications to such salary brackets as will adequately compensate personnel and reasonably assure a continuity of adequate staff.

(12) In addition to the chaplaincy services, provided in (2), the commissioner of public welfare shall open said institutions to ministers of the Gospel to the end that religious and spiritual counsel and services are made available to the patients therein, and shall cooperate with all ministers of the Gospel in making said patients available for religious and spiritual counsel, and shall provide such ministers of the Gospel with meals and accommodations.

(13) Within the limits of the appropriations therefor, the commissioner of public welfare shall establish and provide facilities and equipment for research and study in the field of modern hospital management, the causes of mental and related illness and the treatment, diagnosis and care of the mentally ill and funds provided therefor may be used to make available services, abilities and advice of leaders in these and related field, and may provide them with meals and accommodations and compensate them for traveling expenses and services.

Sec. 127. Minnesota Statutes 1978, Chapter 246, is amended by adding a section to read:

[246.022] [STATE HOSPITAL PLANNING COMMITTEES.]
Subdivision 1. [APPOINTMENT.] The commissioner may appoint for each state hospital a hospital planning committee that includes, but is not limited to, the chief executive officer of each state institution appointed pursuant to section 246.02, represent-

atives of the professional staff and human services technicians and of other staff as the chief executive officer deems appropriate, representatives of the patients served in the institution, and representatives of the counties served by the institution.

Subd. 2. [DUTIES OF COMMITTEE.] The hospital planning committee of each state institution may present recommendations on such matters as:

(a) Setting measurable goals and objectives for the management and service programs of the institution;

(b) Identifying the capital, staff and financial resources needed to attain the goals and objectives established; and

(c) Adopting a method, approved by the commissioner, whereby the degree of attainment of the established goals and objectives may be evaluated.

Subd. 3. [COMMISSIONER'S RESPONSIBILITY.] Within the appropriations available, the commissioner of public welfare shall provide technical assistance to each hospital planning committee in the performance of its duties.

Subd. 4. [BIENNIAL PLAN.] Each hospital planning committee shall submit to the commissioner a biennial report to be included in the report to the governor and legislature prepared pursuant to section 246.06. The commissioner shall establish schedules for submission of hospital planning committee plans so that each plan is substantially reflected in the biennial estimates prepared pursuant to section 246.12.

Sec. 128. Minnesota Statutes 1978, Chapter 253A, is amended by adding a section to read:

[253A.22] [MENTAL EVALUATIONS OF DEFENDENTS: DESIGNATION OF HOSPITAL BY COMMISSIONER OF PUBLIC WELFARE.] Subdivision 1. In any of the following specified stages of the criminal process involving a court ordered mental evaluation, the court shall order confinement or continuing confinement to the state mental hospital the commissioner of public welfare designates as appropriate, or to another suitable hospital or facility.

(a) Under Rule 20.01 of the Minnesota rules of criminal procedure relating to a defendant's competency to understand the proceedings and participate in his own defense:

(1) During the initial mental evaluation confinement period ordered by the criminal court to determine competency to proceed;

(2) If the defendant is found not competent to proceed by the criminal court, during the interim confinement period prior to commencement of civil commitment proceedings in the civil commitment court; and

(3) If the defendant is found to be mentally ill or mentally ill and dangerous and in need of further hospitalization by the civil

commitment court, during the confinement period in which the defendant is under civil commitment subject to supervision by the court.

(b) Under Rule 20.02 of the Minnesota rules of criminal procedure relating to an assertion of the defense of mental illness:

(1) During the initial mental evaluation confinement period ordered by the court to determine the defendant's mental condition;

(2) If the defendant is found not guilty by reason of mental illness, during the interim confinement period prior to commencement of civil commitment proceedings in the civil commitment court; and

(3) If the defendant is found to be mentally ill or mentally ill and dangerous by the civil commitment court, during the confinement period during which the defendant is under civil commitment subject to supervision by the criminal court.

(c) Under Rule 27 of the Minnesota rules of criminal procedure relating to presentence investigations of defendants convicted of crimes when the court orders the defendant to submit to a mental evaluation, during any confinement period necessary for the evaluation.

Subd. 2. When in accordance with section 246.43 or other law a court orders a defendant to submit to a mental evaluation, the court may order confinement or continuing confinement to the state mental hospital the commissioner designates as appropriate, or to another suitable hospital or facility.

Sec. 129. Minnesota Statutes 1978, Chapter 256, is amended by adding a section to read:

[256.012] [MINNESOTA MERIT SYSTEM.] The commissioner of public welfare shall promulgate by rule personnel standards on a merit basis in accordance with federal standards for a merit system of personnel administration for all employees of county boards engaged in the administration of community social services or income maintenance programs, all employees of human services boards that have adopted the rules of the Minnesota Merit System, and all employees of county welfare boards.

Excluded from the rules are employees of institutions and hospitals under the jurisdiction of the aforementioned boards; employees of county personnel systems otherwise provided for by law that meet federal merit system requirements; duly appointed or elected members of the aforementioned boards; and the director of community social services and employees in positions that, upon the request of the appointing authority, the commissioner in his discretion exempts, provided the exemption accords with the federal standards for a merit system of personnel administration.

Sec. 130. 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 of 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. 131. 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. 132. Minnesota Statutes 1978, Chapter 259, is amended by adding a section to read:

[259.45] [STATE ADOPTION EXCHANGE.] *Subdivision 1. The commissioner of public welfare shall establish an adoption exchange, which shall include but not be limited to a book, updated monthly, that contains a photograph and description of each child who has been legally freed for adoption. The exchange*

service shall be available to all authorized child placing agencies whose purpose is to assist in the adoptive placement of children, and the exchange book shall be distributed to all such agencies.

Subd. 2. All authorized child placing agencies shall send to the state adoption exchange, within 60 days of the time a child becomes free for adoption, a recent photograph and description of each child in its care who has been legally freed for adoption by the termination of parental rights, and for whom no adoptive home has been found.

Subd. 3. Changes in the status of a child listed in the state adoption exchange shall be reported by the authorized child placing agency to the exchange within ten working days after the change occurs.

Subd. 4. Children remaining registered for 12 months shall have their photographs and written descriptions updated by the authorized child placing agency within ten working days of the expiration of the 12 months, and every 12 months thereafter.

Subd. 5. A child's registration shall be withdrawn when the exchange service has been notified in writing by the authorized child placing agency that the child has been adopted, has reached his or her 14th birthday and will not consent to an adoption plan, or has died.

Subd. 6. The exchange service shall semiannually check the status of listed children for whom inquiries have been received. Periodic checks shall be made by the service to determine the progress toward adoption of those children and the status of children registered but never listed in the exchange book because of placement in an adoptive home prior to or at the time of registration.

Subd. 7. An authorized child placing agency may voluntarily refer any child legally freed for adoption to the exchange service; or the exchange service may determine that the recruitment of an adoptive family through the exchange book is appropriate for a child not registered with the service and require the child to be registered with the exchange service within ten working days.

Subd. 8. Deferral of the listing of a child with the state adoption exchange shall be only for one or more of the following reasons: (a) the child is in an adoptive placement but is not legally adopted; (b) the child's foster parents or other individuals are now considering adoption; (c) diagnostic study or testing is required to clarify the child's problem and provide an adequate description; (d) the child is currently in a hospital and continuing need for daily professional care will not permit placement in a family setting; or (e) the child is 14 years of age or older and will not consent to an adoption plan. Approval of a request to defer listing for any of the reasons specified in clauses (b) or (c) shall be valid for a period not to exceed 90 days, with no subsequent deferrals for those reasons.

Subd. 9. The commissioner of public welfare shall make rules as

necessary to administer this section and shall employ necessary staff to carry out the purposes of this section.

Sec. 133. Minnesota Statutes, 1979 Supplement, Section 299D.-03, Subdivision 2, is amended to read:

Subd. 2. [SALARIES.] (1) Each employee other than the chief supervisor, lieutenant colonel, majors, captains, corporals and sergeants hereinafter designated shall be known as patrol troopers.

(2) There may be appointed one lieutenant colonel; and such majors, captains, corporals, sergeants and troopers as the commissioner deems necessary to carry out the duties and functions of the highway patrol. Persons in above named positions shall be appointed by law and have such duties as the commissioner may direct and, except for troopers, shall be selected from the patrol troopers, corporals, sergeants, captains, and majors who shall have had at least five years' experience as either patrol troopers, corporals, sergeants, or supervisors.

(3) Commencing July 4, 1979, the salaries for all members of the highway patrol, except for the chief supervisor and the lieutenant colonel shall be as shown in the following table:

TOTAL YEARS OF SERVICE

	Base Salary	6 Months	1 Year	2 Years	3 Years
Trooper	\$1186	1229	1327	1377	1439
	4 thru 6 Years	7 thru 11 Years	12 thru 20 Years		After 20 Years
Trooper	\$1511	1566	1625	1687	
		5 thru 11 Years	12 thru 20 Years		After 20 Years
Trooper I	\$1566		1625	1687	
			10 thru 20 Years		After 20 Years
Corporal			\$1650	1712	
Staff Sergeant			Years		
	7 \$1656	8 1687	9 1719	10 1753	11 1786
				12 thru 20 1817	After 20 1880

TIME IN RANK

	Base Salary	1 Year	2 Years	After 12 Years total Service	After 20 Years total Service
Captain	\$1959	2020	2083	2143	2202
Major	2239	2301		2363	2425

Commencing July 2, 1980, the salaries for all members of the highway patrol, except for the chief supervisor and the lieutenant colonel shall be as shown in the following table:

TOTAL YEARS OF SERVICE

	Base Salary	6 Months	1 Year	2 Years	3 Years		
Trooper	\$1257	1303	1407	1460	1525		
	4 thru 6 Years	7 thru 11 Years	12 thru 20 Years	After 20 Years			
Trooper	\$1602	1660	1723	1788			
		5 thru 11 Years	12 thru 20 Years	After 20 Years			
Trooper I		\$1660	1723	1788			
			10 thru 20 Years	After 20 Years			
Corporal			\$1747	\$1749	1815		
Staff Sergeant		Years					
	7	8	9	10	11	12 thru 20	After 20
	\$1755	1788	1822	1858	1893	1926	1993

TIME IN RANK

	Base Salary	1 Year	2 Years	After 12 Years Total Service	After 20 Years Total Service
Captain	\$2077	2141	2208	2272	2334
Major	\$2373	2439		2505	2571

Employees designated as station sergeants shall receive an additional three percent above the current rate rounded to the nearest dollar for the duration of the appointment. Employees permanently assigned exclusively to Twin City metropolitan freeway duty shall be designated freeway troopers and shall be compensated \$25 per month above their current salary when so assigned. Salary increases in accordance with the above schedule shall become effective for the payroll period nearest the employee's anniversary date of employment.

(4) Upon promotion, the person will be paid at the base salary rate of pay in effect for that rank, and shall subsequently be eligible for the time in rank increases calculated from the effective date of promotion.

(5) Any time in rank increases in salary provided for in the tables in clause (3), shall be effective for the payroll period nearest the employee's anniversary date of employment.

The salary rates for all highway patrol troopers, corporals and sergeants as cited in clause (3) shall be deemed to include reimbursement for shift differential, meal and business expenses in-

curred by highway patrol troopers, corporals and sergeants in the performance of their assigned duties in their patrol areas; business expenses include, but are not limited to: uniform costs, home garaging of squad cars and maintenance of home office.

Sec. 134. Minnesota Statutes 1978, Chapter 326, is amended by adding a section to read:

[326.601] [ALTERNATIVE STATE BONDING AND INSURANCE REGULATION.] *Subdivision 1. [BONDS.] An applicant for a water conditioning contractor or installer license or renewal thereof who is required by any political subdivision to give a bond to obtain or maintain the license, may comply with any political subdivision bonding requirement by giving a bond to the state in the total penal sum of \$3,000 conditioned upon the faithful and lawful performance of all water conditioning contracting or installing work done by him within the state. The bond shall be for the benefit of persons suffering injuries or damages due to the work. The bond shall be filed with the commissioner of health and shall be written by a corporate surety licensed to do business in this state. No applicant for a water conditioning contractor or installer license who maintains the bond under this subdivision shall be otherwise required to meet the bond requirements of any political subdivision.*

Subd. 2. [INSURANCE.] Each applicant for a water conditioning contractor or installer license or renewal thereof may in lieu of all other insurance requirements of any political subdivision for said licensing purposes maintain the insurance specified by this subdivision. The insurance shall provide coverage, including products liability coverage, for all damages in connection with licensed work for which the licensee is liable, with personal damage limits of at least \$50,000 per person and \$100,000 per occurrence and property damage insurance with limits of at least \$10,000. The insurance shall be written by an insurer licensed to do business in this state and each licensed water conditioning contractor or installer shall maintain on file with the commissioner of health a certificate evidencing the insurance. The insurance shall not be cancelled without the insurer first giving 15 days written notice to the commissioner.

Subd. 3. [BOND AND INSURANCE EXEMPTION.] A water conditioning contractor or installer who is an employee of a water conditioning contractor or installer, including an employee engaged in the maintenance and repair of water conditioning equipment, apparatus, or facilities owned, leased and operated, or maintained by the employer, is not required to meet the bond and insurance requirements of subdivisions 1 and 2 or of any political subdivision.

Subd. 4. [FEE.] The commissioner of health may establish by rule an additional fee commensurate with the cost of administering the bond and insurance requirements of subdivisions 1 and 2, which may be charged each applicant for issuance or renewal of a water conditioning contractor or installer license who elects to proceed under subdivisions 1 and 2.

Sec. 135. Minnesota Statutes 1978, Section 352.01, Subdivision 2B, is amended to read:

Subd. 2B. [EXCLUDED EMPLOYEES.] The following persons are excluded from the meaning of state employee:

(1) Elective state officers;

(2) Students employed by the university of Minnesota, the state universities, and community colleges unless approved for coverage by the board of regents, the state university board or the state board for community colleges, as the case may be;

(3) Employees who are eligible to membership in the state teachers retirement association except employees of the department of education who have elected or may elect to be covered by the Minnesota state retirement system instead of the teachers retirement association;

(4) Employees of the university of Minnesota who are excluded from coverage by action of the board of regents;

(5) Officers and enlisted men in the national guard and the naval militia and such as are assigned to permanent peacetime duty who pursuant to federal law are or are required to be members of a federal retirement system;

(6) Election officers;

(7) Persons engaged in public work for the state but employed by contractors when the performance of such contract is authorized by the legislature or other competent authority;

(8) Officers and employees of the senate and house of representatives or a legislative committee or commission who are temporarily employed;

(9) All courts and all employees thereof, referees, receivers, jurors, and notaries public, except employees of the supreme court and referees and adjusters employed by the department of labor and industry;

(10) Patient and inmate help in state charitable, penal and correctional institutions including the Minnesota veterans home;

(11) Persons employed for professional services where such service is incidental to regular professional duties and whose compensation is paid on a per diem basis;

(12) Employees of the Sibley House Association;

(13) Employees of the Grand Army of the Republic and employees of the ladies of the G.A.R.;

(14) Operators and drivers employed pursuant to section 16.07, subdivision 4;

(15) ~~Members of the personnel board, and~~ The members of any other state board or commission who serve the state intermittently and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of such boards if their compensation is

\$500 or less per year, or, if they are legally prohibited from serving more than two consecutive terms and their total service therefor is required by law to be less than ten years; and the board of managers of the state agricultural society and its treasurer unless he is also its full time secretary;

(16) State highway patrolmen;

(17) Temporary employees of the Minnesota state fair employed on or after July 1 for a period not to extend beyond October 15 of the same year; also persons employed at any time or times by the state fair administration for special events held on the fair-grounds;

(18) Emergency employees in the classified service except emergency employees who within the same pay period become provisional or probationary employees on other than a temporary basis, shall be deemed "state employees" retroactively to the beginning of the pay period;

(19) Persons described in section 352B.01, subdivision 2, clauses (b) and (c) formerly defined as state police officers;

(20) All temporary employees in the classified service, all temporary employees in the unclassified service appointed for a definite period of not more than six months and employed less than six months in any one year period and all seasonal help in the unclassified service employed by the department of revenue;

(21) Trainees paid under budget classification number 41, and other trainee employees, except those listed in subdivision 2A(10);

(22) Persons whose compensation is paid on a fee basis;

(23) State employees who in any year have credit for 12 months service as teachers in the public schools of the state and as such teachers are members of the teachers retirement association or a retirement system in St. Paul, Minneapolis, or Duluth;

(24) Employees of the adjutant general employed on an unlimited intermittent or temporary basis in the classified and unclassified service for the support of army and air national guard training facilities;

(25) Chaplains and nuns who have taken a vow of poverty as members of a religious order;

(26) Labor service employees employed as a laborer 1 on an hourly basis;

(27) Examination monitors employed by departments, agencies, commissions, and boards for the purpose of conducting examinations required by law;

(28) Members of appeal tribunals, exclusive of the chairman to which reference is made in section 268.10, subdivision 4;

(29) Persons appointed to serve as members of fact finding

commissions, adjustment panels, arbitrators, or labor referees under the provisions of chapter 179;

(30) Temporary employees employed for limited periods of time under any state or federal program for the purpose of training or rehabilitation including persons employed thereunder for limited periods of time from areas of economic distress except skilled and supervisory personnel and persons having civil service status covered by the system;

(31) Full time students employed by the Minnesota historical society who are employed intermittently during part of the year and full time during the summer months;

(32) Temporary employees, appointed for not more than six months, of the Metropolitan council and of any of its statutory boards, the members of which board are appointed by the metropolitan council;

(33) Persons employed in positions designated by the department of personnel as student workers;

(34) Any person who is 65 years of age or older when appointed and who does not have allowable service credit for previous employment, unless such employee gives notice to the director within 60 days following his appointment that he desires coverage;

(35) Tradesmen employed by the metropolitan waste control commission with trade union pension plan coverage pursuant to a collective bargaining agreement first employed after June 1, 1977; and

(36) Persons employed in subsidized on-the-job training, work experience or public service employment as enrollees under the federal comprehensive employment and training act from and after March 30, 1978, unless the person has as of the later of March 30, 1978 or the date of employment sufficient service credit in the retirement system to meet the minimum vesting requirements for a deferred annuity, or the employer agrees in writing on forms prescribed by the director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive employment and training act, or the person agrees in writing on forms prescribed by the director to make the required employer contribution in addition to the required employee contribution.

Sec. 136. Minnesota Statutes 1978, Section 352.04, Subdivision 5, is amended to read:

Subd. 5. [PAYMENT OF EMPLOYER CONTRIBUTIONS.]

{a} The head of each department or agency shall cause employer contributions to be made to the fund on each payroll abstract at the time each employee is paid his salary in the amounts required by subdivision 3. These contributions shall be charged as administrative costs. Each department shall pay these amounts from such accounts and funds from which each department or agency re-

ceives its revenue, including appropriations from the general fund and from any other fund, now or hereafter existing, for the payment of salaries and in the same proportion as it pays therefrom the amounts of such salaries. The moneys necessary to provide for the administrative cost as herein provided are hereby appropriated out of such revenue sources to each department and agency in such sums as are required to make the payments herein directed.

(b) If there are insufficient moneys in any such accounts or fund or source of revenue to make the payments to the state employees retirement fund required by this section to be made by such department or agency, there is hereby appropriated to such department or agency from any moneys in the state treasury not otherwise appropriated, such moneys as are required to meet such deficiencies. The amount of such appropriation made by these provisions shall be certified by the commissioner of administration to the commissioner of finance at such times as the commissioner of finance shall require.

Sec. 137. Minnesota Statutes 1978, Section 352.73, Subdivision 3, is amended to read:

Subd. 3. The supplemental benefit herein provided is for the purpose of relief in the present inflationary period and is not an increase in the amount of the annuity or retirement allowance such retired state employee receives from the state employees retirement fund. This supplemental benefit is not a vested right and the legislature reserves the power to withdraw, abolish, or modify it in any way. The benefits herein provided for shall be administered by the director of the Minnesota state employees retirement system. These supplemental benefits shall be paid in the same manner and at the same time annuities and retirement allowances are paid and, for the purpose of economy, such benefits may be included in the warrants on which the annuities are paid. *Money certified by the director to the commissioner of finance as needed to meet the state's obligations to the state employees retirement fund shall be transferred to the fund at least once a month.*

Sec. 138. Minnesota Statutes 1978, Section 352B.25, is amended to read:

352B.25 [CONTINUING APPROPRIATION; PAYMENT OF PENSION FUNDS BY INDIVIDUALS.] All moneys provided for in this chapter required to be paid, deducted, transferred or contributed to any person, agency, fund or association from any account in the state treasury or from any fund or association are hereby annually and from time to time appropriated. *The highway patrolmen's retirement fund and the participation in the Minnesota adjustable fixed benefit fund shall be disbursed only for the purposes herein provided. The expenses of the system and any benefits or annuities herein provided, other than benefits payable from the Minnesota adjustable fixed benefit fund, shall be paid from the highway patrolmen's retirement fund. The amounts necessary to make the payments from the highway patrolmen's retirement fund and the participation in the Minnesota adjustable*

fixed benefit fund are annually appropriated from those funds for those purposes.

Sec. 139. Minnesota Statutes 1978, Section 352C.04, Subdivision 3, is amended to read:

Subd. 3. [APPROPRIATION.] Spouse's and dependent children's survivor benefits, payable under this section, are ~~appropriated annually to the executive director of the Minnesota state retirement system from the general fund of the state treasury, and shall be paid by him monthly by the executive director of the Minnesota state retirement system.~~

Sec. 140. Minnesota Statutes 1978, Section 352C.09, Subdivision 2, is amended to read:

Subd. 2. (1) Any person who has made contributions pursuant to subdivision 1 who is no longer a constitutional officer or commissioner and is not receiving and has not received, or is not entitled to receive any allowance or benefit under the provisions of this chapter is entitled to receive upon application to the director a refund of all contributions credited to his account without interest thereon. ~~The moneys required for the refunds are appropriated annually to the director from the general fund in the state treasury.~~

(2) The refund of contributions as provided in clause (1) above terminates all rights of a former constitutional officer or commissioner or his survivors under the provisions of this chapter. Should the former constitutional officer or commissioner again hold such office after having taken a refund as provided above, he shall be considered a new member for all purposes and such refund may not be repaid for any credit or benefit whatever.

(3) No person shall be required to apply for or accept a refund.

Sec. 141. Minnesota Statutes 1978, Section 353.83, is amended to read:

353.83 [ADDITIONAL PAYMENTS TO CERTAIN ANNUITANTS.] Payments of retirement annuities pursuant to this chapter, to annuitants who (a) retired prior to July 1, 1962, (b) had at least 20 years of allowable service credit in the public employees retirement association upon their termination of public employment, and (c) receive annuities of less than \$200 per month shall, retroactive to July 1, 1967, be supplemented by additional payments by the public employees retirement association from moneys in the general fund of the state of Minnesota in the amount of \$15 per month, provided that such annuitants have not previously qualified for the additional payments pursuant to this section, and provided further that in no case shall the annuities plus the additional payments exceed \$200 per month. ~~Moneys necessary to pay the supplemental benefit provided by this section are hereby annually appropriated from the said general fund.~~ These additional payments shall be made in the same manner and at the same time retirement annuities are paid and shall be included in the warrants on which the annuities are so paid. The

supplemental payment herein provided shall be excluded from the computation of any monthly survivor benefit or optional annuity which may become due and payable to any person following the death of an annuitant who, during his lifetime, received a benefit pursuant to this section. If an annuitant entitled to receive additional payment under this section should die before such retroactive payment is received, payment shall be made upon demand to his designated beneficiary in an amount equal to his accumulated benefit from July 1, 1967, to the date of his death, without interest.

Sec. 142. Minnesota Statutes 1978, Section 354.55, Subdivision 5, is amended to read:

Subd. 5. Each annuitant who as a member of the fund commenced drawing an annuity pursuant to Laws 1915, Chapter 199, as amended, shall be paid \$20 per month in addition to the amount such annuitant is otherwise entitled to receive under the provisions of Minnesota Statutes 1961, Sections 135.01 to 135.56. ~~The supplemental pension provided for in this subdivision shall be paid from the general fund and such moneys as are required for its payment are hereby annually appropriated to the teachers retirement fund.~~

Sec. 143. Minnesota Statutes, 1979 Supplement, Section 354A.12, Subdivision 2, is amended to read:

Subd. 2. [EMPLOYER CONTRIBUTIONS.] Notwithstanding any law to the contrary, levies for teachers retirement fund associations in cities of the first class, including levies for any employer social security taxes for teachers covered by the Duluth teachers retirement fund association or the Minneapolis teachers retirement fund association or the St. Paul teachers retirement fund association, are disallowed and the state shall assume the total employer obligation.

The state shall make the following employer contributions to teachers retirement fund associations:

(a) For any coordinated member of a teachers retirement fund association in a city of the first class, the state shall pay the employer social security taxes in accordance with section 355.46, subdivision 3, clause (b);

(b) For any coordinated member of one of the following teachers retirement fund associations in a city of the first class, the state shall make a contribution to the respective retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

Duluth teachers retirement fund association	5.79 percent
Minneapolis teachers retirement fund association	4.50 percent
St. Paul teachers retirement fund association	4.50 percent

(c) For any basic member of one of the following teachers retirement fund associations in a city of the first class, the state

shall make a contribution to the respective retirement fund in an amount equal to the designated percentage of the salary of the basic member as provided below:

Minneapolis teachers retirement fund association 13.35 percent

St. Paul teachers retirement association 12.63 percent

The state employer contributions shall be appropriated and remitted directly to each teachers retirement fund association each month in accordance with the procedures described in section 354.43, subdivisions 1, 2, and 5.

Once each month the executive secretary of each teachers retirement fund association shall determine the amount of money necessary and presently needed to meet the state obligation as provided in this subdivision by applying the percentage of payroll figure to the estimated payroll amounts for the current month and shall certify the amount to the commissioner of finance. The moneys required to meet the amounts certified by each executive secretary of a teachers retirement fund association shall be appropriated and remitted directly to the applicable teachers retirement fund association from the general fund each month. If subsequent actual experience deviates from the anticipated experience upon which the amount certified was determined, the allocation to the first class city teachers retirement fund association involved next following the discovery of the deviation shall be adjusted. If the state makes an excess employer contribution to a teachers retirement fund association as the result of a false or wrongful certification, the state shall be entitled to recover the excess employer contribution by any appropriate means, including recovery from future state allocations, state aid or other funds payable to the school district in which the association is located. If an employee of that school district is responsible for the false or wrongful certification, any excess employer contribution recovered by the state shall be the obligation of the school district.

Sec. 144. Minnesota Statutes 1978, Section 355.46, Subdivision 3, is amended to read:

Subd. 3. The employer taxes due with respect to employment by educational employees who have made their selection pursuant to section 218(d) (6) (C) of the social security act, shall be paid in the following manner:

(a) Contributions required for retroactive coverage shall be made in the manner provided in subdivision 2.

(b) Contributions required to be made for current service by political subdivisions employing such educational employees and payments required by section 355.49 shall be paid by the state. Beginning July 1, 1971 the state's obligation for services performed subsequent to the date of the agreement or modification shall be paid by the commissioner of finance at such times and in such amounts as may be determined by the state agency to be necessary. The amounts herein required are hereby appropriated to the commissioner of finance from the general fund in the state

treasury and the commissioner of finance is hereby authorized to make the necessary disbursements and transfers therefor except that the first such amount so required shall be reduced by an amount of \$2,000,000 which shall be appropriated from the teachers retirement fund. The trustees are hereby authorized to make this request of transfer to the commissioner of finance.

(c) Contributions required to be made with respect to such educational employees of state departments and institutions and payments required by section 355.49 shall be paid by such departments and institutions in accordance with the provisions of sections 355.49 and 355.50.

Sec. 145. Minnesota Statutes 1978, Section 355.50, is amended to read:

355.50 [STATE EMPLOYEES, APPROPRIATION.] With respect to state employees, each department and agency shall pay the amounts required by sections 355.41 to 355.60 from such accounts and funds from which each department or agency receives its revenue, including appropriations from the general fund and from any other fund, now or hereafter existing, for the payment of salaries and in the same proportion as it pays therefrom the amounts of such salaries. The moneys necessary for the payments into the contribution fund and the state agency revolving fund, as provided herein, are hereby appropriated out of such revenue sources, including from the general fund and from any other fund now or hereafter existing, to each department and agency in such sums as are required to make the payments herein directed, and Such payments shall be charged as an administrative cost by such units of state government.

If the federal government increases the required contribution for social security, and as a result of the increase there are insufficient moneys in any such accounts or fund or source of revenue to make the payments to the contribution fund required by sections 355.41 to 355.60 by such departments or agencies, there is hereby appropriated to such department or agency from any moneys in the state treasury not otherwise appropriated such moneys as are required to meet such deficiencies. The amount of each appropriation payment made by pursuant to these provisions shall be certified by the commissioner of personnel to the commissioner of finance at such times as the commissioner of finance shall require. The amount certified as necessary to meet a deficiency caused by an increase in federal contribution requirements shall be reported to the senate committee on finance and the house committee on appropriations before the commissioner of finance transfers any money to meet the deficiency.

For those employees of the state or its instrumentalities who as eligible members in the state employees retirement association are employed by the state horticultural society, the disabled American veterans, department of Minnesota, veterans of foreign wars, department of Minnesota, the Minnesota crop improvement association, the Minnesota historical society, the armory building commission and the Minnesota-Wisconsin-Minneapolis-St. Paul

survival plan project, these units of government shall also pay into the contribution fund contributions with respect to wages equal to the sum of taxes which would be imposed by the federal insurance contributions act if the services covered by such agreement or modification constituted employment within the meaning of that act.

Sec. 146. Minnesota Statutes 1978, Section 401.02, Subdivision 3, is amended to read:

Subd. 3. [ESTABLISHMENT AND REORGANIZATION OF ADMINISTRATIVE STRUCTURE.] Any county or group of counties which have qualified for participation in the community corrections subsidy program provided by this chapter may, *after consultation with the judges of the district court, county court, municipal court, probate court and juvenile court having jurisdiction in the county or group of counties establish, organize, and reorganize its an administrative structure, including but not limited to and provide for the budgeting, staffing and operation of court services and probation, juvenile detention and juvenile correctional facilities, and other activities required to conform with to the requirements purposes of subdivision 1 notwithstanding any inconsistent special law chapter 401. No contrary general or special statute divests any county or group of counties of the authority granted by this subdivision. This subdivision does not apply to Ramsey county or to the counties in the Arrowhead region. In Hennepin county the county board and the judges of the district court, county court, municipal court, probate court and juvenile court shall, before January 15, 1981, prepare and implement, subject to the approval of the commissioner of corrections, a joint plan for reorganization of correctional services in the county providing for the administrative structure and providing for the budgeting, staffing and operation of court services and probation, juvenile detention and juvenile correctional facilities, and other activities required to conform to the purposes of chapter 401.*

Sec. 147. 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 or 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. 148. Minnesota Statutes, 1979 Supplement, Section 422A.101, Subdivision 3, is amended to read:

Subd. 3. [STATE CONTRIBUTIONS.] *There is appropriated from the general fund of The state shall pay to the Minneapolis municipal employees retirement fund annually an amount equal to the financial requirements of the basic program of the Minneapolis municipal employees retirement fund reported by the actuary in the actuarial valuation of the fund prepared pursuant to section 356.215 for the most recent year but based on a target date for full amortization of the unfunded liabilities by the year 2017 less the amount of employee contributions made pursuant to section 422A.10, and the amount of employer contributions made pursuant to subdivision 1, clauses (a), (b) and (c), and subdivision 2, clauses (a), (b) and (c). Payments made pursuant to this subdivision shall be made at the same time and in the same manner as for payments made pursuant to section 477A.01, subdivision 4b.*

Sec. 149. Minnesota Statutes 1978, Section 462A.05, is amended by adding a subdivision to read:

Subd. 19. The agency may make grants solely to non-profit sponsors, as defined by the agency, for residential housing to be used to provide temporary shelter to low and moderate income persons and families having an immediate need for temporary shelter as a result of natural disaster, resettlement, condemnation, displacement, lack of habitable housing or other cause defined by the agency. Grants pursuant to this subdivision shall not be used for residential care facilities. To the extent possible, a nonprofit sponsor shall combine the grant with other funds obtained from public and private sources. In making grants, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion thereof will be repaid and the appropriate security should repayment be required.

Sec. 150. Minnesota Statutes 1978, Section 462A.21, is amended by adding a subdivision to read:

Subd. 12. It may make grants for the purpose of section 149, and may pay the costs and expenses necessary and incidental to the grant program authorized therein. Grants pursuant to section 149 may be made only with specific appropriations by the legislature.

Sec. 151. Minnesota Statutes, 1979 Supplement, Section 465.72, is amended to read:

465.72. [SEVERANCE PAY.] *Except as may otherwise be pro-*

vided in Laws 1959, Chapter 690, as amended, all counties, cities, townships and school districts are hereby authorized and empowered to any county, city, township and school district may pay severance pay to all of its employees and to establish, prescribe and promulgate provisions, rules and regulations for the payment of such severance pay upon leaving to an employee who leaves employment prior to before the normal retirement date. Such The severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits, and. It shall be paid in a manner mutually agreeable to the employee and employer over a period not to exceed five years from termination of employment. In the event that If a terminated employee dies before all or a portion of the severance pay has been disbursed, that balance due shall be paid to a named beneficiary or, lacking same, to the deceased's estate. In no event shall severance pay provided for an employee except a teacher as defined in section 170.63, subdivision 13, leaving employment exceed an amount equivalent to 100 days pay. Severance pay for a teacher as defined in section 170.63, subdivision 13, shall not exceed an amount equivalent to one year of pay.

Sec. 152. Minnesota Statutes 1978, Section 473.408, Subdivision 3, is amended to read:

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

(a) not more than 20 cents plus any zone charges for all persons under the age of 18 holding an identification card issued by the commission;

(b) not more than ten cents for all persons 65 years of age and over holding a medicare card or other identification card authorized or approved by the commission; and

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

Any person qualifying for a reduced fare pursuant to clause (b) whose income is below 150 percent of poverty guidelines established by the federal community services administration may qualify for exemption from the fare otherwise required to be paid under clause (b). The person may qualify for exemption by certifying income level on a form provided by the commission. The commission shall issue an annual pass to persons who qualify for exemption and shall require the persons to requalify annually. The commission shall make appropriate certification forms available by mail and at the offices and information centers maintained by the commission.

Sec. 153. 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 man-

ner provided in, and otherwise comply with, the provisions of section 473.163 and section 174.03.

Sec. 154. Minnesota Statutes 1978, Section 473.641, is amended by adding a subdivision to read:

Subd. 4. Notwithstanding any other law, the metropolitan airports commission shall not use revenue from any source, as described by section 473.608, for construction of air facilities to expand or upgrade the use of an existing metropolitan airport from minor use to intermediate use status as defined by the metropolitan development guide, aviation chapter, adopted pursuant to section 473.145.

Sec. 155. Minnesota Statutes 1978, Section 490.23, Subdivision 1, is amended to read:

490.123 [JUDGES' RETIREMENT FUND.] Subdivision 1. **[CREATION; CONTRIBUTIONS.]** There is hereby created a special fund known as the "judges' retirement fund". The fund shall be credited with all contributions, all interest and all other income authorized by law. From this fund there are appropriated the payments authorized by sections 490.121 to 490.132 in the amounts and at times provided herein, including the expenses of administering the fund. Except as provided in section 490.128, subdivision 2, each judge shall contribute to the fund from each salary payment a sum equal to the salary multiplied by the rate of employee tax under the Federal Insurance Contributions Act as defined in section 355.01, subdivision 9. The balance of all money necessary for administering sections 490.121 to 490.132 and the judges' retirement fund, including payment of retirement compensation and other benefits under sections 490.121 to 490.132, shall be contributed to the fund by the state. The amount required therefor is hereby annually appropriated from the general fund to the judges' retirement fund.

Money certified by the executive director of the Minnesota state retirement system to the commissioner of finance as needed to meet the state's obligations to the judges' retirement fund shall be transferred to the fund at least once a month.

Sec. 156. Minnesota Statutes 1978, Chapter 544, is amended by adding a section to read:

[544.41] [PRODUCT LIABILITY; LIMIT ON LIABILITY OF NON-MANUFACTURERS.] Subdivision 1. In any product liability action based in whole or in part on strict liability in tort commenced or maintained against a defendant other than the manufacturer, that party shall upon answering or otherwise pleading file an affidavit certifying the correct identity of the manufacturer of the product allegedly causing injury, death or damage. The commencement of a product liability action based in whole or part on strict liability in tort against a certifying defendant shall toll the applicable statute of limitation relative to the defendant for purposes of asserting a strict liability in tort cause of action.

Subd. 2. *Once the plaintiff has filed a complaint against a manufacturer and the manufacturer has or is required to have answered or otherwise pleaded, the court shall order the dismissal of a strict liability in tort claim against the certifying defendant, provided the certifying defendant is not within the categories set forth in subdivision 3. Due diligence shall be exercised by the certifying defendant in providing the plaintiff with the correct identity of the manufacturer and due diligence shall be exercised by the plaintiff in filing a law suit and obtaining jurisdiction over the manufacturer.*

The plaintiff may at any time subsequent to dismissal move to vacate the order of dismissal and reinstate the certifying defendant, provided plaintiff can show one of the following:

(a) That the applicable statute of limitation bars the assertion of a strict liability in tort cause of action against the manufacturer of the product allegedly causing the injury, death or damage;

(b) That the identity of the manufacturer given to the plaintiff by the certifying defendant was incorrect. Once the correct identity of the manufacturer has been given by the certifying defendant the court shall again dismiss the certifying defendant;

(c) That the manufacturer no longer exists, cannot be subject to the jurisdiction of the courts of this state, or, despite due diligence, the manufacturer is not amenable to service of process;

(d) That the manufacturer is unable to satisfy any judgment as determined by the court; or

(e) That the court determines that the manufacturer would be unable to satisfy a reasonable settlement or other agreement with plaintiff.

Subd. 3. *A court shall not enter a dismissal order relative to any certifying defendant even though full compliance with subdivision 1 has been made where the plaintiff can show one of the following:*

(a) That the defendant has exercised some significant control over the design or manufacture of the product, or has provided instructions or warnings to the manufacturer relative to the alleged defect in the product which caused the injury, death or damage;

(b) That the defendant had actual knowledge of the defect in the product which caused the injury, death or damage; or

(c) That the defendant created the defect in the product which caused the injury, death or damage.

Subd. 4. *Nothing contained in subdivisions 1 to 3 shall be construed to create a cause of action in strict liability in tort or based on other legal theory, or to affect the right of any person to seek and obtain indemnity or contribution.*

Sec. 157. *Laws 1959, Chapter 690, Section 2, as amended by Laws 1963, Chapter 729, Section 1, Laws 1971, Chapter 599, Sec-*

tion 1 and Laws 1975, Chapter 261, Section 1, is amended to read:

Sec. 2. [ST. PAUL, CITY OF; EMPLOYEES SEVERANCE PAY.] The provisions, rules and regulations under any such ordinance for such payment of severance pay by said city, authorized under the foregoing provisions of section 1 hereof, shall be applicable to all employees of said city other than its elected city officials. Such severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits, and shall be paid over a period not to exceed five years from termination of employment. The amount of such severance pay allowable or to become payable in respect of any such employment or to any such employee after December 31, 1973, shall not exceed \$4,000 the amount permitted by Minnesota Statutes, Section 465.72.

Sec. 158. 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. 159. [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. 160. [AGREEMENTS APPROVED.] *Notwithstanding the provisions of Laws 1979, Chapter 332, Section 109, employees of the department of economic security who are represented by the Minnesota administrative hearing officers association shall be entitled to receive the benefits provided by Laws 1979, Chapter 332, Section 109, provided they meet the applicable eligibility requirements.*

Notwithstanding the provisions of Minnesota Statutes Section 179.74, Subdivision 5, the commissioner of personnel is authorized to implement those provisions of the agreements negotiated with the Minnesota nurses association covering employees of the department of health which establish wages and economic fringe benefits. In lieu of the salaries provided by Minnesota Statutes, Section 43.12, Subdivisions 2 and 3, covered employees shall receive the salary increases provided by Laws 1979, Chapter 332, Section 103.

The provisions of section 179.63, Subdivision 11, shall not apply to the employees of the university of Minnesota hospitals.

Sec. 161. [PAY INCREASE.] *The salary range of the state chief pilot is increased from range 14 to range 16.*

Sec. 162. [DISTRICT JUDGE COMMUTING EXPENSES.] *Notwithstanding the provisions of Minnesota Statutes 1978, Section 484.54, Subdivision 2, a district court judge in Benton, Douglas, Mille Lacs, Morrison, Otter Tail, Stearns, Todd, Clay, Becker or Wadena counties shall be paid travel expenses for travel from his place of residence to and from his permanent chambers for a period of two years after July 1, 1979 or the date he initially assumes office, whichever is later.*

Sec. 163. [LUCE LINE TRAIL; SALE OF EXCESS LAND.]

Land acquired by the commissioner of natural resources from the Chicago Northwestern Railroad for the Luce Line Trail from the south right of way line of the public road intersecting the trail, the intersection being in the northwest quarter of the northwest quarter of section 17 and the northeast quarter of the northeast quarter of section 18, township 118 north, range 37 west, Chippewa County, Minnesota, to Gluek may be sold at public auction in the same manner as provided by law for trust fund lands or may be exchanged with adjacent landowners notwithstanding any contrary provisions of Minnesota Statutes, Section 94.342, Subdivision 3. The commissioner may subdivide the lands and interests in lands into smaller parcels for the purpose of the sale or exchange.

Sec. 164. [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 the portions of the abandoned Chicago, Milwaukee, St. Paul and Pacific Railroad right-of-way between the Red Cedar River and the high voltage transmission line from Prairie Island to Adams which crosses the right-of-way east of Dexter in Mower County and between Isinour Junction in Fillmore County and Money Creek Woods in Houston County. The reasons are: (1) An approximately 33 mile portion of the right-of-way, east of 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, 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 Dexter, satisfy the criteria stated in Minnesota Statutes, Section 86A.05, Subdivision 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; (4) The right-of-way from the high voltage transmission line east of Dexter to the Red Cedar River has been proposed for, and has high potential for use by the Austin Utilities Board as a high voltage transmission line; and (5) the right-of-way from the Red Cedar River to Dexter has potential for trail development.*

Subd. 2. [ACQUISITION AUTHORITY.] *The commissioner of natural resources, having completed the study and hearing process specified in Laws 1979, Chapter 301, Section 7, 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, including trestles, bridges and culverts from the railroad or from any person to whom the right-of-way may revert or be sold upon abandonment. The commissioner shall have the first rights of purchase and may acquire by gift, purchase, or 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 the Red Cedar River to the western edge of 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 transmission line purposes.*

Subd. 5. [SCIENTIFIC AND NATURAL AREAS.] *The commissioner shall designate and manage as scientific and natural areas those portions of the right-of-way from the Red Cedar River to the western edge of Dexter recommended by the Scientific and Natural Area Advisory Committee totaling approximately 7.75 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.*

Subd. 6. [ACQUISITION; SALE.] *If necessary in order to effectuate the purposes of this section, the commissioner may acquire by gift or purchase from a willing seller those portions of the entire abandoned railroad right-of-way between Ramsey in Mower County and LaCrescent in Houston County not described in subdivision 1, but may not retain in state ownership any portion thereof other than those portions described in subdivision 1, and shall dispose of those lands not retained in state ownership in the manner provided in sections 94.09 to 94.16, within one year after their acquisition.*

Sec. 165. [RAMSEY COUNTY WETLANDS.] *The following described lands are wetlands within the meaning of Minnesota Statutes, Section 105.37, Subdivision 15: lot 101 of Gardena addition, which is located in the northeast quarter of the southeast quarter of section 4, township 29 north, range 22 west, Ramsey County, Minnesota.*

Sec. 166. [CONVEYANCE OF LAND; WILLMAR SEWER LIFT SYSTEM.] *The governor, upon the recommendation of the commissioner of administration, may convey by quitclaim deed in a form the attorney general approves to the city of Willmar the land on which the sewer lift system which serves the Willmar state hospital and the Willmar department of transportation district headquarters is located. The consideration for the property shall be the maintenance and operation of the sewer lift system by the city of Willmar without charge for the services to the state facilities.*

The land to be transferred is described as follows:

That part of Government Lot 2, Section 1, Township 119 North, Range 35 West, located within the city of Willmar, Minnesota, described as follows:

Commencing at the southwest corner of Section 1, Township 119 North, Range 35 West; thence North 0 degrees 24 minutes 00 seconds West 480.08 feet to the centerline of Trunk Highway 71-4 right-of-way; thence North 33 degrees 02 minutes 00 seconds East along said centerline 407.44 feet; thence northeasterly along a tangential curve concave to the northwest, radius 5729.58 feet, central angle 10 degrees 07 minutes 08 seconds a distance of 1011.90 feet; thence South 67 degrees 05 minutes 08 seconds East along a radial line to said curve 80.00 feet to the point on the easterly right-of-way line of said Trunk Highway 71-4, said point being where said easterly right-of-way line changes from 50 feet to 80 feet; thence northeasterly along said right-of-way line on a nontangential curve concave to the northwest, radius 5809.58 feet, central angle 0 degrees 07 minutes 00 seconds, chord bearing North 22 degrees 51 minutes 32 seconds East 11.82 feet to the point of beginning;

thence North 87 degrees 23 minutes 38 seconds East 128.98 feet; thence North 2 degrees 36 minutes 22 seconds West 60.00 feet; thence South 87 degrees 23 minutes 38 seconds West 99.97 feet to said easterly right-of-way of Trunk Highway 71-4; thence southeasterly along said easterly right-of-way line on a nontan-

gential curve concave to the northwest, radius 5809.58 feet central angle 0 degrees 39 minutes 26 seconds, chord bearing South 23 degrees 11 minutes 52 seconds West 66.65 feet to the point of beginning containing 0.158 acres, more or less.

Sec. 167. [COOK COUNTY; INDEPENDENT SCHOOL DISTRICT NO. 166; STEAM LINE CONSTRUCTION AGREEMENTS.] *Subdivision 1. Notwithstanding the provisions of Minnesota Statutes, Chapters 373, 375, 471, 475 or any other law to the contrary, Independent School District No. 166 and the board of commissioners of Cook County may exercise the powers granted by this section.*

Subd. 2. The school board of Independent School District No. 166 may sell excess steam from its existing wood fueled steam generating plant to any customer on the terms and conditions it deems reasonable.

Subd. 3. The school board and the board of commissioners of Cook County may make an agreement for the school district to furnish the excess steam from its existing wood fueled steam generating plant to Cook County for its public buildings on any terms and conditions and for any time agreed to by the parties. The agreement may provide for separate or joint ownership and construction of a steam line and other necessary facilities to accomplish the purpose of the agreement. The parties may acquire the easements necessary to accomplish the purpose of the agreement by gift, lease, or purchase. They may finance the acquisition of the easements and construction projects by use of grants from outside sources or the unrestricted available funds of either party. The parties may agree that all or part of an expenditure made by one party for purposes of this section shall be reimbursed by the other party on the terms and conditions agreed to by the parties.

Sec. 168. [CITATION.] *Sections 168 to 180 may be cited as the "St. Paul People Mover Act."*

Sec. 169. [DEFINITIONS.] *Subdivision 1. The definitions in this section apply to the St. Paul People Mover Act.*

Subd. 2. "Acquisition" and "betterment" have the meanings given in Minnesota Statutes, Section 475.51.

Subd. 3. "Capitol area" has the meaning given in Minnesota Statutes, Section 15.50.

Subd. 4. "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 the St. Paul People Mover Act.

Subd. 5. "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. 6. "Contracting agency" means the city or an agency

authorized by the city to contract for the acquisition and betterment of the people mover system or any part thereof.

Subd. 7. "Operating agency" means the city or an agency authorized by the city by lease or other agreement to manage and operate the people mover system.

Subd. 8. "Operating deficit" means the amount by which the expenses of operating, maintaining and promoting the people mover system during revenue service exceeds the amount received from revenues of the system, reimbursement for reduced or social fares, federal operating assistance and other sources exclusive of operating deficit payments by the city and by the owners of benefited properties.

Subd. 9. "Revenue service" means service during periods in which the people mover system is operating and available for use by the general public.

Subd. 10. "People mover system" means a transit system with an automated fixed guideway and related facilities, including but not limited to, parking, access, pedestrian malls, bus facilities, and skyways, 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 city, and all property, real and personal, and all contract rights, determined to be necessary or desirable for the acquisition, betterment, operation, access to, and maintenance of the system.

Subd. 11. "Transit system" has the meaning given in Minnesota Statutes, Section 473.121.

Subd. 12. "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.

Sec. 170. [PEOPLE MOVER SYSTEMS; AUTHORITY.] The city may undertake the acquisition, betterment, operation, maintenance, and promotion of a people mover system. For such purposes the city may exercise all powers conferred upon it by law or charter and, notwithstanding any other law or charter provision, may negotiate an agreement with a contracting agency. The terms of the agreement with the contracting agency shall comply with the St. Paul People Mover Act.

Sec. 171. [SYSTEM PROCUREMENT.] Subdivision 1. [SPECIFICATIONS; EVALUATION CRITERIA.] Before final solicitation of bids from suppliers, the city shall approve the functional, physical, and performance specifications to be prescribed for the people mover system and the criteria to be used to evaluate alternative systems and bids. At a minimum, the system specifications shall require the system to provide access for handicapped to connect the major downtown activity centers with fringe parking and radial bus routes and to have been proven in operation. The specifications shall be developed so as not to limit future

adaptability of the system to provide origin to destination service without stops, to eliminate transfers, and to allow a capacity of 5,000 passengers per hour. The system evaluation criteria shall give particular emphasis to the environmental, visual, and aesthetic effects of the system, especially the size of the guideways and guideway columns energy consumption and reliability during winter operation and adaptability to extension and development over time and increased capacity requirements. The specifications and evaluation criteria shall also address the cost of the vehicle system; the effect of the vehicle system on the cost of other elements of the people mover system; construction, operating, and maintenance costs; winter operation; the ability of the supplier to perform design, furnishing, installing, and testing services for all vehicle system elements and to coordinate construction; ability of the supplier to meet requirements imposed as contract conditions in any grant contract entered into with the federal government; and such other matters as the city deems necessary. During the development of system evaluation criteria and specifications, all prospective system suppliers shall be provided an opportunity to present the unique capabilities of their system, to comment on the draft evaluation criteria and specifications, and to propose changes in the specifications to allow the unique capabilities of their system to improve the system performance.

Subd. 2. [BIDS; SYSTEM EXTENSION.] The cost of preparing and submitting bids shall be paid by bidders. Bidders may propose beneficial alternatives for the people mover system which are unique to their system or which would improve the system performance. The alternatives shall be reviewed and evaluated against the evaluation criteria. If the capital cost of the accepted bid is sufficiently less than the available capital funds to allow extensions of the people mover system, the urban mass transportation administration shall be requested to approve an extension. The city shall select the extension based on community acceptance and ridership potential.

Subd. 3. [SELECTION OF SUPPLIER; CONTRACT REQUIREMENTS.] Notwithstanding the provisions of Minnesota Statutes, Section 471.345 and 471.35, or any other provision of law or charter, contracts for the acquisition and betterment of the people mover system shall be awarded to the bidder whose proposal is determined pursuant to subdivisions 1 and 2 to best meet the system specifications and evaluation criteria. The city shall review and evaluate submitted bids on the basis of the system specifications and evaluation criteria developed pursuant to subdivision 1. 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 service at a fixed base price with escalation clauses. The contract shall contain a provision permitting termination by the contracting agency of the operation and maintenance portion of the contract at the end of any year of revenue service. The supplier of the vehicle system and all contractors for the people mover system, at the time of

execution of a contract shall furnish a payment or performance bond as security for the faithful payment and performance of all obligations under the contract. All contracts for the people mover system shall include disincentives in an appropriate amount for failure to comply with the contract and may include incentives as appropriate. All contracts shall contain provisions for a maximum contract amount not to be exceeded without the approval of the city.

Subd. 4. [CERTIFICATION.] No revenue service of the people mover system shall begin until written notice is received by the city, 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 contracting agency with the concurrence of the administrator, and that it is ready for year-around revenue service. The purchase contract for the vehicle system shall so provide. The written notice from the administrator shall not imply any legal liability of the federal government for construction or operation of the people mover system.

Sec. 172. [SPECIAL ASSESSMENT.] The people mover system and related 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 may be specially assessed against property determined to be specially benefited thereby, to the extent of and in proportion to the benefits, except that special assessments shall be forgiven against property owned by the state of Minnesota or any instrumentality of the state. Special assessments which are pledged to the payment of improvement warrants or other obligations shall be levied separately and the proceeds segregated from any other special assessments authorized by this section. The special assessment shall be levied by the city pursuant to its charter, Minnesota Statutes, Chapter 429 or 430, and the collections thereof may be pledged to the payment of the costs.

Sec. 173. [OPERATING DEFICIT; PAYMENT.] The city and the owners of benefited properties shall share in the payment of the operating deficit in such proportion as determined by the city. Payment by owners of benefited properties may be levied as special assessments pursuant to the St. Paul People Mover Act. The city share shall not be included in any ad valorem tax levy of the city. The commission shall not participate in any deficit funding of the people mover system.

Sec. 174. [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 city. People mover 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, 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.

Sec. 175. [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 a federal grant in connection with the people mover system as a matter of metropolitan significance, shall conduct a public hearing upon the 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. 176. [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 the St. Paul People Mover Act, 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 section 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 of Minnesota Statutes, Chapter 117, for the taking and assessment and award of damages.

Sec. 177. [CAPITAL EXPENDITURES; SALES TAX.] *Subdivision 1. [COMMISSION EXPENDITURES PROHIBITED.] The commission shall expend no money for the acquisition or betterment of the people mover system.*

Subd. 2. [SALES TAX.] The sale of equipment, material, and tangible personal property to any person under contract with the city or a contracting agency to be used for the acquisition and betterment of the vehicle system and people mover system shall be subject to taxation by the state or its political subdivisions. The value of such tax shall be applied to the local contribution for federal grant purposes to the extent permitted by federal rule and regulation.

Sec. 178. [IMPROVEMENT WARRANTS; BONDS.] *Subdivision 1. [IMPROVEMENT WARRANTS.] The city may issue and sell improvement warrants to finance the acquisition and betterment of the people mover system in accordance with the provisions of Minnesota Statutes, Chapter 429 for which the full faith and credit of the city is not pledged and which shall be payable solely from special assessments levied against benefited property.*

Subd. 2. [BONDS.] The city may issue and sell bonds for the acquisition and betterment of the people mover system in an amount not to exceed the total estimated costs of such acquisition and betterment. The city may loan the proceeds of such bonds to a nonprofit corporation to be used for such purpose in which event the city and nonprofit corporation shall enter into an agreement which shall provide for payment to the city by the nonprofit corporation of sums sufficient to pay the principal and interest on such bonds. The agreement may contain such other provisions relating to security for the bonds, the use of a trustee, remedies of bondholders, investment of bond proceeds, issuance of temporary bonds or notes, or any other matter, without limitation, as may be necessary or desirable for implementing the provisions of the St. Paul People Mover Act and financing the people mover system. The bonds shall be issued in accordance with the provisions of Minnesota Statutes, Chapter 475, except section 475.61 and except that neither public sale nor election is required, the bonds may mature at any time or times, in such amount or amounts, within 30 years from date of issue, and may be sold at a price equal to such percentage of the par value thereof, plus accrued interest, and bear interest at such rate or rates, as may be agreed by the purchaser and the city, notwithstanding any limitation of interest rate or cost or of the amounts of annual maturities contained in any other law or charter. Bonds issued under this subdivision shall not constitute a debt within the meaning of any debt limitation established by law or charter, and no holder or holders of the bonds shall have the right to compel any exercise of the taxing power of the city to pay any such bonds or interest thereon, or to enforce payment thereof

against any property of the city. The city or other owner of the people mover system is authorized to pledge, mortgage, and give a security interest therein to secure the bonds, except that no ad valorem tax levy of the city shall be used to secure the bonds. Any earnings on such bonds which are not used for payment of the bonds and interest thereon may be used to pay capital and operating costs of the people mover system or may be applied to reduce the total amount of special assessments levied or to be levied pursuant to the St. Paul People Mover Act, or both.

Subd. 3. [TAX EXEMPT BONDS.] Interest paid on bonds issued under authority of this section shall not be included in gross income for the purpose of computing any tax imposed by or under the provisions of Minnesota Statutes, Chapter 290 or any act amendatory thereof or supplemental thereto.

Sec. 179. [ADDITIONAL AND SUPPLEMENTAL POWERS; CHARTER PROVISIONS.] The powers conferred by the St. Paul People Mover Act shall be in addition and supplemental to the powers conferred by any other law or charter. The city may exercise the powers conferred notwithstanding any law or charter provision and without election, except a charter provision for initiative or referendum.

Sec. 180. [STATE NOT OBLIGATED.] The authorization for the acquisition of a people mover system in the city of St. Paul is made on the basis that the system will be locally and federally financed and produce revenues that, with local and federal sources, will be sufficient to meet all operating costs and debt retirement. This authorization does not constitute a direct or indirect obligation of the state. The notes and bonds issued to finance the people mover system shall contain on their face a statement that the notes or bonds are not a debt of the state and that the state of Minnesota is not liable on them. This section is intended to forestall any unwarranted attempt by any person to cause damage to the credit rating of the state in order to force the state to assume an obligation for which it is neither legally nor morally responsible.

Sec. 181. [COPPER NICKEL STUDY REVIEW.] The Minnesota state planning agency, the Minnesota pollution control agency, the Minnesota department of natural resources, and the Minnesota department of health shall by January 1, 1981, review the Minnesota Regional Copper Nickel Study, authorized by Laws 1975, Chapter 204, and shall report to the legislature, the house committee on environment and natural resources, and the senate committee on agriculture and natural resources concerning any changes in statutory authority, administrative rules and current policies and procedures that are necessary or desirable to respond to the development of the copper and nickel resource in Minnesota, and shall propose alternative legislative policies pertaining to the development of that resource.

Sec. 182. [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. In examining the programs of the state transportation system, the commission shall review and make recommendations regarding the need and advisability of maintenance, upgrading, and new construction after analyzing the system to determine where reductions in design would minimize economic and social costs and adverse impacts.

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 two public members and five members of the senate to be appointed by the subcommittee on committees of the committee on rules and administration of the senate, and two public members and five members of the house of representatives 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. 183. [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.

Sec. 184. [NURSING HOME REIMBURSEMENT RATES.] The commissioner of public welfare shall promulgate temporary rules no later than July 1, 1980 to amend the current rules governing nursing home reimbursement to allow those nursing homes that incurred in calendar year 1979 nursing hours in excess of 2.8 hours per day for skilled nursing care or 2.2 hours per day for intermediate care to receive reimbursement for actual nursing hours up to a maximum number of 3.2 hours per day for skilled nursing care and 2.45 hours per day for intermediate care for only those cost reports submitted on or after July 1, 1980 and before July 1, 1981.

Sec. 185. [CONSERVATION OF BIOMASS FUEL, FIREWOOD.] In any instance where trees or portions of trees usable as firewood are removed from property under the control of a public utility, pipeline company, railroad, state agency or department, or a political subdivision, that portion of the tree material that is six inches or larger in diameter shall not be destroyed by open burning or deposited in a landfill without first having been offered for use to the public, subject to the approval of the landowner or landowners involved. This section shall not apply to tree material removed in a program of sanitation or disease control, as defined in Minnesota Statutes, 1979 Supplement, Section 18.023.

Sec. 186. [OPEN APPOINTMENTS.] The open appointments program shall not apply to any appointments made jointly by the governor, attorney general, and chief justice.

Sec. 187. [COUNCIL ON BLACK MINNESOTANS.] Subdivision 1. **[CREATION.]** There is created a state council on Black Minnesotans to consist of seven members appointed by the governor. The members of the council shall be broadly representative of the Black community of the state and shall include at least three males and at least three females. Membership terms, compensation, removal of members and filling of vacancies for non-legislative members shall be as provided in Minnesota Statutes, Section 15.059. In addition, two members of the house of representatives appointed by the speaker and two members of the senate appointed by the subcommittee on committees of the committee on rules and administration shall serve as ex-officio, non-voting members of the council. The council shall annually elect from its membership a chairperson and other officers it deems necessary.

Subd. 2. [DEFINITIONS.] For the purpose of this section, the term "Black" means a person who considers himself or herself as having origin in any of the black racial groups of Africa.

Subd. 3. [DUTIES.] The council shall:

(a) Advise the governor and the legislature on the nature of the issues confronting Black people in this state;

(b) Advise the governor and the legislature on statutes or rules necessary to insure Black people access to benefits and services provided to people in this state;

(c) Recommend to the governor and the legislature any revisions in the state's affirmative action program and any other steps that are necessary to eliminate underutilization of Blacks in the state's work force;

(d) Recommend to the governor and the legislature legislation designed to improve the economic and social condition of Black people in this state;

(e) Serve as a conduit to state government for organizations of Black people in the state;

(f) Serve as a referral agency to assist Black people in securing access to state agencies and programs;

(g) Serve as a liaison with the federal government, local government units and private organizations on matters relating to the Black people of this state;

(h) Perform or contract for the performance of studies designed to suggest solutions to problems of Black people in the areas of education, employment, human rights, health, housing, social welfare and other related areas;

(i) Implement programs designed to solve problems of Black people when so authorized by other statute, rule or order; and

(j) Publicize the accomplishments of Black people and the contributions made by them to this state.

Subd. 4. [REVIEW OF GRANT APPLICATIONS.] All applications by a state department or agency for the receipt of federal funds which will have their primary effect on Black Minnesotans shall be submitted to the council for review and recommendation at least 30 days prior to submission to a federal agency.

Subd. 5. [POWERS.] The council shall have power to contract in its own name, provided that no money shall be accepted or received as a loan nor shall any indebtedness be incurred except as otherwise provided by law. Contracts shall be approved by a majority of the members of the council and executed by the chairperson and the executive director. The council may apply for, receive, and expend in its own name grants and gifts of money consistent with the power and duties specified in subdivisions 1 to 7.

The council shall appoint an executive director who shall be experienced in administrative activities and familiar with the problems and needs of Black people. The council may delegate to the executive director any powers and duties under subdivisions 1 to 7 which do not require council approval. The executive director shall serve in the unclassified service and may be removed at any

time by the council. The executive director shall recommend to the council the appropriate staffing necessary to carry out its duties. The commissioner of administration shall provide the council with necessary additional staff and administrative services, and the council shall reimburse the commissioner for the cost of these services.

Subd. 6. [STATE AGENCY ASSISTANCE.] Other state agencies shall supply the council upon request with advisory staff services on matters relating to the jurisdiction of the council and the council shall cooperate and coordinate its activities with other state agencies to the highest possible degree.

Subd. 7. [REPORT.] The council shall prepare and distribute a report to the governor and legislature by November 15 of each even numbered year. The report shall summarize the activities of the council since its prior report, list receipts and expenditures, identify the major problems and issues confronting Black people, and list the specific objectives which the council seeks to attain during the next biennium.

Sec. 188. [REPORT; COORDINATION.] On or before December 15, 1981, the commissioner of administration shall submit to the chairman of the house appropriations committee and the chairman of the senate finance committee a report describing the process whereby the efforts of the council for black Minnesotans, the council on spanish speaking people, the council on the economic status of women, the council on the handicapped, and the Indian affairs intertribal board may be coordinated and may share facilities and staff.

Sec. 189. [ADVANCE INFLATION ADJUSTMENT.] Subdivision 1. (a) Any employee not represented by an exclusive bargaining representative and compensated pursuant to Minnesota Statutes, Section 43.12, or under a salary schedule established pursuant to section 43.121, subdivision 3, except an emergency, project, or temporary employee or an employee compensated pursuant to section 43.12 and excluded from a bargaining unit by section 179.74, subdivision 4; and (b) any employee compensated pursuant to Minnesota Statutes, Section 138.01, Subdivision 2; shall be paid a lump sum bonus of \$225 payable no later than July 31, 1980, provided he was employed prior to January 1, 1980, and was still employed on July 1, 1980. However, intermittent employees and nontenured laborers who otherwise meet the employment requirements of this section shall only be eligible to receive the bonus after completion of 100 working days in any 12-month period. Part-time employees who meet the employment requirements of this section shall receive a bonus of \$137.50 on the date specified in this section.

Subd. 2. An employee shall be considered to be employed on July 1, 1980, if he is in payroll status, on approved leave of absence, or on seasonal layoff on that date.

Subd. 3. The bonus provided by this section shall not be considered as salary for the purpose of section 352.01, subdivision 13.

Subd. 4. Anyone receiving a bonus payment pursuant to Laws 1979, Chapter 332, Sections 108 and 109, is not eligible for a bonus payment under this section.

Sec. 190. [TRANSIT TAX INCREASE VOIDED.] *A law enacted at the 1980 regular session styled as H. F. No. 1121, Article XIII, Section 1, is repealed, and Minnesota Statutes, 1979 Supplement, Section 473.446, Subdivision 1, is reenacted as it read without the amendment by H. F. No. 1121, Article XIII, Section 1, notwithstanding that H. F. No. 1121 may be approved or effective at a later time than this section.*

Sec. 191. [REPEALER.] *Subdivision 1. Minnesota Statutes 1978, Sections 3A.11, Subdivision 3; 43.03; 43.06; 216B.62, Subdivision 1; 352.73, Subdivision 4; 354.43, Subdivision 2; 490.025, Subdivision 8; and Laws 1979, Chapter 217, Section 11, are repealed.*

Subd. 2. Minnesota Statutes, 1979 Supplement, Section 16.965 is repealed.

Subd. 3. Minnesota Statutes, 1979 Supplement, Section 43.067, Subdivision 4, is repealed.

Subd. 4. Laws 1977, Chapter 454, Section 45, is repealed.

Sec. 192. [EFFECTIVE DATE.] *Except as otherwise provided in this act, this act is effective the day following final enactment. Section 55 is effective retroactive to April 1, 1980. Sections 87 and 88 are effective for any notice of the objects of the petition served after the day following final enactment. Sections 85 and 86 are effective for each district named in section 86 upon approval by a majority of the board of managers of the respective districts, and upon compliance with the provisions of Minnesota Statutes, Section 645.021. Sections 168 to 180 are effective upon approval by resolution of the St. Paul city council. The resolution shall be adopted after published notice to the public and public hearing. Sections 37 to 39, 49, 51, 57, 60 to 68, 70 to 74, 79, 81 to 83, 89, 101 to 123, 126, 128, 135 to 145, 148, 152, and 155, are effective July 1, 1980. Section 187 is effective July 1, 1980 and expires June 30, 1983. Pursuant to Minnesota Statutes, Section 645.023, Subdivision 1, Clause (b), section 155 is effective without local approval July 1, 1980. Section 157 is effective March 1, 1981 and applies to causes of action accruing on or after that date. Section 191, subdivision 2 is effective July 1, 1981."*

Delete the title and insert:

"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; imposing conditions on the expenditure of public money; creating, abolishing, modifying, and transferring agencies and functions; fixing and limiting fees; altering conditions of public employment; authorizing purchase, sale, and transfer of public lands; authorizing certain public improvements of a capital nature; requiring studies and reports; limiting lia-

bility in certain civil actions; exempting certain motor vehicle sales transactions from regulation by the banking commissioner; regulating drainage systems in the metropolitan area; regulating administration of the Nine Mile Creek Watershed District, the Riley-Purgatory Creek Watershed District and the Red Lake Watershed District; authorizing an ad valorem tax for certain purposes; appropriating money; amending Minnesota Statutes 1978, Sections 3A.03, Subdivision 2; 3A.04, Subdivisions 3 and 4; 10A.01, Subdivision 10c; 11.15, Subdivision 4; 15.0597, Subdivisions 3, 4, 5, 6 and 7; 15.50, Subdivisions 1 and 2; 16.02, Subdivision 10; 16.854, Subdivision 1; 16A.131; 16A.67, Subdivision 1; 16A.721; 43.05, Subdivision 2; 43.062, Subdivisions 1 and 2; 43.065; 43.067, Subdivision 2; 43.068; 43.09, Subdivision 2a; 43.323, Subdivision 1; 43.324, Subdivision 2; 43.35; 62D.12, by adding a subdivision; 82.34; 90.195; 94.10, Subdivision 1; 94.16; 97.431; 97.432; 106.471, by adding a subdivision; 116C.63, Subdivision 4; 116D.04, by adding a subdivision; 136.81, Subdivision 1; 145.913, Subdivision 3; 155.14; 168.66, Subdivision 4; 174.03, by adding a subdivision; 197.75, Subdivision 1; 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; 216B.64; 237.02; 237.12; 237.295, Subdivisions 1 and 2; 238.08, by adding a subdivision; 245.814; 246.014; 256.73, Subdivision 2; 256D.06, by adding a subdivision; 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; 401.02, Subdivision 3; 403.11, Subdivision 3; 462A.05, by adding a subdivision; 462A.21, by adding a subdivision; 473.408, Subdivision 3; 473.435; 473.641, by adding a subdivision; 490.123, Subdivision 1; Chapters 16, by adding sections; 16A, by adding sections; 97, by adding a section; 112, by adding a section; 138, by adding a section; 152, by adding a section; 216A, by adding a section; 246, by adding a section; 253, by adding a section; 256, by adding a section; 259, by adding a section; 326, by adding a section; 544, by adding a section; Minnesota Statutes, 1979 Supplement, Sections 3.005, Subdivision 4; 15A.083, Subdivision 4; 16A.126; 43.062, Subdivision 3; 43.15, Subdivision 1; 43.24; 82.21, Subdivision 1; 174.28, Subdivision 2; 180.03, Subdivision 2; 299D.03, Subdivision 2; 354A.12, Subdivision 2; 422A.101, Subdivision 3; 465.72; Laws 1959, Chapter 690, Section 2, as amended; and Laws 1979, Chapter 332, Article I, Section 115, Subdivision 2; repealing Minnesota Statutes 1978, Sections 3A.11, Subdivision 3; 43.03; 43.06; 216B.62, Subdivision 1; 352.73, Subdivision 4; 354.43, Subdivision 2; 490.025, Subdivision 8; Minnesota Statutes, 1979 Supplement, Sections 16.965 and 43.067, Subdivision 4; Laws 1977, Chapter 454, Section 45; Laws 1979, Chapter 217, Section 11; and a law enacted at the 1980 regular session styled as H. F. No. 1121, Article XIII, Section 1; reenacting Minnesota Statutes, 1979 Supplement, Section 473.446, Subdivision 1."

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

House Conferees: (Signed) Paul McCarron, Phyllis L. Kahn, Glen H. Anderson, Mary M. Forsythe, Wayne A. Simoneau

Senate Conferees: (Signed) Roger D. Moe, Nicholas D. Coleman, Robert O. Ashbach, Allan H. Spear, Gerald L. Willet

Mr. Moe moved that the foregoing recommendations and Conference Committee Report on H. F. No. 2476 be now adopted, and that the bill be repassed as amended by the Conference Committee.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 39 and nays 21, as follows:

Those who voted in the affirmative were:

Anderson	Johnson	Menning	Purfeerst	Stern
Ashbach	Keefe, S.	Moe	Schaaf	Stokowski
Bang	Kirchner	Nelson	Schmitz	Strand
Coleman	Kleinbaum	Nichols	Setzepfandt	Ulland, J.
Gearty	Knoll	Olson	Sikorski	Vega
Hanson	Laufenburger	Penny	Solon	Wegener
Hughes	Lessard	Perpich	Spear	Willet
Humphrey	McCutcheon	Peterson	Staples	

Those who voted in the negative were:

Barrette	Dunn	Knutson	Renneke	Ueland, A.
Bernhagen	Engler	Luther	Rued	
Brataas	Gunderson	Merriam	Sieloff	
Davies	Keefe, J.	Olhoft	Stumpf	
Dieterich	Knaak	Omann	Tennessee	

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

H. F. No. 2476 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 48 and nays 12, as follows:

Those who voted in the affirmative were:

Anderson	Humphrey	McCutcheon	Peterson	Stokowski
Ashbach	Johnson	Menning	Purfeerst	Strand
Bang	Keefe, S.	Merriam	Schaaf	Stumpf
Brataas	Kirchner	Moe	Schmitz	Tennessee
Coleman	Kleinbaum	Nelson	Setzepfandt	Ulland, J.
Davies	Knaak	Nichols	Sikorski	Vega
Gearty	Knoll	Olhoft	Solon	Wegener
Gunderson	Laufenburger	Olson	Spear	Willet
Hanson	Lessard	Penny	Staples	
Hughes	Luther	Perpich	Stern	

Those who voted in the negative were:

Barrette	Dunn	Knutson	Renneke	Sieloff
Bernhagen	Engler	Omann	Rued	Ueland, A.
Dieterich	Keefe, J.			

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 2104: A bill for an act relating to state lands; changing the interest rate on unpaid sale balances; amending Minnesota Statutes 1978, Section 92.06, Subdivision 1.

There has been appointed as such committee on the part of the House:

Peterson, B.; Munger and Brinkman.

Senate File No. 2104 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1980

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 874 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 874 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 11, 1980

CONFERENCE COMMITTEE REPORT ON H. F. NO. 874

A bill for an act relating to state government; changing certain administrative procedures; amending Minnesota Statutes 1978, Sections 15.0411, Subdivision 2; 15.0412, Subdivisions 2, 4, 5, and by adding subdivisions; 15.0413, Subdivisions 1 and 2; 15.0418; 15.0419, Subdivisions 1 and 4; 15.0422; 15.0424, Subdivision 6; and 15.052, Subdivisions 1, 2, 5, 7, 8 and 9; repealing Minnesota Statutes 1978, Sections 5.21, and 15.0423.

April 11, 1980

The Honorable Fred C. Norton
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 874, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendments and that H. F. No. 874 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 3.965, is amended to read:

3.965 [LEGISLATIVE COMMISSION TO REVIEW ADMINISTRATIVE RULES.] Subdivision 1. [COMPOSITION; MEETINGS.] A legislative commission for review of administrative rules defined pursuant to sections 15.0411 to 15.0422, consisting of five senators appointed by the committee on committees of the senate and five representatives appointed by the speaker of the house of representatives shall be appointed. The commission shall meet at the call of its chairman or upon a call signed by two of its members or signed by five members of the legislature. The legislative commission chairmanship shall alternate between the two houses of the legislature every two years.

Subd. 2. [REVIEW OF RULES BY COMMISSION.] The commission shall promote adequate and proper rules by agencies and an understanding upon the part of the public respecting them. *The jurisdiction of the commission shall include all rules as defined in section 15.0411, subdivision 3 and all rules promulgated by agencies specified in section 15.0411, subdivision 2, clauses (c) through (i).* It may hold public hearings to investigate complaints with respect to rules if it considers the complaints meritorious and worthy of attention and may, on the basis of the testimony received at the public hearings, suspend any rule complained of by the affirmative vote of at least six members provided the provisions of subdivision 4 have been met. If any rule is suspended, the commission shall as soon as possible place before the legislature, at the next year's session, a bill to repeal the suspended rule. If the bill is defeated, or fails of enactment in that year's session, the rule shall stand and the commission may not suspend it again. If the bill becomes law, the rule is repealed and shall not be enacted again unless a law specifically authorizes the adoption of that rule. The commission shall make a biennial report to the legislature and governor of its activities and include therein its recommendations.

Subd. 3. [PUBLIC HEARINGS BY STATE AGENCIES.] By a vote of a majority of its members, the commission may request any department agency issuing rules to hold a public hearing in respect to recommendations made pursuant to subdivision 2 including recommendations made by the commission to promote adequate and proper rules by that agency and recommendations contained in the commission's biennial report. The department agency shall give notice as provided in section 15.0412, subdivision 4 of a hearing thereon, to be conducted in accordance with section 15.0412. The hearing shall be held not more than 60 days after receipt of the request.

Subd. 4. [REVIEW BY STANDING COMMITTEES.] Before the commission suspends any rule, it shall request the speaker of the house and the president of the senate to refer the question of suspension of the given rule or rules to the appropriate committee or committees of the respective houses for the committees'

~~recommendation recommendations~~. No suspension shall take effect until the ~~recommendation is committees' recommendations~~ are received, or 60 days after referral of the question of suspension to the speaker of the house and the president of the senate. However, the ~~recommendation recommendations~~ shall be advisory only.

Sec. 2. Minnesota Statutes, 1979 Supplement, Section 15.0411, Subdivision 2, is amended to read:

Subd. 2. "Agency" means any state officer, board, commission, bureau, division, department, or tribunal, other than a court, having a statewide jurisdiction and authorized by law to make rules or to adjudicate contested cases. "Agency" also means the capitol area architectural and planning board. Sections 15.0411 to 15.052 do not apply to (a) agencies directly in the legislative or judicial branches, (b) emergency powers in sections 12.31 to 12.37, ~~(e) corrections board and pardon board, (d) the unemployment insurance program in the department of economic security, (e) the director of mediation services, (f) the workers' compensation division in the department of labor and industry, (g) the workers' compensation court of appeals, (h) board of pardons, or (i) (c) the department of military affairs.~~ Sections 15.0418 to 15.0426 do not apply to (a) the Minnesota municipal board, (b) ~~the corrections board, (c) the unemployment insurance program in the department of economic security, (d) the director of mediation services, (e) the workers' compensation division in the department of labor and industry, (f) the workers' compensation court of appeals, (g) the board of pardons, or (h) the public employees relations board.~~

Sec. 3. Minnesota Statutes 1978, Section 15.0412, is amended by adding a subdivision to read:

Subd. 1a. Unless otherwise provided by law, an agency may grant a variance to a rule. Before an agency grants a variance, it shall have promulgated rules setting forth procedures and standards by which variances shall be granted and denied. An agency receiving a request for a variance shall set forth in writing its reasons for granting or denying the variance. This subdivision shall not constitute authority for an agency to grant variances to statutory standards.

Sec. 4. Minnesota Statutes 1978, Section 15.0412, Subdivision 2, is amended to read:

Subd. 2. To assist interested persons dealing with it, each agency shall, in a manner prescribed by the commissioner of administration, prepare a description of its organization, stating the process whereby the public may obtain information or make submissions or requests. The commissioner of administration shall annually publish these descriptions at least in every odd-numbered year commencing in 1981 in a guidebook of state agencies. Notice of the publication of the guidebook shall be published in the state register.

Sec. 5. Minnesota Statutes 1978, Section 15.0412, is amended by adding a subdivision to read:

Subd. 2a. The revisor of statutes may upon request, provide technical and legal assistance to state agencies in drafting rules.

Sec. 6. Minnesota Statutes 1978, Section 15.0412, Subdivision 4, is amended to read:

Subd. 4. No rule shall be adopted by any agency unless the agency first holds a public hearing thereon, affording all affected interests an opportunity to participate, and gives notice of its intention to hold such a hearing at least 30 days prior to the date set for the hearing by United States mail, to representatives of associations or other interested groups or persons who have registered their names with the secretary of state for that purpose and in the state register. Each agency shall maintain a list of all persons who have registered with the agency for the purpose of receiving notice of rule hearings. The agency may inquire as to whether those persons on the list wish to maintain their names thereon and may remove names for which there is a negative reply or no reply within 60 days. The agency shall, at least 30 days prior to the date set for the hearing, give notice of its intention to hold hearing by United States mail to all persons on its list, and by publication in the state register. Each agency may, at its own discretion, also contact persons not on its list and may give notice of its intention to hold a hearing in newsletters, newspapers or other publications or through other means of communication. The notice in the state register shall include the full text of the rule proposed for adoption; provided that, and, when amending existing rules, whatever portion of the existing rules is necessary to provide adequate notice of the nature of the proposed action. When an entire rule is proposed to be repealed or renumbered, the agency need only publish that fact, giving the exact citation to the rule to be repealed or renumbered in the notice.

Subd. 4a. With the approval of the chief hearing examiner, the agency may incorporate by reference provisions of federal law or rule or other materials from sources which the chief hearing examiner determines are conveniently available for viewing, copying and acquisition by interested persons. The chief hearing examiner shall not approve incorporation by reference of federal law or rule or other materials which are less than 3000 words in length or which would require less than five pages of publication in the state register.

Subd. 4b. The agency shall make available at least one free copy of the proposed rule to any person requesting it. The free copy shall contain the exact wording and form of the proposed rule and notice of hearing as published in the state register and shall be available to the public at least 30 days prior to the date set for the hearing.

Subd. 4c. At the public hearing the agency shall make an affirmative presentation of facts establishing the need for and reasonableness of the rule proposed for adoption and fulfilling any relevant substantive or procedural requirements imposed on the agency by law or rule. The agency may, in addition to its affirmative presentation, rely upon facts presented by others on the

record during the rule proceeding to support the rule finally adopted.

Subd. 4d. After allowing written material to be submitted and recorded in the hearing record for five working days after the public hearing ends, or for a longer period not to exceed 20 days if ordered by the hearing examiner, the hearing examiner assigned to the hearing shall proceed to write a report as provided for in section 15.052, subdivision 3, which. If the report contains a finding that the proposed rule is substantially different from that which was proposed at the public hearing, or that the agency has not met the requirements of section 15.0412, subdivisions 4 through 4f, it shall be submitted to the chief hearing examiner for approval. If the chief hearing examiner approves the finding of the hearing examiner, he shall advise the agency of actions which will correct the defects, and the agency shall not adopt the rule until the chief hearing examiner determines that the defects have been corrected. If the chief hearing examiner determines that the need for and reasonableness of the rule has not been established pursuant to subdivision 4, clause (c), and if the agency does not elect to follow the suggested actions of the hearing examiner to correct that defect, then the agency shall submit the proposed rule to the legislative commission to review administrative rules for the commission's advice and comment. The agency shall not proceed to adopt the rule until it has received and considered the advice of the commission; provided, that the agency is not required to delay adoption longer than 30 days after the commission's receipt of the agency's submission. Advice of the commission shall not be binding on the agency. The report shall be completed within 30 days after the close of the hearing record unless the chief hearing examiner, upon written request of the agency and or the hearing examiner, orders an extension. In no case shall an extension be granted if the chief hearing examiner determines that an extension would prohibit a rule from being adopted or becoming effective until after a date for adoption or effectiveness as required by statute. The report shall be available to all affected persons upon request for at least five working days before the agency takes any final action on the rule.

Subd. 4e. If the agency adopts the rule as recommended by the hearing examiner, it shall be submitted with the complete hearing record to the attorney general, who shall review the rule as to form and legality. If the agency makes changes in the rule other than those recommended by the hearing examiner, it shall submit the rule with the complete hearing record to the chief hearing examiner for a review of the changes prior to adopting it and submitting it to the attorney general for review. If the chief hearing examiner determines that the proposed final rule of the agency is substantially different from that which was proposed at the public hearing, he shall advise the agency of actions which will correct the defects, and the agency shall not adopt the rule until the chief hearing examiner determines that the defects have been corrected. If the agency, the chief hearing examiner or the attorney general requests, the hearing examiner shall cause a transcript to be prepared of the hearing. The agency shall give

notice to all persons who requested to be informed that the hearing record has been submitted to the attorney general. *This notice shall be given on the same day that the record is submitted.* The attorney general shall, within 20 days, either approve or disapprove the rule. If he approves the rule, he shall promptly file it in the office of the secretary of state. If he disapproves the rule, he shall state in writing his reasons therefor, and the rule shall not be filed in the office of the secretary, nor published.

Subd. 4f. A rule shall become effective after it has been subjected to all requirements described in ~~this subdivision~~ *subdivisions 4 through 4f* and five working days after publication in the state register, as hereinafter provided, unless a later date is required by statutes or specified in the rule. If the rule as adopted does not differ from the proposed rule as published in the state register, publication may be made by publishing notice in the state register that the rule has been adopted as proposed and by publishing a citation to the prior publication. If the rule as adopted differs from the proposed rule, the adopted rule or subdivisions thereof which differ from the proposed rule shall be published together with a citation to the prior state register publication of the remainder of the proposed rule.

Sec. 7. Minnesota Statutes 1978, Section 15.0412, is amended by adding a subdivision to read:

Subd. 4g. When an agency determines that its proposed adoption, amendment, suspension or repeal of a rule will be noncontroversial in nature, it may utilize the provisions herein in lieu of the provisions of subdivisions 4 through 4f. The agency shall publish a notice of its intent to adopt the rule without public hearing, together with the proposed rule, in the state register, and shall give the same notice by United States mail to persons who have registered their names with the agency pursuant to subdivision 4. When an entire rule is proposed to be repealed or renumbered, the agency need only publish that fact, giving the exact citation to the rule to be repealed or renumbered in the notice. The notice shall include a statement advising the public:

(1) that they have 30 days in which to submit comment on the proposed rule;

(2) that no public hearing will be held unless seven or more persons make a written request for a hearing within the 30 day comment period;

(3) of the manner in which persons shall request a hearing on rules proposed pursuant to this subdivision; and

(4) that the rule may be modified if modifications are supported by the data and views submitted.

Before the date of the notice, the agency shall prepare a statement of need and reasonableness which shall be available to the public. For at least 30 days following the notice, the agency shall afford all interested persons an opportunity to object to the lack of a hearing and to submit data and views on the proposed rule in writing. The proposed rule may be modified if the modifica-

tions are supported by the data and views submitted to the agency and do not result in a substantial change. If, during the 30 day period allowed for comment, seven or more persons submit to the agency a written request for a hearing of the proposed rule, the agency shall proceed under the provisions of subdivisions 4 through 4f. In the event that a hearing is required, a citation in the state register to the prior publication of the proposed rule may be substituted for republication unless the agency has modified the proposed rule. If no hearing is required, the agency shall submit to the attorney general the proposed rule and notice as published, the rule as proposed for adoption, any written comments received by the agency, and a statement of need and reasonableness for the rule. The agency shall give notice to all persons who requested to be informed that these materials have been submitted to the attorney general. This notice shall be given on the same day that the record is submitted. The attorney general shall approve or disapprove the rule as to form and legality, including the issue of substantial change, within 14 days. If he approves the rule, he shall promptly file it in the office of the secretary of state. If he disapproves the rule, he shall state in writing his reasons therefor, and the rule shall not be filed in the office of the secretary of state, nor published. The rule shall become effective upon publication in the state register in the same manner as provided for adopted rules in subdivision 4f.

Sec. 8. For purposes of implementing section 15.0412, subdivision 4, the attorney general shall prepare a notice which shall be published by the state register on or before August 4, 1980, which notice shall be mailed, by the office of hearing examiners, to all persons presently registered with the secretary of state for the purpose of being advised of rulemaking hearings. The notice shall be sufficiently specific to inform all persons of the manner in which they may register their names with the various state agencies in order to be notified of all rulemaking hearings.

Sec. 9. Minnesota Statutes 1978, Section 15.0412, Subdivision 5, is amended to read:

Subd. 5. When an agency is directed or authorized by statute, federal law or court order to adopt, amend, suspend or repeal a rule in a manner that does not allow for compliance with subdivisions 4 through 4g, or if an agency is expressly required or authorized by statute to adopt temporary rules, the agency shall promulgate a adopt temporary rule rules in accordance with this subdivision. The proposed temporary rule shall be published in the state register and for at least 20 days thereafter the agency shall afford all interested persons an opportunity to submit data and views on the proposed temporary rule in writing. The proposed temporary rule may be modified if the modifications are supported by the data and views submitted to the agency. The agency shall submit to the attorney general the proposed temporary rule as published, with any proposed modifications. The attorney general shall review the proposed temporary rule as to form and legality and shall approve or disapprove the proposed temporary rule and any proposed modifications within five working days. The tem-

porary rule shall take effect upon approval of the attorney general. Failure of the attorney general to approve or disapprove within five working days shall be deemed approval. As soon as practicable notice of the attorney general's decision shall be published in the state register and the adopted rule shall be published in the manner as provided for adopted rules in subdivision 4. Temporary rules adopted under this subdivision shall be effective for not longer than 90 days and may be reissued or continued in effect for an additional 90 days, but may not immediately be reissued thereafter without following the procedure of subdivision 4 subdivisions 4 through 4g.

Sec. 10. Minnesota Statutes 1978, Section 15.0412, is amended by adding a subdivision to read:

Subd. 8. Each agency shall, within six months after the effective date of a law requiring rules to be promulgated, unless otherwise specified by law, publish notice of hearing or notice of intent to adopt a rule without public hearing in accordance with this section. If an agency has not given this notice, it shall report to the appropriate committees of the legislature and the governor its failure to do so, and the reasons for that failure.

Sec. 11. Minnesota Statutes 1978, Section 15.0412, is amended by adding a subdivision to read:

Subd. 9. The agency shall, within six months after issuance of the hearing examiner's report, either withdraw the proposed rules or publish its adopted final action in the state register. If the agency has not published its adopted final action in the state register within six months, it shall not proceed to adopt the subject rules without rehearing the rules pursuant to all the procedures of this section, and it shall report to the appropriate committees of the legislature and to the governor its failure to adopt rules and the reasons for that failure.

Sec. 12. Minnesota Statutes 1978, Section 15.0413, Subdivision 1, is amended to read:

15.0413 [EFFECT OF ADOPTION OF RULES; PUBLICATION; APPROPRIATION.] Subdivision 1. Every rule approved by the attorney general and filed in the office of the secretary of state as provided in section 15.0412 shall have the force and effect of law 20 five working days after its publication in the state register unless a later date is required by statute or specified in the rule. The secretary of state shall keep a permanent record of rules filed with that office open to public inspection. *Should a discrepancy exist between the rules published in the state register and the rules on file with the secretary of state, the rules on file with the secretary of state shall have effect.*

Sec. 13. Minnesota Statutes 1978, Section 15.0413, Subdivision 2, is amended to read:

Subd. 2. Each rule hereafter amended, suspended, or repealed shall become amended, suspended, or repealed 20 five working days after the new or amended rule or notice of suspension or

repeal is published in the state register unless a later date is required by statute or specified in the rule.

Sec. 14. Minnesota Statutes 1978, Section 15.0418, is amended to read:

15.0418 [CONTESTED CASE.] *Subdivision 1. An agency shall initiate a contested case proceeding when one is required by law. Unless otherwise provided by law, an agency shall decide a contested case only in accordance with the contested case procedures of the administrative procedure act.*

Subd. 2. [NOTICE AND HEARING.] In any contested case all parties shall be afforded an opportunity for hearing after reasonable notice. The notice shall state the time, place and issues involved, but if, by reason of the nature of the proceeding case, the issues cannot be fully stated in advance of the hearing, or if subsequent amendment of the issues is necessary, they shall be fully stated as soon as practicable, and opportunity shall be afforded all parties to present evidence and argument with respect thereto. Prior to assignment of a case to a hearing examiner as provided by section 15.052, all papers shall be filed with the agency. Subsequent to assignment of the case, the agency shall certify the official record to the office of hearing examiners administrative hearings, and thereafter, all papers shall be filed with that office. The office of hearing examiners administrative hearings shall maintain the official record which shall include subsequent filings, testimony and exhibits. All filings are deemed effective upon receipt. The record shall contain a written transcript of the hearing only if preparation of a transcript is requested by the agency, a party, or the chief hearing examiner. The agency or party requesting a transcript shall bear the cost of preparation. When the chief hearing examiner requests preparation of the transcript, the agency shall bear the cost of preparation. Upon issuance of the hearing examiner's report, the official record shall be certified to the agency.

Subd. 3. [INFORMAL DISPOSITION.] Informal disposition may also be made of any contested case by stipulation, agreed settlement, consent order or default.

Sec. 15. Minnesota Statutes 1978, Section 15.0419, Subdivision 1, is amended to read:

15.0419 [EVIDENCE IN CONTESTED CASE HEARINGS.] *Subdivision 1. In contested cases agencies may admit and give probative effect to evidence which possesses probative value commonly accepted by reasonable prudent men persons in the conduct of their affairs. They shall give effect to the rules of privilege recognized by law. They may exclude incompetent, irrelevant, immaterial and repetitious evidence.*

Sec. 16. Minnesota Statutes 1978, Section 15.0419, Subdivision 2, is amended to read:

Subd. 2. All evidence, including records and documents (except tax returns and tax reports) containing information classified by

law as not public, in the possession of the agency of which it desires to avail itself or which is offered into evidence by a party to a contested case proceeding, shall be offered and made a part of the hearing record in of the case, and. No other factual information or evidence (except tax returns and tax reports) shall be considered in the determination of the case unless it is part of the record. Documentary evidence may be received in the form of copies or excerpts, or by incorporation by reference. When the hearing record contains information which is not public, the hearing examiner or the agency may conduct a closed hearing to discuss the information, issue necessary protective orders, and seal all or part of the hearing record.

Sec. 17. Minnesota Statutes 1978, Section 15.0419, Subdivision 4, is amended to read:

Subd. 4. Agencies may take notice of judicially cognizable facts and in addition may take notice of general, technical, or scientific facts within their specialized knowledge. Parties shall be notified in writing either before or during hearing, or by reference in preliminary reports or otherwise, or by oral statement in the record, of the material so noticed, and they shall be afforded an opportunity to contest the facts so noticed. Agencies may utilize their experience, technical competence, and specialized knowledge in the valuation of the evidence presented to them in the hearing record.

Sec. 18. Minnesota Statutes 1978, Section 15.0422, is amended to read:

15.0422 [DECISIONS, ORDERS.] Subdivision 1. Every decision and order adverse to a party of the proceeding, rendered by an agency in a contested case, shall be in writing or stated in the record and shall be accompanied by a statement of the reasons therefor. The statement of reasons shall consist of a concise statement of the conclusions upon each contested issue of fact necessary to the decision. Parties to the proceeding shall be notified of the decision and order in person or by mail, shall be based on the record and shall include the agency's findings of fact and conclusions on all material issues. A copy of the decision and order and accompanying statement of reasons together with a certificate of service shall be delivered or mailed upon request to served upon each party or to his attorney of record his representative and the hearing examiner by first class mail.

Subd. 2. Unless otherwise provided by law, if an agency fails to render a decision and order in a contested case within 90 days after the submission of the final hearing examiner report and subsequent exceptions and arguments under section 15.0421 if any, any party may petition the district court for an order requiring the agency to render a decision and order on the contested case within such time as the court determines to be appropriate. The order shall be issued unless the agency shows that further delay is reasonable.

Sec. 19. Minnesota Statutes 1978, Section 15.0424, Subdivision 1, is amended to read:

15.0424 [JUDICIAL REVIEW OF A CONTESTED CASE DECISION.] Subdivision 1. [APPLICATION.] Any person aggrieved by a final decision in a contested case of any agency as defined in section 15.0411, subdivision 2 (including those agencies excluded from the definition of "agency" in section 15.0411, subdivision 2, but excepting the tax court, the workers' compensation court of appeals sitting on workers' compensation cases, the department of economic security, the director of mediation services, and the department of public service), whether such decision is affirmative or negative in form, is entitled to judicial review thereof, of the decision under the provisions of this section, but nothing in this section shall be deemed to prevent resort to other means of review, redress, relief, or trial de novo provided by law now or hereafter enacted. The term "final decision" as herein used shall not embrace a proposed or tentative decision until it has become the decision of the agency either by express approval or by the failure of an aggrieved person to file exceptions thereto within a prescribed time under the agency's rules. A petition by an aggrieved person for judicial review under this section must be filed with the district court and served on the agency not more than 30 days after the party receives the final decision and order of the agency.

Sec. 20. Minnesota Statutes 1978, Section 15.0424, Subdivision 2, is amended to read:

Subd. 2. [PETITION, SERVICE.] (a) Proceedings for review under this section shall be instituted by serving a petition thereof personally or by certified mail upon the agency or one of its members or upon its secretary or clerk and by filing such the petition in the office of the clerk of district court for the county wherein where the agency has its principal office or the county of residence of the petitioner, all within 30 days after the agency shall have served such decision and any order made pursuant thereto by mail on the parties of record therein; subject, however, to the following:

(1) In the case of a tentative or proposed decision which has become the decision of the agency either by express approval or by a failure by an aggrieved person to file exceptions within a prescribed time under the agency's rules, such 30-day period shall not begin to run until the latest of the following events shall have occurred: (a) such decision shall have become the decision of the agency as aforesaid; (b) such decision, either before or after it has become the decision of the agency, shall have been served by mail by such agency on the parties of record in such proceeding.

(2) In case a request for rehearing or reconsideration shall have been made within the time permitted and in conformity with the agency's rules ten days after the decision and order of the agency, such the 30-day period provided in subdivision 1 shall not begin to run until service of the order finally disposing of the application for rehearing or reconsideration, but nothing herein shall be construed as requiring that an application for rehearing or reconsideration be filed with and disposed of by the agency as a pre-

requisite to the institution of a review proceeding under this section.

(b) The petition shall state the nature of the petitioner's interest, the facts showing the petitioner is aggrieved and is affected by the decision, and the ground or grounds upon which the petitioner contends that the decision should be reversed or modified. The petition may be amended by leave of court although the time for serving the *same petition* has expired. The petition shall be entitled in the name of the person serving the *same petition* as petitioner and the name of the agency whose decision is sought to be reviewed as respondent. Copies of the petition shall be served, personally or by certified mail, not later than 30 days after the institution of the proceeding, upon all parties who appeared before the agency in the proceeding in which the order sought to be reviewed was made; and for the purpose of such service the agency upon request shall certify to the petitioner the names and addresses of all such parties as disclosed by its records, which certification shall be conclusive. The agency and all parties to the proceeding before it shall have the right to participate in the proceedings for review. The court in its discretion may permit other interested parties to intervene.

(c) Every person served with the petition for review as provided in this section and who desires to participate in the proceedings for review thereby instituted shall serve upon the petitioner, within 20 days after service of the petition upon such person, a notice of appearance stating his position with reference to the affirmance, vacation, reversal or modification of the order or decision under review. Such notice, other than by the named respondent, shall also be served on the named respondent and the attorney general and shall be filed, together with proof of service thereof, with the clerk of the reviewing court within ten days after such service. Service of all subsequent papers or notices in such proceedings need be made only upon the petitioner, the named respondent, the attorney general, and such other persons as have served and filed the notice as herein provided, or have been permitted to intervene in said proceedings as parties thereto by order of the reviewing court.

Sec. 21. Minnesota Statutes 1978, Section 15.0424, Subdivision 6, is amended to read:

Subd. 6. [PROCEDURE ON REVIEW.] The review shall be conducted by the court without a jury and shall be confined to the record, except that in cases of alleged irregularities in procedure before the agency, not shown in the record, testimony thereon may be taken in the court. The court shall, upon request, hear oral argument and receive written briefs. Except as otherwise provided all proceedings shall be conducted according to the rules of civil procedure.

Sec. 22. Minnesota Statutes 1978, Section 15.0425, is amended to read:

15.0425 [SCOPE OF JUDICIAL REVIEW.] In any proceedings for a judicial review by any court of decisions of any agency as

defined in section 15.0411, subdivision 2 (including those agencies excluded from the definition of agency in section 15.0411, subdivision 2) under section 15.0424 the court may affirm the decision of the agency or remand the case for further proceedings; or it may reverse or modify the decision if the substantial rights of the petitioners may have been prejudiced because the administrative finding, inferences, conclusion, or decisions are:

- (a) In violation of constitutional provisions; or
- (b) In excess of the statutory authority or jurisdiction of the agency; or
- (c) Made upon unlawful procedure; or
- (d) Affected by other error of law; or
- (e) Unsupported by substantial evidence in view of the entire record as submitted; or
- (f) Arbitrary or capricious.

Sec. 23. Minnesota Statutes 1978, Section 15.0426, is amended to read:

15.0426 [APPEALS TO SUPREME COURT.] An aggrieved party, including an agency which issued a decision or order in the case, may secure a review of any final order or judgment of the district court under ~~sections~~ section 15.0424 or 15.0425 by appeal to the supreme court. ~~Such~~ The appeal shall be taken in the manner provided by law for appeals from orders or judgments of the district court in other civil cases.

Sec. 24. Minnesota Statutes 1978, Section 15.047, Subdivision 2, is amended to read:

Subd. 2. Copies of rules published pursuant to this section may be sold by the commissioner of administration for a reasonable fee. The commissioner shall provide without cost ~~one copy~~ *ten copies* of the manual and any supplementary material for the manual to *the legislative reference library and the state law library and one copy* to each county library maintained pursuant to section 375.33 or 134.12, excepting counties containing cities of the first class. If a county has not established a county library pursuant to section 375.33 or 134.12, the copies shall be provided to a public library designated by the county board after consultation with the regional library, if any, established pursuant to section 375.335 for the region in which the county is located.

Sec. 25. Minnesota Statutes 1978, Section 15.051, Subdivision 2, is amended to read:

Subd. 2. [PUBLICATION.] The commissioner of administration shall publish the state register whenever he deems necessary, except that no material properly submitted to him for publication shall remain unpublished for more than ten working days.

The state register shall have a distinct and permanent masthead with the title "state register" and the words "state of Minne-

nota" prominently displayed. All issues of the state register shall be numbered and dated.

To the extent that editing, composition, printing, distribution or other work on the state register cannot be performed in the department of administration, or it is uneconomical to do so, the commissioner shall obtain competitive bids and enter into contracts to have the services performed by the lowest responsible bidder. The duration of any contracts shall not exceed the end of the state's fiscal biennium.

Sec. 26. Minnesota Statutes 1978, Section 15.052, Subdivision 1, is amended to read:

15.052 [OFFICE OF HEARING EXAMINERS.] Subdivision 1. A state office of hearing examiners administrative hearings is created. The office shall be under the direction of a chief hearing examiner, who shall be learned in the law and appointed by the governor, with the advice and consent of the senate, for a term ending on June 30 of the sixth calendar year after appointment. The chief hearing examiner shall appoint additional hearing examiners to serve in his office as necessary to fulfill the duties prescribed in this section. All hearing examiners shall be in the classified service except that the chief hearing examiner shall be in the unclassified service, but may be removed from his position only for cause. Additionally, all hearing examiners shall have demonstrated knowledge of administrative procedures and shall be free of any political or economic association that would impair their ability to function officially in a fair and objective manner.

Sec. 27. Minnesota Statutes 1978, Section 15.052, Subdivision 2, is amended to read:

Subd. 2. When regularly appointed hearing examiners are not available, the chief hearing examiner may contract with qualified individuals to serve as hearing examiners for specific assignments. Such temporary hearing examiners shall not be employees of the state and shall be remunerated for their service at a rate not to exceed \$150 per day.

Sec. 28. Minnesota Statutes 1978, Section 15.052, Subdivision 3, is amended to read:

Subd. 3. All hearings of state agencies required to be conducted under this chapter shall be conducted by a hearing examiner assigned by the chief hearing examiner. In assigning hearing examiners to conduct such hearings, the chief hearing examiner shall attempt to utilize personnel having expertise in the subject to be dealt with in the hearing. Only hearing examiners learned in the law shall be assigned to contested case hearings. It shall be the duty of the hearing examiner to: (1) advise an agency as to the location at which and time during which a hearing should be held so as to allow for participation by all affected interests; (2) conduct only hearings for which proper notice has been given; (3) see to it that all hearings are conducted in a fair and impartial manner; and (4) make a report on each proposed agency action in which the hearing examiner functioned in an official capacity,

stating his findings of fact and his conclusions and recommendations, taking notice of the degree to which the agency has (i) documented its statutory authority to take the proposed action, (ii) fulfilled all relevant substantive and procedural requirements of law or rule, and (iii) *in rulemaking proceedings*, demonstrated the need for and reasonableness of its proposed action with an affirmative presentation of facts.

Sec. 29. Minnesota Statutes 1978, Section 15.052, Subdivision 4, is amended to read:

Subd. 4. The chief hearing examiner shall promulgate rules to govern the procedural conduct of all hearings, relating to both rule adoption, amendment, suspension or repeal hearings and contested case hearings. Such procedural rules for hearings shall be binding upon all agencies and shall supersede any other agency procedural rules with which they may be in conflict. The procedural rules for hearings shall include in addition to normal procedural matters provisions relating to recessing and reconvening new hearings when the proposed final rule of an agency is substantially different from that which was proposed at the public hearing. The procedural rules shall establish a procedure whereby the proposed final rule of an agency shall be reviewed by the chief hearing examiner to determine whether or not a new hearing is required because of substantial changes or failure of the agency to meet the requirements of section 15.0412, *subdivision 4 subdivisions 4 through 4f*. Upon his own initiative or upon written request of an interested party, the chief hearing examiner may issue a subpoena for the attendance of a witness or the production of such books, papers, records or other documents as are material to the matter being heard. The subpoenas shall be enforceable through the district court in the district in which the subpoena is issued.

Sec. 30. Minnesota Statutes 1978, Section 15.052, Subdivision 5, is amended to read:

Subd. 5. The office of hearing examiners *administrative hearings* may maintain a court reporter system and in addition to or in lieu thereof may contract with non-governmental sources for court reporter services. The court reporters may additionally be utilized as the chief hearing examiner directs. Unless the chief hearing examiner determines that the use of a court reporter is more appropriate, an audio magnetic recording device shall be used to keep a record at any hearing which takes place under this chapter.

Court reporters serving in the court reporter system of the office of hearing examiners *administrative hearings* shall be in the classified service. *Notwithstanding the provisions of section 15.17, subdivision 4, copies of transcriptions of hearings conducted pursuant to this section may be obtained only through the office of administrative hearings.*

Sec 31. Minnesota Statutes 1978, Section 15.052, Subdivision 7, is amended to read:

Subd. 7. A state office of hearing examiner *administrative hearings* account is hereby created in the state treasury. All receipts

from services rendered by the state office of hearing examiner *administrative hearings* shall be deposited in the account, and all funds in the account shall be annually appropriated to the state office of hearing examiner *administrative hearings* for carrying out the duties specified in this section.

Sec. 32. Minnesota Statutes 1978, Section 15.052, Subdivision 8, is amended to read:

Subd. 8. The chief hearing examiner may enter into contracts with political subdivisions of the state and such political subdivisions of the state may contract with the chief hearing examiner for the purpose of providing hearing examiners and reporters for administrative proceedings. *The contract may define the scope of the hearing examiner's duties, which may include the preparation of findings, conclusions, or a recommendation for action by the political subdivision.* For such services there shall be an assessment in the manner provided in subdivision 6.

Sec. 33. Minnesota Statutes 1978, Section 15.052, Subdivision 9, is amended to read:

Subd. 9. In consultation and agreement with the chief hearing examiner, the commissioner of administration shall, pursuant to authority vested in him by section 16.13, transfer from state agencies, such employees as he deems necessary to the state office of hearing examiners *administrative hearings*. Such action shall include the transfer of any state employee currently employed as a hearing examiner, if the employee qualifies under this section.

Sec. 34. Minnesota Statutes 1978, Section 15.1691, Subdivision 3, is amended to read:

Subd. 3. [INVESTIGATIVE DATA.] *Data on persons including data on vendors of services, which is collected, maintained, used or disseminated by the welfare system in an investigation, authorized by statute and relating to the enforcement of rules or law, is confidential pursuant to section 15.162, subdivision 2a, and shall not be disclosed except:*

- (a) Pursuant to section 15.163;
- (b) Pursuant to statute or valid court order;
- (c) To a party named in a civil or criminal proceeding, administrative or judicial, for preparation of defense.

After presentation in court, the data shall be public data on individuals to the extent reflected in court records.

The data referred to in this subdivision shall be classified as public data upon its submission to a hearing examiner or court in an administrative or judicial proceeding.

Sec. 35. Minnesota Statutes, Section 179.71, Subdivision 5, is amended to read:

Subd. 5. In addition to all other duties imposed by this section, the director shall:

(a) retain mediation jurisdiction over the parties for purposes of this subdivision until such time as the parties reach agreement; provided, however, he may continue to assist parties after the parties have submitted their final positions as provided or required under section 179.72, subdivision 6; or section 179.69, subdivision 6;

(b) issue notices, subpoenas and orders as may be required by law to carry out his duties under sections 179.61 to 179.77. Issuance of orders shall include those orders of the Minnesota public employment relations board;

(c) certify to the Minnesota public employment relations board those items of dispute between parties to be subject to the action of the Minnesota public employment relations board under section 179.69, subdivision 3;

(d) assist the parties in formulating petitions, notices, and other papers required to be filed with the director or the board;

(e) certify the final results of any election or other voting procedure conducted pursuant to sections 179.61 to 179.77;

(f) furnish clerical and administrative services to the Minnesota public employment relations board as may be required;

(g) adopt reasonable and proper rules and regulations relative to and regulating the forms of petitions, notices, orders and the conduct of hearings and elections ~~subject to final approval of the Minnesota public employment relations board. Such rules and regulations shall be printed and made available to the public and a copy delivered with each notice of hearing; provided, that every such rule or regulation shall be filed with the secretary of state, and any change therein or additions thereto shall not take effect until 20 days after such filing;~~

(h) receive, catalogue and file in a logical manner all orders and decisions of the Minnesota public employment relations board and all arbitration panels authorized by sections 179.61 to 179.77 as well as all grievance arbitration decisions and the director's own orders and decisions. All orders and decisions catalogued and filed shall be made readily available to the public;

(i) promulgate a grievance procedure to effectuate the purposes of section 179.70, subdivision 1. Such grievance procedures shall not provide for the services of the bureau of mediation services. The exercise of authority granted by this clause shall be subject to the provisions of chapter 15; said grievance procedure to be available to any public employee employed in a unit not covered by a negotiated grievance procedure as contained in section 179.70, subdivision 1;

(j) conduct elections.

Sec. 36. Minnesota Statutes 1978, Section 179.72, Subdivision 3, is amended to read:

Subd. 3. In addition to the other powers and duties given it by law, the board has the following powers and duties:

(a) to hear and decide issues relating to the meaning of the terms "supervisory employee", "confidential employee", "essential employee" or "professional employee", as defined by section 179.63;

(b) to hear and decide appeals from determinations of the director relating to the appropriateness of a unit under section 179.67;

(c) to approve or disapprove the rules and regulations promulgated by the director under section 179.71, subdivision 5, clause (g);

(d) (c) to hear and decide on the record from determinations of the director relating to a fair share fee challenge decided under section 179.71, subdivision 2.

Sec. 37. Minnesota Statutes 1978, Section 268.12, Subdivision 3, is amended to read:

Subd. 3. [RULES, REGULATIONS.] Notwithstanding any inconsistent provision of law the commissioner is hereby authorized to adopt, amend, or rescind regulations as may be necessary for the administration of sections 268.03 to 268.24. Each proposed regulation, excepting those relating solely to the internal operation of the department, shall be published in one or more newspapers of general circulation in this state and be filed with the secretary of state prior to the time of publication. Any person or association desiring a copy of any proposed regulations shall file with the commissioner a written request therefor, containing his or its name and address. For a period of two years after the filing of such request the commissioner, at or prior to the time of any publication, shall mail to such person or association a copy of such proposed regulations. Each such proposed regulation, if theretofore approved by the attorney general as to form and legality, shall become final and effective 30 days after the publication thereof. Any employer, employee, or other person whose interest is or may be affected thereby may object to any such proposed regulation within ten days after publication thereof by filing with the commissioner a petition setting forth the grounds of objection to the proposed regulation and request a hearing thereon, whereupon a hearing shall thereafter be had before the commissioner or his duly authorized representative at a time and place designated by the commissioner or such representative after due notice of said hearing has been served by certified mail, upon the objecting party or parties not less than ten days before said hearing. In the event that the commissioner elects to amend such regulation after such hearing, then such amended regulation shall be filed with the secretary of state and a copy thereof mailed to each of the persons and associations who have filed a request for copies of proposed regulations as provided herein, and such amended regulation shall become effective five days after such filing and mailing. Judicial notice of any rule, regulation or order duly filed or published under the provisions of this subdivision shall be taken adopted pursuant to the provisions of chapter 15.

Sec. 38. Minnesota Statutes 1978, Section 299A.03, Subdivision 8, is amended to read:

Subd. 8. [DISTRIBUTION OF GRANTS; APPROPRIATION.] The crime control planning board shall distribute money given to it for distribution for law enforcement or criminal justice purposes. All moneys received by the state from the federal government or any other sources for distribution by the crime control planning board are appropriated to the board. The board shall distribute money to state, regional and local agencies consistent with procedures, criteria and priorities which are promulgated by rule. To the extent that moneys to be distributed are federal moneys, the procedures, criteria and priorities shall be consistent with federal crime control acts and guidelines in respect to distribution of federal money. Before distributing money to a regional or local agency, the crime control planning board shall have determined that the activities to be funded will not be contrary to the statewide comprehensive plan. Individual activities may be funded by the board, or it may elect to distribute money in a block grant to an agency for use in more than one approved activity. The board shall not fund an activity until it has approved a procedure for evaluation of the recipient agency's use of the money.

Sec. 39. Minnesota Statutes 1978, Section 15.0412, Subdivision 1, is amended to read:

15.0412 [RULES, PROCEDURES.] Subdivision 1. Each agency shall adopt, amend, suspend or repeal its rules in accordance with the procedures specified in sections 15.0411 to 15.052, and only pursuant to authority delegated by law and in full compliance with its duties and obligations. Except as provided in subdivision 3, sections 15.0411 to 15.052 shall not be authority for an agency to adopt, amend, suspend or repeal rules. No agency shall adopt a rule which duplicates language contained in Minnesota Statutes unless the hearing examiner determines that duplication of the language is crucial to the ability of a person affected by a rule to comprehend its meaning and effect. *When presented with a rule for endorsement pursuant to section 40, the revisor of statutes should indicate in the endorsement that the rule duplicates statutory language.*

Sec. 40. Minnesota Statutes 1978, Section 15.0412, Subdivision 2a, as added by section 5, is further amended to read:

Subd. 2a. *The revisor of statutes may upon request, provide technical and legal assistance to state agencies in drafting rules. No procedure to adopt a rule, temporary rule, or emergency rule, shall be initiated by any agency until the agency presents it to the revisor of statutes and the revisor endorses on the rule that its form is approved. The revisor may assist in drafting rules as provided by section 57.*

Sec. 41. Minnesota Statutes 1978, Section 15.0412, Subdivision 3, is amended to read:

Subd. 3. Each agency shall adopt rules, *in the form prescribed by the revisor of statutes, setting forth the nature and require-*

ments of all formal and informal procedures related to the administration of official agency duties to the extent that those procedures directly affect the rights of or procedures available to the public.

Sec. 42. Minnesota Statutes 1978, Section 15.0412, Subdivision 4, as amended by section 6, is further amended to read:

Subd. 4. No rule shall be adopted by any agency unless the agency first holds a public hearing thereon, affording all affected interests an opportunity to participate. Each agency shall maintain a list of all persons who have registered with the agency for the purpose of receiving notice of rule hearings. The agency may inquire as to whether those persons on the list wish to maintain their names thereon and may remove names for which there is a negative reply or no reply within 60 days. The agency shall, at least 30 days prior to the date set for the hearing, give notice of its intention to hold a hearing by United States mail to all persons on its list, and by publication in the state register. Each agency may, at its own discretion, also contact persons not on its list and may give notice of its intention to hold a hearing in newsletters, newspapers or other publications or through other means of communication. The notice in the state register shall include the full text of the rule proposed for adoption and, when amending existing rules, whatever portion of the existing rules is necessary to provide adequate notice of the nature of the proposed action. When an entire rule is proposed to be repealed or renumbered, the agency need only publish that fact, giving the exact citation to the rule to be repealed or renumbered in the notice.

Sec. 43. Minnesota Statutes 1978, Section 15.0412, Subdivision 4a, as amended by section 6, is further amended to read:

Subd. 4a. With the approval of the chief hearing examiner, the agency may incorporate by reference provisions of federal law or rule or other materials from sources which the chief hearing examiner determines are conveniently available for viewing, copying and acquisition by interested persons. The chief hearing examiner shall not approve incorporation by reference of federal law or rule or other materials which are less than 3000 words in length or which would require less than five pages of publication in the state register. An agency may incorporate by reference into its rules text from the Minnesota Statutes, the United States Statutes at Large, the United States Code, the Laws of Minnesota, the Code of Federal Regulations, the Federal Register, and other publications which are determined by the revisor of statutes, after consultation with the chief hearing examiner, to be conveniently available to the public.

Sec. 44. Minnesota Statutes 1978, Section 15.0412, Subdivision 4e, as amended by section 6, is further amended to read:

Subd. 4e. If the agency adopts the rule as recommended by the hearing examiner, it shall be submitted with the complete hearing record to the attorney general, who shall review the rule as to form and its legality and its form to the extent the form relates to legal-

ity. If the chief hearing examiner determines that the proposed final rule of the agency is substantially different from that which was proposed at the public hearing, he shall advise the agency of actions which will correct the defects, and the agency shall not adopt the rule until the chief hearing examiner determines that the defects have been corrected. If the agency, the chief hearing examiner or the attorney general requests, the hearing examiner shall cause a transcript to be prepared of the hearing. The agency shall give notice to all persons who requested to be informed that the hearing record has been submitted to the attorney general. This notice shall be given on the same day that the record is submitted. The attorney general shall, within 20 days, either approve or disapprove the rule. If he approves the rule, he shall promptly file two copies of it in the office of the secretary of state. If he disapproves the rule, he shall state in writing his reasons therefor, and the rule shall not be filed in the office of the secretary, nor published. *The secretary of state shall forward one copy of each rule filed to the revisor of statutes.*

Sec. 45. Minnesota Statutes 1978, Section 15.0412, Subdivision 4f, as amended by section 6, is further amended to read:

Subd. 4f. A rule shall become effective after it has been subjected to all requirements described in subdivisions 4 through 4g and five working days after publication in the state register, as hereinafter provided, unless a later date is required by statutes or specified in the rule. If the rule as adopted does not differ from the proposed rule as published in the state register, publication may be made by publishing notice in the state register that the rule has been adopted as proposed and by publishing a citation to the prior publication. If the rule as adopted differs from the proposed rule, the adopted rule or subdivisions thereof which differ from the proposed rule shall be published together with a citation to the prior state register publication of the remainder of the proposed rule.

Sec. 46. Minnesota Statutes 1978, Section 15.0412, is amended by adding a subdivision to read:

Subd. 4g. No rule shall be filed with the secretary of state or published in the state register unless the revisor of statutes has endorsed on the rule that it is approved as to form.

Sec. 47. Minnesota Statutes 1978, Section 15.0412, Subdivision 4g, as added by section 7, is further amended to read:

Subd. 4g 4h. When an agency determines that its proposed adoption, amendment, suspension or repeal of a rule will be non-controversial in nature, it may utilize the provisions herein in lieu of the provisions of subdivisions 4 through 4g 4g. The agency shall publish a notice of its intent to adopt the rule without public hearing, together with the proposed rule, in the state register, and shall give the same notice by United States mail to persons who have registered their names with the agency pursuant to subdivision 4. When an entire rule is proposed to be repealed or renumbered, the agency need only publish that fact, giving the exact

citation to the rule to be repealed or renumbered in the notice. The notice shall include a statement advising the public:

(1) that they have 30 days in which to submit comment on the proposed rule;

(2) that no public hearing will be held unless seven or more persons make a written request for a hearing within the 30 day comment period;

(3) of the manner in which persons shall request a hearing on rules proposed pursuant to this subdivision; and

(4) that the rule may be modified if modifications are supported by the data and views submitted.

Before the date of the notice, the agency shall prepare a statement of need and reasonableness which shall be available to the public. For at least 30 days following the notice, the agency shall afford all interested persons an opportunity to object to the lack of a hearing and to submit data and views on the proposed rule in writing. The proposed rule may be modified if the modifications are supported by the data and views submitted to the agency and do not result in a substantial change. If, during the 30 day period allowed for comment, seven or more persons submit to the agency a written request for a hearing of the proposed rule, the agency shall proceed under the provisions of subdivisions 4 through 4f. 4g. In the event that a hearing is required, a citation in the state register to the prior publication of the proposed rule may be substituted for republication unless the agency has modified the proposed rule. If no hearing is required, the agency shall submit to the attorney general the proposed rule and notice as published, the rule as proposed for adoption, any written comments received by the agency, and a statement of need and reasonableness for the rule. The agency shall give notice to all persons who requested to be informed that these materials have been submitted to the attorney general. This notice shall be given on the same day that the record is submitted. The attorney general shall approve or disapprove the rule as to ~~form~~ and its legality and its form to the extent the form relates to legality, including the issue of substantial change, within 14 days. If he approves the rule, he shall promptly file two copies of it in the office of the secretary of state. If he disapproves the rule, he shall state in writing his reasons therefor, and the rule shall not be filed in the office of the secretary of state, nor published. The rule shall become effective upon publication in the state register in the same manner as provided for adopted rules in subdivision 4f. *The secretary of state shall forward one copy of each rule to the revisor of statutes.*

No rule shall be filed with the secretary of state or published in the state register unless the revisor of statutes has endorsed on the rule that it is approved as to form.

Sec. 48. Minnesota Statutes 1978, Section 15.0412, Subdivision 5, as amended by section 9, is further amended to read:

Subd. 5. When an agency is directed by statute, federal law or

court order to adopt, amend, suspend or repeal a rule in a manner that does not allow for compliance with subdivisions 4 through 4g 4h, or if an agency is expressly required or authorized by statute to adopt temporary rules, the agency shall adopt temporary rules in accordance with this subdivision. The proposed temporary rule shall be published in the state register and . For at least 20 days ~~thereafter~~ *after publication* the agency shall afford all interested persons an opportunity to submit data and views on the proposed temporary rule in writing. The proposed temporary rule may be modified if the modifications are supported by the data and views ~~submitted to the agency~~. The agency shall submit to the attorney general the proposed temporary rule as published, with any proposed modifications. The attorney general shall review the proposed temporary rule as to ~~form and its legality and its form to~~ *the extent the form relates to legality* and shall approve or disapprove the proposed temporary rule and any proposed modifications within five working days. The temporary rule shall take effect upon approval of the attorney general. *The attorney general shall file two copies of the approved rule with the secretary of state.* Failure of the attorney general to approve or disapprove within five working days shall be deemed approval. As soon as practicable notice of the attorney general's decision shall be published in the state register and the adopted rule shall be published in the manner as provided for adopted rules in subdivision 4. Temporary rules adopted under this subdivision shall be effective for not longer than 90 days and may be reissued or continued in effect for an additional 90 days, but may not immediately be reissued thereafter without following the procedure of either subdivisions 4 through 4g or 4h. *The secretary of state shall forward one copy of each approved and filed temporary rule to the revisor of statutes.*

No approved temporary rule shall be filed with the secretary of state or published in the state register unless the revisor of statutes has endorsed on the rule that it is approved as to form.

Sec. 49. Minnesota Statutes 1978, Section 15.0412, Subdivision 9, as added by section 11, is further amended to read:

Subd. 9. The agency shall, within six months after issuance of the hearing examiner's report, either withdraw the proposed rules or publish its adopted final action in the state register. If the agency has not *both filed the rules with the secretary of state and* published its adopted final action in the state register within six months, it shall not proceed to adopt the subject rules without rehearing the rules pursuant to all the procedures of this section, and it shall report to the appropriate committees of the legislature and to the governor its failure to adopt rules and the reasons for that failure.

Sec. 50. Minnesota Statutes 1978, Section 15.0412, is amended by adding a subdivision to read:

Subd. 10. *For the purpose of obtaining the revisor's approval of the form of a rule prior to filing the rule with the secretary of state, a copy of the rule shall be submitted to the revisor at the*

same time it is submitted to the attorney general as required by subdivisions 4d, 4e, and 5. Within five days the revisor shall notify the attorney general and the agency of whether he or she will approve the form of the rule when it is presented for his or her endorsement.

Sec. 51. Minnesota Statutes 1978, Section 15.0413, Subdivision 1, as amended by section 12, is further amended to read:

15.0413 [EFFECT OF ADOPTION OF RULES; PUBLICATION; APPROPRIATION.] Subdivision 1. Every rule approved by the attorney general and filed in the office of the secretary of state as provided in section 15.0412 shall have the force and effect of law five working days after its publication in the state register unless a later date is required by statute or specified in the rule. The secretary of state shall keep a permanent record of rules filed with that office open to public inspection. ~~Should a discrepancy exist between the rules published in the state register and the rules on file with the secretary of state, the rules on file with the secretary of state shall have effect.~~

Sec. 52. Minnesota Statutes 1978, Section 15.05, is amended to read:

15.05 [PUBLICATION ACCOUNT.] An administrative rules and A state register publication account is created in the state treasury. All receipts from the sale of rules and the state register shall be deposited in the account. All funds in the administrative rules and state register publication account in the state treasury are appropriated annually to the commissioner of administration to carry out the provisions of sections 15.047 and section 15.051.

Sec. 53. Minnesota Statutes 1978, Section 15.051, Subdivision 1, is amended to read:

15.051 [STATE REGISTER.] Subdivision 1. **[PURPOSE.]** The commissioner of administration shall publish a state register containing all notices for hearings concerning rules, giving time, place and purpose of the hearing and the full text of the action being proposed. Further, the register shall contain all rules, amendments, suspensions, or repeals thereof, pursuant to the provisions of this chapter. The commissioner shall further publish any executive order issued by the governor which shall become effective 15 days after publication except as provided in section 4.035, subdivision 2. The commissioner shall further publish any official notices in the register which a state agency requests him to publish. Such notices shall include, but shall not be limited to, the date on which a new agency becomes operational, the assumption of a new function by an existing state agency, or the appointment of commissioners. The commissioner may prescribe the form, *excluding the form of the rules*, and manner in which agencies submit any material for publication in the state register, and he may withhold publication of any material not submitted according to the form or procedures he has prescribed.

The commissioner of administration may organize and distribute the contents of the register according to such categories

as will provide economic publication and distribution and will offer easy access to information by any interested party.

Sec. 54. Minnesota Statutes 1978, Section 15.051, Subdivision 3, is amended to read:

Subd. 3. [SUBMISSION OF ITEMS FOR PUBLICATION.] Any state agency which desires to publish a notice of hearing, rule or regulation or change thereof shall submit a copy of the entire document, including dates when adopted, and filed with the secretary of state, to the commissioner of administration in addition to any other copies which may be required to be filed with the commissioner by other law.

The revisor of statutes shall provide assistance to the commissioner if requested. Alternatively, the commissioner may designate a contract compositor to whom the assistance is to be supplied. The assistance, in either case, shall consist of furnishing a machine readable computer tape, or similar services, for rules which are available in the revisor's computer data base and for which a written copy has been submitted by an agency to the commissioner for publication in the state register.

Sec. 55. Minnesota Statutes 1978, Section 648.31, is amended by adding a subdivision to read:

Subd. 6. [AGENCY RULES.] *The revisor may integrate agency rules adopted pursuant to Minnesota Statutes, Section 15.0412, Subdivisions 4, 4a to 4h, and 5, into the Minnesota Statutes, or publish the rules as an adjunct to the Minnesota Statutes, or coordinate publication of the rules with the Minnesota Statutes.*

Sec. 56. Minnesota Statutes 1978, Section 648.43, is amended to read:

648.43 [PAMPHLETS AUTHORIZED.] ~~The commissioner of administration is required to~~ *revisor of statutes shall compose, print and deliver in pamphlet form such editions or pamphlets containing parts of the Minnesota Statutes, parts of Minnesota Rules, or combinations of parts of the Statutes and Rules as may be necessary for the use of public officers and departments, the cost thereof to be borne by the office or department requesting the same pamphlets. Such* ~~The printing shall be discretionary, limited to actual needs as shown by experience or other competent proof. The revisor shall use a standard form for the pamphlets.~~

Sec. 57. [648.50] [COMPILATION AND DRAFTING OF ADMINISTRATIVE RULES.] Subdivision 1. *The revisor of statutes shall:*

(a) formulate a plan for the compilation of all permanent agency rules and, to the extent practicable, temporary agency rules, including their order, classification, arrangement, form, and indexing, and any appropriate tables, annotations, cross references, citations to applicable statutes, explanatory notes and other appropriate material to facilitate use of the rules by the public, and for the compilation's composition, printing, binding and distribution;

(b) publish the compilation of agency rules which shall be called "Minnesota Rules" for the year of the compilation's publication;

(c) periodically either publish a supplement or a new compilation, which includes all rules adopted since the last supplement or compilation was published and removes rules incorporated in prior compilations or supplements which are no longer effective;

(d) periodically prepare and submit to the appropriate agency those revisions of the rules, which will, if adopted by the agency, in accordance with section 15.0412, subdivisions 4a to 4g, clarify, modernize or simplify the text of the rule without substantive alteration;

(e) maintain an agency rules drafting department to draft or aid in the drafting of rules or amendments to rules for any agency in accordance with the objective or other instructions which the agency shall give the revisor;

(f) prepare and publish an agency rules drafting guide which shall set out the form and method of drafting rules and amendments to rules, and to which all rules shall comply; and

(g) copyright any compilations and or supplements in the name of the state of Minnesota.

Subd. 2. The revisor of statutes shall file with the secretary of state one copy of each compilation or supplement which is published. The copy shall contain the revisor's certificate that the rules contained in the compilation or supplement have been compared to the original rules filed with the secretary of state and are correctly incorporated into the compilation.

Subd. 3. Any compilation or supplement published by the revisor and containing his certificate is prima facie evidence of the administrative rules in all courts and proceedings. A compilation or supplement shall not be construed as repealing an unpublished rule. If there is any inconsistency through omission or otherwise between a compilation or supplement, the state register, and a rule filed with the secretary of state, the rule filed with the secretary shall prevail.

Subd. 4. In preparing a compilation or supplement, the revisor shall not alter the sense, meaning or effect of any rule, but may renumber rules, paragraphs, clauses or other parts of a rule; combine or divide rules, paragraphs, clauses or other parts of a rule; rearrange the order of rules, paragraphs, clauses, or other parts of a rule; move paragraphs, clauses, or other parts of a rule to another rule; change reference numbers to agree with renumbered rules, paragraphs, clauses or other parts of a rule; substitute the proper rule, paragraph, clause, or other part of a rule for the term "this rule", "the preceding rule" and the like; substitute numbers for written words and written words for numbers; substitute the date on which the rule becomes effective for the words "the effective date of this rule", and the like; change capitalization for the purpose of uniformity; correct manifest clerical or typograph-

ical errors; correct all misspelled words; and correct manifest grammatical and punctuation errors.

The revisor shall provide headnotes as catch words to rules and, if appropriate, to paragraphs, clauses, or other parts of a rule. The headnotes are not part of the rule even if included with the rule when it is adopted. The revisor shall change headnotes to clearly indicate the subject matter of the rules.

Subd. 5. Insofar as economically feasible, the revisor shall utilize the same equipment, computer assistance and procedures for drafting agency rules and publishing compilations and supplements as for preparing bill drafts and statutory publications.

Subd. 6. In determining the form of rules the revisor shall:

- (a) minimize duplication of statutory language;
- (b) not permit incorporations into the rules by reference of publications which are not conveniently available to the public;
- (c) to the extent practicable, use plain language in rules and avoid technical language; and
- (d) amend rules by showing the text of the rule, paragraph, clause, or other part of a rule being amended, as it is shown in the latest compilation or supplement, or, if not yet published in a compilation or supplement, then as the text is shown in the state register, with changes shown by striking and underlining words.

Subd. 7. Any compilation, reissue, or supplement published by the revisor shall be sold by the revisor for a reasonable fee and its proceeds deposited in the general fund. An agency shall purchase from the revisor the number of copies of the compilation or supplement needed by the agency. The revisor shall provide one copy of any compilation or supplement to all Minnesota county libraries and to any public library upon its request.

Sec. 58. [648.51] [PUBLICATION OF MINNESOTA RULES.] Notwithstanding any provision of law to the contrary, the revisor of statutes may obtain competitive bids from and enter into contracts with the lowest responsible bidder for compiling, editing, indexing, composition, printing, binding, distribution, or other services, if the work either cannot be performed by the revisor or it is uneconomical for the revisor to do so.

Sec. 59. The department of administration may not, as part of publishing the Minnesota Code of Agency Rules, renumber rules or compile them in a form different from that adopted by an agency. This limitation does not restrict an agency from renumbering or recompiling its own rules in accordance with the procedures of chapter 15. If it is determined by the commissioner of administration and the revisor of statutes that the product will be compatible with work to be done by the revisor under sections 50 to 69, the department may complete any work currently in progress to create a computer data base of agency rules. If com-

pleted, a computer tape of the completed data base and a printed copy shall be delivered to the revisor of statutes.

Sec. 60. *In the next and subsequent editions of Minnesota Statutes the revisor of statutes shall substitute the term "office of administrative hearings" for "office of hearing examiners" in every place where the latter term is used.*

Sec. 61. [REPEALER.] *Minnesota Statutes 1978, Sections 5.21, and 15.0423 are repealed.*

Sec. 62. [REPEALER.] *Minnesota Statutes 1978, Section 15.047, is repealed.*

Sec. 63. [EFFECTIVE DATE.] *Sections 1, 2, 5, 24, and 34 are effective the day after final enactment. Section 3 is effective on August 1, 1981. Section 7 is effective on September 1, 1980. Section 8 is effective on July 1, 1980. Any variance to a rule granted by an agency prior to the effective date of section 3 is valid notwithstanding the fact that the agency had not promulgated a rule governing the granting of variances at the time the variance was granted. Sections 39 to 51 and 53 to 59 are effective July 1, 1981, except that section 57, subdivision 1, clause (a) is effective July 1, 1980. Sections 52 and 62 are effective July 1, 1982.*

Sec. 64. *A law enacted at the 1980 regular session styled as H.F. No. 1121, Article XII, Section 9, is amended to read:*

Sec. 9. [CONTESTED CLAIMS PROCEDURE.] Subdivision 1. *If a claimant agency, except for a public agency responsible for child support enforcement, receives written notice of a debtor's intention to contest at hearing the claim upon which the intended set-off is based, it shall initiate a hearing according to contested case procedures established in the state administrative procedure act not later than 30 days after receipt of the debtor's request for a hearing. The public agency responsible for child support enforcement shall provide for hearing in the manner prescribed by Minnesota Statutes, Section 256.045.*

This amendment is effective notwithstanding that H.F. No. 1121 may be approved or effective at a time later than this section. This section is effective the day after final enactment."

Delete the title and insert:

"A bill for an act relating to state government; changing certain administrative procedures; providing for the compilation of agency rules and their publication by the revisor of statutes; amending Minnesota Statutes 1978, Sections 3.965; 15.0412, Subdivisions 1, 2, 3, 4, 5, and by adding subdivisions; 15.0413, Subdivisions 1 and 2; 15.0418; 15.0419, Subdivisions 1, 2 and 4; 15.0422; 15.0424, Subdivisions 1, 2 and 6; 15.0425; 15.0426; 15.047, Subdivision 2; 15.05; 15.051, Subdivisions 1, 2 and 3; 15.052, Subdivisions 1, 2, 3, 4, 5, 7, 8 and 9; 15.1691, Subdivision 3; 179.71, Subdivision 5; 179.72, Subdivision 3; 268.12, Subdivision 3; 299A.03, Subdivision 8; 648.31, by adding a subdivision; 648.43; and Minnesota Statutes, 1979 Supplement, Section 15.0411, Subdivision 2; and Chapter 648, by adding a section; repealing Minnesota Statutes 1978, Sections 5.21; 15.0423; and 15.047."

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

House Conferees: (Signed) Carl W. Kroening, James R. Casserly, William A. Crandall

Senate Conferees: (Signed) David D. Schaaf, John B. Keefe

Mr. Schaaf moved that the foregoing recommendations and Conference Committee Report on H. F. No. 874 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 874 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 48 and nays 7, as follows:

Those who voted in the affirmative were:

Anderson	Hughes	Laufenburger	Penny	Staples
Bang	Humphrey	Lessard	Perpich	Stokowski
Barrette	Johnson	Luther	Peterson	Strand
Bernhagen	Keefe, J.	Merriam	Renneke	Stumpf
Davies	Keefe, S.	Moe	Schaaf	Tennessen
Dietrich	Kirchner	Nelson	Schmitz	Ulland, J.
Dunn	Kleinbaum	Nichols	Setzepfandt	Vega
Engler	Knaak	Olhoff	Sieloff	Willet
Gearty	Knoll	Olson	Sikorski	
Hanson	Knutson	Omann	Solon	

Those who voted in the negative were:

Coleman	Purfeerst	Stern	Ueland, A.	Wegener
Gunderson	Rued			

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

SPECIAL ORDER

H. F. No. 1873: A bill for an act relating to local government in Ramsey county; providing for the membership and dues of the Ramsey county league of local governments; amending Laws 1963, Chapter 728, Section 1, as amended.

Mr. Stumpf moved to amend H. F. No. 1873, as follows:

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 1978, Section 245.812, Subdivision 2, is amended to read:

Subd. 2. In determining whether a license shall be issued, the commissioner shall specifically consider the population, size, land use plan, availability of community services and the number and size of existing public and private community residential facilities in the town, municipality or county in which an applicant seeks to operate a residence. ~~Except as specified in section 252.28,~~ Under no circumstances may the commissioner newly license any group

residential facility pursuant to Laws 1976, Chapter 243 if such residential facility will be within 1,320 feet of any existing community group residential facility unless the appropriate town, municipality or county zoning authority grants the facility a conditional use or special use permit. *With the exception of foster family homes the requirements of this subdivision apply to all licensed residential facilities, and for cities of the first class apply even if a facility is considered a permitted single family residential use of property according to subdivision 3.*

Sec. 2. Minnesota Statutes 1978, Section 252.28, Subdivision 3, is amended to read:

Subd. 3. (1) No new license shall be granted pursuant to this section when the issuance of the license would substantially contribute to an excessive concentration of community residential facilities within any town, municipality or county of the state.

(2) In determining whether a license shall be issued pursuant to this subdivision, the commissioner of public welfare shall specifically consider the population, size, land use plan, availability of community services and the number and size of existing public and private community residential facilities in the town, municipality or county in which a licensee seeks to operate a residence. Under no circumstances may the commissioner newly license any facility pursuant to this section if the facility will be within 300 feet of any existing community residential facility, unless the appropriate town, municipality or county zoning authority grants the facility a conditional use or special use permit except as provided in Minnesota Statutes, Section 245.812. The commissioner of public welfare shall establish uniform rules and regulations to implement the provisions of this subdivision.

(3) Licenses for community facilities and services shall be issued pursuant to section 245.821.

Sec. 3. [SAINT PAUL, CITY OF; EMPLOYMENT OF UNIVERSITY OR COLLEGE STUDENTS.] *Notwithstanding any contrary provision of the Saint Paul city charter, a statute, including the veterans preference act, or a civil service rule or regulation, the governing body or any board or commission of the city of Saint Paul having authority to hire employees may employ university, college, or professional school students pursuant to an intern or other training program related to their academic endeavors when the program is sponsored or substantially financed by the state or the United States or by a philanthropic foundation or organization. Persons hired under a program shall be in the unclassified service of the city and serve at the pleasure of the body employing them. No full time appointment under this section shall exceed one year. Persons employed under this section shall be excluded from the provisions of Minnesota Statutes, Sections 268.03 to 268.24.*

Sec. 4. Subdivision 1. *If the city of St. Paul issues a building permit in violation of law, charter or ordinance, it may, upon discovery of the error, revoke the permit and require removal of the*

construction. The city may indemnify the person to whom the permit was issued for costs incurred because of the erroneous issuance.

If construction in the city of St. Paul has been inadvertently entered on land owned by the city or dedicated to a public use and no other legal or equitable remedy is satisfactory to the city, the city may acquire and remove all or part of the structure by eminent domain in accordance with Minnesota Statutes, Chapter 117. A taking of property pursuant to this section is a taking for a public purpose.

Subd. 2. This section is effective retroactively upon approval by the governing body of the city of St. Paul and compliance with Minnesota Statutes, Section 645.021 and expires July 1, 1981.

Sec. 5. Notwithstanding any contrary law or charter provision, commencing with the budget year starting January 1, 1981, and continuing thereafter, the expense of keeping the court house and city hall for the county of Ramsey and city of Saint Paul in normal repair and the necessary expense of heating and maintaining it shall be paid by the county of Ramsey and the city of Saint Paul based upon their respective exclusive usage or occupancy of the building. No later than September 1 of each year the joint court house and city hall committee shall determine the proportionate square foot exclusive usage or occupancy of the building by the county and city respectively and shall submit the determination to the county board and city council together with the recommended annual budget for the next year's expenses.

Sec. 6. Laws 1959, Chapter 690, Section 2, as amended by Laws 1963, Chapter 729, Section 1, and Laws 1971, Chapter 599, Section 1, is amended to read:

Sec. 2. [ST. PAUL, CITY OF; INDEPENDENT SCHOOL DISTRICT NO. 625; EMPLOYEES SEVERANCE PAY.] The provisions, rules and regulations under any such ordinance for such payment of severance pay by said city, authorized under the foregoing provisions of section 1 hereof, shall be applicable to all employees of said city other than its elected city officials. Such severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits, and shall be paid over a period not to exceed five years from termination of employment. The amount of such severance pay allowable or to become payable in respect of any such employment or to any such employee after December 31, 1973, shall not exceed \$4,000 an amount equivalent to one year of pay.

Sec. 7. Laws 1978, Chapter 693, Section 2, is amended to read:

Sec. 2. [EFFECTIVE DATE.] This act Laws 1978, Chapter 693 is effective upon its approval by the board of commissioner of Washington county and compliance with Minnesota Statutes, Section 645.021 and expires two years after that date until April 1, 1981."

Page 3, line 11, delete "This act" and insert: "Sections 3, 4, and 6 are effective upon the day of compliance by the city of St.

Paul with section 645.021, subdivision 3. Section 7 is effective upon the day of compliance by Washington county with section 645.021, subdivision 3. Sections 1, 2, and 5 are effective the day after final enactment. Section 8"

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to local government; regulating zoning of certain facilities; authorizing certain actions by the city of Saint Paul; setting conditions of employment for certain Washington county employees; providing for the membership and dues of the Ramsey county league of local governments; amending Minnesota Statutes 1978, Sections 245.812, Subdivision 2; and 252.28, Subdivision 3; and Laws 1959, Chapter 690, Section 2, as amended; Laws 1963, Chapter 728, Section 1, as amended; and Laws 1978, Chapter 693, Section 2."

The motion prevailed. So the amendment was adopted.

Mr. Sikorski moved to amend the Stumpf amendment to H. F. No. 1873, adopted by the Senate April 11, 1980, as follows:

Pages 4 and 5, delete section 7

Page 5, line 9, delete everything after the period

Page 5, delete line 10

Page 5, line 11, delete "*subdivision 3.*"

Page 5, line 12, delete "8" and insert "7"

Amend the title amendment as follows:

Page 5, line 24, before "Laws" insert "and" and at the end of the line delete "; and"

Page 5, delete line 25 except for the period

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

Mr. Hughes moved to amend H. F. No. 1873 as follows:

Page 3, after line 10, insert:

"Sec. 2. Subdivision 1. Notwithstanding the provisions of any law, home rule charter, ordinance or resolution to the contrary, no statutory or home rule charter city located in the area, as defined in Minnesota Statutes, Section 473F.02, Subdivision 2, shall require that a person be a resident of the city as a condition of employment by the city except for positions which by their duties require the employee to live on the premises of the person's place of employment. For the purposes of this section, elected municipal officials shall not be considered to be employed by the city.

Subd. 2. This section is effective on the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "prohibiting certain cities from establishing residency requirements as a condition of employment;"

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

H. F. No. 1873 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 56 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Knutson 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 the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S. F. No. 2419: A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results and technical errors of a noncontroversial nature; amending Minnesota Statutes, 1979 Supplement, Section 204A.23; Laws 1980, Chapters 341, Section 8; 345, Section 17; 357, Section 21; 358, Section 2; 361, Section 6; and 373, by adding a section; amending laws enacted at the 1980 regular session styled as S. F. No. 1865, by adding a section; S. F. No. 2117, Sections 1 and 2; H. F. No. 1710, Section 15; H. F. No. 1878, Section 8; and H. F. No. 1942, Section 3.

Senate File No. 2419 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1980

CONCURRENCE AND REPASSAGE

Mr. Davies moved that the Senate concur in the amendments by the House to S. F. No. 2419 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 2419 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 57 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Keefe, J. voted in the negative.

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 1550: A bill for an act proposing an amendment to the Minnesota Constitution, Article V, Section 3; removing the requirement that notaries public be approved by the senate; amending Minnesota Statutes 1978, Section 359.01.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 10, 1980

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2304 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2304 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 11, 1980

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2304

A bill for an act relating to initiative; proposing an amendment to the Minnesota Constitution, Article VII by adding a section; authorizing initiative on laws; providing a statute implementing the amendment; providing for the manner of petitioning and voting on initiative measures; providing for disclosure of campaign costs on ballot issues; providing that expenditures to promote or defeat a measure may not be taken as a deduction or credit against income taxes; providing for judicial review; providing penalties; amending Minnesota Statutes 1978, Sections 10A.01, Subdivision 15; 10A.20, by adding a subdivision; 203A.31, Subdivisions 2 and 3; 204A.24; 204A.40, Subdivision 2; 204A.53, Subdivision 3; 290.09, Subdivision 2; 290.21, Subdivision 3; and 645.02.

April 11, 1980

The Honorable Fred C. Norton
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 2304, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2304 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE I

INITIATIVE AND REFERENDUM

Section 1. Subdivision 1. An amendment to the Minnesota Constitution is proposed to the people. If the amendment is adopted, a new section shall be added to Article IV, which shall read:

Sec. 27. [INITIATIVE AND REFERENDUM.] A law may be initiated or referred for repeal upon petition by eligible voters. An initiative or referendum measure shall be placed on the ballot at a general election if petitions for the measure are signed by eligible voters in each congressional district of the state in a number not less than five percent of the number of persons who voted at the last general election in that congressional district. An initiative or referendum measure shall be adopted upon the affirmative vote of a majority of those voting on the question. The voters may not initiate or refer for repeal a constitutional amendment, an appropriation or a special law.

The governor shall have no power to approve or veto an initiative or referendum measure adopted by the voters.

No law adopted by initiative shall be amended or repealed and no law repealed by referendum shall be reenacted by the legislature until another general election has intervened.

The sponsors of an initiative or referendum measure, if the legislature enacts a law with a similar scope and purpose, may elect to place the measure on the ballot or to abandon the measure. If the measure is not abandoned, the legislature may submit the law which it has enacted to a vote of the people in the same manner as an initiative or referendum measure at the election at which the initiative or referendum measure is submitted. If a law enacted by the legislature is submitted to the people at the same election as an initiative or referendum measure, it shall not be subject to veto by the governor and it shall not be effective unless approved by a majority of those voting on the question.

The legislature shall implement the provisions of this section by law.

This section expires January 1, 1985.

Sec. 2. The amendment proposed in section 1 shall be submitted to the people at the 1980 general election. The question submitted shall be:

"Shall the Minnesota Constitution be amended to provide for initiative and referendum?"

Yes

No

Sec. 3. [3B.01] [CITATION.] Sections 3 to 30 may be cited as "The Initiative and Referendum Implementation Act".

Sec. 4. [3B.02] [DEFINITIONS.] Subdivision 1. The words defined by this section shall, when used in sections 3 to 30, have the meanings given them.

Subd. 2. "General election" is as defined in section 200.02, subdivision 2.

Subd. 3. "Measure" means the proposed law in an initiative petition or the law proposed to be repealed in a referendum petition.

Subd. 4. "Petition drive" means the organized process by which the sponsors and their authorized agents solicit eligible voters to sign initiative or referendum petitions.

Subd. 5. "Eligible voter" has the meaning provided in section 200.02, subdivision 25.

Subd. 6. "Sponsors" means the persons specified by section 5, subdivision 2, clause (a).

Sec. 5. [3B.03] [PREPARATION FOR PETITIONING ON AN INITIATIVE OR REFERENDUM MEASURE.] Subdivision 1. Before circulation of any petitions to have an initiative or referendum measure placed on the ballot, the sponsors shall file a declaration with the secretary of state not later than March 1 of an odd numbered year.

Subd. 2. The declaration shall:

(a) State the names, mailing addresses and any business or residential phone numbers of not less than 50 eligible voters with an indication of who is the chairman and who is the treasurer;

(b) State the name and mailing address of all committees, groups or organizations known to the sponsors who intend to support the petition drive on the measure or otherwise aid the sponsors;

(c) Give a description of the intent or purpose if an initiative or referendum measure;

(d) For a referendum measure, give a precise citation of the law, or portion of a law, which the sponsors seek to have referred. The citation shall be to the Laws of Minnesota, by chapter and, if appropriate, section number, or to the chapter, section or subdivision if the latest edition of Minnesota Statutes;

(e) State a short title by which the sponsors want the initiative or referendum measure to be identified and which is not misleading; and

(f) State the name, address and phone number of a person who is generally available to work on the final form and wording of the measure and is authorized to approve its final form and wording.

Subd. 3. The secretary of state shall provide a sample declaration form.

Subd. 4. The sponsors shall pay to the secretary of state a filing fee of \$200 which shall be deposited in the general fund.

Sec. 6. [3B.04] [ADVICE BY REVISOR OF STATUTES.] Subdivision 1. The secretary of state shall immediately forward one copy of each declaration provided for in section 5 to the revisor of statutes. The secretary of state shall also advise the sponsors to consult with the revisor.

Subd. 2. The revisor of statutes shall, within 42 days after the filing of the declaration, prepare a final draft of an initiative or referendum measure. The intent and purpose may be amplified or refined by the sponsor authorized in the declaration to approve the form and wording of the measure. The revisor shall advise that sponsor as to the measure's constitutionality, and the best form of the measure to accomplish the sponsors' intent and purpose. However, if the revisor and the sponsors disagree as to the best form and content of the measure to accomplish the sponsors' intent and purpose, or disagree as to constitutionality, the directions of the sponsors shall prevail. All discussions by the revisor with the sponsors shall be treated by the revisor as confidential. If, after consulting with the revisor, the sponsors do not desire the revisor's assistance, they shall sign a written waiver of assistance. The waiver shall then be filed with the secretary of state and the revisor, together with a final draft of the initiative or referendum measure prepared by the sponsors. Together with the final draft prepared by the revisor, or within seven days after receiving the waiver and final draft prepared by the sponsors, the revisor shall furnish the sponsors and the secretary of state with a summary of the measure to be proposed to the people.

Subd. 3. The form of initiative and referendum measures shall conform to the form of bills considered by the legislature. The enacting clause shall be "BE IT ENACTED BY THE PEOPLE OF THE STATE OF MINNESOTA". No initiative or referendum measure shall embrace more than one subject. The measure may not provide for the form of the ballot question by which it would be submitted to the electors.

Subd. 4. If the sponsors, within 63 days after filing their declaration have not filed with the secretary of state either the revisor's final draft of the measure or their waiver of assistance from the revisor and a final draft of the measure prepared by them, the petition drive shall be deemed abandoned.

Sec. 7. [3B.05] [PETITIONS FOR INITIATIVE OR REFERENDUM.] *Subdivision 1. Each initiative or referendum petition shall consist of as many copies as the sponsors print, each of which shall be not more than one sheet of paper and contain the following on the front:*

(a) In not less than 24 point bold type on a 30 point body at the top of the front page, the printed words "OFFICIAL INITIATIVE (OR REFERENDUM) PETITION";

(b) The short title by which the initiative or referendum measure is to be identified and the chairman of the sponsors;

(c) The summary of the measure prepared by the revisor;

(d) A statement that a verbatim copy of the initiative or referendum measure is available for public examination at the office of the secretary of state or any county auditor; and

(e) Space for eligible voters to sign the petition including space for the signature, printed name, telephone number, mailing address, county and congressional district of residence and an indication of status as eligible voter.

Subd. 2. On the front or back of each petition shall be an affidavit for the person circulating the petition which shall include his name, mailing address, and phone number; indicate that he circulated the petition; indicate that to the best of his knowledge each of the signers is an eligible voter and resident in the county and congressional district indicated; identify the sponsors on whose behalf the petition was circulated; and state the period during which it was circulated.

Subd. 3. At the time the final draft of the initiative or referendum measure is filed with the secretary of state, as provided by section 6 the sponsors shall also file a copy of the petition with the secretary of state. Within seven days the secretary shall examine the petition and determine whether it complies with this section. If the petition complies, the secretary shall approve it and notify the sponsors. If the secretary finds that the form of the petition is not in compliance, he shall disapprove it and order it redrafted. The secretary shall notify the sponsors that the petition is not in compliance with the law and specify what changes are necessary to bring it into compliance. Failure to refile a new peti-

tion drafted in accordance with the secretary's instructions not later than seven days after the secretary's notice constitutes abandonment of the petition drive. Upon refiling, the secretary shall again examine the petition for its compliance with this section and approve it or again reject it within seven days after the refiling. The petition may subsequently be refiled until it is found to comply with the law and rules.

Subd. 4. The secretary of state shall, within seven calendar days after approving the initiative or referendum petition, send to the county auditor in each county a verbatim copy of the initiative or referendum measure as on file in his office.

Sec. 8. [3B.06] [TIME OF CIRCULATION OF INITIATIVE OR REFERENDUM PETITIONS; VOLUNTARY ABANDONMENT.] Subdivision 1. Initiative and referendum petitions may only be circulated on those days of odd numbered years which are more than eight calendar days after the date of the secretary of state's approval of the petition. This limitation shall not prevent the sponsors from undertaking organizational activity or completing the procedures of sections 5, 6 or 7 prior to the time petitions are circulated.

Subd. 2. The sponsors may voluntarily abandon the petition drive any time before December 31 of the year in which the petitions are filed or the date on which the petition is certified by the secretary of state as provided in section 14, whichever occurs first. To abandon the drive, a declaration to that effect shall be filed with the secretary of state. The filing of the declaration shall not prevent other sponsors from beginning a similar or identical petition drive. All petitions signed prior to the declaration are invalid upon the filing of the declaration and may not subsequently be utilized by the new sponsors.

Subd. 3. Petitions which are signed but never filed, or which are filed but the number of signatures is later determined to be insufficient, are invalid on June 1 after the year in which they were signed. The petitions may not be used for similar or identical petition circulation efforts in subsequent years.

Sec. 9. [3B.07] [AMOUNT OF SIGNATURES FOR INITIATIVE OR REFERENDUM.] An initiative or referendum measure shall be placed on the ballot if petitions for the measure are signed by eligible voters in each congressional district of the state in a number not less than five percent of the number of persons who voted at the last general election in that congressional district. For the purpose of determining the number of persons who voted at the last general election, when an election precinct contains more than one congressional district the number of persons voting at the last general election in that precinct shall be the number of persons who voted for the office of representative in congress in that portion of the precinct.

Sec. 10. [3B.08] [FILING OF PETITIONS.] The sponsors shall file the signed petitions with the secretary of state not later than October 1 of the year in which the petitions were circulated. Be-

fore filing the signed petitions the sponsors shall securely bind them together.

Only the sponsors, or those authorized in writing by the sponsors, may file petitions.

Sec. 11. [3B.09] [PETITIONS RECEIVED BY SECRETARY OF STATE AND SIGNATURES COUNTED.] The secretary of state shall determine the total number of signatures on the petitions filed and shall, not later than October 10, give written notification to the sponsors of the number of signatures in each congressional district. If the number of signatures filed is less than the minimum number of signatures required in a congressional district, petitions for additional signatures may be circulated for one additional period of 21 days commencing from the date of notification.

Sec. 12. [3B.10] [VERIFICATION OF PETITIONS.] Subdivision 1. Not later than December 31 of the year in which the petitions were signed the secretary of state shall determine whether a sufficient number of valid signatures has been obtained. The secretary may verify signatures by the random sampling method provided in section 13. County auditors shall assist the secretary in verifying signatures, at the secretary's request. Any eligible voter may challenge the number or validity of signatures on the petition. The secretary of state shall determine the contest of the number or validity of signatures by an eligible voter.

Subd. 2. A signature is valid when:

- (a) It is signed by the person named;
- (b) It is voluntarily signed;
- (c) The signatory is an eligible voter;
- (d) The signatory is a resident of the congressional district indicated on the petition; and,
- (e) The signature is identifiable.

Subd. 3. An eligible voter contesting the sufficiency or validity of signatures shall file a protest within the time provided in subdivision 1 for the secretary of state to verify the petitions or within seven days of the determination of the secretary of state under subdivision 1, whichever occurs earlier. The protest shall include a brief statement of the evidence of insufficiency or invalidity. If an eligible voter contests the sufficiency or validity of signatures in bad faith, he may be assessed costs of the contest up to a maximum of \$200. The secretary of state shall hear evidence and determine contests within 21 days after the protest is filed.

Subd. 4. If the secretary of state determines that the number of valid signatures is less than the number required, he shall so notify the sponsors and petitions for additional signatures may be circulated for an additional period of 21 days, in the case of a determination of an actual number deficiency, or 35 days, in the

case of an estimated number deficiency, commencing from the date of notification. The secretary shall verify a random sample of the additional signatures within 10 days of receiving them. If the verification from the random sample of the additional signatures does not show that the total number of valid signatures on the additional petitions is 100 percent or more of the deficiency, the secretary shall notify the sponsors. No further action shall then be taken on the petitions.

Sec. 13. [3B.11] [RANDOM SAMPLING METHOD OF SIGNATURE VERIFICATION.] Subdivision 1. A sample of signatures to be verified shall be drawn in such a manner that every signature filed with the secretary of state shall be given an equal opportunity to be included in the sample. The sample shall include five percent of the signatures.

Subd. 2. If the verification from the statistical sample shows that the total number of valid signatures on all the petitions is 100 percent or more of the minimum number of signatures needed to declare the number of petition signatures to be sufficient for each congressional district, the secretary of state shall determine the number of valid signatures to be sufficient. The number of valid signatures shall be determined by taking the total number of signatures filed in each congressional district and multiplying it by the percentage of signatures in the statistical sample which were found to be valid. In calculating the number of valid signatures, any fractions shall be rounded up to one.

Subd. 3. If the verification from the statistical sample shows that the number of valid signatures is less than 100 percent of the minimum number of signatures needed to declare the number of petition signatures to be sufficient for each congressional district, the secretary of state shall determine that the number of petition signatures is insufficient. The secretary shall give the sponsors written notice of what percentage of the signatures is valid.

Sec. 14. [3B.12] [CERTIFICATION BY SECRETARY OF STATE.] If the number of petition signatures from each congressional district meets the minimum number required, the secretary of state shall certify the sufficiency of the initiative or referendum petitions to the sponsors and all county auditors. The question of adoption of a proposed law in an initiative petition or of repeal of a law in a referendum petition shall then be placed on the ballot for the general election. The secretary of state's certificate shall state the wording of the question to be placed on the ballot. The executive council shall recommend to the secretary of state a wording for the question. The ballot question shall be a true and impartial statement of the intent and purpose of the initiative or referendum measure. It shall be in similar form as a ballot question for a legislative proposal of a constitutional amendment.

Sec. 15. [3B.13] [ABANDONMENT OF INITIATIVE OR REFERENDUM.] The sponsors of an initiative or referendum measure may abandon the measure after the sufficiency and

validity of the petition is certified by the secretary of state and before June 1 of the even numbered year after the petition is filed, if the legislature has enacted a law with a similar scope and purpose during that period. The measure is abandoned if four-fifths of the sponsors sign a written declaration abandoning the measure and the declaration is filed with the secretary of state. If an initiative or referendum measure is abandoned as provided in this section it shall not be placed on the ballot and the petition shall not be effective to initiate any other proposed law or refer any other existing law.

Sec. 16. [3B.14] [PLACEMENT OF LAW ON BALLOT.] *If an initiative or referendum petition has been certified so that an initiative or referendum measure will appear on the ballot at the next general election and the legislature enacts a law with a scope and purpose similar to that of the initiative or referendum measure during its regular session in that general election year, the legislature may place that law on the ballot in the manner provided for an initiative or referendum measure under section 14. The law shall appear on the ballot as provided by the legislature unless the initiative or referendum measure is abandoned as provided in section 15.*

Sec. 17. [3B.15] [NUMBERING OF BALLOT MEASURES.] *The secretary of state shall number in consecutive order each initiative or referendum ballot measure with the wording "BALLOT QUESTION". Ballot questions shall be numbered sequentially starting from the number one for the first ballot question certified to be placed on the ballot after the effective date of this section. Ballot questions which are certified to appear on the ballot in general elections in subsequent years shall be numbered sequentially beginning with the first number after the number of the last ballot question at the last general election. The order shall be assigned by the secretary of state in the order that it is finally determined that each question will be placed on the statewide ballot at the next general election.*

Sec. 18. [3B.16] [BALLOTS, VOTING AND CANVASSING OF INITIATIVE OR REFERENDUM QUESTIONS.] *On all initiative and referendum measures, the ballots shall be prepared, voting conducted, results canvassed, contests conducted and results certified as provided by chapters 200 to 209.*

Sec. 19. [3B.17] [TIME OF ELECTION ON INITIATIVE AND REFERENDUM QUESTIONS.] *Voting upon initiative or referendum questions shall be held only at a general election.*

Sec. 20. [3B.18] [SIMULTANEOUS PETITIONS FOR INITIATIVE MEASURES.] *Nothing shall prevent multiple simultaneous petition drives involving identical initiative or referendum measures whether by the same or different sponsors. However, the first determination by the secretary of state of the sufficiency of the signatures for one measure shall automatically constitute abandonment of the other petition drives as of the date of the secretary's determination.*

Sec. 21. [3B.19] [COSTS OF COUNTY AUDITORS TO VERIFY SIGNATURES.] *Subdivision 1. The state of Minnesota shall reimburse all county auditors for all reasonable costs of assisting in the verification of signatures on initiative or referendum petitions.*

Subd. 2. Each year prior to May 1, each auditor shall submit to the secretary of state a verified statement of expenditures incurred in the previous calendar year. The statement shall specify how all costs were incurred.

Subd. 3. The secretary of state shall, within 30 days after receipt of each auditor's statement, pay to each county auditor the costs which the secretary determines are reasonable.

Subd. 4. The secretary of state shall, by rule, provide for the standards of what costs will be reimbursed by the state.

Sec. 22. [3B.20] [RESOLUTION OF CONFLICTS BETWEEN INITIATIVE OR REFERENDUM MEASURES.] *Subdivision 1. Nothing shall prevent petitioning for measures which are apparently in substantial conflict.*

Subd. 2. If two or more measures which substantially conflict are adopted by a vote of the people, including a measure placed on the ballot by the legislature, the one receiving the highest number of affirmative votes shall be effective. In the event that it is finally determined that the measures received an equal number of affirmative votes, neither measure shall become effective, but they shall again be placed on the ballot at the next general election.

Subd. 3. A petition may be filed with the district court by any eligible voter alleging that two or more adopted measures substantially conflict. A copy of the petition shall be served upon the sponsors and upon the attorney general. The district court shall issue its findings and conclusions within 60 days of the filing of the petition.

Subd. 4. The district court shall find that two or more measures substantially conflict when any material provision in one measure is irreconcilable with a material provision in another measure. Upon a finding that any provisions of measures substantially conflict, the district court shall find that the entire measures conflict and state which measure prevails under the provisions of subdivision 2.

Sec. 23. [3B.21] [PUBLICATION OF ADOPTED INITIATIVE MATTERS.] *Subdivision 1. Initiative or referendum measures which are adopted by the people shall be published by the revisor of statutes in the laws of Minnesota for the legislative session for the year subsequent to the year of the election at which the law is adopted. Initiative and referendum measures shall be placed in a separate section of the Laws of Minnesota and given chapter numbers by the revisor of statutes distinctive from the chapter numbers given legislative enactments by the secretary of state.*

Subd. 2. If an initiative or referendum measure is adopted by the people, the revisor of statutes may incorporate it into the next edition of the Minnesota Statutes or the supplement to the Minnesota Statutes in the same manner as for legislative enactments.

Sec. 24. [3B.22] [LITERATURE MUST INCLUDE NAMES.] Any person or committee who shall publish, issue, post, circulate, or cause to be published, issued, posted, circulated, other than in a newspaper as provided in section 25, any literature, campaign material, or any publication, including cards, pamphlets, flyers, signs, banners, leaflets, announcements, or other material tending to influence desire to sign or refusal to sign an initiative or referendum petition or the voting at an election on a ballot issue, which fails to prominently display the name and mailing address of the author, the name of the person or committee in whose behalf the same is published, issued, posted, or circulated, and the name and mailing address of any other person or committee causing the same to be published, issued, posted, circulated, or broadcasted shall be guilty of a misdemeanor.

Sec. 25. [3B.23] [PAID ADVERTISEMENTS IN NEWS.] Subdivision 1. No publisher of a newspaper, periodical, or magazine shall insert in that newspaper, magazine, or periodical, and no radio or television station shall broadcast any matter paid or to be paid for which tends or is intended to influence directly or indirectly the desire to sign or refusal to sign an initiative or referendum petition or any voting at an election on a ballot issue unless it is prominently indicated that it is a paid advertisement. There shall also be a statement of the amount paid or to be paid, or a statement that the same is to be paid at regular advertising rates, the name of the person or committee in whose behalf the matter is inserted or broadcast and of any other person or the names of the officer and the committee authorizing the publication.

Subd. 2. To the extent that any person sells either advertising space or broadcast time used on behalf of any measure, the charges made shall not exceed the charges made for any other comparable purpose or use according to the seller's rate schedule.

Sec. 26. [3B.24] [DISCLOSURE TO ETHICAL PRACTICES BOARD.] For the purpose of section 10A.01, subdivision 15, "political committee" includes any association organized to promote or defeat a ballot question, including the sponsors of a petition as defined by section 4, subdivision 6, and any association that gives implicit or explicit consent for any other person to receive contributions or make expenditures to promote or defeat a ballot question.

Sec. 27. [3B.25] [PROHIBITIONS.] Subdivision 1. No person shall:

(a) Be paid compensation for signing an initiative or referendum petition;

(b) Willfully refuse to file a statement of expenses regarding an initiative or referendum measure when required by law;

(c) Publish any literature, campaign material or any publication including cards, pamphlets, flyers, signs, banners, leaflets, or other material or any radio or television broadcast regarding an initiative or referendum measure which does not bear the identification required by law;

(d) Publish in any newspaper, periodical or magazine any paid advertising matter relating to an initiative or referendum measure which does not contain the identification required by law;

(e) File a petition for an initiative or referendum measure with the secretary of state without the written authorization of the sponsors;

(f) Induce a person to sign a petition by fraud, force or the threat of force;

(g) Pay compensation for signing an initiative or referendum petition;

(h) Publish or broadcast any information regarding an initiative or referendum measure with knowledge that it is false and which tends to substantially affect adoption or rejection of the measure when the publication or broadcast is undertaken primarily for the purpose of influencing adoption or rejection;

(i) Sign a petition with a name other than his own name; or

(j) Intentionally sign the same petition more than once.

Subd. 2. Any person violating any provision of subdivision 1, clauses (a), (b), (c), (d) or (e) is guilty of a misdemeanor. Any person violating any provision of subdivision 1, clauses (f), (g), (h), (i) or (j) is guilty of a gross misdemeanor.

Sec. 28. [3B.26] [ACTION BY AND NOTIFICATIONS TO SPONSORS.] Subdivision 1. Only sponsors, or those authorized by them in writing, may file any required document or statement regarding initiative or referendum petitions, measures or campaigns including election contests or petition signature count or validity contests.

Subd. 2. The signature of the chairman, of the sponsors, or a person authorized in writing by the chairman, is sufficient to authorize the filing of any statement or document required by law. If the chairman authorizes another person to file any statement or document, a copy of the authorization shall be attached to the filed statement or document.

Subd. 3. If notice is required to be given to the sponsors, it shall be given to those persons provided in subdivision 2 who may authorize any filing.

Sec. 29. [3B.27] [DATES OF ACTIONS.] Subdivision 1. In sections 3 to 30, whenever an action is required to be taken on a specified date or by the end of an elapsed number of days, and that day is a Saturday, Sunday or a legal holiday, the action shall be accomplished on the next day which is not a Saturday, Sunday or a legal holiday.

Subd. 2. In sections 3 to 30, whenever a document is required to be filed or received, only physical deposit of the document with the indicated person constitutes filing or receipt. A mailing date within the time period is not sufficient.

Sec. 30. [3B.28] [JUDICIAL REVIEW OF INITIATIVE OR REFERENDUM MATTERS.] *Subdivision 1. The district court shall have original jurisdiction of any suit involving:*

(a) the sufficiency of the number or validity of signatures on petitions after the administrative determinations by the secretary of state have been exhausted; or,

(b) resolution of conflicts between initiative or referendum measures as provided by section 22; or,

(c) any suit alleging the unconstitutionality of an adopted initiative or referendum measure.

Subd. 2. Venue for all suits and criminal prosecutions involving initiative or referendum matters shall be in the district court in Ramsey County.

Subd. 3. Suits contesting a final administrative determination of the number or validity of signatures on petitions shall be filed not later than 10 calendar days after the final determination.

Suits involving conflicts between initiative or referendum measures shall be filed prior to the effective date of the initiative or referendum measures.

Subd. 4. A court may defer the effective date of an adopted initiative or referendum measure when a deferral, in the discretion of the court, is found to be in the interest of justice.

Sec. 31. Minnesota Statutes 1978, Section 10A.20, is amended by adding a subdivision to read:

Subd. 2a. In addition to the reports required by subdivision 2, a political committee organized to promote or defeat a ballot question shall also file reports not later than five days after a petition to place the question on the ballot is certified pursuant to section 14.

Sec. 32. Minnesota Statutes 1978, Section 203A.31, Subdivision 2, is amended to read:

Subd. 2. [STATE PINK AND BLUE BALLOTS.] *There shall be one ballot on pink paper, hereinafter called the "pink ballot," upon which all propositions and questions constitutional amendments to be voted upon throughout the state shall be printed so that the voters may indicate by a mark (X) either a negative or affirmative vote. All initiative or referendum ballot questions shall be on one blue ballot. The order of the questions shall be in the order of their sequential numbers assigned pursuant to section 17. In preparing the pink ballot and blue ballots the secretary of state shall apply an appropriate title to each proposition and question, which title shall be approved by the attorney general, and shall consist of not more than one printed line above the proposition or*

question to which it refers. At the head of the ballot or in some other prominent place on the ballot there shall be printed conspicuously After each question on a constitutional amendment shall be printed a notice stating in substance that a voter's failure to vote on a constitutional amendment has the effect of a negative vote. The pink ballots shall be deposited in a separate pink ballot box. The blue ballots shall be deposited in a separate blue ballot box. They shall be counted, canvassed and returned as in the case of white ballots, and the tally books and return blanks shall provide suitable columns and spaces therefor. The total of the "yes" votes, the total of the "no" votes, and the total number of votes cast shall be reported in the returns.

Sec. 33. Minnesota Statutes 1978, Section 203A.31, Subdivision 3, is amended to read:

Subd. 3. [PREPARATION; PINK AND BLUE BALLOT.] The pink ballot and the blue ballot shall be prepared under the direction of the secretary of state and bound in blocks of 50, and a sufficient number thereof to enable the clerks to comply with the provisions of section 203A.11, subdivision 2 shall be forwarded by him by express to the auditor of each county at least 15 days before the general election, and receipts taken therefor, stating the number and date when received. Four weeks before the general election the secretary of state shall file sample copies of the pink and blue ballots in his office for public inspection, and three weeks before the election the secretary shall mail to the auditor of each county sample copies of the pink and blue ballots.

Sec. 34. Minnesota Statutes 1978, Section 204A.24, is amended to read:

204A.24 [EXPENSES.] The compensation prescribed in section 204A.23, clause (a), the cost of printing the white, blue, and pink ballots, and all necessary expenses incurred by the secretary of state in connection with elections, shall be paid by the state out of moneys not otherwise appropriated. The compensation prescribed in section 204A.23, clauses (b) and (c), the cost of printing the county and district canary ballots, all necessary expenses incurred by auditors in connection with elections, and the expenses of special county elections, shall be paid by the respective counties. The compensation prescribed in section 204A.23, clauses (d) and (e), the cost of printing the municipal light green ballots, of providing ballot boxes and polling places, and equipping the same, and all necessary expenses of the clerks of municipalities on account of elections, except special county elections, shall be paid by the respective towns or cities where the elections are held. All disbursements hereunder shall be presented, audited, and paid as in the case of other public expenses.

Sec. 35. Minnesota Statutes 1978, Section 204A.40, Subdivision 2, is amended to read:

Subd. 2. [BALLOTS, ORDER OF CANVASS.] The ballot boxes shall be opened, the votes counted, and the results declared, one box at a time in the following order: the white box, the pink box, the blue box, the canary box, the light green box, and other kinds

of ballots voted at the election except that if sufficient judges are available to provide counting teams of four or more judges evenly divided between the political parties for each box, an additional box or boxes may be opened and counted. The returns may not be finally prepared until the votes in all the boxes have been counted so as to allow corrections in case any errors have occurred by reason of the deposit of ballots in the wrong boxes.

Sec. 36. Minnesota Statutes, 1979 Supplement, Section 204A.53, Subdivision 3, is amended to read:

Subd. 3. [STATE CANVASS, GENERAL ELECTION.] After the general election, the canvassing board shall canvass the certified copies of the statements made by the county canvassing boards, and they shall prepare therefrom a statement of the following information:

(a) A statement of the whole number of votes counted for candidates for state offices, congressional offices, and such other candidates as shall be voted for in more than one county, specifying the several counties in which they were cast;

(b) The names of the persons receiving the votes and the number received by each, specifying the several counties in which they were cast; and

(c) The number of votes counted for and against each constitutional amendment, specifying the several counties in which they were cast; and

(d) *The number of votes counted for and against each initiative or referendum ballot measure.*

If the difference between the votes of a candidate for legislative office who would otherwise be declared elected by the state canvassing board and the votes of any other candidate for that office is 100 or less, the board shall recount the votes. A recount shall not delay any other part of the canvass and the results shall be certified as soon as possible. Time for notice of a contest of an election which is recounted shall begin to run upon completion of the recount and canvass for that office. A losing candidate may waive the recount required pursuant to this subdivision by filing a written notice of waiver with the canvassing board.

In case of a tie vote for any office, the result of which is to be certified by the state canvassing board, the board shall determine the tie by lot.

Sec. 37. Minnesota Statutes 1978, Section 290.09, Subdivision 2, is amended to read:

Subd. 2. [TRADE OR BUSINESS EXPENSES; EXPENSES FOR PRODUCTION OF INCOME.] (a) In General. There shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including

(1) A reasonable allowance for salaries or other compensation for personal services actually rendered;

(2) Traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and

(3) Rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity. For purposes of the preceding sentence, the place of residence of a member of congress within the state shall be considered his home, but amounts expended by such members within each taxable year for living expenses shall not be deductible for income tax purposes in excess of \$3,000.

(b) Expenses for Production of Income. In the case of an individual, there shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year.

(1) For the production or collection of income;

(2) For the management, conservation, or maintenance of property held for the production of income; or

(3) In connection with the determination, collection, or refund of any tax.

(c) Campaign expenditures in an amount not to exceed the limits set out in section 210A.22, not subsequently reimbursed, which have been personally paid by a candidate for public office if the candidate has complied with the expenditure limitations set out in section 210A.22:

(No deduction shall be allowed under this clause for any contribution or gift which would be allowable as a credit under section 290.21 were it not for the percentage limitations set forth in such section);

(d) All expense money paid by the legislature to legislators;

(e) The provisions of section 280A (disallowing certain expenses in connection with the business use of the home and rental of vacation homes) of the Internal Revenue Code of 1954, as amended through December 31, 1976, shall be applicable in determining the availability of any deduction under this subdivision.

(f) No deduction shall be allowed under this subdivision to a corporation for expenditures to promote or defeat the certification of an initiative or referendum proposal or the passage of an initiative or referendum measure which has qualified for the general election ballot, including a proposal or measure which materially affects the property, business, or assets of a corporation; nor shall a deduction be allowed to a corporation for contributions or payments made to an individual, organization, association, corporation, or committee any part of whose activities include efforts to promote or defeat the certification of an initiative or referendum proposal or the passage of an initiative or referendum measure which has qualified for the general election ballot, including a pro-

posal or measure which materially affects the property, business, or assets of a corporation.

Sec. 38. Minnesota Statutes, 1979 Supplement, Section 290.21, Subdivision 3, is amended to read:

Subd. 3. An amount for contribution or gifts made within the taxable year:

(a) to or for the use of the state of Minnesota, or any of its political subdivisions for exclusively public purposes,

(b) to or for the use of any community chest, corporation, organization, trust, fund, association, or foundation located in and carrying on substantially all of its activities within this state, organized and operating exclusively for religious, charitable, public cemetery, scientific, literary, artistic, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual,

(c) to a fraternal society, order, or association, operating under the lodge system located in and carrying on substantially all of their activities within this state if such contributions or gifts are to be used exclusively for the purposes specified in subdivision 3(b), or for or to posts or organizations of war veterans or auxiliary units or societies of such posts or organizations, if they are within the state and no part of their net income inures to the benefit of any private shareholder or individual, or to an employee stock ownership trust as defined in section 290.01, subdivision 25. Where the beneficiaries of a stock ownership trust include the transferor, his spouse, children, grandchildren, parents, siblings or their children, the amount of the deduction shall be reduced by the product of multiplying said amount by their percentage interest in the trust,

(d) to or for the use of the United States of America for exclusively public purposes, and to or for the use of any community chest, corporation, trust fund, association, or foundation, organized and operated exclusively for any of the purposes specified in subdivision 3(b) and (c) no part of the net earnings of which inures to the benefit of any private shareholder or individual, but not carrying on substantially all of their activities within this state, in an amount equal to the ratio of Minnesota taxable net income to total net income, provided, however, that for an individual taxpayer, the credit shall be allowed in an amount equal to the ratio of the taxpayer's gross income assignable to Minnesota to the taxpayer's gross income from all sources,

(e) to a political party, as defined in section 200.02, subdivision 7, or a political candidate, as defined in section 210A.01, or a political cause when sponsored by any party or association or committee, as defined in section 210A.01, in a maximum amount not to exceed the following:

(1) contributions made by individual natural persons, \$100,

(2) contributions made by a national committeeman, national committeewoman, state chairman, or state chairwoman of a political party, as defined in section 200.02, subdivision 7, \$1,000,

(3) contributions made by a congressional district committeeman or committeewoman of a political party, as defined in section 200.02, subdivision 7, \$350,

(4) contributions made by a county chairman or a county chairwoman of a political party, as defined in section 200.02, subdivision 7, \$150;

(f) in the case of an individual, the total credit against taxable net income allowable hereunder shall not exceed 30 percent of the taxpayer's Minnesota gross income as follows:

(i) the aggregate of contributions made to organizations specified in (a), (b) and (d) shall not exceed ten percent of the taxpayer's Minnesota gross income,

(ii) the total credits under this subparagraph for any taxable year shall not exceed 20 percent of the taxpayer's Minnesota gross income. For purposes of this subparagraph, the credits under this section shall be computed without regard to any deduction allowed under subparagraph (i) but shall take into account any contributions described in subparagraph (i) which are in excess of the amount allowable as a credit under subparagraph (i);

(g) in the case of a corporation, the total credit against net income hereunder shall not exceed 15 percent of the taxpayer's taxable net income less the credits allowable under this section other than those for contributions or gifts,

Provided that no credit shall be allowed to a corporation for contributions or gifts to any individual, association, corporation, committee, trust, fund, foundation, community chest, fraternal society, or organization for use in efforts to promote or defeat the certification of an initiative or referendum proposal or the passage of an initiative or referendum measure which has qualified for the general election ballot,

(h) in the case of a corporation reporting its taxable income on the accrual basis, if: (A) the board of directors authorizes a charitable contribution during any taxable year, and (B) payment of such contribution is made after the close of such taxable year and on or before the fifteenth day of the third month following the close of such taxable year; then the taxpayer may elect to treat such contribution as paid during such taxable year. The election may be made only at the time of the filing of the return for such taxable year, and shall be signified in such manner as the commissioner shall by regulations prescribe;

(i) in the case of a contribution or property placed in trust as described in section 170(f)(2) of the Internal Revenue Code of 1954, as amended through December 31, 1976, a credit shall be allowed under this subdivision to the extent that a deduction is allowable for federal income tax purposes.

Sec. 39. Minnesota Statutes 1978, Section 645.02, is amended to read:

645.02 [EFFECTIVE DATE AND TIME OF LAWS.] *Subdivision 1.* Each act, except one making appropriations, enacted finally at any session of the legislature takes effect on August 1 next following its final enactment, unless a different date is specified in the act.

Subd. 2. A special law required to be approved by the local government unit affected before it goes into effect becomes effective as to the approving unit the day following the day on which the certificate of approval prescribed by section 645.021, subdivision 1, is filed with the secretary of state, unless a later date is specified in the act. When approval of such a special law is required by two or more local government units before it may become effective, the day after the day when the last of the required certificates is filed is the effective date, unless a later date is specified in the act.

Subd. 3. An appropriation act or an act having appropriation items enacted finally at any session of the legislature takes effect at the beginning of the first day of July next following its final enactment, unless a different date is specified in the act.

Subd. 4. Any initiative or referendum measure adopted by the voters shall be effective on December 31 following the general election at which the initiative or referendum measure is adopted.

Subd. 5. Each act law takes effect at 12:01 a.m. on the day it becomes effective, unless a different time is specified in the act.

If a constitutional amendment is ratified at an election, the governor shall announce by proclamation that the amendment became effective 12:01 a.m. on the day after the election at which it was approved.

Sec. 40. [APPROPRIATION.] *The sum of \$25,000 is appropriated from the general fund to the secretary of state to carry out her duties under law. This appropriation is available December 1, 1980, if the amendment proposed by section 1 of this article is adopted as provided in the Minnesota Constitution and shall be available until June 30, 1981.*

Sec. 41. [EFFECTIVE DATE.] *Sections 3 to 39 are effective upon ratification of the amendment proposed in section 1 of this article as provided in the Minnesota Constitution and shall expire January 1, 1985.*

ARTICLE II

CONTRIBUTIONS AND EXPENDITURES IN BALLOT QUESTION CAMPAIGNS

Section 1. Minnesota Statutes 1978, Section 10A.01, Subdivision 7, is amended to read:

Subd. 7. "Contribution" means a transfer of funds or a donation in kind.

Contribution includes any loan or advance of credit to a political committee, political fund, or principal campaign committee, which loan or advance of credit is (a) forgiven, or (b) paid by an entity other than the political committee, political fund, or principal campaign committee to which the loan or advance of credit is made. If an advance of credit or a loan is forgiven or paid as provided in this subdivision, it is a contribution in the year in which the loan or advance of credit is made.

A contribution made for the purpose of defeating a candidate is considered made for the purpose of influencing the nomination or election of that candidate or any opponent of that candidate.

Contribution does not include services provided without compensation by an individual volunteering his time on behalf of a candidate, *ballot question*, political committee or political fund, or the publishing or broadcasting of news items or editorial comments by the news media.

Sec. 2. Minnesota Statutes 1978, Section 10A.01, Subdivision 7a, is amended to read:

Subd. 7a. "Transfer of funds" or "transfer" means money or negotiable instruments given by an individual or association to a political committee, political fund, or principal campaign committee for the purpose of influencing the nomination or election of a candidate *or for the purpose of promoting or defeating a ballot question*.

Sec. 3. Minnesota Statutes 1978, Section 10A.01, Subdivision 7b, is amended to read:

Subd. 7b. "Donation in kind" means anything of value other than money or negotiable instruments given by an individual or association to a political committee, political fund, or principal campaign committee for the purpose of influencing the nomination or election of a candidate *or for the purpose of promoting or defeating a ballot question*. Donation in kind includes an approved expenditure.

Sec. 4. Minnesota Statutes 1978, Section 10A.01, Subdivision 10, is amended to read:

Subd. 10. "Campaign expenditure" or "expenditure" means a purchase or payment of money or anything of value, or an advance of credit, made or incurred for the purpose of influencing the nomination or election of a candidate *or for the purpose of promoting or defeating a ballot question*.

An expenditure is considered to be made in the year in which the goods or services for which it was made are used or consumed.

An expenditure made for the purpose of defeating a candidate is considered made for the purpose of influencing the nomination or election of that candidate or any opponent of that candidate.

Except as provided in clause (a), *expenditure* includes the dollar value of a donation in kind.

Expenditure does not include:

- (a) Noncampaign disbursements as defined in subdivision 10c;
- (b) Transfers as defined in subdivision 7a;
- (c) Services provided without compensation by an individual volunteering his time on behalf of a candidate, *Ballot question*, political committee, or political fund; or
- (d) The publishing or broadcasting of news items or editorial comments by the news media.

Sec. 5. Minnesota Statutes 1978, Section 10A.01, Subdivision 15, is amended to read:

Subd. 15. "Political committee" means any association as defined in subdivision 3 whose major purpose is to influence the nomination or election of a candidate *or to promote or defeat a ballot question*.

"Political committee" includes a major political party as defined in subdivision 12, a minor political party as defined in subdivision 13, and any principal campaign committee formed pursuant to section 10A.19.

Sec. 6. Minnesota Statutes 1978, Section 10A.01, Subdivision 16, is amended to read:

Subd. 16. "Political fund" means any accumulation of dues or voluntary contributions by an association other than a political committee, which accumulation is collected or expended for the purpose of influencing the nomination or election of a candidate *or for the purpose of promoting or defeating a ballot question*.

Sec. 7. Minnesota Statutes 1978, Section 10A.01, is amended by adding a subdivision to read:

Subd. 23. "*Ballot question*" means a question or proposition which is placed on the ballot and which may be voted on by all voters of the state. "*Promoting or defeating a ballot question*" includes activities related to qualifying the question for placement on the ballot.

Sec. 8. Minnesota Statutes 1978, Section 10A.12, Subdivision 1, is amended to read:

10A.12 [POLITICAL FUNDS.] Subdivision 1. No association other than a political committee shall transfer more than \$100 in aggregate in any one year to candidates or political committees or make any approved or independent expenditure *or expenditure to promote or defeat a ballot question* unless the transfer or expenditure is made from a political fund.

Sec. 9. Minnesota Statutes 1978, Section 10A.20, Subdivision 3, is amended to read:

Subd. 3. Each report under this section shall disclose:

- (a) The amount of liquid assets on hand at the beginning of the reporting period;

(b) The name, address and employer, or occupation if self-employed, of each individual, political committee or political fund who within the year has made one or more transfers or donations in kind to the political committee or political fund, including the purchase of tickets for all fund raising efforts, which in aggregate exceed \$50 for legislative candidates or \$100 for statewide candidates or *ballot questions*, together with the amount and date of each transfer or donation in kind, and the aggregate amount of transfers and donations in kind within the year from each source so disclosed. A donation in kind shall be disclosed at its fair market value. An approved expenditure is listed as a donation in kind. A donation in kind is considered consumed in the reporting period in which it is received. The names of contributors shall be listed in alphabetical order;

(c) The sum of contributions to the political committee or political fund during the reporting period;

(d) Each loan made or received by the political committee or political fund within the year in aggregate in excess of \$100, continuously reported until repaid or forgiven, together with the name, address, occupation and the principal place of business, if any, of the lender and any endorser and the date and amount of the loan. If any loan made to the principal campaign committee of a candidate is forgiven at any time or repaid by any entity other than that principal campaign committee, it shall be reported as a contribution for the year in which the loan was made;

(e) Each receipt in excess of \$100 not otherwise listed under clauses (b) to (d);

(f) The sum of all receipts of the political committee or political fund during the reporting period;

(g) The name and address of each individual or association to whom aggregate expenditures, including approved expenditures, have been made by or on behalf of the political committee or political fund within the year in excess of \$100, together with the amount, date and purpose of each expenditure and the name and address of, and office sought by, each candidate on whose behalf the expenditure was made, *identification of the ballot question which the expenditure is intended to promote or defeat*, and, in the case of independent expenditures made in opposition to a candidate, the name, address and office sought for each such candidate;

(h) The sum of all expenditures made by or on behalf of the political committee or political fund during the reporting period;

(i) The amount and nature of any advance of credit incurred by the political committee or political fund, continuously reported until paid or forgiven. If any advance of credit incurred by the principal campaign committee of a candidate is forgiven at any time by the creditor or paid by any entity other than that principal campaign committee, it shall be reported as a donation in kind for the year in which the advance of credit was incurred;

(j) The name and address of each political committee, political fund, or principal campaign committee to which aggregate trans-

fers in excess of \$100 have been made within the year, together with the amount and date of each transfer;

(k) The sum of all transfers made by the political committee, political fund, or principal campaign committee during the reporting period;

(l) For principal campaign committees only, the sum of non-campaign disbursements made in each category listed in section 10 of this act 10A.01, subdivision 10c during the reporting period; and

(m) The sum of all noncampaign disbursements made by the political committee, political fund, or principal campaign committee during the reporting period.

Sec. 10. Minnesota Statutes 1978, Section 10A.20, Subdivision 6, is amended to read:

Subd. 6. Every candidate who does not designate and cause to be formed a principal campaign committee, and any individual who makes independent expenditures or expenditures expressly advocating the approval or defeat of a ballot question in aggregate in excess of \$100 in any year, shall file with the board a report containing the information required by subdivision 3. Reports required by this subdivision shall be filed on the dates on which reports by committees and funds are filed.

Sec. 11. Minnesota Statutes 1978, Section 210A.26, Subdivision 3, is amended to read:

Subd. 3. [STATEMENTS OF POLITICAL COMMITTEES.] Statements shall also be made by any political committee showing the total amount of receipts and disbursements, and for what purpose such disbursements were made. Such statement shall be filed within 30 days after any primary, municipal, or general election:

(a) When the committee is organized to support a candidate for federal office with the filing officer of such candidate;

(b) When the committee is organized to support a candidate for a judicial district or county office with the auditor of the county in which such committee has its headquarters;

(c) When the committee is organized to support or oppose any constitutional amendment with the secretary of state;

~~(d) When the committee is organized to support a candidate for municipal office in municipalities having more than 20,000 population or to support or oppose propositions in elections in such municipalities with the filing officer of the municipality.~~

Sec. 12. Minnesota Statutes 1978, Section 210A.26, is amended by adding a subdivision to read:

Subd. 6. [BALLOT QUESTIONS.] Any individual, political committee, association or corporation that makes any contribution or expenditure to promote or defeat a ballot question shall

file reports as required by this subdivision. Reports shall be filed at the times required for filing financial statements under subdivision 1. Reports shall be filed with the official responsible for placing the question on the ballot. Each report shall show the following information, covering the period from the last report to seven days before the filing date:

(a) The name and address of each committee, individual, or other person to whom aggregate contributions or expenditures in excess of \$100 have been made to promote or defeat a ballot question, together with the amount, date and purpose of the contribution or expenditure;

(b) The total amount of contributions and expenditures made to promote or defeat a ballot question; and

(c) Identification of the ballot question which the individual, political committee, association or corporation seeks to promote or defeat.

The secretary of state shall prescribe the form for reports required under this subdivision and may do so without adopting rules pursuant to chapter 15.

For the purpose of this subdivision:

(1) "Ballot question" means a question or proposition, other than a ballot question as defined in section 10A.01, subdivision 23, which is placed on the ballot and which may be voted on by the voters of one or more political subdivisions of the state; and

(2) A contribution or expenditure for activities related to qualifying a question for placement on the ballot is a contribution or expenditure to promote or defeat the ballot question.

Sec. 13. Minnesota Statutes 1978, Section 210A.34, Subdivision 1, is amended to read:

210A.34 [CORPORATIONS NOT TO CONTRIBUTE TO POLITICAL CAMPAIGN; PERMITTED ACTIVITIES; REPORTS; PENALTIES.] Subdivision 1. It shall be unlawful for any corporation doing business in this state to ~~pay or contribute or make any contribution or to offer, consent or agree to pay or contribute~~ make any contribution, directly or indirectly, of any money, property, free service of its officers or employees or thing of value to any political party, organization, committee or individual for any political purpose ~~whatsoever, or to promote or defeat the candidacy of any person for nomination, election, or appointment to any political office.~~ For the purpose of this subdivision, "contribution" includes an expenditure to promote or defeat the election or nomination of any candidate to any political office which is made with the authorization or expressed or implied consent of, or in cooperation or in concert with, or at the request or suggestion of a candidate, his principal campaign committee or his agent.

Sec. 14. Minnesota Statutes 1978, Section 210A.34, is amended by adding a subdivision to read:

Subd. 1a. It shall be unlawful for any corporation doing business in this state to make any independent expenditure or to offer, consent or agree to make any independent expenditure to promote or defeat the candidacy of any person for nomination, election or appointment to any political office. For the purpose of this subdivision, "independent expenditure" means an expenditure which is not made with the authorization or expressed or implied consent of, or in cooperation or concert with, or at the request or suggestion of, a candidate, his principal campaign committee or his agent.

Sec. 15. Minnesota Statutes 1978, Section 210A.34, is amended by adding a subdivision to read:

Subd. 1b. A corporation doing business in this state may make contributions or expenditures to promote or defeat a ballot question, to qualify a question for placement on the ballot unless otherwise prohibited by law, or to express its views on issues of public concern. But no such contribution shall be made to any candidate for nomination, election or appointment to a political office or to any committee organized wholly or partly to promote or defeat such a candidate.

Sec. 16. Minnesota Statutes 1978, Section 210A.34, is amended by adding a subdivision to read:

Subd. 1c. Nothing in this section shall be construed to prohibit publication or broadcasting of news items or editorial comments by the news media.

Sec. 17. [EFFECTIVE DATE.] Sections 1 to 16 are effective the day following final enactment.

ARTICLE III CAMPAIGN FINANCING

Section 1. The following amendment to the Minnesota Constitution, Article VII, is proposed to the people. If the amendment is adopted a new section will be added to read as follows:

Sec. 9. [CAMPAIGN SPENDING LIMITS.] *The amount that may be spent by candidates for constitutional and legislative offices to campaign for nomination or election shall be limited by law. The legislature shall provide by law for disclosure of contributions and expenditures made to support or oppose candidates for state elective offices.*

Sec. 2. The proposed amendment shall be submitted to the people at the 1980 general election. The question submitted shall be:

"Shall the Minnesota Constitution be amended to require campaign spending limits for candidates for executive and legislative offices and public disclosure of campaign spending for all state candidates?"

Yes.....

No....."

Sec. 3. Minnesota Statutes 1978, Chapter 10A, is amended by adding a section to read:

[10A.255] [ADJUSTMENT BY CONSUMER PRICE INDEX.] *Subdivision 1. The dollar amounts provided in section 10A.25, subdivision 2, shall be adjusted for general election year 1984 and subsequent general election years as provided in this section. By June 1 of the general election year, the executive director of the board shall determine the percentage increase in the consumer price index from April of the last general election year to April of the year in which the determination is made. The dollar amounts used for the preceding general election year shall be multiplied by that percentage. The product of the calculation shall be added to each dollar amount to produce the dollar limitations to be in effect for the next general election. The product shall be rounded up to the next highest whole dollar. The index used shall be the revised consumer price index for all urban consumers for the St. Paul-Minneapolis metropolitan area prepared by the United States department of labor with 1967 as a base year.*

Subd. 2. The dollar amounts provided in section 10A.25, subdivision 2, shall be adjusted for 1982 in the manner provided in subdivision 1, except that the percentage increase in the consumer price index shall be determined from April of 1974 to April of 1982 and the adjustment shall be calculated by the executive director by June 1, 1982.

Sec. 4. Minnesota Statutes 1978, Section 10A.31, Subdivision 1, is amended to read:

10A.31 [DESIGNATION OF INCOME TAX PAYMENTS.] *Subdivision 1. Effective with the taxable years beginning after December 31, 1977 1979, every individual who files a tax return or a renter and homeowner property tax refund return with the commissioner of revenue may designate that \$1 \$2 shall be paid from the general fund of the state into the state elections campaign fund. If a husband and wife file a joint return, each spouse may designate that \$1 \$2 shall be paid. An individual who is 18 years of age or older, who is a resident of Minnesota, and who is a dependent of another individual who files a tax return or a renter and homeowner property tax refund return, may designate that \$1 \$2 shall be paid from the general fund of the state into the state elections campaign fund. No individual shall be allowed to designate \$1 \$2 more than once in any year.*

Sec. 5. Minnesota Statutes 1978, Section 10A.31, Subdivision 3, is amended to read:

Subd. 3. The commissioner of the department of revenue shall provide on the first page of the income tax form and the renter and homeowner property tax refund return notify a space for the filing individual and any adult dependent of that individual of his right to indicate whether or not he wishes to allocate \$1 \$2 (\$2 \$4 if filing a joint return) from the general fund of the state to finance the election campaigns of state candidates. The form shall also contain language prepared by the commissioner which per-

mits the individual to direct the state to allocate the \$1 \$2 (or \$2 \$4 if filing a joint return) to: (i) one of the major political parties; (ii) any minor political party as defined in section 10A.01, subdivision 13, which qualifies under the provisions of subdivision 3a; or (iii) all qualifying candidates as provided by subdivision 7. The dependent on the tax return or the renter and homeowner property tax refund return shall sign a statement which authorizes the designation of \$1 \$2. The renter and ~~homeowner~~ homeowner property tax refund return shall include instructions that the individual filing the return may designate \$1 \$2 on the return only if he has not designated \$1 \$2 on the income tax return.

Sec. 6. Minnesota Statutes 1978, Section 10A.31, Subdivision 5, is amended to read:

Subd. 5. In each calendar year the moneys in each party account and the general account shall be allocated to candidates as follows:

(a) (1) 21 percent for the offices of governor and lieutenant governor together;

(b) (2) 3.6 percent for the office of attorney general;

(c) (3) 1.8 percent each for the offices of secretary of state, state auditor and state treasurer;

(d) (4) In each calendar year during the period in which state senators serve a four year term, 23 $\frac{1}{3}$ percent for the office of state senator and 46 $\frac{2}{3}$ percent for the office of state representative;

(e) (5) In each calendar year during the period in which state senators serve a two year term, 35 percent each for the offices of state senator and state representative;

(f) (6) To assure that moneys will be returned to the counties from which they were collected, and to assure that the distribution of those moneys rationally relates to the support for particular parties or for particular candidates within legislative districts, moneys from the party accounts for legislative candidates shall be distributed as follows:

Each candidate for the state senate and state house of representatives whose name is to appear on the ballot in the general election shall receive moneys from his party account set aside for candidates of the state senate or state house of representatives, whichever applies, according to the following formula;

For each county within his district the candidate's share of the dollars allocated in that county to his party account and set aside for that office shall be:

(a) The sum of the votes cast in the last general election in that part of the county in his district for all candidates of his party (i) whose names appeared on the ballot in each voting precinct of the state and (ii) for the state senate and state house of representatives, divided by

(b) The sum of the votes cast in that county in the last general

election for all candidates of his party (i) whose names appeared on the ballot in each voting precinct in the state and (ii) for the state senate and state house of representatives, multiplied by

(c) The amount in his party account allocated in that county and set aside for the candidates for the office for which he is a candidate.

The sum of all the county shares calculated in the formula above is the candidate's share of his party account.

In a year in which an election for the state senate occurs, with respect to votes for candidates for the state senate only, "last general election" means the last general election in which an election for the state senate occurred.

For any party under whose name no candidate's name appeared on the ballot in each voting precinct in the state in the last general election, "last general election" means the last general election in which the name of a candidate of that party appeared on the ballot in each voting precinct in the state.

If in a district there was no candidate of a party for the state senate or state house of representatives in the last general election, or if a candidate for the state senate or state house of representatives was unopposed, the vote for that office for that party shall be the average vote of all the remaining candidates of that party in each county of that district whose votes are included in the sums in clauses (a) and (b). The average vote shall be added to the sums in clauses (a) and (b) before the calculation is made for all districts in the county.

Moneys Money from any a party account not distributed to candidates for state senator and representative in any election year shall be returned to the general fund of the state. Money from a party account not distributed to candidates for other offices in an election year shall be returned to the party account for reallocation to candidates as provided in clauses (1) to (6) of this subdivision in the following year. Moneys from the general account refused by any candidate shall be distributed to all other qualifying candidates in proportion to their shares as provided in this subdivision.

Sec. 7. Minnesota Statutes 1978, Section 10A.32, Subdivision 4, is amended to read:

Subd. 4. If a political party for whose candidates funds have been accumulated in the state elections campaign fund does not have a candidate for any the office of state senator or representative at a general election, the moneys set aside for that office shall be returned to the general fund of the state. If that party does not have a candidate for any other office at a general election the money set aside for that office shall be returned to the general account of the state elections campaign fund for reallocation to candidates as provided in section 10A.31, subdivision 5, clauses (1) to (6).

Sec. 8. [10A.316] Minnesota Statutes 1978, Sections 10A.25,

Subdivisions 2, 3, 4, 5, 6, 7 and 10; 10A.28, Subdivision 1; and 10A.32, Subdivisions 3 and 3b, as amended as of the effective date of this section, are repealed. Notwithstanding any law to the contrary, the tax credit provided in Minnesota Statutes, Section 290.06, Subdivision 11, may be allowed for contributions to any candidate as defined in Minnesota Statutes, Section 10A.01, Subdivision 5, without any agreement by the candidate to limit his campaign expenditures.

Sec. 9. [EFFECTIVE DATE.] *Subdivision 1. Sections 3 to 7 are effective upon ratification of the amendment to the Minnesota Constitution proposed in section 1 of this article as provided in the constitution.*

Subd. 2. Section 8 is effective December 31, 1981 if the amendment to the Minnesota Constitution proposed in section 1 of this article is not ratified as provided by the constitution."

Delete the title and insert:

"A bill for an act relating to elections; proposing an amendment to the Minnesota Constitution, Article IV, by adding sections, to provide for initiative and referendum; proposing an amendment to the Minnesota Constitution, Article VII, by adding a section, to require certain election campaign expenditures to be limited and disclosed by law; implementing the initiative and referendum process, including the manner of petitioning and voting on initiative and referendum measures and judicial review; permitting corporations to spend money to promote or defeat ballot questions; requiring disclosure of contributions and expenditures on ballot questions; increasing the campaign spending limits and the income tax check-off or repealing spending limits contingent on adoption or rejection of a constitutional amendment; imposing duties on certain officials; providing penalties; appropriating money; amending Minnesota Statutes 1978, Sections 10A.01, Subdivisions 7, 7a, 7b, 10, 15, 16, and by adding a subdivision; 10A.12, Subdivision 1; 10A.20, Subdivisions 3, 6 and by adding a subdivision; 10A.31, Subdivisions 1, 3 and 5; 10A.32, Subdivision 4; 203A.31, Subdivisions 2 and 3; 204A.24; 204A.40, Subdivision 2; 210A.26, Subdivision 3 and by adding a subdivision; 210A.34, Subdivision 1 and by adding subdivisions; 290.09, Subdivision 2; 645.02; Chapter 10A, by adding a section; and Minnesota Statutes, 1979 Supplement, Sections 204A.53, Subdivision 3; and 290.21, Subdivision 3; repealing Minnesota Statutes 1978, Sections 10A.25, Subdivisions 2 to 7 and 10; 10A.28, Subdivision 1, and 10A.32, Subdivisions 3 and 3b."

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

**House Conferees: (Signed) Michael R. Sieben, James C. Pehler
Raymond J. Kempe**

Senate Conferees: (Signed) Bill McCutcheon, Nicholas D. Coleman

Mr. McCutcheon moved that the foregoing recommendations and Conference Committee Report on H. F. No. 2304 be now

adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 2304 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 47 and nays 13, as follows:

Those who voted in the affirmative were:

Anderson	Hughes	Moe	Purfeerst	Strand
Ashbach	Humphrey	Nelson	Renneke	Stumpf
Bang	Keefe, J.	Nichols	Rued	Ueland, A.
Barrette	Kirchner	Ogdahl	Schmitz	Ulland, J.
Bernhagen	Knaak	Olhoft	Setzepfandt	Vega
Coleman	Knoll	Olson	Sieloff	Wegener
Dunn	Knutson	Omann	Sikorski	Willet
Engler	Laufenburger	Penny	Solon	
Gunderson	McCutcheon	Perpich	Staples	
Hanson	Menning	Peterson	Stokowski	

Those who voted in the negative were:

Brataas	Gearty	Kleinbaum	Merriam	Stern
Davies	Johnson	Lessard	Spear	Tennessen
Dieterich	Keefe, S.	Luther		

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

MEMBERS EXCUSED

Mr. Frederick was excused from the latter part of this evening's Session.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman moved that the Senate do now adjourn until 10:00 o'clock a.m., Saturday, April 12, 1980. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate