

THIRTY-THIRD DAY

St. Paul, Minnesota, Monday, April 13, 1981

The Senate met at 11:00 a.m. and was called to order by the President.

Prayer was offered by the Chaplain, Rev. Dr. Richard Vogeley.

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

Ashbach	Dieterich	Langseth	Peterson, C.C.	Spear
Bang	Engler	Lantry	Peterson, D.L.	Stern
Belanger	Frank	Lessard	Peterson, R.W.	Stokowski
Benson	Frederick	Lindgren	Petty	Stumpf
Berg	Frederickson	Luther	Pillsbury	Taylor
Bernhagen	Hughes	Menning	Purfeerst	Tennessen
Bertram	Humphrey	Merriam	Ramstad	Ulland
Brataas	Johnson	Moe, D.M.	Renneke	Vega
Chmielewski	Keefe	Moe, R.D.	Rued	Waldorf
Dahl	Knoll	Nelson	Schmitz	Wegener
Davies	Knutson	Olhoft	Setzepfandt	Willet
Davis	Kroening	Pehler	Sikorski	
Dicklich	Kronebusch	Penny	Solon	

The President declared a quorum present.

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

MEMBERS EXCUSED

Ms. Berglin, Messrs. Hanson and Sieloff were excused from the Session of today.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

April 8, 1981

The Honorable Harry A. Sieben, Jr.
Speaker of the House of Representatives

The Honorable Jack Davies
President of the Senate

I have the honor to inform you that the following enrolled Act of the 1981 Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No. 345	H.F. No.	Session Laws Chapter No. 22	Date Approved 1981 April 8	Date Filed 1981 April 8
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Sincerely,

Joan Anderson Growe
Secretary of State

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. 354: A bill for an act relating to taxation; modifying estate tax provisions; clarifying certain deductions; updating references to internal revenue code; clarifying the method of computing credits; clarifying exemptions and exclusions; providing for a statute of limitations; eliminating obsolete references; providing disclosure of data to certain persons; clarifying recording procedures; amending Minnesota Statutes 1980, Sections 290.01, Subdivision 20; 291.005, Subdivision 1; 291.03, Subdivision 1; 291.05; 291.065; 291.07, Subdivision 1; 291.08; 291.09, Subdivision 3a; 291.31, Subdivision 1; 291.48; and 600.21.

Senate File No. 354 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 9, 1981

Mr. Moe, R.D. moved that S. F. No. 354 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce the adoption by the House of the following House Concurrent Resolution, herewith transmitted:

House Concurrent Resolution No. 1: A House concurrent resolution expressing the appreciation of Minnesotans in this day of renewed patriotism to all Vietnam War veterans for their services to the people of the State of Minnesota; and encouraging local demonstrations to engender proper recognition of Vietnam veterans.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 10, 1981

Referred to the Committee on Veterans' Affairs.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H. F. Nos. 90, 386, 473, 875, 921, 972,

407, 606, 731 and 1321.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 9, 1981

FIRST READING OF HOUSE BILLS

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

H. F. No. 90: A bill for an act relating to administrative rules; clarifying which rules have the force of law; amending Minnesota Statutes 1980, Section 15.0413, Subdivision 1, and by adding subdivisions.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 258, now on General Orders.

H. F. No. 386: A bill for an act relating to the city of St. Paul; authorizing issuance of general obligation bonds for capital improvements; fixing amounts; amending Laws 1971, Chapter 773, Section 1, as amended; and Laws 1978, Chapter 788, Section 5.

Referred to the Committee on Taxes and Tax Laws.

H. F. No. 473: A bill for an act relating to energy; establishing rates and conditions of service for cogenerators and small power producers; proposing new law coded in Minnesota Statutes, Chapter 216B.

Referred to the Committee on Commerce.

H. F. No. 875: A bill for an act relating to local government; permitting Murray county and the city of Slayton to make joint powers agreements for the administration of county ditches.

Referred to the Committee on Agriculture and Natural Resources.

H. F. No. 921: A bill for an act relating to motor vehicles; adjusting bond provisions for dealers; requiring bonds for motorized bicycle dealers; amending Minnesota Statutes 1980, Section 168.27, Subdivision 24.

Referred to the Committee on Commerce.

H. F. No. 972: A bill for an act relating to financial institutions; increasing the percentage of capital and surplus a bank or trust company may invest in the stock of certain banks or bank holding companies; amending Minnesota Statutes 1980, Section 48.61, Subdivision 3.

Referred to the Committee on Commerce.

H. F. No. 407: A bill for an act relating to insurance; modifying the definition of a covered claim for purposes of the state's insurance guaranty association act; amending Minnesota Statutes 1980, Section 60C.09, Subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 726, now on General Orders.

H. F. No. 606: A bill for an act relating to highway traffic regulations;

specifying minimum property damage accident report requirements; making the report available to state agencies; amending Minnesota Statutes 1980, Section 169.09, Subdivisions 7 and 13.

Referred to the Committee on Transportation.

H. F. No. 731: A bill for an act relating to family; providing for solemnization of marriages by certain court officers; amending Minnesota Statutes 1980, Section 517.04.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 707, now on General Orders.

H. F. No. 1321: A resolution memorializing the Peace Corps in recognition of the outstanding achievements of Peace Corps volunteers from Minnesota on the occasion of the Peace Corps' 20th anniversary.

Referred to the Committee on Rules and Administration.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Wegener from the Committee on Local Government and Urban Affairs, to which was referred

S. F. No. 738: A bill for an act relating to metropolitan government; revising the metropolitan agricultural preserves act; amending Minnesota Statutes 1980, Sections 473H.02, Subdivisions 2 and 3; 473H.04, Subdivisions 1 and 2; 473H.05, Subdivision 1, and by adding a subdivision; 473H.06, Subdivisions 1, 2 and 5; 473H.08, Subdivision 4; 473H.09; 473H.14; 473H.15, by adding a subdivision; and 473H.16, Subdivision 3; proposing new law coded in Minnesota Statutes, Chapter 473H.

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

Page 1, after line 25, insert:

"Sec. 3. Minnesota Statutes 1980, Section 473H.02, is amended by adding a subdivision to read:

Subd. 11. "County recorder" means registrar of titles for the purposes of registered property."

Page 5, line 32, delete "township" and insert "town"

Page 7, after line 7, insert:

"Sec. 18. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after "and 3" insert " , and by adding a subdivision"

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

adopted.

Mr. Wegener from the Committee on Local Government and Urban Affairs, to which was referred

S. F. No. 1140: A bill for an act relating to statutory cities; raising the limitation on city contracts which the city manager may make; amending Minnesota Statutes 1980, Section 412.691.

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

Mr. Wegener from the Committee on Local Government and Urban Affairs, to which was referred

S. F. No. 782: A bill for an act relating to St. Louis county; revising the county civil service law; providing for commissioners' pay, provisional appointments, employment of resignees, and treatment of examination errors; amending Laws 1941, Chapter 423, Sections 2, as amended, 5, as amended, 11, 12, and 17.

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

Mr. Stumpf from the Committee on Elections and Reapportionment, to which was referred

S. F. No. 1045: A bill for an act relating to elections; providing for preparation of consolidated primary election ballots by counties at state expense; appropriating money; amending Minnesota Statutes 1980, Section 203A.23, Subdivision 1.

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

Page 2, line 1, after the dollar sign, insert "213,180"

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

Mr. Stumpf from the Committee on Elections and Reapportionment, to which was referred

S. F. No. 1064: A bill for an act relating to crimes; changing certain penalties and enforcement procedures in the fair campaign practices act; amending Minnesota Statutes 1980, Sections 210A.37 and 210A.42.

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

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1980, Section 210A.05, is amended by adding a subdivision to read:

Subd. 3. Any person violating the provisions of this section is guilty of a petty misdemeanor."

Page 1, line 18, delete "may" and insert "shall, except for an alleged violation of section 210A.05."

Page 1, line 19, reinstate "If any county"

Page 1, reinstate lines 20 to 25

Page 2, reinstate lines 1 to 14

Page 2, delete section 2

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after "Sections" insert "210A.05, by adding a subdivision; and"

Page 1, line 5, delete "and 210A.42"

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

Mr. Stumpf from the Committee on Elections and Reapportionment, to which was referred

S. F. No. 1058: A bill for an act relating to elections; authorizing the validation of absentee ballots by judges of absentee ballot precincts; amending Minnesota Statutes 1980, Sections 207.11, Subdivisions 1 and 5; and 207.30, Subdivision 3.

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

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 1980, Section 207.09, Subdivision 2, is amended to read:

Subd. 2. [DELIVERY BY AUDITOR AND TOWN AND CITY CLERKS.] On the day before election day the county auditor shall deliver to the town and city clerks within his county the applications theretofore received and endorsed by him. The town and city clerks shall in turn deliver those endorsed applications together with the applications filed with their respective offices to the respective judges of the several precincts *or the judges of an absentee ballot precinct*."

Page 2, after line 21, insert:

"Sec. 5. Minnesota Statutes 1980, Section 207.30, is amended by adding a subdivision to read:

Subd. 3a. [DUPLICATE REGISTRATION FILES.] *If the election board of an absentee ballot precinct is authorized to receive, examine, and validate absentee ballots, the county auditor or city clerk shall remove from the duplicate registration files the cards of all persons who have applied for absentee ballots at the election and deliver them to the election board of the absentee ballot precinct along with the applications for absentee ballots. When a duplicate registration card has been removed from the file for this purpose it shall be replaced with a notification to the election judges that that voter's card has been removed and directing them to contact the election board of the absentee ballot precinct if that voter should present himself at the polling place for the purpose of casting his vote in person. If contacted by the judges of the precinct, the election board of the absentee ballot precinct shall examine the duplicate registration card of the voter to determine if his absentee ballot has been cast.*

They shall notify the precinct election judges of their findings and, if the absentee ballot has not yet been cast, the voter shall be allowed to cast his vote in person. The election board of the absentee ballot precinct shall make a notation on the duplicate registration card that the voter has voted and no absentee ballot shall be counted for that voter."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "providing for notice to election judges in an absentee ballot precinct;"

Page 1, line 4, after "Sections" insert "207.09, Subdivision 2;"

Page 1, line 6, before the period, insert ", and by adding a subdivision"

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

Mr. Schmitz from the Committee on Veterans' Affairs, to which was referred

H. F. No. 483: A bill for an act relating to Ramsey county, providing for the administration of the soldiers' rest; amending Laws 1974, Chapter 435, Section 1.0212.

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

Mr. Schmitz from the Committee on Veterans' Affairs, to which was referred

S. F. No. 1122: A bill for an act relating to veterans; changing the method of appointment of the administrator of its Minnesota veterans home; amending Minnesota Statutes 1980, Section 198.06

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

Page 1, line 10, after "DUTIES" insert "; TERMINATION"

Page 1, line 14, delete "The"

Page 1, lines 15 to 17, delete the new language

Page 1, line 18, delete "heard." and insert "*The administrator's term of service may be terminated by the commissioner upon service by certified mail of written notice setting forth the grounds for the termination. The termination shall be effective immediately upon receipt of the written notice. The administrator may submit to the commissioner, within 30 days after receipt of the written termination notice, a written request for hearing before a state hearing examiner to determine the adequacy of the stated grounds for the termination. The hearing shall be held within 30 days of receipt of the administrator's request and shall be conducted in accordance with Minnesota Statutes, Chapter 15, except that neither the administrator nor the commissioner shall have a right to judicial review of the hearing examiner's decision. If the hearing examiner finds that insufficient grounds exist for the termination, the administrator shall be ordered reinstated with full salary and benefits from the date of termination to the date of reinstatement.*"

Page 1, line 21, after the period, insert "*The commissioner, whenever he deems it practicable, shall appoint an administrator who is a veteran as defined under section 197.447.*"

Amend the title as follows:

Page 1, line 3; after "appointment" insert "and termination"

Page 1, line 3, delete "its" and insert "the"

Page 1, line 5, after "198.06" insert a period

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

Mr. Solon from the Committee on Health, Welfare and Corrections, to which was referred

S. F. No. 685: A bill for an act relating to health; creating an office for prevention of problems related to use of drugs and alcohol; appropriating money; amending Minnesota Statutes 1980, Sections 254A.03, by adding a subdivision; and 254A.10.

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

Page 1, line 10, delete "*There is created within*"

Page 1, line 11, delete "*an office of prevention*" and insert "*is directed*"

Page 1, line 15, delete "*office*" and insert "*function*"

Page 1, line 17, delete "*office shall*" and insert "*responsibilities of the director shall be to*"

Page 1, line 18, after "*activities*" insert "*, planning,*"

Page 1, delete lines 21 to 25

Page 2, line 1, delete "*(c)*" and insert "*(b)*"

Page 2, line 4, delete "*(d)*" and insert "*(c)*"

Page 2, line 6, delete "*(e)*" and insert "*(d)*"

Page 2, line 9, after the semicolon, insert "*and*"

Page 2, delete lines 10 to 17

Page 2, line 18, delete "*(h)*" and insert "*(e)*"

Page 2, line 18, delete "*Regularly*" and after "*report*" insert "*annually*" and after "*governor*" insert "*and the legislature*"

Page 2, line 19, before the period, insert "*and to report by December 31, 1984, to the legislature on the need for continuation of this function*"

Page 2, delete section 2

Page 2, line 29, delete "\$770,000" and insert "\$570,000"

Page 2, line 30, delete "\$200,000" and insert "\$100,000"

Page 2, line 35, after the period, insert "*The approved complement of the department of corrections is increased by one professional position and one-*

half clerical position for the purposes of section 1."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon and insert "providing for coordination and support of efforts to prevent"

Page 1, line 3, before "problems" delete "of" and after "to" insert "the"

Page 1, line 5, delete "Sections" and insert "Section" and delete "; and 254A.10"

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

Mr. Solon from the Committee on Health, Welfare and Corrections, to which was referred

S. F. No. 886: A bill for an act relating to health; prohibiting disciplinary action against a physician who administers dimethyl sulfoxide under certain conditions; proposing new law coded in Minnesota Statutes, Chapter 147.

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

Page 1, line 20, delete "cure" and insert "benefit"

Page 1, after line 23, insert:

"The patient, when presenting a prescription to a pharmacist for dimethyl sulfoxide (DMSO) shall sign a written release that releases the pharmacist and the pharmacy from any liability therefor."

Page 2, delete lines 4 to 7 and insert:

"Sec. 2. [151.41] [SALE OF DIMETHYL SULFOXIDE.]

Subdivision 1. [BOND.] Any person not licensed or registered by the board of pharmacy pursuant to sections 151.01 to 151.40 and this section, as a pharmacist or pharmacy, selling or offering for sale at retail in Minnesota dimethyl sulfoxide in quantities of 64 fluid ounces or less shall file with the commissioner of health a bond with corporate surety, cash, or United States government bonds in the sum of \$15,000, made payable to the state of Minnesota.

Subd. 2. [EXEMPT SALES.] Provisions of this section shall not apply to legend drugs as defined in section 151.01, subdivision 17; to industrial dimethyl sulfoxide designed for use as a commercial cleaner or solvent and sold in quantities larger than 64 fluid ounces; or to dimethyl sulfoxide intended for veterinary medicine use.

Subd. 3. [LABELING REQUIREMENTS.] Except when dispensed upon the prescription of a physician, no container of dimethyl sulfoxide containing 64 fluid ounces or less shall be sold or offered for sale unless the labeling states at least the following:

(a) quantity;

(b) concentration of product;

(c) vehicle or diluent;

(d) indications for use approved by the food and drug administration of the United States department of health and human services;

(e) recommended dosages;

(f) statement of side effects;

(g) contraindications for use;

(h) antidote in case of accidental ingestion;

(i) name of the manufacturer.

Failure to comply with these requirements shall mean the drug is deemed to be misbranded.

Subd. 4. [VIOLATION.] Violation of this section shall result in forfeiture of the bond and subject the product to embargo under section 151.38."

Page 2, line 9, delete "This act is" and insert "Sections 1 and 2 are"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "regulating the sale of dimethyl sulfoxide;"

Page 1, line 5, delete "Chapter 147" and insert "Chapters 147 and 151"

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

Mr. Solon from the Committee on Health, Welfare and Corrections, to which was referred

S. F. No. 1026: A bill for an act relating to public welfare; providing for alternatives to nursing home care in counties with preadmission screening; appropriating money; amending Minnesota Statutes 1980, Section 256B.091.

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

Page 1, line 19, after "available" insert "at that time in the county" and after the period insert "Grants may be used for payment of costs of providing services such as, but not limited to, foster care for elderly persons, day care whether or not offered through a nursing home, nutritional counseling, or medical social services, which services are provided by a licensed health care provider, a home health service eligible for reimbursement under Titles XVIII and XIX of the federal Social Security Act, or by persons employed by or contracted with by the county board or the local welfare agency."

Page 1, line 19, after "county" insert "agency"

Page 1, line 24, after "county" insert "agency"

Page 1, line 25, after "available" insert "at that time"

Page 2, line 5, after "share" insert " , unless the commissioner obtains a federal waiver for medical assistance payments,"

Page 2, line 8, before "Each" insert "A county agency may use grant

money to supplement but not supplant services available through other public assistance or service programs and shall not use grant money to establish new programs for which public money is available through sources other than grants provided under this subdivision."

Page 2, line 8, after "county" insert "agency"

Page 2, line 9, delete "25" and insert "10"

Page 2, line 10, delete "from" and insert "for"

Amend the title as follows:

Page 1, line 5, before the period insert ", by adding a subdivision"

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

Mr. Solon from the Committee on Health, Welfare and Corrections, to which was referred

S. F. No. 287: A bill for an act relating to health; prescribing procedures for notification of parents, guardians, and conservators prior to performing abortions on certain persons; providing a penalty; amending Minnesota Statutes 1980, Section 144.343.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1980, Section 144.343, is amended to read:

144.343 [PREGNANCY, VENEREAL DISEASE AND ALCOHOL OR DRUG ABUSE.]

Subdivision 1. [MINOR'S CONSENT VALID.] Any minor may give effective consent for medical, mental and other health services to determine the presence of or to treat pregnancy and conditions associated therewith, venereal disease, alcohol and other drug abuse, and the consent of no other person is required.

Subd. 2. [NOTIFICATION CONCERNING ABORTION.] No abortion operation shall be performed upon a minor or upon a woman for whom a guardian or conservator has been appointed pursuant to sections 525.54 to 525.551 because of a finding of incompetency, until at least 48 hours after written notice of the pending operation has been delivered in the manner specified in subdivisions 2 to 4.

(a) If the pregnant woman is unmarried and is living with her parent, the notice shall either be delivered personally to her parent and the putative father's parent or be delivered to the parents' usual places of abode and left with a person of suitable age and discretion residing therein other than the pregnant woman or the putative father.

(b) If the pregnant woman is unmarried and is not living with her parent, the notice shall either be delivered personally to her parent and the putative father's parent or be delivered to the parents' usual places of abode and left with a person of suitable age and discretion residing therein.

In lieu of the delivery required by clauses (a) and (b), notice may be made by

certified mail receipted for by the persons specified for delivery in clauses (a) and (b).

Subd. 3. [PARENT; DEFINITION.] For purposes of this section, "parent" means both parents of the pregnant woman, or both parents of the putative father, as applicable, if they are both living, one parent of the pregnant woman, or one parent of the putative father, as applicable, if only one is living or if the second one cannot be located through reasonably diligent effort, or the guardian or conservator, if the pregnant woman, or the putative father, as applicable, has one.

Subd. 4. [LIMITATIONS.] No notice shall be required under this section if:

(a) The attending physician certifies in the pregnant woman's medical record that the abortion is necessary to prevent the woman's death and there is insufficient time for providing the required notice; or

(b) The abortion is authorized in writing by the person or persons who are entitled to notice; or

(c) The pregnant minor woman declares that she is a victim of sexual abuse, neglect, or physical abuse as defined in section 62E.556. Notice of that declaration shall be made to the proper authorities as provided in section 62E.556, subdivision 3.

Subd. 5. [PENALTY.] Performance of an abortion in violation of this section shall be a misdemeanor and shall be grounds for a civil action by a person wrongfully denied notification. A person shall not be held liable for failure to deliver required notice if the person relied in good faith upon the representations of the pregnant woman regarding information necessary to deliver notice as required by this section or if the person has attempted with reasonable diligence to deliver notice but has been unable to do so."

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

Mr. Solon from the Committee on Health, Welfare and Corrections, to which was referred

S. F. No. 834: A bill for an act relating to health; changing eligibility requirements for catastrophic health expense protection; including insurance premiums; appropriating money; amending Minnesota Statutes 1980, Sections 62E.52, Subdivision 2; 62E.53, Subdivisions 1 and 2; and 62E.531, Subdivision 2.

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

Page 1, after line 25, insert:

"Sec. 2. Minnesota Statutes 1980, Section 62E.52, Subdivision 3, is amended to read:

Subd. 3. "Qualified expense" means any charge incurred ~~subsequent to July 1, 1977~~ *within 18 months prior to application for coverage under sections 62E.51 to 62E.55 for a health service which is included in the list of covered services described in section 62E.06, subdivision 1, and for which no third party is liable."*

Page 2, line 9, delete "*an*" and insert "*any*"

Page 2, line 11, delete "Minnnnsota" and insert "Minnesota"

Page 2, line 15, reinstate the stricken language

Page 3, line 12, delete "\$20,000,000" and insert "\$12,000,000"

Page 3, line 14, delete "4" and insert "5"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete "Subdivision" and insert "Subdivisions 2 and"

Page 1, line 6, delete the first "2" and insert "3"

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

Mr. Solon from the Committee on Health, Welfare and Corrections, to which was referred

S. F. No. 775: A bill for an act relating to health; providing for home health services through the community health services act; changing certain funding formulas; appropriating money; amending Minnesota Statutes 1980, Sections 144A.51, by adding a subdivision; 144A.52, Subdivision 3; 144A.53; 144A.54, Subdivision 1; 145.913, by adding a subdivision; 145.914, Subdivision 2; 145.915, by adding a subdivision; 145.918, by adding a subdivision; 145.919; 145.921; and 145.95, Subdivision 5.

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

Page 10, line 8, strike "expires" and insert "*is repealed effective*"

Page 10, line 14, delete "\$1,000,000" and insert "\$3,000,000"

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

Mr. Solon from the Committee on Health, Welfare and Corrections, to which was referred

S. F. No. 1011: A bill for an act relating to health; proposing a population-based, statewide cancer and birth defects surveillance system; establishing an advisory task force; designing a system and pilot test; appropriating money.

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

Page 1, line 8, delete "[LEGISLATIVE FINDINGS.]" and insert "[144.659] [CANCER AND BIRTH DEFECTS SURVEILLANCE SYSTEM.]"

Page 1, line 9, before "*Cancer*" insert "*Subdivision 1. [LEGISLATIVE FINDINGS.]*"

Page 1, line 15, delete "Sec. 2." and insert "*Subd. 2.*"

Page 2, line 9, delete "Sec. 3." and insert "*Subd. 3.*"

Page 2, line 13, delete "*concerns*" and insert "*representatives*"

Page 2, line 17, delete "Sec. 4." and insert "Subd. 4."

Page 2, line 31, delete "Sec. 5" and insert "Sec. 2"

Page 2, line 35, delete "2" and insert "1, subdivision 2,"

Page 2, line 36, delete "2" and insert "1, subdivision 2"

Amend the title as follows:

Page 1, line 5, before the period insert "; proposing new law coded in Minnesota Statutes, Chapter 144"

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

Mr. Humphrey from the Committee on Energy and Housing, to which was referred

S. F. No. 562: A bill for an act relating to housing; providing statutory warranties on home improvement work; establishing a cause of action for breach of warranty; providing remedies; amending Minnesota Statutes 1980, Sections 327A.01, Subdivisions 5, 8 and by adding subdivisions; 327A.02, by adding a subdivision; 327A.03; 327A.04, Subdivision 2; 327A.05; and 327A.07.

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

Page 2, line 36, after the semicolon, insert "or"

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

Page 4, line 18, strike the period and insert a semicolon

Page 4, after line 18, insert:

"(p) In the case of home improvement work, loss or damage due to defects in the existing structure and systems not caused by the home improvement."

Page 5, after line 30, insert:

"Sec. 11. [327A.08] [LIMITATIONS.]

Notwithstanding any other provision of sections 1 to 10:

(a) The terms of the home improvement warranties required by sections 1 to 10 commence upon completion of the home improvement and the term shall not be required to be renewed or extended if the home improvement contractor performs additional improvements required by warranty;

(b) The home improvement warranties required by sections 1 to 10 shall not include products or materials installed that are already covered by implied or written warranty; and

(c) The home improvement warranties required by sections 1 to 10 are intended to be implied warranties imposing an affirmative obligation upon home improvement contractors, and sections 1 to 10 do not require that written warranty instruments be created and conveyed to the owner."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, before the period, insert “; proposing new law coded in Minnesota Statutes, Chapter 327A”

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

Mr. Humphrey from the Committee on Energy and Housing, to which was referred

H. F. No. 98: A bill for an act relating to energy; amending certain provisions for home energy disclosure reports; amending Minnesota Statutes 1980, Section 116H.129, Subdivisions 1, 2, 5, 6, and 7.

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

Page 1, line 13, strike “promulgate” and delete “or”

Page 2, line 25, reinstate the stricken language and delete “*any prospective*”

Page 3, line 6, strike “promulgate” and delete “or”

Page 3, line 25, strike “establish” and delete “or”

Page 4, line 19, strike “constructed before January, 1976,”

Page 4, line 20, reinstate the stricken language and delete “*any prospective*”

Page 4, line 22, delete “*prospective*”

Page 5, line 9, delete “*shall expire on*” and insert “*are repealed effective*”

Page 5, delete line 10 and insert a period

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

Mr. Humphrey from the Committee on Energy and Housing, to which was referred

S. F. No. 368: A bill for an act relating to housing; requiring municipal housing plans to incorporate policies to minimize displacement and encourage citizen participation; establishing maximum downpayment requirements; eliminating the exemption of income limits for loans in certain areas of municipalities; providing that multifamily housing loans may be used to acquire structures for purposes of conversion to cooperative ownership; amending Minnesota Statutes 1980, Sections 462C.03, Subdivisions 1, 3, and 7; and 462C.05, Subdivision 1; repealing Minnesota Statutes 1980, Sections 462C.03, Subdivision 8; and 462C.05, Subdivision 3.

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

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1980, Section 462C.03, Subdivision 1, is amended to read:

Subdivision 1. The housing plan shall set forth:

- (a) The housing needs of the city and the data demonstrating those needs;
- (b) The plan of the city to meet identified housing needs, and the specific

methods to be used to carry out the plan;

(c) Target areas, if any, of the city for each method;

(d) The financing program or programs to be included in the plan;

(e) The number and qualifications of lenders eligible to participate in the program;

(f) The estimated amount of mortgage loans to be made or purchased in each program and the estimated amounts and timing of the sale of revenue bonds required to finance such loans, fund appropriate reserves, and pay costs of issuance;

(g) Methods for monitoring the implementation by participants to insure that the programs will be consistent with the plan and its objectives;

(h) The administrative capacity of the city to monitor and supervise housing finance programs;

(i) The cost to the city, including administrative costs; and

(j) An analysis of how the programs will meet the needs of low and moderate income families in the city-;

(k) A description of the city's strategies to minimize displacement of low and moderate income persons and families and an outline of policies which will be implemented to mitigate adverse effects which do occur as a result of developments financed through programs in this chapter; and

(l) The citizen participation process followed in developing the plan. The process shall be similar in form and substance to procedures established by the city for use in other state and federal programs, and shall directly include participation by representatives of areas affected by the plan.

Sec. 2. Minnesota Statutes 1980, Section 462C.03, Subdivision 2, is amended to read:

Subd. 2. Each program shall establish limits on gross income for persons and families to be served by the program. The adjusted gross income may not exceed the greater of (a) 110 percent of the median family income as estimated by the United States department of housing and urban development for the nonmetropolitan county or standard metropolitan statistical area, as the case may be; or (b) 100 percent of the income limits established by the Minnesota housing finance agency in which the city is located; except as provided in subdivision 8. The Minnesota housing finance agency shall provide the relevant income data to any city requesting the data.

A city shall make every effort to use not less than 20 percent of the aggregate dollar amount of all loans made or purchased within any calendar year under all of a city's housing programs, for loans or housing for persons and families with adjusted gross incomes of less than 80 percent of the median family income as estimated by the United States department of housing and urban development for the non-metropolitan county or standard metropolitan statistical area, whichever is applicable.

Sec. 3. Minnesota Statutes 1980, Section 462C.05, Subdivision 1, is amended to read:

Subdivision 1. A city may also plan, administer, and make or purchase a

loan or loans to finance one or more multifamily housing developments within its boundaries, of the kind described in subdivision 2, 3 or 4, and upon the conditions set forth in this section. A loan may be made or purchased for the acquisition and preparation of a site and the construction of a new development, or for the acquisition of an existing building and site and the rehabilitation thereof, *or for the acquisition of an existing building and site for purposes of conversion to limited equity cooperative ownership by low or moderate income families, provided that:*

(a) *Except in the case of acquisition for purposes of conversion to limited equity cooperative ownership,* the cost of rehabilitation of an existing building is estimated to equal at least \$5,000 per dwelling unit or 50 percent of the appraised value of the original building and site, whichever is less or if the rehabilitation is financed in part by proceeds from a program provided by the federal government pursuant to 24 C.F.R. Sections 882.401 to 882.519 or pursuant to section 312 of the Housing Act of 1964 (42 U.S.C. Section 1452b), the cost of rehabilitation of an existing building is estimated to equal at least \$2,000 per dwelling unit or 20 percent of the appraised value of the original building and site whichever is less;

(b) At least a substantial portion of such rehabilitation cost is estimated to be incurred for compliance with building codes or conservation of energy;

(c) Each development upon completion shall comply with all applicable code requirements;

(d) A loan or loans may be made or purchased for either the construction or the long term financing of a development, or both, including the financing of the acquisition of dwelling units and interests in common facilities provided therein, by persons to whom such units and facilities may be sold as contemplated in chapter 515 or any supplemental or amendatory law thereof; ~~and~~

(e) Substantially all of the proceeds of each loan shall be used to pay the cost of a multifamily housing development, including property functionally related and subordinate to it; but nothing herein prevents the construction of the development over, under, or adjacent to, and in conjunction with facilities to be used for purposes other than housing ; ~~and~~

(f) *The owner or borrower utilizing loans provided under this chapter certifies that he will not displace current tenants either during or after the rehabilitation, except as provided for in section 462C.03, subdivision 1, clause (k).*

Sec. 4. [EFFECTIVE DATE.]

This act is effective the day following its final enactment.

Amend the title as follows:

Page 1, delete lines 2 to 13 and insert:

relating to housing; requiring municipal housing plans to incorporate policies to minimize displacement and encourage citizen participation; encouraging the use of bond proceeds for housing for persons and families of low income; providing that multifamily housing loans may be used to acquire structures for conversion to cooperative ownership; amending Minnesota Statutes 1980, Sections 462C.03, Subdivisions 1 and 2; and 462C.05, Subdivi-

sion 1."

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

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

S. F. No. 1173: A bill for an act relating to public improvements; authorizing the acquisition and betterment of public land and building on the Fergus Falls state hospital campus of of a capital nature; authorizing issuance of state bonds; appropriating money.

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

Page 1, delete lines 13 to 24 and insert "*construction of a facility to incinerate solid waste and to produce heat in the form of steam for use at the Fergus Falls state hospital. Solid waste generated in the Fergus Falls area now disposed of in landfill may be incinerated in the facility:*

The commissioner of administration shall contract with the city of Fergus Falls for the delivery of solid waste to the facility, for the removal of incinerated waste residue and for the collection of tipping fees from the city of Fergus Falls. The commissioner may contract with additional persons for delivery of solid waste to the facility. Revenue received shall be deposited by the commissioner in the general fund."

Page 2, line 4, after "*contract*" insert "*with the city*"

Page 2, line 4, delete "*effective*" and insert "*entered by the commissioner*"

Page 2, line 5, delete "*approved*" and insert "*reviewed*"

Amend the title as follows:

Page 1, line 4, delete second "*of*"

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

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

S. F. No. 1032: A bill for an act relating to transportation; providing for the financing of certain services of the department of transportation; increasing the motor vehicle registration tax on certain vehicles; increasing the tax on gasoline and special fuels; authorizing the issuance of state transportation bonds and appropriating the proceeds for the purpose of providing money for capital improvements comprising construction and reconstruction of key bridges on the trunk highway system, segments of the interstate system and interstate highway substitution projects; amending Minnesota Statutes 1980, Sections 168.011, Subdivisions 7, 10, 17 and 25; 168.013, Subdivisions 1a, 1b, 1c, 1d, 1e, 1g, 1h and 2; 168.017, Subdivisions 1 and 3; 174.50, Subdivision 1; and 296.02, Subdivision 1; repealing Minnesota Statutes 1980, Section 168.013, Subdivisions 16 and 17.

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

Page 3, after line 22, insert:

"For the purposes of this subdivision, a motor home includes a unit designed to provide temporary living quarters, built into as an integral part of, or permanently attached to, a self propelled motor vehicle chassis or van that contains a permanently installed independent life support system and provides at least four of the following facilities: cooking, refrigeration or ice box, self contained toilet, heating or air conditioning, a potable water supply system including a faucet and sink, separate 110-125 volt electrical power supply, or a liquid propane gas supply. The units include, but are not limited to, the following:

(i) A raw chassis upon which is built a driver's compartment and an entire body that provides temporary living quarters;

(ii) A completed van-type vehicle that has been altered to provide temporary living quarters; and

(iii) An incomplete vehicle upon which is permanently attached a body designed to provide temporary living quarters as defined above."

Page 3, line 35, reinstate the old language and delete the new language

Page 5, line 4, reinstate the stricken "75" and delete "80"

Page 5, line 5, reinstate the stricken "60" and delete "70"

Page 5, line 6, reinstate the stricken "45" and delete "60"

Page 5, line 7, reinstate the stricken "35" and delete "50"

Page 5, line 8, reinstate the stricken "30" and delete "40"

Page 5, line 9, reinstate the stricken "20" and delete "30"

Page 5, line 10, reinstate the stricken "15" and delete "20"

Page 5, line 12, delete "\$15," and insert "\$20."

Page 5, line 12, delete "provided that for"

Page 5, delete lines 13 to 15

Page 5, line 17, delete "\$15" and insert "\$20"

Page 5, line 17, delete "January 1, 1982," and insert "November 15, 1981"

Page 5, line 17, delete " , nor less"

Page 5, lines 18 and 19, delete the new language

Page 6, line 14, delete "and" and insert " , during each of the first ten years of"

Page 6, line 15, delete "a"

Page 6, line 15, delete "of one to ten years"

Page 6, line 23, delete "and a" and insert " , during the eleventh and succeeding years of"

Page 6, line 23, delete "of 11 or more years"

Page 6, line 29, after "year" insert "and each succeeding year"

Page 6, line 34, after "during" insert "each of"

Page 7, line 2, delete "and a" and insert "*during each of the first ten years of*"

Page 7, line 2, after "life" insert a comma

Page 7, line 2, delete "*of one to ten years*"

Page 7, line 8, after "year" insert "*and each succeeding year*"

Page 7, line 17, after "year" insert "*and each succeeding year*"

Page 7, line 30, delete "(1)"

Page 7, lines 31, 33, 34, reinstate the stricken language

Page 8, line 1, after "than" insert "\$100."

Page 8, line 1, reinstate everything after the stricken "and"

Page 8, line 2, reinstate everything before the stricken "graduated"

Page 8, line 3, delete "\$120" and insert "*75 percent of the tax imposed in the Minnesota base rate schedule*"

Page 8, line 4, after the period, insert "*For all trucks, tractors, and combinations, during the seventh and succeeding years of vehicle life, the tax shall be:*"

(a) *For the 1982 registration year, 60 percent of the tax imposed in subdivision 1e;*

(b) *For the 1983 registration year, 70 percent of the tax imposed in subdivision 1e;*

(c) *For the 1984 registration year and each succeeding year, 75 percent of the tax imposed in subdivision 1e.*"

Page 8, line 12, delete "15" and insert "10"

Page 8, line 13, delete "20" and insert "14"

Page 8, line 14, delete "25" and insert "21"

Page 8, line 15, delete "35" and insert "28"

Page 8, line 16, delete "45" and insert "42"

Page 8, line 17, delete "70" and insert "49"

Page 8, line 18, delete "105" and insert "93"

Page 8, line 19, delete "145" and insert "129"

Page 8, line 20, delete "190" and insert "171"

Page 8, line 21, delete "270" and insert "237"

Page 8, line 22, delete "360" and insert "345"

Page 8, line 23, delete "470" and insert "480"

Page 8, line 24, delete "590" and insert "630"

Page 8, line 25, delete "710" and insert "810"

Page 8, line 26, delete "860" and insert "863"

Page 8, line 27, delete "1010" and insert "1038"

Page 8, line 28, delete "1180" and insert "1213"

Page 8, line 29, delete "1320" and insert "1313"

Page 8, line 30, strike "77,000" and insert "78,000"

Page 8, line 30, delete "1490" and insert "1444"

Page 8, line 31, strike "77,001" and insert "78,001"

Page 8, line 31, delete "1620" and insert "1575"

Page 10, line 13, reinstate the stricken language

Page 10, line 14, reinstate the stricken language

Page 10, lines 22 to 35, reinstate the stricken language

Page 10, line 36, reinstate everything before the stricken "On" and insert "(1)"

Page 10, line 36, reinstate everything after the period

Page 11, line 1, reinstate "combinations" and insert "*with a gross weight of 57,000 pounds or less*"

Page 11, line 1, reinstate everything after "combinations"

Page 11, line 2, reinstate "shall be" and insert "75"

Page 11, line 2, reinstate everything after the stricken "30"

Page 11, line 3, reinstate "subdivision" and insert "1e"

Page 11, line 3, reinstate everything after the stricken "I"

Page 11, line 4, reinstate "years of vehicle life"

Page 11, line 4, reinstate "and during"

Page 11, line 5, reinstate everything before the stricken "of"

Page 11, line 6, reinstate the comma and insert "*the tax shall be 50 percent of the base rate except as otherwise provided in this subdivision. On urban trucks and combinations with a gross weight of 57,000 pounds or less during each of the first six years of vehicle life the tax shall be:*

(a) *For the 1982 registration year, 45 percent of the Minnesota base rate schedule;*

(b) *For the 1983 registration year, 60 percent of the Minnesota base rate schedule;*

(c) *For the 1984 registration year and each succeeding year, 75 percent of the Minnesota base rate schedule.*

(2) *On urban trucks and combinations with a gross weight of 57,000 pounds or less, during the seventh and succeeding years of vehicle life, the tax shall be:*

(a) *For the 1982 registration year, 17 percent of the Minnesota base rate schedule;*

(b) *For the 1983 registration year, 33 percent of the Minnesota base rate*

schedule;

(c) For the 1984 registration year and each succeeding year, 50 percent of the Minnesota base rate schedule.

(3) On urban trucks and combinations with a gross weight of more than 57,000 pounds, the tax shall be based on total gross weight and shall be 100 percent of the Minnesota base rate prescribed by subdivision 1e during each of the first six years of vehicle life and during the seventh and succeeding years, the tax shall be 75 percent of the base rate, except as otherwise provided in this subdivision. On urban trucks and combinations with a gross weight of more than 57,000 pounds, during each of the first six years of vehicle life, the tax shall be:

(a) For the 1982 registration year, 33 percent of the Minnesota base rate schedule;

(b) For the 1983 registration year, 67 percent of the Minnesota base rate schedule;

(c) For the 1984 registration year and each succeeding year, 100 percent of the Minnesota base rate schedule.

(4) On urban trucks with a gross weight of more than 57,000 pounds, during the seventh and succeeding years of vehicle life the tax shall be:

(a) For the 1982 registration year, 25 percent of the Minnesota base rate schedule;

(b) For the 1983 registration year, 50 percent of the Minnesota base rate schedule;

(c) For the 1984 registration year and each succeeding year, 75 percent of the Minnesota base rate schedule."

Page 11, line 6, reinstate everything after the stricken period

Page 11, reinstate lines 7 to 20

Page 11, delete lines 21 to 36

Page 12, delete lines 1 to 9

Page 12, line 12, delete "(1)"

Page 12, line 17, strike "; but in no event less than"

Page 12, line 19, delete the new language

Page 12, line 20, delete the new language

Page 12, delete lines 21 to 31

Page 12, line 34, strike "prescribed in subdivision 1e" and insert "schedule"

Page 12, line 35, delete "\$20" and insert "\$10"

Page 14, delete section 15 and insert:

"Sec. 15. Minnesota Statutes 1980, Section 168.10, Subdivision 1a, is amended to read:

Subd. 1a. [COLLECTOR'S VEHICLES, PIONEER LICENSE.] Any

motor vehicle manufactured prior to 1936 and owned and operated solely as a collector's item shall be listed for taxation and registration as follows: An affidavit shall be executed stating the name and address of the owner, the name and address of the person from whom purchased, the make of the motor vehicle, year and number of the model, the manufacturer's identification number and that the vehicle is owned and operated solely as a collector's item and not for general transportation purposes. If the registrar is satisfied that the affidavit is true and correct and the owner pays a \$6 \$100 tax, the registrar shall list such vehicle for taxation and registration and shall issue number plates.

The number plates so issued shall bear the inscription "Pioneer," "Minnesota" and the registration number but no date. The number plates are valid without renewal as long as the vehicle is in existence and shall be issued for the applicant's use only for such vehicle. The registrar has the power to revoke said plates for failure to comply with this subdivision.

In the event of the defacement, loss or destruction of such number plates, the registrar, upon receiving and filing a sworn statement of the vehicle owner, setting forth the circumstances, together with any defaced plates and the payment of a \$2 fee, shall issue duplicate plates specially designed for that purpose. The registrar shall then note on his records the issue of such new number plates and shall proceed in such manner as he may deem advisable to cancel and call in the original plates.

Sec. 16. Minnesota Statutes 1980, Section 168.10, Subdivision 1b, is amended to read:

Subd. 1b. [COLLECTOR'S VEHICLE, CLASSIC CAR LICENSE.] Any motor vehicle manufactured between and including the years 1925 and 1948, and designated by the registrar of motor vehicles as a classic car because of its fine design, high engineering standards, and superior workmanship, and owned and operated solely as a collector's item shall be listed for taxation and registration as follows: An affidavit shall be executed stating the name and address of the owner, the name and address of the person from whom purchased, the make of the motor vehicle, year and number of the model, the manufacturer's identification number and that the vehicle is owned and operated solely as a collector's item and not for general transportation purposes. If the registrar is satisfied that the affidavit is true and correct and that the motor vehicle qualifies to be classified as a classic car, and the owner pays a \$6 \$100 tax, the registrar shall list such vehicle for taxation and registration and shall issue number plates.

The number plates so issued shall bear the inscription "Classic Car," "Minnesota," and the registration number but no date. The number plates are valid without renewal as long as the vehicle is in existence and shall be issued for the applicant's use only for such vehicle. The registrar has the power to revoke said plates for failure to comply with this subdivision.

In the event of the defacement, loss or destruction of such number plates, the registrar, upon receiving and filing a sworn statement of the vehicle owner, setting forth the circumstances, together with any defaced plates and the payment of a \$2 fee, shall issue duplicate plates specially designed for that purpose. The registrar shall then note on his records the issue of such new number plates and shall proceed in such manner as he may deem advisable to cancel and call in the original plates.

The following cars built between and including 1925 and 1942 are classic, with the exception of Lincoln Continentals which are considered to be classics through the year 1948:

A.C.	
Adler	
Alfa Romeo	
Alvis	Speed 20, 25, and 4.3 litre.
Amilcar	
Aston Martin	
Auburn	All 8-cylinder and 12-cylinder models.
Audi	
Austro-Daimler	
Avions Voisin 12	
Bentley	
Blackhawk	
B.M.W.	Models 327, 328, and 335 only.
Brewster	
(Heart-front Ford)	
Bugatti	
Cadillac	All 1925 through 1935. 1936-1942: Series 70, 72, 75, 80, 85 and 90 only.
Chrysler	1926 through 1930: Imperial 80. 1931: Imperial 8 Series CG. 1932: Series CG and CL. 1933: Series CL. 1934: Series CW. 1935: Series CW. All Newports and Thunderbolts.
Cord	
Cunningham	
Dagmar	Model 25-70 only.
Daimler	
Delage	
Delahaye	
Doble	
Dorris	
Duesenberg	
du Pont	
Franklin	All models except 1933-34 Olympic Sixes.
Frazer Nash	
Hispano Suiza	
Horch	
Hotchkiss	
Invicta	
Isotta Fraschini	
Jaguar	
Jordan	Speedway Series 'Z' only.
Kissel	1925, 1926 and 1927: Model 8-75. 1928: Model 8-90, and 8-90 White Eagle. 1929: Model 8-126, and 8-90 White Eagle. 1930: Model 8-126. 1931: Model 8-126.
Lagonda	
Lancia	

La Salle Lincoln	1927 through 1933 only. All models K, L, KA, and KB. 1941: Model 168H. 1942: Model 268H.
Lincoln Continental Locomobile	1939 through 1948. All models 48 and 90. 1927: Model 8-80. 1928: Model 8-80. 1929: Models 8-80 and 8-88. All 16-cylinder models. 1925: Model 74. 1926: Model 74. 1927: Model 75. 1928: Model E75. 1930: Big 8 model. 1931: Model 88, and Big 8.
Maybach McFarlan Mercedes Benz Mercer M.G. Minerva Packard	All models 2.2 litres and up. 6-cylinder models only. 1925 through 1934: All models. 1935 through 1942: Models 1200, 1201, 1202, 1203, 1204, 1205, 1207, 1208, 1400, 1401, 1402, 1403, 1404, 1405, 1407, 1408, 1500, 1501, 1502, 1506, 1507, 1508, 1603, 1604, 1605, 1607, 1608, 1705, 1707, 1708, 1806, 1807, 1808, 1906, 1907, 1908, 2006, 2007, and 2008 only.
Peerless	1926 through 1928: Series 69. 1930-1931: Custom 8. 1932: Deluxe Custom 8.
Pierce Arrow Railton Renault Reo	Grand Sport model only. 1930-1931: Royale Custom 8, and Series 8-35 and 8-52 Elite 8. 1933: Royale Custom 8.
Revere Roamer	1925: Series 8-88, 6-54e, and 4-75. 1926: Series 4-75e, and 8-88. 1927-1928: Series 8-88. 1929: Series 8-88, and 8-125. 1930: Series 8-125.
Rohr Rolls Royce Ruxton Salmson Squire Stearns Knight Stevens Duryea Steyr	

Stutz
Sunbeam
Talbot
Vauxhall
Wills Saint Claire

Series 30-98 only.

No commercial vehicles such as hearses, ambulances, or trucks are considered to be classic cars.

Sec. 17. Minnesota Statutes 1980, Section 168.10, Subdivision 1c, is amended to read:

Subd. 1c. [COLLECTOR'S VEHICLE, COLLECTOR LICENSE.] Any motor vehicle that is at least 20 model years old and manufactured after 1935, or of a defunct make, defined as any car originally licensed as a separate identifiable make as designated by the division of motor vehicles, and owned and operated solely as a collector's vehicle, shall be listed for taxation and registration as follows: An affidavit shall be executed stating the name and address of the person from whom purchased and of the new owner, the make of the motor vehicle, year and number of the model, the manufacturer's identification number and that the vehicle is owned and operated solely as a collector's item and not for general transportation purposes. The owner must also prove that he or she also has one or more vehicles with regular license plates. If the registrar is satisfied that the affidavit is true and correct and the owner pays a \$20 \$100 tax, the registrar shall list such vehicle for taxation and registration and shall issue number plates.

The number plates so issued shall bear the inscription "Collector," "Minnesota" and the registration number, but no date. The number plates are valid without renewal as long as the vehicle is in existence and shall be issued for the applicant's use only for such vehicle. The registrar has the power to revoke such plates for failure to comply with this subdivision.

In the event of the defacement, loss or destruction of such number plates, the registrar, upon receiving and filing a sworn statement of the vehicle owner, setting forth the circumstances, together with any defaced plates and the payment of a \$2 fee, shall issue duplicate plates specially designed for that purpose. The registrar shall then note on his records the issue of such new number plates and shall proceed in such a manner as he may deem advisable to cancel and call in the original plates.

Sec. 18. Minnesota Statutes 1980, Section 168.10, Subdivision 1d, is amended to read:

Subd. 1d. [COLLECTORS VEHICLES, STREET ROD LICENSE.] Any modernized motor vehicle manufactured prior to the year 1949 or designed and manufactured to resemble such vehicle shall be listed for taxation and registration as follows:

An affidavit shall be executed stating the name and address of the person from whom purchased and of the new owner, the make of the motor vehicle, year number of model, and the manufacturer's identification number. The affidavit shall further state that the vehicle is owned and operated solely as a street rod and not for general transportation purposes. The owner must also prove that he or she has one or more vehicles with regular license plates. If the registrar is satisfied that the affidavit is true and correct and the owner pays a \$25 \$100 tax, the registrar shall list such vehicle for taxation and registration and shall issue number plates.

The number plates issued shall bear the inscription "Street Rod", "Minnesota" and the registration number but no date. The number plates are valid without renewal as long as the vehicle is in existence and shall be issued for the applicant's use only for such vehicle. The registrar has the power to revoke such plates for failure to comply with this subdivision.

In the event of the defacement, loss or destruction of such number plates, the registrar, upon receiving and filing a sworn statement of the vehicle's owner, setting forth the circumstances, together with any defaced plates and the payment of a \$5 fee, shall issue duplicate plates specially designed for that purpose. The registrar shall then note on his records the issue of such new number plates and shall proceed in such a manner as he may deem advisable to cancel and call in the original plates.

Sec. 19. Minnesota Statutes 1980, Section 168.12, Subdivision 2a, is amended to read:

Subd. 2a. [PERSONALIZED LICENSE PLATES.] Personalized license plates shall be issued to any applicant for registration of a passenger automobile, station wagon, van or pickup truck with a gross weight of 9,000 pounds or less, or self-propelled recreational vehicle, upon compliance with all laws of this state relating to registration of the vehicle, and upon payment of a fee of \$50 \$100 in addition to the registration tax required by law for the vehicle. In lieu of the numbers assigned as provided in subdivision 1, such personalized license plates shall have imprinted thereon a series of not to exceed any combination of six numbers and letters. When an applicant has once obtained personalized plates, he shall have a prior claim for similar personalized plates in the next succeeding year that plates are issued if he makes application for them at least 30 days prior to the first date on which his registration can be renewed. The commissioner of public safety shall adopt rules and regulations in the manner provided by chapter 15, regulating the issuance and transfer of such personalized license plates. No words or combination of letters placed on such personalized license plates may be used for commercial advertising or be of an obscene, indecent or immoral nature, or such as would offend public morals or decency. The call signals or letters of a radio or television station shall not be construed as commercial advertising for the purposes of this subdivision.

Notwithstanding the provisions of subdivision 1, personalized license plates issued pursuant to this subdivision may be transferred to another motor vehicle upon the payment of a fee of \$5, which fee shall be paid into the state treasury and credited to the highway user tax distribution fund. The registrar may by regulation provide a form for such notification.

The fee prescribed for personalized license plates shall be paid only in those years in which the number plate itself is issued, and shall not be payable in any year in which a year plate, tab or sticker is issued in lieu of a number plate.

All fees from the sale of personalized license plates shall be paid into the state treasury and credited to the highway user tax distribution fund."

Page 15, line 32, delete "state match" and insert "matching funds"

Page 15, line 33, after "of" insert "right of way, preliminary and construction engineering, and construction costs of"

Page 15, line 36, delete "17" and insert "22"

Page 15, after line 20, insert:

"Sec. 21. Minnesota Statutes 1980, Section 296.02, Subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED FOR MOTOR VEHICLE USE.] There is hereby imposed an excise tax of ~~44~~ 15 cents per gallon on all gasoline used in producing and generating power for propelling motor vehicles used on the public highways of this state. This tax shall be payable at the times, in the manner, and by persons specified in this chapter."

Page 16, line 10, delete "17" and insert "22"

Page 16, line 16, delete "19" and insert "24"

Page 16, line 19, delete "14" and insert "19"

Page 16, line 22, delete "15" and insert "23"

Page 16, line 24, delete "16, 17 and 18" and insert "20, 22 and 23"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 16, after "3" insert "; 168.10, Subdivisions 1a, 1b, 1c and 1d; 168.12, Subdivision 2a"

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

Mr. Chmielewski from the Committee on Employment, to which was referred

S. F. No. 405: A bill for an act relating to workers' compensation; providing for insurance rate setting by individual insurance companies; eliminating duties of rating bureau of Minnesota; creating and eliminating duties for the commissioner of insurance; amending Minnesota Statutes 1980, Sections 70A.02; 70A.04, by adding a subdivision; 70A.08, by adding a subdivision; 70A.09; 70A.19; and 176.185, Subdivision 1; proposing new law coded in Minnesota Statutes, Chapters 70A and 176; repealing Minnesota Statutes 1980, Chapter 79.

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

Delete everything after the enacting clause and insert:

"Section 1. [79.50] [PURPOSES.]

The purposes of chapter 79 are to:

(a) *Promote public welfare by regulating insurance rates so that premiums are not excessive, inadequate, or unfairly discriminatory;*

(b) *Promote quality and integrity in the data bases used in workers' compensation insurance ratemaking;*

(c) *Prohibit price fixing agreements and anticompetitive behavior by insurers;*

(d) *Promote price competition and provide rates that are responsive to competitive market conditions;*

(e) *Provide a means of establishment of proper rates if competition is not effective;*

(f) Define the function and scope of activities of data service organizations; and

(g) Provide for an orderly transition from regulated rates to competitive market conditions.

Sec. 2. [79.51] [RULES.]

Subdivision 1. [ADOPTION; WHEN.] The commissioner shall adopt rules to implement provisions of chapter 79. The rules shall be finally adopted after May 1, 1982. By January 15, 1982, the commissioner shall provide the legislature a description and explanation of the intent and anticipated effect of the rules on the various factors of the rating system.

Subd. 2. [TRANSITION PERIOD; RULES GOVERN.] Insurance rates from July 1, 1983, to December 31, 1985, shall be determined in accordance with rules adopted by the commissioner. The rules shall require (1) that a hearing be held pursuant to the provisions of section 79.071 to consider any petition requesting modification of rates and (2) that following the hearing the commissioner shall adopt a schedule of rates.

Subd. 3. [RULES; SUBJECT MATTER.] (a) The commissioner in issuing rules shall consider:

(1) Data reporting requirements, including types of data reported, such as loss and expense data;

(2) Experience rating plans;

(3) Retrospective rating plans;

(4) General expenses and related expense provisions;

(5) Minimum premiums;

(6) Classification systems and assignment of risks to classifications;

(7) Loss development and trend factors;

(8) The workers' compensation reinsurance association;

(9) Restrictions, prohibitions, and requirements with respect to the activities of the workers' compensation insurers rating association of Minnesota during the period from July 1, 1983, to January 1, 1986;

(10) Requiring substantial compliance with the rules mandated by this section as a condition of workers' compensation carrier licensure;

(11) Imposing limitations on the functions of workers' compensation data service organizations consistent with the introduction of competition;

(12) The rules contained in the workers' compensation rating manual adopted by the workers' compensation insurers rating association; and

(13) Any other factors that the commissioner deems relevant to achieve the purposes of sections 1 to 14.

(b) The rules shall provide for the following:

(1) Competition in workers' compensation insurance rates in such a way that the advantages of competition are introduced with a minimum of employer hardship during the transition period;

(2) Adequate safeguards against excessive or discriminatory rates in workers' compensation during the transition period;

(3) Encouragement of workers' compensation insurance rates which are as low as reasonably necessary, but shall make provision against inadequate rates, insolvencies and unpaid benefits;

(4) Assurances that employers are not unfairly relegated to the assigned risk pool;

(5) Requiring all appropriate data and other information from insurers for the purpose of issuing rules and making legislative recommendations pursuant to this section; and

(6) Preserving a framework for risk classification, data collection, and other appropriate joint insurer services where these will not impede the introduction of competition in premium rates.

(c) The rules shall expire on January 1, 1986.

Subd. 4. [ADVISORY COMMITTEE.] The commissioner shall appoint an advisory committee which shall offer recommendations regarding rulemaking under this section. The advisory committee shall include representatives of insurers, employers, and employees.

Sec. 3. [79.52] [DEFINITIONS.]

Subdivision 1. [GENERALLY.] The following words or phrases shall have the meanings ascribed to them for the purposes of sections 1 to 14, unless the context clearly indicates that a different meaning is intended.

Subd. 2. [MARKET.] "Market" means any reasonable grouping or classification of employers.

Subd. 3. [DATA SERVICE ORGANIZATION.] "Data service organization" means any entity which has ten or more members or is controlled directly or indirectly by ten or more insurers and is engaged in collecting data for use in insurance ratemaking or other activities permitted by chapter 79. Affiliated members or insurers shall be counted as a single unit for the purpose of this definition. The workers' compensation insurers rating association of Minnesota shall be considered a data service organization.

Subd. 4. [CLASSIFICATION PLAN; CLASSIFICATION.] "Classification plan" or "classification" means the plan, system, or arrangement for rating insurance policyholders.

Subd. 5. [RATES.] "Rates" means the cost of insurance per exposure base unit.

Subd. 6. [BASE PREMIUM.] "Base premium" means the amount of premium which an employer would pay for insurance derived by applying rates to an exposure base prior to the application of any merit rating or discount factors.

Subd. 7. [PREMIUM.] "Premium" means the price charged to an insured for insurance for a specified period of time, regardless of the timing of actual payments.

Subd. 8. [DISCOUNT FACTOR.] "Discount factor" means any factor

which is applied to the base premium and which is based upon insurer expenses or other factors not related to the risk of loss.

Subd. 9. [MERIT RATING.] *"Merit rating" means a system or form of rating by which base premium is modified on the basis of loss experience or other factors which are reasonably related to loss or risk of loss and which may be reasonably affected by the action or activities of the insured. The sensitivity of a merit rating system to loss experience may vary by the size of risk. Merit rating shall include both prospective and retrospective methods for modifying base premium.*

Subd. 10. [LOSS DEVELOPMENT FACTORS.] *"Loss development factors" means factors applied to recorded incurred losses to estimate the amount of ultimate loss payments that will have been made for losses during the applicable period when all claims are paid.*

Subd. 11. [TREND OR TRENDING.] *"Trend" or "trending" means any procedure employing data for the purpose of projecting or forecasting the future value of that data or other data, or the factors resulting from such a procedure.*

Subd. 12. [INTERESTED PARTY.] *"Interested party" means any person, or association acting on behalf of its members, directly affected by a change in the schedule of rates and includes the staff of the insurance division.*

Subd. 13. [INSURER.] *"Insurer" means any insurer licensed to transact the business of workers' compensation insurance in this state.*

Subd. 14. [INSURANCE.] *"Insurance" means workers' compensation insurance.*

Subd. 15. [RATING PLAN.] *"Rating plan" means every manual, and every other rule including discount factors and merit rating necessary for the calculation of an insured's premium from an insurer's rates. An insurer may choose to adopt for use the rating plan of the data service organization in which it maintains membership.*

Sec. 4. [79.53] [PREMIUM CALCULATION.]

Each insurer shall establish premiums to be paid by an employer according to its filed rates and rating plan as follows:

Rates shall be applied to an exposure base to yield a base premium which may be further modified by merit rating, premium discounts, and other appropriate factors contained in the rating plan of an insurer to produce premium. Nothing in this chapter shall be deemed to prohibit the use of any premium, provided the premium is not excessive, inadequate or unfairly discriminatory.

Sec. 5. [79.54] [COMPETITIVE MARKET PRESUMPTION.]

A competitive market is presumed to exist until the commissioner, after a hearing on the record, determines that a reasonable degree of competition does not exist and issues an order to that effect. The order shall include the conditions and procedures under which a determination of insufficient competition shall expire.

Sec. 6. [79.55] [STANDARDS FOR RATES.]

Subdivision 1. [GENERAL STANDARDS.] *Premiums shall not be exces-*

sive, inadequate, or unfairly discriminatory.

Subd. 2. [EXCESSIVENESS.] *No premium is excessive in a competitive market. In the absence of a competitive market, premiums are excessive if the expected underwriting profit, together with expected income from invested reserves for the market in question, that would accrue to an insurer would be unreasonably high in relation to the risk undertaken by the insurer in transacting the business.*

Subd. 3. [INADEQUACY.] *Premiums are inadequate if, together with the investment income associated with an insurer's Minnesota workers' compensation insurance business, they are clearly insufficient to sustain projected losses and expenses of the insurer and (a) if their continued use could lead to an insolvent situation for the insurer; or (b) if their use destroys or lessens competition or is likely to destroy or lessen competition.*

Subd. 4. [UNFAIR DISCRIMINATION.] *Premiums are unfairly discriminatory if differentials for insureds fail to reasonably reflect the differences in expected losses and expenses to the insurer attributable to the insureds. Rates are not unfairly discriminatory solely because different premiums result for insureds with like loss exposures but different expense factors, or like expense factors but different loss exposures, provided that rates reflect the differences with reasonable accuracy.*

Sec. 7. [79.56] [FILING RATES AND RATING INFORMATION.]

Subdivision 1. [AFTER EFFECTIVE DATE.] *Each insurer shall file with the commissioner a complete copy of its rates and rating plan, and all changes and amendments thereto, within 15 days after their effective dates. An insurer need not file a rating plan if it uses a rating plan filed by a data service organization. If an insurer uses a rating plan of a data service organization but deviates from it, then all deviations must be filed by the insurer.*

Subd. 2. [BEFORE EFFECTIVE DATE.] *The commissioner may order an insurer to file rates at least 30 days before the effective date of the rates (a) if the commissioner determines, based upon reasonable evidence, that an order is appropriate because of the insurer's financial condition; or (b) due to a prior finding of unfairly discriminatory rating practices; or (c) due to a prior finding of inadequate rates. The order may require that supplementary rate and supporting information be included in a filing.*

Subd. 3. [PENALTIES.] *Any insurer using a rate or a rating plan which has not been filed shall be subject to a fine of up to \$100 for each day the failure to file continues. The commissioner may, after a hearing on the record, find that the failure is willful. A willful failure to meet filing requirements shall be punishable by a fine of up to \$500 for each day during which a willful failure continues. These penalties shall be in addition to any other penalties provided by law.*

Subd. 4. [PUBLIC INSPECTION.] *All filings shall be open to public inspection during normal business hours at the offices of the insurance division.*

Sec. 8. [79.57] [FILING RATES; NONCOMPETITIVE MARKET.]

Upon making a determination that a market is not competitive, the commissioner shall require rates for use in that market to be filed 30 days prior to their effective date. The filing shall include, in a form prescribed by the commis-

sioner, an explanation of the rates and any data supporting the use of the rates which are not on file with a data service organization.

The commissioner may issue an order for a hearing at any time prior to the effective date of the rates and the rates shall not become effective until the commissioner has ruled on the rates following the hearing.

The commissioner may disapprove the rates subsequent to their effective date, except that rates so disapproved shall remain effective until the commissioner issues an order following a hearing.

Sec. 9. [79.58] [DISAPPROVAL OF RATES OR RATING PLANS.]

Subdivision 1. [RATES.] A rate filed by an insurer may be disapproved by the commissioner subsequent to its effective date. Following a disapproval and prior to a refiling the insurer shall use the rates as reasonably established by the commissioner.

The commissioner shall disapprove a rate if, after a hearing on the record, he finds that:

- (a) The premium is inadequate or unfairly discriminatory; or*
- (b) A competitive market for workers' compensation does not exist and rates are excessive; or*
- (c) The insurer failed to comply with filing requirements.*

A rehearing shall be held within 30 days of any disapproval under this section at the request of the insurer whose rates are disapproved.

Subd. 2. [RATING PLANS.] The commissioner may disapprove a rating plan of a data service organization if, after a hearing, the commissioner finds that it is unfairly discriminatory. Any order of disapproval shall require the data service organization to use an alternative rating plan until approval of a rating plan by the commissioner. The commissioner shall not approve any rating plan based upon any data other than Minnesota data.

Sec. 10. [79.59] [INSURERS AND DATA SERVICE ORGANIZATIONS; PROHIBITED ACTIVITIES.]

Subdivision 1. [MONOPOLIZATION.] No insurer or data service organization shall attempt to monopolize or combine or conspire with any other person to monopolize the business of insurance.

Subd. 2. [AGREEMENT PROHIBITED.] No insurer shall agree with any other insurer or with a data service organization to adhere to or to use any rate, rating plan, rating schedule, rating rule, or underwriting rule except as specifically authorized by chapter 79 or for the purpose of creating experience modifications for employers with employees in more than one state.

Subd. 3. [TRADE RESTRAINT.] No insurer or data service organization shall make an agreement with any other insurer, data service organization, or other person which has the purpose or the effect of restraining trade or of substantially lessening competition.

Subd. 4. [EXCEPTIONS.] The fact that insurers writing not more than 25 percent of the workers' compensation premiums in Minnesota use the same rates, rating plans, rating schedules, rating rules, underwriting rules, or

similar materials shall not alone constitute a violation of subdivision 1 or 2.

Two or more insurers under common ownership or operating under common management or control may act in concert between or among themselves with respect to matters authorized under chapter 79 as if they constituted a single insurer, provided that the rating plan of such insurers shall be considered to be a single plan for the purposes of determining unfair discrimination.

Subd. 5. [ADDITIONAL PROHIBITION.] *In addition to other prohibitions contained in this chapter, no data service organization shall:*

(a) Refuse to supply any service for which it is licensed or any data, except for data identifiable to an individual insurer, to any insurer authorized to do business in this state which offers to pay the usual compensation for the service or data;

(b) Require the purchase of any specific service as a condition to obtaining any other services sought;

(c) Participate in the development or distribution of rates, rating plans, or rating rules except as specifically authorized by this chapter or by rules adopted pursuant to this chapter; or

(d) Refuse membership to any licensed insurer.

Sec. 11. [79.60] [INSURERS; REQUIRED AND PERMITTED ACTIVITY.]

Subdivision 1. [REQUIRED ACTIVITY.] *Each insurer shall perform the following activities:*

(a) Maintain membership in and report loss experience data to a licensed data service organization in accordance with the statistical plan and rules of the organization as approved by the commissioner;

(b) Establish a plan for merit rating which shall be consistently applied to all insureds, provided that members of a data service organization may use merit rating plans developed by that data service organization;

(c) Provide an annual report to the commissioner containing the information and prepared in the form required by the commissioner; and

(d) Keep a record of the premiums and losses paid under each workers' compensation policy written in Minnesota in the form required by the commissioner.

Subd. 2. [PERMITTED ACTIVITY.] *In addition to any other activities not prohibited by chapter 79, insurers may:*

(a) Through licensed data service organizations, individually, or with insurers commonly owned, managed, or controlled, conduct research and collect statistics to investigate, identify, and classify information relating to causes or prevention of losses;

(b) Develop and use classification plans and rates based upon any reasonable factors; and

(c) Develop rules for the assignment of risks to classifications.

Sec. 12. [79.61] [DATA SERVICE ORGANIZATIONS; REQUIRED

AND PERMITTED ACTIVITY.]

Subdivision 1. [REQUIRED ACTIVITY.] Any data service organization shall perform the following activities:

(a) File statistical plans, including classification definitions, amendments to the plans, and definitions, with the commissioner for approval, and assign each compensation risk written by its members to its approved classification for reporting purposes;

(b) Establish requirements for data reporting and monitoring methods to maintain a high quality data base;

(c) Prepare and distribute a periodic report, in a form prescribed by the commissioner, on ratemaking including, but not limited to the following elements:

(i) development factors and alternative derivations;

(ii) trend factors and alternative derivations and applications;

(iii) pure premium relativities for the approved classification system for which data are reported, provided that the relativities for insureds engaged in similar occupations and presenting substantially similar risks shall, if different, differ by at least ten percent; and

(iv) an evaluation of the effects of changes in law on loss data.

The report shall also include explicit discussion and explanation of methodology, alternatives examined, assumptions adopted, and areas of judgment and reasoning supporting judgments entered into, and the effect of various combinations of these elements on indications for modification of an overall pure premium rate level change. The pure premium relativities and rate level indications shall not include a loading for expenses or profit and no expense or profit data or recommendations relating to expense or profit shall be included in the report or collected by a data service organization;

(d) Collect, compile, summarize, and distribute data from members or other sources pursuant to a statistical plan approved by the commissioner;

(e) Prepare merit rating plan and calculate any variable factors necessary for utilization of the plan. Such a plan may be used by any of its members, at the option of the member provided that the application of a plan shall not result in rates that are unfairly discriminatory;

(f) Provide loss data specific to an insured to the insured at a reasonable cost;

(g) Distribute information to an insured or interested party that is filed with the commissioner and is open to public inspection; and

(h) Assess its members for operating expenses on a fair and equitable basis.

Subd. 2. [PERMITTED ACTIVITY.] In addition to any other activities not prohibited by chapter 79, any data service organization may:

(a) Collect and analyze data in order to investigate, identify, and classify information relating to causes or prevention of losses;

(b) Make inspections for the sole purpose of reporting and maintaining data

quality;

(c) Contract with another data service organization to fulfill any of the above requirements; and

(d) Prepare and file with the commissioner a rating plan for use by any of its members, provided that no member may be required to use any part of the plan.

Sec. 13. [79.62] [DATA SERVICE ORGANIZATIONS; LICENSING, EXAMINATION.]

Subdivision 1. [LICENSE REQUIRED.] No data service organization shall provide any service and no insurer shall use the services of a data service organization unless the organization is licensed by the commissioner.

Subd. 2. [PROCEDURE; APPLICATION.] A data service organization shall apply for a license in a form and manner prescribed by the commissioner. The application of a data service organization shall include:

(a) A copy of its constitution, articles of incorporation, bylaws, and other rules pertaining to the conduct of its business;

(b) A plan and narrative describing how it will perform the activities required by sections 11 and 14;

(c) A statement showing its technical qualifications; and

(d) Any other information that the commissioner may reasonably require.

Subd. 3. [ISSUANCE.] The commissioner, upon finding that the applicant organization is qualified to provide the services required and proposed, or has contracted with a licensed data service organization to purchase these services which are required by chapter 79 but are not provided directly by the applicant, and that all requirements of law are met, shall issue a license. Licenses shall remain in effect until the licensee withdraws from business or until the license is suspended or revoked.

Subd. 4. [SUSPENSION; REVOCATION.] The commissioner may, after a hearing on the record, revoke or suspend the license of a data service organization if he finds that the organization is not in compliance with the requirements of chapter 79 or rules issued thereunder.

Subd. 5. [LICENSEE EXAMINATION.] The commissioner may examine any licensed data service organization to determine whether its activities and practices comply with law. The cost of the examination shall be paid by the examined organization.

Sec. 14. [79.63] [ASSIGNED RISK PLAN.]

Subdivision 1. [ADMINISTRATION.] The commissioner shall appoint a licensed data service organization to administer the assigned risk plan. The appointed data service organization shall submit to the commissioner for approval a plan and rules for administering the assigned risk plan, including a method or formula by which the organization is to be paid for administrative services.

Subd. 2. [REJECTION; NOTICE.] An insurer that refuses to write insurance for an applicant shall furnish the applicant a written notice of refusal and shall file a copy of the notice of refusal with the data service organization

appointed pursuant to subdivision 1. Servicing insurers designated pursuant to subdivision 3 shall accept and insure any applicant for workers' compensation insurance assigned pursuant to subdivision 3.

Subd. 3. [ASSIGNMENT.] An insurer or insurers shall be designated by the data service organization appointed pursuant to subdivision 1 to issue a policy of workers' compensation insurance to an applicant which has been refused insurance. A policy shall contain the usual and customary provisions of workers' compensation insurance policies, but for which undertaking all insurers doing workers' compensation business in this state shall be reinsurers among themselves in the amount which the compensation insurance written in this state during the preceding calendar year by each insurer bears to the total compensation insurance written in this state during that calendar year by all insurers.

An insurer that issues a policy pursuant to this section shall receive an expense allowance which shall be adequate for services rendered, as approved by the commissioner.

Subd. 4. [PENALTY.] The commissioner may revoke the license of an insurer or agent for refusing or failing to provide an applicant with written refusal pursuant to subdivision 2 or for any other violation of this section or of the approved rules of a data service organization.

Subd. 5. [ASSIGNED RISK RATES.] Insureds served by the workers' compensation insurance assigned risk plan shall be charged premiums based upon a rating plan, rates, and a merit rating plan adopted by the commissioner by rule. This rating plan shall include a feature by which rates shall vary in relation to the number or proportion of insureds in the assigned risk plan in the preceding calendar year. This relationship shall be such that assigned risk rates shall vary upward as the number or proportion of insureds in the assigned risk plan decreases and downward as the number or proportion increases. Assigned risk premiums shall not be lower than the rates generally charged by insurers for the business.

Sec. 15. Minnesota Statutes 1980, Section 60C.04, is amended to read:

60C.04 [CREATION.]

All insurers subject to the provisions of Laws 1971, Chapter 145 shall form an organization to be known as the Minnesota insurance guaranty association. All insurers defined as member insurers in section 60C.03, subdivision 6, are and shall remain members of the association as a condition of their authority to transact insurance business or to execute surety bonds in this state. The association shall perform its functions under a plan of operation established and approved under section 60C.07 and shall exercise its powers through a board of directors established under section 60C.08. For purposes of administration and assessment the association shall be divided into ~~four~~ five separate accounts: (1) the automobile insurance account, (2) the township mutuals account, (3) the fidelity and surety bond account ~~and~~, (4) the account for all other insurance to which Laws 1971, Chapter 145 applies, and (5) the workers' compensation insurance account.

Sec. 16. Minnesota Statutes 1980, Section 60C.09, Subdivision 2, is amended to read:

Subd. 2. [LIMITATION OF AMOUNT.] Payment of a covered claim is

limited to the amount by which the allowance on any claim exceeds \$100 and is less than \$300,000. *The limitation on the amount of payment for a covered claim does not apply to claims for workers' compensation insurance.* In no event is the association obligated to the policyholder or claimant in an amount in excess of the obligation of the insurer under the policy from which the claim arises.

Sec. 17. Minnesota Statutes 1980, Section 79.071, Subdivision 1, is amended to read:

Subdivision 1. The commissioner shall adopt a schedule of workers' compensation insurance rates for use in this state for each classification under which business is written *until January 1, 1986*. The schedule of rates shall not be excessive, inadequate, or unfairly discriminatory. In adopting a schedule of rates, the commissioner may act on the written petition of the association or any other interested party requesting that a hearing be held for modification of the schedule of rates. The commissioner may include the expense of a reasonable charge for the services of an agent of record, for the service of rejected risks as set forth in sections 79.24 to 79.27.

Sec. 18. [REPEALER.]

Minnesota Statutes 1980, Sections 79.071, Subdivision 1; 79.074, Subdivision 1; 79.075; 79.076; 79.08; 79.09; 79.11; 79.12; 79.13; 79.14; 79.15; 79.16; 79.17; 79.171; 79.18; 79.19; 79.20; 79.21; 79.22, Subdivision 1; 79.221; 79.23; 79.24; 79.25; 79.26; 79.27; 79.28; 79.29; 79.30; 79.31; 79.32; and 79.33 are repealed effective July 1, 1983. Minnesota Statutes 1980, Sections 79.071, Subdivisions 2, 3, 4, 5, 6, and 7; 79.072; and 79.073 are repealed effective January 1, 1986.

Sec. 19. [EFFECTIVE DATES.]

Sections 1, 2, 3, 15, 16, 17, and 18 are effective the day following final enactment. Sections 4 to 14 are effective July 1, 1983."

Amend the title as follows:

Page 1, delete lines 2 to 11 and insert:

"relating to workers' compensation; providing for transition to competitive rates; eliminating duties of rating bureau of Minnesota; creating and eliminating duties for the commissioner of insurance; amending Minnesota Statutes 1980, Sections 60C.04; 60C.09, Subdivision 2; and 79.071, Subdivision 1; proposing new law coded in Minnesota Statutes, Chapter 79; repealing Minnesota Statutes 1980, Sections 79.071, Subdivisions 1, 2, 3, 4, 5, 6 and 7; 79.072; 79.073; 79.074, Subdivision 1; 79.075; 79.076; 79.08; 79.09; 79.11; 79.12; 79.13; 79.14; 79.15; 79.16; 79.17; 79.171; 79.18; 79.19; 79.20; 79.21; 79.22, Subdivision 1; 79.221; 79.23; 79.24; 79.25; 79.26; 79.27; 79.28; 79.29; 79.30; 79.31; 79.32; and 79.33."

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

Mr. Chmielewski from the Committee on Employment, to which was referred

S. F. No. 359: A bill for an act relating to workers' compensation; altering and establishing schedules of payment for permanent partial disability;

amending Minnesota Statutes 1980, Section 176.101, Subdivision 3.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1980, Section 15.052, Subdivision 1, is amended to read:

Subdivision 1. A state office of 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 *and compensation judges* to serve in his office as necessary to fulfill the duties prescribed in this section. All hearing examiners *and compensation judges* 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 *and compensation judges* shall have demonstrated knowledge of administrative procedures *and workers' compensation laws, as the case may be*, 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. 2. Minnesota Statutes 1980, 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 *or compensation judge* assigned by the chief hearing examiner. In assigning hearing examiners *or compensation judges* 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 *or compensation judges* learned in the law shall be assigned to contested case hearings *or workers' compensation 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. 3. Minnesota Statutes 1980, Section 15A.083, is amended by adding a subdivision to read:

Subd. 7. [WORKERS' COMPENSATION COURT OF APPEALS.] *Salaries of judges of the workers' compensation court of appeals shall be the same as the base salary for district judges as provided in subdivision 1.*

Sec. 4. Minnesota Statutes 1980, Section 43.064, is amended to read:

43.064 [OTHER SALARIES SET BY COMMISSIONER OF EMPLOYEE RELATIONS.]

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), (4) and (5) and for classified hearing examiners *and compensation judges* in the office of administrative hearings 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 the subsequent act that the provisions of this section shall not be applicable or shall be superseded, amended, or repealed.

Sec. 5. Minnesota Statutes 1980, Section 60A.15, Subdivision 1, is amended to read:

Subdivision 1. [DOMESTIC AND FOREIGN COMPANIES OTHER THAN TOWN AND FARMERS' MUTUAL AND DOMESTIC MUTUALS OTHER THAN LIFE.] On or before April 15, *May 15*, June 15, ~~September 15~~ and December 15 of each year following December 31, 1971, every domestic and foreign company, except town and farmers' mutual insurance companies and domestic mutual insurance companies other than life, shall pay to the state treasurer through the commissioner of insurance quarterly installments of the insurer's total estimated tax for the current year based on a sum equal to two percent of the gross premiums less return premiums on all direct business received by it in this state, or by its agents for it, in cash or otherwise, during such year, excepting premiums written for marine insurance as specified in subdivision 6. If unpaid by such dates penalties of ten percent shall accrue thereon, and thereafter such sum and penalties shall draw interest at the rate of one percent per month until paid. Failure of a company to make quarterly payments of at least one-fourth of either (a) the total tax paid during the previous calendar year or (b) 80 percent of the actual tax for the current calendar year shall subject the company to the penalty and interest provided in this subdivision.

Sec. 6. Minnesota Statutes 1980, Section 79.01, Subdivision 2, is amended to read:

Subd. 2. [INSURER.] The word "insurer" means any insurance carrier authorized by license issued by the commissioner of insurance to transact the

business of workers' compensation insurance in this state. For purposes of this subdivision "insurer" does not include a political subdivision providing self insurance or establishing a pool under section 471.981, subdivision 3.

Sec. 7. Minnesota Statutes 1980, Section 79.01, Subdivision 3, is amended to read:

Subd. 3. [INSURANCE.] The word "insurance" means workers' compensation insurance and insurance covering any part of the liability of an employer exempted from insuring his liability for compensation, as provided in section 176.181. ~~A program of self insurance, self insurance revolving fund or pool established under section 471.981 is not insurance for purposes of this subdivision.~~

Sec. 8. Minnesota Statutes 1980, Section 79.071, is amended by adding a subdivision to read:

Subd. 1a. Whenever the legislature has enacted amendments to the workers' compensation laws of this state which may require a reduction in the schedule of rates, or the commissioner determines that the loss experience of Minnesota workers' compensation insurers should result in a change in the existing schedule of rates, the commissioner may, on his own initiative, change the schedule of rates or order a hearing to determine whether and by what percentage the schedule of rates should be changed.

Sec. 9. Minnesota Statutes 1980, Section 79.071, is amended by adding a subdivision to read:

Subd. 8. In any case where an insurer bases its estimate of the amounts required to be reserved in any part on the operation of section 176.645, any assumption as to reserves required due to the operation of section 176.645, shall, for the purposes of determining rates, be offset by an assumption that the amount initially reserved shall be invested and yield a return in a percentage equal to the assumption as to the annual increase in the statewide average weekly wage. In addition, the commissioner shall, in determining rates, fully reflect the investment earnings of insurers which arise from the sale of workers' compensation insurance, either by use of at least a six percent discount rate in determining the reserves necessary for all claims, or by the use of an alternative methodology which the commissioner finds is more appropriate. Insurers shall provide the commissioner with any information he requests so as to arrive at the determination required by this subdivision.

Sec. 10. Minnesota Statutes 1980, Section 79.34, Subdivision 1, is amended to read:

Subdivision 1. A nonprofit association known as the workers' compensation reinsurance association is created, which may be incorporated under chapter 317 with all the powers of a corporation formed under that chapter, except that if the provisions of that chapter are inconsistent with sections 79.34 to 79.42 or any amendments thereto, sections 79.34 to 79.42 shall govern. Each insurer as defined by section 79.01, subdivision 2, shall as a condition of its authority to transact workers' compensation insurance in this state, be a member of the reinsurance association and shall be bound by the plan of operation of the reinsurance association; *provided, that all affiliated insurers within a holding company system as defined in sections 60D.01 to 60D.13 shall be considered a single entity for purposes of the exercise of all rights and duties of the mem-*

bership in the reinsurance association. Each self-insurer approved pursuant to section 176.181 and each political subdivision which self-insures shall, as a condition of its authority to self-insure workers' compensation liability in this state, be a member of the reinsurance association and shall be bound by its plan of operation; provided, that (a) all affiliated companies within a holding company system as determined by the commissioner in a manner consistent with the standards and definitions in sections 60D.01 to 60D.13 shall be considered a single entity for purposes of the exercise of all rights and duties of membership in the reinsurance association, and (b) all group self-insurers granted authority to self-insure pursuant to section 176.181 shall be considered a single entity for purposes of the exercise of all the rights and duties of membership in the reinsurance association. The reinsurance association shall not be deemed a state agency. Actions of the reinsurance association and its board of directors and actions of the commissioner of insurance with respect to the reinsurance association shall not be subject to chapter 15. The reinsurance association shall be exempt from taxation under the laws of this state and all property owned by the association shall be exempt from taxation. The reinsurance association shall not be obligated to make any payments or pay any assessments to any funds or pools established pursuant to this chapter or chapter 176 or any other law.

Sec. 11. Minnesota Statutes 1980, Section 79.34, Subdivision 2, is amended to read:

Subd. 2. The reinsurance association shall provide and each member shall accept indemnification for 100 percent of the amount of ultimate loss sustained in each loss occurrence relating to one or more claims arising out of a single compensable event, including aggregate losses related to a single event or occurrence which constitutes a single loss occurrence, under chapter 176 on and after October 1, 1979, in excess of \$300,000 or \$100,000 retention limit, at the option of the member. In case of occupational disease causing disablement on and after October 1, 1979, each person suffering such disablement shall be considered to be involved in a separate loss occurrence. Each retention limit shall be increased to the nearest \$10,000, on January 1, 1981 and on each January 1 thereafter by the percentage increase in the statewide average weekly wage, as determined in accordance with section 176.011, subdivision 20, except that on and after January 1, 1982, the higher retention limit shall no longer be indexed according to increases in the statewide average weekly wage but shall be an amount \$200,000 greater than the lower retention limit in effect on January 1, 1982, and on each January 1, thereafter. Ultimate loss as used in this section means the actual loss amount which a member is obligated to pay and which is paid by the member for workers' compensation benefits payable under chapter 176 and shall not include claim expenses, assessments, damages or penalties. A loss is incurred by the reinsurance association on the date on which the accident or other compensable event giving rise to the loss occurs, and a member is liable for a loss up to its retention limit in effect at the time that the loss was incurred, except that members which are determined by the reinsurance association to be controlled by or under common control with another member, and which are liable for claims from one or more employees entitled to compensation for a single compensable event, including aggregate losses relating to a single loss occurrence, may aggregate their losses and obtain indemnification from the reinsurance association for the aggregate losses in excess of the higher retention limit in effect at the time the loss was incurred.

Each member is liable for payment of its ultimate loss and shall be entitled to indemnification from the reinsurance association for the ultimate loss in excess of the member's retention limit in effect at the time of the loss occurrence.

A member that chooses the higher retention limit shall retain the liability for all losses below the higher retention limit itself and shall not transfer the liability to any other entity or reinsure or otherwise contract for reimbursement or indemnification for losses below its retention limit, except in the following cases: (a) when the reinsurance or contract is with another member which, directly or indirectly, through one or more intermediaries, control or are controlled by or are under common control with the member; (b) when the reinsurance or contract provides for reimbursement or indemnification of a member if and only if the total of all claims which the member pays or incurs, but which are not reimbursable or subject to indemnification by the reinsurance association for a given period of time, exceeds a dollar value or percentage of premium written or earned and stated in the reinsurance agreement or contract; (c) when the reinsurance or contract is a pooling arrangement with other insurers where liability of the member to pay claims pursuant to chapter 176 is incidental to participation in the pool and not as a result of providing workers' compensation insurance to employers on a direct basis under chapter 176; ~~or (d) any other reinsurance or contract approved by the commissioner upon his determination that the reinsurance or contract is not inconsistent with the bases for exception provided under clauses (a), (b) and (c) above (d) when the reinsurance or contract is limited to all the claims of a specific insured of a member which are reimbursed or indemnified by a reinsurer which, directly or indirectly, through one or more intermediaries, control or are controlled by or are under common control with the insured of the member and when any subsequent contract or reinsurance of the reinsurer relating to the claims of the insured of a member are not inconsistent with the bases of exception provided under clauses (a), (b) and (c) above; or (e) when the reinsurance or contract is limited to all claims of a specific self-insurer member which are reimbursed or indemnified by a reinsurer which, directly or indirectly, through one or more intermediaries, control or are controlled by or are under common control with the self-insurer member and when any subsequent contract or reinsurance of the reinsurer relating to the claims of the self-insurer member are not inconsistent with the bases for exception provided under clauses (a), (b) and (c) above.~~

Whenever it appears to the commissioner that any member that chooses the higher retention limit has participated in the transfer of liability to any other entity or reinsured or otherwise contracted for reimbursement or indemnification of losses below its retention limit in a manner inconsistent with bases for exception provided under clauses (a), (b), (c), (d), and (e), the commissioner may, after giving notice and an opportunity to be heard, order the member to pay to the state of Minnesota an amount not to exceed twice the difference between the reinsurance premium for the higher and lower retention limit applicable to the member for each year in which the prohibited reinsurance or contract was in effect. Any member subject to this penalty provision shall continue to be bound by its selection of the higher retention limit for purposes of membership in the reinsurance association.

Sec. 12. Minnesota Statutes 1980, Section 79.35, is amended to read:

79.35 [DUTIES; RESPONSIBILITIES; POWERS.]

The reinsurance association shall do the following on behalf of its members:

(a) Assume 100 percent of the liability as provided in section 79.34;

(b) Establish procedures by which members shall promptly report to the reinsurance association each claim which, on the basis of the injury sustained, may reasonably be anticipated to involve liability to the reinsurance association if the member is held liable under chapter 176. Solely for the purpose of reporting claims, the member shall in all instances consider itself legally liable for the injury. The member shall advise the reinsurance association of subsequent developments likely to materially affect the interest of the reinsurance association in the claim;

(c) Maintain relevant loss and expense data relative to all liabilities of the reinsurance association and require each member to furnish statistics in connection with liabilities of the reinsurance association at the times and in the form and detail as may be required by the plan of operation;

(d) Calculate and charge to members a total premium sufficient to cover the expected liability which the reinsurance association will incur in excess of the higher retention limit but less than ~~\$500,000~~ *the prefunded limit*, together with incurred or estimated to be incurred operating and administrative expenses *for the period to which this premium applies* and actual claim payments *to be made by members, during the period to which this premium applies*, for claims in excess of ~~\$500,000~~ *for the period to which this premium is applicable the prefunded limit in effect at the time the loss was incurred. The prefunded limit shall be \$2,500,000 on and after October 1, 1979. The prefunded limit shall be increased to the nearest \$100,000 on January 1, 1983, and on each January 1 thereafter by the percentage increase in the statewide average weekly wage, as determined in accordance with section 176.011, subdivision 20.* Each member shall be charged a proportion of the total premium in an amount equal to its proportion of the total standard earned premium of all members during the period to which the reinsurance association premium will apply, as determined by the commissioner. Each member exercising the lower retention option shall also be charged a premium established by the board as sufficient to cover incurred or estimated to be incurred claims for the liability the reinsurance association is likely to incur between the lower and higher retention limits for the period to which the premium applies. ~~Each member's premium~~ *member shall include an amount also be charged a premium determined by the board to equitably distribute excess or deficient premiums from previous periods including any excess or deficient premiums resulting from a retroactive change in the prefunded limit.* An equitable basis for determining standard earned premium for self-insurers shall be established by the commissioner. The premiums charged to members shall not be unfairly discriminatory as defined in section 79.074. All premiums shall be approved by the commissioner;

(e) Require and accept the payment of premiums from members of the reinsurance association;

(f) Receive and distribute all sums required by the operation of the reinsurance association;

(g) Establish procedures for reviewing claims procedures and practices of members of the reinsurance association. If the claims procedures or practices of a member are considered inadequate to properly service the liabilities of the

reinsurance association, the reinsurance association may undertake, or may contract with another person, including another member, to adjust or assist in the adjustment of claims which create a potential liability to the association and may charge the cost of the adjustment to the member; and

(h) Provide each member of the reinsurance association with an annual report of the operations of the reinsurance association in a form the board of directors may specify.

Sec. 13. Minnesota Statutes 1980, Section 79.36, is amended to read:

79.36 [ADDITIONAL POWERS.]

In addition to the powers granted in section 79.35, the reinsurance association may do the following:

(a) Sue and be sued. A judgment against the reinsurance association shall not create any direct liability against the individual members of the reinsurance association. The reinsurance association shall provide in the plan of operation for the indemnification, to the extent provided in the plan of operation, of the members, members of the board of directors of the reinsurance association, and officers, employees and other persons lawfully acting on behalf of the reinsurance association;

(b) Reinsure all or any portion of its potential liability, including potential liability in excess of ~~\$500,000~~ *the prefunded limit*, with reinsurers licensed to transact insurance in this state or otherwise approved by the commissioner;

(c) Provide for appropriate housing, equipment, and personnel as may be necessary to assure the efficient operation of the reinsurance association;

(d) Contract for goods and services, including but not limited to independent claims management, actuarial, investment, and legal services from others within or without this state to assure the efficient operation of the reinsurance association;

(e) Adopt operating rules, consistent with the plan of operation, for the administration of the reinsurance association, enforce those operating rules, and delegate authority as necessary to assure the proper administration and operation of the reinsurance association;

(f) Intervene in or prosecute at any time, including but not limited to intervention or prosecution as subrogee to the member's rights in a third party action, any proceeding under this chapter or chapter 176 in which liability of the reinsurance association may, in the opinion of the board of directors of the reinsurance association or its designee, be established, or the reinsurance association affected in any other way;

(g) The net proceeds derived from intervention or prosecution of any subrogation interest, or other recovery, shall first be used to reimburse the reinsurance association for amounts paid or payable pursuant to this chapter, together with any expenses of recovery, including attorney's fees, and any excess shall be paid to the member or other person entitled thereto, as determined by the board of directors of the reinsurance association, unless otherwise ordered by a court.

(h) Hear and determine complaints of a company or other interested party concerning the operation of the reinsurance association; and

(i) Perform other acts not specifically enumerated in this section which are necessary or proper to accomplish the purposes of the reinsurance association and which are not inconsistent with sections 79.34 to 79.42 or the plan of operation.

Sec. 14. Minnesota Statutes 1980, Section 175.007, is amended to read:

175.007 [ADVISORY COUNCIL ON WORKERS' COMPENSATION; CREATION.]

Subdivision 1. The commissioner of labor and industry shall appoint ~~after consultation with the judges of the workers' compensation court of appeals~~, an advisory council on workers' compensation, which shall consist of five representatives of employers and five representatives of employees and three members representing the general public. ~~The judges of the workers' compensation court of appeals shall be nonvoting members of the advisory council.~~ The council shall expire and the terms, compensation and removal of members shall be as provided in section 15.059.

Subd. 2. The advisory council shall study and present to the legislature and the governor, on or before November 15 of each even numbered year, its findings relative to the costs, methods of financing, and the formula to be used to provide supplementary compensation to workers who have been determined permanently and totally disabled prior to July 1, 1969, and its findings relative to alterations in the scheduled benefits for permanent partially disabled, and other aspects of the workers' compensation act. *The council shall also study and present to the legislature and the governor on or before October 15 of 1981 and by October 15 of each even-numbered year thereafter a report on the financial, administrative and personnel needs of the workers' compensation division.*

Sec. 15. Minnesota Statutes 1980, Section 175.101, is amended by adding a subdivision to read:

Subd. 4. Outside consultants shall be retained by the commissioner of the department of labor and industry to design measures to improve the record-keeping and information systems procedures of the department. The consultants shall assist the commissioner in implementation, and all studies shall be completed by January 1, 1982, at which time a report shall be made to the governor and the legislature. Expenditures for any computer facilities shall not be subject to the requirements of section 16.90 to 16.965, with the exception of section 16.95 which shall apply.

Sec. 16. Minnesota Statutes 1980, Section 175.11, Subdivision 1, is amended to read:

Subdivision 1. The workers' compensation division ~~and the workers' compensation court of appeals~~ shall each have a seal for the authentication of its orders and proceedings, upon which shall be inscribed the words, "Workers' Compensation Division of Minnesota" or "Workers' Compensation Court of Appeals of Minnesota" respectively, as the division or workers' compensation court of appeals may prescribe. The courts of this state shall take judicial notice of such seal and of the signatures of the judges of the workers' compensation court of appeals; and in all cases copies of orders, proceedings, or records of the division or workers' compensation court of appeals, certified by a judge of the workers' compensation court of appeals under his seal the commissioner,

shall be received in evidence, with the same force and effect given to the originals.

Sec. 17. Minnesota Statutes 1980, Section 175.14, is amended to read:

175.14 [TRAVELING EXPENSES.]

The ~~workers' compensation judges of the court of appeals and the commissioner of labor and industry and the officers, assistants, and employees of the workers' compensation court of appeals and department~~ shall be paid out of the state treasury their actual and necessary expenses while traveling on the business of the ~~workers' compensation court of appeals or department~~. Vouchers for such expenses shall be itemized and sworn to by the persons incurring the expense, and be subject to the approval of the ~~workers' compensation court of appeals or the commissioner of labor and industry~~.

Sec. 18. Minnesota Statutes 1980, Section 175.17, is amended to read:

175.17 [POWERS AND DUTIES, WORKERS' COMPENSATION COURT OF APPEALS, AND COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY.]

(1) ~~The workers' compensation court of appeals shall principally exercise appellate jurisdiction under the laws relating to workers' compensation and the laws governing employees of the state, a county, or other governmental subdivision who contract tuberculosis;~~

(2) The commissioner of the department of labor and industry shall administer the laws relating to workers' compensation and the laws governing employees of the state, a county, or other governmental subdivisions who contract tuberculosis;

(3) ~~(2) The workers' compensation court of appeals and the commissioner of the department of labor and industry shall jointly prescribe reasonable and proper rules and regulations governing rules of practice before the workers' compensation division in nonappellate matters and matters which are not before a compensation judge;~~

(4) ~~The workers' compensation court of appeals shall prescribe rules of practice before it in appellate matters;~~

(5) (3) The commissioner of the department of labor and industry shall collect, collate, and publish statistical and other information relating to work under ~~its the department's~~ jurisdiction and make public reports in his judgment necessary, including such other reports as may be required by law;

(6) (4) The commissioner of the department of labor and industry shall establish and maintain branch offices as needed for the conduct of the affairs of the workers' compensation division.

Sec. 19. [175A.01] [CREATION.]

Subdivision 1. [MEMBERSHIP, APPOINTMENT, QUALIFICATIONS.]
The workers' compensation court of appeals as previously constituted is re-constituted as an independent agency of the executive branch.

The workers' compensation court of appeals shall consist of five judges each serving in the unclassified service of the state civil service. The five judges shall be learned in the law. Each judge of the workers' compensation court of

appeals shall be appointed by the governor, by and with the advice and consent of the senate, for a term of six years commencing at the expiration of the preceding term. Any vacancy shall be filled by the governor for the unexpired term, subject to confirmation by the senate. The terms of the judges shall end on the first Monday in January. The terms of the judges shall be staggered. The judges of the workers' compensation court of appeals as now created shall be the judges of the workers' compensation court of appeals until the expiration of the terms for which they have been appointed and qualified. They shall be selected on the basis of their experience with and knowledge of workers' compensation and the workers' compensation laws of Minnesota. The judges of the workers' compensation court of appeals shall be subject to the provisions of the Minnesota Constitution, Article VI, Section 6, the jurisdiction of the board on judicial standards, as provided in sections 490.15 and 490.16, and the provisions of the code of judicial conduct.

Subd. 2. [JURISDICTION.] *The workers' compensation court of appeals shall have statewide jurisdiction. Except for an appeal to the supreme court or any other appeal allowed under this subdivision, the workers' compensation court of appeals shall be the sole, exclusive, and final authority for the hearing and determination of all questions of law and fact arising under the workers' compensation laws of the state in those cases that have been appealed to the workers' compensation court of appeals and in any case that has been transferred by the district court to the workers' compensation court of appeals. The workers' compensation court of appeals shall have no jurisdiction in any case that does not arise under the workers' compensation laws of the state or in any criminal case.*

Subd. 3. [OATH.] *Each judge of the workers' compensation court of appeals before entering upon the duties of his office, shall take the oath prescribed by law.*

Sec. 20. [175A.02] [OFFICERS.]

The judges of the workers' compensation court of appeals shall choose a chief judge from among their number. The chief judge shall appoint one of the judges to serve as the administrator, who shall be custodian of the court's files and records and shall coordinate and make hearing assignments. The administrator may choose two employees from among those transferred pursuant to section 107. The judge who is appointed the administrator may delegate the duties of administrator to the two employees whom he has chosen and may choose one of those employees to act in his place as the assistant administrator. The clerk of district court in each county shall be the clerk of the workers' compensation court of appeals in that county. Filing fees and library fees deposited with the clerk of district court in his capacity as clerk of the workers' compensation court of appeals and in cases originally commenced in district court and transferred to the workers' compensation court of appeals shall be retained by the clerk of district court. The workers' compensation court of appeals clerk in each county shall be subject to the supervision of the administrator in workers' compensation court of appeals matters.

Sec. 21. [175A.03] [POLITICAL NONPARTICIPATION.]

Every judge of the workers' compensation court of appeals and every officer or employee of the workers' compensation court of appeals who by solicitation or otherwise exerts his influence, directly or indirectly, to induce other officers

or employees of the state to adopt his political views, or to favor any particular person or candidate for office, or to contribute funds for campaign or political purposes, shall be removed from his office or position by the authority appointing him.

Sec. 22. [175A.04] [OFFICE.]

The workers' compensation court of appeals shall maintain its main office within the Minneapolis-St. Paul metropolitan area and be provided by the commissioner of administration with suitable rooms and necessary furniture. The offices of the workers' compensation court of appeals and the department of labor and industry shall be in separate buildings. They may hold sessions at any other place in the state when their convenience and that of the parties interested so requires.

Sec. 23. [175A.05] [QUORUM.]

A majority of the judges of the workers' compensation court of appeals shall constitute a quorum for the exercise of the powers conferred and the duties imposed on the workers' compensation court of appeals and all appeals shall be heard by at least three of the five judges. A vacancy shall not impair the right of the remaining judges of the workers' compensation court of appeals to exercise all the powers and perform all of the duties of the workers' compensation court of appeals.

Sec. 24. [175A.06] [SESSIONS TO BE PUBLIC.]

The hearings of the workers' compensation court of appeals shall be open to the public and may be adjourned from time to time. All the proceedings of the court shall be shown on its records, which shall be public records.

Sec. 25. [175A.07] [POWERS.]

Subdivision 1. [PROCESS; PROCEDURES.] The workers' compensation court of appeals shall keep a full and true record of all its proceedings, issue all necessary processes, writs, warrants, and notices which the workers' compensation court of appeals is required or authorized to issue. Notices and other documents required to be served or filed on the workers' compensation court of appeals shall be served on the administrator of the court or his delegate.

Subd. 2. [PERSONNEL.] The judges of the workers' compensation court of appeals shall appoint in the manner provided by law all personnel required by the workers' compensation court of appeals. Each workers' compensation court of appeals judge may appoint a secretarial assistant and a law clerk when necessary, each of whom shall be in the classified service of the state civil service.

Subd. 3. [TUBERCULOSIS CASES.] The workers' compensation court of appeals shall exercise appellate jurisdiction under the laws relating to workers' compensation and the laws governing employees of the state, a county, or other governmental subdivision who contract tuberculosis.

Subd. 4. [POWER TO REVIEW.] The workers' compensation court of appeals shall have the powers to review as provided in chapter 176.

Subd. 5. [RULES.] The workers' compensation court of appeals shall prescribe rules of practice before it in appellate matters.

Sec. 26. [175A.08] [SEAL.]

The workers' compensation court of appeals shall have a seal for the authentication of its orders and proceedings, upon which shall be inscribed the words, "Workers' Compensation Court of Appeals of Minnesota" as the court of appeals may prescribe. The courts of this state shall take judicial notice of such seal and of the signatures of the judges of the workers' compensation court of appeals; and in all cases copies of orders, proceedings, or records of the workers' compensation court of appeals, certified by a judge of the workers' compensation court of appeals under his seal, shall be received in evidence, with the same force and effect given to the originals.

Sec. 27. [175A.09] [TRAVEL EXPENSES.]

The workers' compensation judges of the court of appeals and the officers, assistants, and employees of the workers' compensation court of appeals shall be paid out of the state treasury their actual and necessary expenses while traveling on the business of the workers' compensation court of appeals. Vouchers for such expenses shall be itemized and sworn to by the persons incurring the expense, and be subject to the approval of the workers' compensation court of appeals.

Sec. 28. [175A.10] [APPEALS AND REVIEWS.]

Unless an appeal is taken to the district court, the right of appeal provided in chapter 176 shall be the exclusive remedy for reviewing the actions of the commissioner of labor and industry, the workers' compensation division or a compensation judge. On any appeal taken by an employee or an employer or insurer, the decision of the workers' compensation court of appeals, or the decision of the supreme court on its review, as the case may be, shall be final and conclusive on all parties to the proceedings as to all matters at issue determined by a decision. In all cases the decision of the workers' compensation court of appeals on appeal, or of the supreme court on review, as the case may be, shall stand in lieu of the order of the commissioner or the division or the compensation judge from whom the appeal was taken.

Sec. 29. [176.001] [INTENT OF THE LEGISLATURE.]

It is the intent of the legislature that this chapter is designed to assure a quick and efficient system for the delivery of indemnity and medical benefits to injured workers. These benefits shall be provided at a reasonable cost to employers who are subject to the provisions of this chapter.

Sec. 30. Minnesota Statutes 1980, Section 176.021, Subdivision 1, is amended to read:

Subdivision 1. [LIABILITY FOR COMPENSATION.] Except as excluded by this chapter all employers and employees are subject to the provisions of this chapter.

Every ~~such~~ employer is liable for compensation according to the provisions of this chapter and is liable to pay compensation in every case of personal injury or death of his employee arising out of and in the course of employment without regard to the question of negligence ; ~~unless~~ . *The burden of proof of these facts is upon the employee.*

If the injury was intentionally self-inflicted or when the intoxication of the employee is the proximate cause of the injury , then the employer is not liable for compensation. The burden of proof of ~~such~~ these facts is upon the

employer.

Sec. 31. Minnesota Statutes 1980, Section 176.021, is amended by adding a subdivision to read:

Subd. 1a. [BURDEN OF PROOF.] In all matters under the provisions of this chapter regarding questions of fact, proof of the facts in question shall be by a preponderance of the evidence. Preponderance of the evidence means evidence which, when produced in substantiation of an issue and when weighed against the evidence opposing the issue, has more convincing force and greater probability of truth.

Questions of law shall be determined in accordance with the rules of construction generally applied to all other civil matters.

Sec. 32. Minnesota Statutes 1980, Section 176.021, Subdivision 3, is amended to read:

Subd. 3. [COMPENSATION, COMMENCEMENT OF PAYMENT.] All employers shall commence payment of the compensation at the time and in the manner prescribed by this chapter without the necessity of any agreement or any order of the division. Except those of medical, burial, and other non-periodic benefits, payments shall be made as nearly as may be at the intervals when the wage was payable; provided, however, that payments for permanent partial disability in cases in which return to work occurs prior to four weeks from the date of injury shall be made by lump sum payment, and the provisions of section 176.165 shall not apply, without the necessity of any agreement, or order of the division, upon cessation of payments for temporary total disability and upon the employee's return to work. In cases in which *there has been a cessation of payments for temporary total disability but a return to work does not occur prior to four weeks after injury although it has been medically determined that the employee is able to return to work*, payments for permanent partial disability shall be made ~~according to at the following schedule: 25 percent of the amount due after four weeks from the date of injury, 25 percent after eight weeks, 25 percent after 12 weeks and 25 percent after 16 weeks, same intervals as temporary total payments were made based on the amount due~~ provided that any and all payments remaining shall be paid ~~upon the cessation of payments for temporary total disability and~~ upon the employee's return to work. *If the employer does not furnish the worker with work he can do in his permanently partially disabled condition and he is unable to procure such work with another employer, after closure of a rehabilitation plan by the workers' compensation division's rehabilitation services, the employee shall be paid the full lump sum payment for his or her permanent partial disability. If doubt exists at that the time of any payment for permanent partial disability as to the eventual permanent partial disability, payment shall be then made for the minimum permanent partial disability ascertainable in lump sum, and further lump sum payment shall be made upon any later ascertainment of greater permanent partial disability. At the time of the tender of the lump sum payment, the employee and employer shall be furnished with a copy of the medical report upon which the payment is based, together with a statement by the insurer as to whether the tendered payment is for minimum permanent partial disability or final and eventual disability. Compensation for permanent partial disability is payable concurrently and in addition to compensation for temporary total disability and temporary partial disability as set forth in section*

176.101, subdivisions 1 and 2, and for permanent total disability as defined in section 176.101, subdivision 5; and such compensation for permanent partial disability shall not be deferred pending completion of payment for temporary disability or permanent total disability, and no credit shall be taken for payment of permanent partial disability against liability for *temporary total or permanent total disability*. Liability on the part of an employer or his insurer for disability of a temporary total, temporary partial, and permanent total nature shall be considered as a continuing product and part of the employee's inability to earn or reduction in earning capacity due to injury or occupational disease and shall be payable accordingly. Permanent partial disability is payable for functional loss of use or impairment of function, permanent in nature, and payment therefore shall be separate, distinct, and in addition to payment for any other compensation. The right to receive temporary total, temporary partial, permanent partial or permanent total disability payments shall vest in the injured employee or his dependents under this chapter or, if none, in his legal heirs at the time the disability can be ascertained and the right shall not be abrogated by the employee's death prior to the making of the payment.

Sec. 33. Minnesota Statutes 1980, Section 176.021, is amended by adding a subdivision to read:

Subd. 8. [AMOUNTS ADJUSTED.] Amounts of compensation payable by an employer or his insurer under this chapter may be adjusted by increasing an amount over 50 cents to the next higher dollar amount and by reducing an amount of 50 cents or less to the next lower dollar amount.

Sec. 34. Minnesota Statutes 1980, Section 176.041, is amended by adding a subdivision to read:

Subd. 6. [COMMISSIONER OF LABOR AND INDUSTRY; ADDITIONAL POWERS.] Whenever an employee is covered by any one or more of subdivisions 2, 3 and 4, the commissioner of labor and industry may enter into agreements with the appropriate agencies of other states for the purpose of resolving conflicts of jurisdiction or disputes concerning workers' compensation coverage. An agreement entered into pursuant to this subdivision may be appealed in the same manner and within the same time as if the appeal were from an order or decision of a compensation judge to the workers' compensation court of appeals.

Sec. 35. Minnesota Statutes 1980, Section 176.061, Subdivision 1, is amended to read:

Subdivision 1. [ELECTION OF REMEDIES.] Where an injury or death for which ~~compensation~~ *benefits* are payable occurs under circumstances which create a legal liability for damages on the part of a party other than the employer and at the time of such injury or death that party was insured or self-insured in accordance with this chapter, the employee, in case of injury, or his dependents, in case of death, may proceed either at law against that party to recover damages or against the employer for ~~compensation~~ *benefits*, but not against both.

Sec. 36. Minnesota Statutes 1980, Section 176.061, Subdivision 3, is amended to read:

Subd. 3. [ELECTION TO RECEIVE ~~COMPENSATION~~ *BENEFITS* FROM EMPLOYER; SUBROGATION.] If the employee or his dependents

elect to receive ~~compensation~~ *benefits* from the employer, *or the special compensation fund*, such employer, *or special compensation fund*, is subrogated to the right of the employee or his dependents to recover damages against the other party. The employer, *or the attorney general on behalf of the special compensation fund*, may bring legal proceedings against such party and recover the aggregate amount of ~~compensation~~ *benefits* payable ~~by him~~ *to or on behalf of* the employee or his dependents, together with ~~the~~ costs, disbursements, and reasonable attorney's fees of the action.

If an action as provided in this chapter prosecuted by the employee, the employer, or ~~both the attorney general on behalf of the special compensation fund~~, jointly against the third person, results in judgment against the third person, or settlement by the third person, the employer shall have no liability to reimburse or hold the third person harmless on the judgment or settlement in absence of a written agreement to do so executed prior to the injury.

Sec. 37. Minnesota Statutes 1980, Section 176.061, Subdivision 4, is amended to read:

Subd. 4. [APPLICATION OF SUBDIVISIONS 1, 2, AND 3.] The provisions of subdivisions 1, 2, and 3 apply only where the employer liable for ~~compensation~~ *benefits* and the other party legally liable for damages are insured or self-insured and engaged in the due course of business, (a) in furtherance of a common enterprise, or (b) the accomplishment of the same or related purposes in operation on the premises where the injury was received at the time thereof.

Sec. 38. Minnesota Statutes 1980, Section 176.061, Subdivision 5, is amended to read:

Subd. 5. [CUMULATIVE REMEDIES.] Where an injury or death for which ~~compensation~~ *is benefits* are payable is caused under circumstances which created a legal liability for damages on the part of a party other than the employer, that party being then insured or self-insured in accordance with this chapter, and the provisions of subdivisions 1, 2, 3, and 4 do not apply, or the party other than the employer is not then insured or self-insured as provided by this chapter, legal proceedings may be taken by the employee or his dependents in accordance with clause (a), or by his employer, *or by the attorney general on behalf of the special compensation fund*, in accordance with clause (b), against the other party to recover damages, notwithstanding the payment by the employer, *or the special compensation fund* or ~~his~~ *their* liability to pay ~~compensation~~ *benefits*.

(a) If an action against the other party is brought by the injured employee or his dependents and a judgment is obtained and paid or settlement is made with the other party, the employer *or the special compensation fund* may deduct from the ~~compensation~~ *benefits* payable ~~by him~~ *the amount* actually received by the employee or dependents *or paid on their behalf* in accordance with subdivision 6. If the action is not diligently prosecuted or if the court deems it advisable in order to protect the interests of the employer, *or the special compensation fund*, upon application the court may grant the employer, *or the special compensation fund*, the right to intervene in any such action for the prosecution thereof. If the injured employee or his dependents ~~agree to receive compensation~~ *or any party on their behalf receives benefits* from the employer, *or the special compensation fund*, or institute proceedings to recover the same

or accept from the employer, *or the special compensation fund*, any payment on account of the ~~compensation benefits~~, the employer, *or the special compensation fund*, is subrogated to the rights of the employee or his dependents. This employer, *or the attorney general on behalf of the special compensation fund*, may maintain an action or continue an action already instituted. This action may be maintained in the name of the employee or the names of the dependents or in the name of the employer *or in the name of the attorney general on behalf of the special compensation fund* against such other party for the recovery of damages. If the action is not diligently prosecuted by the employer, *or the attorney general on behalf of the special compensation fund*, or the court deems it advisable in order to protect the interest of the employee, the court, upon application, may grant to the employee or his dependents the right to intervene in the action for the prosecution thereof. The proceeds of such action or settlement thereof shall be paid in accordance with subdivision 6.

(b) If an employer, being then insured, sustains damages due to a change in workers' compensation insurance premiums, whether by a failure to achieve a decrease or by a retroactive or prospective increase, as a result of the injury or death of his employee which was caused under circumstances which created a legal liability for damages on the part of a party other than the employer, the employer, notwithstanding other remedies provided, may maintain an action against the other party for recovery of such premiums. This cause of action may be brought either by joining in an action described in clause (a) or by a separate action. Damages recovered under this clause shall be for the benefit of the employer and the provisions of subdivision 6 shall not be applicable to such damages.

(c) The third party is not liable to any person other than the employee or his dependents or his employer for any damages resulting from the injury or death.

A co-employee working for the same employer is not liable for a personal injury incurred by another employee unless the injury resulted from the gross negligence of the co-employee or was intentionally inflicted by the co-employee.

Sec. 39. Minnesota Statutes 1980, Section 176.061, Subdivision 6, is amended to read:

Subd. 6. [COSTS, ATTORNEY FEES, EXPENSES.] The proceeds of all actions for damages or settlement thereof under this section, except for damages received under subdivision 5, clause (b) received by the injured employee or his dependents or by the employer, *or the special compensation fund*, as provided by subdivision 5, shall be divided as follows:

(a) After deducting the reasonable cost of collection, including but not limited to attorneys fees and burial expense in excess of the statutory liability, then

(b) One-third of the remainder shall in any event be paid to the injured employee or his dependents, without being subject to any right of subrogation.

(c) Out of the balance remaining, the employer, *or the special compensation fund*, shall be reimbursed in an amount equal to all ~~compensation benefits~~ paid under this chapter to *or on behalf of* the employee or his dependents by the employer, *or special compensation fund*, less the product of the costs deducted

under clause (a) divided by the total proceeds received by the employee or his dependents from the other party multiplied by all ~~compensation~~ *benefits* paid by the employer, *or the special compensation fund*, to the employee or his dependents.

(d) Any balance remaining shall be paid to the employee or his dependents, and shall be a credit to employer, *and the special compensation fund*, for any ~~compensation~~ *benefits* which employer is obligated to pay, but has not paid, and for any ~~compensation~~ *benefits* that such employer shall be obligated to make in the future.

There shall be no reimbursement or credit to employer, *or special compensation fund*, for interest or penalties.

Sec. 40. Minnesota Statutes 1980, Section 176.061, Subdivision 7, is amended to read:

Subd. 7. [MEDICAL TREATMENT.] The liability of an employer, *or special compensation fund*, for medical treatment under this chapter shall not be affected by the fact that his employee was injured through the fault or negligence of a third party, against whom the employee may have a cause of action which may be sued under this chapter, but the employer, *or the attorney general on behalf of the special compensation fund*, shall have a separate additional cause of action against such third party to recover any amounts paid by him for medical treatment under this section resulting from the negligence of such third party. This separate cause of action of the employer, *or the attorney general on behalf of the special compensation fund*, may be asserted in a separate action brought by the employer, *or the attorney general on behalf of the special compensation fund*, against such third party or in the action commenced by the employee or the employer, *or the attorney general on behalf of the special compensation fund*, under this chapter, but in the latter case the cause of action shall be separately stated, the amount awarded thereon shall be separately set out in the verdict, and the amount recovered by suit or otherwise as reimbursement for medical expenses shall be for the benefit of the employer, *or the special compensation fund*, to the extent that the employer, *or the special compensation fund*, has paid or will be required to pay for medical treatment of the injured employee and shall not affect the amount of periodic compensation to be paid.

Sec. 41. Minnesota Statutes 1980, Section 176.081, Subdivision 1, is amended to read:

Subdivision 1. No claim for legal services or disbursements pertaining to any demand made or suit or proceeding brought under the provisions of this chapter is an enforceable lien against the compensation or is valid or binding in any other respect unless approved in writing by the commissioner of the department of labor and industry, compensation judge, or workers' compensation court of appeals, if the claim arises out of a proceeding for compensation under this chapter, or by the judge presiding at the trial in an action for damages, or by a judge of the district court in a settlement of a claim for damages without trial. A compensation judge shall in matters before him *including settlement proceedings* have authority to approve a fee of up to 25 percent of the first \$4,000 of compensation awarded to the employee and up to 20 percent of the next \$20,000 of compensation awarded to employee. The workers' compensation court of appeals judge shall have authority only to

approve fees in settlements upon appeal before them up to 25 percent of the first \$4,000 of compensation awarded to the employee and up to 20 percent of the next \$20,000 of compensation awarded to the employee. If the employer or his insurer or the defendant is given written notice of such claims for legal services or disbursements, the same shall be a lien against the amount paid or payable as compensation, subject to determination of the amount and approval provided by this chapter. *Provided, however, that in no case shall fees be calculated on the basis of any undisputed portion of compensation awards. Allowable fees under this chapter shall be based solely upon genuinely disputed portions of claims.*

Sec. 42. Minnesota Statutes 1980, Section 176.081, is amended by adding a subdivision to read:

Subd. 7a. Any time more than one day before a matter is heard, a party litigating a claim made pursuant to this chapter may serve upon the adverse party a reasonable offer of settlement for the amount claimed, or to the effect specified in the offer, with costs and disbursements then accrued. If before the hearing the adverse party serves written notice that the offer is accepted, either party may then file the offer and notice of acceptance, together with the proof of service thereof, and thereupon judgment shall be entered.

If an offer by an employer or insurer is not accepted by the employee, it shall be deemed withdrawn and evidence thereof is not admissible, except in a proceeding to determine attorney fees. Notwithstanding the provisions of subdivision 7, if the judgment finally obtained by the employee is not more favorable than the offer, the employee must pay the attorney's fees awarded pursuant to this section.

If an offer by an employee is not accepted by the employer or insurer, it shall be deemed withdrawn and evidence thereof is not admissible, except in a proceeding to determine attorney fees. Notwithstanding the provisions of subdivision 7, if the judgment finally obtained by the employee is at least as favorable as the offer, the employer shall pay an additional 25 percent, over the amount provided in subdivision 7, of that portion of the attorney's fee which has been awarded pursuant to this section that is in excess of \$250.

The fact that an offer is made but not accepted does not preclude a subsequent offer.

Sec. 43. Minnesota Statutes 1980, Section 176.081, is amended by adding a subdivision to read:

Subd. 9. Whenever an attorney is hired by an employee to provide legal services with respect to a claim for compensation made pursuant to this chapter, the attorney shall prepare a retainer agreement in which the provisions of this section are specifically set out. The retainer agreement shall provide a space for the signature of the employee which when signed shall indicate that the employee has read, had explained and understands the statutory fee provisions.

Sec. 44. Minnesota Statutes 1980, Section 176.081, is amended by adding a subdivision to read:

Subd. 10. An attorney who violates the provisions of this chapter with respect to fees allowed for legal services in connection with any demand made

or suit or proceeding brought under the provisions of this chapter is guilty of a gross misdemeanor.

Sec. 45. Minnesota Statutes 1980, Section 176.101, Subdivision 3, is amended to read:

Subd. 3. [PERMANENT PARTIAL DISABILITY.] For permanent partial disability compensation shall be that named in the following schedule, subject to a maximum compensation equal to the statewide weekly wage:

(1) For the loss of a thumb, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 65 weeks;

(2) For the loss of a first finger, commonly called index finger, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 40 weeks;

(3) For the loss of a second finger, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 35 weeks;

(4) For the loss of a third finger, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 25 weeks;

(5) For the loss of a fourth finger, commonly called the little finger, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 20 weeks;

(6) The loss of the first phalange of the thumb or of any finger, is considered equal to the loss of one-half of the thumb or finger and compensation shall be paid at the prescribed rate during one-half the time specified for the loss of the thumb or finger;

(7) The loss of one and one-half or more phalanges is considered equal to the loss of the entire finger or thumb; but in no case shall the amount received for more than one finger exceed the amount provided in this schedule for the loss of a hand;

(8) For the loss of a great toe, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 35 weeks;

(9) For the loss of a toe other than a great toe, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 15 weeks;

(10) The loss of the first phalange of any toe is considered equal to the loss of one-half of the toe, and compensation shall be paid at the prescribed rate during one-half the time specified for the loss of the toe;

(11) The loss of one and one-half or more phalanges is considered equal to the loss of the entire toe;

(12) For the loss of a hand, not including the wrist movement, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 195 weeks;

(13) For the loss of a hand, including wrist movement, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 220 weeks;

(14) For the loss of an arm, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 270 weeks;

(15) Amputation of the arm below the elbow is considered the loss of a hand, including wrist movement, if enough of the forearm remains to permit the use of an effective artificial member, otherwise it is considered the loss of an arm;

(16) For the loss of a foot, not including ankle movement, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 140 weeks;

(17) For the loss of a foot, including ankle movement, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 165 weeks;

(18) For the loss of a leg, if enough of the leg remains to permit the use of an effective artificial member, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 195 weeks;

(19) For the loss of a leg so close to the hip that no effective artificial member can be used, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 220 weeks;

(20) Amputation of a leg below the knee is considered as equal to the loss of a foot, including ankle movement, if enough of the lower leg remains to permit the use of an effective artificial member, otherwise it is considered as equal to the loss of a leg;

(21) For the loss of an eye, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 160 weeks;

(22) For the complete permanent loss of hearing in one ear, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 85 weeks;

(23) For the complete permanent loss of hearing in both ears, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 170 weeks;

(24) For the loss of an eye and a leg, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 475 weeks;

(25) For the loss of an eye and an arm, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 475 weeks;

(26) For the loss of an eye and a hand, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 450 weeks;

(27) For the loss of an eye and a foot, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 400 weeks;

(28) For the loss of two arms, other than at the shoulder, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(29) For the loss of two hands, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(30) For the loss of two legs, other than so close to the hips that no effective artificial member can be used, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(31) For the loss of two feet, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(32) For the loss of one arm and the other hand, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(33) For the loss of one hand and one foot, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(34) For the loss of one leg and the other foot, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(35) For the loss of one leg and one hand, 66 2/3 percent of the daily wage at the time of injury during 500 weeks;

(36) For the loss of one arm and one foot, 66 2/3 percent of the daily wage at the time of injury during 500 weeks;

(37) For the loss of one arm and one leg, 66 2/3 percent of the daily wage at the time of injury during 500 weeks;

(38) For loss of the voice mechanism, 66 2/3 percent of the daily wage at the time of injury during 500 weeks;

(39) For head injuries, 66 2/3 percent of the daily wage at the time of injury for that proportion of 500 weeks which is represented by its percentage of the permanent partial disability to the entire body as is determined from competent testimony at a hearing before a compensation judge, the commissioner, or the workers' compensation court of appeals;

(40) For permanent partial disability resulting from injury to any internal organ until such time as the commissioner of labor and industry shall promulgate a schedule of internal organs and thereafter for internal organs covered by the schedule of internal organs established by the commissioner of labor and industry, 66 2/3 percent of the daily wage at time of injury for that proportion of 500 weeks, not to exceed 500 weeks, as determined by the commissioner of labor and industry, which is the proportionate amount of permanent partial disability caused to the entire body by the injury as is determined from competent testimony at a hearing before a compensation judge, the commissioner, or the workers' compensation court of appeals;

(41) For disfigurement or scarring not resulting from the loss of a member or other injury specifically compensated, affecting the employability or advancement opportunity of the injured person in the employment in which he was injured or other employment for which the employee is then qualified or for which the employee has become qualified, 66 2/3 percent of the daily wage at the time of injury during the period the parties agree to or the compensation judge or the workers' compensation court of appeals in cases on appeal determines, not exceeding 90 weeks;

(42) For permanent partial disability resulting from injury to the back, 66 2/3 percent of the daily wage at the time of injury for that proportion of 350 weeks which is represented by the percentage of the permanent partial disability as is determined from competent testimony at a hearing before a compensation judge, the commissioner, or the workers' compensation court of appeals;

(43) When an employee sustains concurrent injuries resulting in concurrent disabilities he shall receive compensation only for the injury which entitled him to the largest amount of compensation, but this does not affect liability for disfigurement affecting the employability of the injured person or liability for the concurrent loss of more than one member, for which members compensations are provided in the specific schedule and in subdivision 5;

(44) In all cases of permanent partial disability it is considered that the permanent loss of the use of a member is equivalent to and draws the same compensation as the loss of that member, but the compensation in and by this schedule provided shall be in lieu of all other compensation in these cases, except as otherwise provided by this section;

In the event a worker has been awarded or is entitled to receive compensation for loss of use of a member under any workers' compensation law, and thereafter sustains loss of the member under circumstances entitling him to compensation therefor under this subdivision, the amount of compensation awarded, or that he is entitled to receive, for the loss of use, is to be deducted from the compensation due under the schedules of this section for the loss of the member, provided, that the amount of compensation due for the loss of the member caused by the subsequent accident is in no case less than 25 percent of the compensation payable under the schedule of this section for the loss of the member;

(45) In cases of permanent partial disability due to injury to a member, resulting in less than total loss of the member, not otherwise compensated in this schedule, compensation shall be paid at the prescribed rate during that part of the time specified in the schedule for the total loss of the member which the extent of the injury to the member bears to its total loss;

(46) In cases of permanent partial disability caused by simultaneous injury to two or more members, the applicable schedules in this subdivision shall be increased by 15 percent. This clause shall not apply when the injuries are compensated under paragraphs 22 to 37 inclusive, of this subdivision. In cases of partial disability due to injury to both eyes resulting in less than total loss of vision in one or both eyes compensation shall be paid at the prescribed rate during that part of 450 weeks which the extent of the combined injury to both eyes bears to the complete loss of industrial vision;

(47) The commissioner of labor and industry ~~with the workers' compensation court of appeals~~ may make or revise rules for the determination of the extent of the impairment of the industrial use of one or both eyes taking into account all primary coordinate factors of vision. These rules shall be made or revised after consultation with experts on industrial vision and after public notice to and hearing of interested parties;

(48) For permanent partial disability resulting from injury to the body as a whole due to burns, 66 2/3 percent of the daily wage at the time of injury, for that proportion of 350 weeks which is represented by the percentage of the permanent partial disability as is determined from competent testimony at a hearing before a compensation judge, the commissioner, or the workers' compensation court of appeals, the compensation to be paid in addition to the compensation as employee would otherwise be entitled to for loss of use of a member in accordance with this section;

(49) In all cases of permanent partial disability not enumerated in this schedule the compensation shall be 66 2/3 percent of the difference between the daily wage of the worker at the time of the injury and the daily wage he is able to earn in his partially disabled condition, subject to a maximum equal to the statewide average weekly wage, and continue during disability, not to exceed 350 weeks; and if the employer does not furnish the worker with work which he can do in his permanently partially disabled condition and he is unable to secure such work with another employer after a reasonably diligent effort, the employee shall be paid at his or her maximum rate of compensation for total disability.

Sec. 46. Minnesota Statutes 1980, Section 176.102, is amended by adding a subdivision to read:

Subd. 1a. [SURVIVING SPOUSE.] Upon request a qualified dependent surviving spouse shall be provided rehabilitation services through the department of labor and industry's rehabilitation services section of the workers' compensation division. For the purposes of this subdivision a qualified dependent surviving spouse is a dependent surviving spouse, as determined under section 176.111, who is permanently precluded or likely to be precluded from being employed in an occupation or position which could be expected to provide a reasonable living wage or salary, and who can reasonably be expected to benefit from rehabilitation services which may significantly reduce or eliminate the surviving spouse's unemployment.

Sec. 47. Minnesota Statutes 1980, Section 176.105, Subdivision 1, is amended to read:

Subdivision 1. The commissioner of labor and industry may shall by rule establish a schedule of degrees of disability resulting from different kinds of injuries.

Sec. 48. Minnesota Statutes 1980, Section 176.111, Subdivision 6, is amended to read:

Subd. 6. [SPOUSE, NO DEPENDENT CHILD.] (a) If the deceased employee leaves a dependent surviving spouse and no dependent child, there shall be paid to the dependent surviving spouse 50 percent of the daily wage at the time of the injury of the deceased, at the option of the spouse, either:

(1) A lump sum settlement equal to ten full years of compensation at 50 percent of the daily wage at the time of the injury of the deceased; or

(2) Weekly workers' compensation benefits at 50 percent of the daily wage at the time of the injury for a period of ten years, including adjustments as provided in section 176.645.

(b) A dependent surviving spouse who has not accepted a lump sum settlement and who remarries shall receive the lesser of either:

(1) A lump sum settlement equal to two full years of compensation at 50 percent of the daily wage at the time of the injury of the deceased; or

(2) The remaining weekly workers' compensation benefits at 50 percent of the daily wage, including adjustments as provided in section 176.645.

Sec. 49. Minnesota Statutes 1980, Section 176.111, Subdivision 7, is amended to read:

Subd. 7. [SPOUSE, ONE DEPENDENT CHILD.] (a) If the deceased employee leave a surviving spouse and one dependent child, there shall be paid to the surviving spouse, at the option of the spouse, for the benefit of such spouse and child 60 percent of the daily wage at the time of the injury of the deceased until the child is no longer a dependent as defined in subdivision 1. At that time there shall be paid to the dependent surviving spouse either:

(1) A lump sum settlement equal to ten full years of compensation at a rate which is 16 2/3 percent less than the last weekly workers' compensation benefit payment which would have been due while the surviving child was a dependent; or

(2) Weekly benefits at a rate which is 16 2/3 percent less than the last weekly

workers' compensation benefit payment which would have been due while the surviving child was a dependent, including adjustments as provided in section 176.645.

(b) In the case of remarriage of a surviving spouse:

(1) Compensation for the benefit of a dependent child shall be paid according to the allocation provided in subdivision 10, until the child is no longer a dependent as defined in subdivision 1; and

(2) For the benefit of the surviving spouse a lump sum settlement equal to two full years of compensation shall be paid in an amount which is the difference between the benefit otherwise payable under this section and the amount payable to the dependent child allocated as provided in subdivision 10

Sec. 50. Minnesota Statutes 1980, Section 176.111, Subdivision 8, is amended to read:

Subd. 8. [SPOUSE, TWO DEPENDENT CHILDREN.] *(a) If the deceased employee leave a surviving spouse and two dependent children, there shall be paid to the surviving spouse, at the option of the spouse, for the benefit of such spouse and such children 66 2/3 percent of the daily wage at the time of the injury of the deceased until the youngest dependent child is no longer dependent.*

At that time the dependent surviving spouse shall be paid either:

(1) A lump sum settlement equal to ten full years of compensation at 25 percent less than the last weekly workers' compensation benefit payment which would have been due while the last surviving child was a dependent; or

(2) Weekly benefits at the rate of 25 percent less than the last weekly indemnification payment made while the surviving child was a dependent adjusted according to section 176.645.

(b) In the case of remarriage of a surviving spouse, there shall be paid compensation for the benefit of the children allocated according to subdivision 10 until the youngest dependent child is no longer dependent as defined in subdivision 1. For the benefit of the surviving spouse there shall be paid a lump sum settlement equal to two full years of compensation at the difference between the benefit otherwise payable under this section and the amount payable to the dependent children allocated according to subdivision 10.

Sec. 51. Minnesota Statutes 1980, Section 176.111, is amended by adding a subdivision to read:

Subd. 8a. [LAST WEEKLY BENEFIT PAYMENT.] *For the purposes of subdivisions 7 and 8, 'last weekly workers' compensation benefit payment' means the workers' compensation benefit payment as initially determined under this chapter before the application of the provisions of subdivision 21.*

Sec. 52. Minnesota Statutes 1980, Section 176.111, Subdivision 10, is amended to read:

Subd. 10. [ALLOCATION OF COMPENSATION.] *In all cases where compensation is payable to the surviving spouse for the benefit of the surviving spouse and dependent children, the commissioner of the department of labor*

and industry, compensation judge, or workers' compensation court of appeals in cases upon appeal ~~may~~ *shall* determine what portion of the compensation ~~shall be applied~~ *applies* for the benefit of ~~any such child dependent children~~ and may order ~~the same~~ *that* portion paid to a guardian. *This subdivision shall not be construed to increase the combined total of weekly government survivor benefits and workers' compensation beyond the limitation established in section 176.111, subdivision 21.*

Sec. 53. Minnesota Statutes 1980, Section 176.111, Subdivision 21, is amended to read:

Subd. 21. [DEATH, BENEFITS; COORDINATION WITH GOVERNMENTAL SURVIVOR BENEFITS.] The following provision shall apply to any dependent entitled to receive weekly compensation benefits under this section as the result of the death of an employee, and who is also receiving or entitled to receive benefits under any government survivor program:

The combined total of weekly government survivor benefits and workers' compensation death benefits provided under this section shall not exceed 100 percent of the weekly wage being earned by the deceased employee at the time of the injury causing his death; provided, however, that no state workers' compensation death benefit shall be paid for any week in which the survivor benefits paid under the federal program, by themselves, exceed 100 percent of such weekly wage provided, however, the workers' compensation benefits payable to a dependent surviving spouse shall not be reduced on account of any governmental survivor benefits payable to decedent's children if the support of the children is not the responsibility of the dependent surviving spouse.

For the purposes of this subdivision "dependent" means dependent surviving spouse together with all dependent children and any other dependents.

Sec. 54. Minnesota Statutes 1980, Section 176.131, Subdivision 10, is amended to read:

Subd. 10. The special compensation fund is created for the purposes provided in this chapter in the following manner:

(1) In every case of death of an employee resulting from personal injury arising out of and in the course of employment where there are no persons entitled to monetary benefits of dependency compensation, the employer shall pay to the commissioner of labor and industry the sum of \$5,000 for the benefit of the special compensation fund; in every case of death of an employee resulting from personal injury arising out of and in the course of employment where there are no persons entitled to at least \$5,000 in monetary benefits of dependency compensation, the employer shall pay to the commissioner of labor and industry for the benefit of the special compensation fund the difference between the amounts actually paid for the dependency benefits and \$5,000; but in no event shall the employer pay the commissioner of labor and industry less than \$1,000;

(2) When an employee suffers a personal injury which results in permanent partial disability, temporary total disability, temporary partial disability, permanent total disability or death and which entitles him or dependents to compensation under sections 176.101 or 176.111, the employer shall in addition to compensation provided therein, pay to the commissioner of labor and industry for the benefit of the special compensation fund a lump sum without interest

deduction equal to ~~seven~~ a percent of the total compensation, as determined as provided in this subdivision as soon as the amount payable for the particular injury is determined, or arrived at by agreement of the parties and the amount is approved by the commissioner of labor and industry.

The provisions of clauses (1) and (2) shall apply to all workers' compensation payments, exclusive of medical costs, paid under sections 176.101 and 176.111 for all injuries or death occurring on or after June 1, 1971.

Personal injuries that occurred prior to June 1, 1971 shall be assessed at the rate in effect on the date of occurrence.

The seven percent of the total compensation required to be paid by the employer to the commissioner of labor and industry for the benefit of the special compensation fund as provided in clause (2) of this subdivision shall remain fixed at said seven percent for the period from June 1, 1971, to June 1, 1972. Effective June 1, 1972, through June 1, 1975, and thereafter on January 1, beginning in 1976, the rate shall be adjusted on the following basis: if the balance in the special compensation fund as of April 30 in any year through 1975 and as of September 30, 1975, and each September 30 thereafter, is below \$1,000,000, the rate of payment shall be increased by two percent over the then prevailing rate. If the balance is at least \$1,000,000 but below \$1,500,000, the rate will be increased by one percent. If the balance is at least \$1,500,000 but below \$2,000,000, there shall be no change. If the balance is at least \$2,000,000 but less than \$2,500,000, the rate shall be decreased by one percent. If the balance is at least \$2,500,000, the rate shall be decreased by two percent. If the balance is \$3,000,000 or more the commissioner of labor and industry shall within 30 days determine the percent of decrease, which shall be not less than two percent nor more than five percent.

In determining the percentage of the total compensation required to be paid by the employer to the commissioner of labor and industry for the benefit of the special compensation fund as provided in clause (2) beginning September 30, 1980, and each September 30 thereafter, the commissioner of labor and industry shall use the following schedule:

Balance in the Fund	Permissible Range of Rate Adjustment
Less than \$2,000,000	+1 percent to +7 percent
At least \$2,000,000 but less than \$3,000,000	0 percent to +6 percent
At least \$3,000,000 but less than \$4,000,000	-2 percent to +4 percent
At least \$4,000,000 but less than \$5,000,000	-5 percent to +3 percent
At least \$5,000,000 but less than \$6,000,000	-6 percent to +2 percent
\$6,000,000 or more	-7 percent to +2 percent

In determining the actual adjustment, the commissioner shall take into account his estimate of the likely amount of expenditures to be made from the fund in the next calendar year.

Sums paid to the commissioner of labor and industry pursuant to the provisions hereof, shall be deposited with the state treasurer for the benefit of the special compensation fund and be used to pay the benefits provided by this chapter. All money heretofore arising from the provisions of this section or similar law shall be transferred to this special compensation fund. Any interest or profit accruing from investment of these sums shall be credited to the special compensation fund.

The state treasurer shall be the custodian of this special fund and the workers' compensation division ~~and the workers' compensation court of appeals in cases before it on its own order or an order of a court~~ shall direct the distribution thereof, the same to be paid as other payments of compensation are paid. In case deposit is or has been made under the provisions of clause (1) and dependency later is shown, or if deposit is or has been made pursuant to either clause (1) or (2) by mistake or inadvertence, or under circumstances that justice requires a refund thereof, the state treasurer is authorized to refund the deposit under order of the workers' compensation division or ~~the workers' compensation court of appeals a court~~. There is appropriated to the persons entitled to the refunds from the fund an amount sufficient to make the refund and payment.

Costs within the department of labor and industry for the accounting and legal procedures necessary for administration of the programs financed by the special compensation fund shall be paid from the moneys biennially appropriated to the department and not from the special compensation fund.

Sec. 55. Minnesota Statutes 1980, Section 176.132, Subdivision 2, is amended to read:

Subd. 2. [AMOUNT.] (a) The supplementary benefit payable under this section shall be the difference between the amount the employee receives on or after January 1, 1976, under section 176.101, subdivision 1 or subdivision 4, and 65 percent of the statewide average weekly wage as computed annually.

(b) In the event an eligible recipient is currently receiving no compensation or is receiving a reduced level of compensation because of a credit being applied as the result of a third party liability or damages, the employer or insurer shall compute the offset credit as if the individual were entitled to the actual benefit or 65 percent of the statewide average weekly wage as computed annually, whichever is greater. If this results in the use of a higher credit than otherwise would have been applied and the employer or insurer becomes liable for compensation benefits which would otherwise not have been paid, the additional benefits resulting shall be handled according to this section.

(c) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of a valid agreement in settlement of a claim, no supplementary benefit shall be payable under this section. *Attorney fees shall be allowed in settlements of claims for supplementary benefits in accordance with this chapter.*

(d) In the event an eligible recipient is receiving no compensation or is

receiving a reduced level of compensation because of prior limitations in the maximum amount payable for permanent total disability or because of reductions resulting from the simultaneous receipt of old age or disability benefits, the supplementary benefit shall be payable for the difference between the actual amount of compensation currently being paid and 65 percent of the statewide average weekly wage as computed annually.

(e) In the event that an eligible recipient is receiving simultaneous benefits from any government disability program, the amount of supplementary benefits payable under this section shall be reduced by five percent. If the individual does not receive the maximum benefits for which he is eligible under other governmental disability programs due to the provisions of 42 U.S.C. 424a (d), this reduction shall not apply.

Sec. 56. Minnesota Statutes 1980, Section 176.133, is amended to read:

176.133 [ATTORNEYS FEES, SUPPLEMENTARY BENEFITS.]

No Attorneys fees shall be permitted or approved by the workers' compensation court of appeals from the supplementary workers' compensation benefits provided by section 176.132, or amendments thereto, ~~unless if the case solely involves the obtaining of supplementary workers' compensation benefits.~~ When such fees are allowed an amount equal to 25 percent of that portion of the fee which is in excess of \$250 shall be added to the employee's benefit as provided in section 176.081 rather than deducted as a portion thereof. The fees shall be ~~subject determined according to the limitations contained in section 176.081.~~

Sec. 57. Minnesota Statutes 1980, Section 176.136, is amended to read:

176.136 [MEDICAL FEE REVIEW.]

The commissioner of labor and industry shall ~~by rule establish procedures for determining whether the charge for a health service is excessive. In order to accomplish this purpose, the commissioner shall consult with insurers, associations and organizations representing the medical and other providers of treatment services and other appropriate groups utilize the schedule of medical fees established pursuant to section 256B.04, subdivision 12.~~ If the commissioner determines that the charge for a health service or medical service is excessive, ~~he may limit no payment to in excess of the reasonable charge for that service shall be made under this chapter nor may the provider collect or attempt to collect from the injured employee or any other insurer or government for amounts in excess of the amount payable under this chapter ; however, the commissioner shall by rule establish procedures allowing for a provider to appeal such determination. The commissioner may shall contract with a review organization as defined in section 145.61 in making any determinations as to whether or not a charge is excessive for the purposes listed in section 145.61, subdivision 5, and report to the legislature by January 15, 1983, and every January 15 of odd-numbered years, regarding the delivery of medical and health care services under the workers' compensation laws of this state .~~

Sec. 58. [176.1361] [TESTIMONY OF PROVIDERS.]

When the commissioner of labor and industry has reason to question the objectivity with which a medical or other provider of treatment services is

giving testimony in any proceeding under this chapter regarding personal injuries, the commissioner shall refer the matter for review to an appropriate licensing body or other professional certifying organization for review and recommendations as to the objectivity of the provider in the matters referred. Based upon their recommendation, the commissioner may bar the provider from making an appearance in any proceeding under this chapter for a period not to exceed one year in the first instance, three years in a second instance, and may permanently bar the provider from appearance thereafter.

Sec. 59. [176.152] [MEDICAL PANEL.]

Subdivision 1. [BINDING OPINION; MEDICAL DISPUTES.] Prior to a hearing before a compensation judge at which the issue of the extent of disability is in dispute a medical panel shall be constituted to render a final and binding opinion on the dispute.

Subd. 2. [PHYSICIAN LIST.] The commissioner shall compile and maintain a list of names of physicians qualified to determine the issues described in subdivision 1. Names on the list may be added and removed at any time by the commissioner. In maintaining the list the commissioner shall to the maximum extent possible select persons from varying geographical areas of the state.

Subd. 3. [PANEL SELECTION.] When a panel is required to be constituted by subdivision 1 the commissioner shall furnish the employer and employee parties to the dispute a list of seven physicians from which the parties shall alternatively strike names until only three remain which shall constitute the panel. If both parties agree, the dispute may be decided by one physician. If the parties are unable to agree on who shall strike the first name, the question shall be decided by a flip of the coin.

Subd. 4. [REPORT; CONCLUSION.] The commissioner shall propound specific written questions to the panel at the time they are notified of their selection. The questions shall be framed in such a manner that answers to them shall resolve the disputes described in subdivision 1. The panel's answers shall be binding upon the compensation judge before whom a hearing may be held subsequent to review by the panel.

Subd. 5. [EXAM; REPORT.] The panel physicians shall, individually or together, personally examine the employee within 30 days of their selection and after reviewing all other available pertinent information report their conclusions to the commissioner within 45 days after their selection. The commissioner may extend the time limit for good cause.

Subd. 6. [COSTS; PAYMENT.] Any physician who agrees to serve on a panel shall sign a consent form agreeing that any dispute concerning his fees for serving on the panel shall be decided by the compensation judge hearing the case and that the judge's decision shall be binding on the physician. A judge shall not approve any fee which exceeds the reasonable and customary fee in the area for similar service. The employer shall pay all the panel fees, except that if the compensation judge decides that the employee has disputed in bad faith an issue referred to the panel the judge may order that the employee pay the fees.

Subd. 7. [PILOT PROJECT; REPORT TO LEGISLATURE.] The commissioner shall establish the medical panel on a pilot basis in three counties, including at least one rural county. The commissioner shall report to the

legislature by January 1, 1983, indicating at least the number of cases reviewed, the number of physicians participating, the number of cases settled prior to any hearing before a compensation judge and the cost of the program.

Sec. 60. Minnesota Statutes 1980, Section 176.161, Subdivision 1, is amended to read:

Subdivision 1. [RESIDING OUTSIDE UNITED STATES.] In case a deceased employee for whose injury or death compensation is payable leaves surviving him an alien dependent residing outside the United States the commissioner of the department of labor and industry shall direct the payment of all compensation due the dependent to be made to the duly accredited consular officer of the country of which the beneficiary is a citizen residing within the state, or to his designated representative residing within the state; or, if the commissioner of the department of labor and industry believes that the interests of the dependent will be better served and at any time prior to the final settlement the dependent files with the commissioner of the department of labor and industry a power of attorney designating any other suitable person residing in this state to act as attorney in fact in such proceedings, the commissioner of the department of labor and industry may appoint such person. If it appears necessary to institute proceedings to enforce payment of compensation due the dependent, the commissioner of the department of labor and industry may permit the consular officer to institute these proceedings. If during the pendency of these proceedings, such power of attorney is filed by the alien dependent, the commissioner of the department of labor and industry shall then determine whether such attorney in fact be substituted to represent such dependent or if the consular officer or his representative continue therein. The person so appointed may carry on proceedings to settle all claims for compensation and receive for distribution to such dependent all compensation arising under this chapter. The settlement and distribution of the funds shall be made only on the written order of the commissioner of the department of labor and industry. The person so appointed shall furnish a bond satisfactory to the ~~workers' compensation court of appeals~~ commissioner, conditioned upon the proper application of the money received by him. Before the bond is discharged, the person so appointed shall file with the commissioner of the department of labor and industry a verified account of his receipts and disbursements of such compensation.

Sec. 61. Minnesota Statutes 1980, Section 176.181, Subdivision 2, is amended to read:

Subd. 2. [COMPULSORY INSURANCE; SELF-INSURERS.] (1) Every employer, except the state and its municipal subdivisions, liable under this chapter to pay compensation shall insure payment of compensation with some insurance carrier authorized to insure workers' compensation liability in this state, or obtain a written order from the commissioner of insurance exempting the employer from insuring his liability for compensation and permitting him to self-insure the liability. The terms, conditions and requirements governing self-insurance shall be established by the commissioner pursuant to chapter 15. The commissioner shall also adopt, pursuant to clause (2)(c), rules permitting two or more employers, *whether or not they are* in the same industry to enter into agreements to pool their liabilities under this chapter for the purpose of qualifying as group self-insurers. With the approval of the commissioner of insurance, any employer may exclude medical, chiropractic and hospital ben-

efits as required by this chapter. An employer conducting distinct operations at different locations may either insure or self-insure the other portion of his operations which may be determined by the commissioner of insurance to be a distinct and separate risk. An employer desiring to be exempted from insuring his liability for compensation shall make application to the commissioner of insurance, showing his financial ability to pay the compensation, whereupon by written order the commissioner of insurance may make an exemption as he deems proper. The commissioner of insurance may require further statements of financial ability of the employer to pay compensation. Upon ten days written notice the commissioner of insurance may revoke his order granting an exemption, in which event the employer shall immediately insure his liability. As a condition for the granting of an exemption the commissioner of insurance may require the employer to furnish security the commissioner considers sufficient to insure payment of all claims under this chapter. If the required security is in the form of currency or negotiable bonds, the commissioner of insurance shall deposit it with the state treasurer. In the event of any default upon the part of a self-insurer to abide by any final order or decision of the commissioner of labor and industry directing and awarding payment of compensation and benefits to any employee or the dependents of any deceased employee, then upon at least ten days notice to the self-insurer, the commissioner of insurance may by written order to the state treasurer require him to sell the pledged and assigned securities or a part thereof necessary to pay the full amount of any such claim or award with interest thereon. This authority to sell may be exercised from time to time to satisfy any order or award of the commissioner of labor and industry or any judgment obtained thereon. When securities are sold the money obtained shall be deposited in the state treasury to the credit of the commissioner of insurance and awards made against any such self-insurer by the commissioner of insurance shall be paid to the persons entitled thereto by the state treasurer upon warrants prepared by the commissioner of insurance and approved by the commissioner of finance out of the proceeds of the sale of securities. Where the security is in the form of a surety bond or personal guaranty the commissioner of insurance, at any time, upon at least ten days notice and opportunity to be heard, may require the surety to pay the amount of the award, the payments to be enforced in like manner as the award may be enforced.

(2)(a) No association, corporation, partnership, sole proprietorship, trust or other business entity shall provide services in the design, establishment or administration of a group self-insurance plan under rules adopted pursuant to this subdivision unless it is licensed to do so by the commissioner of insurance. An applicant for a license shall state in writing the type of activities it seeks authorization to engage in and the type of services it seeks authorization to provide. The license shall be granted only when the commissioner of insurance is satisfied that the entity possesses the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered. The commissioner of insurance may issue a license subject to restrictions or limitations, including restrictions or limitations on the type of services which may be supplied or the activities which may be engaged in. The license is for a two year period.

(b) To assure that group self-insurance plans are financially solvent, administered in a fair and capable fashion, and able to process claims and pay benefits in a prompt, fair and equitable manner, entities licensed to engage in such

business are subject to supervision and examination by the commissioner of insurance.

(c) To carry out the purposes of this subdivision, the commissioner of insurance may promulgate administrative rules, including emergency rules, pursuant to sections 15.0411 to 15.052. These rules may:

(i) establish reporting requirements for administrators of group self-insurance plans;

(ii) establish standards and guidelines to assure the adequacy of the financing and administration of group self-insurance plans;

(iii) establish bonding requirements or other provisions assuring the financial integrity of entities administering group self-insurance plans;

(iv) establish standards, including but not limited to minimum terms of membership in self-insurance plans, as necessary to provide stability for those plans;

(v) establish standards or guidelines governing the formation, operation, administration and dissolution of self-insurance plans; and

(vi) establish other reasonable requirements to further the purposes of this subdivision.

Sec. 62. Minnesota Statutes 1980, Section 176.181, Subdivision 3, is amended to read:

Subd. 3. [FAILURE TO INSURE, PENALTY.] Any employer who fails to comply with the provisions of subdivision 2 to secure payment of compensation is liable to the state of Minnesota for a penalty of ~~\$50~~ \$100, if the number of uninsured employees in his employment is less than five and for a penalty of ~~\$200~~ \$400 if the number of such uninsured employees in his employment is five or more. *If the commissioner determines that the failure to comply with the provisions of subdivision 2 was willful and deliberate, the employer shall be liable to the state of Minnesota for a penalty of \$500 if the number of uninsured employees in his employment is less than five, and for a penalty of \$2,000 if the number of uninsured employees is five or more.* If the employer continues his noncompliance, he is liable for five times the lawful premium for compensation insurance for such employer for the period he fails to comply with such provisions, commencing ten days after notice has been served upon him by the commissioner of the department of labor and industry by certified mail. These penalties may be recovered jointly or separately in a civil action brought in the name of the state by the attorney general in any court having jurisdiction. Whenever any such failure occurs the commissioner of the department of labor and industry shall immediately certify the fact thereof to the attorney general. Upon receipt of such certification the attorney general shall forthwith commence and prosecute such action. All penalties recovered by the state in any such action shall be paid into the state treasury and credited to the special compensation fund. If an employer fails to comply with the provisions of subdivision 2, to secure payment of compensation after having been notified of his duty, the attorney general, upon request of the commissioner of the department of labor and industry, may proceed against the employer in any court having jurisdiction for an order restraining him from having any person in his employment at any time when he is not complying with the provisions of

subdivision 2.

Sec. 63. Minnesota Statutes 1980, Section 176.181, is amended by adding a subdivision to read:

Subd. 6. Any rule or portion of a rule made or adopted by the commissioner of insurance which requires the employment of an "independent certified public accountant" or "certified public accountant" is hereby repealed or amended as the case may be. This subdivision is not intended to repeal any other rule regarding self-insurers if the rule, after amendment by this subdivision, can still be made applicable to self-insurers.

Sec. 64. [176.182] [BUSINESS LICENSES OR PERMITS; COVERAGE REQUIRED.]

Every state or local licensing agency shall withhold the issuance of a license or permit to operate a business in Minnesota until the applicant presents acceptable evidence of compliance with the workers' compensation insurance coverage requirement of section 176.181, subdivision 3.

Sec. 65. Minnesota Statutes 1980, Section 176.191, is amended to read:

176.191 [DISPUTE BETWEEN TWO OR MORE EMPLOYERS OR INSURERS REGARDING LIABILITY.]

Subdivision 1. Where compensation benefits are payable under this chapter, and a dispute exists between two or more employers or two or more insurers as to which is liable for payment, the commissioner of labor and industry, compensation judge, or workers' compensation court of appeals upon appeal ~~may~~ shall direct, *unless he acts under subdivision 2*, that one or more of the employers or insurers make payment of the benefits pending a determination of liability.

When liability has been determined, the party held liable for the benefits shall be ordered to reimburse any other party for payments which the latter has made, including interest at the rate of ~~five~~ 12 percent a year. The claimant ~~may~~ shall also be awarded a reasonable attorney fee, to be paid by the party held liable for the benefits.

An order directing payment of benefits pending a determination of liability may not be used as evidence before a compensation judge, the workers' compensation court of appeals, or court in which the dispute is pending.

Subd. 2. Where compensation benefits are payable under this chapter, and a dispute exists between two or more employers or two or more insurers as to which is liable for payment, the commissioner of labor and industry ~~may~~ shall authorize, *unless he acts under subdivision 1*, the special compensation fund established in section 176.131 to make payment of the benefits pending a determination of liability.

The personal injury for which the commissioner ~~may~~ shall order compensation from the special fund is not limited by section 176.131, subdivision 8.

When liability has been determined, the party held liable for benefits shall be ordered to reimburse the special compensation fund for payments made, including interest at the rate of 12 percent a year.

Subd. 3. If a dispute exists as to whether an employee's injury is compens-

able under this chapter and the employee is otherwise covered by an insurer pursuant to chapters 62A, 62C and 62D, that insurer shall pay any medical costs incurred by the employee for the injury *and shall make any disability payments otherwise payable by that insurer in the absence of or in addition to workers' compensation liability.* If the injury is subsequently determined to be compensable pursuant to this chapter, the workers' compensation insurer shall be ordered to reimburse the insurer that made the payments for all ~~medical~~ payments made *under this subdivision* by the insurer ~~for the injury~~, including interest at a rate of 12 percent a year.

If the employee's medical expenses for a personal injury are paid pursuant to any program administered by the commissioner of public welfare and it is subsequently determined that the injury is compensable pursuant to this chapter, the workers' compensation insurer shall reimburse the commissioner of public welfare for the medical expenses paid and attributable to the personal injury, including interest at a rate of 12 percent a year.

Sec. 66. Minnesota Statutes 1980, Section 176.221, is amended to read:

176.221 [PAYMENT OF COMPENSATION AND TREATMENT CHARGES, COMMENCEMENT.]

Subdivision 1. [DENIAL OF LIABILITY, REQUEST FOR EXTENSION OF TIME COMMENCEMENT OF PAYMENT.] ~~Within 30 days from the date of notice to or knowledge by the employer of an injury compensable under the chapter, and unless within that 30 day period the employer or the insurer files with the commissioner of the department of labor and industry a denial of liability or a request for an extension of time within which to determine liability, the person responsible for payment of compensation, charges for treatment under section 176.135 or retraining expenses under 176.102, subdivision 9 shall begin payment of compensation or charges for treatment. Within 14 days of the day an employee leaves work after giving notice of an injury which causes disability the payment of compensation due pursuant to section 176.101, subdivision 1, shall commence. Payment shall otherwise be due 14 days after notice of a work related injury causing disability is given by the employee. Commencement of payment by an employer or insurer does not waive any rights to any defense the employer may have on any claim or incident either with respect to the compensability of the claim under chapter 176 or the amount of the compensation due. Where there are multiple employers, the first employer shall pay unless it is shown that the injury has arisen out of employment with the second or subsequent employer. When the employer determines the disability to not be as a result of a personal injury, payment of compensation shall immediately cease and notice shall be given to the employee. Upon the determination, payments made may be recovered by the employer if the commissioner finds that the employee's claim of work related disability was not made in good faith.~~

Subd. 2. [GRANT OF EXTENSION.] Upon application made within the 30 day period referred to in subdivision 1 ~~days after the date on which the first payment was due~~, the commissioner of the department of labor and industry may grant an extension of time within which to determine liability. The extension shall not exceed 30 days.

Subd. 3. [PAYMENTS TO SPECIAL COMPENSATION FUND.] Where an employer or insurer fails to begin payment of compensation, charges for

treatment under section 176.135 or retraining expenses under 176.102, subdivision 9, or to file a denial of liability, or to request an extension of time within the 30 day period referred to in subdivision 4 *days after the date on which the first payment was due*, he shall pay to the special compensation fund an amount equal to the total amount of compensation to which the employee is entitled because of the injury. In addition, each day subsequent to the end of the 30 day period and until a compensation payment is made to the injured employee, the person responsible for payment of compensation shall pay to the special compensation fund an amount equal to the total compensation to which injured employee is entitled.

Subd. 4. [FAILURE TO MAKE PAYMENTS AFTER EXTENSION.] Where an employer or insurer has been granted an extension of time within which to determine liability and fails to begin payment of compensation, charges for treatment under section 176.135 or retraining expenses under 176.102, subdivision 9 or to file a denial of liability within such extended period, he shall make the payments provided in subdivision 3.

Subd. 5. [DOUBLE PAYMENTS TO SPECIAL COMPENSATION FUND.] Where an employer or insurer has failed to make the payments required by subdivision 3 or subdivision 4 within ~~60~~ 30 days from the end of the 30 day period or the extended period, the division may require him to pay to the special compensation fund, each day subsequent to the end of the period and until a compensation payment is made to the injured employee, a sum equal to double the total amount of compensation to which the employee is entitled because of the injury. In addition, the person responsible for compensation, charges for treatment under section 176.135 or retraining expenses under 176.102, subdivision 9 shall pay to the special compensation fund an amount equal to the total amount of compensation to which the employee is entitled.

Subd. 6. [ASSESSMENT OF PENALTIES.] The division shall assess the penalty payments, *including the increase in benefit payments, provided by section 176.225, subdivision 5, and provided for by subdivisions 3 to 5* against either the employer or the insurer depending upon to whom the delay is attributable in making payment of compensation, charges for treatment under section 176.135 or retraining expenses under 176.102, subdivision 9. The insurer is not liable for a penalty payment assessed against the employer.

Subd. 7. [INTEREST.] *If no appeal is made of an order to pay*, any payment of compensation, charges for treatment under section 176.135 or retraining expenses under 176.102, subdivision 9 not made when due shall bear interest at the rate of eight percent per annum from the due date to the date the payment is made.

Subd. 8. [METHOD AND TIMELINESS OF PAYMENT.] *Payment of compensation under this chapter shall be by immediately negotiable instrument, or if by any other method, arrangements shall be available to provide for immediate negotiability of the payment instrument.*

All payment of compensation shall be made within 14 days of an appropriate order by the division, unless the order is to be appealed, or where a different time period is provided by this chapter.

Sec. 67. Minnesota Statutes 1980, Section 176.225, is amended by adding a

subdivision to read:

Subd. 5. [PENALTY.] Where the employer is guilty of inexcusable delay in making payments, the payments which are found to be delayed shall be increased by 10 percent. Withholding amounts unquestionably due because the injured employee refuses to execute a release of his right to claim further benefits or for other reason will be regarded as inexcusable delay in the making of compensation payments. If any sum ordered by the department to be paid is not paid when due or no appeal of the order is made, the sum shall bear interest at the rate of 12 percent per annum. Any penalties paid pursuant to this section shall not be considered as a loss or expense item for purposes of a petition for a rate increase made pursuant to chapter 79.

Sec. 68. Minnesota Statutes 1980, Section 176.231, Subdivision 2, is amended to read:

Subd. 2. [INITIAL REPORT, WRITTEN REPORT.] Where subdivision 1 requires an injury to be reported within 48 hours, the employer may make his initial report by telephone, telegraph, or personal notice; and file a written report of the injury within seven days from its occurrence or within such time as the commissioner of labor and industry designates. All written reports of injuries required by subdivision 1 shall include the date of injury, amounts of payments made, if any, and the date of the first payment. The reports shall be in quadruplicate on a form designed by the commissioner, with two copies to the commissioner and one to the insurer.

Where an insurer or self-insurer with such frequency as the commissioner determines to be in violation of section 176.221 fails to pay within three days of the due date, the insurer or self-insurer shall be ordered by the commissioner to explain, in person, the failure to pay benefits due in a reasonable time. If prompt payments do not begin, then the commissioner shall refer the insurer or self-insurer to the commissioner of insurance for action pursuant to section 176.225, subdivision 4.

Sec. 69. Minnesota Statutes 1980, Section 176.231, Subdivision 7, is amended to read:

Subd. 7. [MEDICAL REPORTS.] If requested by the division, a compensation judge, or by the workers' compensation court of appeals, or any member or employee thereof an employer, insurer, or employee shall file with the commissioner of the department of labor and industry the original or a verified copy of any medical report in his possession which bears upon the case.

Sec. 70. Minnesota Statutes 1980, Section 176.241, Subdivision 1, is amended to read:

Subdivision 1. [NECESSITY FOR NOTICE AND SHOWING; CONTENTS.] Where an employee claims that the right to compensation continues, or refuses to sign or objects to signing a final receipt for compensation, the employer may not discontinue payment of compensation until he provides the division employee with notice in writing of his intention to do so, together with a statement of facts clearly indicating the reasons for the discontinuance. A copy of the notice shall be provided to the division.

The notice to the division employee shall state the date of intended discontinuance; and the reason for the action; and the fact that the employee objects to

~~the discontinuance.~~ The notice to the employee and the copy to the division shall be accompanied by a statement of facts in support of the discontinuance of compensation payments and whatever medical reports are in the possession of the employer bearing on the physical condition of the employee at the time of the proposed discontinuance.

Sec. 71. Minnesota Statutes 1980, Section 176.241, Subdivision 2, is amended to read:

Subd. 2. [CONTINUANCE OF EMPLOYER'S LIABILITY; SUSPENSION.] Except where the commissioner of the department of labor and industry orders otherwise, until the *copy of the* notice and reports have been filed with the division, the liability of the employer to make payments of compensation continues.

When the division has received a *copy of the* notice of discontinuance, the statement of facts and available medical reports, the duty of the employer to pay compensation is suspended pending an investigation, hearing, and determination of the matter by the division as provided in the following subdivisions.

Sec. 72. Minnesota Statutes 1980, Section 176.241, Subdivision 3, is amended to read:

Subd. 3. [COPY OF NOTICE TO EMPLOYEE, INVESTIGATION, HEARING.] ~~When the division has received a notice of discontinuance, it shall immediately send the employee a copy of the notice and supporting documents which have been submitted in conjunction with the notice. When the employer has reason to believe compensation may be terminated within the requirements of this chapter, notice shall be given to the employee stating the employee's right to object to the discontinuance and instructions as to how to contact the employer or insurer as to clarification of the discontinuance, the right to object to the discontinuance, and the procedures related to initiation of a claim. The commissioner of labor and industry shall make an investigation to determine whether the right to compensation has terminated. If it appears from the investigation that the right to compensation may not have terminated, the commissioner of labor and industry shall schedule a hearing before a compensation judge, to determine the right of the employee, or his dependent, to further compensation.~~

The hearing shall be held within a reasonable time after the division has received the notice of discontinuance. The commissioner of labor and industry shall give eight days notice of the hearing to interested parties.

Sec. 73. Minnesota Statutes 1980, Section 176.261, is amended to read:

176.261 [EMPLOYEE OF COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY MAY ATTORNEY GENERAL SHALL ACT FOR AND ADVISE A PARTY TO A PROCEEDING.]

When requested by an employer or an employee or his dependent, the ~~commissioner of the department of labor and industry may~~ attorney general shall designate one or more of ~~the division employees assistant or special assistant attorneys general who shall be physically located with the division to~~ advise that party of his rights under this chapter, and as far as possible to assist in adjusting differences between the parties. ~~The person so attorney or attor-~~

neys designated may appear in person in any proceedings under this chapter as the representative or adviser of the party. ~~In such case, the party need not be represented by an attorney at law.~~

Sec. 74. [176.262] [APPOINTMENT OF COMPENSATION JUDGES; LIMITATION.]

No attorney acting pursuant to section 176.261 shall be hired or appointed as a compensation judge for a period of two years following termination of service with the division.

Sec. 75. [176.263] [PERSONNEL.]

All attorneys appointed by the commissioner of labor and industry who are fulfilling the duties assigned under section 176.261 are transferred to the office of the attorney general. The transfer shall not affect any other term or condition of the transferred attorney's employment.

Sec. 76. Minnesota Statutes 1980, Section 176.291, is amended to read:

176.291 [DISPUTES AND DEFAULTS; PROCEDURE.]

Where there is a dispute as to a question of law or fact in connection with a claim for compensation, or where there has been a default in the payment of compensation for a period of ten days, a party may present a verified petition to the commissioner of the department of labor and industry stating the matter in dispute or the fact of default.

The petition shall also state:

- (1) names and residence of parties;
- (2) facts relating to the employment at the time of injury, including amount of wages received;
- (3) extent and character of injury;
- (4) notice to or knowledge by employer of injury;
- (5) facts which the commissioner of the department of labor and industry ~~and workers' compensation court of appeals~~ by rule requires; and,
- (6) such other facts as are necessary for the information of the commissioner of the department of labor and industry and workers' compensation court of appeals.

Sec. 77. Minnesota Statutes 1980, Section 176.301, Subdivision 1, is amended to read:

Subdivision 1. [TRIAL BY COURT; REFERENCE TO COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY.] When issue has been joined in the district court action, the court may try the action itself without a jury, or refer the matter to the commissioner of the department of labor and industry to be assigned for hearing. In the latter case, a compensation judge or the workers' compensation court of appeals upon appeal shall hear the case in the manner in which it hears cases originally. The commissioner of the department of labor and industry shall report the findings and decision of the compensation judge, ~~or and the workers' compensation court of appeals shall report its findings and decisions~~ to the district court. The court may approve or disapprove such decision in the same manner as it approves or disapproves the

report of a referee. The court shall enter judgment upon such decision.

Sec. 78. Minnesota Statutes 1980, Section 176.305, is amended to read:

176.305 [PETITIONS FILED WITH THE WORKERS' COMPENSATION DIVISION.]

Subdivision 1. [HEARINGS ON PETITIONS.] When any petition has been filed with the workers' compensation division, the commissioner of the department of labor and industry shall, pursuant to his general rules ~~or those of the workers' compensation court of appeals~~ or special order, direct that the matter presented by the petition be heard by a compensation judge ~~or presented to the workers' compensation court of appeals if it is a matter within its jurisdiction~~. The division shall hear petitions to commute further compensation.

Subd. 2. [SERVICE OF COPY OF PETITION.] Within ten days after a petition has been filed, the commissioner of the department of labor and industry shall serve upon each adverse party a copy of the petition and a notice stating ~~whether that the hearing will be held before a compensation judge or that the petition has been referred to the workers' compensation court of appeals~~. The commissioner of the department of labor and industry shall deliver the original petition and copies of the notice which have been served, ~~to the office of administrative hearings for assignment to a compensation judge or the workers' compensation court of appeals depending upon who will hear the matter~~.

Subd. 3. [TESTIMONY.] ~~Unless the workers' compensation court of appeals orders differently, testimony taken before a judge of the workers' compensation court of appeals or compensation judge is considered as though taken before the workers' compensation court of appeals.~~ Where the commissioner of the department of labor and industry ~~chief hearing examiner~~ has substituted a compensation judge originally assigned to hear a matter, the testimony taken before the substitute compensation judge shall be considered as though taken before the judge before whom it was originally assigned.

Sec. 79. Minnesota Statutes 1980, Section 176.311, is amended to read:

176.311 [REASSIGNMENT OF PETITION FOR HEARING.]

Where a petition is heard before a compensation judge, at any time before an award or order has been made in such proceeding, the ~~commissioner of the department of labor and industry~~ *chief hearing examiner* may reassign the petition for hearing before another compensation judge.

Sec. 80. Minnesota Statutes 1980, Section 176.331, is amended to read:

176.331 [AWARD BY DEFAULT.]

Where an adverse party has failed to file and serve an answer, if the petitioner presents proof of such fact, the commissioner of the department of labor and industry or compensation judge shall enter whatever award or order to which petitioner is entitled on the basis of the facts alleged in the petition, but the commissioner of the department of labor and industry or compensation judge may require proof of any alleged fact. If the commissioner of the department of labor and industry requires such proof, he shall *request the chief hearing examiner* to assign the matter to a compensation judge to summarily

hear and determine the same and to promptly make an award or order.

Where in such a default case the petition does not state facts sufficient to support an award, the commissioner of the department of labor and industry or compensation judge shall give the petitioner or his attorney written notice of such fact. The petitioner may thereupon file another petition as in the case of an original petition.

Sec. 81. Minnesota Statutes 1980, Section 176.341, Subdivision 1, is amended to read:

Subdivision 1. [TIME.] When the reply has been filed or the time has expired in which to file a reply *and after receiving the name of the compensation judge assigned to the case*, the commissioner of the department of labor and industry shall fix a time and place for hearing the petition. The hearing shall be held not less than ten days from the time the reply is filed or the expiration of the time in which the reply could have been filed or as soon thereafter as the parties can be heard.

Sec. 82. Minnesota Statutes 1980, Section 176.351, is amended to read:

176.351 [TESTIMONIAL POWERS.]

Subdivision 1. [OATHS.] The compensation judge to whom a petition has been assigned for hearing shall administer an oath to each witness. ~~The workers' compensation court of appeals shall also administer an oath to each witness appearing before it.~~ The commissioner of the department of labor and industry may also administer an oath when required in the performance of his duties.

Subd. 2. [SUBPOENAS.] Upon his ~~or its~~ own initiative, or upon written request of an interested party, ~~the workers' compensation court of appeals~~, or the commissioner or compensation judge before whom a hearing is held may issue a subpoena for the attendance of a witness or the production of such books, papers, records and documents as are material in the cause and are designated in the subpoena. The commissioner of the department of labor and industry may also issue a subpoena for the attendance of a witness or the production of such books, papers, records, and documents as are material in the cause pending and are designated in the subpoena.

Subd. 3. [ADVANCEMENT OF FEES AND COSTS.] The person who applies for issuance of a subpoena shall advance the required service and witness fees. The commissioner of the department of labor and industry shall pay for the attendance of witnesses who are subpoenaed by him; ~~or the workers' compensation court of appeals, or a judge of the workers' compensation court of appeals,~~ or a compensation judge. The fees are the same as the service and witness fees in civil actions in district court.

Subd. 4. [PROCEEDINGS AS FOR CONTEMPT OF COURT.] Where a person does not comply with an order or subpoena, the commissioner of the department of labor and industry; ~~the workers' compensation court of appeals~~, or the commissioner or compensation judge concerned, may apply to the district court in the county in which the petition is pending for issuance of an order compelling obedience. Upon such an application, the district court shall compel obedience to the order or subpoena by attachment proceedings as for contempt in the case of disobedience of a similar order or subpoena issued by

the district court.

Sec. 83. Minnesota Statutes 1980, Section 176.371, is amended to read:

176.371 [AWARD OR DISALLOWANCE OF COMPENSATION.]

The ~~workers' compensation court of appeals, or a judge of the workers' compensation court of appeals~~ or compensation judge to whom a petition has been assigned for hearing, shall hear all competent evidence produced at the hearing, and, as soon after the hearing as possible, make ~~such~~ findings of fact, conclusions of law, and award or disallowance of compensation or other order as the pleadings, evidence, ~~and~~ this chapter ~~and~~ rule require.

Sec. 84. Minnesota Statutes 1980, Section 176.381, is amended to read:

176.381 [REFERENCE OF QUESTIONS OF FACT.]

Subdivision 1. [HEARING BEFORE WORKERS' COMPENSATION COURT OF APPEALS.] In the hearing of any matter before the workers' compensation court of appeals, the *chief judge of the workers' compensation court of appeals* may refer any question of fact to a *three panel judge* of the workers' compensation court of appeals or *to a compensation judge* either to hear evidence and report it to the workers' compensation court of appeals or to hear evidence and make findings of fact and report them to the workers' compensation court of appeals. The workers' compensation court of appeals shall notify the commissioner of the department of labor and industry of any matter referred to a *three panel judge* of the workers' compensation court of appeals or *to a compensation judge* under this subdivision.

Subd. 2. [HEARING BEFORE COMPENSATION JUDGE.] In the hearing of any petition before a compensation judge, the ~~commissioner of the department of labor and industry~~ *chief hearing examiner* may refer any question of fact to another compensation judge to hear evidence and report it to the original compensation judge.

Sec. 85. Minnesota Statutes 1980, Section 176.391, is amended to read:

176.391 [INVESTIGATIONS.]

Subdivision 1. [POWER TO MAKE.] Before, during, or after any hearing, the commissioner of the department of labor and industry ~~or a compensation judge or workers' compensation court of appeals, if the matter is before it,~~ may make an independent investigation of the facts alleged in the petition or answer.

Subd. 2. [APPOINTMENT OF PHYSICIANS, SURGEONS, AND OTHER EXPERTS.] The ~~workers' compensation court of appeals, or a judge of the workers' compensation court of appeals~~ or compensation judge assigned to a matter ~~or the commissioner of labor and industry,~~ may appoint one or more neutral physicians or surgeons from the list established by the commissioner to examine the injury of the employee and report thereon. Where necessary to determine the facts, the services of other experts may also be employed.

Subd. 3. [REPORTS.] The report of a physician, surgeon, or other expert shall be filed with the commissioner of the department of labor and industry ~~and the compensation judge assigned to the matter.~~ The report shall be made a part of the record of the case and be open to inspection as such.

Subd. 4. [COMPENSATION.] The commissioner of the department of labor and industry ~~or compensation judge or workers' compensation court of appeals, as the case may be,~~ shall fix the compensation of a physician, surgeon, or other expert whose services are employed under this chapter. This compensation shall be paid initially out of the funds appropriated for the maintenance of the workers' compensation division, but shall be taxed as costs to either party, or both, or otherwise, as the commissioner of the department of labor and industry ~~or compensation judge or the workers' compensation court of appeals~~ directs.

Where a sum which has been taxed to a party has not been paid, it may be collected in the same manner as are costs generally.

Sec. 86. Minnesota Statutes 1980, Section 176.401, is amended to read:

176.401 [HEARINGS PUBLIC.]

All hearings before ~~the workers' compensation court of appeals, a judge of the workers' compensation court of appeals, or a~~ compensation judge are public.

Sec. 87. Minnesota Statutes 1980, Section 176.411, Subdivision 1, is amended to read:

Subdivision 1. [CONDUCT OF HEARINGS AND INVESTIGATIONS.] Except as otherwise provided by this chapter, ~~when the workers' compensation court of appeals, a judge of the workers' compensation court of appeals or a~~ compensation judge makes an investigation or conducts a hearing, ~~it or he the compensation judge~~ is bound neither by the common law or statutory rules of evidence nor by technical or formal rules of pleading or procedure. The investigation or hearing shall be conducted in a manner to ascertain the substantial rights of the parties.

Findings of fact shall be based upon competent evidence only *and in compliance with section 176.021*.

Sec. 88. Minnesota Statutes 1980, Section 176.411, Subdivision 2, is amended to read:

Subd. 2. [DEPOSITIONS.] Except where ~~the workers' compensation court of appeals, a judge of the workers' compensation court of appeals, or a~~ compensation judge orders otherwise, depositions may be taken in the manner which the law provides for depositions in civil actions in district court.

Sec. 89. Minnesota Statutes 1980, Section 176.421, Subdivision 1, is amended to read:

Subdivision 1. [TIME FOR TAKING; GROUNDS.] When a petition has been heard before a judge of the workers' compensation court of appeals or compensation judge, within 30 days after a party in interest has been served with notice of an award or disallowance of compensation, or other order affecting the merits of the case, he may appeal to the workers' compensation court of appeals on any of the following grounds:

(1) The order does not conform with this chapter; or

(2) The ~~judge of the workers' compensation court of appeals or~~ compensation judge committed an error of law; or

(3) The findings of fact and order were unwarranted by the evidence; or

(4) The findings of fact and order were procured by fraud, or coercion, or other improper conduct of a party in interest.

Sec. 90. Minnesota Statutes 1980, Section 176.421, Subdivision 5, is amended to read:

Subd. 5. [TRANSCRIPT.] When the notice of appeal has been filed with the commissioner of the department of labor and industry and the transcription fee has been paid, the ~~commissioner of the department of labor and industry~~ *chief hearing examiner* shall immediately prepare a typewritten transcript of the proceedings. The official reporter *or other person designated by the chief hearing examiner* who transcribes the proceedings shall certify to their correctness.

Sec. 91. Minnesota Statutes 1980, Section 176.421, Subdivision 6, is amended to read:

Subd. 6. [POWERS OF WORKERS' COMPENSATION COURT OF APPEALS ON APPEAL.] On an appeal taken under this section, the workers' compensation court of appeals may:

(1) disregard the findings of fact which the ~~judge of the workers' compensation court of appeals~~ or compensation judge has made;

(2) examine the testimony ~~and hear other evidence~~;

(3) substitute for the findings of fact made by the ~~judge of the workers' compensation court of appeals~~ or compensation judge such findings as the total evidence requires; and,

(4) make ~~such an~~ award or disallowance of compensation or other order as the facts and findings require.

Sec. 92. Minnesota Statutes 1980, Section 176.421, Subdivision 7, is amended to read:

Subd. 7. [RECORD OF PROCEEDINGS.] At the division's own expense, the commissioner of the department of labor and industry shall make a complete record of all proceedings before himself ~~the workers' compensation court of appeals, a judge of the workers' compensation court of appeals,~~ or a compensation judge. The commissioner of the department of labor and industry shall provide a stenographer to make a record of the proceedings *before him*.

The stenographer shall furnish a transcript of these proceedings to any person who requests it and who pays a reasonable charge. The commissioner of the department of labor and industry shall fix the amount of this charge.

Sec. 93. Minnesota Statutes 1980, Section 176.431, Subdivision 1, is amended to read:

Subdivision 1. [HEARING.] Where an appeal has been taken to the workers' compensation court of appeals under this chapter on the ground that the compensation judge has made an error of law, the workers' compensation court of appeals shall grant a hearing *and remand the matter to the compensation judge*. The commissioner of the department of labor and industry shall notify the workers' compensation court of appeals promptly of the taking of any appeal.

The workers' compensation court of appeals commissioner of labor and industry shall fix a time and place for the hearing, and notify the commissioner of the department of labor and industry who shall give each party in interest at least five days written notice.

Sec. 94. Minnesota Statutes 1980, Section 176.441, Subdivision 1, is amended to read:

Subdivision 1. [DISPOSITION BY WORKERS' COMPENSATION COURT OF APPEALS.] Where an appeal has been taken to the workers' compensation court of appeals under this chapter, on either the ground that the findings or order or both were unwarranted by the evidence, or were procured by fraud, coercion, or other improper conduct of a party, the workers' compensation court of appeals may:

(1) grant a hearing de novo; or,

(2) assign remand the petition for the de novo hearing or a rehearing, and notify the commissioner of the department of labor and industry, who shall set request the chief hearing examiner to assign the rehearing before a compensation judge; or,

(3) (2) sustain, reverse, or modify the order appealed from.

Sec. 95. Minnesota Statutes 1980, Section 176.461, is amended to read:

176.461 [SETTING ASIDE AWARD.]

Except where a writ of certiorari has been issued by the supreme court and the matter is still pending in that court or where as a matter of law the determination of the supreme court cannot be subsequently modified, the workers' compensation court of appeals, for cause, at any time after an award, upon application of either party and not less than five days after written notice to all interested parties, may set the award aside and grant a new hearing before itself or and refer the matter for a determination on its merits to a compensation judge, who shall make such findings of fact, conclusions of law, and award or disallowance of compensation or other order as the pleadings and the evidence produced and the provisions of this chapter shall require.

Sec. 96. Minnesota Statutes 1980, Section 176.471, Subdivision 3, is amended to read:

Subd. 3. [SERVICE OF WRIT AND BOND; FILING FEE.] To effect a review upon certiorari, the party shall serve a writ of certiorari and a bond upon the commissioner of the department of labor and industry administrator of the workers' compensation court of appeals within the 30 day period referred to in subdivision 1. The party shall also at this time pay to the secretary of the commissioner of the department of labor and industry administrator the fee prescribed by rule 103.01 of the rules of civil appellate procedure which shall be disposed of in the manner provided by that rule.

Sec. 97. Minnesota Statutes 1980, Section 176.471, Subdivision 5, is amended to read:

Subd. 5. [BOND.] The bond required by subdivision 3 shall be executed in such amount and with such sureties as the commissioner of the department of labor and industry workers' compensation court of appeals directs and approves. The bond shall be conditioned to pay the cost of the review.

Sec. 98. Minnesota Statutes 1980, Section 176.471, Subdivision 6, is amended to read:

Subd. 6. [TRANSMITTAL OF FEE AND RETURN.] When the writ of certiorari has been served upon the ~~commissioner of the department of labor and industry administrator of the workers' compensation court of appeals~~, the bond has been filed, and the filing fee has been paid, the ~~commissioner of the department of labor and industry administrator~~ shall immediately transmit to the clerk of the supreme court that filing fee and the return to the writ of certiorari and bond.

Sec. 99. Minnesota Statutes 1980, Section 176.471, Subdivision 8, is amended to read:

Subd. 8. [RETURN OF PROCEEDINGS TRANSMITTED TO COURT.] Within 30 days after the writ of certiorari, bond, and filing fee have been filed with the ~~commissioner of the department of labor and industry administrator of the workers' compensation court of appeals~~, the ~~commissioner of the department of labor and industry administrator~~ shall transmit to the clerk of the supreme court a true and complete return of the proceedings of the workers' compensation court of appeals under review, or such part of those proceedings as is necessary to allow the supreme court to review properly the questions presented.

The ~~commissioner of the department of labor and industry~~ *workers' compensation court of appeals* shall certify the return of the proceedings under ~~his~~ *its* seal. The petitioner or relator shall pay to the ~~commissioner of the department of labor and industry administrator of the workers' compensation court of appeals~~ the reasonable expense of preparing the return.

Sec. 100. Minnesota Statutes 1980, Section 176.491, is amended to read:

176.491 [STAY OF PROCEEDINGS PENDING DISPOSITION OF CASE.]

Where a writ of certiorari has been perfected under this chapter, it stays all proceedings for the enforcement of the order being reviewed until the case has been finally disposed of either in the supreme court or, where the cause has been remanded to the workers' compensation division for a new hearing *before a compensation judge* or further proceedings, before the workers' compensation court of appeals ~~or compensation judge~~.

Sec. 101. Minnesota Statutes 1980, Section 176.511, Subdivision 1, is amended to read:

Subdivision 1. [PARTIES NOT AWARDED COSTS.] Except as provided otherwise by this chapter and specifically by this section, in ~~hearings before the workers' compensation court of appeals, or a judge of the workers' compensation court of appeals, or hearings before a compensation judge~~ *appeals*, costs shall not be awarded to either party.

Sec. 102. Minnesota Statutes 1980, Section 176.521, Subdivision 1, is amended to read:

Subdivision 1. [VALIDITY.] An agreement between an employee or his dependent and the employer or insurer to settle any claim, which is not upon appeal before the workers' compensation court of appeals, for compensation

under this chapter is valid where it has been executed in writing and signed by the parties, and intervenors in the matter, and the division or a compensation judge has approved the settlement and made an award thereon. If the matter is upon appeal before the workers' compensation court of appeals, the workers' compensation court of appeals is the approving body.

Sec. 103. Minnesota Statutes 1980, Section 176.521, Subdivision 2, is amended to read:

Subd. 2. [APPROVAL.] Settlements shall be approved only where the terms conform with this chapter.

The division, a compensation judge, and the workers' compensation court of appeals shall exercise discretion in approving or disapproving a proposed settlement.

The parties to the agreement of settlement have the burden of proving that the settlement is reasonable, fair, and in conformity with this chapter. A settlement agreement where both the employee or his dependent and the employer or insurer and intervenors in the matter are represented by an attorney shall be presumed to be reasonable, fair, and in conformity with this chapter.

Sec. 104. Minnesota Statutes 1980, Section 176.531, Subdivision 3, is amended to read:

Subd. 3. [PROMPT PAYMENT.] *It is the intent of this section shall be liberally construed to insure the that there be prompt payment of compensation.*

Sec. 105. Minnesota Statutes 1980, Section 176.645, is amended to read:

176.645 [ADJUSTMENT OF BENEFITS.]

Subdivision 1. [AMOUNT.] For injuries occurring after October 1, 1975 for which benefits are payable under section 176.101, subdivisions 1, 2 and 4, and section 176.111, subdivision 5, the amount total benefits due the employee or any dependents shall be adjusted in accordance with this section. On October 1, 1976 1981, and each October 1 thereafter on the anniversary of the date of the employee's injury the amount total benefits due shall be adjusted by multiplying the amount total benefits due prior to each adjustment by a fraction, the denominator of which is the statewide average weekly wage for December 31, 21 months prior to the adjustment and the numerator of which is the statewide average weekly wage for December 31, nine months prior to the adjustment. For injuries occurring after October 1, 1975, all adjustments provided for in this section shall be included in computing any benefit due under this section. Any limitations of amounts due for daily or weekly compensation under this chapter shall not apply to adjustments made under this section. No adjustment increase made on October 1, 1977 or thereafter under this section shall exceed six percent a year. In those instances where the adjustment under the formula of this section would exceed this maximum the increase shall be deemed to be six percent.

Subd. 2. [TIME OF FIRST ADJUSTMENT.] For injuries occurring on or after October 1, 1981, the adjustment made pursuant to subdivision 1 shall not take effect until the first anniversary of the date of the employee's injury falling after 52 weeks from the date of injury. The initial adjustment made in the benefits of an employee or dependent who has received compensation for 52

weeks shall not include payment in the amount the employee or dependent would have received if the annual adjustment had been permitted prior to the 52 week waiting period.

Sec. 106. Minnesota Statutes 1980, Section 179.74, Subdivision 4, is amended to read:

Subd. 4. The commissioner of employee relations shall meet and negotiate with the exclusive representative of each of the units specified in section 179.741, subdivision 1, in the manner prescribed by sections 179.61 to 179.76. The appropriate units provided for in section 179.741 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 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 examiner and compensation judge positions in the office of administrative hearings, and the positions of all confidential employees shall be excluded from any appropriate unit. The governor may upon the unanimous written request of exclusive representatives of units and the commissioner direct that negotiations be conducted for one or more 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. 107. [TRANSITION AND VALIDATION; WORKERS' COMPENSATION COURT OF APPEALS.]

Subdivision 1. [PURPOSE.] It is the purpose and intent of the legislature to constitute the workers' compensation court of appeals an independent agency of the state and this act is not intended to affect any substantive rights beyond the extent necessary to accomplish said purpose. Any rules, decisions or other actions under chapter 175 and chapter 176 prior to the effective date of this section shall continue in full force and effect unless this act expressly provides otherwise. Matters currently before the workers' compensation court of appeals shall not be affected by the provisions of this act.

Subd. 2. [PERSONNEL.] All personnel appointed by the commissioner of labor and industry to perform full time duties for the workers' compensation court of appeals are transferred to the workers' compensation court of appeals. The transfer shall not affect any other term or condition of the transferred employee's employment.

Sec. 108. [TRANSITION; COMPENSATION JUDGES.]

It is the purpose and intent of this act to transfer the compensation judges now hearing matters in the workers' compensation division of the department of labor and industry to the office of administrative hearings as a separate unit in order to provide for a completely objective hearing process with regard to workers' compensation matters.

Notwithstanding the provisions of any law to the contrary, the provisions of

this act shall not be construed to require that hearings in workers' compensation matters be subject to the contested case procedures of the administrative procedure act. Any provision of chapter 176 which would conflict with the provisions of this act with regard to the hearing procedures to be followed in workers' compensation matters are subordinate to the provisions of this act.

Sec. 109. [REDUCED RATES; BENEFITS.]

On the effective date of this act, the average insurance rate schedule for workers' compensation benefits required under this chapter shall be reduced by the commissioner, pursuant to the authority granted in section 8, by not less than ten percent from the average schedule of rates in effect immediately before such date.

The reduced rates shall be in addition to the reduction provided in section 9 and shall remain in effect for at least one year. There shall be no exception to the requirements of this section unless the commissioner of insurance finds that an intervening statutory change has caused the reduced rates to be inadequate or unfairly discriminatory as defined under chapter 79. In that event, the commissioner of insurance may, pursuant to section 8 and chapter 79, order a public hearing to determine an appropriate schedule of rates.

Sec. 110. [REDUCED RATES; IMPROVEMENTS.]

On the effective date of this act, the average rate schedules shall be reduced by the commissioner, pursuant to the authority granted in section 8, by not less than ten percent from the average schedule of rates in effect immediately before such date, as a reflection of the cost savings provided by the improvement in administration procedures, the changes in the workers' compensation hearing process and the reorganization of the workers' compensation court of appeals.

Sec. 111. [APPROPRIATIONS.]

Subdivision 1. The sum of \$840,000 is appropriated from the general fund to the commissioner of labor and industry for the purpose of implementing sections 14 and 15.

Subd. 2. The sum of \$..... is appropriated from the general fund to the legislative coordinating commission for the purpose of conducting, in cooperation with the commissioner of insurance, a thorough study of the flow of all premium dollars paid to workers' compensation insurers in the state of Minnesota, including a closed compensation claim survey and an examination of insurer reserving practices. A report shall be made to the legislature by January 15, 1982.

Subd. 3. There is appropriated to the workers' compensation court of appeals for the fiscal years ending June 30 of the year indicated from the general fund in the state treasury:

1982 1983

.....

Approved complement

Subd. 4. The sum of \$..... is appropriated from the general fund to the commissioner of the department of labor and industry for the purpose of hiring seven additional personnel in the rehabilitation services section of the workers' compensation division and a maximum of additional support personnel

needed in conjunction with the departmental improvements provided under section 15.

Approved complement

Sec. 112. [REPEALER.]

Minnesota Statutes 1980, Sections 175.006, Subdivisions 1a and 2; 175.0061; 175.09; 176.111, Subdivision 11; 176.155, Subdivision 2; and 176.441, Subdivision 2, are repealed.

Sec. 113. [EFFECTIVE DATE.]

Section 9 is effective on the day following final enactment. Sections 1 to 8 and sections 10 to 112 are effective August 1, 1981."

Amend the title as follows:

Page 1, delete lines 2 to 5 and insert:

"relating to workers' compensation; expressing the intent of the legislature with respect to chapter 176; transferring compensation judges from the workers' compensation division to a separate division within the office of administrative hearings; making the workers' compensation court of appeals a separate and independent agency with appellate review powers; providing for a discount assumption with respect to calculating reserves for claims of insurance companies; authorizing the commissioner of insurance to initiate a rate hearing; permitting benefit payment amounts to be rounded to whole dollars; clarifying certain provisions with respect to the Minnesota workers' compensation reinsurance association; redefining the maximum reinsurance liability limitation as a prefunded limit; providing for a survey of closed compensation claims and an examination of insurer reserving practices; removing the exemption of political subdivisions from the definitions of insurer and insurance in chapter 79; providing for the design and implementation of an improved records and information system in the department of labor and industry; providing for the addition of rehabilitation and computer support personnel in the department of labor and industry; permitting the commissioner of labor and industry to negotiate with his counterparts in other states in jurisdictional disputes; establishing a preponderance of the evidence standard in factual determinations under chapter 176; granting subrogation rights to the special compensation fund in third party actions; providing for lump sum permanent partial disability payments on return to work and weekly payments if an employee could but does not return to work; limiting attorneys' fees to only disputed portions of claims; providing a procedure for settlement offers by any litigant in a disputed claim proceeding; requiring claimants' attorneys to provide their clients with written information regarding fees under chapter 176; providing a penalty for attorneys who violate the fee provisions of chapter 176; providing a ten year limitation on death benefits to dependents; providing rehabilitation opportunities for dependent surviving spouses; requiring the commissioner of labor and industry to adopt disability degree schedules; prohibiting combined workers' compensation and government survivor benefits from exceeding the limit provided in chapter 176; providing a new formula for determining assessments against employers and insurers for the special compensation fund; providing for payment of attorneys' fees in disputes over supplementary benefits; requiring the commissioner of labor and industry to utilize a medical fee schedule; requiring the commissioner to review the quality

of care and other aspects of medical delivery under workers' compensation; establishing a medical panel to resolve disputes over medical disability; providing for payment of wage replacement or disability payments by a group insurer under appropriate provisions pending resolution of liability dispute over compensability; providing for early payment of benefits and a penalty for delay; requiring benefit payments to be made by immediately negotiable instrument; providing that notices of discontinuance of benefit payments be sent directly to claimant by insurer; providing that division legal assistance employees be transferred to the attorney general; delaying first benefit adjustment under chapter 176 for 52 weeks from date of injury; mandating an insurance rate reduction by an amount reflecting cost savings due to benefit and administrative changes; providing penalties; appropriating money; amending Minnesota Statutes 1980, Sections 15.052, Subdivisions 1 and 3; 15A.083, by adding a subdivision; 43.064; 60A.15, Subdivision 1; 79.01, Subdivisions 2 and 3; 79.071, by adding subdivisions; 79.34, Subdivisions 1 and 2; 79.35; 79.36; 175.007; 175.101, by adding a subdivision; 175.11, Subdivision 1; 175.14; 175.17; 176.021, Subdivisions 1 and 3, and by adding subdivisions; 176.041, by adding a subdivision; 176.061, Subdivisions 1, 3, 4, 5, 6 and 7; 176.081, Subdivision 1, and by adding subdivisions; 176.101, Subdivision 3; 176.102, by adding a subdivision; 176.105, Subdivision 1; 176.111, Subdivisions 6, 7, 8, 10 and 21, and by adding a subdivision; 176.131, Subdivision 10; 176.132, Subdivision 2; 176.133; 176.136; 176.161, Subdivision 1; 176.181, Subdivisions 2 and 3, and by adding a subdivision; 176.191; 176.221; 176.225, by adding a subdivision; 176.231, Subdivisions 2 and 7; 176.241, Subdivisions 1, 2 and 3; 176.261; 176.291; 176.301, Subdivision 1; 176.305; 176.311; 176.331; 176.341, Subdivision 1; 176.351; 176.371; 176.381; 176.391; 176.401; 176.411, Subdivisions 1 and 2; 176.421, Subdivisions 1, 5, 6 and 7; 176.431, Subdivision 1; 176.441, Subdivision 1; 176.461; 176.471, Subdivisions 3, 5, 6 and 8; 176.491; 176.511, Subdivision 1; 176.521, Subdivisions 1 and 2; 176.531, Subdivision 3; 176.645; and 179.74, Subdivision 4; proposing new law coded as Minnesota Statutes, Chapter 175A; and proposing new law coded in Minnesota Statutes, Chapter 176; repealing Minnesota Statutes 1980, Sections 175.006, Subdivisions 1a and 2; 175.0061; 175.09; 176.111, Subdivision 11; 176.155, Subdivision 2; and 176.441, Subdivision 2."

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

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

S. F. No. 671: A bill for an act relating to crimes; conforming the definition of trade secret in the law proscribing theft to the definition of trade secret in the uniform trade secrets act; amending Minnesota Statutes 1980, Section 609.52, Subdivision 1.

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

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

S. F. No. 985: A bill for an act relating to crimes; providing for the type of proof of the fact of killing in murder and manslaughter cases; amending Minnesota Statutes 1980, Section 634.051.

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

follows:

Page 1, line 13, strike “, the former by direct”

Page 1, line 13, delete “or”

Page 1, line 14, delete “*circumstantial evidence*”

Page 1, line 14, strike “, and the latter”

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

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

S. F. No. 838: A bill for an act relating to crimes; increasing the maximum fine for petty misdemeanors, misdemeanors, gross misdemeanors and felonies; amending Minnesota Statutes 1980, Sections 169.89, Subdivision 2; 412.231; 609.02, Subdivisions 3 and 4a; 609.03; 609.031; and 609.032.

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

Page 1, line 21, strike “such”

Page 1, line 22, delete “\$700” and insert “\$750”

Page 2, lines 3, 23 and 34, delete “\$700” and insert “\$750”

Page 3, line 8, strike “such” and insert “the”

Page 3, line 10, delete “\$700” and insert “\$750”

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

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

S. F. No. 1008: A bill for an act relating to courts; tax court; increasing the number of authorized administrative employees; amending Minnesota Statutes 1980, Section 271.02.

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

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

S. F. No. 378: A bill for an act relating to marriage dissolution; clarifying factors to consider in awarding maintenance; amending Minnesota Statutes 1980, Section 518.552.

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

Page 1, line 19, reinstate the stricken language

Page 2, line 1, delete “, including permanently.”

Page 2, lines 15 to 19, delete the new language

Page 2, line 21, after “*employment*” insert “*or education*”

Page 2, line 32, delete “*In evaluating the contribution of a*”

Page 2, delete lines 33 to 36

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

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

S. F. No. 1047: A bill for an act relating to negligent fires; altering minimum sentences for negligent fires; amending Minnesota Statutes 1980, Section 609.576.

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

Page 1, line 20, delete "\$500" and insert "\$750"

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

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

S. F. No. 939: A bill for an act relating to human rights; permitting the filing of a charge of unfair discriminatory practice directly in district court; authorizing injunctions for acts of reprisal; increasing the award of punitive damages; permitting the recovery of damages for mental anguish and suffering; amending Minnesota Statutes 1980, Sections 363.06, Subdivisions 1, 3 and 4; 363.071, Subdivision 2; and 363.14, Subdivision 1.

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

Page 4, line 36, delete "*which may include*"

Page 4, line 36, strike "damages for mental anguish or suffering,"

Page 5, line 3, delete "\$10,000" and insert "\$4,000"

Page 5, line 33, delete the comma and insert:

"(b)"

Page 5, line 35, delete "(b)" and insert "(1)"

Page 6, line 5, delete "(c)" and insert "(2)"

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

Mr. Stumpf from the Committee on Elections and Reapportionment, to which was referred

S. F. No. 847: A bill for an act relating to elections; changing certain definitions, providing for extended time limits, and clarifying certain provisions of the ethics in government law; amending Minnesota Statutes 1980, Sections 10A.01, Subdivisions 7 and 10; 10A.15, Subdivision 3; 10A.27, Subdivision 8; and 10A.28, Subdivision 2.

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

Page 1, line 14, delete "*, endorsement of a loan*"

Page 2, lines 9 and 10, delete "*or the endorsement of a loan,*"

Page 3, line 26, delete "*, endorsements of loans*"

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

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

S. F. No. 827: A bill for an act relating to arson; prescribing procedures for the investigation of fires by the fire marshal; amending Minnesota Statutes 1980, Sections 299F.08; and 299F.09.

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

Page 1, line 12, strike the first comma

Page 1, line 13, strike "may enter"

Page 1, lines 13 and 14, delete the new language

Page 1, line 14, strike "examine" and insert "*within a reasonable time after a fire has been extinguished, may enter*"

Page 1, line 16, before the period, insert "*to investigate and gather evidence*"

Page 1, line 17, delete "*section, the judge or*" and insert "*subdivision,*"

Page 1, line 18, delete "*judicial officer shall balance*"

Page 1, line 19, after "*fire*" insert "*shall be balanced*"

Page 1, line 24, delete "*for investigatory purposes*" and insert "*to investigate and gather evidence*"

Page 2, line 2, delete "*or other judicial officer*"

Page 2, line 4, after "*warrant*" insert "*for the purposes of this subdivision*"

Page 2, lines 4 and 22, delete "*or judicial officer*"

Page 2, line 33, delete "*occupants*" and insert "*occupant*"

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

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

S. F. No. 1150: A bill for an act relating to the interstate compact on juveniles; amending the compact to require the home state to authorize the return of a runaway juvenile and to permit a state in which a juvenile is found to return him to a state in which the juvenile is charged with being a delinquent by reason of a violation of criminal law; amending Minnesota Statutes 1980, Section 260.51.

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

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

S. F. No. 767: A bill for an act relating to counties; providing for publication of certain salary and expense information; amending Minnesota Statutes 1980, Section 375.17.

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

follows:

Page 2, line 7, after "to" insert "individual"

Page 2, line 7, delete "but shall" and insert a period

Page 2, delete line 8

Amend the title as follows:

Page 1, line 3, delete "salary and expense" and insert "financial"

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

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

S. F. No. 649: A bill for an act relating to probate; limiting benefits under life insurance policies payable to corporations to portion of shares not owned by person who killed decedent; establishing procedures for distribution of unpaid benefits; amending Minnesota Statutes 1980, Section 524.2-803.

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

Page 2, lines 4 and 7, reinstate "or other contractual arrangement"

Page 2, line 7, after "bond" strike the comma

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

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

S. F. No. 656: A bill for an act relating to coroners; eliminating the requirement of filing a certificate of no inquest; amending Minnesota Statutes 1980, Section 390.17.

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

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

S. F. No. 830: A bill for an act relating to creditor's remedies; providing for an increase in the amount of household goods exemption; amending Minnesota Statutes 1980, Section 550.37, Subdivision 4.

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

Page 1, lines 13, 20 and 25, delete "\$6,000" and insert "\$4,000"

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

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

S. F. No. 470: A bill for an act relating to the collection and dissemination of data; classifying data; proposing classifications of data as private, confidential nonpublic and protected nonpublic; amending Minnesota Statutes 1980, Sections 15.1693, by adding a subdivision; 15.1695, Subdivision 1, and by adding a subdivision; proposing new law coded in Minnesota Statutes, Chapter 15.

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

follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1980, Section 15.1611, Subdivision 2, is amended to read:

Subd. 2. [CITATION.] Sections 15.1611 to ~~15.1698~~ 15.1699 may be cited as the "Minnesota government data practices act."

Sec. 2. Minnesota Statutes 1980, Section 15.162, Subdivision 1a, is amended to read:

Subd. 1a. [ARREST INFORMATION.] "Arrest information" shall include (a) the name, age, and address of an arrested individual; (b) the nature of the charge against the arrested individual; (c) the time and place of the arrest; (d) the identity of the arresting agency; (e) information as to whether an individual has been incarcerated and the place of incarceration. "Arrest information" does not include data specifically made private, confidential or nonpublic pursuant to section 260.161 or any other statute. *Arrest information is public data on individuals.*

Sec. 3. Minnesota Statutes 1980, Section 15.162, Subdivision 2a, is amended to read:

Subd. 2a. [CONFIDENTIAL DATA ON INDIVIDUALS.] "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 the~~ 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, 1981, whichever occurs first.

Sec. 4. Minnesota Statutes 1980, Section 15.162, Subdivision 5a, is amended to read:

Subd. 5a. [PRIVATE DATA ON INDIVIDUALS.] "Private data on individuals" means data which is made by statute or federal law applicable to the data: (a) not public; and (b) accessible to the individual subject of that data. ~~Private data on individuals does not include arrest information that is reasonably contemporaneous with an arrest or incarceration.~~

Sec. 5. Minnesota Statutes 1980, Section 15.162, Subdivision 5b, is amended to read:

Subd. 5b. [PUBLIC DATA ON INDIVIDUALS.] "Public data on individuals" means data which is accessible to the public in accordance with the provisions of section ~~15.17~~ 15.1621.

Sec. 6. Minnesota Statutes 1980, Section 15.162, Subdivision 5c, is amended to read:

Subd. 5c. [NONPUBLIC DATA.] "~~Non-public~~ *Nonpublic* 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, *if any*, of the data.

Sec. 7. Minnesota Statutes 1980, Section 15.162, Subdivision 8, is amended to read:

Subd. 8. [STATEWIDE SYSTEM.] "Statewide system" includes any record-keeping system in which ~~data on individuals~~ *government data* is collected, stored, disseminated and used by means of a system common to one or more state agencies or more than one of its political subdivisions or any combination of state agencies and political subdivisions.

Sec. 8. Minnesota Statutes 1980, Section 15.163, Subdivision 4, is amended to read:

Subd. 4. [COLLECTION AND USE OF DATA; GENERAL RULE.] Private or confidential data on an individual shall not be collected, stored, used or disseminated by political subdivisions, statewide systems or state agencies for any purposes other than those stated to the individual at the time of collection in accordance with section 15.165, except as provided in this subdivision.

(a) Data collected prior to August 1, 1975, and which have not been treated as public data, may be used, *stored*, and disseminated for the purposes for which the data was originally collected or for purposes which are specifically approved by the commissioner as necessary to public health, safety, or welfare.

(b) Private or confidential data may be used and disseminated to individuals or agencies specifically authorized access to that data by state, *local*, or federal law subsequent to the collection of the data.

(c) Private or confidential data may be used and disseminated to individuals or agencies subsequent to the collection of the data when *the responsible authority maintaining the data has requested approval for a new or different use or dissemination of the data and that request has been specifically approved by the commissioner as necessary to carry out a function assigned by law.*

(d) Private data may be used by and disseminated to any person or agency if the individual subject or subjects of the data have given their informed consent. Whether a data subject has given informed consent shall be determined by rules of the commissioner. Informed consent shall not be deemed to have been given by an individual subject of the data by the signing of any statement authorizing any person or agency to disclose information about him or her to an insurer or its authorized representative, unless the statement is:

(1) In plain language;

(2) Dated;

(3) Specific in designating the particular persons or agencies the data subject is authorizing to disclose information about him or her;

(4) Specific as to the nature of the information he or she is authorizing to be disclosed;

(5) Specific as to the persons or agencies to whom he or she is authorizing information to be disclosed;

(6) Specific as to the purpose or purposes for which the information may be used by any of the parties named in clause (5), both at the time of the disclosure and at any time in the future;

(7) Specific as to its expiration date which should be within a reasonable period of time, not to exceed one year except in the case of authorizations given in connection with applications for life insurance or noncancelable or guaranteed renewable health insurance and identified as such, two years after the date of the policy.

Sec. 9. Minnesota Statutes 1980, Section 15.1642, Subdivision 2a, is amended to read:

Subd. 2a. [CONTENTS OF APPLICATION FOR ~~NON-PUBLIC NON-PUBLIC~~ DATA.] An application for temporary classification of government data not on individuals shall include and the applicant shall have the burden of clearly establishing that no statute currently exists which either allows or forbids classification as ~~non-public nonpublic or protected nonpublic~~; and either

(a) That data similar to that for which the temporary classification is sought has been treated as ~~non-public nonpublic or protected nonpublic~~ by other state agencies or political subdivisions, and by the public; or

(b) Public access to the data would render unworkable a program authorized by law; or

(c) That a compelling need exists for immediate temporary classification, which if not granted could adversely affect the health, safety or welfare of the public.

Sec. 10. Minnesota Statutes 1980, Section 15.165, Subdivision 3, is amended to read:

Subd. 3. [INDIVIDUAL ACCESS.] 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 responsible authority may require the requesting person to pay the actual costs of making, certifying, and compiling the copies.

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

Sec. 11. Minnesota Statutes 1980, Section 15.1672, is amended 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. *Completed versions of personnel, licensing, or academic examinations shall be accessible to the individual who completed the examination, unless the responsible authority determines that access would compromise the objectivity, fairness, or integrity of the examination process. Notwithstanding section 15.165, the responsible authority shall not be required to provide copies of completed examinations or answer keys to any individual who has completed an examination.*

Sec. 12. Minnesota Statutes 1980, Section 15.1673, is amended 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.

(d) "Land acquisition information" means all appraisal reports and other data identifying real property under consideration for public acquisition or relating to land value collected, maintained, prepared for or by any state agency or political subdivision in connection with real property proposed to be acquired by the state agency or political subdivision by negotiation or eminent domain which are not subject to disclosure pursuant to Minnesota Rules of Civil Procedure until the real property is acquired.

Subd. 2. [CLASSIFICATION.] The following government data is classified as nonpublic data with regard to data not on individuals, pursuant to section 15.162, subdivision 5c, 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 and land acquisition information. *Provided that specific labor relations informa-*

tion which relates to a specific labor organization is classified as protected nonpublic data pursuant to section 15.162, subdivision 5d.

Sec. 13. Minnesota Statutes 1980, Section 15.1692, Subdivision 3, is amended to read:

Subd. 3. [PUBLIC EMPLOYMENT.] Except for applicants described in subdivision 6, the following personnel data on current and former applicants for employment by a state agency, statewide system or political subdivision is public: veteran status; relevant test scores; rank on eligible list; job history; education and training; and work availability. Names of applicants shall be private data except when certified as eligible for appointment to a vacancy or when applicants are considered by the appointing authority to be finalists for a position in public employment. For purposes of this subdivision, "finalist" means an individual who is interviewed by the appointing authority prior to selection.

Sec. 14. Minnesota Statutes 1980, Section 15.1692, is amended by adding a subdivision to read:

Subd. 7. [ACCESS BY LABOR ORGANIZATIONS.] Personnel data may be disseminated to labor organizations to the extent that the responsible authority determines that the dissemination is necessary to conduct elections, notify employees of fair share fee assessments, and implement the provisions of chapter 179. Personnel data shall be disseminated to labor organizations and to the bureau of mediation services to the extent the dissemination is ordered or authorized by the director of the bureau of mediation services.

Sec. 15. Minnesota Statutes 1980, Section 15.1693, is amended by adding a subdivision to read:

Subd. 1a. [STUDENT HEALTH DATA.] Health data concerning students, including but not limited to, data concerning immunizations, notations of special physical or mental problems and records of school nurses; and pupil census data, including but not limited to, emergency information, family information and data concerning parents shall be considered educational data. Access by parents to student health data shall be pursuant to section 15.162, subdivision 4.

Sec. 16. Minnesota Statutes 1980, Section 15.1695, Subdivision 1, is amended to read:

Subdivision 1. [CRIME REPORTS.] When collected, created, or maintained by law enforcement agencies including municipal police departments, county sheriff departments, fire departments, the bureau of criminal apprehension, the Minnesota state patrol, or the peace officers standards and training board, or public prosecutors or defenders:

(a) Data on participants in crime prevention programs including lists of property with identification numbers or evaluations or recommendations related to structural security against unauthorized entry is private; and

(b) (a) Data contained on incident complaint reports, variously called logs or dockets, comprising a chronological record of events, shall be public; provided that data on individuals which could reasonably be used to determine the identity of an undercover agent, informant, or victim of criminal sexual conduct shall be private data on individuals; provided further that any other data

classified by law as private or confidential contained in incident complaint reports shall remain private or confidential data.

(b) Data in arrest warrant indices are classified as confidential pursuant to section 15.162, subdivision 2a, until the defendant has been taken into custody, served with a warrant, or appears before the court except when the law enforcement agency determines that the public purpose is served by making the information to be public.

(c) Data which uniquely describes stolen, lost, confiscated or recovered property or property described in pawn shop transaction records are classified as either private or nonpublic depending on the content of the specific data.

Sec. 17. Minnesota Statutes 1980, Section 15.1698, Subdivision 1, is amended to read:

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, *data provided by private health care facilities*, and data provided by or about relatives of the individual.

Sec. 18. Minnesota Statutes 1980, Section 15.1699, is amended to read:

15.1699 [EMPLOYEE ASSISTANCE DATA.]

All data created, collected or maintained by ~~the department of administration~~ *any state agency or political subdivision to administer the employee assistance program programs similar to the one authorized by section 16.02, subdivision 28*, are classified as private, pursuant to section 15.162, subdivision 5a.

Sec. 19. [PUBLIC SAFETY DATA.]

The following data collected and maintained by the state department of public safety are classified as private, pursuant to section 15.162, subdivision 5a: medical data on driving instructors, licensed drivers, and applicants for parking certificates and special license plates issued to physically handicapped persons; and data on telephone and radio recording tapes that are not classified as confidential pursuant to section 15.162, subdivision 2a, clause (b) or any other statute. The following data collected and maintained by the state department of public safety are classified as confidential, pursuant to section 15.162, subdivision 2, clause (a): data concerning an individual's driving ability when that data is received from a member of the individual's family.

Sec. 20. [SALARY BENEFIT SURVEY DATA.]

Salary and personnel benefit survey data purchased from consulting firms, nonprofit corporations or associations or obtained from employers with the written understanding that the data shall not be made public which is maintained by state agencies, political subdivisions or statewide systems are classified as nonpublic pursuant to section 15.162, subdivision 5c.

Sec. 21. [FIREARMS DATA.] *All data pertaining to the purchase or*

transfer of firearms and applications for permits to carry firearms which are collected by state agencies, political subdivisions or statewide systems pursuant to sections 624.712 to 624.718 are classified as private, pursuant to section 15.162, subdivision 5a.

Sec. 22. [SOCIAL RECREATIONAL DATA.]

The following data collected and maintained by political subdivisions for the purpose of enrolling individuals in recreational and other social programs are classified as private, pursuant to section 15.162, subdivision 5a: data which describes the health or medical condition of the individual, family relationships and living arrangements of an individual or which are opinions as to the emotional makeup or behavior of an individual.

Sec. 23. [INVESTIGATIVE DATA NOT ON INDIVIDUALS.]

Subdivision 1. [DEFINITIONS.] A "pending civil legal action" includes but is not limited to judicial, administrative or arbitration proceedings. Whether a civil legal action is pending shall be determined by the chief attorney acting for the state agency, political subdivision or statewide system.

Subd. 2. [CIVIL ACTIONS.] Data collected by state agencies, political subdivisions or statewide systems as part of an active investigation undertaken for the purpose of the commencement or defense of a pending civil legal action, or which are retained in anticipation of a pending civil legal action, are classified as protected nonpublic data pursuant to section 15.162, subdivision 5d.

Sec. 24. [DOMESTIC ABUSE DATA.]

All government data on individuals which is collected, created, received or maintained by police departments, sheriffs' offices or clerks of court pursuant to the domestic abuse act, section 518B.01, are classified as confidential data, pursuant to section 15.162, subdivision 2a, until a temporary court order made pursuant to subdivisions 5 or 7 of section 518B.01 is executed or served upon the data subject who is the respondent to the action.

Sec. 25. [INACTIVE INVESTIGATIVE DATA.]

The following data contained in inactive criminal investigative files maintained by police or fire departments are classified as private data pursuant to section 15.162, subdivision 5a:

(a) The identities of witnesses to the extent that they were demonstrably assured prior to the effective date of this section that their identities would not be made available to the public; and

(b) Photographs which are part of inactive investigative files and which are clearly offensive to common sensibilities provided that the existence of the photographs shall be disclosed to any person requesting access to the inactive investigative file.

Sec. 26. [COURT SERVICES DATA.]

Subdivision 1. [DEFINITION.] As used in this section "court services data" means data created, collected, used or maintained by a court services department, parole or probation authority, or correctional agency having statutorily granted supervision over individuals charged with violations of law

or adjudicated to be guilty or delinquent by a district, municipal or county court and individuals appearing as petitioners or respondents before a family court, and includes data on individuals who are defendants, parolees or probationers of a municipal, district or county court, participants in diversion programs, petitioners or respondents to a family court, and juveniles adjudicated delinquent and committed, detained prior to a court hearing or hearings, or found to be dependent or neglected and placed under the supervision of the court.

Subd. 2. [GENERAL.] Unless the data is summary data or a statute specifically provides a different classification, the following court services data are classified as private pursuant to section 15.162, subdivision 5a:

(a) Court services data on individuals gathered at the request of a municipal, district or county court to determine the need for any treatment, rehabilitation, counseling, or any other need of any defendant, parolee, probationer, or participant in a diversion program, and used by the court to assist in assigning an appropriate sentence or other disposition in a case;

(b) Court services data on petitioners or respondents to a family court gathered at the request of the court for purposes of, but not limited to, individual, family, marriage, chemical dependency and marriage dissolution adjustment counseling, including recommendations to the court as to the custody of minor children in marriage dissolution cases;

(c) Court services data on individuals gathered by psychologists in the course of providing the court or its staff with psychological evaluations or in the course of counseling individual clients referred by the court for the purpose of assisting them with personal conflicts or difficulties.

Subd. 3. [THIRD PARTY INFORMATION.] Whenever, in the course of gathering the private data specified above, a psychologist, probation officer or other agent of the court is directed by the court to obtain data on individual defendants, parolees, probationers, or petitioners or respondents to a family court, and the source of that data provides the data only upon the condition of its being held confidential, that data and the identity of the source shall be confidential data on individuals, pursuant to section 15.162, subdivision 2a, and shall not be disclosed except:

(a) With the written permission of the source;

(b) To the court which has requested the data;

(c) To the court services department, parole or probation authority, or correctional agency having statutorily granted supervision over the individual subject of the data; or

(d) Pursuant to a valid court order.

Subd. 4. [PROBATION DATA.] Progress reports and other reports and recommendations provided at the request of the court by parole or probation officers for the purpose of determining the appropriate legal action or disposition regarding an individual on probation are confidential data on individuals and shall not be disclosed except pursuant to the provisions specified in subdivision 3 of this section.

Subd. 5. [PUBLIC DATA.] The name of the individual and the fact that the

individual is a parolee, probationer or participant in a diversion program are public data, pursuant to section 15.162, subdivision 5b.

Sec. 27. [MEDICAL EXAMINER DATA.]

Subdivision 1. [DEFINITION.] As used in this section, "medical examiner data" means data relating to deceased individuals and the manner and circumstances of their death which is created, collected, used or maintained by a county coroner or medical examiner in the fulfillment of his official duties pursuant to chapter 390, or any other general or local law on county coroners or medical examiners.

Subd. 2. [PUBLIC DATA.] Unless specifically classified otherwise by state statute or federal law, the following data created or collected by a medical examiner or coroner on a deceased individual is public: name of the deceased; date of birth; date of death; address; sex; race; citizenship; height; weight; hair color; eye color; build; complexion; age, if known, or approximate age; identifying marks, scars and amputations; a description of the decedent's clothing; marital status; location of death including name of hospital where applicable; name of spouse; whether or not the decedent ever served in the armed forces of the United States; social security number; occupation; business; father's name; mother's maiden name; birthplace; birthplace of parents; cause of death; causes of cause of death; whether an autopsy was performed and if so, whether it was conclusive; date and place of injury, if applicable, including work place; how injury occurred; whether death was caused by accident, suicide, homicide, or was of undetermined cause; certification of attendance by physician; physician's name and address; certification by coroner or medical examiner; name and signature of coroner or medical examiner; type of disposition of body; burial place name and location, if applicable; date of burial, cremation or removal; funeral home name and address; and name of local register or funeral director.

Subd. 3. [UNIDENTIFIED INDIVIDUAL; PUBLIC DATA.] Whenever a county coroner or medical examiner is unable to identify a deceased individual subject to his investigation, he may release to the public any relevant data which would assist in ascertaining identity.

Subd. 4. [CONFIDENTIAL DATA.] Data created or collected by a county coroner or medical examiner which is part of an active investigation mandated by Minnesota Statutes, Chapter 390, or any other general or local law relating to coroners or medical examiners is confidential data on individuals pursuant to Minnesota Statutes, Section 15.162, Subdivision 2a, until the completion of the coroner's or medical examiner's final summary of his findings at which point the data collected in the investigation and the final summary thereof shall become private data on individuals, except that nothing in this subdivision shall be construed to make private or confidential the data elements identified in subdivision 2 at any point in the investigation or thereafter.

Subd. 5. [PRIVATE DATA.] All other medical examiner data on deceased individuals is private pursuant to Minnesota Statutes, Section 15.162, Subdivision 5a, and shall not be disclosed except pursuant to the provisions of Minnesota Statutes, Chapter 390, or any other general or local law on county coroners or medical examiners, or pursuant to a valid court order.

Subd. 6. [OTHER DATA.] Unless a statute specifically provides a different

classification, all other data created or collected by a county coroner or medical examiner that is not data on deceased individuals or the manner and circumstances of their death is public pursuant to Minnesota Statutes, Section 15.1621.

Sec. 28. [CONSTITUENT DATA.]

Subdivision 1. [DEFINITION.] As used in this section, "constituent data" means complaints received from constituents by elected public officials or their offices and information obtained by the officials or their offices as a result of efforts to investigate or resolve the complaints.

Subd. 2. [CLASSIFICATION.] Constituent data are classified as private data pursuant to section 15.162, subdivision 5a, but may be made public by the constituent or the elected public official.

Sec. 29. [CRIMINAL HISTORY DATA.]

Subdivision 1. [DEFINITION.] For purposes of this section "criminal history data" means all data maintained in criminal history records, including, but not limited to fingerprints, photographs, identification data, arrest data, prosecution data, criminal court data and custody or supervision data.

Subd. 2. [CLASSIFICATION.] Criminal history data maintained by state agencies, political subdivisions and statewide systems are classified as private, pursuant to section 15.162, subdivision 5a.

Sec. 30. [WORKERS' COMPENSATION SELF-INSURANCE DATA.]

Financial data relating to nonpublic companies which are submitted to the commissioner of insurance for the purpose of obtaining approval to self-insure workers' compensation liability as a group are classified as nonpublic data, pursuant to section 15.162, subdivision 5c.

Sec. 31. [REVENUE DEPARTMENT INFORMANT DATA.]

Names of informers, informer letters and other unsolicited data, in whatever form, furnished to the state department of revenue by a person, other than the data subject or revenue department employee, which inform that a specific taxpayer is or may not be in compliance with the tax laws of this state are classified as confidential data pursuant to section 15.162, subdivision 2a.

Sec. 32. [LICENSING DATA.]

Subdivision 1. [DEFINITION.] As used in this section "licensing agency" means any board, department or agency of this state which is given the statutory authority to issue professional or other types of licenses.

Subd. 2. [PRIVATE DATA.] The following data collected, created or maintained by any licensing agency are classified as private, pursuant to section 15.162, subdivision 5a: data, other than their names and addresses, submitted by licensees and applicants for licenses; the identity of complainants who have made reports concerning licensees or applicants which appear in inactive complaint data unless the complainant consents to having his or her name disclosed; the nature or content of unsubstantiated complaints when the information is not maintained in anticipation of legal action; the identity of patients whose medical records are received by any health licensing agency for purposes of review or in anticipation of a contested matter; inactive investiga-

tive data relating to violations of statutes or rules; and the record of any disciplinary proceeding except as limited by subdivision 4.

Subd. 3. [CONFIDENTIAL DATA.] *The following data collected, created or maintained by any licensing agency are classified as confidential, pursuant to section 15.162, subdivision 2a: active investigative data relating to the investigation of complaints against any licensee.*

Subd. 4. [PUBLIC DATA.] *Licensing agency minutes, orders for hearing, findings of fact, conclusions of law and specification of the final disciplinary action contained in the record of the disciplinary action are classified as public, pursuant to section 15.162, subdivision 5b. The entire record concerning the disciplinary proceeding is public data pursuant to section 15.162, subdivision 5b, in those instances where there is a public hearing concerning the disciplinary action.*

Sec. 33. [FOSTER CARE DATA.]

The following data collected, created and maintained by a community action agency in a study of the impact of foster care policies on families are classified as confidential data, pursuant to section 15.162, subdivision 2a: names of persons interviewed; foster care placement plans obtained from other public and private agencies; and all information gathered during interviews with study participants.

Sec. 34. [BENEFIT DATA.]

Subdivision 1. [DEFINITION.] *As used in this section, "benefit data" means data on individuals collected or created because the individual may become, is, or was an applicant for or a recipient of benefits or services provided under various housing, home ownership, and rehabilitation and community action agency programs administered by state agencies, political subdivisions, or statewide systems. Benefit data does not include welfare data which shall be administered in accordance with section 15.1691.*

Subd. 2. [PUBLIC DATA.] *The names and addresses of applicants for and recipients of benefits characterized as the urban homesteading, home ownership, and new housing programs operated by a housing and redevelopment authority in a city of the first class are classified as public data on individuals.*

Subd. 3. [PRIVATE DATA.] *Unless otherwise provided by law, all other benefit data is private data on individuals, except pursuant to a valid court order.*

Sec. 35. [CORRECTIONS AND DETENTION DATA.]

Subdivision 1. [DEFINITION.] *As used in this section "corrections and detention data" means data on individuals created, collected, used or maintained because of their lawful confinement or detention in state reformatories, prisons and correctional facilities, municipal or county jails, lockups, work houses, work farms and all other correctional and detention facilities.*

Subd. 2. [GENERAL.] *Unless the data are summary data or arrest data, or a statute specifically provides a different classification, corrections and detention data on individuals are classified as private pursuant to section 15.162, subdivision 5a.*

Subd. 3. [INVESTIGATIVE DATA.] *Corrections and detention data col-*

lected, maintained, used or disseminated in an investigation authorized by statute and relating to the enforcement of rules or law is confidential pursuant to section 15.162, subdivision 2a, or protected nonpublic data pursuant to section 15.162, subdivision 5d.

After any presentation in court, the data shall be public to the extent reflected in court records.

Subd. 4. [INTERNAL CORRECTIONS AND DETENTION LOGS.] Corrections and detention data recorded on logs compiled by correctional and detention facilities' employees and showing a chronological record of incidents within a correctional or detention facility are confidential data on individuals pursuant to section 15.162, subdivision 2a, or protected nonpublic data not on individuals pursuant to section 15.162, subdivision 5d.

Sec. 36. [ASSESSOR'S DATA.]

Subdivision 1. [GENERALLY.] The following data collected, created and maintained by political subdivisions are classified as private, pursuant to section 15.162, subdivision 5a, or nonpublic depending on the content of the specific data:

Data contained on sales sheets received from private multiple listing service organizations where the contract with the organizations requires the political subdivision to refrain from making the data available to the public.

Subd. 2. [INCOME PROPERTY ASSESSMENT DATA.] The following data collected by political subdivisions from business entities concerning income properties are classified as nonpublic data pursuant to section 15.162, subdivision 5c:

(a) Detailed income and expense figures for the current year plus the previous three years;

(b) Average vacancy factors for the previous three years;

(c) Verified net rentable areas or net usable areas, whichever is appropriate;

(d) Anticipated income and expenses for the current year; and

(e) Projected vacancy factor for the current year.

Sec. 37. [HEALTH DATA.]

Subdivision 1. [PRIVATE DATA.] The following data created, collected and maintained by the department of health, political subdivisions, or state-wide systems are classified as private, pursuant to section 15.162, subdivision 5a: data pertaining to the investigation and study of non-sexually transmitted diseases.

Subd. 2. [CONFIDENTIAL DATA.] The following data created, collected and maintained by a department of health operated by the state or a political subdivision are classified as confidential, pursuant to section 15.162, subdivision 2a: investigative files on individuals maintained by the department in connection with the epidemiologic investigation of sexually transmitted diseases, provided that information may be released to the individual's personal physician and to a health officer, as defined in Minnesota Statutes, Section 145.01, for the purposes of treatment, continued medical evaluation and control of the disease.

Sec. 38. [HOUSING AGENCY DATA.]

Subdivision 1. [DEFINITION.] For purposes of this section "housing agency" means the public housing agency or housing and redevelopment authority of a political subdivision.

Subd. 2. [CONFIDENTIAL DATA.] The following data on individuals maintained by the housing agency are classified as confidential data, pursuant to section 15.162, subdivision 2a: correspondence between the agency and the agency's attorney containing data collected as part of an active investigation undertaken for the purpose of the commencement or defense of potential or actual litigation, including but not limited to: referrals to the office of the inspector general or other prosecuting agencies for possible prosecution for fraud; initiation of lease terminations and unlawful detainer actions; admission denial hearings concerning prospective tenants; commencement of actions against independent contractors of the agency; and tenant grievance hearings.

Subd. 3. [PROTECTED NONPUBLIC DATA.] The following data not on individuals maintained by the housing agency are classified as protected nonpublic data, pursuant to section 15.162, subdivision 5d: correspondence between the agency and the agency's attorney containing data collected as part of an active investigation undertaken for the purpose of the commencement or defense of potential or actual litigation, including but not limited to, referrals to the office of the inspector general or other prosecuting bodies or agencies for possible prosecution for fraud and commencement of actions against independent contractors of the agency.

Subd. 4. [NONPUBLIC DATA.] The following data not on individuals maintained by the housing agency are classified as nonpublic data, pursuant to section 15.162, subdivision 5c: all data pertaining to negotiations with property owners regarding the purchase of property. With the exception of the housing agency's evaluation of properties not purchased, all other negotiation data shall be public at the time of the closing of the property sale.

Sec. 39. [CORRECTIONS OMBUDSMAN DATA.]

Subdivision 1. [PRIVATE DATA.] The following data maintained by the ombudsman for corrections are classified as private, pursuant to section 15.162, subdivision 5a:

(a) All data pertaining to contacts made by clients seeking the assistance of the ombudsman, except as specified in subdivisions 2 and 3;

(b) Data recorded from personal and phone conversations and in correspondence between the ombudsman's staff and persons interviewed during the course of an investigation;

(c) Client index cards;

(d) Case assignment data; and

(e) Monthly closeout data.

Subd. 2. [CONFIDENTIAL DATA.] The following data maintained by the ombudsman are classified as confidential, pursuant to section 15.162, subdivision 2a: the written summary of the investigation to the extent it identifies individuals.

Subd. 3. [PUBLIC DATA.] The following data maintained by the ombuds-

man are classified as public, pursuant to section 15.162, subdivision 5b: client name, client location; and the inmate identification number assigned by the department of corrections.

Sec. 40. [EMPLOYEE RELATIONS DATA.]

The following data collected, created or maintained by the department of employee relations are classified as nonpublic pursuant to section 15.162, subdivision 5c:

(a) The commissioner's plan prepared by the department, pursuant to section 3.855, which governs the compensation and terms and conditions of employment for employees not covered by collective bargaining agreements until the plan is submitted to the legislative commission on employee relations;

(b) Data pertaining to grievance arbitration that has not been presented to the arbitrator or other party during the arbitration process; and

(c) Notes and preliminary drafts of reports prepared during personnel investigations and personnel management reviews of state departments and agencies.

Sec. 41. [PUBLIC ATTORNEY'S DATA.]

Subdivision 1. [DEFINITION.] For the purposes of this section, "public attorney" means the attorney general or the attorney for any political subdivision.

Subd. 2. [PRIVATE DATA.] The following data created, collected and maintained by the office of a public attorney are classified as private, pursuant to section 15.162, subdivision 5a:

(a) The record, including but not limited to, the transcript and exhibits of all disciplinary proceedings held by a state agency, board or commission, except in those instances where there is a public hearing;

(b) Communications and non-investigative files regarding administrative or policy matters which do not evidence final public actions;

(c) Consumer complaint data, other than that data classified as confidential, including consumers' complaints against businesses and follow-up investigative materials; and

(d) Investigative data, obtained in anticipation of, or in connection with litigation or an administrative proceeding where the investigation is not currently active.

Subd. 2. [CONFIDENTIAL DATA.] The following data created, collected and maintained by the office of a public attorney are classified as confidential, pursuant to section 15.162, subdivision 2a: data acquired through communications made in official confidence to members of the public attorney's staff where the public interest would suffer by disclosure of the data.

Subd. 3. [PUBLIC DATA.] Data describing the final disposition of disciplinary proceedings held by any state agency, board or commission are classified as public, pursuant to section 15.162, subdivision 5b.

Sec. 42. [PHOTOGRAPHIC NEGATIVES.]

Photographic negatives obtained by the department of public safety in the

process of issuing drivers licenses or Minnesota identification cards shall be private data on individuals pursuant to section 15.162, subdivision 5a.

Sec. 43. [REVISOR'S INSTRUCTIONS.]

The revisor of statutes shall codify the provisions of sections 1 to 44 and recodify the provisions of Minnesota Statutes 1980, Sections 15.1611 to 15.1699 in an appropriate place in the next edition of Minnesota Statutes. He shall also correct all statutory cross references to provisions of sections 15.1611 to 15.1699.

Sec. 44. [EFFECTIVE DATE.]

Sections 1 to 43 are effective the day following final enactment."

Delete the title in its entirety and insert:

"A bill for an act relating to the collection and dissemination of data; classifying data; proposing classifications of data as private, confidential non-public and protected nonpublic; making certain changes in laws relating to the collection and dissemination of data; amending Minnesota Statutes 1980, Sections 15.1611, Subdivision 2; 15.162, Subdivisions 1a, 2a, 5a, 5b, 5c, and 8; 15.163, Subdivision 4; 15.1642, Subdivision 2a; 15.165, Subdivision 3; 15.1672; 15.1673; 15.1692, Subdivision 3, and by adding a subdivision; 15.1693, by adding a subdivision; 15.1695, Subdivision 1; 15.1698, Subdivision 1; and 15.1699; providing for the recodification of Minnesota Statutes, Sections 15.1611 to 15.1699."

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

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

S. F. No. 120: A bill for an act relating to corporations; modernizing and improving provisions governing business corporations; appropriating money; amending Minnesota Statutes 1980, Sections 53.01; 303.05, Subdivision 1; 308.341; 319A.03; 319A.05; 319A.12, Subdivisions 1a and 2; 319A.20; and 367.42, Subdivision 1; proposing new law coded in Minnesota Statutes, Chapter 302A; repealing Minnesota Statutes 1980, Sections 301.01 to 301.67.

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

Page 1, line 27, after "125" insert "*, a demand retaining the two-thirds majority for shareholder approval of certain transactions"*

Page 2, delete lines 33 and 34 and insert "*signed, and acknowledged or verified in the manner provided in chapter 358, and accompanied by a filing"*

Page 3, line 31, after "given" insert "*by a corporation"*

Page 4, line 37, delete "*Minnesota Statutes,*"

Page 5, line 16, delete "*Minnesota Statutes, Section 645.44, Subdivision"* and insert "*section 645.44, subdivision"*

Page 5, line 22, after "voting" insert "*power of the"*

Page 5, line 28, after "percent" insert "*of the voting power"*

Page 5, line 29, delete "*voting"*

Page 5, lines 35 and 36, delete "*Minnesota Statutes,*"

Page 6, line 14, delete "*Minnesota Statutes,*"

Page 6, line 14, after "300" insert "*that has not subsequently become governed by chapter 301*"

Page 6, lines 19 and 20, delete "*Minnesota Statutes,*"

Page 6, lines 21 and 24, delete "*January*" and insert "*July*"

Page 6, lines 22 and 23, delete "*Minnesota Statutes,*"

Page 6, line 25, delete "*Minnesota Statutes,*"

Page 7, line 3, after "*articles*" insert "*for amendment of the articles*"

Page 7, lines 13 and 21, delete "*JANUARY*" and insert "*JULY*"

Page 7, line 14, delete "*December 31, 1982*" and insert "*June 30, 1983*"

Page 7, line 17, delete "*Minnesota Statutes,*"

Page 7, lines 18 and 19, delete "*Minnesota Statutes,*"

Page 7, lines 22, 27, 29 and 37, delete "*January*" and insert "*July*"

Page 7, line 24, delete "*Minnesota Statutes,*"

Page 7, line 26, delete "*Minnesota Statutes,*"

Page 7, line 26, after "300" insert "*that has not subsequently become governed by chapter 301*"

Page 7, line 29, delete "*Minnesota Statutes,*"

Page 7, line 32, delete "*Minnesota Statutes,*"

Page 8, after line 2, insert:

"Subd. 8. [RETENTION OF TWO-THIRDS MAJORITY.]

(a) If the articles of a corporation subject to this section do not contain a provision specifying the proportion of the voting power of the shareholders required for approval of amendments to the articles, plans of merger or exchange, or sales of assets, a shareholder or shareholders holding more than one-third of the voting power of all the shares may by signed written demand filed with the secretary of state amend the articles of the corporation to include a provision requiring the approval of the holders of two-thirds of the voting shares for any or all of the above mentioned actions for which no required majority was specified, notwithstanding any provisions of sections 14, 91 or 97 to the contrary. Notice that the demand has been filed shall be given by the shareholder to an officer of the corporation, but failure to give the notice does not invalidate the demand.

(b) A shareholder or shareholders holding more than one-third of the voting power of all the shareholders of a corporation subject to this section may by signed written demand filed with the secretary of state amend the articles of the corporation to include a provision requiring the approval of the holders of two-thirds of the voting power of all the shares for the authorization of the dissolution of the corporation, notwithstanding the provisions of section 100. Notice that the demand has been filed shall be given by the shareholder to an

officer of the corporation, but failure to give the notice does not invalidate the demand.

(c) An amendment pursuant to paragraph (a) or (b) is valid only if filed with the secretary of state before July 1, 1983."

Renumber the subdivisions in sequence

Page 8, line 3, delete "JANUARY" and insert "JULY"

Page 8, line 4, delete "January" and insert "July"

Page 8, line 8, delete "Minnesota Statutes,"

Page 8, line 10, delete "Chapters 301 and 316" and insert " chapters 301, 316, and 556"

Page 10, line 13, after the first "voting" insert "power of the"

Page 10, line 15, delete "Section" and insert "Sections"

Page 10, line 15, delete "requies" and insert "requires"

Page 10, line 16, before "all" insert "the voting power of"

Page 13, line 14, before "It" insert "[POWERS NEED NOT BE STATED.]"

Page 13, line 25, delete ". This provision does not affect" and insert a semicolon

Page 13, delete lines 26 and 27

Page 13, line 28, delete all the language before the semicolon

Page 13, line 35, delete "exclusive"

Page 13, line 36, after "time" insert "of incorporation"

Page 13, line 37, delete "Minnesota Statutes,"

Page 14, line 1, delete "333.52" and insert "333.54"

Page 14, line 14, after "corporation," insert "or that the holder of a name filed or registered with the secretary of state under sections 333.001 to 333.54 filed or registered that name at least three years prior to the affidavit,"

Page 14, line 17, after "corporation" insert "or the holder of a name filed or registered with the secretary of state under sections 333.001 to 333.54"

Page 14, line 18, after "corporation" insert ", or the address of the holder of a name filed or registered with the secretary of state under sections 333.001 to 333.54."

Page 14, line 22, after "corporation" insert "or holder of a name filed or registered with the secretary of state under sections 333.001 to 333.54"

Page 14, line 26, after "state" insert "or has been unable to find any telephone listing for the holder of a name filed or registered with the secretary of state under sections 333.001 to 333.54 in the county in which is located the address of the holder shown in the records of the secretary of state"

Page 14, line 27, after "corporation" insert "or holder of a name filed or registered with the secretary of state under sections 333.001 to 333.54"

Page 14, after line 28, insert:

"Subd. 2. [NAMES CONTINUED.] Subdivision 1, clause (d) does not affect the right of a domestic corporation existing on July 1, 1983, or a foreign

corporation authorized to do business in this state on that date to continue the use of its name."

Renumber the subdivisions in sequence

Page 14, line 34, delete "*Minnesota Statutes,*"

Page 14, line 35, delete "333.52" and insert "333.54"

Page 15, line 28, delete "*a corporation*"

Page 18, line 6, delete "*one*" and insert "*three*"

Page 18, line 8, after "*notice*" insert "*has not yet been given but still*"

Page 18, line 16, after the period, insert "*The provisions of this subdivision regarding shareholder-proposed amendments do not apply to a corporation registered or reporting under the federal securities laws, to the extent that those provisions are in conflict with the federal securities laws or rules promulgated thereunder, in which case the federal securities laws or rules promulgated thereunder shall govern.*"

Page 18, line 16, delete "*An amendment that restates the articles need not set*"

Page 18, delete lines 17 and 18

Page 18, line 25, after "*voting*" insert "*power of the*"

Page 20, line 35, before the period, insert "*accompanied by a payment of \$60, which includes a \$50 incorporation fee in addition to the \$10 filing fee required by section 1, subdivision 11*"

Page 21, line 5, after "*state*" insert "*and the required fee has been paid to the secretary of state*"

Page 24, line 11, delete "*Minnesota Statutes,*"

Page 24, line 19, after "*validity*" insert "*, recordability,*"

Page 25, lines 33 and 34, delete "*, in the same manner as directors,*"

Page 25, line 35, delete the second comma and insert "*or*"

Page 25, line 36, delete everything after the comma

Page 25, line 37, delete "*is complete,*"

Page 27, line 4, delete "*one*" and insert "*three*"

Page 27, line 12, after the period, insert "*The provisions of this subdivision regarding shareholder-proposed amendments shall not apply to a corporation registered or reporting under the federal securities laws, to the extent that those provisions are in conflict with the federal securities laws or rules promulgated thereunder, in which case the federal securities laws or rules promulgated thereunder shall govern.*"

Page 28, line 9, delete the comma

Page 28, line 10, delete the comma

Page 28, line 12, delete both commas

Page 29, line 5, after "*to*" insert "*any officer of the corporation before the*

meeting, or to"

Page 29, lines 26 and 27, delete *"by the affirmative vote of a majority of the directors present,"*

Page 29, line 32, after *"directors"* insert *"present affirmatively"*

Page 29, line 37, after *"voting"* insert *"power of the"*

Page 30, line 7, delete *"number of shares"* and insert *"proportion of the voting power"*

Page 33, line 3, delete *"smaller"*

Page 34, lines 12 and 13, delete *"or not"*

Page 34, line 26, delete everything after the period

Page 34, delete line 27

Page 34, line 28, delete *"shareholders."* and insert *"A good faith determination of the committee that it is not in the best interests of the corporation to pursue a particular legal right or remedy of the corporation or that recommends that a particular proceeding be dismissed or discontinued is binding upon the corporation and its directors, officers, and shareholders."*

Page 35, line 27, after the semicolon, delete *"or"*

Page 35, line 28, after *"meeting"* delete the period and insert *"; or"*

Page 35, after line 28, insert:

"(c) Is prohibited by section 45 from voting on the action."

Page 36, line 26, after *"resolution"* insert *"fixing the compensation of the director or"*

Page 37, after line 35, insert:

"(d) Disburse corporate funds and issue checks and drafts in the name of the corporation, as ordered by the board:"

Page 38, line 2, after the semicolon, insert *"and"*

Page 38, delete lines 3 and 4

Reletter the clauses in sequence

Page 40, line 9, after *"securities"* insert *"only"*

Page 40, lines 36 and 37, delete *"affected by the resolution"* and insert *"for which the resolution creates rights or preferences not set forth in the articles"*

Page 43, line 8, after *"voting"* insert *"power of the"*

Page 43, line 15, after *"voting"* insert *"power of the"*

Page 43, line 15, after *"without"* insert *"any new or additional"*

Page 43, line 24, after *"majority of"* insert *"the voting power of"*

Page 47, line 1, after *"majority of"* insert *"the voting power of"*

Page 47, line 7, delete the second *"to"*

Page 47, delete line 8 and insert *"if the resale or other distribution of those"*

securities or rights to purchase securities is not restricted by either state or federal securities laws; or"

Page 49, line 36, delete "*Minnesota Statutes,*"

Page 51, line 26, after the period, insert "*A restriction under this section is deemed to be noted conspicuously and is effective if the existence of the restriction is stated on the certificate and reference is made to a separate document creating or describing the restriction.*"

Page 51, line 34, delete "*one*" and insert "*three*"

Page 52, line 8, before "*meeting*" insert "*regular*"

Page 54, line 22, after "*voting*" insert "*power of the*"

Page 55, line 5, after "*majority of*" insert "*the voting power of*"

Page 55, line 16, delete "*50*" and insert "*60*"

Page 57, line 23, delete "*either*"

Page 57, line 24, after "*notice*" insert "*either*"

Page 59, line 2, after "*majority of*" insert "*the voting power of*"

Page 61, line 30, delete underscoring from headnote

Page 61, line 30, after "*shareholder*" insert "*, beneficial owner,*"

Page 61, line 36, after "*shareholder*" insert "*, beneficial owner,*"

Page 61, line 37, delete everything before "*to*" and insert "*may apply to the corporation for permission*"

Page 61, line 37, after "*copy,*" insert "*at any reasonable time,*"

Page 62, line 1, delete "*at any*"

Page 62, delete lines 2 and 3

Page 62, line 4, delete "*examination*" and after the period, insert "*If the corporation fails to grant the request within five business days of the request, the shareholder, beneficial owner, or holder of a voting trust certificate may apply to a court of competent jurisdiction in this state for an order granting the request. The court shall issue an order granting the request if the shareholder, beneficial owner, or holder of a voting trust certificate demonstrates (1) a proper purpose for the examination, (2) that the examination will not result in harassment or disclosure of trade secrets or confidential commercial or financial information to competitors or disclosure of information in personnel files, and (3) that the expense of the examination will not be excessive in relation to the interest of the shareholder, beneficial owner, or holder of a voting trust certificate or that the shareholder, beneficial owner, or holder of a voting trust certificate has offered to pay the expenses of the examination. The court may deny a request for an examination for any other good cause shown by the corporation.*"

Page 62, line 5, after "*shareholder*" insert "*, beneficial owner,*"

Page 62, line 32, after "*shall*" insert "*, upon written request by a shareholder,*"

Page 62, line 32, delete "*to its shareholders*"

Page 63, line 1, delete everything after the period

Page 63, delete lines 2 to 9

Page 63, line 10, delete "*request.*"

Page 63, line 18, delete the first "*and*" and insert a comma

Page 63, line 18, delete the second "*and*" and insert "*, and describing*"

Page 65, line 32, delete "*either*"

Page 65, delete lines 33 to 35 and insert "*provided in section 549.09 for interest on verdicts and judgments.*"

Page 68, line 6, after "*5*" insert a comma

Page 68, line 27, after "*determine*" insert "*whether the shareholder or shareholders in question have fully complied with the requirements of this section, and shall determine*"

Page 69, line 7, after "*vexatious*" insert a comma

Page 71, line 24, delete "*Conducted himself*" and insert "*Acted*"

Page 75, line 20, delete "*Minnesota Statutes.*"

Page 76, line 37, after the comma insert "*except a director who is prohibited by section 45 from voting on the distribution.*"

Page 76, line 37, after "*to*" insert a comma

Page 79, line 11, after "*majority of*" insert "*the voting power of*"

Page 79, line 17, delete "*included in the*" and insert "*affected by the plan of*"

Page 81, line 25, after "*majority of*" insert "*the voting power of*"

Page 81, line 31, after "*majority of*" insert "*the voting power of*"

Page 84, line 11, delete "*Minnesota Statutes.*"

Page 84, line 20, after "*proceeding*" insert a comma

Page 85, line 10, after "*majority of*" insert "*the voting power of*"

Page 86, line 35, after "*majority of*" insert "*the voting power of*"

Page 88, lines 23 and 24, delete "*Minnesota Statutes.*"

Page 90, line 5, after "*majority of*" insert "*the voting power of*"

Page 90, line 26, delete "*or not*"

Page 99, line 1, delete "[ANNUAL REPORT.]" and insert "[MINNESOTA CORPORATE REGISTRATION.]"

Page 99, delete lines 2 to 18 and insert:

"Subdivision 1. [INFORMATION REQUIRED.] A domestic corporation shall annually file with the commissioner of revenue along with the return required by sections 290.37 and 290.974, or along with an affidavit that the corporation need not file a return under section 290.37, a registration containing:

(a) The name of the corporation;

- (b) *The address of its principal executive office;*
- (c) *The address of its registered office;*
- (d) *The state of incorporation;*
- (e) *The former name and address of the corporation or its registered office, if changed since the corporation filed its previous return;*
- (f) *The name of its registered agent, if any; and*
- (g) *The name and business address of the officer or other person exercising the principal functions of the chief executive officer of the corporation.*

Subd. 2. [INFORMATION PUBLIC.] The information required by subdivision 1 shall be forwarded by the commissioner of revenue to the secretary of state and is public data. Sections 15.163 to 15.1699 do not apply to this information."

Page 99, line 20, delete "*an annual report conforming*" and insert "*a registration pursuant*"

Page 99, line 21, after "*state*" insert "*and is subject to a \$25 fine*"

Page 99, line 23, delete "*annual report*" and insert "*registration*"

Page 99, line 24, delete "*; PENALTY*"

Page 99, lines 25 and 26, delete "*an annual report conforming*" and insert "*a registration pursuant*"

Page 99, line 29, delete everything after "*section*"

Page 99, delete lines 30 to 32 and insert "*and is subject to dissolution by the office of the secretary of state if the registration is not filed pursuant to subdivision 1 within 60 days after the mailing of the notice.*"

Subd. 5. [PENALTY.] (a) A corporation that for two consecutive years has failed to file the registration required by subdivision 1, has been notified of the failure pursuant to subdivision 4, and has failed to file the registration during the 60-day period described in subdivision 4, may be dissolved by the secretary of state as described in paragraph (b).

(b) Immediately after the expiration of the 60-day period in the second consecutive year of failure to file the registration, the secretary of state shall issue a certificate of involuntary dissolution, a copy of which shall be filed in the office of the secretary of state. The original certificate and a notice explaining that the corporation has been dissolved shall be sent to the registered office of the corporation. The secretary of state shall annually inform the attorney general and the commissioner of revenue of the names of corporations dissolved under this section during the preceding year. A corporation dissolved in this manner is not entitled to the benefits of section 117, subdivision 1."

Page 100, line 12, after "*sheriff*" insert "*, or the affidavit of a person not a party,*"

Page 101, line 22, reinstate the stricken language and before "*I*" insert "*or*"

Page 101, after line 26, insert:

"Sec. 127. Minnesota Statutes 1980, Section 290.61, is amended to read:

290.61 [PUBLICITY OF RETURNS, INFORMATION.]

It shall be unlawful for the commissioner or any other public official or employee to divulge or otherwise make known in any manner any particulars set forth or disclosed in any report or return required by this chapter, or any information concerning the taxpayer's affairs acquired from his or its records, officers, or employees while examining or auditing any taxpayer's liability for taxes imposed hereunder, except in connection with a proceeding involving taxes due under this chapter from the taxpayer making such return or to comply with the provisions of ~~section~~ sections 290.612 and 122. The commissioner may furnish a copy of any taxpayer's return to any official of the United States or of any state having duties to perform in respect to the assessment or collection of any tax imposed upon or measured by income, if such taxpayer is required by the laws of the United States or of such state to make a return therein. Prior to the release of any information to any official of the United States or any other state under the provisions of this section, the person to whom the information is to be released shall sign an agreement which provides that he will protect the confidentiality of the returns and information revealed thereby to the extent that it is protected under the laws of the state of Minnesota. The commissioner and all other public officials and employees shall keep and maintain the same secrecy in respect to any information furnished by any department, commission, or official of the United States or of any other state in respect to the income of any person as is required by this section in respect to information concerning the affairs of taxpayers under this chapter. Nothing herein contained shall be construed to prohibit the commissioner from publishing statistics so classified as not to disclose the identity of particular returns or reports and the items thereof. Upon request of a majority of the members of the senate tax committee or of the house tax committee or the tax study commission, the commissioner shall furnish abstracted financial information to those committees for research purposes from returns or reports filed pursuant to this chapter, provided that he shall not disclose the name, address, social security number, business identification number or any other item of information associated with any return or report which the commissioner believes is likely to identify the taxpayer. The commissioner shall not furnish the actual return, or a portion thereof, or a reproduction or copy of any return or portion thereof. "Abstracted financial information" means only the dollar amounts set forth on each line on the form including the filing status.

Any person violating the provisions of this section shall be guilty of a gross misdemeanor.

In order to locate the named payee on state warrants issued pursuant to this chapter or chapter 290A and undeliverable by the United States postal service, the commissioner may publish in any English language newspaper of general circulation in this state a list of the name and last known address of the payee as shown on the reports or returns filed with the commissioner. The commissioner may exclude the names of payees whose refunds are in an amount which is less than a minimal amount to be determined by the commissioner. The published list shall not contain any particulars set forth on any report or return. The publication shall include instructions on claiming the warrants.

Sec. 128. [300.083] [INDEMNIFICATION.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the terms

defined in this subdivision have the meanings given them.

(b) "Corporation" includes a domestic or foreign corporation that was the predecessor of the corporation referred to in this section in a merger or other transaction in which the predecessor's existence ceased upon consummation of the transaction.

(c) "Official capacity" means (1) with respect to a director, the position of director in a corporation, (2) with respect to a person other than a director, the elective or appointive office or position held by an officer, member of a committee of the board, or the employment or agency relationship undertaken by an employee or agent of the corporation, and (3) with respect to a director, officer, employee, or agent of the corporation who, while a director, officer, employee, or agent of the corporation, is or was serving at the request of the corporation or whose duties in that position involve or involved service as a director, officer, partner, trustee, or agent of another organization or employee benefit plan, the position of that person as a director, officer, partner, trustee, employee, or agent, as the case may be, of the other organization or employee benefit plan.

(d) "Proceeding" means a threatened, pending, or completed civil, criminal, administrative, arbitration, or investigative proceeding, including a proceeding by or in the right of the corporation.

(e) "Special legal counsel" means counsel who has not represented the corporation or a related corporation, or a director, officer, employee, or agent whose indemnification is in issue.

Subd. 2. [INDEMNIFICATION MANDATORY; STANDARD.] (a) Subject to the provisions of subdivision 4, a corporation shall indemnify a person made or threatened to be made a party to a proceeding by reason of the former or present official capacity of the person against judgments, penalties, fines including, without limitation, excise taxes assessed against the person with respect to an employee benefit plan, settlements, and reasonable expenses, including attorneys' fees and disbursements, incurred by the person in connection with the proceeding, if, with respect to the acts or omissions of the person complained of in the proceeding, the person:

(1) Has not been indemnified by another organization or employee benefit plan for the same expenses with respect to the same acts or omissions;

(2) Acting in good faith;

(3) Received no improper personal benefit;

(4) In the case of a criminal proceeding, had no reasonable cause to believe his conduct was unlawful; and

(5) In the case of acts or omissions occurring in the official capacity described in subdivision 1, paragraph (c), clause (1) or (2), reasonably believed that the conduct was in the best interests of the corporation, or in the case of acts or omissions occurring in his official capacity described in subdivision 1, paragraph (c), clause (3), reasonably believed that the conduct was not opposed to the best interests of the corporation. If the person's acts or omissions complained of in the proceeding relate to conduct as a director, officer, trustee, employee, or agent of an employee benefit plan, the conduct is not considered to be opposed to the best interests of the corporation if the person

reasonably believed that the conduct was in the best interests of the participants or beneficiaries of the employee benefit plan.

(b) The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent does not, of itself, establish that the person did not meet the criteria set forth in this subdivision.

Subd. 3. [ADVANCES.] Subject to the provisions of subdivision 4, if a person is made or threatened to be made a party to a proceeding, the person is entitled, upon written request to the corporation, to payment or reimbursement by the corporation of reasonable expenses, including attorneys' fees and disbursements, incurred by the person in advance of the final disposition of the proceeding, (a) upon receipt by the corporation of a written affirmation by the person of a good faith belief that the criteria for indemnification set forth in subdivision 2 has been satisfied and a written undertaking by the person to repay all amounts so paid or reimbursed by the corporation, if it is ultimately determined that the criteria for indemnification have not been satisfied, and (b) after a determination that the facts then known to those making the determination would not preclude indemnification under this section. The written undertaking required by clause (a) is an unlimited general obligation of the person making it, but need not be secured and shall be accepted without reference to financial ability to make the repayment.

Subd. 4. [PROHIBITION OR LIMIT ON INDEMNIFICATION OR ADVANCES.] The articles or bylaws either may prohibit indemnification or advances of expenses otherwise required by this section or may impose conditions on indemnification or advances of expenses in addition to the conditions contained in subdivisions 2 and 3 including, without limitation, monetary limits on indemnification or advances of expenses, if the conditions apply equally to all persons or to all persons within a given class.

Subd. 5. [REIMBURSEMENT TO WITNESSES.] This section does not require, or limit the ability of, a corporation to reimburse expenses, including attorneys' fees and disbursements, incurred by a person in connection with an appearance as a witness in a proceeding at a time when the person has not been made or threatened to be made a party to a proceeding.

Subd. 6. [DETERMINATION OF ELIGIBILITY.] All determinations whether indemnification of a person is required because the criteria set forth in subdivision 2 have been satisfied and whether a person is entitled to payment or reimbursement of expenses in advance of the final disposition of a proceeding as provided in subdivision 3 shall be made:

(a) By the board by a majority of a quorum. Directors who are at the time parties to the proceeding shall not be counted for determining either a majority or the presence of a quorum;

(b) If a quorum under clause (a) cannot be obtained, by a majority of a committee of the board, consisting solely of two or more directors not at the time parties to the proceeding, duly designated to act in the matter by a majority of the full board including directors who are parties;

(c) If a determination is not made under clause (a) or (b), by special legal counsel, selected either by a majority of the board or a committee by vote pursuant to clause (a) or (b) or, if the requisite quorum of the full board cannot be obtained and the committee cannot be established, by a majority of the full

board including directors who are parties;

(d) If a determination is not made under clauses (a) to (c), by the shareholders, excluding the votes of shares held by parties to the proceeding; or

(e) If an adverse determination is made under clauses (a) to (d), or if no determination is made under clauses (a) to (d) within 60 days after the termination of a proceeding or after a request for an advance of expenses, as the case may be, by a court in this state, which may be the same court in which the proceeding involving the person's liability took place, upon application of the person and any notice the court requires.

Subd. 7. [INSURANCE.] A corporation may purchase and maintain insurance on behalf of a person who is or was a director, officer, employee, or agent of the corporation, or who, while a director, officer, employee, or agent of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another organization or employee benefit plan against any liability asserted against and incurred by the person in or arising from that capacity, whether or not the corporation would have been required to indemnify the person against the liability under the provisions of this section.

Subd. 8. [DISCLOSURE.] A corporation that indemnifies or advances expenses to a person in accordance with this section in connection with a proceeding by or on behalf of the corporation shall report the amount of the indemnification or advance and to whom and on whose behalf it was paid to the shareholders in an annual report covering the period when the indemnification or advance was paid or accrued under the accounting method of the corporation.

Subd. 9. [LIFE INSURANCE COMPANIES.] A domestic life insurance company having a separate account or accounts pursuant to section 61A.14 may indemnify a person who is serving or has served as a member of the managing committee of that separate account, and may purchase and maintain insurance for that purpose, in accordance with this section."

Page 102, after line 26, insert:

"Sec. 131. [316.24] [SCOPE; CHAPTER NOT APPLICABLE.]

Sections 316.01 to 316.23 do not apply to a corporation incorporated under or governed by sections 1 to 125."

Page 104, line 7, delete "391A.20" and insert "319A.20"

Page 104, after line 17, insert:

"Sec. 137. Minnesota Statutes 1980, Section 333.055, Subdivision 4, is amended to read:

Subd. 4. The secretary of state shall accept for filing all certificates and renewals thereof which comply with the provisions of sections 333.001 to 333.06 and which are accompanied by the prescribed fees, notwithstanding the fact that the assumed name disclosed therein may be the same as, or similar to, one or more other assumed names already filed with the secretary of state. In the event of duplication or similarity, the secretary of state shall, within 20 days after the filing, notify in writing each person who has previously filed a certificate for the assumed name or a similar assumed name, of the duplication

or similarity, including in the notice the name and last known address of the person so filing. *The secretary of state shall not accept for filing a certificate that discloses an assumed name that is the same as, or deceptively similar to, a corporate name in use or reserved in this state by another, unless there is filed with the certificate a written consent, court decree of prior right, or affidavit of non-user of the kind required by section 8, subdivision 1, clause (d). The secretary of state shall determine whether a name is "deceptively similar" to another name for purposes of this subdivision.*

Sec. 138. Minnesota Statutes 1980, Section 333.19, Subdivision 1, is amended to read:

Subdivision 1. A trademark or service mark by which the goods or services of any applicant for registration may be distinguished from the goods or services of others shall not be registered if it:

(1) consists of or comprises immoral, deceptive or scandalous matter; or

(2) consists of or comprises matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute; or

(3) consists of or comprises the flag or coat of arms or other insignia of the United States, or of any state or municipality, or of any foreign nation, or any simulation thereof; or

(4) consists of or comprises the name, signature or portrait of any living individual, except with his written consent; or

(5) consists of a mark which, (a) when applied to the goods or used to identify the services of the applicant, is merely descriptive or deceptively misdescriptive of them, or (b) when applied to the goods or used to identify the services of the applicant is primarily geographically descriptive or deceptively misdescriptive of them, or (c) is primarily merely a surname provided, however, that nothing in this subsection (5) shall prevent the registration of a mark used in this state by the applicant which has become distinctive of the applicant's goods or services. The secretary of state may accept as evidence that the mark has become distinctive, as applied to the applicant's goods or used to identify the services, proof of substantially exclusive and continuous use thereof as a mark by the applicant in this state for the five years next preceding the date of the filing of the application for registration; or

(6) consists of or comprises a mark which so resembles a mark registered in this state or a *corporate name in use or reserved in this state by another, or a mark or trade name previously used in this state by another and not abandoned*, as to be likely, when applied to the goods or used to identify the services of the applicant, to cause confusion or mistake or to deceive."

Page 104, delete line 20

Page 105, after line 9, insert:

"Sec. 140. Minnesota Statutes 1980, Section 462.601, is amended to read:

462.601 [MINNESOTA BUSINESS CORPORATION ACT APPLIES IN PART.]

The provisions of ~~the Minnesota business corporation act~~ sections 301.01 to 301.61 and sections 1 to 125 shall apply to redevelopment companies, except where those provisions are in conflict with the provisions of sections 462.415

to 462.711. In the event that any action with respect to which the holders of income debentures shall have the right to vote is proposed to be taken, then notice of any meeting at which such action is proposed to be taken shall be given to those holders in the same manner (and) to the same extent as if they were stockholders entitled to notice of and to vote at such meeting, and any certificate filed pursuant to law in the department of state with respect to any such action, whether taken with or without meeting, and any affidavit required by law to be annexed to that certificate, shall contain the same statements or recitals, and the certificate shall be subscribed and acknowledged, and the affidavit shall be made in the same manner as if those holders were stockholders holding shares of an additional class of stock entitled to vote on that action, or with respect to the proceedings provided for in the certificate.

Sec. 141: Minnesota Statutes 1980, Section 462.605, is amended to read:

462.605 [POWERS OF REDEVELOPMENT COMPANY.]

Each redevelopment company shall have and may exercise such of the powers conferred by the ~~Minnesota business corporation act sections 301.01 to 301.61 and sections 1 to 125~~ or, in cities of the first class, the Minnesota uniform limited partnership act as shall be necessary in conducting the business of a redevelopment company and consistent with the provisions of sections 462.415 to 462.711."

Page 105, line 11, after "Sections" insert "300.082;"

Page 105, line 11, after "301.02" insert a semicolon

Page 105, line 23, in the blank insert "131,800"

Page 105, delete lines 28 to 31 and insert:

	1981	1982	1983
(a) Computerization		\$51,000	\$57,000
(b) Other duties	\$2,900	\$11,100	\$9,800"

Page 105, delete line 33, and insert "Sections 1 to 121, 123, 124, 126, 129 to 138, 140, 141, and 143 are effective July"

Page 105, line 34, delete "134, and 135" and insert "127, 128, 139, and 142"

Page 105, line 34, delete "January" and insert "July"

Page 105, line 35, after the period, insert "Section 122 is effective January 1, 1984."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after "53.01" insert "290.61"

Page 1, line 7, delete "and" and insert "333.055, Subdivision 4; 333.19, Subdivision 1;"

Page 1, line 7, after "1" insert "462.601; and 462.605"

Page 1, line 8, delete "Chapter 302A" and insert "Chapters 300, 302A, and 316"

Page 1, line 9, after "Sections" insert "300.082 and"

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

adopted.

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

S. F. No. 1104; A bill for an act relating to the public defender; establishing the board of public defense; transferring public defender responsibilities from the judicial council to the board of public defense; abolishing the judicial council; amending Minnesota Statutes 1980, Sections 611.23; 611.24; 611.26, Subdivisions 1, 2, 3, 4, and 5; proposing new law coded in Minnesota Statutes, Chapter 611; repealing Minnesota Statutes 1980, Section 480.053; and Chapter 483.

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

Page 1, line 19, after "*governor*" insert "*including*"

Page 1, line 22, delete "*engaged in*" and insert "*admitted to*"

Page 1, line 22, delete "*private*"

Page 1, line 23, before the semicolon, insert "*, but not publicly employed as a prosecutor or defense counsel*"

Page 1, line 25, delete "*citizens of the state*" and insert "*public members*"

Page 2, line 8, delete the colon and insert "*have those duties and responsibilities imposed upon it by chapter 611.*"

Page 2, delete lines 9 to 14

Page 2, line 26, strike "*shall be*" and insert "*serve*"

Page 2, line 27, strike "*shall*"

Page 2, line 31, strike everything after the period

Page 2, strike line 32

Page 2, line 33, strike everything before "*terms*"

Page 3, line 6, strike "*such*"

Page 3, lines 8 and 23, strike "*such*" and insert "*the*"

Page 3, line 11, strike "*shall be*" and insert "*serve*"

Page 3, line 12, strike "*shall*"

Page 3, line 22, after "*second*" insert "*district*"

Page 3, line 24, strike "*Such*" and insert "*The*"

Page 3, line 25, strike "*an*"

Page 4, line 1, after "*removed*" insert "*for cause*"

Page 4, line 3, strike "*for cause*"

Page 4, line 16, strike "*but only with*" and insert "*subject to*"

Page 4, line 17, strike "*in*"

Page 4, line 18, strike "*accordance with*"

Page 4, line 18, strike "*other*"

Page 4, line 29, delete "*Section*" and insert "*Sections*"

Page 4, line 29, delete "*and Chapter 483*" and insert "*483.01; and 483.02*"

Page 4, line 36, delete "*his*" and insert "*any*"

Page 5, lines 1 and 2, after "*term*" insert "*to which he has been appointed*"

Page 5, line 2, delete "*his*" and insert "*any*"

Amend the title as follows:

Page 1, delete line 10 and insert "*Sections 480.053; 483.01; and 483.02.*"

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

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

S. F. No. 445: A bill for an act relating to courts; Hennepin and Ramsey County district courts, juvenile divisions; authorizing appointment of district court judges to hear cases arising under the juvenile court act for terms up to six years; amending Minnesota Statutes 1980, Section 260.019, Subdivision 3.

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

Page 1, line 14, strike "*three*" and insert "*four*"

Page 1, line 15, strike "*six*" and insert "*eight*" and after "*period*" delete the new language

Page 1, line 16, delete the new language

Page 1, after line 16, insert:

"Sec. 2. Minnesota Statutes 1980, Section 484.64, Subdivision 1, is amended to read:

Subdivision 1. In the second judicial district a family court division of the district court is hereby created to be presided over by a district court judge to be appointed by the chief judge of the district court to serve for a term of one year. The judges appointed to ~~said~~ the office shall be designated as the judge of the family court division. *No judge of the family court division shall serve in that position for more than four years out of any eight year period.*

Sec. 3. Minnesota Statutes 1980, Section 484.65, Subdivision 1, is amended to read:

Subdivision 1. In the fourth judicial district, a family court division of the district court is hereby created to be presided over by a district court judge appointed by the chief judge of the judicial district to serve for a term not exceeding two years. The judge appointed to this office shall be designated as the district court judge, family court division. *No judge may be appointed to serve consecutive terms for more than three years out of any six year period as the district court judge, family court division.*

Sec. 4. Minnesota Statutes 1980, Section 484.65, Subdivision 6, is amended to read:

Subd. 6. Vacancies in the office of district court judge, family court divi-

sion, shall be filled in the manner prescribed by law for the filling of vacancies in the office of other judges of the district court. A person appointed to fill a vacancy in the office of district court judge, family court division shall serve in that office for the unexpired portion of the term during which the vacancy occurred; ~~but may not be appointed to serve as district court judge, family division during the next consecutive term.~~

Page 1, line 19, delete "*and be applicable to incumbent juvenile court judges*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "providing service periods on"

Page 1, line 3, after "divisions" insert "or family division"

Page 1, line 5, after "court" insert "or family court"

Page 1, line 6, delete "six" and insert "four"

Page 1, line 6, delete "Section" and insert "Sections"

Page 1, line 7, before the period, insert "; 484.64, Subdivision 1; and 484.65, Subdivisions 1 and 6"

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

Mr. Wegener from the Committee on Local Government and Urban Affairs, to which was referred

S. F. No. 1005: A bill for an act relating to municipal industrial development; permitting financing of certain health related housing facilities; amending Minnesota Statutes 1980, Section 474.02, Subdivision 1d.

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

Page 1, line 16, after "*persons,*" insert "*and*"

Page 1, line 16, delete "*which is owned by a*"

Page 1, line 17, delete "*nonprofit corporation, and (iii)*"

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

Mr. Wegener from the Committee on Local Government and Urban Affairs, to which was re-referred

S. F. No. 746: A bill for an act relating to the Greenway joint recreation board; regulating its tax levies.

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

Page 1, line 7, after "*tax*" insert "*not to exceed 3.5 mills*"

Page 1, line 15, delete "*lieu of*" and insert "*addition to*"

Page 2, delete section 2

Renumber the sections in sequence

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

Mr. Wegener from the Committee on Local Government and Urban Affairs, to which was referred

S. F. No. 98: A bill for an act relating to local government; providing conditions for the annexation of town territory to municipalities; providing for the membership of the municipal board; amending Minnesota Statutes 1980, Sections 414.01, Subdivision 2; and 414.031, Subdivision 4.

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

Page 1, line 13, strike "One"

Page 1, line 14, strike "of the members shall be" and delete the comma

Page 1, line 15, delete the new language and strike the old language

Page 1, strike lines 16 to 19

Page 1, line 20, strike "defined."

Pages 2 to 4, delete sections 2 and 3

Amend the title as follows:

Page 1, line 2, delete "providing conditions for"

Page 1, delete line 3

Page 1, line 5, delete "Sections" and insert "Section"

Page 1, line 6, delete "; and 414.031, Subdivision 4"

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

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

S. F. No. 140: A bill for an act relating to natural resources; changing the definition of public waters; amending Minnesota Statutes 1980, Section 105.37, Subdivision 14.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1980, Section 105.37, is amended by adding a subdivision to read:

Subd. 13a. "Public waters" means protected waters and wetlands.

Sec. 2. Minnesota Statutes 1980, Section 105.37, Subdivision 14, is amended to read:

Subd. 14. "~~Public~~ Protected waters" includes and shall be limited to the following waters of the state:

(a) All water basins assigned a shoreland management classification by the

commissioner pursuant to section 105.485, except wetlands less than 80 acres in size which are classified as natural environment lakes;

(b) All waters of the state which have been finally determined to be public or *protected* waters or navigable waters by a court of competent jurisdiction;

(c) All meandered lakes, except for those which have been legally drained;

(d) All waterbasins previously designated by the commissioner for management for a specific purpose such as trout lakes and game lakes pursuant to applicable laws;

(e) All waterbasins designated as scientific and natural areas pursuant to section 84.033;

(f) All waterbasins located within and totally surrounded by publicly owned lands;

(g) All waterbasins where the state of Minnesota or the federal government holds title to any of the beds or shores, unless the owner declares that the water is not necessary for the purposes of the public ownership;

(h) All waterbasins where there is a publicly owned and controlled access which is intended to provide for public access to the water basin; and

(i) All natural and altered natural watercourses with a total drainage area greater than two square miles, except that trout streams officially designated by the commissioner shall be ~~public~~ *protected* waters regardless of the size of their drainage area. *No permit shall be required from the commissioner for work in watercourses having total drainage areas of five square miles or less, but greater than two square miles except when the proposed work involves any diversions of water from the drainage area or any impoundment of waters by damming the watercourse. A permit shall be required for any work which could result in erosion or sedimentation of downstream waters to which the watercourse is tributary unless the involved county and soil and water conservation district approve the work consistent with provisions of chapter 40.*

The ~~public~~ *protected* character of water shall not be determined exclusively by the proprietorship of the underlying, overlying, or surrounding land or by whether it is a body or stream of water which was navigable in fact or susceptible of being used as a highway for commerce at the time this state was admitted to the union.

For the purposes of statutes other than sections 105.37, 105.38 and 105.391, the term "public waters" or the term "*protected waters*" shall include "wetlands" unless the statute expressly states otherwise.

Sec. 3. Minnesota Statutes 1980, Section 105.37, Subdivision 15, is amended to read:

Subd. 15. "Wetlands" includes, and shall be limited to all types 3, 4 and 5 wetlands, as defined in U. S. Fish and Wildlife Service Circular No. 39 (1971 edition), not included within the definition of ~~public~~ *protected* waters, which are ten or more acres in size in unincorporated areas or 2-1/2 or more acres in incorporated areas.

Sec. 4. Minnesota Statutes 1980, Section 105.37, Subdivision 16, is amended to read:

Subd. 16. "Ordinary high water level" means the boundary of ~~public~~ *protected* waters and wetlands, and shall be an elevation delineating the highest water level which has been maintained for a sufficient period of time to leave evidence upon the landscape, commonly that point where the natural vegetation changes from predominantly aquatic to predominantly terrestrial. For watercourses, the ordinary high water level shall be the elevation of the top of the bank of the channel. For reservoirs and flowages the ordinary high water level shall be the operating elevation of the normal summer pool.

Sec. 5. Minnesota Statutes 1980, Section 105.38, is amended to read:

105.38 [DECLARATION OF POLICY.]

In order to conserve and utilize the water resources of the state in the best interests of the people of the state, and for the purpose of promoting the public health, safety and welfare, it is hereby declared to be the policy of the state:

(1) Subject to existing rights all ~~public~~ *protected* waters and wetlands are subject to the control of the state.

(2) The state, to the extent provided by law from time to time, shall control the appropriation and use of surface and underground waters of the state.

(3) The state shall control and supervise, so far as practicable, any activity which changes or which will change the course, current, or cross-section of ~~public~~ *protected* waters or wetlands, including but not limited to the construction, reconstruction, repair, removal, abandonment, the making of any other change, or the transfer of ownership of dams, reservoirs, control structures, and waterway obstructions in any of the ~~public~~ *protected* waters or wetlands of the state.

Sec. 6. Minnesota Statutes 1980, Section 105.39, Subdivision 3, is amended to read:

Subd. 3. [ALLOCATION AND CONTROL OF WETLANDS AND WATERS.] The commissioner shall have administration over the use, allocation and control of ~~public~~ *protected* waters and wetlands, the establishment, maintenance and control of lake levels and water storage reservoirs, and the determination of the ordinary high water level of any ~~public~~ *protected* waters and wetlands.

Sec. 7. Minnesota Statutes 1980, Section 105.391, Subdivision 1, is amended to read:

105.391 [WATERS INVENTORY AND CLASSIFICATION.]

Subdivision 1. On the basis of all information available to him and the criteria set forth in section 105.37, subdivisions 14 and 15, the commissioner shall inventory the waters of each county and make a preliminary designation as to which constitute ~~public~~ *protected* waters and wetlands. The commissioner shall send a list and map of the waters which he has preliminarily designated as ~~public~~ *protected* waters and wetlands in each county to the county board of that county for its review and comment. *The county board shall make all reasonable efforts to notify, in writing, the owner of land adjacent to a wetland of the preliminary designation of the wetland as a protected wetland. In so doing the county board may utilize information available in county offices. If requested by a county board, the commissioner shall mail a notice of any designation of a*

wetland as a protected wetland to each landowner whose name and address, listed together with the affected wetland, has been supplied to the commissioner by the county board. No designation shall be invalidated by reason of any defect or omission in respect to the above required notice, which notice applies only to those protected water designation proceedings in which the public hearing required by subdivision 1b will be noticed as required by subdivision 1b after the effective date of this act. The county board shall conduct at least one public informational meeting within the county regarding the commissioner's preliminary designation. After conducting the meetings and within 90 days after receipt of the list or maps, the county board shall present its recommendation to the commissioner, listing any waters regarding which the board disagrees with the commissioner's preliminary designation and stating with particularity the waters involved and the reasons for disagreement.

Subd. 1a. The commissioner shall review the county board's response and, if he agrees with any of the board's recommendations, he shall revise the list and map to reflect the recommendations. Within 30 days after receiving the county board's recommendations, he shall also notify the county board as to which recommendations he accepts and rejects and the reasons for his decision. After the revision of the map and list, if any, or if no response is received from the county board within the 90 days review period, the commissioner shall file the revised list and map with the recorder of each county and shall cause the list and map to be published in the official newspaper of the county.

Subd. 1b. The published notice shall also state that any person or any county may challenge the designation of specific waters as ~~public~~ protected waters or wetlands or may request the designation of additional waters as ~~public~~ protected waters or wetlands, by filing a petition for a hearing with the commissioner within 90 days following the date of publication. The petitioner shall state with particularity the waters for which the commissioner's designation is disputed and shall set forth the reasons for disputing the designation. If any designations are disputed by petition, the commissioner shall order a public hearing to be held within the county within 60 days following the 90 day period, notice of which shall be published in the state register and the official newspaper of the county.

Subd. 1c. The hearings shall be conducted by a hearings unit composed of one person appointed by the affected county board, one person appointed by the commissioner and one board member of the local soil and water conservation district or districts within the county who shall be selected by the other two members at least 20 days prior to the hearing date. The expenses of and per diem payments to any member of the hearings unit who is not a state employee shall be paid as provided for in section 15.059, subdivision 3, within the limits of funds available from grants to the county pursuant to Laws 1979, Chapter 199, Section 16. In the event there is a watershed district whose boundaries include the waters involved, the district may provide the hearings unit with its recommendations.

Subd. 1d. Within 60 days following completion of the hearing, the hearings unit shall issue its findings of fact, conclusions and an order, which shall be considered the decision of an agency in a contested case for purposes of judicial review pursuant to sections 15.0424 and 15.0425. The commissioner, the county or any person aggrieved by the decision of the hearings unit may appeal

from the hearings unit's order. Upon receipt of the order of the hearings unit and after the appeal period has expired, or upon receipt of the final order of the court in the case of an appeal, the commissioner shall publish a list of the waters determined to be ~~public~~ *protected* waters and wetlands.

Subd. 1e. The commissioner shall complete the ~~public~~ *protected* waters and wetlands inventory by December 31, 1982.

Sec. 8. Minnesota Statutes 1980, Section 105.391, Subdivision 3, is amended to read:

Subd. 3. Except as provided below, no ~~public~~ *protected* waters or wetlands shall be drained, and no permit authorizing drainage of ~~public~~ *protected* waters or wetlands shall be issued, unless the ~~public~~ *protected* waters or wetlands being drained are replaced by ~~public~~ *protected* waters or wetlands which will have equal or greater public value. However, after a state waterbank program has been established, wetlands which are eligible for inclusion in that program may be drained without a permit and without replacement of wetlands of equal or greater public value if the commissioner does not elect, within 60 days of the receipt of an application for a permit to drain the wetlands, to either (1) place the wetlands in the state waterbank program, or (2) acquire it pursuant to section 97.481, or (3) indemnify the landowner through any other appropriate means, including but not limited to conservation restrictions, easements, leases, or any applicable federal program. If the applicant is not offered his choice of the above alternatives, he is entitled to drain the wetlands involved.

In addition, the owner or owners of lands underlying wetlands situated on privately owned lands may apply to the commissioner for a permit to drain the wetlands at any time after the expiration of ten years following the original designation thereof. Upon receipt of an application, the commissioner shall review the current status and conditions of the wetlands. If he finds that the current status or conditions are such that it appears likely that the economic or other benefits to the owner or owners which would result from drainage would exceed the public benefits of maintaining the wetlands, he shall grant the application and issue a drainage permit. If the application is denied, no additional application shall be made until the expiration of an additional ten years.

Sec. 9. Minnesota Statutes 1980, Section 105.391, Subdivision 10, is amended to read:

Subd. 10. Nothing in this chapter shall prevent a landowner from utilizing the bed of wetlands or ~~public~~ *protected* waters for pasture or cropland during periods of drought, provided there is no construction of dikes, ditches, tile lines or buildings, and the agricultural use does not result in the drainage of the wetlands or ~~public~~ *protected* waters. This chapter shall not prevent a landowner from filling any wetland to accommodate wheeled booms on irrigation devices so long as the fill does not impede normal drainage.

Sec. 10. Minnesota Statutes 1980, Section 105.391, Subdivision 12, is amended to read:

Subd. 12. The designation of waters as "~~public~~ *protected* waters" or "wetlands" pursuant to this section shall not grant any additional or greater right of access to the public to those waters, nor is the commissioner required to acquire access to those waters under section 97.48, subdivision 15, nor is any right of ownership or usage of the beds underlying those waters diminished. Notwith-

standing the designation of waters or lands as ~~public~~ *protected* waters or wetlands, all provisions of Minnesota law forbidding trespass upon private lands shall remain in full force and effect.

Sec. 12. [EFFECTIVE DATE.]

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

Amend the title as follows:

Page 1, delete lines 2 to 4 and insert:

"relating to natural resources; changing the term "public waters" to "protected waters"; eliminating permit requirements for certain work in water-courses with a drainage area of five square miles or less; requiring notice to landowners of designation of wetlands adjacent to their property; amending Minnesota Statutes 1980, Sections 105.37, Subdivisions 14, 15 and 16, and by adding a subdivision; 105.38; 105.39, Subdivision 3; and 105.391, Subdivisions 1, 3, 10 and 12."

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

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

S. F. No. 744: A bill for an act relating to natural resources; changing and clarifying administrative provisions regarding watershed districts; increasing per diem for district managers; stating procedures for adopting rules by managers; requiring revision of certain plans every ten years; allowing cash bonds; permitting use of a map to show an assessment area; clarifying emergency procedures; amending Minnesota Statutes 1980, Sections 105.71, Subdivision 1a, and by adding subdivisions; 106.271; 106.471, Subdivision 1; 112.35, Subdivision 19, and by adding a subdivision; 112.36; 112.37, Subdivision 1; 112.39, Subdivision 1; 112.42, Subdivisions 5 and 6; 112.43, Subdivisions 1, 3, and by adding a subdivision; 112.46; 112.47; 112.48, Subdivisions 1, 2, and 4; 112.49, Subdivisions 1 and 7; 112.53, Subdivision 1; 112.58; 112.61, Subdivision 3; 112.62, Subdivision 1; 112.64; 112.65, Subdivision 2; and 112.801, Subdivision 8.

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

Page 1, line 26, strike "and includes the" and insert "including planning and" and strike "of projects"

Page 1, line 27, after "accomplish" insert "any of"

Page 1, delete lines 30 to 32 and insert:

"Subd. 22. "Public officer" means any elected county, state or federal official and any county, state or federal employee with authority to make policy decisions and to direct the accomplishment of governmental objectives."

Page 3, delete lines 3 and 4

Page 3, line 5, delete "(13)" and insert "(12)"

Page 3, line 7, delete "(14)" and insert "(13)"

Page 4, line 9, reinstate "be a public officer of" and delete "hold a"

Page 4, line 10, delete the new language

Page 4, line 31, delete "*per diem*" and strike "the members of the"

Page 4, line 32, strike "board of" and after "managers" insert "*for meetings and for performance of other necessary duties*" and strike "each"

Page 4, line 33, strike "member"

Page 4, lines 35 and 36, delete the new language

Page 5, lines 1 to 3, delete the new language

Page 5, line 8, after the period, insert "*Rules adopted under this subdivision are not subject to the provisions of section 9.*"

Page 7, line 9, after "adopt" insert ", amend or repeal"

Page 7, line 29, strike ", ordinance," and insert "or"

Page 7, line 29, strike ", or regulation"

Page 7, line 36, delete "*The managers*" and insert "*Each district*"

Page 7, line 36, delete "*substantive*"

Page 8, line 4, before "*hearing*" insert "*public notice and*"

Page 8, line 6, delete the second "*the*" and insert "*any notice of hearing or adopted*"

Page 8, line 6, delete "*at least one*" and insert "*every*"

Page 8, line 7, delete "*them*" and insert "*any adopted rules*"

Page 8, after line 10, insert:

"Any ordinance of a district in effect on the date of enactment of this section shall remain in full force and effect until the district adopts rules pursuant to this subdivision."

Page 9, line 25, strike "whereupon" and before "*the*" insert ". Upon transmittal"

Page 9, line 28, strike "therefor" and strike "thereon," and insert "*on the amendment*"

Page 9, line 30, delete "REVIEW" and insert "REVISION"

Page 9, line 31, strike "review" and insert "revise"

Page 9, line 33, strike "such" and strike "thereto" and strike "may be deemed" and insert "*it deems*"

Page 9, line 34, after the period, insert "*The managers shall consider including the following items in the revised overall plan, and any other information deemed appropriate:*

(1) *Updates and supplements of the existing hydrological and other statistical data of the district;*

(2) *Specific projects completed;*

(3) *A statement setting forth the extent to which the purposes for which the district had been established have been accomplished;*

(4) *A description of problems requiring future action by the district;*

(5) *A summary of completed studies on active or planned projects, including financial data;*

(6) *An analysis of the effectiveness of the district's rules and permits in achieving its water management objectives in the district."*

Page 9, delete lines 35 and 36

Page 10, delete lines 1 to 15

Page 10, line 16, delete "5" and insert "4"

Page 10, line 17, delete "of formation of" and insert "that the board prescribed"

Page 10, line 18, delete ", a copy of the" and insert "or the last revised plan, the managers shall adopt a"

Page 10, line 19, delete "shall be transmitted" and insert "and shall transmit a copy of the outline"

Page 10, line 23, delete "6" and insert "5"

Page 10, line 34, delete "to the board" and delete "in"

Page 10, line 35, delete "connection therewith" and insert "on the revised plan to the board"

Page 11, line 4, before "hearing" insert "public"

Page 11, line 5, delete the comma and insert a period

Page 11, line 7, delete "governing" and insert "shall govern this proceeding"

Page 11, line 8, delete "thereof" and insert "of the revised plan"

Page 11, line 12, delete "whereupon" and insert ". Upon transmittal"

Page 11, line 19, reinstate "unanimous"

Page 11, lines 20 and 21, delete the new language

Pages 11 and 12, delete section 13 and insert:

"Sec. 13. Minnesota Statutes 1980, Section 112.48, Subdivision 1, is amended to read:

Subdivision 1. After the overall plan of the district has been prescribed by the board, as provided for in section 112.46, a petition may be filed with the managers for any project or improvement within the district conforming in general with said the plan. The petition therefor must be signed by:

(1) By not less than 25 percent of the resident freeholders, or by the owners of more than 25 percent of the land within the limits of the area proposed to be improved, provided however if unless the project or improvement consists of the establishment of a drainage proceeding system as defined in chapter 106, such petition shall be signed or the improvement of an existing drainage system;

(2) By a majority of the resident owners of the land described in the petition

over which the proposed project passes or is located, or by the owners of at least 60 percent of the ~~areas~~ area of ~~such~~ the land - ~~The lands described in the petition shall be those over which the proposed improvement passes or is located. For the purposes of this subdivision, holders of easements for electric or telephone transmission or distribution lines shall not be deemed freeholders or owners; or if the project consists of the establishment of a drainage system as defined in chapter 106;~~

(3) By not less than 26 percent of the resident owners of the property affected by the proposed project or over which the proposed project passes or by the owners of not less than 26 percent of the area affected or over which the proposed project passes if the project consists of the improvement of an existing drainage system as defined in chapter 106;

(2) (4) By a county board of any county affected; or

(3) (5) By the governing body of any city lying wholly or partly within the area proposed to be improved - ; provided - ~~however,~~ that if the proposed project affects lands exclusively within a city, the petition shall originate from the governing body of ~~such~~ the city.

For the purpose of this subdivision, holders of easements for electric or telephone transmission or distribution lines are not considered freeholders or owners.

~~Such~~ The petition shall contain the following:

(1) (a) A description of the ~~work~~ proposed project, and the purpose to be accomplished;

(2) (b) A description of the lands over which the proposed ~~improvement~~ project passes or is located;

(3) (c) A general description of the part of the district which will be affected, if less than the entire district;

(4) (d) The need and necessity for the proposed improvement;

(5) (e) That the proposed ~~improvement~~ project will be conducive to public health, convenience, and welfare;

(6) (f) A statement that the petitioners will pay all costs and expenses which may be incurred in case the proceedings are dismissed or for any reason no construction contract for the ~~construction thereof~~ is let for the project . "

Page 12, line 27, strike "thereon" and insert "on it,"

Page 13, line 3, strike "improvement" and insert "project"

Page 13, line 3, strike everything after the period

Page 13, lines 4 and 5, strike the old language and delete the new language

Page 13, line 7, strike the period

Pages 13 to 15, delete section 15 and insert:

"Sec. 15. Minnesota Statutes 1980, Section 112.48, Subdivision 4, is amended to read:

Subd. 4. Works of the district which are to be paid by assessment upon

~~benefited properties may be instituted~~ The board of managers may institute projects upon a resolution of not less than a majority of the board of managers, ~~provided, the engineers' preliminary if:~~

(a) Each project is financed by one or more grants totaling at least 50 percent of the estimated cost; and

(b) The engineer's estimate of local costs to the district, including any assessments against benefited properties but excluding any state, federal or other grant, is not over ~~\$200,000~~ \$750,000 for any single project in any calendar year, and that . No such resolution under this subdivision shall be used for the establishment of a project, the essential nature and purpose of which is for drainage.

The managers shall hold a public hearing on the proposed resolution for ~~improvement the project~~ following publication published once each week for two successive weeks. The publication shall be in a legal newspaper published in the county or counties in which the watershed district is situated, . The last publication shall occur at least ten days before the meeting at which the resolution will be heard. The notice shall contain the following: the date, time and place of hearing, the substance of the proposed resolution, ~~a statement that the improvement would be paid for by special assessment upon benefited property~~ the means of financing the project, and a statement that all persons who might be affected ~~thereby by the project~~ or who may be interested ~~therein in it~~ may appear and be heard. Defects in the notice shall not invalidate the proceedings.

The managers shall secure from the district engineer or other competent person of their selection a report advising them in a preliminary way ~~as to whether the proposed improvement project is feasible and the estimated estimating the cost thereof, of the project.~~ No error or omission in the report shall invalidate the proceeding. The managers may also take ~~such~~ other steps prior to the hearing, ~~as which~~ will in their judgment provide helpful information in determining the desirability and feasibility of the improvement. If after the hearing it appears to the managers that the proposed ~~improvement is for project~~ promotes the public interest and welfare, and is practicable and in conformity with the overall plan of the district, they shall adopt a final resolution ~~therefor, for the project, and properly identify the proceeding by name and number and shall cause to be made at the earliest time all necessary surveys and plans for the construction of the proposed improvement, as is provided in the case of a work instituted by petition.~~ If the report of the engineer is unfavorable the managers shall fix a time and place for a hearing ~~thereon in the matter~~ manner provided for the hearing on the resolution. Thereafter the matter may be referred back to the engineer for further study and report or the managers may dismiss the proceeding. ~~If the report of the engineer is favorable~~

When a final resolution is adopted, the matter shall proceed as in the case of a ~~work project~~ project instituted by petition as is prescribed by this chapter. Upon the filing by the managers with the auditor of a county of a statement listing the property and corporations benefited or damaged or otherwise affected by any ~~improvement project~~ project under this subdivision as found by the appraisers and approved by the managers, proceedings shall be commenced pursuant to section 112.60."

Page 15, line 14, strike "for" and insert "*promotes the*" and strike the comma

Page 15, line 19, delete "*hereinafter*"

Page 15, line 20, after "*provided*" insert "*in this subdivision*"

Page 15, line 22, strike "improvement" and insert "*project*"

Page 15, line 26, strike "thereon:"

Page 15, line 30, strike "thereof"

Page 15, line 32, strike "such" and insert "*and any*"

Page 15, line 33, strike "as may appear" and strike "thereof" and insert "*of the area*"

Page 16, line 3, after the semicolon, insert "*and*"

Page 16, line 6, strike "improvements" and insert "*project*" and strike "his" and insert "*the engineer's*" and strike "thereon" and insert "*on these matters*"

Page 16, delete section 18 and insert:

"Sec. 18. Minnesota Statutes 1980, Section 112.53, Subdivision 1, is amended to read:

Subdivision 1. The managers shall by publication give notice of the pendency of the petition or resolution; the time and place for hearing thereon; and that the engineer's and appraisers' reports, including the plans, have been filed with the managers and are subject to inspection. The notice shall contain a brief description of the proposed ~~improvement~~ *project*, together with a description of the properties benefited or damaged, ~~and the names of the owners thereof, of the properties, and the public and other corporations affected thereby by the project as shown by the engineer's and appraisers' reports; and~~ *A map of the affected area may be included in the notice in lieu of the names of the owners and descriptions of the properties affected by the project. The notice shall require all parties interested in the proposed improvement project to appear before the managers at the time and place designated in the notice and there to present their any objections; if any they may have, and to show cause why an order should not be made by the managers granting the petition and, confirming the reports of the engineer and the appraisers, and ordering the establishment and construction of the improvement project.*"

Page 17, line 2, delete "*eminent*" and insert "*imminent*"

Page 17, line 8, delete "*when it appears*" and insert "*to the extent*"

Page 17, line 13, delete "(a)"

Page 17, line 14, delete "*alternatively, (b) where*" and insert "*if*"

Page 17, line 15, after "*and*" insert "*the work is*"

Page 17, line 16, delete "*the cost*"

Page 17, line 18, delete "(a) and (b)"

Page 17, line 29, strike everything after "levy"

Page 17, line 30, strike everything before the comma

Page 17, line 32, strike “; the”

Page 17, line 33, strike “funds to be used” and strike “which is attributed” and insert “*attributable*”

Page 17, line 34, strike “improvement”

Page 17, line 35, after “municipality” insert “*of the district*”

Page 18, line 4, strike “praying”

Page 18, line 7, strike “of the district”

Page 18, line 15, strike the comma

Page 18, line 26, strike “will” and insert “*shall*”

Page 18, line 28, strike “, to the credit of a”

Page 18, line 29, delete “*project*” and strike “of the district,”

Page 18, line 30, strike “to be used” and strike “that”

Page 18, line 31, before “*project*” insert “a”

Page 19, line 2, strike “at any” and strike “time that” and insert “*when*”

Page 19, line 12, strike “thereon” and before the period insert “*on the matter*”

Page 19, line 26, strike the second comma

Page 19, line 29, strike “thereon” and insert “*on the report*” and strike “thereof” and insert “*of the hearing*”

Page 19, line 31, strike “full”

Page 19, line 33, strike “and”

Page 19, line 34, strike “thereof” and insert “*of the repair or improvement*”

Page 19, line 34, after “exceed” strike “the” and insert “*its*”

Page 19, line 35, strike “therefrom”

Page 19, line 35, after “assess” insert “*the cost against*”

Page 19, line 36, strike “to defray the cost thereof”

Page 20, line 1, strike “will” and insert “*shall*”

Page 20, line 2, strike “as” and insert “*that*”

Page 20, line 12, strike “thereto” and insert “*to it*”

Page 20, line 13, reinstate “by” and before “without” insert “*contract*”

Page 20, line 14, strike “or entering into a contract therefor”

Page 20, line 25, after “board” insert “*pursuant to this chapter*”

Page 20, line 27, strike “15.0411” and insert “*15.0418*”

Page 20, delete lines 30 to 35 and insert:

“Subd. 1a. The ~~membership~~ terms, ~~compensation~~, of members of the board

shall be six years effective for terms beginning on or after the first Monday in January, 1982; except that, for terms beginning the first Monday in January, 1983, one member shall be appointed to a term of four years and one to a term of six years. Removal of members, and filling of vacancies on of members of the board shall be as provided in section 15.0575."

Page 21, line 2, delete "*15.0411*" and insert "*15.0418*"

Page 21, line 5, delete "*is at*"

Page 21, line 6, delete "*the rate of*" and insert "*shall be*" and delete "*per*" and insert "*for each*"

Page 21, line 7, delete everything after "*board*"

Page 21, delete lines 8 to 10 and insert "*. Otherwise compensation shall be as provided in section 15.0575."*

Pages 21 to 23, delete sections 27 and 28 and insert:

"Sec. 27. Minnesota Statutes 1980, Section 106.271, is amended to read:

106.271 [CONSTRUCTION AND MAINTENANCE OF BRIDGES; AUTHORITY OF DIRECTOR.]

The auditor or clerk shall notify the state and each municipality, railroad company, or other corporation to construct any bridge or culvert required upon its road or right-of-way, within a reasonable time named in the notice.

If the work is not done within ~~the~~ *that* time limited, the ~~county board or district court~~ *ditch authority* may order the same built as a part of the construction of the system and the cost thereof shall be deducted from the damages allowed the corporation or collected from it as in case of an assessment for benefits, ~~and in all cases where~~. If the report of the engineer or viewers shows the necessity for the construction of ~~such~~ *the* bridge, the ~~board or court ditch authority~~ may order a sufficient amount retained from any sum due ~~such~~ *to* the municipality, railroad, or other corporation to secure the construction of the bridge or culvert.

On public highways, all bridges and culverts required by the construction and improvement of any public open ditch, shall be constructed and maintained by the public authority charged by law with the duty of keeping ~~such~~ *the* highway in repair, except as ~~hereinafter provided~~ *noted* in this section.

~~In all cases where~~ *If* a public road or street, ~~which is~~ *is* not a state trunk highway, ~~is~~ *is* on the line between two public corporations, whether in the same county or not, ~~such~~ *the* corporations shall bear jointly and in equal shares the cost of constructing any bridge or culvert on ~~such~~ *the* road or street made necessary by the construction or improvement of any public drainage ditch ~~and such~~. The corporations shall bear jointly and in equal shares the cost of ~~thereafter~~ maintaining the ~~same~~ *bridge or culvert*.

~~In all cases where~~ *If* a public drainage ditch is constructed along the boundary line between towns or counties, and excavated material ~~therefrom~~ *from it* is deposited on the boundary line or within two rods ~~thereof of the line~~, the cost of constructing and maintaining all bridges and culverts constructed across ~~such~~ *the* ditch ~~along the boundary upon~~ *on* any town or county roads shall be paid and borne equally by the town or county ~~wherein~~ *where* the bridge or

culvert is located and by the other town or county adjoining the boundary.

Private bridges or culverts, constructed as a part of any ditch system ~~hereafter~~ established by proceedings instituted after March 25, 1947, shall be maintained by the ~~county board~~ ditch authority as a part of the ditch. Private bridges or culverts constructed as a part of any ditch system established by proceedings instituted before March 25, 1947, may be maintained, repaired, or rebuilt as a part of the ditch by the ~~county board~~ ditch authority at the option of the ~~board~~ ditch authority and the cost of which may be paid in whole or part by the ditch system.

In proceedings for the repair of a public drainage ditch in which a redetermination of benefits is made as set forth in section 106.465, the drainage authority may direct that any existing bridge or culverts constructed as part of the ditch system which serve as township or city roadways, be repaired or rebuilt as a part of the ditch by the ditch authority, and the cost may be paid in whole or in part by the ditch system.

No bridge or culvert, public or private, shall be constructed or maintained in or across any public drainage ditch with less hydraulic capacity than specified in the engineer's report, except with the written approval of the director. If the engineer's report does not specify the hydraulic capacity, no bridge or culvert, public or private, in or across any public drainage ditch, may be constructed or reconstructed without the approval of the director of the hydraulic capacity of such bridge or culvert.

Sec. 28. Minnesota Statutes 1980, Section 106.471, Subdivision 1, is amended to read:

Subdivision 1. [DEFINITION; MAINTENANCE OF BRIDGES.] (a) The term "repair" as used in this section means restoring *all or a part of* a ditch system ~~or any part thereof~~ as nearly as practicable to the same condition as when originally constructed or subsequently improved, including resloping of open ditches and leveling of waste banks ~~thereon~~ if deemed essential to prevent further deterioration, and ~~such~~ routine operations as may be *required* from time to time ~~required~~ to remove obstructions and preserve the efficiency of the ditch.

(b) After construction, all highway bridges and culverts on any ditch system ~~hereafter~~ established by proceedings instituted after March 27, 1947; shall be maintained by the municipality or public authority charged with the duty of maintaining the same as set forth in section 106.271. Private bridges and culverts, constructed as a part of any ditch system ~~hereafter~~ established by proceedings instituted after March 27, 1947, shall ~~thereafter~~ be maintained by the ~~county~~ ditch authority as a part of ~~such the~~ ditch system. Private bridges or culverts constructed as a part of any ditch system established by proceedings instituted before March 25, 1947, may be maintained, repaired, or rebuilt, as a part of the ditch by the ~~county board~~ ditch authority at the option of the ~~board~~ ditch authority and the cost of which may be paid in whole or part by the ditch system.

(c) *In proceedings for the repair of a public drainage ditch in which a redetermination of benefits is made as set forth in section 106.465, the drainage authority may direct that any existing bridge or culverts constructed as part of the ditch system which serve as township or city roadways, be repaired*

or rebuilt as a part of the ditch by the ditch authority, and the cost may be paid in whole or in part by the ditch system."

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

SECOND READING OF SENATE BILLS

S. F. Nos. 738, 1140, 782, 1064, 1058, 1122, 886, 287, 562, 368, 405, 671, 985, 838, 1008, 378, 1047, 939, 847, 827, 1150, 767, 649, 656, 830, 470, 120, 1104, 445, 1005, 98 and 140 were read the second time.

SECOND READING OF HOUSE BILLS

H. F. Nos. 483 and 98 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Moe, R.D. moved that the name of Mr. Nichols be stricken as chief author and Mr. Menning be added as chief author to S. F. No. 83. The motion prevailed.

Mr. Moe, R.D. moved that the name of Mr. Nichols be stricken as chief author and Mr. Chmielewski be added as chief author to S. F. No. 745. The motion prevailed.

Mr. Moe, R.D. moved that the name of Mr. Nichols be stricken as chief author and Mr. Peterson, R. W. be added as chief author to S. F. No. 866. The motion prevailed.

Mr. Davies moved that the name of Mr. Dahl be added as co-author to S. F. No. 1028. The motion prevailed.

Mr. Tennesen moved that the name of Mr. Merriam be added as co-author to S. F. No. 1094. The motion prevailed.

Mr. Moe, R.D. moved that the name of Mr. Nichols be stricken as chief author and Mr. Menning be added as chief author to S. F. No. 1130. The motion prevailed.

Mr. Knutson moved that the name of Mr. Ramstad be added as co-author to S. F. No. 1172. The motion prevailed.

Mr. Ramstad moved that S. F. No. 1254 be returned to its author. The motion prevailed.

Mr. Merriam moved that the name of Mr. Dahl be added as co-author to S. F. No. 1277. The motion prevailed.

Mr. Chmielewski moved that the name of Mr. Moë, D.M. be added as co-author to S. F. No. 1281. The motion prevailed.

Mr. Olhoft moved that the name of Mr. Peterson, C.C. be added as co-author to S. F. No. 1285. The motion prevailed.

Mr. Sikorski moved that S. F. No. 738 be stricken from General Orders and re-referred to the Committee on Agriculture and Natural Resources. The motion prevailed.

CALENDAR

S. F. No. 291: A bill for an act relating to counties; repealing the law prohibiting persons holding the office of deputy sheriff from holding public office; prohibiting county commissioners from being employed by their counties; amending Minnesota Statutes 1980, Sections 375.09; and 387.13.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Dieterich	Langseth	Peterson, C. C.	Spear
Bang	Engler	Lantry	Peterson, D. L.	Stern
Belanger	Frank	Lessard	Peterson, R. W.	Stokowski
Benson	Frederick	Lindgren	Petty	Stumpf
Bernhagen	Frederickson	Luther	Pillsbury	Taylor
Bertram	Hughes	Menning	Purfeerst	Tennessee
Brataas	Humphrey	Merriam	Ramstad	Ulland
Chmielewski	Johnson	Moe, D. M.	Renneke	Vega
Dahl	Keefe	Moe, R. D.	Rued	Waldorf
Davies	Knoll	Nelson	Schmitz	Wegener
Davis	Kroening	Olhoft	Setzepfandt	Willet
Dicklich	Kronebusch	Pehler	Sikorski	

So the bill passed and its title was agreed to.

H. F. No. 339: A bill for an act relating to towns in St. Louis County; providing a method for determining whether to open or maintain certain town roads.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 1, as follows:

Those who voted in the affirmative were:

Ashbach	Dicklich	Kroening	Pehler	Sikorski
Bang	Dieterich	Kronebusch	Penny	Spear
Belanger	Engler	Langseth	Peterson, C. C.	Stern
Benson	Frank	Lantry	Peterson, D. L.	Stokowski
Berg	Frederick	Lessard	Peterson, R. W.	Stumpf
Bernhagen	Frederickson	Lindgren	Petty	Taylor
Bertram	Hughes	Luther	Pillsbury	Tennessee
Brataas	Humphrey	Menning	Purfeerst	Ulland
Chmielewski	Johnson	Merriam	Ramstad	Vega
Dahl	Keefe	Moe, D. M.	Renneke	Waldorf
Davies	Knoll	Moe, R. D.	Rued	Wegener
Davis	Knutson	Nelson	Schmitz	Willet

Mr. Olhoft voted in the negative.

So the bill passed and its title was agreed to.

H. F. No. 521: A bill for an act relating to transportation; including motels within the specific information signing program; amending Minnesota Statutes 1980, Sections 160.292; 160.293, Subdivisions 1, 2, and 3; and 160.295, Subdivision 3.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 54 and nays 8, as follows:

Those who voted in the affirmative were:

Ashbach	Engler	Langseth	Penny	Sikorski
Bang	Frederick	Lantry	Peterson, C. C.	Solon
Belanger	Frederickson	Lessard	Peterson, D. L.	Stern
Benson	Hughes	Lindgren	Peterson, R. W.	Stokowski
Berg	Humphrey	Luther	Pillsbury	Stumpf
Bernhagen	Johnson	Menning	Purfeerst	Taylor
Bertram	Keefe	Merriam	Ramstad	Ulland
Brataas	Knoll	Moe, D. M.	Renneke	Vega
Chmielewski	Knutson	Moe, R. D.	Rued	Waldorf
Davis	Kroening	Nelson	Schmitz	Wegener
Dicklich	Kronebusch	Olhoft	Setzepfandt	

Those who voted in the negative were:

Dahl	Dieterich	Pehler	Tennessen	Willet
Davies	Frank	Petty		

So the bill passed and its title was agreed to.

GENERAL ORDERS

The Senate resolved itself into a Committee of the Whole, with Mr. Solon in the chair.

After some time spent therein, the committee arose, and Mr. Solon reported that the committee had considered the following:

S. F. Nos. 31, 330, 393, 215, 155, 250, 72, 489, 660, 196, 408, 741, 462, 550, 136, 745, 973, 785 and H. F. No. 349, which the committee recommends to pass.

S. F. No. 352, which the committee recommends to pass with the following amendments offered by Mr. Tennessen and Ms. Berglin:

Mr. Tennessen moved to amend S. F. No. 352 as follows:

Page 1, line 28, delete "18" and insert "17"

Page 2, line 3, delete "18" and insert "17"

Page 2, line 6, delete "18" and insert "17"

Page 3, line 5, delete "of" and insert "or"

Page 3, line 7, after "which" insert "grants to the dealer the right to market motor vehicles and which"

Page 4, line 8, delete "the dealer" and insert "dealers"

Page 4, line 12, after "repairs" insert "unless the rate is determined to be unreasonable"

Page 5, line 5, delete "18" and insert "17"

Page 5, line 25, after "cancellation" delete the comma and insert "or"

Page 5, line 25, after "termination" delete the comma

Page 5, line 26, delete "nonrenewal, or noncontinuance"

Page 6, line 7, delete "18" and insert "17"

Page 7, line 20, delete "(1)" and insert "(a)"

Page 7, line 23, delete "(a)" and insert "(1)"

Page 7, line 27, delete "(b)" and insert "(2)"

Page 7, line 32, delete "(c)" and insert "(3)"

Page 7, line 34, delete "(d)" and insert "(4)"

Page 8, line 1, delete "(2)" and insert "(b)"

Page 8, line 35, delete "clause" and insert "paragraph"

Page 9, line 22, delete "clause" and insert "paragraph"

Page 10, line 9, delete "12, subdivision 1" and insert "13"

Page 10, line 10, delete "clause" and insert "paragraph"

Page 10, line 15, delete "19" and insert "17"

Page 11, line 8, delete "11 and 12" and insert "12 and 13"

Page 12, line 6, delete "if"

Page 12, line 6, after "(a)" insert "if"

Page 12, line 10, after "(b)" insert "if the designated family member"

Page 13, line 6, delete "18" and insert "17"

Page 13, line 23, delete "Subdivision 1. [ENUMERATION.]"

Page 14, line 14, delete "18" and insert "17"

Page 14, line 23, delete "12, subdivision 1(j)" and insert "13, paragraph (j)"

Page 15, line 17, delete "18" and insert "17"

Page 15, line 21, after "state" delete the comma and insert "or"

Page 15, line 21, delete "or the commissioner,"

Page 15, line 25, delete "Subdivision 1. [ENUMERATION.]"

Page 17, line 23, delete "18" and insert "17"

Page 18, line 10, delete "18" and insert "17"

Page 19, line 25, delete "18" and insert "17"

Page 19, line 28, delete "11, or 12" and insert "13, or 14"

Page 19, line 31, delete "18" and insert "17"

Page 19, line 36, delete "3" and insert "2"

Page 20, line 7, delete "18" and insert "17"

Page 20, line 10, delete "18" and insert "17"

The motion prevailed. So the amendment was adopted.

Mr. Tennesen then moved to amend S. F. No. 352 as follows:

Page 2, line 11, after "machinery" insert "or special mobile equipment as defined in section 168.011, subdivision 22"

Page 19, line 23, after "not" insert "take any actions or"

Page 21, line 5, after "agreement" insert "between a new motor vehicle manufacturer, distributor, or factory branch and a franchisee"

The motion prevailed. So the amendment was adopted.

Mr. Tennesen, for Ms. Berglin, moved to amend S. F. No. 352 as follows:

Page 1, after line 13, insert:

"Section 1. [80C.145] [MOTOR FUEL FRANCHISES; RIGHT OF SURVIVORSHIP.]

Subdivision 1. [REQUIRED PROVISIONS.] No motor fuel franchisor shall initially execute or renew a franchise agreement in the state after July 1, 1981 unless it contains the provisions of subdivisions 3 to 9.

Subd. 2. [DEFINITION; DESIGNATED FAMILY MEMBER.] For purposes of this section, "designated family member" means the spouse, child, grandchild, parent, brother, or sister of the motor fuel franchisee who, in the case of the motor fuel franchisee's death, is entitled to inherit the franchisee's interest in the motor fuel franchise under the terms of the franchisee's will or under the law of intestate succession of this state or who, in the case of an incapacitated franchisee, has been appointed by a court as the legal representative of the franchisee's property.

Subd. 3. [AUTHORIZATION.] Any designated family member of a deceased or incapacitated owner of a motor fuel franchise may succeed to the ownership of the existing franchise; (a) if the designated family member gives the motor fuel franchisor written notice of the intention to succeed to the motor fuel franchise within 60 days of the motor fuel franchisee's death or incapacity; (b) if the designated family member agrees to be bound by all terms and conditions of the existing franchise; and (c) unless there exists good cause for the refusal to honor the succession on the part of the motor fuel franchisor.

Subd. 4. [PERSONAL AND FINANCIAL DATA.] At the time of serving notice under subdivision 3, the designated family member shall provide upon the request of the motor fuel franchisor, personal and financial data that is reasonably necessary to determine whether the succession should be honored.

Subd. 5. [NOTICE OF TERMINATION OR REFUSAL TO HONOR SUCCESSION.] If a motor fuel franchisor believes in good faith that good cause exists for refusing to honor succession of the franchise by a designated family member of a deceased or incapacitated motor fuel franchisee, the franchisor may within 90 days after receipt of the personal and financial data requested under subdivision 4, serve notice upon the designated family member of its refusal to honor succession and of its intent to terminate the existing motor fuel franchise with the designated family member no sooner than 90 days from the date the notice is served.

Subd. 6. [CONTENTS OF NOTICE.] The notice must state the specific grounds for the refusal to honor the succession and the termination of the existing franchise with the designated family member.

Subd. 7. [EFFECT OF NOTICE NOT TIMELY SERVED.] If notice of

refusal and termination is not timely served upon the designated family member, the existing motor fuel franchise shall continue in effect subject to termination only as otherwise permitted by law.

Subd. 8. [BURDEN OF PROOF.] In determining whether good cause for the refusal to honor the succession exists, the motor fuel franchisor has the burden of proving that the successor is a person who is not of good moral character or does not meet the franchisor's existing, reasonable standards.

Subd. 9. [SUCCESSION AGREEMENTS.] Notwithstanding the foregoing, in the event the motor fuel franchisee and the motor fuel franchisor have duly executed an agreement concerning the succession rights prior to the franchisee's death or incapacitation, the agreement shall be observed, even if the agreement designates an individual other than the surviving spouse or heirs of the franchisee.

Subd. 10. [ENFORCEMENT.] The attorney general or any aggrieved party may institute a civil action in the district court for an injunction prohibiting a violation of this section. It is no defense to the action that the state or the aggrieved party has adequate remedies at law."

Page 1, line 28, delete "1" and insert "2"

Page 2, lines 3 and 6, delete "1" and insert "2"

Page 5, line 5, delete "1" and insert "2"

Page 5, line 22, delete "8" and insert "9"

Page 5, line 23, delete "3" and insert "4"

Page 6, line 7, delete "1" and insert "2"

Page 9, line 18, delete "6" and insert "7"

Page 10, line 9, delete "12" and insert "14"

Page 10, line 15, delete "19" and insert "18"

Page 11, line 8, delete "4" and insert "5"

Page 11, line 8, delete "11 and 12" and insert "13 and 14"

Page 13, line 5, delete "1" and insert "2"

Page 14, line 14, delete "1" and insert "2"

Page 14, line 23, delete "12" and insert "13"

Page 15, line 17, delete "1" and insert "2"

Page 17, line 22, delete "1" and insert "2"

Page 19, lines 25 and 31, delete "1" and insert "2"

Page 19, line 28, delete "4, 11, or 12" and insert "5, 13, or 14"

Page 20, lines 7 and 10, delete "1" and insert "2"

Page 21, line 16, delete "19" and insert "20"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after the first semicolon, insert "requiring motor fuel franchises to extend to and bind the successors of both parties;"

Page 1, line 8, after "4;" insert "proposing new law coded in Minnesota Statutes, Chapter 80C;"

The motion prevailed. So the amendment was adopted.

S. F. No. 430, which the committee recommends to pass with the following amendment offered by Mr. Pehler:

Page 6, line 27, delete "on" and insert "by"

Page 6, line 28, after "and" insert "by"

Page 11, line 1, delete "secular" insert "business"

Page 11, line 28, reinstate the stricken language and after "annum" insert "until January 1, 1981, and at the rate"

Page 11, line 29, after "549.09" insert "thereafter"

Page 11, line 33, delete "secular" and insert "business"

Page 15, line 1, strike "assessed" and insert "estimated market"

Amend the title as follows:

Page 1, line 3, delete "wetland" and insert "native prairie"

The motion prevailed. So the amendment was adopted.

S. F. No. 89, which the committee recommends to pass with the following amendment offered by Mr. Davies:

Page 1, line 18, after "office" insert "other than a seat in the legislature"

The motion prevailed. So the amendment was adopted.

S. F. No. 522, which the committee recommends to pass with the following amendment offered by Mr. Stern:

Page 2, line 30, strike the period and insert a semicolon

Page 2, after line 30, insert:

"(e) County park reserve rangers shall be green and brown."

The motion prevailed. So the amendment was adopted.

S. F. No. 520, which the committee recommends to pass with the following amendment offered by Mr. Kroening:

Page 2, line 33, delete "register" and insert "re-register"

Page 2, line 34, delete "required" and insert "requested"

Page 2, line 34, delete "when"

Page 2, line 35, delete "requested by" and insert "to"

Page 2, line 35, after "municipality" insert "at any time except at the polling place"

Page 3, line 26, after the period, insert "He shall prescribe the form for a county or municipality to request the day and month of birth from currently

registered voters. The county or municipality shall not request the day and month of birth from currently registered voters by any communication other than the prescribed form and the form shall clearly indicate that a currently registered voter does not lose his or her registration status by failing to provide his or her day and month of birth."

Page 4, after line 11, insert:

"Sec. 7. [TEMPORARY RULES.]

The secretary of state shall have authority to promulgate temporary rules pursuant to chapter 15 to carry out the purposes of section 5."

Page 4, line 12, delete "7" and insert "8"

The motion prevailed. So the amendment was adopted.

S. F. No. 530, which the committee recommends to pass with the following amendment offered by Mr. Chmielewski:

Page 1, line 11, strike "shall be" and insert "is" and strike "means of"

Page 1, line 12, strike "thereat"

Page 1, line 13, strike ", or to transport any firearm" and insert a period

Page 1, line 14, after "except" insert "for"

Page 1, line 15, after the comma, insert "*it is unlawful to transport any firearm, including a muzzle loading firearm,*"

Page 1, line 16, after "unless" insert "(1)"

Page 1, line 16, strike "same" and insert "firearm"

Page 1, line 17, strike "completely"

Page 1, line 20, strike "unless" and insert "(2) the firearm is" and strike "contained"

Page 1, line 21, after "of" strike "the" and insert "a"

Page 1, line 22, strike "the following" and insert "*a bow and arrow*"

Page 1, line 23, strike "": and (1) a bow and arrow"

Page 1, line 23, after "unless" insert "(1)" and after "unstrung" strike "or" and insert "": (2)"

Page 1, line 24, after "case" insert a comma and strike "unless" and insert "(3)"

Page 1, line 25, strike "": (2) a muzzle loading"

Page 2, line 1, strike the old language and delete the new language

Page 2, strike lines 2 to 5

Page 2, line 6, strike "location of a vehicle"

Page 2, strike lines 10 to 16

Page 2, after line 16, insert:

"Sec. 2. Minnesota Statutes 1980, Section 100.29, Subdivision 17, is

amended to read:

Subd. 17. It shall be unlawful to take migratory waterfowl, coots, and rails in open water when the hunter is not within a natural growth of weeds, rushes, flags or other vegetation sufficient to partially conceal the hunter or boat, or from a permanent artificial blind or sink box built in public waters, provided pursuing or shooting wounded birds in open water in a boat or canoe is permitted. *Migratory waterfowl may be taken from a floating craft, but only if the craft is drifting, beached, moored, resting at anchor, or is being propelled solely by paddle, oars, or pole.*"

Amend the title as follows:

Page 1, line 5, delete "Subdivision" and insert "Subdivisions" and after "5" insert "and 17"

The motion prevailed. So the amendment was adopted.

S. F. No. 699, which the committee recommends to pass, after the following motion:

Mr. Davies moved to amend S.F. No. 699 as follows:

Page 1, line 19, after the period, insert "*The commissioner may act pursuant to this subdivision to assist construction of a separate pedestrian and bike path at East Lake Street and West River Road in Minneapolis, but a grade separation of the streets may not be constructed at that location.*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 25, as follows:

Those who voted in the affirmative were:

Dahl	Keefe	Moe, D. M.	Petty	Stokowski
Davies	Kroening	Nelson	Schmitz	Stumpf
Davis	Langseth	Olhoft	Setzepfandt	Tennessen
Dicklich	Luther	Pehler	Solon	Vega
Humphrey	Menning	Penny	Spear	Willet
Johnson	Merriam	Peterson, R.W.	Stern	

Those who voted in the negative were:

Ashbach	Bertram	Hughes	Moe, R. D.	Rued
Belanger	Brataas	Knoll	Peterson, D.L.	Sikorski
Benson	Frank	Knutson	Pillsbury	Taylor
Berg	Frederick	Kronebusch	Ramstad	Ulland
Bernhagen	Frederickson	Lindgren	Renneke	Waldorf

The motion prevailed. So the amendment was adopted.

S. F. No. 639, which the committee recommends to pass with the following amendment offered by Mr. Schmitz:

Page 1, line 19, delete "*the 1980*" and insert "*each*" and delete "*and each federal census*"

Page 1, line 20, delete "*thereafter*"

Page 1, line 21, delete "*completed by*" and insert "*effective*"

Page 1, line 22, after the period, insert "*Within two months thereafter.*"

Page 1, line 23, delete "*new*" and delete "*after each*"

Page 1, line 24, delete "*redistricting*" and delete "*Those*"

Page 1, line 25, delete "*the 1980*" and insert "*each*"

Page 2, line 1, delete "*, 1985*" and insert "*of the year ending in 5*"

Page 2, line 3, delete "*, 1987*" and insert "*of the year ending in 7*"

Page 2, delete lines 6 and 7

Amend the title as follows:

Page 1, line 3, delete "*districts*" and insert "*boundaries*"

Page 1, line 3, delete "*apportioned*" and insert "*redrawn*"

Page 1, line 4, delete "*the 1980*" and insert "*each*"

The motion prevailed. So the amendment was adopted.

S. F. No. 401, which the committee recommends to pass with the following amendments offered by Messrs. Davies and Berg:

Mr. Davies moved to amend S.F. No. 401 as follows:

Page 2, line 5, after "*are*" insert "*legibly*" and after "*postmarked*" insert "*from a postoffice out of this state, and*"

The motion prevailed. So the amendment was adopted.

Mr. Berg moved to amend S. F. No. 401 as follows:

Page 2, lines 9 and 15, delete "*Thursday*" and insert "*Wednesday*"

The motion prevailed. So the amendment was adopted.

S. F. No. 568, which the committee reports progress, subject to the following motion:

Mr. Tennessen moved to amend S. F. No. 568 as follows:

Page 3, line 4, delete "*Section*" and insert "*Sections*"

Page 3, line 5, delete "*, Subdivision 4*" and insert "*and 47.21*"

The motion prevailed. So the amendment was adopted.

S. F. No. 568 was then progressed.

On motion of Mr. Keefe, the report of the Committee of the Whole, as kept by the Secretary, was adopted.

Without objection, the Senate reverted to the Order of Business of Executive and Official Communications.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

April 13, 1981

The Honorable Jack Davies
President of the Senate

The Honorable Harry A. Sieben, Jr.
Speaker of the House

Sirs:

I respectfully request the opportunity of addressing a joint session of the House and Senate of the 72nd Session of the Minnesota Legislature on Wednesday, April 15, 1981, for the purpose of presenting a revised 1982-83 budget recommendation to the Legislature.

Sincerely yours,

Albert H. Quie, Governor

Without objection, the Senate reverted to the Order of Business of Motions and Resolutions.

MOTIONS AND RESOLUTIONS

Mr. Merriam moved that S. F. No. 738 be withdrawn from the Committee on Agriculture and Natural Resources and re-referred to the Committee on Taxes and Tax Laws. The motion prevailed.

Mr. Petty moved that S. F. No. 120, on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

RECONSIDERATION

Mr. Purfeerst moved that the vote whereby H. F. No. 521 was passed by the Senate on April 13, 1981, be now reconsidered. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Moe, R.D. introduced—

S.F. No. 1290: A bill for an act relating to taxation; providing for the rule making powers of the state board of assessors; amending Minnesota Statutes 1980, Section 270.47.

Referred to the Committee on Taxes and Tax Laws.

Mr. Sikorski introduced—

S.F. No. 1291: A bill for an act relating to state lands; directing conveyance of certain lands in Washington County.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Petty, Mrs. Lantry, Ms. Berglin, Messrs. Dahl and Keefe introduced—

S.F. No. 1292: A bill for an act relating to children; providing for reports of dependency, neglect, and abuse of children; allowing for courts to compel testimony under certain circumstances; amending Minnesota Statutes 1980, Sections 254A.09; and 626.556, Subdivisions 7, 8, 10, and 11.

Referred to the Committee on Judiciary.

Messrs. Renneke and Stern introduced—

S.F. No. 1293: A bill for an act relating to retirement; teachers retirement association and teacher retirement fund associations in cities of the first class; allowing certain types of survivor coverage be provided to a designated beneficiary instead of a surviving spouse requiring public pension funds to provide information concerning optional annuity forms with retirement application form; requiring the signature of the spouse of a member on the retirement application form in certain instances; amending Minnesota Statutes 1980, Sections 354.46, Subdivisions 1 and 2; 354.47, Subdivision 1; and 354A.35, Subdivisions 1 and 2; and proposing new law coded in Minnesota Statutes, Chapter 356.

Referred to the Committee on Public Employees and Pensions.

Messrs. Knutson, Davies and Peterson, D.L. introduced—

S.F. No. 1294: A resolution memorializing the President and Congress to adopt legislation requiring a health hazard notice be required on all bottles of alcoholic beverage.

Referred to the Committee on Rules and Administration.

Messrs. Taylor, Pehler and Ulland introduced—

S.F. No. 1295: A bill for an act relating to public welfare; changing a definition regarding determination of the county of financial responsibility for purposes of the general assistance program; amending Minnesota Statutes 1980, Section 256D.18, Subdivisions 2 and 3.

Referred to the Committee on Health, Welfare and Corrections.

Mr. Ashbach introduced—

S.F. No. 1296: A bill for an act relating to public improvements; allowing deferment of special assessments in cases of hardship regardless of the age of the owner; amending Minnesota Statutes 1980, Section 435.193.

Referred to the Committee on Local Government and Urban Affairs.

Mr. Ashbach introduced—

S.F. No. 1297: A bill for an act relating to the city of New Brighton; authorizing a project and the issuance of revenue bonds under Minnesota Statutes, Chapter 474.

Referred to the Committee on Local Government and Urban Affairs.

Mr. Bertram introduced—

S.F. No. 1298: A resolution memorializing the President and Congress to continue the price support level for milk and milk products.

Referred to the Committee on Rules and Administration.

Messrs. Davis, Merriam and Bertram introduced—

S.F. No. 1299: A bill for an act relating to game and fish; affording protec-

tion to the coyote; authorizing a season thereon; amending Minnesota Statutes 1980, Sections 100.26, Subdivision 1; and 100.27, Subdivisions 3 and 7.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Vega introduced—

S.F. No. 1300: A bill for an act relating to the city of South St. Paul; permitting the city to refund special assessments collected for the city's sewer separation project by the use of money in the general fund or the proceeds of bonds, and to cancel the remaining special assessments relating to the project.

Referred to the Committee on Taxes and Tax Laws.

Mr. Bang introduced—

S.F. No. 1301: A bill for an act relating to privacy; government data practices; classifying certain law enforcement data; amending Minnesota Statutes 1980, Section 15.1695, Subdivision 1.

Referred to the Committee on Judiciary.

Messrs. Peterson, C.C.; Tennessen and Bang introduced—

S.F. No. 1302: A bill for an act relating to commerce; removing the auctioneer's exception to the definition of "real estate broker"; exempting certain real estate brokers and salespersons from the licensing requirements for mobile home manufacturers and dealers; amending Minnesota Statutes 1980, Sections 82.18; and 327.55, by adding a subdivision.

Referred to the Committee on Commerce.

Mr. Dieterich introduced—

S.F. No. 1303: A bill for an act relating to public welfare; establishing state aid funding formulas for medical assistance and general assistance medical care; prohibiting counties from spending funds on medical care not covered by medical assistance or general assistance medical care; amending Minnesota Statutes 1980, Sections 256B.19, Subdivision 1; 256D.03, Subdivision 3; and 256D.04; proposing new law coded in Minnesota Statutes, Chapters 256B and 256D.

Referred to the Committee on Taxes and Tax Laws.

Mr. Benson introduced—

S.F. No. 1304: A bill for an act relating to natural resources; permitting the commissioner of natural resources to sell all lands acquired for the Root River trail and abolishing that trail; repealing Minnesota Statutes 1980, Section 85.015, Subdivision 7.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Solon and Ulland introduced—

S.F. No. 1305: A bill for an act relating to the city of Duluth; providing tax

and bond financing for the transit authority; amending Laws 1969, Chapter 720, Section 11, Subdivision 1, as amended; and Section 13.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Renneke, Merriam, Davis, Hanson and Engler introduced—

S.F. No. 1306: A bill for an act relating to soil and water conservation; allocating certain state cost sharing funds for high priority erosion problems identified by local districts; imposing duties on the state and local soil and water conservation boards; providing technical assistance grants to local districts; appropriating money; amending Minnesota Statutes 1980, Sections 40.036; and 40.07, Subdivision 9.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Wegener introduced—

S.F. No. 1307: A bill for an act relating to the city of Pierz; appropriating money for an emergency warning system.

Referred to the Committee on Local Government and Urban Affairs.

Mr. Solon introduced—

S.F. No. 1308: A bill for an act relating to landlords and tenants; allowing tenants to cancel tenancy agreements under certain conditions; proposing new law coded in Minnesota Statutes, Chapter 504.

Referred to the Committee on Judiciary.

Messrs. Bang, Schmitz, Stumpf, Berg and Engler introduced—

S.F. No. 1309: A bill for an act relating to elections; permitting employees time off to vote; amending Minnesota Statutes 1980, Section 204A.36.

Referred to the Committee on Elections and Reapportionment.

Mr. Langseth introduced—

S.F. No. 1310: A bill for an act relating to the town of Oak Port in Clay county; authorizing the town to exercise certain powers.

Referred to the Committee on Local Government and Urban Affairs.

Messrs. Luther, Langseth, Ramstad, Merriam and Spear introduced—

S.F. No. 1311: A bill for an act relating to education; imposing duties on certain test agencies; providing a penalty for failure to perform the duties; proposing new law coded in Minnesota Statutes, Chapter 136A.

Referred to the Committee on Education.

Messrs. Lindgren, Solon and Renneke introduced—

S.F. No. 1312: A bill for an act relating to insurance; requiring health maintenance organizations to offer certain benefits for alcoholics and drug

dependents; specifying the requirements of this coverage; amending Minnesota Statutes 1980, Section 62A.149.

Referred to the Committee on Health, Welfare and Corrections.

Messrs. Luther, Willet and Peterson, C.C. introduced—

S.F. No. 1313: A bill for an act relating to nuclear energy; providing for the storage and disposal of certain radioactive wastes; requiring licensure of radioactive waste management facilities in Minnesota; proposing new law coded in Minnesota Statutes, Chapter 116C.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Merriam, Rued, Dahl, Frank and Chmielewski introduced—

S.F. No. 1314: A bill for an act relating to education; authorizing the sale of bonds for the maximum effort school loan fund; appropriating money; proposing new law coded in Minnesota Statutes, Chapter 124.

Referred to the Committee on Education.

Mr. Davis introduced—

S.F. No. 1315: A bill for an act relating to retirement; authorizing the purchase of prior service credit by a certain member of the Minnesota state retirement system.

Referred to the Committee on Public Employees and Pensions.

Mr. Peterson, C.C. introduced—

S.F. No. 1316: A bill for an act relating to taxation; sales tax; changing the definition of "sale"; amending Minnesota Statutes 1980, Section 297A.01, Subdivision 3.

Referred to the Committee on Taxes and Tax Laws.

RECESS

Mr. Moe, R. D. moved that the Senate do now recess until 7:30 p.m. The motion prevailed.

The hour of 7:30 p.m. having arrived, the President called the Senate to order.

Without objection, the Senate reverted to the Order of Business of Executive and Official Communications.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

April 10, 1981

The Honorable Albert Quie
Governor

Dear Governor Quie:

This is to inform you that I am resigning as a Minnesota State Senator

effective April 10, 1981.

Sincerely,

Jim Nichols
State Senator

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. 275: A bill for an act relating to counties; permitting escalation clauses or negotiated price changes in county contracts; clarifying advertising requirements; amending Minnesota Statutes 1980, Section 375.21, Subdivision 1.

Senate File No. 275 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1981

Mr. Moe, R. D. moved that S. F. No. 275 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H. F. Nos. 6, 138, 159, 365, 413, 522, 536, 630, 646, 704, 847, 969, 63, 142, 272 and 1088.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 13, 1981

FIRST READING OF HOUSE BILLS

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

H. F. No. 6: A bill for an act relating to commerce; prohibiting the sale of certain petroleum products on any basis other than gross volume; amending Minnesota Statutes 1980, Section 296.05, by adding a subdivision.

Referred to the Committee on Commerce.

H. F. No. 138: A bill for an act relating to courts; authorizing the judges of the sixth judicial district to set the salaries of court reporters.

Referred to the Committee on Judiciary.

H. F. No. 159: A bill for an act relating to court commissioners; abolishing the office of court commissioner; amending Minnesota Statutes 1980, Section 489.01.

Referred to the Committee on Judiciary.

H. F. No. 365: A bill for an act relating to building code inspectors; auth-

orizing certain municipalities to choose between two options to enforce the provisions of the building code related to access for handicapped persons; amending Minnesota Statutes 1980, Section 16.861, by adding a subdivision.

Referred to the Committee on Governmental Operations.

H. F. No. 413: A bill for an act relating to handicapped persons; prohibiting persons serving as foreign language interpreters or interpreters for persons with hearing or speaking impairments from disclosing communications made to them during the course of civil, criminal or administrative proceedings; amending Minnesota Statutes 1980, Sections 546.44, by adding a subdivision; 595.02; 611.30; 611.31; and 611.33, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 516, now on General Orders.

H. F. No. 522: A bill for an act relating to family; clarifying circumstances in which parent with custody of child may move to another state; amending Minnesota Statutes 1980, Section 518.175, Subdivision 3.

Referred to the Committee on Judiciary.

H. F. No. 536: A bill for an act relating to retirement; city of St. Paul public housing agency; transferring retirement coverage for certain public employees; amending Laws 1977, Chapter 228, Section 3.

Referred to the Committee on Public Employees and Pensions.

H. F. No. 630: A bill for an act relating to open meetings; requiring availability of certain materials; prescribing penalties; amending Minnesota Statutes 1980, Section 471.705, Subdivision 2; and by adding a subdivision.

Referred to the Committee on Governmental Operations.

H. F. No. 646: A bill for an act relating to courts; authorizing chief judges of judicial districts to serve more than two consecutive terms; amending Minnesota Statutes 1980, Section 484.69, Subdivision 1.

Referred to the Committee on Judiciary.

H. F. No. 704: A bill for an act relating to motor vehicles; providing for the taxation and registration of certain collector's vehicles; including additional vehicles entitled to classic car license plates; increasing the tax thereon; amending Minnesota Statutes 1980, Section 168.10, Subdivision 1b.

Referred to the Committee on Transportation.

H. F. No. 847: A bill for an act relating to highway traffic regulations; providing for the designation and undesignation of routes to carry certain gross weights; amending Minnesota Statutes 1980, Section 169.832, Subdivision 11; repealing Minnesota Statutes 1980, Section 169.832, Subdivision 12.

Referred to the Committee on Transportation.

H. F. No. 969: A bill for an act relating to metropolitan government; authorizing the metropolitan council to prepare guidelines relating to the amendment of comprehensive plans; amending Minnesota Statutes 1980, Section 473.864, Subdivision 2.

Referred to the Committee on Rules and Administration for comparison with

S. F. No. 857, now on General Orders.

H. F. No. 63: A bill for an act relating to health maintenance organizations; eliminating any requirements that health maintenance organizations provide elective, induced abortions; amending Minnesota Statutes 1980, Sections 62D.02, Subdivision 7; 62D.20; and 62D.22, Subdivision 5.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 110, now on General Orders.

H. F. No. 142: A bill for an act relating to taxation; real property; extending 3 classification to certain property used for recreational purposes; amending Minnesota Statutes 1980, Section 273.13, Subdivision 4.

Referred to the Committee on Taxes and Tax Laws.

H. F. No. 272: A bill for an act relating to administrative rules; clarifying certain powers and duties of the legislative commission to review administrative rules; amending Minnesota Statutes 1980, Section 3.965, Subdivision 3, and by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 257, now on General Orders.

H. F. No. 1088: A bill for an act relating to the secretary of state; requiring that government survey documents be maintained on microfilm; providing for filing certain documents with the Minnesota historical society; amending Minnesota Statutes 1980, Section 5.03.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 942.

REPORTS OF COMMITTEES

Mr. Moe, R. D. moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S. F. No. 715. The motion prevailed.

Mr. Wegener from the Committee on Local Government and Urban Affairs, to which was referred

S. F. No. 1228: A bill for an act relating to cities; authorizing city rehabilitation loan programs for small and medium sized commercial buildings; and providing for the issuance of revenue bonds to finance the programs; proposing new law coded in Minnesota Statutes, Chapter 459.

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

Amend the title as follows:

Page 1, line 2, delete "rehabilitation" and insert "rehabilitation"

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

Mr. Wegener from the Committee on Local Government and Urban Affairs, to which was referred

S. F. No. 1230: A bill for an act relating to the city of St. Paul; authorizing

issuance of general obligation bonds for capital improvements; fixing amounts; amending Laws 1971, Chapter 773, Section 1, as amended.

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

Page 2, line 13, after "year" insert "; but at no time shall the aggregate principal amount of bonds authorized exceed \$8,500,000 in 1982, \$9,000,000 in 1983 and \$9,500,000 in 1984"

Page 3, after line 1, insert:

"Sec. 2. Laws 1978, Chapter 788, Section 5, is amended to read:

Sec. 5. Within the boundaries of any tax increment district established in the city of St. Paul proceeds from the sale of capital improvement bonds may be expended solely for transportation purposes.

Capital improvement bonds authorized shall not be used to finance either temporarily or permanently any part of the cost of acquisition, relocation, demolition, administration, and development of any property for purpose of directly developing the city's property tax base. And bond moneys authorized shall not be used to subsidize or underwrite the development or redevelopment of private property, nor shall they be used to provide loans or grants for the development or rehabilitation of homes, businesses, private foundations, or public charities."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after "amended" insert "; and Laws 1978, Chapter 788, Section 5"

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

Mr. Wegener from the Committee on Local Government and Urban Affairs, to which was referred

S. F. No. 715: A bill for an act relating to counties; making state land subject to county land use planning and zoning; amending Minnesota Statutes 1980, Section 394.24, Subdivision 3.

Reports the same back with the recommendation that the bill do pass. Mr. Merriam questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

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

S. F. No. 577: A bill for an act relating to state lands; authorizing the sale of certain tax-forfeited land.

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

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

S. F. No. 1154: A bill for an act relating to state land; authorizing the

conveyance of certain state lands in Pine county to the Amherst H. Wilder Foundation.

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

Page 3, after line 24, insert:

"Subd. 5. [STATE OPTION TO PURCHASE.] If the property conveyed to the Amherst H. Wilder Foundation pursuant to this section is not used for the purpose of operating a youth conservation camp, the foundation shall offer to the commissioner of natural resources an option to acquire the property at the appraised value as certified pursuant to subdivision 3 or the value as appraised in the manner provided in Minnesota Statutes, Section 94.10, Subdivision 1, at the time the option is offered, whichever value is less."

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

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

S. F. No. 1002: A bill for an act relating to tax forfeited lands; sale of stumpage without bids; amending Minnesota Statutes 1980, Section 282.04, Subdivision 1.

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

Page 1, line 10, strike "dead, down and mature"

Page 2, line 34, strike "green standing,"

Page 2, line 35, strike "dead, down, dying, insect infected or diseased"

Page 2, line 36, delete "\$2,500" and insert "\$3,000"

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

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

S. F. No. 925: A bill for an act relating to the environment; directing regional development commissions to assist certain cities and towns to carry out environmental impact review procedures; reimbursing local governments for certain litigation costs; appropriating money; proposing new law coded in Minnesota Statutes, Chapter 116D.

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

Page 1, line 14, after "town" insert a comma

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

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

S. F. No. 646: A bill for an act relating to transportation; delaying the effective date of the laws establishing and prescribing the powers and duties of

the transportation regulation board; amending Laws 1980, Chapter 534, Section 87.

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

Mr. Knoll from the Committee on Governmental Operations, to which was re-referred

S. F. No. 227: A bill for an act relating to the organization and operation of government; creating a legislative commission on metropolitan governance; requiring a study of relationships among metropolitan institutions and agencies of government; specifying other duties; mandating a report to the legislature.

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

Page 2, line 1, after "*Representatives*" insert "*, three members*"

Page 2, line 2, after "*speaker*" insert "*and two members appointed by the leader of the minority caucus,*"

Page 2, line 2, after "*Senate*" insert "*, three members*" and delete "*chairman*" and insert "*majority leader*"

Page 2, line 3, delete "*of the Senate committee on rules and administration*" and insert "*and two members appointed by the leader of the minority caucus*"

Page 2, line 36, before the semicolon, insert "*and the feasibility of legislative approval of the budget and staff complement of the metropolitan council*"

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

Mr. Knoll from the Committee on Governmental Operations, to which was referred

S. F. No. 1057: A bill for an act relating to the state fire marshal; deleting references to a dedicated fund and to archaic misdemeanor fines; repealing obsolete statutory requirements pertaining to flammable liquids, fire extinguishers, doors of buildings, and theaters; correcting an erroneous designation of responsibility concerning fire insurance premium returns; setting a penalty; amending Minnesota Statutes 1980, Sections 299F.011, Subdivision 1; 299F.19; 299F.20; 299F.21; 299F.22; 299F.23; 299F.24; 299F.26, Subdivision 1; 299F.29; 299F.31; 299F.36, Subdivision 2; 299F.391, Subdivision 1; and 299F.46, Subdivision 1; repealing Minnesota Statutes 1980, Sections 299F.011, Subdivision 2; 299F.27; 299G.10; 299H.01; 299H.02; and 299H.28, Subdivision 1.

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

Mr. Knoll from the Committee on Governmental Operations, to which was re-referred

S. F. No. 73: A bill for an act relating to economic development; regulating municipal industrial development; prohibiting moral obligation debt; amending Minnesota Statutes 1980, Sections 474.01, Subdivisions 7a, 7b, 8, and by

adding subdivisions; 474.05; 474.06; and 474.08.

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

Page 5, line 1, delete "*subsidiaries*" and insert "*subsidiary's*"

Page 6, delete section 5 and insert:

"Sec. 5. Minnesota Statutes 1980, Section 474.02, Subdivision 1b, is amended to read:

Subd. 1b. In furtherance of the purpose specified in sections 301A.02 and 474.01, the term "project" shall include any properties, real or personal, ~~located outside the metropolitan area defined in section 473.122,~~ used or useful for the promotion of tourism in the state. Such properties may include hotels, motels, lodges, resorts, recreational facilities of the type which may be acquired under section 471.191, and related facilities. ~~The provisions of this subdivision shall not apply to municipalities located in whole or in part in the metropolitan area as defined in section 473.122.~~"

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "permitting certain industrial development projects within the metropolitan area;"

Page 1, line 5, after "adding" insert "a"

Page 1, line 6, delete "subdivisions" and insert "subdivision; 474.02, Subdivision 1b"

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

Mr. Knoll from the Committee on Governmental Operations, to which was referred

S. F. No. 793: A bill for an act relating to courts; increasing the salary of court reporters; amending Minnesota Statutes 1980, Section 486.05, Subdivision 1.

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

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

S. F. No. 464: A bill for an act relating to commerce; providing for a lien on all personal property stored at certain storage facilities; defining terms; establishing a procedure for the enforcement of the liens; proposing new law coded in Minnesota Statutes, Chapter 514.

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

Delete everything after the enacting clause and insert:

"Section 1. [514.95] [CITATION.]

Sections 1 to 7 shall be known as and may be cited as the "Minnesota self-service storage facility act".

Sec. 2. [514.951] [DEFINITIONS.]

Subdivision 1. [TERMS.] For the purposes of sections 1 to 7, and unless the context clearly requires otherwise, the terms defined in this section have the meanings given them.

Subd. 2. [DEFAULT.] "Default" means the failure to timely perform any obligation or duty set forth in sections 1 to 7 or the rental agreement.

Subd. 3. [LAST KNOWN ADDRESS.] "Last known address" means that address provided by the occupant in the lease or rental agreement or the address provided by the occupant in a subsequent written notice of a change of address.

Subd. 4. [LEASED SPACE.] "Leased space" means the individual storage space at the self-service storage facility which is leased or rented to an occupant pursuant to a rental agreement.

Subd. 5. [OCCUPANT.] "Occupant" means a person, his sublessee, successor or assign, entitled to the use of leased space at a self-service storage facility under a rental agreement, to the exclusion of others.

Subd. 6. [OWNER.] "Owner" means the owner, operator, lessor, or sublessor of a self-service storage facility, his agent or any person authorized by him to manage the facility, or to receive rent from an occupant under a rental agreement. The term "owner" shall not be construed to be a warehouseman as defined in section 336.7-102, clause (1) (h); provided, however, if an owner issues any warehouse receipt, bill of lading, or other document of title for the personal property stored, the owner and occupant shall be subject to the provisions of sections 336.7-101 to 336.7-509 and the provisions of sections 1 to 7 shall not apply.

Subd. 7. [PERSONAL PROPERTY.] "Personal property" means movable property not affixed to land and includes, but is not limited to, goods, wares, merchandise, and household items.

Subd. 8. [RENTAL AGREEMENT.] "Rental agreement" means a written agreement or lease that establishes or modifies the terms, conditions, rules, or any other provisions concerning the use and occupancy of a self-service storage facility. It shall include the following provisions:

(a) A description of the dimension and location of the storage area rented.

(b) The rental rate and period for which the rate is guaranteed.

(c) An initial description of the stored property.

(d) A statement of the amount, nature, and limits of the owner's responsibility in the event of damage, theft, loss, or misdelivery of the occupant's property and the amount of insurance coverage provided by the rental agreement. The statement shall be on the face of the rental agreement in bold face print and in distinctive style and color as compared to the other print.

(e) A statement that if the rent is more than 30 days in arrears:

(1) That a lien becomes attached to the stored property.

(2) That the occupant may be denied access to his property.

(3) That the owner may remove the property from the rented storage area to other suitable space.

(4) That the owner may sell as much of the property as is necessary to cure the default and retain the remainder under the original conditions of the rental agreement.

(5) That the occupant shall have a defense to any lien rights of the owner of the storage facility:

(i) If the rental rate is in excess of the agreed rate.

(ii) If the services provided under the rental agreement have been diminished, decreased, or modified without the written consent of the occupant.

(iii) If the inventory as required by section 4, subdivision 2, clause (d), item (3) differs from the contents of the storage facility and the occupant has notified the owner of that fact by registered or certified mail within ten days of receipt of the notice set out in section 4, subdivision 2, clause (b).

(6) That in the event the owner exercises his right of sale, the occupant may remove the balance of the stored property without additional rental expenses or costs, if the removal is accomplished within three calendar days after the sale.

(f) That the owner may release any and all rental agreement information, inventory, or descriptions of stored property to any law enforcement officer without notice to the occupant.

(g) That the owner shall, within 30 days after default of payment of rent, notify the owner of the default, state the payment necessary to cure the default, and restate the information set forth in paragraph (e).

Subd. 9. [SELF-SERVICE STORAGE FACILITY.] "Self-service storage facility" means any real property designed and used for the purpose of renting or leasing individual storage spaces to occupants who are to have access to the space for the purpose of storing and removing personal property. The facility shall not be a suitable place of storage within the meaning of section 566.17.

Sec. 3. [514.952] [LIEN ESTABLISHED.]

The owner of a self-service storage facility and his heirs, executors, administrators, successors, and assigns, have a lien upon all personal property located at a self-service storage facility for rent, labor, or other charges, present or future, in relation to the personal property and for expenses necessary for its preservation and expenses reasonably incurred in its sale pursuant to sections 1 to 7. The lien attaches as of the date the personal property is placed in the leased space and continues so long as the owner retains possession and until the default is corrected, or a sale is conducted to satisfy the lien. The lien provided for in this section is subordinate to any other perfected security interest.

Sec. 4. [514.953] [ENFORCEMENT OF LIEN.]

Subdivision 1. [CONDITIONS.] No enforcement action shall be taken by the owner unless the requirements of sections 1 to 4 have been met and until the occupant has been in default continuously for a period of 30 days.

Subd. 2. [RIGHT OF ENFORCEMENT.] After the occupant has been in default continuously for a period of 30 days, the owner shall have the right to enforce the owner's lien in accordance with the following if he notifies the occupant within 30 days after the expiration of the 30 day period as provided in

section 2, subdivision 8.

(a) The owner shall have the right to deny the occupant access to the leased space and the owner may enter and remove the personal property from the leased space to other suitable storage space pending its sale;

(b) The occupant and all other persons known to claim an interest in the personal property shall be notified in writing;

(c) The notice shall be delivered in person or sent by registered or certified mail return receipt requested to the last known address of all persons to be notified;

(d) The notice shall include:

(1) An itemized statement of the owner's claim showing the sum due at the time of the notice and the date when the sum became due;

(2) A demand for payment of the sum due within a specified time not less than 30 days after the date of the notice;

(3) An inventory of the personal property located in the occupant's leased space and a statement that the contents of the occupant's leased space are subject to the owner's lien;

(4) If the owner elects to deny the occupant access to the leased space or elects to enter and remove the occupant's personal property from the leased space to other suitable storage space, a statement so advising the occupant shall be included in the notice;

(5) The name, street address, and telephone number of the owner or his designated agent whom the notified party may contact to respond to the notice; and

(6) A conspicuous statement that unless the claim is paid within the time stated, the personal property will be advertised for sale at a specified time and place, not sooner than 60 days after default;

(e) Any notice made pursuant to this section shall be presumed delivered when it is deposited with the United States Postal Service and properly addressed with postage prepaid;

(f) Any sale of the personal property shall conform to the terms of the notification as provided for in this section. If the personal property is advertised for sale and the sale is not consummated, the owner shall give written notice to the occupant and all other persons known to claim an interest in the personal property;

(g) Any sale of the personal property shall be held at the self-service storage facility or at the nearest suitable place where the personal property is held or stored;

(h) After the expiration of the time stated in the notice, the owner shall cause an advertisement of sale to be published, two times preceding the date of sale of the personal property, in a newspaper of general circulation which serves the area where the self-service storage facility is located. The advertisement shall include:

(1) A description of the personal property which was located in the occu-

pant's leased space and a statement that the contents of the occupant's leased space shall be sold to satisfy the owner's lien;

(2) The address of the self-service storage facility and the number or other description, if any, of the space where the personal property was located and the name of the occupant;

(3) The time, place, and manner of sale. The sale shall take place not sooner than ten days after the first publication. If there is no newspaper of general circulation in the area where the self-service storage facility is located, the owner shall post written advertisements containing all of the required information at least ten days before the date of the sale at the self-service storage facility, and at least one notice shall be posted in a conspicuous place at the courthouse of the county where the facility is located;

(i) Before any sale of personal property pursuant to this section, the occupant may pay the amount necessary to satisfy the owner's lien and the reasonable expenses incurred under this section and thereby redeem the personal property. Upon the payment and satisfaction of the amount necessary to satisfy the lien, the owner shall return the personal property to the occupant and thereafter the owner shall have no liability to any person with respect to the personal property;

(j) The owner may buy at any sale of personal property to enforce the owner's lien;

(k) A purchaser in good faith of the personal property sold to satisfy the owner's lien takes the property free of any rights of persons against whom the lien was valid, despite noncompliance by the owner with the requirements of this section;

(l) The owner may sell only as much of the occupant's personal property as is necessary to satisfy the lien and costs of sale up to the time of the sale and the remainder of the occupant's property shall remain stored in the leased space subject to all of the terms of this act; and

(m) In the event of a sale under this section, the owner may satisfy his lien from the proceeds of the sale, but shall hold the balance, if any, for delivery on demand to the occupant. If the occupant does not claim the balance of the proceeds within one year of the date of the sale, the balance shall be deemed to be abandoned, and the owner shall pay the balance to the treasurer of the State of Minnesota who shall receive, hold, and dispose of same in accordance with the provisions of Minnesota Statutes, Sections 345.31 to 345.60.

Sec. 5. [514.954] [ADDITIONAL LIENS.]

Nothing in sections 1 to 7 shall be construed as in any manner impairing or affecting the right of the parties to create additional rights, duties, and obligations in and by virtue of the rental agreement. The rights provided by sections 1 to 7 are in addition to all other rights allowed by law to a creditor against his debtor.

Sec. 6. [514.955] [APPLICATION.]

The provisions of sections 1 to 7 apply to all rental agreements entered into or extended or renewed after the effective date of sections 1 to 7.

Sec. 7. [514.956] [PRE-EXISTING AGREEMENTS.]

All rental agreements entered into before the effective date of sections 1 to 7 and not extended or renewed after that date, and the rights and duties and interests flowing from them shall remain valid, and shall be enforced or terminated in accordance with their terms or as permitted by any other statute or law of this state."

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

Mr. Wegener from the Committee on Local Government and Urban Affairs, to which was referred

S. F. No. 76: A bill for an act relating to cities; increasing the amount of obligations that may be issued for television systems; validating prior issuances; amending Minnesota Statutes 1980, Section 465.70.

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

Page 1, line 10, before "TELEVISION" insert "CABLE" and strike "SIGNAL DISTRIBUTION"

Page 1, line 10, strike "; HOME RULE"

Page 1, line 11, strike everything before the period

Page 1, line 12, strike "of the"

Page 1, strike line 13

Page 1, line 14, strike "a city of the first class"

Page 1, line 16, after "may" insert "*wholly or partially do the following:*"

Page 1, line 17, strike "and" and insert "or"

Page 1, line 18, after "system" insert "*or interest therein*"

Page 2, line 9, strike "the" and insert "a" and after "system" insert "*and may issue revenue obligations without limitation for acquisition or betterment of all or part of a system or interest therein*"

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "*enlarging the class of cities that may maintain cable television systems; clarifying the description of a system;*"

Page 1, line 4, before "validating" insert "*providing for revenue obligations;*"

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

Mr. Wegener from the Committee on Local Government and Urban Affairs, to which was referred

S. F. No. 373: A bill for an act relating to the city of Duluth; authorizing the fire chief to issue variances from the provisions of the state fire code under certain circumstances.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1980, Section 299F.011, Subdivision 5, is amended to read:

Subd. 5. Upon application, the state fire marshal may grant variances from the minimum requirements specified in the code if there is substantial compliance with the provisions of the code, the safety of the public and occupants of such building will not be jeopardized, and undue hardship will result to the applicant unless such variance is granted. No appeal to the state fire marshal for a variance from the uniform fire code shall be accepted until the applicant has first made application to the local governing body and the local unit has acted on the application. The state fire marshal shall consider the decision of the local governing body and shall grant or deny the variance no later than 30 days after receipt of the application or the decision of the local governing body shall be determined final. Any person aggrieved by a decision made by the fire marshal under this subdivision may proceed before the fire marshal as with a contested case in accordance with the administrative procedure act.

Sec. 2. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Amend the title as follows:

Page 1, line 2, delete everything after "to"

Page 1, line 3, delete "chief to issue" and insert "public safety; requiring the state fire marshal to grant or deny"

Page 1, line 4, delete "under certain circumstances" and insert "within 30 days; amending Minnesota Statutes 1980, Section 299F.011, Subdivision 5"

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

Mr. Wegener from the Committee on Local Government and Urban Affairs, to which was referred

S. F. No. 1186: A bill for an act relating to the city of Rochester; permitting the imposition of certain taxes within the city; permitting the issuance of certain bonds by the city.

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

Page 1, line 15, before the period, insert "except as provided by section 7"

Page 2, lines 2, 11, and 21, before the period, insert "except as provided by section 7"

Page 3, after line 6, insert:

"Sec. 7. [BALLOT QUESTION; USE OF TAXES.]

The ballot question for the issuance of the general obligation bonds provided by section 6 shall include a recitation that the city intends to use the taxes authorized by sections 1 to 4 as partial payment for the bonds. The city of Rochester shall not impose any of the taxes provided by sections 1 to 4 unless the voters of the city approve the issuance of the general obligation bonds. The

proceeds of any taxes imposed pursuant to sections 1 to 4 shall be used only for the purpose of retiring the principal and interest due on any bonds issued pursuant to section 6."

Page 3, line 10, after the period, insert "*The authority granted to the city of Rochester by sections 1 to 4 is repealed the day after the principal and interest on any bonds issued pursuant to section 6 are retired.*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "requiring a referendum;"

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

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

S. F. No. 659: A bill for an act relating to financial institutions; providing a usury exemption on open end credit extended in the use of bank credit cards; detailing certain notice requirements; regulating the charges for certain types of insurance issued in connection with the extension of such credit; amending Minnesota Statutes 1980, Section 48.185, Subdivisions 3 and 4, and by adding a subdivision; repealing Minnesota Statutes 1980, Section 48.185, Subdivision 4a.

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

Page 2, line 10, delete "A" and insert "New charges"

Page 2, line 11, delete "use of a bank credit card"

Page 2, line 11, delete "the first full" and insert "a"

Page 2, line 15, delete "15" and insert "30"

Page 2, line 16, after "that" insert "a new charge"

Page 2, line 17, delete "use of the card"

Page 2, line 17, delete "the next" and insert "a subsequent"

Page 3, after line 6, insert:

"Sec. 4. Minnesota Statutes 1980, Section 51A.21, Subdivision 19, is amended to read:

Subd. 19. [OPEN END LOAN ACCOUNT ARRANGEMENTS.] A savings association or savings and loan association subject to the provisions of sections 51A.01 to 51A.57, and a savings and loan association chartered under the laws of the United States, and a wholly owned subsidiary of such a financial institution, may extend credit through an open end loan account arrangement with a debtor, pursuant to which the debtor may obtain loans from time to time by cash advances, purchases or satisfaction of the obligations of the debtor incurred pursuant to a credit card or other open end loan account plan, or otherwise under a credit card or overdraft plan, pursuant and subject to the provisions of section 48.185, subdivisions 3, 3a, 4, 4a, 5, 6 and 7, that are applicable to banks, national banking associations, and savings banks. The extension of credit pursuant to this subdivision may be unsecured or may be

secured in whole or in part by an assignment or pledge of a savings account or savings certificate."

Page 3, line 11, delete "4" and insert "5"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, delete "Section" and insert "Sections"

Page 1, line 9, after the semicolon, insert "51A.21, Subdivision 19;"

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

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

S. F. No. 308: A bill for an act relating to financial institutions; providing for maximum interest rates on overdraft checking loans; amending Minnesota Statutes 1980, Section 48.185, Subdivision 3.

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

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

S. F. No. 642: A bill for an act relating to financial institutions; authorizing establishment of detached facilities resulting from mergers and consolidations; amending Minnesota Statutes 1980, Sections 49.34; 49.36; and 49.45.

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

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

H. F. No. 574: A bill for an act relating to intoxicating liquor; authorizing the issuance of one off-sale license in the town of Tofte.

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

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

S. F. No. 846: A bill for an act relating to financial institutions; increasing the percentage of capital and surplus a bank or trust company may invest in the stock of certain banks or bank holding companies; amending Minnesota Statutes 1980, Section 48.61, Subdivision 3.

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

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

S. F. No. 460: A bill for an act relating to intoxicating liquor; authorizing the use of wine catalogs by off-sale dealers; amending Minnesota Statutes 1980, Section 340.15, Subdivision 1.

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

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

S. F. No. 960: A bill for an act relating to transportation; authorizing road authorities to designate ten-ton collector routes; prescribing maximum vehicle weights on those routes; proposing new law coded in Minnesota Statutes, Chapter 169.

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

Page 1, line 9, delete "TEN" and insert "NINE"

Page 1, line 13, delete "ten" and insert "20"

Page 1, line 14, delete "ten" and insert "nine"

Page 1, line 17, delete "ten" and insert "nine"

Page 1, line 25, delete "ten" and insert "nine"

Page 2, line 1, delete "ten" and insert "nine"

Page 2, line 4, after "reduced" insert "or increased"

Page 2, line 5, delete "ten" and insert "nine"

Page 2, after line 6, insert:

"This section shall be repealed January 1, 1984."

Amend the title as follows:

Page 1, line 3, delete "ten" and insert "nine"

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

Mr. Solon from the Committee on Health, Welfare and Corrections, to which was referred

S. F. No. 1147: A bill for an act relating to public welfare; providing medical assistance payments for attendant care on an equivalent basis with other providers; appropriating money; amending Minnesota Statutes 1980, Section 256B.02, Subdivision 8.

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

Page 3, line 4, delete "with" and insert "to" and delete "service providers" and insert "services"

Page 3, line 5, after the period, insert *"The commissioner shall adjust the payment rate each July in an amount equal to the average increase in rates for other providers."*

Page 3, line 9, delete "so that the"

Page 3, delete line 10

Page 3, line 11, delete "fiscal years 1979, 1980, and 1981"

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

Mr. Solon from the Committee on Health, Welfare and Corrections, to which was referred

S. F. No. 800: A bill for an act relating to health; extending the nursing home dental program; appropriating money; amending Laws 1980, Chapter 570, Sections 6 and 10.

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

Page 1, delete section 1

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, delete "Sections 6 and" and insert "Section"

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

Mr. Knoll from the Committee on Governmental Operations, to which was referred

S. F. No. 1172: A bill for an act relating to state government; changing the name of the department of public welfare to the department of social services; amending Minnesota Statutes 1980, Section 245.03.

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

Mr. Knoll from the Committee on Governmental Operations, to which was referred

S. F. No. 1056: A bill for an act relating to the state civil service; providing for the apportionment of veteran's preference points; amending Minnesota Statutes 1980, Section 43.30.

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

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

S. F. No. 937: A bill for an act relating to insurance; prohibiting the issuance or renewal of certain health policies or plans which exclude or limit coverage on DES related conditions; proposing new law coded in Minnesota Statutes, Chapter 62A.

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

Page 1, line 17, delete "January" and insert "August"

Page 1, line 18, after "reduction," insert "additional charges."

Page 1, line 22, after "diethylstilbestrol" insert "unless the insured has been diagnosed as having diethylstilbestrol-related cancer prior to the date of issuance."

Page 1, after line 22, insert:

"No policy or plan described in this section shall be denied in this state after August 1, 1981, solely because of conditions attributable to diethylstilbestrol or exposure to diethylstilbestrol, unless the insured has been diagnosed as having diethylstilbestrol-related cancer prior to the date of the denial."

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

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

S. F. No. 758: A bill for an act relating to the city of Duluth; authorizing the city to continue to issue the number of liquor licenses it was authorized to issue in the year 1980.

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

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

S. F. No. 694: A bill for an act relating to commerce; regulating the manufacture, importation, distribution, sale, leasing and alteration of manufactured homes; conforming state regulatory practices and the state manufactured home building code to federal law; providing for enforcement of the code; prohibiting certain practices; providing civil and criminal penalties; amending Minnesota Statutes 1980, Sections 327.31; 327.32; 327.33; and 327.34, Subdivisions 1, 3, and 4, and by adding a subdivision; proposing new law coded in Minnesota Statutes, Chapter 327; repealing Minnesota Statutes 1980, Section 327.34, Subdivision 2.

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

Page 1, line 23, strike "includes" and insert "means"

Page 3, line 4, reinstate "any"

Page 3, line 5, delete "any structural system" and insert "foundation system or other structural method"

Page 3, line 9, strike "device"

Page 3, line 9, delete "or combination of devices"

Page 3, line 9 strike "connected to a"

Page 3, line 10, delete "manufactured" and strike "home and designed"

Page 3, line 10, before "for" insert "method used"

Page 3, line 11, after "to" insert "a foundation system or"

Page 3, line 17, before the period, insert "; except manufactured homes installed on a foundation system"

Page 3, line 19, after "commissioner" insert "to a manufactured home installer"

Page 4, line 13, after "a" insert "factory built"

Page 4, after line 16, insert:

"Subd. 20. [FOUNDATION SYSTEM.] 'Foundation system' means a permanent foundation constructed in conformance with the state building code."

Page 5, line 18, strike "may" and insert "shall"

Page 6, line 5, before "standards" insert "installation"

Page 6, line 6, after the period, insert "*Nothing in this section shall be construed to inhibit the application of zoning, subdivision, architectural, or esthetic requirements pursuant to chapter 462.*"

Page 7, line 28, delete "*the*" and insert "*states*"

Page 7, line 29, delete "*states*"

Page 11, line 10, after "*or*" insert "*a*"

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

Mr. Stumpf from the Committee on Elections and Reapportionment, to which was referred

S. F. No. 1125: A bill for an act relating to elections; authorizing use of electronic voting systems for absentee voting; imposing rule-making duties on the secretary of state; proposing new law coded in Minnesota Statutes, Chapter 207.

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

Page 1, line 9, delete everything after "*1.*"

Page 1, line 10, delete "*Subdivision 1.*"

Page 1, line 10, before "*ELECTRONIC*" insert "*CITIES OF BLOOMINGTON AND ST. LOUIS PARK;*"

Page 1, line 12, after "*206*" insert a comma

Page 1, line 12, after "*used*" insert "*by the cities of Bloomington and St. Louis Park*"

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

Page 1, line 14, delete "*this section*" and insert "*sections 1 to 5*"

Page 1, line 17, delete "*Subd. 2.*" and insert "*Sec. 2.*"

Page 1, line 18, after "*voting*" insert "*by the cities of Bloomington and St. Louis Park*"

Page 1, line 21, delete "*Subd. 3.*" and insert "*Sec. 3.*"

Page 2, line 1, delete "*Subd. 4.*" and insert "*Sec. 4.*"

Page 2, line 4, after "*any*" insert "*damage to the card or any*"

Page 2, line 5, after "*ballot card*" insert "*is damaged or*"

Page 2, line 7, delete "*duplicate*" and insert "*original*"

Page 2, line 8, after "*clerk*" insert "*with the spoiled ballots*"

Page 2, line 9, delete "*Subd. 5.*" and insert "*Sec. 5.*"

Page 2, line 9, delete "*The procedure*"

Page 2, delete lines 10 to 15 and insert "*The secretary of state may adopt temporary rules as provided in chapter 15 for the purpose of specifying forms and procedures required by sections 1 to 4.*"

Page 2, line 16, delete "2" and insert "6"

Page 2, line 17, after "effective" insert "for each city"

Page 2, line 17, delete "final enactment" and insert "compliance by the governing body of each city with Minnesota Statutes, Section 645.021, Subdivision 3. The authority granted to the cities of Bloomington and St. Louis Park by sections 1 to 4 is repealed on December 31, 1982."

Amend the title as follows:

Page 1, line 2, delete "elections" and insert "the cities of Bloomington and St. Louis Park"

Page 1, line 4, delete the semicolon

Page 1, delete line 5

Page 1, line 6, delete "207"

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

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

S. F. No. 1094: A bill for an act relating to courts; providing for certain reorganization of the court system in the state; providing that Hennepin and Ramsey municipal courts shall also be probate courts; abolishing the office of referee; providing for continuance of certain referee positions for a limited time; providing for continuance of certain judicial officer positions for a limited time; abolishing the office of court commissioner; providing for continuance of the Ramsey county court commissioner position for a limited time; amending Minnesota Statutes 1980, Sections 2.722, Subdivision 1, and by adding a subdivision; 260.021, Subdivision 4; 260.031, Subdivision 1, and by adding a subdivision; 484.70, Subdivision 1, and by adding subdivisions; 487.08, Subdivisions 2, 3, and by adding a subdivision; 488A.01, Subdivisions 1, 8, and by adding subdivisions; 488A.18, Subdivisions 1, 9, and by adding subdivisions; 489.01; 525.10; repealing Minnesota Statutes 1980, Sections 260.019; 484.64; 484.65; 484.67; 484.70, Subdivisions 2, 3, 4 and 5; 487.08, Subdivision 4; 487.09; 488A.01, Subdivision 7; 488A.18, Subdivision 8; 489.05; and 525.04.

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

Page 2, line 9, delete "20" and insert "25"

Page 2, line 31, strike "six" and insert "11"

Page 2, line 32, strike "such"

Page 2, line 33, strike "as may be"

Pages 2 to 11, delete sections 2 to 19 and insert:

"Sec. 2. Minnesota Statutes 1980, Section 2.722, is amended by adding a subdivision to read:

Subd. 3. [HENNEPIN AND RAMSEY PROBATE JUDGES; COURTS.] The probate judges of Ramsey and Hennepin probate courts in office on August 1, 1981, shall be district court judges of the second and fourth judicial dis-

tricts, respectively, and shall continue in office for the balance of the term for which they were elected and shall be eligible for reelection. The offices of probate court of Hennepin and Ramsey counties, and all of their jurisdiction, records, powers, duties, functions, and personnel, are hereby transferred to the district courts of the second and fourth judicial districts respectively and made divisions of them. The chief judge of the fourth judicial district shall at all times assign at least two judges to the probate court duties.

Sec. 3. Minnesota Statutes 1980, Section 260.031, Subdivision 1, is amended to read:

Subdivision 1. ~~The judge of the juvenile court may appoint one or more suitable persons to act as referees~~ office of referee is abolished. No vacancy in the office of referee shall be filled, nor new office created. Persons holding the office of referee on June 30, 1980, in the second and June 30, 1977, in the fourth judicial district may continue to serve at the pleasure of the chief judge of the district under the terms and conditions of their appointment. All referees are subject to the administrative authority and assignment power of the chief judge of the district as provided in section 484.69, subdivision 3, and are not limited to assignment to juvenile court. ~~These~~ Referees shall be qualified for their duties by their previous training and experience and shall hold office at the pleasure of the judge. The compensation of a referee shall be fixed by the judge and, approved by the county board and shall be payable from the general revenue funds of the county not otherwise appropriated. Part time referees holding office in the second judicial district pursuant to this subdivision shall cease to hold office on July 31, 1984.

Sec. 4. Minnesota Statutes 1980, Section 484.70, Subdivision 1, is amended to read:

Subdivision 1. ~~The office of referee is abolished. No vacancy in the office of referee, including family, juvenile, probate, and special term referees, shall be filled, nor new office created.~~ Persons holding the office of referee full time on June 30, 1977-1980, in the second, and June 30, 1978, in the fourth and sixth judicial districts district may continue to serve at the pleasure of the chief judge of the district under the terms and conditions of their appointment. All referees are subject to the administrative authority and assignment power of the chief judge of the district as provided in section 484.69, subdivision 3, and are not limited to assignment to family or, probate, juvenile or special term court. Part time referees holding office in the second judicial district pursuant to this subdivision shall cease to hold office on July 31, 1984.

Sec. 5. Minnesota Statutes 1980, Section 484.70, is amended by adding a subdivision to read:

Subd. 6. No referee may hear a contested trial, hearing, motion or petition if a party or attorney for a party objects in writing to the assignment of a referee to hear the matter. The court shall by rule, specify the time within which an objection must be filed.

Sec. 6. Minnesota Statutes 1980, Section 484.70, is amended by adding a subdivision to read:

Subd. 7. The duties and powers of referees shall be as follows:

(a) Hear and report all matters assigned by the chief judge.

(b) *Recommend findings of fact, conclusions of law, temporary and interim orders, and final orders for judgment.*

(c) *All recommended orders and findings of a referee shall be subject to confirmation by a judge. Review of any recommended order or finding of a referee by a judge may be by notice served and filed within ten days of effective notice of the recommended order or finding. The notice of review shall specify the grounds for review and the specific provisions of the recommended findings or orders disputed, and the court, upon receipt of a notice of review, shall set a time and place for a review hearing.*

(d) *Upon the conclusion of the hearing in each case, the referee shall transmit to a judge the court file together with recommended findings and orders in writing. The recommended findings and orders of a referee become the findings and orders of the court when confirmed by a judge. The order of the court shall be proof of such confirmation, and also of the fact that the matter was duly referred to the referees.*

Sec. 7. Minnesota Statutes 1980, Section 487.03, is amended by adding a subdivision to read:

Subd. 6. [JUDGE POSITIONS; CREATION; ABOLITION.] Notwithstanding the provisions of sections 2.722 and 487.01:

(a) Upon the occurrence of one vacancy in the office of county court judge in the county court district comprised of Lincoln, Lyon, and Redwood counties, that vacant judgeship is abolished.

Upon the occurrence of one vacancy in the office of county court judge in the county court district comprised of Pipestone, Murray, Rock, and Nobles counties, that vacant judgeship is abolished.

Upon the occurrence of one vacancy in the office of county court judge in the county court district comprised of Jackson, Martin, and Faribault counties, that vacant judgeship is abolished.

Upon the occurrence of one vacancy in the office of county court judge in the county court district comprised of Nicollet, Brown, Cottonwood, and Watonwan counties, that vacant judgeship is abolished.

Upon the occurrence of the first two vacancies in the office of county court judge in the county court district comprised of Wilkin, Traverse, Grant, Stevens, Pope, and Big Stone counties, those vacant judgeships are abolished.

Upon the occurrence of the first two vacancies in the office of county court judge in the county court district comprised of Lac Qui Parle, Yellow Medicine, Chippewa, and Renville counties, those vacant judgeships are abolished.

Upon the occurrence of the first two vacancies in the office of county court judge in the county court district comprised of Kittson, Roseau, Marshall, Polk, Pennington, Red Lake, Norman, and Mahanomen counties those vacant judgeships are abolished.

Upon the occurrence of one vacancy in the office of county court judge in the counties of Crow Wing, Waseca, and Mower, each vacant judgeship is abolished.

(b) Upon the occurrence of a vacancy in the office of county court judge in

Hubbard county, the vacant judgeship is abolished and a new office of county court judge is created in Itasca county. The governor shall appoint a qualified person to fill the office until a successor is elected and qualified. The successor shall be elected for a six year term at the next general election occurring more than one year after the appointment; and

(c) Upon the occurrence of the first vacancy in the office of county court judge in each of the counties of Carver and Scott, the vacant judgeship is abolished. When each judgeship is abolished under this clause, an additional office of judge of district court is created in the first judicial district. The governor shall appoint a qualified person to fill each office until a successor is elected and qualified. The successor shall be elected for a six year term at the next general election occurring more than one year after the appointment.

Sec. 8. Minnesota Statutes 1980, Section 487.08, Subdivision 2, is amended to read:

Subd. 2. Persons holding the office of judicial officer full time or part time on January 1, ~~1978~~ 1981, in St. Louis county ~~and full time on January 1, 1978,~~ in Steele county and Carlton county may continue to serve at the pleasure of the chief judge of the district under the terms and conditions of their appointment. ~~One full time judicial officer may be appointed in Carlton county.~~

Sec. 9. Minnesota Statutes 1980, Section 487.08, Subdivision 3, is amended to read:

Subd. 3. The persons holding the office of judicial officer in Nobles and Rock, Brown, Nicollet, Morrison, Goodhue, and Wabasha, Scott, and Polk counties on January 1, 1978, may continue to serve at the pleasure of the chief judge of the district under the terms and conditions of their appointments.

Sec. 10. Minnesota Statutes 1980, Section 487.15, is amended to read:

487.15 [CIVIL JURISDICTION.]

The county court may hear, try, and determine actions at law in which the amount in controversy does not exceed ~~the sum of \$5,000~~ \$15,000, exclusive of interest and costs, except for causes involving title to real estate.

Sec. 11. Minnesota Statutes 1980, Section 487.16, is amended to read:

487.16 [MINOR CIVIL AND CRIMINAL JURISDICTION.]

The county court shall also have jurisdiction in all civil and criminal cases residing, on the effective date of Laws 1971, Chapter 951 and Laws 1973, Chapter 679, in municipal courts other than municipal courts in Hennepin and Ramsey Counties; ~~except that notwithstanding any law to the contrary, no county court shall have gross misdemeanor jurisdiction. The county court shall have gross misdemeanor jurisdiction.~~

Sec. 12. Minnesota Statutes 1980, Section 487.18, is amended to read:

487.18 [CRIMINAL JURISDICTION.]

(a) The county court has jurisdiction to hear, try and determine any charge of violation of

~~(+) a criminal law of this state constituting a misdemeanor or gross misdemeanor committed within the county court district; and of~~

(2) any ordinance, charter provision, rule or regulation of any subdivision of government in the county court district.

(b) The county court has jurisdiction to conduct preliminary hearings and to exercise all judicial powers incident to preliminary hearing proceedings on the charge of violation of any criminal law committed within the county court district.

(c) The county court has jurisdiction to hear, try and determine any matter constituting a petty misdemeanor.

Sec. 13. Minnesota Statutes 1980, Section 487.25, Subdivision 10, is amended to read:

Subd. 10. [PROSECUTING ATTORNEYS.] Violations of state law which are misdemeanors or gross misdemeanors, or of a municipal ordinance, charter provision, rule or regulation shall be prosecuted by the attorney of the municipality where the violation is alleged to have occurred if that municipality has an attorney. All other offenses shall be prosecuted by the county attorney of the county in which the alleged violation occurred.

Sec. 14. Minnesota Statutes 1980, Section 488A.01, Subdivision 4, is amended to read:

Subd. 4. [CIVIL JURISDICTION.] Excepting causes involving title to real estate, the court has jurisdiction to hear, try and determine civil actions at law in which the amount in controversy does not exceed the sum of \$6,000 \$15,000, exclusive of interest and costs.

Sec. 15. Minnesota Statutes 1980, Section 488A.01, Subdivision 6, is amended to read:

Subd. 6. [CRIMINAL JURISDICTION.] (a) The court has jurisdiction to hear, try and determine any charge of violation of:

(1) A criminal law of this state constituting a misdemeanor or gross misdemeanor committed within the county of Hennepin including all of the city of St. Anthony.

(2) Any ordinance, charter provision, rule or regulation of any subdivision of government in the county of Hennepin, including all of the city of St. Anthony or

(3) Any ordinance, charter provision, rule or regulation of the Minneapolis-St. Paul Metropolitan Airports Commission.

(b) The court has jurisdiction to conduct preliminary hearings and to exercise all judicial powers incident to preliminary hearing proceedings, on any charge of violation of any criminal law of this state committed within the county of Hennepin.

Sec. 16. Minnesota Statutes 1980, Section 488A.01, Subdivision 8, is amended to read:

Subd. 8. [TERRITORIAL JURISDICTION.] The summons in civil and forcible entry and unlawful detainer actions may be served only within the county of Hennepin except that such summons may be served in Ramsey county on state officials for non-resident individuals and corporations under statutes providing for such service. Garnishment summons, subpoenas and All

~~other~~ civil and criminal process and orders may be served and enforced anywhere within the state of Minnesota.

Sec. 17. Minnesota Statutes 1980, Section 488A.18, Subdivision 4, is amended to read:

Subd. 4. [CIVIL JURISDICTION.] (a) Excepting cases involving title to real estate, the court has jurisdiction to hear, try and determine civil actions at law in which the amount in controversy does not exceed ~~the sum of \$6,000~~ \$15,000, exclusive of interest and costs. The territorial jurisdiction of the court is coextensive with the geographic boundaries of the county of Ramsey.

(b) The court also has jurisdiction, within the limitations provided in this subdivision, to hear, try and determine civil actions commenced by a plaintiff, resident of Ramsey county, where the action arose out of alleged negligent operation of a motor vehicle in Ramsey county, notwithstanding that the defendant or defendants are not residents of the county. Notwithstanding any law or rule of civil procedure to the contrary, the summons in ~~any such~~ the action may be served anywhere within the state of Minnesota.

(c) Notwithstanding the provisions of clause (a) or any rule of court to the contrary, the municipal court of Ramsey county has jurisdiction to determine an action brought pursuant to section 504.20 for the recovery of a deposit on rental property located in whole or in part in Ramsey county, and the summons in the action may be served anywhere within the state of Minnesota.

Sec. 18. Minnesota Statutes 1980, Section 488A.18, Subdivision 7, is amended to read:

Subd. 7. [CRIMINAL JURISDICTION.] ~~(a)~~ The court has jurisdiction to hear, try and determine any charge of violation within Ramsey county of:

(1) A criminal law of this state constituting a misdemeanor *or gross misdemeanor* and any offense of this state which constitutes a petty misdemeanor,

(2) Any ordinance, charter provision, rule or regulation of any subdivision of government in the county of Ramsey, or

(3) Any ordinance, charter provision, rule or regulation of the Minneapolis-Saint Paul Metropolitan Airports Commission,

(4) Any ordinance, rule or regulation of the regents of the University of Minnesota.

~~(b) The court has jurisdiction to conduct preliminary hearings and to exercise all judicial powers incident to preliminary hearing proceedings, on any charge of violation of any criminal law of this state committed within Ramsey county.~~

~~(c) Jurisdiction under clauses (1) and (2) of paragraph (a) of this subdivision is exclusive for any violation committed within the county of Ramsey; jurisdiction under paragraph (b) of this subdivision is exclusive for any violation committed inside the city of Saint Paul or inside that part of the village of Saint Anthony lying inside Ramsey county.~~

Sec. 19. Minnesota Statutes 1980, Section 488A.18, Subdivision 13, is amended to read:

Subd. 13. [TRIAL OF CRIMINAL ACTIONS.] All charges of misde-

meanors, *gross misdemeanors*, petty misdemeanors and ordinance violations shall be tried in the municipality where the alleged violation occurred; ~~however,~~ If there is no court located in ~~such~~ the municipality, then the trial of ~~such~~ the charges shall take place at the nearest place of holding court. In addition to ~~such~~ any daytime arraignments as the court may establish, traffic and criminal arraignments shall be held at least once each week in the evening after 7:00 p.m. if so requested by the governing body of a city in which a court is situated as provided by Laws 1973, Chapter 708 by a resolution filed with the administrator of court.

Sec. 20. Minnesota Statutes 1980, Section 488A.27, Subdivision 11, is amended to read:

Subd. 11. [PROSECUTING ATTORNEYS.] Except where the county attorney is specifically designated by law as the prosecutor for the particular violation charged, the attorney of the municipality in which the violation is alleged to have occurred shall have charge of the prosecution of all violations of statutes, *including gross misdemeanor violations*, ordinances, charter provisions, rules or regulations triable in this court and shall prepare complaints for ~~said~~ the violations.

Sec. 21. Minnesota Statutes 1980, Section 488A.18, Subdivision 9, is amended to read:

Subd. 9. [TERRITORIAL JURISDICTION.] ~~The summons in civil and forcible entry and unlawful detainer actions may be served only within the county of Ramsey. Garnishment summons, subpoenas and All other civil and criminal process and orders may be served and enforced anywhere within the state of Minnesota.~~

Sec. 22. Minnesota Statutes 1980, Section 489.01, is amended to read:

489.01 [ELECTION; TERM; OFFICE ABOLISHED.]

Subdivision 1. [OFFICE ABOLISHED.] *The office of court commissioner is abolished. No vacancy in the office of court commissioner shall be filled.*

Subd. 2. [INCUMBENTS.] *Persons holding the office of court commissioner in all counties except Ramsey county may continue to serve until the incumbent's term of office expires. The person holding the office of court commissioner on January 1, 1981, in Ramsey county may continue to serve at the pleasure of the appointing authority under the terms and conditions of this appointment.*

Subd. 3. [COURT COMMISSIONER.] In each county in the state there shall be elected at the general election in 1918 a court commissioner. The term of office of the court commissioner shall be four years ~~and until his successor is elected and qualified~~; and begin on the first Monday in January next succeeding his election. This office shall be filled by election every four years thereafter. One person may hold at the same time the offices of court commissioner and probate judge.

Sec. 23. Minnesota Statutes 1980, Section 525.10, is amended to read:

525.10 [REFEREE; APPOINTMENT; BOND; OFFICE ABOLISHED.]

Subdivision 1. [OFFICE ABOLISHED.] *The office of referee is abolished. No vacancy in the office of referee shall be filled, nor new office created.*

Subd. 2. [INCUMBENTS.] Persons holding the office of referee on June 30, 1980, in the second and June 30, 1978, in the fourth judicial district may continue to serve at the pleasure of the chief judge of the district under the terms and conditions of their appointment. All referees are subject to the administrative authority and assignment power of the chief judge of the district as provided in section 484.69, subdivision 3, and are not limited to assignment to probate court. All referees are subject to the provisions of section 484.70. Part time referees holding office in the second judicial district pursuant to this subdivision shall cease to hold office on July 31, 1984.

Subd. 3. [REFEREES.] The judges of the probate court in Hennepin and Ramsey counties may appoint one or more referees. Each referee in probate who court shall be a resident of such county and an attorney at law duly admitted in this state. He shall hold office during the pleasure of the judge appointing him. Such The appointment shall be in writing and filed in such the court. Before entering upon the duties of his office, he shall execute a bond to the state in the amount of \$1,000 approved by the county board and conditioned upon the faithful discharge of his duties. Such bond with the oath of the appointee shall be recorded in the office of the county recorder. The premiums on such bond and the expenses of such recording and filing shall be paid by the county. An action may be maintained on such bond by any person aggrieved by the violation of the conditions thereof. The referee has the power to take acknowledgments and administer oaths.

Sec. 24. [REPEALER.]

Minnesota Statutes 1980, Sections 484.67; 484.70, Subdivisions 2, 3, 4 and 5; 487.08, Subdivision 4; 487.09; 489.05; and 525.04, are repealed.

Sec. 25. [APPROPRIATION.]

The sum of \$..... is appropriated for the salaries and fringe benefits of the additional judges appointed pursuant to section 1.

Sec. 26. [EFFECTIVE DATE.]

Section 7 of this act is effective upon final enactment. Sections 11, 12, 13, 15, 18, 19, and 20 are effective January 1, 1982. The remaining sections are effective August 1, 1981."

Amend the title as follows:

Page 1, delete lines 12 to 23 and insert:

"changing the jurisdiction of county courts and county municipal courts; providing for the prosecution of gross misdemeanors by municipalities; creating certain judicial positions; abolishing certain judicial positions by attrition; appropriating money; amending Minnesota Statutes 1980, Sections 2.722, Subdivision 1, and by adding a subdivision; 260.031, Subdivision 1; 484.70, Subdivision 1, and by adding subdivisions; 487.03, by adding a subdivision; 487.08, Subdivisions 2 and 3; 487.15; 487.16; 487.18; 487.25, Subdivision 10; 488A.01, Subdivisions 4, 6, and 8; 488A.18, Subdivisions 4, 7, 9, and 13; 488A.27, Subdivision 11; 489.01; 525.10; repealing Minnesota Statutes 1980, Sections 484.67; 484.70, Subdivisions 2, 3, 4 and 5; 487.08, Subdivision 4; 487.09; 489.05; and 525.04."

And when so amended the bill do pass and be re-referred to the Committee

on Finance. Amendments adopted. Report adopted.

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

S. F. No. 657: A bill for an act relating to courts; providing for additional clerk and administrator duties in conciliation court; providing for a procedure to assist in collection of conciliation court judgments; changing certain deadlines; providing penalties; amending Minnesota Statutes 1980, Sections 487.30, by adding a subdivision; 488A.13, Subdivision 2; 488A.14, Subdivisions 4 and 5; 488A.16, Subdivisions 2, 5, 6 and 8; 488A.17, Subdivisions 2 and 3; 488A.30, Subdivision 2; 488A.31, Subdivisions 4 and 5; 488A.33, Subdivisions 2, 5, 7 and 8; 488A.34, Subdivisions 2 and 12.

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

Page 1, after line 15, insert:

"Section 1. Minnesota Statutes 1980, Section 487.30, Subdivision 1, is amended to read:

Subdivision 1. [JURISDICTION.] The conciliation court shall hear and determine civil claims if the amount of money or property which is the subject matter of the claim does not exceed ~~\$1,000~~ *for \$1,200*. The *hearing and determination thereof shall be* without jury trial and by a simple and informal procedure. The rules of the supreme court shall provide for a right of appeal from the decision of the conciliation court to the county court for a trial on the merits. The territorial jurisdiction of a conciliation court shall be coextensive with the county in which the court is established."

Page 1, line 18, after "4." insert "[SATISFACTION OF JUDGMENT.]"

Page 1, line 18, after "If" insert "(1)"

Page 1, line 19, after the comma, insert "(2)"

Page 1, line 20, after "and" insert "(3)"

Page 2, line 4, delete "wilfully" and insert "intentionally"

Page 2, after line 6, insert:

"Sec. 3. Minnesota Statutes 1980, Section 488A.12, Subdivision 3, is amended to read:

Subd. 3. [JURISDICTION.] (a) Excepting actions involving title to real estate, the court has jurisdiction to hear, conciliate, try and determine civil actions at law where the amount in controversy does not exceed the sum of ~~\$1000~~ *\$1,200*. The territorial jurisdiction of the court is coextensive with the geographic boundaries of the county of Hennepin.

(b) Notwithstanding the provisions of clause (a), or any rule of court to the contrary, the conciliation court of Hennepin county has jurisdiction to determine an action brought pursuant to section 504.20 for the recovery of a deposit on rental property located in whole or in part in Hennepin county, ~~and~~. The summons in the action may be served anywhere within the state of Minnesota."

Page 2, line 14, delete the second "the" and insert "other"

Page 2, line 14, strike "as may be"

Page 2, line 29, strike "said" and insert "the"

Page 3, line 5, strike "then"

Page 3, lines 7 and 8, strike "; shall" and insert a comma

Page 3, line 10, strike "shall"

Page 4, line 11, strike "thereof" and insert "of it"

Page 4, line 12, strike "so"

Page 4, line 15, strike "such"

Page 4, line 15, strike "shall file" and insert "files"

Page 4, line 19, strike "and" and insert a period

Page 4, line 20, strike "such"

Page 5, line 32, strike "therefor"

Page 6, line 16, delete "wilfully" and insert "intentionally"

Page 6, line 22, strike "so"

Page 6, line 22, strike "unless all of the following acts are performed"

Page 6, line 23, after "party" insert "unless all of the following acts are performed"

Page 6, line 24, strike "to"

Page 6, line 25, strike "Serve" and insert "Serving"

Page 6, line 36, strike "File" and insert "Filing"

Page 7, line 8, strike "and" and insert a period

Page 7, line 10, strike "such"

Page 7, line 13, strike "File" and insert "Filing"

Page 7, line 16, strike "Pay" and insert "Paying"

Page 7, line 17, strike ", plus \$5 additional" and insert "or \$7"

Page 7, line 29, strike "of this section and" and insert a period

Page 7, line 35, strike "such"

Page 7, line 36, strike "then"

Page 8, line 3, strike the second "and" and insert a period

Page 8, line 9, strike "shall"

Page 8, after line 25, insert:

"Sec. 13. Minnesota Statutes 1980, Section 488A.29, Subdivision 3, is amended to read:

Subd. 3. [JURISDICTION.] (a) Excepting actions involving title to real estate, the court has jurisdiction to hear, conciliate, try and determine civil actions at law where the amount in controversy does not exceed the sum of \$1000 \$1,200. The territorial jurisdiction of the court is coextensive with the geographic boundaries of the county of Ramsey.

(b) Notwithstanding the provisions of clause (a) or any rule of court to the contrary, the conciliation court of Ramsey county has jurisdiction to determine an action brought pursuant to section 504.20 for the recovery of a deposit on rental property located in whole or in part in Ramsey county, ~~and~~. The summons in the action may be served anywhere in the state of Minnesota."

Page 8, line 33, delete the second "the" and insert "other"

Page 8, line 34, strike "as may be"

Page 9, lines 17 and 18, strike " ; shall" and insert a comma

Page 9, line 20, strike "shall"

Page 9, line 34, after "or" insert "his"

Page 11, line 4, strike "forthwith"

Page 11, line 34, strike "so"

Page 12, line 1, after "If" insert "(1)"

Page 12, line 2, after the comma, insert "(2)"

Page 12, line 3, after "and" insert "(3)"

Page 12, line 17, delete "wilfully" and insert "intentionally"

Page 12, line 34, strike "so"

Page 12, line 34, strike "unless all of the following acts are performed"

Page 12, line 35, after "party" insert "*unless all of the following acts are performed*"

Page 12, line 36, strike "to"

Page 13, line 1, strike "Serve" and insert "Serving"

Page 13, line 12, strike "File" and insert "Filing"

Page 13, line 20, strike "and" and insert a period

Page 13, line 22, strike "such"

Page 13, line 25, strike "File" and insert "Filing"

Page 13, line 29, strike "Pay" and insert "Paying"

Page 13, line 30, strike ", plus \$6 additional" and insert "or \$12"

Page 14, line 5, strike ", and" and insert a period

Page 14, line 12, strike "such"

Page 14, line 13, strike "then"

Page 14, line 16, strike the second "and" and insert a period

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "changing the jurisdiction of conciliation courts;"

Page 1, line 7, after "487.30," insert "Subdivision 1, and"

Page 1, line 8, before "488A.13," insert "488A.12, Subdivision 3;"

Page 1, line 10, after "3;" insert "488A.29, Subdivision 3;"

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

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

S. F. No. 1164: A bill for an act relating to crimes; providing for review of sentences imposed prior to adoption of sentencing guidelines; amending Minnesota Statutes 1980, Section 244.08, Subdivision 1; proposing new law coded in Minnesota Statutes, Chapter 244.

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

Pages 1 and 2, delete section 1

Page 2, line 5, delete "Sec. 2." and insert "Section 1."

Page 2, delete lines 11 to 21 and insert "*shall decide the matter before it as quickly as possible. If the court finds that the amount of time that the petitioner is likely to be incarcerated pursuant to his present sentence is greater than that provided for by the sentencing guidelines and that it would not have departed from the sentencing guidelines had they been applicable at the time that petitioner was originally sentenced, the court shall grant the petition. If the court grants the petition, it shall resentence the petitioner pursuant to the sentencing guidelines retroactive to the date of the original sentence. The petitioner shall thereafter be subject to the law applicable to prison sentences for felonies committed on or after May 1, 1980, relative to supervised release and completion of good time. In any case where the new sentence would require discharge of the petitioner or placement upon supervised release, the petitioner may be held for 14 calendar days for the purpose of processing the release or discharge.*

Subd. 2. [HEARING.] *In considering any petition submitted pursuant to subdivision 1 of this section, the court shall consider its own records, including the presentence investigation report and all documents submitted by the petitioner or his attorney. The attorney for petitioner shall be heard by the court upon request. The presence of the petitioner shall not be required unless ordered by the court.*

Page 2, line 23, after "shall" insert "not"

Page 2, after line 25, insert:

"Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day after final enactment."

Amend the title as follows:

Page 1, delete line 4

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

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

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

S. F. No. 1170: A bill for an act relating to tort claims against the state; clarifying existing law; amending Minnesota Statutes 1980, Sections 3.732, Subdivisions 1, 2, and 3; 3.736, Subdivisions 1, 3, 4, 5, 7, 8, 9, and by adding subdivisions; 3.755; and 3.84.

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

Page 2, line 17, before "*interference*" insert "*malicious*" in both places where it occurs

Page 2, lines 32 and 34, strike "such"

Page 3, line 27, delete everything after "*provided*"

Page 3, lines 28 to 30, delete the new language

Page 4, line 4, delete "*or by*" and insert "*and in*"

Page 4, line 5, after "*regulation*" insert ", *rule*"

Page 4, line 18, delete everything after "*fees*"

Page 4, line 19, delete the new language

Page 4, line 23, delete "*solely*"

Page 4, line 25, after "*animals*" insert "*substantially*"

Page 4, line 25, reinstate the stricken language

Page 4, line 26, delete the new language

Page 5, line 5, reinstate "a"

Page 5, line 6, delete "*an adult*"

Page 5, delete lines 31 to 33

Page 5, line 34, delete "*(p)*" and insert "*(o)*"

Page 6, line 2, delete "*(q)*" and insert "*(p)*"

Page 6, line 5, delete "*(r)*" and insert "*(q)*"

Page 6, line 11, delete "*(s)*" and insert "*(r)*"

Page 6, line 17, delete "*such*" and insert "*the*"

Page 6, after line 18, insert:

"Sec. 6. Minnesota Statutes 1980, Section 3.736, is amended by adding a subdivision to read:

Subd. 3a. [PUNITIVE DAMAGES.] The state is not obligated to pay any punitive damages."

Page 7, lines 22 to 24, reinstate the stricken language

Page 7, line 24, after the comma, insert "*if known,*"

Page 9, line 32, delete "*with the exception of*" and insert "*. However,*"

Page 9, line 33, delete "*, which*"

Page 9, line 33, delete "*deemed to be*"

Page 11, line 11, delete "subdivisions" and insert "a subdivision"

Page 11, delete lines 12 to 29

Page 11, line 30, delete "13" and insert "12"

Renumber the sections in sequence

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

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

S. F. No. 311: A bill for an act relating to public utilities; providing for rights of shareholders of cooperative electric associations; proposing new law coded in Minnesota Statutes, Chapter 216B.

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

Delete everything after the enacting clause and insert:

"Section 1. [216B.166] [ELECTRIC COOPERATIVE SHAREHOLDER RIGHTS.]

Subdivision 1. [INTENT.] It is the intent of this section to specify those rights which shall be extended to members of cooperative electric associations. The guarantee of these rights, as specified herein, is intended to further the active participation of members in any and all matters pertaining to the prudent operation of their organization.

Subd. 2. [SCOPE.] Cooperative associations organized under chapter 308 for the purpose of providing rural electrification at wholesale to other Minnesota cooperative electric associations or at retail to ultimate consumers shall comply with the provisions of this section in addition to other applicable provisions of chapter 308 and other applicable state and federal laws.

Subd. 3. [BUSINESS RECORDS.] The provisions of section 301.34 and any amendments or successor requirements to it shall apply to every wholesale or retail cooperative electric association. The rights granted to wholesale and retail electric cooperative shareholders in this section shall apply also to the spouse of the shareholder. In addition to the requirements of section 301.34, a wholesale or retail electric cooperative shall maintain records of all proceedings of meetings of shareholders and directors during the previous three year period including the vote of each director on roll call votes. Roll call votes are required on actions establishing service charge and rate schedules. Roll call voting shall also be required on any matter upon the request of one or more directors.

Subd. 4. [OPEN MEETINGS.] All meetings of the board of directors of any retail or wholesale cooperative electric association shall be open to the members of the cooperative and the members' spouses. Portions of meetings relating to labor disputes, current litigation, personnel matters, nonpayment of customer accounts, and other similar subjects which must be kept confidential for effective operation shall be excluded from the provisions of this subdivision. Members shall be given reasonable notice of all meetings.

Subd. 5. [PETITIONS; VOTING.] Notwithstanding the provisions of section 308.09, upon the receipt of a written petition concerning governance

matters signed by at least 500 or 10 percent of the shareholders, whichever is less, of a retail cooperative electric association, the matter in the petition shall be presented to the shareholders of the cooperative for a vote at the next annual meeting. Petitions must be received by the cooperative electric association 120 days prior to the scheduled annual meeting. For purposes of this section, "governance matters" means matters properly contained in the articles of incorporation or bylaws by adopting, amending, or repealing bylaws or the articles of incorporation.

Subd. 6. [EQUAL TIME; PETITIONERS.] Whenever the directors of a retail cooperative electric association provide information to members to influence their vote on a matter to be decided by a vote of the members pursuant to a successful petition submitted under the provisions of subdivision 5 or section 216B.02, subdivision 4, the directors shall provide the names and last known addresses of all members to the organizers of the petition to enable them to present their position on the matter to the members.

Subd. 7. [PENALTIES.] In addition to the remedies provided in this chapter, the commission, by a majority vote of its members, may commence proceedings in the district court of any county in which repeated and willful violations of this section have occurred for a temporary or permanent injunction against any person violating any provision of this section."

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

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

S. F. No. 1188: A bill for an act relating to human rights; clarifying the meaning of reprisal; requiring an annual report to the legislature; permitting the filing of a charge of unfair discriminatory practice directly in district court; granting certain powers to the commissioner of human rights and eliminating the requirement that the commissioner provide a bond; increasing an award of punitive damages; permitting the recovery for certain damages; awarding attorneys' fees in certain cases; amending Minnesota Statutes 1980, Sections 363.03, Subdivision 7; 363.05, Subdivision 1; 363.06, Subdivisions 1, 3, and 4; 363.071, Subdivision 2; 363.14, Subdivisions 1 and 3; proposing new law coded in Minnesota Statutes, Chapter 363; repealing Minnesota Statutes 1980, Section 363.04, Subdivision 3.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1980, Section 363.03, Subdivision 7, is amended to read:

Subd. 7. [REPRISALS.] It is an unfair discriminatory practice for any employer, labor organization, employment agency, public accommodation, public service, educational institution, or owner, lessor, lessee, sublessee, assignee or managing agent of any real property, or any real estate broker, real estate salesperson or employee or agent thereof to intentionally engage in any reprisal against any person because that person:

(1) Opposed a practice forbidden under this chapter or has filed a charge, testified, assisted, or participated in any matter in an investigation, proceeding

or hearing under this chapter; or

(2) Associated with a person or group of persons of different race, color, creed, religion or national origin.

A reprisal includes, but is not limited to, any form of intimidation, retaliation, or harassment. It is a reprisal for an employer to do any of the following with respect to an individual because that individual has engaged in the activities listed in clause (1) or (2): refuse to hire the individual; depart from any customary employment practice; transfer or assign the individual to a lesser position in terms of wages, hours, job classification, job security, or other employment status; or inform another employer that the individual has engaged in the activities listed in clause (1) or (2).

Sec. 2. Minnesota Statutes 1980, Section 363.06, Subdivision 1, is amended to read:

Subdivision 1. [CHARGE FILING.] Any person aggrieved by a violation of this chapter may bring a civil action as provided in section 363.14, subdivision 1, clause (a), or may file a verified charge with the commissioner or his designated agent, stating the name and address of the person alleged to have committed an unfair discriminatory practice, setting out the details of the practice complained of and, if applicable, providing witnesses, documents, and any other information required by the commissioner. *The commissioner may dismiss a charge when the charging party fails to provide required information.* The commissioner within five days of ~~such~~ the filing shall serve a copy of the charge and a request for a response upon the respondent personally or by registered or certified mail. ~~Periodically~~ After the filing of a charge ~~but at intervals of no more than 60 days, until the charge is no longer in the jurisdiction of the department~~ the commissioner shall in writing inform the charging party of any change in the status of ~~his~~ the charge. A copy of the ~~periodic~~ notice shall be mailed to the respondent.

Sec. 3. Minnesota Statutes 1980, Section 363.06, Subdivision 3, is amended to read:

Subd. 3. [TIME FOR FILING CHARGE CLAIM.] A ~~charge claim~~ of an unfair discriminatory practice must be brought as a civil action pursuant to section 363.14, subdivision 1, clause (a), or filed in a charge with the commissioner within six months after the occurrence of the practice.

Sec. 4. Minnesota Statutes 1980, Section 363.06, Subdivision 4, is amended to read:

Subd. 4. [INQUIRY INTO CHARGE.] (1) Consistent with clause (7), when a charge has been filed, the commissioner shall promptly inquire into the truth of the allegations of the charge. The commissioner shall make an immediate inquiry when necessary to prevent a charging party from suffering irreparable loss in the absence of immediate action. *The commissioner shall also make an immediate inquiry when it appears that a charge is frivolous or without merit and shall dismiss those charges. The charging party shall be notified in writing of intent to dismiss a charge because it is frivolous or without merit ten days prior to dismissal by the commissioner. On each charge all other charges* the commissioner shall make a determination as to whether or not there is probable cause to credit the allegation of unfair discriminatory practices, and

(4) (2) If the commissioner ~~shall determine~~ determines after investigation

that no probable cause exists to credit the allegations of the unfair discriminatory practice, the commissioner shall, within ten days of the determination, serve upon the charging party and respondent written notice of the determination. ~~Within ten days after receipt of notice, the charging party may request in writing on forms prepared by the department that the commissioner reconsider his determination. The request shall contain a brief statement of the reasons for and new evidence in support of the request for reconsideration. At the time of submission of the request to the commissioner, the charging party shall deliver or mail to the respondent a copy of the request for reconsideration. The commissioner shall either reaffirm or reverse his determination of no probable cause within 20 days after receipt of the request for reconsideration, and he shall within ten days notify in writing the charging party and respondent of his decision to reaffirm or reverse.~~

A decision by the commissioner that no probable cause exists to credit the allegations of an unfair discriminatory practice shall not be appealed to district court pursuant to section 363.072 or section 15.0424.

(2) (3) If the commissioner ~~shall determine~~ *determines* after investigation that probable cause exists to credit the allegations of unfair discriminatory practices, the commissioner shall serve on the respondent and his attorney if he is represented by counsel, by first class mail, a notice setting forth a short plain written statement of the alleged facts which support the finding of probable cause and an enumeration of the provisions of law allegedly violated. If the commissioner determines that attempts to eliminate the alleged unfair practices through conciliation pursuant to subdivision 5 have been or would be unsuccessful or unproductive, the commissioner shall issue a complaint and serve on the respondent, by registered or certified mail, a written notice of hearing together with a copy of the complaint, requiring the respondent to answer the allegations of the complaint at a hearing before a hearing examiner at a time and place specified in the notice, not less than ten days after service of said complaint. A copy of the notice shall be furnished to the charging party and the attorney general.

(3) ~~After~~ (4) *If, at any time after the filing of a charge, the commissioner has determined that there is probable cause* ~~reason~~ to believe that a respondent has engaged in ~~an any~~ unfair discriminatory practice, the commissioner may file a petition in the district court in a county in which the subject of the complaint occurs, or in a county in which a respondent resides or transacts business, seeking appropriate temporary relief against the respondent, pending final determination of proceedings under this chapter, including an order or decree restraining him from doing or procuring an act tending to render ineffectual an order the commissioner may enter with respect to the complaint. The court shall have power to grant temporary relief or a restraining order as it deems just and proper, but no relief or order extending beyond ten days shall be granted except by consent of the respondent or after hearing upon notice to the respondent and a finding by the court that there is reasonable cause to believe that the respondent has engaged in a discriminatory practice. *Except as modified by this section,* the Minnesota rules of civil procedure shall apply to an application, and the district court shall have authority to grant or deny such relief sought on conditions as it deems just and equitable. All hearings under this section shall be given precedence as nearly as practicable over all other pending civil actions.

(4) (5) If a lessor, after he has engaged in a discriminatory practice defined in section 363.03, subdivision 2, clause (1), (a), shall lease or rent a dwelling unit to a person who has no knowledge of the practice or of the existence of a charge with respect to the practice, the lessor shall be liable for actual damages sustained by a person by reason of a final order as provided in this section requiring the person to be evicted from the dwelling unit.

(5) (6) In any complaint issued under this section, the commissioner may seek relief for a class of individuals affected by an unfair discriminatory practice occurring on or after a date six months prior to the filing of the charge from which the complaint originates.

(7) *The commissioner may adopt policies to determine the order in which charges are processed based on their particular social or legal significance, administrative convenience, difficulty of resolution, or other standard consistent with the provisions of this chapter.*

Sec. 5. Minnesota Statutes 1980, Section 363.06, is amended by adding a subdivision to read:

Subd. 8. [ACCESS TO DOCUMENTS.] The charging party or his representative may review the answer of the respondent to the charge submitted pursuant to subdivision 1. The department shall make these documents available to the charging party in a reasonable manner and consistent with any law requiring a state agency to make the answer available to the public.

Sec. 6. Minnesota Statutes 1980, Section 363.14, Subdivision 1, is amended to read:

Subdivision 1. [COURT ACTIONS, SUITS BY PRIVATE PARTIES, INTERVENTION.] A person may bring a civil action seeking redress for an unfair discriminatory practice; ~~upon withdrawal of the complaint from the department of human rights, at the following times:~~

(a) *Directly to district court; or*

(b) *Notwithstanding the provisions of any law to the contrary, (1) within 45 days after the commissioner has determined that there is no probable cause to credit the allegations contained in a charge filed with the commissioner; ~~or, if the charging party requested a reconsideration, within 45 days after the commissioner has reaffirmed his determination of no probable cause;~~ or (b) (2) after 45 days from the filing of a charge pursuant to section 363.06, subdivision 1 if a hearing has not been held pursuant to section 363.071 or if the commissioner has not entered into a conciliation agreement to which the charging party is a signator. The charging party shall notify the commissioner of his intention to bring a civil action, which shall be commenced within 90 days of giving the notice;*

(c) *The commissioner may discharge, without prejudice to the charging party, any case filed with the department on or before June 30, 1978. The commissioner shall notify a charging party by regular mail sent before August 1, 1981, that he has a right to bring a civil action pursuant to this section. Upon giving this notice the commissioner shall end all proceedings in the department relating to the charge. Notwithstanding any statutory period of limitation to the contrary, an individual notified pursuant to this clause may bring a civil action relating to his charge; provided that the action is filed on or*

before February 1, 1982.

A charging party bringing a civil action shall mail by registered or certified mail a copy of the summons and complaint to the commissioner, and upon his receipt thereof the commissioner shall cause all proceedings in the department relating to the charge to terminate. No charge shall be filed or reinstituted with the commissioner after a civil action relating to the same unfair discriminatory practice has been brought unless the civil action has been dismissed without prejudice.

Upon application by the complaining party to the district court at a special term thereof and in such circumstances as the court may deem just, the court may appoint an attorney for such person and may authorize the commencement of the action without payment of fees, costs, or security.

Upon timely application, the court may, in its discretion, permit the department to intervene in a civil action brought pursuant to this section upon certification that the case is of general public importance.

~~Upon request, the court may, in its discretion, stay further proceedings for not more than 60 days pending further efforts of the department to obtain voluntary compliance.~~

Sec. 7. [REPEALER.]

Minnesota Statutes 1980, Section 363.04, Subdivision 3, is repealed.

Sec. 8. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Amend the title as follows:

Page 1, delete lines 3 to 16 and insert:

"reprisal; defining certain terms; permitting the filing of a charge of unfair discriminatory practice directly in district court; permitting access to certain documents; granting certain powers to the commissioner of human rights and eliminating the requirement that the commissioner provide a bond; increasing an award of punitive damages; permitting the recovery for certain damages; amending Minnesota Statutes 1980, Sections 363.03, Subdivision 7; 363.06, Subdivisions 1, 3, and 4, and by adding a subdivision; 363.14, Subdivision 1; repealing Minnesota Statutes 1980, Section 363.04, Subdivision 3."

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

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

S. F. No. 398: A bill for an act relating to commerce; modifying the definition of continuing care for purposes of the continuing care facility registration act; amending Minnesota Statutes 1980, Section 80D.02, Subdivision 2.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1980, Section 80D.01, is amended to read:

80D.01 [SHORT TITLE.]

Sections 80D.01 to 80D.16 may be cited as the Continuing Care Facility ~~Registration~~ *Disclosure and Rehabilitation Act*.

Sec. 2. Minnesota Statutes 1980, Section 80D.02, Subdivision 2, is amended to read:

Subd. 2. "Continuing care" means the furnishing to an individual, other than an individual related by blood or marriage to the person furnishing the care, of board ~~and~~, lodging ~~together with~~, and nursing service, medical service or other health related service, regardless of whether or not the lodging and service are provided at the same location, pursuant to a written agreement effective for the life of the individual or for a period in excess of one year ~~but does not include care furnished in a nursing home licensed pursuant to chapter 144A, which is conditioned upon the payment of an entrance fee in excess of \$100 and the payment of regular periodic charges for the care provided.~~

Sec. 3. Minnesota Statutes 1980, Section 80D.02, is amended by adding a subdivision to read:

Subd. 2a. "Life care" means "continuing care" as defined in subdivision 2.

Sec. 4. Minnesota Statutes 1980, Section 80D.03, Subdivision 1, is amended to read:

Subdivision 1. A provider shall not enter into a contract that requires or permits the payment of an entrance fee in consideration for a promise to provide continuing care in the facility, if the facility is or will be located in this state, or if the provider or a person acting on the provider's behalf solicits the contract within this state and the person to be provided with continuing care under the contract resides within this state at the time of the solicitation, ~~unless the facility is registered under this section the provider has filed in the office of the county recorder of the county in which the facility is or will be located, a current disclosure statement which meets the requirements of section 80D.04, a verified statement of the escrow agent to the effect that the escrow required by section 80D.05 or 80D.06 has been established, and a filing fee in the amount of \$100 has been paid.~~

Sec. 5. Minnesota Statutes 1980, Section 80D.04, is amended to read:

80D.04 [DISCLOSURE STATEMENT.]

Subdivision 1. [GENERALLY.] Before the execution of a contract to provide continuing care, or before the transfer of any money or other property to a provider by or on behalf of a prospective resident, whichever occurs first, the provider shall deliver a disclosure statement to the person with whom the contract is to be entered into or, the person's legal representative, the text of which shall contain, to the extent not clearly and completely set forth in the contract for continuing care attached as an exhibit thereto, at least the following information:

(a) The name and business address of the provider and a statement of whether the provider is a partnership, corporation, or other type of legal entity;

(b) The names of the officers, directors, trustees, or managing or general partners of the provider, *and any person having a ten percent or greater equity*

or beneficial interest in the provider, and a description of the person's interest in or occupation with the provider;

(c) A description of the business experience of With respect to the provider, any person named pursuant to paragraph (b) and of the proposed manager of the facility if the facility will be managed on a day to day basis by an organization a person other than the provider,

(1) A description of the person's business experience, if any, in the operation or management of similar facilities;

(2) The name and address of any professional service, firm, association, trust, partnership or corporation in which the person has, or which has in the person, a ten percent or greater interest and which will or may provide goods, leases, or services to the facility of a value of \$500 or more within any year, including a description of the goods, leases, or services and the probable or anticipated cost thereof to the facility or provider or a statement that the cost cannot presently be estimated; and

(3) A description of any matter in which the person has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment if the felony or civil action involved fraud, embezzlement, fraudulent conversion or misappropriation of property; or is subject to a currently effective injunctive or restrictive order of a court of record, or within the past five years has had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relating to business activity or health care, including without limitation actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged, or facility subject to this section or a similar act in another state;

(d) A statement as to whether or not the provider is, or is affiliated with, a religious, charitable or other nonprofit organization; the extent of the affiliation, if any; the extent to which the affiliate organization is responsible for the financial and contract obligations of the provider; and the provision of the federal internal revenue code under which the provider or affiliate is exempt from the payment of income tax, if any;

(e) The location and description of the physical property of the facility, existing or proposed; and to the extent proposed, the estimated completion date or dates, whether or not construction has begun and the contingencies subject to which construction may be deferred;

(f) The goods and services provided or proposed to be provided under contracts for continuing care at the facility, including the extent to which medical care is furnished. The disclosure statement shall clearly state which goods and services are included in basic contracts for continuing care and which goods and services are made available at or by the facility at extra charge and whether they are provided by an affiliate;

(g) A description of all fees required of residents, including the entrance fee and periodic charges, if any. The description shall include:

(1) A statement of the fees that will be charged if the resident marries while at the facility, and a statement of the terms concerning the entry of a spouse to the facility and the consequences if the spouse does not meet the requirement for

entry;

(2) The circumstances under which the resident will be permitted to remain in the facility in the event of possible financial difficulties of the resident;

(3) The terms and conditions under which a contract for continuing care at the facility may be canceled by the provider or by the resident; and the conditions, ~~if any~~, under which all or any portion of the entrance fee will be refunded in the event of cancellation of the contract by the provider or by the resident or in the event of the death of the resident prior to or following occupancy of a living unit;

(4) The conditions under which a living unit occupied by a resident may be made available by the facility to a different or new resident other than on the death of the original resident; and

(5) The manner by which the provider may adjust periodic charges or other recurring fees and the limitations on these adjustments, if any. If the facility is already in operation, or if the provider or manager operates one or more similar facilities within this state, there shall be included tables showing the frequency and average dollar amount of each increase in periodic rates at each facility for the previous five years or for whatever period that the provider or manager has operated the facility if this period is less than five years;

(h) The health and financial conditions required for an individual to be accepted as a resident and to continue as a resident once accepted, including the effect of any change in the health or financial condition of a person between the date of entering a contract for continuing care and the date of initial occupancy of a living unit by that person;

(i) The provisions that have been made or will be made, ~~if any~~, to provide reserve funding or security to enable the provider to fully perform its obligations under contracts to provide continuing care at the facility, including the establishment of escrow accounts, trusts or reserve funds, together with the manner in which the funds will be invested and the names and experience of persons who will make the investment decisions;

(j) Financial statements of the provider which shall be prepared in accordance with generally accepted accounting principles and audited by an independent certified public accountant who shall express an opinion thereon and shall include a balance sheet as of the end of the most recent fiscal year and income statements for the three most recent fiscal years of the provider or for whatever period the provider has operated the facility if this period is less than three years. If the provider's fiscal year ended more than 90 days prior to the date the application is filed, interim financial statements as of a date not more than 90 days prior to the filing shall be included, but need not be certified;

(k) If operation of the facility has not yet commenced, a statement of the anticipated source and application of the funds used or to be used in the purchase or construction of the facility, including:

(1) An estimate of the cost of purchasing or constructing and equipping the facility including such related costs as financing expense, legal expense, land costs, occupancy development costs, and all other similar costs that the provider expects to incur or become obligated for prior to the commencement of operations;

(2) A description of any mortgage loan or other long term financing intended to be used for the financing of the facility, including the anticipated terms and costs of the financing;

(3) An estimate of the total entrance fees to be received from residents at or prior to commencement of operation of the facility; and

(4) An estimate of the funds, if any, that are anticipated to be necessary to fund start-up losses and provide reserve funds to assure full performance of the obligations of the provider under contracts for the provision of continuing care;

(l) Pro forma annual income statements for the facility for a period of not less than five fiscal years, including:

(1) A beginning cash balance consistent with the certified income statement required by clause (j) or, if operation of the facility has not commenced, consistent with the statement of anticipated source and application of funds required by clause (k);

(2) Anticipated earnings on cash reserves, if any;

(3) Estimates of net receipts from entrance fees, other than entrance fees included in the statement of source and application of funds required by clause (k), less estimated entrance fee refunds, if any. A description of the actuarial basis and method of calculation for the projection of entrance fee receipts shall be included;

(4) An estimate of gifts or bequests to be relied on to meet operating expenses and the basis therefor;

(5) A projection of estimated income from fees and charges other than entrance fees, showing individual rates presently anticipated to be charged and including a description of the criteria used for calculating the estimated occupancy rate of the facility and the effect on the income of the facility of government subsidies for health care services to be provided pursuant to the contracts for continuing care;

(6) A projection of estimated operating expenses of the facility, including a description of the assumptions used in calculating the expenses, and separate allowances, if any, for the replacement of equipment and furnishings and anticipated major structural repairs or additions; and

(7) An estimate of annual payments of principal and interest required by any mortgage loan or other long term financing; and

(m) Other material information concerning the facility or the provider that is required by the commissioner or that the provider wishes to include.

Subd. 2. [COVER PAGE DISCLOSURES.] The cover page of the disclosure statement shall state, in a prominent location and in boldface type, the date of the disclosure statement and that registration of the facility does not constitute approval, recommendation or endorsement of the facility by the commissioner, nor does the registration evidence the accuracy or completeness of the information set out in the disclosure statement; the last date through which that disclosure statement may be delivered if not earlier revised, and that delivery of the disclosure statement to a contracting party before the execution of a contract for the provision of continuing care is required by sections 80D.01 to 80D.16 but that the disclosure statement has not been reviewed or

approved by any government agency or representative to insure accuracy or completeness of the information set out.

Subd. 3. [CONTRACT FORMS.] A copy of the standard form or forms of contract for continuing care used by the provider shall be attached as an exhibit to each disclosure statement. Each contract shall provide that:

(a) The party contracting with the provider may for any reason rescind the contract within ten days following the later of the execution of the contract or the receipt of the disclosure statement, in which event any money or property transferred to the provider shall be returned in full. The resident to whom the contract pertains is not required to move into the facility before the expiration of the ten day period; and

(b) If a resident dies before occupying a living unit in the facility, or if on account of illness, injury or incapacity would be precluded from occupying a living unit in the facility under the terms of the contract for continuing care, the contract is automatically canceled and the resident or legal representative of the resident shall receive a refund of all money or property transferred to the provider, less (a) those costs specifically incurred by the provider or facility at the request of the resident and described in the contract or an addendum thereto signed by the resident; and (b) a reasonable service charge, if set out in the contract, not to exceed the greater of \$350 or two percent of the entrance fee.

Subd. 4. [PLAIN LANGUAGE.] With the prior approval of the commissioner, in lieu of the disclosure statement required by this section a provider may deliver a disclosure statement or similar document containing substantially the information required by this section and prepared in compliance with laws of another state or of the United States;

Subd. 5. (a) The disclosure statement required by this section shall be in a form approved by the commissioner.

(b) The statement shall be written in language easily readable and understandable by a person of average intelligence and education.

In determining whether a statement is readable, the commissioner shall consider at least the following factors:

(1) The simplicity of the sentence structure and the shortness of the sentences used;

(2) The extent to which commonly used and understood words are employed;

(3) The extent to which legal terms are avoided;

(4) The extent to which references to other sections or provisions of the statement are minimized;

(5) The extent to which definitional provisions are incorporated in the text of the statement; and

(6) Any additional factors relevant to the readability or understandability of the statement that the commissioner prescribes by rule.

(c) The statement shall disclose the names of any affiliates who may provide goods or services.

Subd. 5. [ACKNOWLEDGMENT.] The last page of the disclosure state-

ment shall consist of a detachable "acknowledgment of receipt" which shall be signed and dated by the prospective resident and a copy of which shall be kept on file in the office of the provider for four years from the date of the acknowledgment.

Sec. 6. Minnesota Statutes 1980, Section 80D.05, is amended to read:

80D.05 [ENTRANCE FEE ESCROW.]

Subdivision 1. [ESCROW ACCOUNT; RELEASE OF FEES.] ~~As a condition of registration under section 80D.03, the commissioner shall require that Prior to soliciting or entering into any contract for the provision of continuing care, the provider shall establish an escrow account with a bank, or trust company or other having its principal place of business in this state, as an escrow agent approved by the commissioner, and that any~~ , an entrance fees received by the provider fee escrow pursuant to which the provider shall deposit with the escrow agent, within 72 hours of receipt by the provider, each entrance fee or portion of an entrance fee received by the provider from or on behalf of a resident prior to the date the resident is permitted to occupy a living unit in the facility be placed in the escrow account, subject to release as follows:

(a) If the entrance fee applies to a living unit that has been previously occupied in the facility, the entrance fee shall be released to the provider at the time the living unit becomes available for occupancy by the new resident, or shall be returned to the resident or the resident's personal representative under the conditions described in section 80D.04, subdivision 3, if the escrow agent has received written demand for return of the entrance fee prior to the release thereof to the provider;

(b) If the entrance fee applies to a living unit which has not previously been occupied by any resident, the entrance fee shall be returned to the resident or the resident's legal representative under the conditions described in section 80D.04, subdivision 3, ~~or if the escrow agent receives written demand for return of the entrance fee prior to release thereof to the provider, or the entrance fee shall be released to the provider at the time the commissioner is satisfied that all of the following conditions have been met:~~

(1) The facility has 65 percent of its units reserved as determined by signed written agreements and minimum deposits received; or if the written agreement requires a minimum deposit of more than one-third of the entrance fee, then the facility may have 50 percent of the units reserved and 50 percent of the facility must be completely constructed; and

(2) The sum of entrance fees received or receivable by the provider pursuant to binding contracts for continuing care, plus the anticipated proceeds of any first mortgage loan or other long-term financing commitment, plus funds from other sources in the actual possession of the provider, equals or exceeds the sum of 90 percent of the aggregate cost of constructing or purchasing, equipping and furnishing the facility plus 90 percent of the funds estimated in the statement of anticipated source and application of funds submitted by the provider as part of its permit application, to be necessary to fund start-up losses of the facility plus 90 percent of the amount of the reserve fund escrow, if any, required to be maintained by the provider pursuant to section 80D.06; and

(3) A commitment has been received by the provider for any permanent mortgage loan or other long term financing described in the statement of

anticipated source and application of funds ~~submitted by the provider as part of its registration application included in the current disclosure statement on file pursuant to section 80D.04~~, and any conditions of the commitment prior to disbursement of funds thereunder, other than completion of the construction or closing of the purchase of the facility, have been substantially satisfied; and

(4) If construction of the facility has not been substantially completed, all governmental permits or approvals necessary prior to the commencement of construction have been obtained; and a maximum price contract has been entered into between the provider and a general contractor responsible for construction of the facility; a bond covering the faithful performance of the construction contract by the general contractor and the payment of all obligations arising thereunder has been issued by an insurer authorized to do business in this state with the provider as obligee; a loan agreement has been entered into by the provider for an interim construction loan in an amount which, when combined with the amount of entrance fees then held in escrow under the provisions of this section plus the amount of funds from other sources then in the actual possession of the provider, will equal or exceed the estimated cost of constructing, equipping and furnishing the facility; not less than ten percent of the amount of the construction loan has been disbursed by the lender for physical construction or site preparation work completed; and orders at firm prices have been placed by the provider for not less than 50 percent in value, including installation charges if applicable, of items necessary for equipping and furnishing the facility in accordance with the description set forth in the disclosure statement required by section 80D.04; or

If construction or purchase of the facility has been substantially completed, an occupancy permit covering the living unit has been issued by the local government having authority to issue these permits.

Subd. 2. [LIMITATION.] The aggregate amount of entrance fees which may be released to the provider pursuant to subdivision 1, clause (b) prior to the date on which any reserve fund escrow under section 80D.06 is established shall not exceed the aggregate amount of entrance fees then received or receivable by the provider pursuant to binding contracts for continuing care less the amount of the entrance fees received or receivable which will be required to be initially maintained in the reserve fund escrow;

Subd. 3. [FEE RETURNED AFTER 36 MONTHS.] ~~If the funds in an escrow account an entrance fee to which subdivision 1, clause (b) applies are is not released pursuant thereto within a period of 36 months from receipt of the entrance fee by the provider or within a greater time that has been specified by the provider with the consent of the commissioner, or any extensions thereof approved by the commissioner in writing in the disclosure statement delivered, pursuant to section 80D.04, to the person with whom the contract for continuing care to which the entrance fee pertains was made, then the funds fee shall be returned by the escrow agent to the persons who had paid them to the provider.~~

Subd. 4. [NONREFUNDABLE APPLICATION FEES.] Nothing in this section requires the escrow of any nonrefundable application fee that does not exceed two percent of the entrance fee and is clearly designated as such in the contract for continuing care.

Subd. 5. [ACCRUED INTEREST.] ~~In lieu of any escrow which is required~~

by the commissioner under this section; a provider may post a bond issued by an insurer authorized to do business in this state. The bond shall be filed with the commissioner with the state as obligee, conditioned for the prompt payment to persons who are entitled to a refund of entrance fees from the provider.

Subd. 6. Interest accrued on entrance fees or deposits held in escrow is the property of the provider *only if the funds are ultimately released to the provider.*

Subd. 6. [RESIDENT COPY OF ESCROW AGREEMENT.] *The provider shall provide each prospective resident who has signed a contract for continuing care with a copy of the escrow agreement referred to in subdivision 1, which agreement shall set forth the name, address, and telephone number of the escrow agent.*

Sec. 7. Minnesota Statutes 1980, Section 80D.06, is amended to read:

80D.06 [RESERVE FUND ESCROW.]

Subdivision 1. [ESCROW ACCOUNT; RELEASE OF FUNDS.] *As a condition of initial or continuing registration under section 80D.03 At the time a facility is first occupied by any resident and thereafter, the commissioner shall require the provider to shall establish at the time the facility is first occupied by any resident and thereafter, to and maintain on a current basis, in escrow with a bank, or trust company or other escrow agent approved by the commissioner having its principal place of business in this state, as an escrow agent, a portion of all entrance fees received by the provider in an aggregate amount of up to the total of all principal and interest payments due during the next 12 months on account of any first mortgage loan or other long term financing of the facility. The funds in the escrow account may be invested with the earnings thereon payable to the provider. If the provider requests and sets forth its reasons in writing, the escrow agent shall release up to 1/12 of the original principal balance of the escrow account. A release of funds shall not be made more than once during any calendar month, and then only after the escrow agent has given written notice of the release and the reasons therefor to the commissioner any resident or association of residents, or the legal representative of a resident or association of residents, that has requested it at least ten days prior to the release.*

The provider shall notify the commissioner ten days prior to any withdrawal from the reserve fund and the reasons therefor. Any person or affiliate of any person that controls any part of the reserve escrow fund comprised in part or totally of funds removed from the provider's resources, is liable for the debts of the provider up to the amount of the provider's contribution to the fund plus any prorated interest the fund may earn.

Subd. 2. [FACILITIES ESTABLISHED PRIOR TO 1975.] *In those instances where a provider has been offering continuing care in a facility since prior to January 1, 1975, the following shall apply. The provider shall establish a reserve escrow fund and shall contribute to it a portion 15 percent of each new entrance fee in a percentage to be determined by the commissioner received by the provider after December 31, 1981. The funds thereby received shall be permitted to accumulate until there is in the reserve fund an amount equal to the total of all principal and interest payments due during the next 12 months on account of any first mortgage loan or other long term financing obligation of*

the facility. The commissioner may by rule or order require of any facility subject to the lower escrow requirements of subdivision 2, the posting of a surety bond in an amount sufficient to protect the total of all principal and interest payments due during the next 12 months on account of any first mortgage loan or other long term financing obligation of the facility. A copy of the bond is to be filed with the commissioner.

Sec. 8. Minnesota Statutes 1980, Section 80D.08, is amended to read:

80D.08 [LIEN ON BEHALF OF RESIDENTS.]

The provider shall notify the commissioner at the time the facility is ready for occupancy. Upon receiving this notification the commissioner shall file *Effective at the time a facility is first occupied by any resident, there shall exist* a lien on the real and personal property of the provider or facility to secure the obligations of the provider pursuant to existing and future contracts for continuing care. A lien filed under this section is effective for a period of ten years following the filing and may be extended by the commissioner upon a finding that the extension is advisable for the protection of residents of the facility. The lien may be foreclosed upon the liquidation of the facility or the insolvency or bankruptcy of the provider, and in that event the proceeds shall be used in full or partial satisfaction of obligations of the provider pursuant to contracts for continuing care then in effect. The lien provided for in this section is subordinate to the lien of any first mortgage on the real property of the facility and may be subordinated with the written consent of the commissioner to the claims of other persons if the commissioner determines the subordination to be advisable for the efficient operation of the facility.

Sec. 9. Minnesota Statute 1980, Section 80D.09, is amended to read:

80D.09 [ANNUAL REPORT REVISED DISCLOSURE.]

The registration of a facility under section 80D.03 remains effective until withdrawn by the provider or revoked or suspended by the commissioner under section 80D.12. Annually within 120 days following the end of the provider's fiscal year, unless the time is extended with the written consent of the commissioner, the provider shall file with the commissioner an annual report that includes county recorder of the county in which the facility is or will be located a revised disclosure statement setting forth, as of the end of the fiscal year, information meeting the requirements of section 80D.04, and pay a \$100 filing fee. The annual report revised disclosure statement shall be accompanied by include a narrative describing any material differences between (a) the pro forma income statements filed in response to section 80D.04, subdivision 1, clause (1) as a part of the disclosure statement filed most immediately preceding registration application or annual report subsequent to the start of the provider's most recently completed fiscal year and (b) the actual results of operations during the fiscal year together with the revised pro forma income statements being filed as a part of the current annual report revised disclosure statement. A provider may amend, upon payment of a \$100 filing fee, revise its disclosure statement on file with the commissioner county recorder at any other time if, in the opinion of the provider, an amendment revision is necessary to prevent the disclosure statement from containing a material misstatement of fact or omitting to state a material fact required to be stated therein. Only the most recently filed disclosure statement with respect to a facility, and in any event only a disclosure statement dated within 120 days prior to the date

as of which the determination is made, shall be deemed current for purposes of sections 80D.01 to 80D.16 or be delivered pursuant to section 80D.04. In addition, the provider shall make the revised disclosure statement available for inspection by residents during regular business hours.

Sec. 10. Minnesota Statutes 1980, Section 80D.11, is amended to read:

80D.11 [REHABILITATION OR LIQUIDATION.]

Subdivision 1. [APPOINTMENT OF TRUSTEES.] ~~If the commissioner determines, after notice and an opportunity for the provider to be heard, that (a) a portion of a reserve fund escrow required under section 80D.06 has been or is proposed to be released, or (b) a provider has been or will be unable, in a manner as may endanger the ability of the provider to fully perform its obligations pursuant to contracts for continuing care or to meet the pro forma income or cash flow projections previously filed by the provider, or (c) a provider is bankrupt or insolvent or in imminent danger of becoming bankrupt or insolvent has filed for protection from creditors under any federal or state bankruptcy or insolvency law, then the commissioner~~ any resident or association of residents, or the legal representative of a resident or association of residents, may apply to a district court of this state, or to the federal bankruptcy court which may have previously taken jurisdiction over the provider or facility for an order directing the ~~commissioner, or authorizing the commissioner to appoint~~ appointment of a trustee, to rehabilitate or liquidate a facility.

Subd. 2. [REHABILITATION.] An order to rehabilitate a facility shall direct the ~~commissioner or~~ trustee to take possession of the property of the provider and to conduct the business thereof, including the employment of such managers or agents as the ~~commissioner or~~ trustee may deem necessary, and to take steps as the court may direct toward removal of the causes and conditions which have made rehabilitation necessary.

Subd. 3. [TERMINATION OF REHABILITATION; RETURN OF FACILITY TO PROVIDER.] If the court finds, upon petition of the ~~commissioner~~, trustee or the provider, or on its own motion, that the objectives of an order to rehabilitate a provider have been accomplished and that the facility can be returned to the provider's management without further jeopardy to the residents of the facility, creditors, owners of the facility, or to the public, the court may, upon a full report and accounting of the conduct of the facility's affairs during the rehabilitation and of the facility's current financial condition, terminate the rehabilitation and by order return the facility and its assets and affairs to the provider's management.

Subd. 4. [LIQUIDATION.] If, at any time, the ~~commissioner~~ trustee determines that further efforts to rehabilitate the provider would be useless, it may apply to the court for an order of liquidation.

Subd. 5. [REHABILITATION ATTEMPT NOT NECESSARY PRIOR TO LIQUIDATION.] An order to liquidate a facility may be issued ~~upon application of the commissioner~~ whether or not there has been issued a prior order to rehabilitate the facility. The order shall ~~act as a revocation of the registration of the facility under section 80D.03, and shall order the commissioner or~~ appoint a trustee to marshal and liquidate all of the provider's assets located within this state. *Effective upon the entry of an order to liquidate a facility, no additional contracts for the provision of continuing care at that facility shall be made by*

any person.

Subd. 6. [CONSIDERATION OF WELFARE OF RESIDENTS.] In ~~ap-
plying connection with an application~~ for an order to rehabilitate or liquidate a facility, ~~the commissioner~~ a court shall give due consideration to the manner in which the welfare of persons who have previously contracted with the provider for continuing care may be best served. In furtherance of this objective, the proceeds of any lien ~~obtained by the commissioner~~ pursuant to section 80D.08 may be used in full or partial payment of entrance fees, on behalf of residents of a facility being liquidated, to other facilities ~~registered under section 80D.03~~ then in compliance with the provisions of sections 80D.01 to 80D.16.

Subd. 7. An order for rehabilitation under this section shall be refused or vacated if the provider posts a bond issued by an insurer authorized to do business in this state. The bond shall be filed with the commissioner, with the state as obligee, conditioned for the prompt payment to persons who are entitled to a refund of entrance fees from the provider or for the prompt payment of other damages, in the event the provider is unable to fulfill its contracts to provide continuing care at the facility. The bond shall be in an amount determined by the court to be equal to the reserve funding which would otherwise be needed to fulfill the obligations.

Sec. 11. Minnesota Statutes 1980, Section 80D.13, Subdivision 1, is amended to read:

Subdivision 1. Any person who, as or on behalf of a provider, enters into a contract for continuing care at a facility that is not registered under section 80D.03, or enters into a contract for continuing care at a facility without having first delivered a disclosure statement meeting the requirements of section 80D.04 to the person contracting for the continuing care, or enters into a contract for continuing care at a facility with a person who has relied on a disclosure statement that omits to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading, is liable to the person contracting for the continuing care for damages and repayment of all fees paid to the provider, facility or person violating sections 80D.01 to 80D.12, less the reasonable value of care and lodging provided to the resident by or on whose behalf the contract for continuing care was entered into prior to discovery of the violation, misstatement or omission or the time the violation, misstatement or omission should reasonably have been discovered, together with interest thereon at the legal rate for judgements, and court costs and reasonable attorney fees.

Sec. 12. Minnesota Statutes 1980, Section 80D.16, is amended to read:

80D.16 [CRIMINAL PENALTIES.]

Any person who willfully and knowingly violates any provision of sections 80D.03 to 80D.16, or any rule hereunder, shall upon conviction be fined not more than \$10,000 or imprisoned not more than one year, or both.

The commissioner may refer evidence concerning violations of sections 80D.03 to 80D.16 or of any rule hereunder to the attorney general or the proper county attorney who may, with or without the reference, institute the appropriate criminal proceedings.

Nothing in sections 80D.03 to 80D.16 limits the power of the state to punish

any person for any conduct which constitutes a crime under any other statute.

Sec. 13. Minnesota Statutes 1980, Section 82.18, is amended to read:

82.18 [EXCEPTIONS.]

Unless a person is licensed or otherwise required to be licensed under this chapter, the term real estate broker does not include:

(a) A licensed practicing attorney acting solely as an incident to the practice of law, provided, however, that the attorney complies in all respects with the trust account provisions of this chapter;

(b) A receiver, trustee, administrator, guardian, executor, or other person appointed by or acting under the judgment or order of any court;

(c) Any person owning and operating a cemetery and selling lots therein solely for use as burial plots;

(d) Any custodian, janitor, or employee of the owner or manager of a residential building who leases residential units in such building;

(e) Any bank, trust company, savings and loan association, public utility, or any land mortgage or farm loan association organized under the laws of this state or the United States, when engaged in the transaction of business within the scope of its corporate powers as provided by law;

(f) Public officers while performing their official duties;

(g) Employees of persons enumerated in clauses (b), (e) and (f), when engaged in the specific performance of their duties;

(h) Any person who acts as an auctioneer bonded in conformity with section 330.02, when he is engaged in the specific performance of his duties as an auctioneer;

(i) Any person who acquires such real estate for the purpose of engaging in and does engage in, or who is engaged in the business of constructing residential, commercial or industrial buildings for the purpose of resale, provided that no more than 25 such transactions occur in any 12 month period and that the person complies with section 82.24;

(j) Any person who offers to sell or sells an interest or estate in real estate which is a security registered pursuant to chapter 80A, when acting solely as an incident to the sale of such securities;

(k) Any person who offers to sell or sells a business opportunity which is a franchise registered pursuant to chapter 80C, when acting solely to sell the franchise;

(l) Any person who contracts with or solicits on behalf of a provider a contract with a resident or prospective resident to provide continuing care in a facility that is registered, pursuant to the continuing care facility registration disclosure and rehabilitation act (chapter 80D), when acting solely as incident to the contract.

Sec. 14. [REPEALER.]

Minnesota Statutes 1980, Sections 80D.02, Subdivision 3; 80D.03, Subdivisions 3 and 4; 80D.10; 80D.12; 80D.14; 80D.15; 80D.17; and 80D.18,

are repealed.

Sec. 15. [EFFECTIVE DATE.]

Sections 1 to 14 are effective October 1, 1981."

Amend the title as follows:

Page 1, line 2, delete "modifying" and insert "clarifying"

Page 1, delete lines 3 to 5 and insert:

"'continuing care'; providing for implementation of the continuing care facilities disclosure and rehabilitation act in a self-executing manner; amending Minnesota Statutes 1980, Sections 80D.01; 80D.02, Subdivision 2, and by adding a subdivision; 80D.03, Subdivision 1; 80D.04; 80D.05; 80D.06; 80D.08; 80D.09; 80D.11; 80D.13, Subdivision 1; 80D.16; and 82.18; repealing Minnesota Statutes 1980, Sections 80D.02, Subdivision 3; 80D.03, Subdivisions 3 and 4; 80D.10; 80D.12; 80D.14; 80D.15; 80D.17; and 80D.18."

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

SECOND READING OF SENATE BILLS

S. F. Nos. 1154, 1002, 227, 1057, 73, 793, 464, 76, 373, 659, 308, 642, 846, 460, 960, 1172, 1056, 937, 758, 694, 1125, 657, 1164, 1170, 311, 1188 and 398 were read the second time.

SECOND READING OF HOUSE BILLS

H. F. No. 574 was read the second time.

MOTIONS AND RESOLUTIONS

Mr. Nelson moved that the name of Mr. Nichols be stricken as co-author to S. F. No. 559. The motion prevailed.

Mr. Nelson moved that the name of Mr. Dicklich be added as co-author to S. F. No. 559. The motion prevailed.

Mr. Purfeerst moved that the name of Mr. Stern be added as co-author to S. F. No. 899. The motion prevailed.

Mr. Dicklich moved that his name be stricken as co-author to S. F. No. 1234. The motion prevailed.

Mr. Tennesen moved that H. F. No. 972 be withdrawn from the Committee on Commerce and re-referred to the Committee on Rules and Administration for comparison with S. F. No. 846. The motion prevailed.

Mr. Setzepfandt introduced—

Senate Resolution No. 50: A Senate resolution stating the necessity of farmer-owned cooperative refineries to have a stable supply of crude oil.

Referred to the Committee on Rules and Administration.

Mr. Olhoft introduced—

Senate Resolution No. 51: A Senate resolution relating to the city of Fergus

Falls; extending congratulations upon being selected an All-America City.

Referred to the Committee on Rules and Administration.

Mr. Peterson, C. C. moved that S. F. No. 354 be taken from the table. The motion prevailed.

CONCURRENCE AND REPASSAGE

Mr. Peterson, C. C. moved that the Senate concur in the amendments by the House to S. F. No. 354 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 354: A bill for an act relating to taxation; estate tax; clarifying certain deductions; updating references to internal revenue code; clarifying the method of computing credits; clarifying exemptions and exclusions; providing for a statute of limitations; eliminating obsolete references; providing disclosure of data to certain persons; clarifying recording procedures; amending Minnesota Statutes 1980, Sections 290.01, Subdivision 20; 291.005, Subdivision 1; 291.03, Subdivision 1; 291.05; 291.065; 291.07, Subdivision 1; 291.08; 291.09, Subdivision 3a; 291.31, Subdivision 1; 291.48; and 600.21.

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

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

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

Those who voted in the affirmative were:

Ashbach	Davis	Langseth	Peterson, C. C.	Stern
Bang	Dieterich	Lantry	Peterson, D. L.	Stokowski
Belanger	Engler	Lessard	Peterson, R. W.	Taylor
Benson	Frank	Lindgren	Pillsbury	Tennesen
Berg	Frederick	Luther	Ramstad	Ulland
Bernhagen	Frederickson	Menning	Renneke	Waldorf
Bertram	Hughes	Merriam	Rued	Willet
Brataas	Johnson	Moe, R. D.	Schmitz	
Chmielewski	Keefe	Nelson	Setzepfandt	
Dahl	Kroening	Olhoft	Sikorski	
Davies	Kronebusch	Pehler	Spear	

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

GENERAL ORDERS

The Senate resolved itself into a Committee of the Whole, with Mr. Pehler in the chair.

After some time spent therein, the committee arose, and Mr. Pehler reported that the committee had considered the following:

S. F. Nos. 353, 358, 849, 333 and 436, which the committee recommends to pass.

S. F. No. 64, which the committee reports progress, subject to the following motions:

Mr. Davies moved to amend S.F. No. 64 as follows:

Amend the title as follows:

Page 1, line 11, delete "prohibiting short-term policies;"

The motion prevailed. So the amendment was adopted.

Mr. Davies then moved to amend S. F. No. 64 as follows:

Page 2, line 9, delete "until January 1," and insert ", but for injury arising after December 31, 1981, the maximum is"

Page 2, line 10, delete "1982, and" and delete "thereafter"

Page 2, line 22, delete "until January 1, 1982, and" and insert ", but for injury arising after December 31, 1981, the maximum is"

Page 2, line 23, delete "thereafter"

Page 3, line 7, delete "until January 1, 1982, and" and insert ", but for injury arising after December 31, 1981, the maximum is"

Page 3, line 8, delete "thereafter"

Page 4, line 5, delete "until January 1, 1982, and" and insert ", but for injury arising after December 31, 1981, the maximum is"

Page 4, line 6, delete "thereafter"

Page 6, line 12, strike "said"

Page 6, line 15, after "who" insert ", because of injury,"

Page 6, line 17, strike "because of injury"

Page 7, line 11, delete "in an"

Page 7, delete line 12

Page 7, line 13, delete "limits,"

Page 7, line 17, after the comma, insert "but only"

Page 7, line 18, delete "this coverage" and insert "his own residual liability limits"

Page 7, line 21, after "subrogated" insert "as"

Page 7, line 21, after "pays" insert "pursuant to this coverage"

Page 7, line 22, after "judgment" insert a comma and after "any" insert a comma

Page 7, line 23, delete "money" and insert "amount"

Page 7, line 27, delete "clause (1)" and insert "clauses (1) and (5)"

Page 7, after line 34, insert:

"(c) The amendment in section 9 to subdivision 4, clause (4), is intended to continue and clarify that provision."

The motion prevailed. So the amendment was adopted.

Mr. Davies then moved to amend S.F. No. 64 as follows:

Page 5, line 3, delete "\$50,000" and insert "\$40,000"

Page 5, line 5, delete "\$100,000" and insert "\$80,000"

Page 6, line 10, delete "\$50,000" and insert "\$40,000"

Page 6, line 12, delete "\$100,000" and insert "\$80,000"

The motion prevailed. So the amendment was adopted.

Mr. Davies then moved to amend S.F. No. 64 as follows:

Page 1, line 26, delete "\$100,000" and insert "\$80,000"

Page 1, line 30, delete "\$70,000" and insert "\$50,000"

The motion prevailed. So the amendment was adopted.

S. F. No. 64 was then progressed.

S. F. No. 179, which the committee recommends to pass with the following amendment offered by Mr. Chmielewski:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1980, Section 362.40, Subdivision 2, is amended to read:

Subd. 2. "Indian" means a person of one-quarter or more Indian blood and who is an enrolled member of a *federally recognized* Minnesota based band or tribe.

Sec. 2. Minnesota Statutes 1980, Section 362.40, Subdivision 8, is amended to read:

Subd. 8. The remaining 20 percent of the tax revenue received by the county auditor under section 273.13, subdivision 2a shall be remitted by the county auditor to the state treasurer and shall be deposited in the general fund in *special accounts identified as "reservation residents loan accounts" and a "nonreservation residents loan account"*. The amount to be credited to each reservation residents loan account shall be that percentage of the amount received from all the counties pursuant to subdivision 8 as the number of Indians living on such reservation bears to all the Indians in Minnesota; as said percentage is determined by the department of economic development. The amount remaining shall be credited to the nonreservation residents loan account. The amounts credited to each of these special accounts shall be used solely for making loans to Indians; in the manner provided by subdivisions 9 and 10 a special account called the "Indian business loan account", which shall be a revolving fund created and established under the jurisdiction and control of the agency, which may engage in a business loan program for American Indians as that term is defined in subdivision 2. The tribal councils may administer the fund, provided that, before making any eligible loans, each tribal council must submit to the agency, for its review and approval, a plan for that council's loan program which specifically describes, as to that program, its content, utilization of funds, administration, operation, implementation, and other matters required by the agency. All such programs must provide for a reasonable balance in the distribution of funds appropriated pursuant to this section for the purpose of making business loans between Indians residing on and off the reservations within the state. As a condition to the making of such eligible loans, the tribal councils shall enter into a loan agreement and other contractual arrangements with the agency for the purpose of carrying out the provisions of this chapter,

and shall agree that all official books and records relating to the business loan program shall be subject to audit by the legislative auditor in the same manner prescribed for agencies of state government.

Whenever any moneys are appropriated by the state treasurer to the agency solely for the above-specified purpose or purposes, the agency shall establish a separate bookkeeping account or accounts in the Indian business loan fund to record the receipt and disbursement of such moneys and of the income, gain and loss from the investment and re-investment thereof.

Sec. 3. Minnesota Statutes 1980, Section 362.40, Subdivision 9, is amended to read:

Subd. 9. ~~A reservation resident~~ *An Indian* desiring a loan for the purpose of starting a business enterprise, expanding an existing business, or for technical and management assistance, shall make application to the state department of economic development. The department shall prescribe the necessary forms and advise the prospective borrower as to the conditions under which his application may be expected to receive favorable consideration. ~~The tribal council shall recommend to the department that the loan be accepted or rejected. The department shall approve or reject the application taking the tribal council recommendation into consideration. The application shall be forwarded to the appropriate tribal council for approval or disapproval, and shall be in conformity with the plans submitted by said tribal councils.~~ If the application is approved, the department shall forward the application, together with all relevant documents pertinent thereto, to the commissioner of finance, who shall draw his warrant in favor of the *applicable* tribal council with appropriate notations identifying the borrower. The tribal council shall thereafter reimburse suppliers and vendors for purchases of equipment, real estate and inventory made by the borrower pursuant to the conditions or guidelines established by the state department of economic development. The tribal council shall maintain records of transactions for each borrower in a manner consistent with good accounting practice. Simple interest at two percent of the amount of the debt owed shall be charged. When any portion of a debt is repaid, the tribal council shall remit the amount so received plus interest paid thereon to the state treasurer through the department of economic development. The amount so received shall be credited to ~~such reservation residents the~~ *Indian business loan account*. The tribal council shall secure a fidelity bond from a surety company, in favor of the state treasurer, in an amount equal to the maximum amount to the credit of ~~such reservation residents its~~ loan account during the fiscal year. *On the placing of a loan,* additional money equal to ten percent of the total amount made available to any tribal council *for loans* during the fiscal year shall be paid to such council prior to December 31 for the purpose of financing administrative costs.

Sec. 4. Minnesota Statutes 1980, Section 362.40, Subdivision 11, is amended to read:

Subd. 11. Loans made under ~~subdivisions~~ *subdivision 9 and 10* shall be limited to a period of 20 years, if made for the purpose of financing nonreal estate purchases. Loans made for the purpose of financing real estate purchases, where such real property is to be used for nonresidential purposes only, shall be limited to a period of 40 years, and shall be a lien on the real property so acquired. Under no circumstances shall the state take a position junior to

third lien. In instances where it is impossible or undesirable to secure a lien against real property, the state may secure a lien against personal property for an amount equal to the face value of the loan.

Sec. 5. Minnesota Statutes 1980, Section 362.40, Subdivision 12, is amended to read:

Subd. 12. Any person misrepresenting facts regarding the Indian ancestry of a prospective borrower for the purpose of securing a loan under ~~subdivisions~~ *subdivision 9 and 10*, whether such borrower be an individual, partnership or corporation, shall be guilty of a gross misdemeanor.

Sec. 6. Minnesota Statutes 1980, Section 362.40, Subdivision 14, is amended to read:

Subd. 14. There is appropriated annually an amount equal to the tax revenue allotted under ~~subdivisions~~ *subdivision 9 and 10*.

Sec. 7. Minnesota Statutes 1980, Section 362.40, is amended by adding a subdivision to read:

Subd. 7a. "Agency" or "department" means the department of economic development.

Sec. 8. [REPEALER.]

Minnesota Statutes 1980, Section 362.40, Subdivisions 4, 5, and 10, are repealed."

Amend the title as follows:

Page 1, line 2, before "loans" insert "business"

Page 1, line 4, after "2," insert "8," and after "9" insert ", 11, 12, 14" and delete "and 10"

Page 1, line 5, before the period, insert "; repealing Minnesota Statutes 1980, Section 362.40, Subdivisions 4, 5, and 10"

The motion prevailed. So the amendment was adopted.

S. F. No. 168, which the committee recommends to pass with the following amendment offered by Mr. Schmitz:

Page 2, line 23, after the period, insert "*If the town board of supervisors refuses or fails to adopt a resolution indicating their support or opposition within 30 days after being requested to do so by the applicant, it shall be presumed that they support the application.*"

The motion prevailed. So the amendment was adopted.

S. F. No. 759, which the committee recommends to pass with the following amendment offered by Mr. Penny:

Amend the title as follows:

Page 1, line 5, after "expended;" insert "limiting the means by which the commissioner may acquire certain abandoned railroad right-of-way;"

The motion prevailed. So the amendment was adopted.

S. F. No. 713, which the committee recommends to pass, after the following

motions:

Mr. Menning moved to amend S. F. No. 713 as follows:

Page 2, line 24, reinstate "\$15" and delete "\$20"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 17 and nays 44, as follows:

Those who voted in the affirmative were:

Benson	Chmielewski	Lessard	Pillsbury	Willet
Berg	Frederick	Menning	Renneke	
Bernhagen	Keefe	Olhoft	Rued	
Bertram	Kronebusch	Peterson, D.L.	Taylor	

Those who voted in the negative were:

Bang	Frank	Lantry	Peterson, C.C.	Spear
Belanger	Frederickson	Lindgren	Peterson, R.W.	Stern
Brataas	Hughes	Luther	Petty	Stokowski
Dahl	Humphrey	Merriam	Purfeerst	Stumpf
Davies	Johnson	Moe, D. M.	Ramstad	Tennessen
Davis	Knoll	Moe, R. D.	Schmitz	Ulland
Dicklich	Knutson	Nelson	Setzepfandt	Vega
Dieterich	Kroening	Pehler	Sikorski	Waldorf
Engler	Langseth	Penny	Solon	

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

Mr. Frederick moved to amend S. F. No. 713 as follows:

Page 4, line 27, reinstate "TRUNK HIGHWAY" and delete " *HIGHWAY USER TAX*"

Page 4, line 28, delete "*DISTRIBUTION*"

Page 4, line 31, reinstate "trunk highway"

Page 4, lines 31 and 32, delete "*highway user tax distribution*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 35, as follows:

Those who voted in the affirmative were:

Ashbach	Bernhagen	Frederick	Lindgren	Rued
Bang	Brataas	Frederickson	Peterson, D.L.	Stumpf
Belanger	Davies	Johnson	Pillsbury	Taylor
Benson	Dieterich	Knutson	Ramstad	Ulland
Berg	Engler	Kronebusch	Renneke	

Those who voted in the negative were:

Bertram	Knoll	Merriam	Peterson, R.W.	Spear
Chmielewski	Kroening	Moe, R. D.	Petty	Stern
Dahl	Langseth	Nelson	Purfeerst	Stokowski
Davis	Lantry	Olhoft	Schmitz	Tennessen
Dicklich	Lessard	Pehler	Setzepfandt	Vega
Frank	Luther	Penny	Sikorski	Waldorf
Humphrey	Menning	Peterson, C.C.	Solon	Willet

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

On motion of Mr. Pehler, the report of the Committee of the Whole, as kept by the Secretary, was adopted.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Waldorf introduced—

S.F. No. 1317: A bill for an act relating to health; changing the claim limitations on cost of removing nuisances; authorizing the commissioner of health to issue orders concerning well water quality; clarifying the commissioner's authority over water wells and exploratory boring to include repairs and abandonment; changing the penalties for violations; amending Minnesota Statutes 1980, Sections 145.22; 156A.02, Subdivisions 1, 2, and 3; 156A.03, Subdivisions 1 and 2; 156A.05; 156A.07, Subdivisions 1 and 4; and 156A.08.

Referred to the Committee on Health, Welfare and Corrections.

Mr. Dicklich introduced—

S.F. No. 1318: A bill for an act relating to the Mountain Iron joint recreation board; regulating its tax levy.

Referred to the Committee on Local Government and Urban Affairs.

Mr. Schmitz introduced—

S.F. No. 1319: A bill for an act relating to education; authorizing a levy for Independent School District No. 112 to recover certain expenses relating to transportation of nonresident handicapped pupils.

Referred to the Committee on Education.

Messrs. Berg, Bernhagen and Keefe introduced—

S.F. No. 1320: A bill for an act relating to taxation; income; excluding certain dividend and interest income; amending Minnesota Statutes 1980, Section 290.01, Subdivision 20.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Wegener, Berg and Setzepfandt introduced—

S.F. No. 1321: A bill for an act relating to the city of Granite Falls; authorizing the establishment of a community development program and providing powers for it.

Referred to the Committee on Local Government and Urban Affairs.

Messrs. Johnson and Dicklich introduced—

S.F. No. 1322: A bill for an act relating to counties; providing that the compensation of members of the St. Louis county board of commissioners be

set pursuant to general law; amending Minnesota Statutes 1980, Section 375.055, Subdivision 1; repealing Laws 1965, Chapter 843.

Referred to the Committee on Local Government and Urban Affairs.

Mr. Johnson introduced—

S.F. No. 1323: A bill for an act relating to local government; Lake County, Independent School District No. 381, and the town of Beaver Bay; providing for the valuation and assessment for property taxes of certain unique mining property.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Peterson, C.C. and Johnson introduced—

S.F. No. 1324: A bill for an act relating to metropolitan government; providing for review by the metropolitan council of the entire budget of the metropolitan waste control commission; amending Minnesota Statutes 1980, Section 473.163, Subdivision 2.

Referred to the Committee on Local Government and Urban Affairs.

Mr. Lessard introduced—

S.F. No. 1325: A bill for an act relating to education; establishing grants for alternative educational delivery systems in small rural school districts; appropriating money.

Referred to the Committee on Education.

Mr. Chmielewski introduced—

S.F. No. 1326: A bill for an act relating to elections; fixing the majority necessary to approve an amendment to a home rule charter; amending Minnesota Statutes 1980, Section 410.12, Subdivision 4.

Referred to the Committee on Local Government and Urban Affairs.

Mrs. Brataas introduced—

S.F. No. 1327: A bill for an act relating to the board of medical examiners; allowing temporary suspension of physicians' licenses without a hearing under certain conditions; amending Minnesota Statutes 1980, Section 147.021, by adding a subdivision.

Referred to the Committee on Health, Welfare and Corrections.

Messrs. Tennessen, Purfeerst, Knutson and Frederickson introduced—

S.F. No. 1328: A bill for an act relating to community social services; defining groups of persons for whom counties are responsible; establishing certain funding levels; clarifying sections of the community social services act; amending Minnesota Statutes 1980, Sections 245.64; 245.66; 245.84, Subdivision 5; 252.21; 252.24, Subdivisions 1, 3 and 4; 254A.03, Subdivision 1; 254A.05, Subdivision 1; 254A.07, Subdivision 2; 254A.08, Subdivision 1;

256E.03, Subdivision 2; 256E.04, Subdivision 1; 256E.05, Subdivisions 2 and 3; 256E.06, Subdivisions 2, 4, and 5; 256E.07, Subdivision 2; 256E.08, Subdivisions 1 and 7; 256E.09, Subdivisions 1, 3, and by adding a subdivision; 256E.10; and 256E.12, Subdivision 3; repealing Minnesota Statutes 1980, Sections 245.67; 245.68; 245.72; 245.84, Subdivision 2; 245.87; 252.26; 252.27, Subdivisions 1, 2 and 3; 256E.06, Subdivision 11; 256E.07, Subdivision 1; 256E.08, Subdivision 9; and 261.27.

Referred to the Committee on Health, Welfare and Corrections.

Without objection, the Senate reverted to the Order of Business of Motions and Resolutions.

MOTIONS AND RESOLUTIONS

Mr. Frederick moved that his name be stricken as co-author to S. F. No. 713. The motion prevailed.

Mr. Engler moved that his name be stricken as co-author to S. F. No. 713. The motion prevailed.

Mrs. Lantry moved that the name of Mr. Stern be added as co-author to S. F. No. 713. The motion prevailed.

Mrs. Lantry moved that the name of Mr. Purfeerst be added as co-author to S. F. No. 713. The motion prevailed.

MEMBERS EXCUSED

Mr. Wegener was excused from this evening's Session.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that the Senate do now adjourn until 7:00 p.m., Tuesday, April 14, 1981. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate