

## SEVENTY-FIFTH DAY

St. Paul, Minnesota, Wednesday, April 11, 1984

The Senate met at 10:00 a.m. and was called to order by the President.

Prayer was offered by the Chaplain, Monsignor Terrence J. Murphy.

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

|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Adkins      | Diessner      | Kroening   | Olson          | Sieloff   |
| Anderson    | Dieterich     | Kronebusch | Pehler         | Solon     |
| Belanger    | Frank         | Laidig     | Peterson, C.C. | Spear     |
| Benson      | Frederick     | Langseth   | Peterson, D.C. | Storm     |
| Berg        | Frederickson  | Lantry     | Peterson, D.L. | Stumpf    |
| Berglin     | Freeman       | Lessard    | Peterson, R.W. | Taylor    |
| Bernhagen   | Hughes        | Luther     | Petty          | Ulland    |
| Bertram     | Isackson      | McQuaid    | Pogemiller     | Vega      |
| Brataas     | Johnson, D.E. | Mehrkens   | Purfeerst      | Waldorf   |
| Chmielewski | Johnson, D.J. | Merriam    | Ramstad        | Wegscheid |
| Dahl        | Jude          | Moe, D.M.  | Reichgott      | Willett   |
| Davis       | Kamrath       | Moe, R.D.  | Renneke        |           |
| DeCramer    | Knaak         | Nelson     | Samuelson      |           |
| Dicklich    | Knutson       | Novak      | Schmitz        |           |

The President declared a quorum present.

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

## EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

April 10, 1984

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. No. 1453.

Sincerely,

Rudy Perpich, Governor

## MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 1770.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 10, 1984

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. 416: A bill for an act relating to certain towns in Goodhue County; authorizing the town board to set the hours the polling places will be open in town elections.

Senate File No. 416 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 10, 1984

### CONCURRENCE AND REPASSAGE

Mr. Mehrkens moved that the Senate concur in the amendments by the House to S.F. No. 416 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 416: A bill for an act relating to town elections; authorizing towns to set the hours for polling places; amending Minnesota Statutes 1983 Supplement, section 205.175, subdivisions 2 and 3.

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 63 and nays 1, as follows:

Those who voted in the affirmative were:

|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Adkins      | Diessner      | Kroening   | Novak          | Sieloff   |
| Anderson    | Dieterich     | Kronebusch | Olson          | Solon     |
| Belanger    | Frank         | Laidig     | Pehler         | Spear     |
| Benson      | Frederick     | Langseth   | Peterson, C.C. | Storm     |
| Berg        | Frederickson  | Lantry     | Peterson, D.C. | Stumpf    |
| Berglin     | Freeman       | Lessard    | Peterson, D.L. | Taylor    |
| Bernhagen   | Hughes        | Luther     | Peterson, R.W. | Ulland    |
| Bertram     | Isackson      | McQuaid    | Petty          | Vega      |
| Brataas     | Johnson, D.E. | Mehrkens   | Pogemiller     | Waldorf   |
| Chmielewski | Johnson, D.J. | Merriam    | Purfeerst      | Wegscheid |
| Davis       | Jude          | Moe, D. M. | Ramstad        | Willet    |
| DeCramer    | Kamrath       | Moe, R. D. | Renneke        |           |
| Dicklich    | Knaak         | Nelson     | Schmitz        |           |

Mr. Dahl voted in the negative.

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the con-

currence of the Senate is respectfully requested:

S.F. No. 1396: A bill for an act relating to local government; requiring the county board of adjustment to take the town board's recommendation into consideration when making certain decisions; amending Minnesota Statutes 1982, section 394.27, subdivision 5.

Senate File No. 1396 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 10, 1984

### CONCURRENCE AND REPASSAGE

Mr. Bertram moved that the Senate concur in the amendments by the House to S.F. No. 1396 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1396 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 65 and nays 0, as follows:

Those who voted in the affirmative were:

|             |                |            |                 |           |
|-------------|----------------|------------|-----------------|-----------|
| Adkins      | Dicklich       | Knaak      | Novak           | Samuelson |
| Anderson    | Diessner       | Kroening   | Olson           | Schmitz   |
| Belanger    | Dieterich      | Kronebusch | Pehler          | Sieloff   |
| Benson      | Frank          | Langseth   | Peterson, C. C. | Solon     |
| Berg        | Frederick      | Lantry     | Peterson, D. C. | Spear     |
| Berglin     | Frederickson   | Lessard    | Peterson, D. L. | Storm     |
| Bernhagen   | Freeman        | Luther     | Peterson, R. W. | Stumpf    |
| Bertram     | Hughes         | McQuaid    | Petty           | Taylor    |
| Brataas     | Isackson       | Mehrkens   | Pogemiller      | Ulland    |
| Chmielewski | Johnson, D. E. | Merriam    | Purfeerst       | Vega      |
| Dahl        | Johnson, D. J. | Moe, D. M. | Ramstad         | Waldorf   |
| Davis       | Jude           | Moe, R. D. | Reichgott       | Wegscheid |
| DeCramer    | Kamrath        | Nelson     | Renneke         | Willet    |

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1770, 2081, 2247 and 2314.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 10, 1984

### FIRST READING OF HOUSE BILLS

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

H.F. No. 1770: A bill for an act relating to the city of Minneapolis; authorizing compensation for members of the park and recreation board;

amending Laws 1974, chapter 181, section 1, as amended.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1831, now on Special Orders.

H.F. No. 2081: A bill for an act relating to local government; changing the authority for licensing and inspecting vending machines; amending Minnesota Statutes 1982, sections 145.031, subdivision 1; 145.55, subdivision 1; 145.918, subdivision 2; 366.01, subdivision 2; and Minnesota Statutes 1983 Supplement, section 28A.09, subdivision 1; repealing Minnesota Statutes 1982, sections 144.075; 375.193; and 461.02.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1951, now on Special Orders.

H.F. No. 2247: A bill for an act relating to public health; exempting increases of less than five swing beds from certificate of need review; amending Minnesota Statutes 1982, section 145.833, subdivision 5.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1924, now on Special Orders.

H.F. No. 2314: A bill for an act relating to capital improvements; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature with certain conditions; reducing and canceling certain appropriations; authorizing issuance of state bonds; appropriating money; amending Minnesota Statutes 1982, sections 16.72, subdivision 7; 85A.04, subdivision 3; 475A.03, subdivision 1; 475A.05, subdivision 1, and by adding a subdivision; 475A.06, subdivision 7; and Laws 1983, chapter 344, section 6, subdivision 8; repealing Laws 1981, chapter 275; and chapter 334, section 11, subdivision 4; and Laws 1982, chapter 639, section 5.

Mr. Luther moved that H.F. No. 2314 be laid on the table. The motion prevailed.

## REPORTS OF COMMITTEES

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

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

S.F. No. 1962: A bill for an act relating to agriculture; changing certain duties of the commissioner; changing certain reporting requirements concerning agricultural land ownership; exempting the family farm security program from certain loan commitment approval requirements; amending Minnesota Statutes 1982, sections 21.118; 500.221, subdivision 2a; 500.24, subdivision 4; and Minnesota Statutes 1983 Supplement, sections 16A.80, subdivision 2; and 500.221, subdivision 4.

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

Pages 2 to 5, delete sections 2 to 5 and insert:

"Sec. 2. Minnesota Statutes 1982, section 31.11, is amended to read:

**31.11 [RULES AND REGULATIONS.]**

For the purpose of preventing fraud and deception in the manufacture, use, sale, and transportation of food, or for the purpose of protecting and preserving the public health, it shall also be the duty of the commissioner to ~~make and publish uniform~~ *adopt temporary or permanent rules and regulations*, not inconsistent with law, for carrying out and enforcing the provisions of laws now or hereafter enacted relating to food; which rules ~~and regulations~~ shall be made in the manner provided by law. Until such rules ~~and regulations~~ are made and published, the rules ~~and regulations~~ heretofore made by the commissioner shall remain in full force and effect, except as otherwise prescribed by law. Any person who shall manufacture, use, sell, transport, offer for use, sale or transportation, or have in possession with intent to use, sell or transport, any article of food contrary to the provisions of any such rule ~~or regulation~~, or who shall fail to comply with any such rule ~~or regulation~~, shall be guilty of a misdemeanor."

Amend the title as follows:

Page 1, line 3, delete everything after the semicolon

Page 1, delete line 4

Page 1, line 7, delete "sections 21.118;" and insert "section 31.11;"

Page 1, line 8, delete everything before "and"

Page 1, line 9, delete "sections" and insert "section"

Page 1, line 10, delete "; and 500.221, 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. 1918: A bill for an act relating to agriculture; changing procedures for weighing livestock; imposing a penalty; appropriating money; amending Minnesota Statutes 1982, sections 17A.03, by adding subdivisions; 17A.04, subdivisions 1, 2, 4, 6, 7, 8, and by adding a subdivision; 17A.05; 17A.07; 17A.10; 17A.11; 17A.12; and 17A.13; Minnesota Statutes 1983 Supplement, sections 17A.04, subdivision 5; and 17A.06, subdivision 3; proposing new law coded in Minnesota Statutes, chapter 17A.

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 1982, section 17A.03, is amended by adding a subdivision to read:

*Subd. 13. [STATE LIVESTOCK WEIGHMASTER.] "State livestock weighmaster" means a person employed by the department and appointed by the commissioner to weigh livestock and issue official certificates of state weight.*

Sec. 2. Minnesota Statutes 1982, section 17A.03, is amended by adding a subdivision to read:

*Subd. 14. [PUBLIC LIVESTOCK WEIGHER.] "Public livestock weigher" means a person employed by the company to be responsible and accountable for weighing and recording the weights of livestock.*

Sec. 3. Minnesota Statutes 1982, section 17A.03, is amended by adding a subdivision to read:

*Subd. 15. [COMMERCIAL LIVESTOCK SCALE.] "Commercial livestock scale" means a livestock scale or monorail scale used in the purchase or sale of livestock or livestock carcasses. For purposes of this subdivision, "livestock scale" means a scale equipped with stock racks and gates and adapted to weighing single or multiple heads of livestock standing on the scale platform, and "monorail scale" means a scale, also called an abattoir scale, a track scale, or a rail scale, the load receiving element of which is part of a monorail conveyor system and which is used primarily for the weighing of livestock carcasses.*

Sec. 4. Minnesota Statutes 1982, section 17A.04, subdivision 1, is amended to read:

Subdivision 1. [LICENSING PROVISIONS.] Licenses shall be issued to livestock market agencies and public stockyards annually and shall expire on December 31 each year, renewable annually thereafter. The license issued to a livestock market agency and public stockyard shall be conspicuously posted at the licensee's place of business. Licenses shall be required for livestock dealers and their agents for the period beginning July 1 each year and ending June 30. The license issued to a livestock dealer or the agent of a livestock dealer shall be carried by the person so licensed. The livestock dealer shall be responsible for the acts of his agents. *Licensed livestock market agencies, public stockyards, and livestock dealers shall be responsible for the faithful performance of duty of the public livestock weighers at their places of business.* The license issued to a livestock market agency, public stockyard or a livestock dealer or agent of a livestock dealer is not transferable. The operation of livestock market agencies, livestock dealers, agents and packers at a public stockyard are exempt from sections 17A.01 to 17A.09, 17A.12 to 17A.15, and 239.27.

Sec. 5. Minnesota Statutes 1982, section 17A.04, subdivision 6, is amended to read:

Subd. 6. [REFUSAL TO LICENSE.] The commissioner shall refuse to issue a *livestock market agency or livestock dealer* license if the applicant has not filed a surety bond in the form and amount required under sections 17A.04 and 17A.05; the commissioner may refuse to issue a license if the applicant (1) has not satisfactorily demonstrated by a current balance sheet and financial statement that the applicant's assets exceed his liabilities; (2) has been found by the department to have failed to pay, without reasonable cause, obligations incurred in connection with livestock transactions; ~~or~~ (3) has failed to *maintain and operate livestock or monorail scales in a manner to ensure accurate and correct weights;* or (4) *has failed to comply with other statutes or, rules, or regulations enforced by the commissioner or, the board of animal health, the division of weights and measures of the department of*

*public service, or the federal Packers and Stockyards Administration.*

Sec. 6. Minnesota Statutes 1982, section 17A.04, subdivision 7, is amended to read:

Subd. 7. [REVOCATION OF LICENSE.] Whenever the commissioner finds that any livestock market agency or livestock dealer has violated the provisions of ~~sections 17A.04, 17A.05, 17A.07, or 17A.08 this chapter, or has failed to comply with other laws, rules, or regulations enforced by the board of animal health, the division of weights and measures of the department of public service, or the federal Packers and Stockyards Administration,~~ the commissioner may, by order, pursuant to the provisions of chapter 14, and this subdivision, revoke the license of the offender. Before any such license shall be revoked, the licensee shall be furnished with a statement of the complaints made against him, and a hearing shall be had before the commissioner upon at least ten days notice to the licensee to determine whether such license shall be revoked, which notice may be served either by certified mail addressed to the address of the licensee as shown in his application or in the manner provided by law for the service of a summons. At the time and place fixed for hearing, the commissioner or any official, employee or agent of the department authorized by the commissioner, shall receive evidence, administer oaths, examine witnesses, hear the testimony and thereafter file an order either dismissing the proceedings or revoking the license.

Sec. 7. Minnesota Statutes 1982, section 17A.04, subdivision 8, is amended to read:

Subd. 8. [SUSPENSION OF LICENSE.] Whenever the commissioner finds that the licensee has violated the provisions of ~~sections 17A.04, 17A.05, 17A.07, or 17A.08 this chapter, or has failed to comply with other laws, rules, or regulations enforced by the board of animal health, the division of weights and measures of the department of public service, or the Federal Packers and Stockyards Administration,~~ and that the continued activity of a licensee may cause irreparable injury or loss to persons engaged in business with the licensee, the commissioner may, without hearing, suspend the license of the licensee, provided that when a license is so suspended, the commissioner shall immediately initiate procedures to afford the licensee a hearing pursuant to subdivision 7 except that the ten days notice required in subdivision 7 may be waived by the licensee.

Sec. 8. Minnesota Statutes 1982, section 17A.05, is amended to read:

#### 17A.05 [AMOUNT OF BONDS.]

Subdivision 1. [LIVESTOCK MARKET AGENCIES.] The amount of each livestock market agency bond filed with the commissioner shall be not less than \$10,000 or such larger amount as required, based on the commissioner's consideration of the principal's financial statement, the volume of business he reports, or any other factor the commissioner deems pertinent for the protection of the public. Each such bond shall be executed on a Packers and Stockyards Act form and shall contain the condition clause applicable when the principal sells on commission. A bond equivalent ~~in the form of a trust fund agreement~~ executed in accordance with the Packers and Stockyards Act, 1921, as amended, (7 U.S.C. 181 et seq.) ~~shall be~~ *is* acceptable.

Subd. 2. [LIVESTOCK DEALERS.] The amount of each livestock dealer

bond filed with the commissioner shall be not less than \$5,000 or such larger amount as required, based on the commissioner's consideration of the principal's financial statement, the volume of business he reports, or any other factor the commissioner deems pertinent for the protection of the public. Each such bond shall contain the condition clause applicable when the principal buys on commission or as a dealer. A livestock dealer's bond shall be executed on a form furnished by the commissioner or in accordance with the Packers and Stockyards Act, 1921, as amended, (7 U.S.C. 181 et seq.).

~~If the~~ When a bond is executed on a state form furnished by the commissioner, the bond shall be for the protection of both the buyer and the seller named in the transaction when the principal fails to pay when due for livestock purchased or sold for his own account or the account of others and shall be limited to the protection of claimants whose residence or principal place of livestock business is in the state of Minnesota at the time of the transaction. If the bond is filed on a form in accordance with the Packers and Stockyards Act, the bond shall cover claimants regardless of place of residence.

Sec. 9. Minnesota Statutes 1983 Supplement, section 17A.06, subdivision 3, is amended to read:

Subd. 3. [~~LEGAL PUBLIC NOTICE.~~] Prior to a hearing, the commissioner shall ~~notify by certified mail all known potential claimants and~~ publish a notice setting forth the default of the licensee and requiring all claimants to file proof of claim with the commissioner within ~~three months~~ 45 days of the date such notice is published or be barred from participating in the proceeds of the bond. Such publication shall be made for ~~three consecutive weeks~~ in a newspaper published at the county seat of in the county in which the licensee has his principal place of business. The commissioner shall also fulfill any notice requirements prescribed by chapter 14 and rules of the office of administrative hearings. No claim shall be allowed unless it is filed with the commissioner within one year of the date of the transaction. If a livestock market agency or livestock dealer has on file a Packers and Stockyards Act bond and is registered with the Packers and Stockyards Administration, the terms of the bond or that federal agency's regulations will control in determining the time for filing claims.

Sec. 10. Minnesota Statutes 1982, section 17A.07, is amended to read:

#### 17A.07 [PROHIBITED CONDUCT.]

It shall be unlawful for any person to (1) carry on the business of a livestock market agency ~~or~~ livestock dealer, ~~or public stockyard~~ without a valid and effective license issued by the commissioner under the provisions of section 17A.04; (2) carry on the business of a livestock market agency or livestock dealer without filing and maintaining a valid and effective surety bond in conformity with sections 17A.04 and 17A.05; (3) carry on the business of a livestock market agency or livestock dealer if he cannot pay his debts as they become due or ceases to pay his debts in the ordinary course of business as they become due; (4) ~~use or allow to be used any livestock scale or monorail scale which has not been certified and approved for official use or has been found to be inaccurate;~~ (5) fail to maintain and operate livestock or monorail scales in a manner to ensure accurate and correct weights; (6) weigh livestock or carcasses at other than true and correct weights or issue accounts and records on the basis of inaccurate or incorrect weights; (7) engage in or use



any unfair or deceptive practice or device in connection with marketing of livestock; ~~(5)~~ (8) willfully make or cause to be made any false entry or statement of fact in any application, financial statement or report filed with the department under the provisions of sections 17A.04, 17A.05 and 17A.08 this chapter.

Sec. 11. Minnesota Statutes 1982, section 17A.10, is amended to read:

**17A.10 [PACKING PLANTS, LIVESTOCK MARKET AGENCIES  
SCALES AND STOCKYARDS; WEIGHERS WEIGHING.]**

*Subdivision 1. [COMMERCIAL LIVESTOCK SCALES.] All livestock scales and monorail scales used for the purpose of buying or selling livestock or livestock carcasses within the state must meet the construction, maintenance, testing, and certification requirements of the division of weights and measures of the department of public service, and be in compliance with the scales and weighing regulations of the Packers and Stockyards Administration of the United States Department of Agriculture and be tested and certified by the state division of weights and measures. The division of weights and measures or an authorized scale company shall test all livestock scales at least twice per year. The department of agriculture shall perform scale maintenance inspections at least twice per year at intervals that will provide alternate testing or inspection of each scale every 90 days. Special tests may be required as necessary. The basic maintenance tolerance for livestock scales is one pound per 1,000 pounds of test load. The responsibility for compliance of a scale with these requirements rests with the owner or manager of the scale.*

*Subd. 2. [STATE LIVESTOCK WEIGHMASTERS.] The commissioner shall appoint at public stockyards, packing plants, slaughtering houses, buying stations, or livestock market agencies where the average daily number of livestock weighed for the purpose of establishing a basis for sale is 500 head or more, and the commissioner may appoint state employees as necessary to provide state weighing service at public stockyards, packing plants, slaughtering houses, buying stations, or livestock market agencies on application from such facilities where the average daily number of livestock weighed for the purpose of establishing a basis for sale is less than 500 head; such weighers as may be necessary for weighing livestock, provided that no weighers shall be required at facilities where the only livestock handled has been previously purchased or acquired; and title or terms of ownership already established. The commissioner shall prescribe and follow such reasonable regulations as he deems necessary for determining such daily average. Such weighers the business entity requesting official state livestock weighing. State livestock weighmasters shall weigh all livestock coming to these places for sale, and keep a record thereof. Upon request, the weighers shall of the weights, and furnish the interested parties a certificate setting forth of state weight stating the number of animals weighed and the actual weight of such animal or the animals. Such The certificate shall be is prima facie evidence of the facts therein certified. The scales at all such places on which livestock is weighed shall be constructed and maintained in accordance with the requirements of the state division of weights and measures; and be tested up to the maximum draft that may be weighed thereon; at least once every 90 days; and be in compliance with all the statutory requirements and regulations adopted by the state division of weights and measures pertaining to livestock scales and weighing. An application for official state livestock weighing constitutes an agreement between the business entity requesting state weighing and the commissioner. The agreement is for one year beginning July 1 and ending the following June*

30th. The agreement automatically renews each year unless a written notice of intent to terminate is given to the commissioner at least 90 days prior to July 1. Otherwise the commissioner shall continue to provide state weighing services in accordance with this chapter.

State weighing service that exists on January 1, 1984, may not be terminated prior to July 1, 1985. After June 30, 1985, a facility with state weighing service may terminate that service commencing July 1 of any year, provided notice of termination is given to the commissioner by April 1 of the same year.

Whenever the management of a facility under state weighing exercises its option to terminate state weighing service, the state livestock weighmasters must be given the opportunity to continue in their livestock weighing positions with the company until those positions become vacated or terminated.

Subd. 3. [SUPERVISION AND ENFORCEMENT.] State livestock weighmasters have charge over the scales on which official certificates of state weight are issued to ensure compliance with scale maintenance and testing requirements and proper weighing procedures.

The commissioner shall appoint law compliance personnel as necessary to provide maintenance inspections, check-weighing, comparison weighing, and record audits and to investigate complaints in order to enforce this chapter.

The regulations pertaining to livestock and monorail scales adopted by the Packers and Stockyards Administration of the United States Department of Agriculture are applicable in Minnesota, and a memorandum of understanding with the Packers and Stockyards Administration provides for a cooperative state and federal enforcement program.

Sec. 12. Minnesota Statutes 1982, section 17A.11, is amended to read:

17A.11 [FEES FOR LIVESTOCK WEIGHING.]

The commissioner shall prescribe the fee necessary to cover the cost of ~~such~~ state weighing, to be assessed and collected from the seller in ~~such~~ the manner as the commissioner may prescribe; ~~provided, that~~. The fee assessed must be the same, and the manner of collection ~~thereof~~ of the fee must be uniform at all facilities; ~~and provided, further, that if~~. At any location, ~~except a public stockyard,~~ where state weighing is performed in accordance with ~~Laws 1974, Chapter 347 this chapter~~ and the total annual fees collected are insufficient to pay the cost of ~~such~~ the weighing, the annual deficit shall be assessed and collected in ~~such~~ the manner as the commissioner may prescribe. Additional ~~moneys~~ money arising from the weighing of animals by the commissioner, which ~~have~~ has been collected and retained by any person, shall be paid on demand to the commissioner. All ~~moneys~~ money collected by the commissioner shall be deposited in the state treasury and credited to the livestock weighing fund, and shall be paid out only on the order of the commissioner and the state's warrant.

Sec. 13. Minnesota Statutes 1982, section 17A.12, is amended to read:

17A.12 [QUALIFICATIONS.]

No ~~weigher~~ state livestock weighmaster shall, during ~~his~~ the weighmas-

ter's term of service, be in any manner financially interested in the handling, shipping, purchase, or sale of livestock, ~~nor~~ or in the employment of any person engaged therein.

Sec. 14. [17A.17] [AUDIT BY DEPARTMENT.]

*The department may audit records, including incoming purchase records of a livestock packer and shipping weights or transfer of weight invoices, in order to ensure there are no weight discrepancies in hot weight or grade and yield transactions.*

Sec. 15. [APPROPRIATION.]

*There is appropriated from the general fund to the commissioner of agriculture the additional sum of \$60,000 for the biennium ending June 30, 1985, for purposes of enforcement and implementation of this act. The complement of the livestock licensing and weighing division is increased by two.*

Sec. 16. [EFFECTIVE DATE.]

*This act is effective July 1, 1984."*

Amend the title as follows:

Page 1, line 6, delete "2, 4," and delete "", and by adding a subdivision"

Page 1, line 7, delete "17A.13;"

Page 1, line 8, delete "sections 17A.04, subdivision" and insert "section"

Page 1, line 9, delete "5; and"

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

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

H.F. No. 1532: A bill for an act relating to agriculture; designating milk as the official state drink; proposing new law coded in Minnesota Statutes, chapter 1.

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

Page 1, after line 9, insert:

"Sec. 2. [32.5313] [ARTIFICIAL DAIRY PRODUCTS IN RESTAURANTS.]

Subdivision 1. [LABELING.] *Artificial dairy products served in restaurants or public eating places must be clearly labeled in some manner to distinguish the artificial dairy products from genuine dairy products.*

Subd. 2. [ARTIFICIAL DAIRY PRODUCTS IN PUBLIC EATING PLACES.] *A restaurant or public eating place may not serve for customer use and application (1) an artificial dairy product for use as a coffee cream or whitener unless the restaurant or public eating place also offers to customers for the same purpose a genuine dairy product like cream, half and half, or a*

*lighter type of cream; or (2) margarine or an artificial butter product separate from an entree for use with food that is served unless butter is also offered for the same purpose.*

*Subd. 3. [EXCEPTION FOR VENDING MACHINES.] This section does not apply to coffee whitener sold or dispensed by a vending machine provided the machine bears a prominently placed label stating that the coffee whitener sold or dispensed is not a dairy product or is an artificial dairy product."*

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "requiring restaurants to offer a genuine dairy product if certain artificial dairy products are offered; requiring labeling of certain artificial dairy products;"

Page 1, line 4, delete "chapter" and insert "chapters" and before the period, insert "and 32"

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. 2109: A resolution memorializing the International Joint Commission, the President and Congress to effectuate an agreement between Minnesota and Ontario on joint management of their border waters.

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

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

S.F. No. 1730: A bill for an act relating to agriculture; providing for an additional extension agent; proposing new law coded in Minnesota Statutes, chapter 38.

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

Page 1, line 12, before "Chisago," insert "Aitkin, Blue Earth," and after "Chisago," insert "Cottonwood, Grant, Hennepin," and after "Isanti," insert "Jackson," and after "Kanabec," insert "Lake, Lake of the Woods, Martin," and after "Mille Lacs," insert "Morrison, Pennington," and delete "and" and insert "Pipestone, Red Lake, Rock,"

Page 1, line 13, after "Sherburne" insert ", Stearns, Steele, Stevens, Waseca, Washington, and Wilkin"

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

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

S.F. No. 1649: A bill for an act relating to agriculture; making certain

changes in apiary law; amending Minnesota Statutes 1983 Supplement, sections 19.55; 19.56; 19.57; 19.58, subdivisions 1 and 2; 19.64, subdivision 1, and by adding a subdivision; repealing Minnesota Statutes 1983 Supplement, section 19.58, subdivision 6.

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

Page 5, delete lines 1 and 2 and insert *"If a person for whom these inspections or services are to be performed requests it, the commissioner shall provide to the person in advance an estimate of the fees or expenses that will be charged."*

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. 1879: A bill for an act relating to agriculture; regulating the bulk sale of food; proposing new law coded in Minnesota Statutes, chapter 31.

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

Delete everything after the enacting clause and insert:

*"Section 1. [31.80] [DEFINITIONS.]*

*Subdivision 1. [SCOPE.] For the purposes of sections 1 to 10, the terms defined in this section have the meanings given them.*

*Subd. 2. [BULK FOOD.] "Bulk food" means unpackaged and unwrapped food in aggregate containers from which quantities are withdrawn by the consumer, excluding fresh fruits, fresh vegetables, nuts in the shell, and food in salad bars.*

*Subd. 3. [PRODUCT MODULE.] "Product module" means a multi-use or single service food contact container designed for customer self-service of bulk food by either direct or indirect means.*

*Sec. 2. [31.81] [SCOPE.]*

*Sections 1 to 10 apply to persons required to be licensed as retail food handlers under chapter 28A.*

*Sec. 3. [31.82] [LABELING.]*

*Bulk food product modules must be conspicuously labeled with the common name of the product, a list of ingredients in order of predominance, and a declaration of artificial color or flavor and any chemical preservatives contained in the product. This section does not apply to bulk food manufactured on the premises or manufactured by the same person.*

*Sec. 4. [31.83] [PROTECTION.]*

*Subdivision 1. [CONTAINERS AND DISPLAY.] Bulk food and product modules must be protected from contamination during display, customer self-service, refilling, and storage. Each product module must have a tight-*

fitting lid that is kept in a closed position at all times except during stocking and customer service. Containers supplied by customers may not be used by others in a manner that contaminates bulk food. Take-home containers, including bags, cups, and lids, provided for customer use must be stored and dispensed in a sanitary manner. Pet food and non-food items must be separated from product modules and bulk food.

Subd. 2. [FOOD SOLD AS BULK FOOD.] Food that consists in whole or in part of milk or milk products, eggs, meat, poultry, fish, shellfish, edible crustacea, or other ingredients in a form capable of supporting rapid and progressive growth of infectious or toxigenic microorganisms may not be sold as bulk food. Clean, whole, uncracked, odor-free shell eggs and food that has a pH level of 4.6 or below or a water activity value of 0.85 or less at 25 degrees centigrade may be sold as bulk food. Bulk food removed from a product module by a consumer may not be offered for resale.

Sec. 5. [31.84] [DISPENSING.]

Subdivision 1. [DISPENSING DEVICES.] Bulk food may be dispensed by: mechanical dispensing devices including gravity dispensers, pumps, extruders, and augers; or manual dispensing utensils including tongs, scoops, ladles, and spatulas.

Subd. 2. [UTENSILS.] A manual dispensing utensil must have a handle long enough to avoid consumer contact with the bulk food. When not in use, dispensing utensils must be stored either in the food with the handle extended out of the food; or in a protective enclosure attached or adjacent to the display unit with the utensil on a tether of easily cleanable material short enough to prevent contact with the floor.

Sec. 6. [31.85] [CONSTRUCTION; MATERIALS.]

Subdivision 1. [PRODUCT MODULES AND UTENSILS.] Product modules and utensils must be metal or plastic and corrosion resistant, non-absorbent, smooth, easily cleanable, and durable under conditions of normal use. They may not impart odors, color, taste, or contamination to the food. Product modules must be easily removable from the display unit for servicing unless they can be effectively cleaned and sanitized without removal by a procedure that will not contaminate bulk food or related equipment.

Subd. 2. [NON-CONTACT SURFACES.] Surfaces of product module display units, tethers, and all display equipment not intended for food contact, but exposed to food debris or other soiling, must be nonabsorbent, smooth, cleanable, durable under conditions of normal use, and free of unnecessary ledges, projections, and crevices. Tethers must be easily removable for cleaning. Racks that hold food containers must be constructed of material that is smooth, easily cleanable, and nonabsorbent. The materials for surfaces that do not come in contact with food must be nonabsorbent or made nonabsorbent by being finished and sealed with a cleanable coating.

Sec. 7. [31.86] [CLEANING FREQUENCY.]

Manual dispensing utensils and tethers must be cleaned and sanitized at least daily, or at more frequent intervals based on the type of food and the food particle accumulation or soiling. Product modules, lids, and other equipment must be cleaned prior to restocking, when soiled, or at intervals

*on a schedule based on the type of food and amount of food particle accumulation. Food contact surfaces must be cleaned and sanitized immediately if contamination is observed or suspected.*

Sec. 8. [31.87] [SIGN.]

*A sign must be posted conspicuously within the immediate display area directing customers for health reasons to use the utensils provided when serving themselves, not to handle the food directly, and not to consume food on the premises.*

Sec. 9. [31.874] [DISEASE CONTROL.]

*If the commissioner of agriculture finds that a disease or foreign matter is actually transmitted by a method of dispensing bulk foods that is permitted by section 5, the commissioner may adopt temporary or permanent rules more restrictive on the sale of that food than section 5. The rules must address the specific relationship between the disease or foreign matter being transmitted and the dispensing methods permitted by section 5.*

Sec. 10. [31.875] [LOCAL STANDARDS.]

*A local unit of government may not adopt standards governing persons, facilities, or activities covered by sections 1 to 9 that conflict with the provisions in sections 1 to 9."*

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

H.F. No. 560: A bill for an act relating to Cook County; permitting the sale of certain land.

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

Page 1, line 8, delete "*sections 92.45 and*" and insert "*section*" and delete "*or other law*"

Page 1, line 11, delete "*, as far as possible,*"

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

H.F. No. 1404: A bill for an act relating to drainage; providing for correction of certain errors in county or judicial ditch benefits; amending Minnesota Statutes 1982, section 106.465.

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

Page 1, line 13, delete "*51 percent or*" and after "*more*" insert "*than 50 percent*"

Page 1, line 15, delete "*which*" and insert "*that*"

Page 1, line 16, delete "which" and insert "that"

Page 2, after line 2, insert:

"Sec. 2. Minnesota Statutes 1982, section 106.531, is amended to read:

**106.531 [DRAINAGE SYSTEM, USE AS OUTLET.]**

After the construction of any county or judicial ditch, no public or private ditch or ditch system, either open or tiled, for the drainage of land not assessed for benefits for such ditch, shall be constructed so as to use the ditch as an outlet without having first secured express authority so to do from the county board, in the case of a system lying wholly within one county, or from the district court of the county in which a system lying wholly within one county was established, in the case where the lands for which an outlet is sought lie within another county, or from the district court that originally ordered the construction, in the case of a system extending into two or more counties. This section shall be applicable to the construction of any ditch or drain that outlets water into an existing county or judicial ditch regardless of actual physical connection. Any person desiring to so utilize an existing ditch shall petition the board or court. Upon filing the petition, the auditor, or clerk with the approval of the judge, shall fix a time and place for hearing thereon and shall give notice of the hearing by mailed notice and publication. Such auditor or clerk shall receive for mailing such notice, a fee of \$5 plus ~~ten~~ 30 cents for each notice in excess of ten. Upon the hearing the board or court shall consider the capacity of the outlet ditch and, if consent be given to construct the ditch or ditch system, shall fix by order the terms and conditions for the use of the ditch as an outlet and shall fix the amount that shall be paid therefor. No private ditch or ditch system shall be constructed using the ditch as an outlet until the sum fixed by the order is paid by the petitioner to the county treasurer of the county wherein petitioner's property is located. The amount so fixed for an outlet charge for any proposed public ditch or ditch system shall be deemed a part of the cost of such proposed ditch or ditch system to be paid by assessment against the lands and properties benefited by the proposed ditch or ditch system, as provided by section 106.341, and credited to the fund of the existing ditch. The order shall also describe the property to be benefited by the ditch or ditch system and shall fix the amount of benefits to such property for the outlet. The property so benefited shall be liable for assessments thereafter levied in such ditch system, on the basis of the benefits so found, the same as though such benefits had been determined in the original order establishing the ditch.

**Sec. 3. [EFFECTIVE DATE.]**

*Section 1 is effective the day following final enactment."*

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "changing the fee for mailing certain notices;"

Page 1, line 4, delete "section" and insert "sections" and before the period, insert "and 106.531"

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

Mr. Vega from the Committee on Energy and Housing, to which was re-



ferred

H.F. No. 1706: A bill for an act relating to St. Louis Park; providing authority to the housing and redevelopment authority to review and approve development in redevelopment areas.

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

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

S.F. No. 1661: A bill for an act relating to building officials; providing for continuing education; amending Minnesota Statutes 1982, section 16.861, by adding a subdivision.

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

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

H.F. No. 996: A bill for an act relating to local government; authorizing the port authorities of the cities of St. Paul and Bloomington to acquire and operate a district heating system.

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 1982, section 465.74, is amended by adding a subdivision to read:

*Subd. 1a. [CITIES WITH OVER 50,000 INHABITANTS.] A city with over 50,000 inhabitants that is not a city of the first class is authorized to acquire, construct, improve, and operate a district heating system under the same terms and conditions as a city of the first class except as provided herein. Acquisition or construction and financing of a municipal district heating system is not subject to the election requirements of sections 452.11 and 452.12, however, a resolution for the acquisition or construction and financing must be approved by a two-thirds vote of the governing body of the city.*

Sec. 2. Minnesota Statutes 1982, section 465.74, is amended by adding a subdivision to read:

*Subd. 7. [PORT AUTHORITIES, OWNERSHIP AND OPERATION OF DISTRICT HEATING SYSTEMS.] A port authority organized pursuant to sections 458.09 to 458.1991 or a special law may acquire, own, construct, and operate a district heating system or systems to provide heating and cooling services and other energy services within the statutory or home rule charter city within which it is created. The authority may, in conjunction with a district heating system, acquire, own, construct, and operate an energy management and control system to monitor and control users' energy demand within the city as a related ancillary function of the district heating system. The authority may, in conjunction with a district heating system,*

*acquire, own, construct, and operate ancillary services related to an energy management and control system including, but not limited to, sensing and monitoring services for supervision of fire and life safety systems and building security systems within the city.*

*This section shall be effective for a port authority only after adoption of an ordinance or resolution by the board of the port authority and by the governing body of the city stating their intention to exercise the authority allowed by this section.*

*A port authority may, with approval of the city, lease part or all of the district heating system or contract with respect to part or all of the district heating system, with any person, corporation, association, or public utility company for the purpose of constructing, improving, operating, or maintaining the district heating system.*

Sec. 3. Minnesota Statutes 1982, section 465.74, is amended by adding a subdivision to read:

*Subd. 8. [MANAGEMENT OF A DISTRICT HEATING SYSTEM BY A PORT AUTHORITY.] A statutory or home rule charter city within which a port authority has been created may delegate to the port authority some or all powers and responsibilities for the management and operation of a district heating system.*

Sec. 4. Minnesota Statutes 1982, section 465.74, is amended by adding a subdivision to read:

*Subd. 9. [OPERATION BY A COUNTY.] A statutory or home rule charter city may contract with a county to operate a district heating system for the provision of district heating services within some or all of the city."*

Delete the title and insert:

*"A bill for an act relating to energy; allowing port authorities to own and operate district heating systems; allowing certain cities to acquire district heating systems without election; authorizing counties to provide district heating services within cities under certain conditions; amending Minnesota Statutes 1982, section 465.74, by adding subdivisions."*

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

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

H.F. No. 1428: A bill for an act relating to missing children; requiring the commissioner of public safety to establish a Minnesota missing child program; requiring law enforcement agencies receiving missing child reports to take certain actions; proposing new law coded in Minnesota Statutes, chapter 299C.

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

Page 1, line 11, delete "4" and insert "3"

Page 1, lines 17 and 18, delete "or disabled"

Page 1, lines 24 and 25, delete "is not with relatives or friends and that the

*location of the child"*

Page 1, line 25, delete "*determined*" and insert "*located*"

Page 2, line 23, delete "ANNUAL REPORT" and insert "STATISTICAL DATA"

Page 2, line 24, delete "*issue a written report which includes*" and insert "*compile and make available*"

Page 2, line 26, delete "*The*"

Page 2, delete lines 27 to 30

Page 3, line 2, after the comma, insert "*a*"

Page 3, line 3, delete "*agencies*" and insert "*agency*" and delete "*an*" and insert "*a preliminary*"

Page 3, line 13, delete "*found*" and insert "*located*"

Page 3, line 18, delete "*Sections 1 to 3 are*" and insert "*Section 2 is*"

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

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

H.F. No. 1304: A bill for an act relating to crimes; providing a penalty for theft of a firearm; providing a penalty for possession of a stolen firearm; amending Minnesota Statutes 1982, section 609.53, subdivision 1; and Minnesota Statutes 1983 Supplement, section 609.52, subdivision 3.

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

Page 2, line 5, strike "*taken*"

Page 2, line 12, strike "*taken*"

Page 2, line 15, delete "*taken*"

Page 3, line 5, strike "*received, bought or*"

Page 3, line 6, strike "*concealed*"

Page 3, line 9, strike "*received, bought or*"

Page 3, line 10, strike "*concealed*"

Page 3, line 13, strike "*received, bought or*"

Page 3, line 14, strike "*concealed*"

Page 3, line 17, delete "*received, bought, or concealed*"

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

Mr. Moe, D. M. from the Committee on Governmental Operations, to which was referred

H.F. No. 1961: A bill for an act relating to state departments and agencies:

changing the composition and powers of the board of private detective and protective agent services; changing requirements for obtaining a license; amending Minnesota Statutes 1982, sections 326.33; 326.331; 326.332, subdivision 1; and 326.333; repealing Minnesota Statutes 1982, section 299C.01, subdivision 3.

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

Page 2, delete subdivision 2

Renumber the subdivisions in sequence

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

Mr. Moe, D. M. from the Committee on Governmental Operations, to which was referred

S.F. No. 1895: A bill for an act relating to state government; providing for purchase of certain computer equipment by state employees; proposing new law coded in Minnesota Statutes, chapter 16.

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

Page 1, line 12, delete "*must*" and insert "*may*"

Page 1, line 12, after "*purchase*" insert "*for personal use*"

Page 1, line 16, after the period, insert "*A vendor may provide for the purchases permitted under this section to be made through retail stores which agree to make these sales.*"

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

Mr. Moe, D. M. from the Committee on Governmental Operations, to which was re-referred

S.F. No. 2017: A bill for an act relating to metropolitan government; specifying the duties of the chair, chief administrator, and commission relating to employment decisions; amending Minnesota Statutes 1982, section 473.141, subdivisions 9, 11, and 12; Minnesota Statutes 1983 Supplement, section 473.141, subdivision 3.

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1814 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

| SPECIAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 1814           | 1551     |                  |          |          |          |

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1814 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1814 and insert the language after the enacting clause of S.F. No. 1551, as amended by the Committee on Taxes and Tax Laws, adopted by the Senate March 28, 1984; further, delete the title of H.F. No. 1814 and insert the title of S.F. No. 1551, as amended.

And when so amended H.F. No. 1814 will be identical to S.F. No. 1551, and further recommends that H.F. No. 1814 be given its second reading and substituted for S.F. No. 1551, and that the Senate File be indefinitely postponed.

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1703 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

| SPECIAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 1703           | 1771     |                  |          |          |          |

and that the above Senate File be indefinitely postponed.

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1835 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

| SPECIAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 1835           | 1334     |                  |          |          |          |

and that the above Senate File be indefinitely postponed.

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2047 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be

given its second reading and substituted for its companion Senate File as follows:

| SPECIAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 2047           | 1967     |                  |          |          |          |

and that the above Senate File be indefinitely postponed.

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1722 for comparison with companion Senate File, reports the following House File was found not identical with its companion Senate File as follows:

| SPECIAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 1722           | 1833     |                  |          |          |          |

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1722 be amended as follows:

Page 1, line 18, strike "if the victim"

Page 1, line 19, before "was" insert "*if the victim*"

And when so amended H.F. No. 1722 will be identical to S.F. No. 1833, and further recommends that H.F. No. 1722 be given its second reading and substituted for S.F. No. 1833, and that the Senate File be indefinitely postponed.

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1939 for comparison with companion Senate File, reports the following House File was found not identical with its companion Senate File as follows:

| SPECIAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 1939           | 2153     |                  |          |          |          |

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1939 be amended as follows:

Page 3, line 15, delete the new language

Page 3, lines 16 to 18, delete the new language

And when so amended H.F. No. 1939 will be identical to S.F. No. 2153, and further recommends that H.F. No. 1939 be given its second reading and substituted for S.F. No. 2153, and that the Senate File be indefinitely post-

poned.

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

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which were referred the following appointments as reported in the Journal for March 8, 1984:

#### CABLE COMMUNICATIONS BOARD

Muriel Jean Runholt  
John Starcevic

#### MINNESOTA RACING COMMISSION

Ray Eliot  
C. Elmer Anderson  
Dan Gustafson  
John H. Daniels  
Kris Sanda  
Rosemary Fruehling  
Carol Connolly  
Joyce Farrell  
Lawrence Coss

#### PUBLIC UTILITIES COMMISSION

Cynthia Kitlinski  
Harry S. Crump

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

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which were referred the following appointments as reported in the Journal for April 9, 1984:

#### CABLE COMMUNICATIONS BOARD

Janna R. King  
Jack W. Carlson

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

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred the following appointment as reported in the Journal for March 12, 1984:

#### CABLE COMMUNICATIONS BOARD

Judith C. Corrao

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

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Pehler from the Committee on Education, to which were referred the following appointments as reported in the Journal for March 8, 1984:

STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION

Patricia Allinder  
Alan Olson  
Jane Preston  
Douglas D. Knowlton  
John O'Connor  
Marilyn Wolfe  
F.B. Daniel  
JoAnn Cardenes Enos  
Donald C. Ingram  
Frank E. Adams  
Norma McKanna

STATE UNIVERSITY BOARD

Rita M. Lewis  
Bernard L. Brommer

STATE DIRECTOR OF VOCATIONAL TECHNICAL EDUCATION

Joseph P. Graba

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

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Pehler from the Committee on Education, to which were referred the following appointments as reported in the Journal for April 5, 1984:

STATE UNIVERSITY BOARD

Nicholas John Zuber  
L.E. Danford  
Nellie Stone Johnson

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

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Pehler from the Committee on Education, to which were referred the following appointments as reported in the Journal for March 7, 1983:

STATE BOARD FOR COMMUNITY COLLEGES

Ruth Ann W. Eaton

COUNCIL ON QUALITY EDUCATION



William F. Betzler  
Karen O. Schonebaum  
Carl A. Swenson

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

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Pehler from the Committee on Education, to which were referred the following appointments as reported in the Journal for March 8, 1984:

#### COUNCIL ON QUALITY EDUCATION

Stephen P. Raukar  
Marvin Trammel  
Marcy J. Waritz

#### MINNESOTA HIGHER EDUCATION COORDINATING BOARD

Celeste O'Donnell  
Robert E. Ferguson  
Duane Scribner  
Carol Joy Kamper  
Patricia B. Spence  
Charles F. Mourin

#### MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

Earl R. Herring  
Carlos Lopez, Jr.  
Emily Anne Staples  
Catherine M. Warrick  
John A. McHugh

#### STATE BOARD FOR COMMUNITY COLLEGES

Clarence E. Harris  
Arleen Nycklemoe  
Rebecca L. Sawyer

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

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Pehler from the Committee on Education, to which was referred the following appointment as reported in the Journal for March 21, 1984:

#### STATE BOARD FOR COMMUNITY COLLEGES

Franklin W. Iossi

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

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Pehler from the Committee on Education, to which were referred the

following appointments as reported in the Journal for April 5, 1984:

**COUNCIL ON QUALITY EDUCATION**

John Huisman  
Judith Roy

**STATE BOARD FOR COMMUNITY COLLEGES**

Lee Antell  
James B. Collier, Jr.  
Richard M. Niemiec

**STATE BOARD OF EDUCATION**

James Hoese  
Joy Fogarty  
Ruth A. Myers

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

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1824 for comparison with companion Senate File, reports the following House File was found not identical with its companion Senate File as follows:

| <b>SPECIAL ORDERS</b> |          | <b>CONSENT CALENDAR</b> |          | <b>CALENDAR</b> |          |
|-----------------------|----------|-------------------------|----------|-----------------|----------|
| H.F. No.              | S.F. No. | H.F. No.                | S.F. No. | H.F. No.        | S.F. No. |
| 1824                  | 1878     |                         |          |                 |          |

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1824 be amended as follows:

Page 2, line 13, delete "11" and insert "12"

Page 4, line 24, delete "marked"

Page 6, line 3, after "1." insert "[GENERAL.]"

Page 6, line 6, after "2." insert "[SPECIFIC SERVICE SIGN.]"

Page 6, line 11, after "3." insert "[SPECIFIC SERVICE SIGN ASSEMBLY.]"

Page 6, line 15, after "4." insert "[SPECIFIC SERVICE SIGN CLUSTER.]"

Page 6, line 18, after "5." insert "[NONFREEWAY TYPE HIGHWAY.]"

Page 6, line 21, after "6." insert "[RESORT.]"

Page 6, line 23, after "7." insert "[MOTEL.]"

Page 6, line 25, after "7a." insert "[RESTAURANT.]"

Page 6, line 27, after "8." insert "[RECREATIONAL CAMPING

AREA.]”

Page 6, line 29, after “9.” insert “[LOCAL ROAD.]”

Page 6, line 30, after “10.” insert “[SPECIFIC SERVICE.]”

Page 8, delete lines 25 to 30

Pages 13 to 15, delete sections 22 to 26, and insert:

“Sec. 22. [INSTRUCTIONS TO REVISOR.]

*The revisor of statutes shall, in the next and subsequent editions of Minnesota Statutes, delete the headnote “INTERSTATE HIGHWAYS” from the beginning of chapter 173.”*

Page 15, line 17, delete “26” and insert “22”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete “authorizing vending machines in rest areas, tourist information centers and weigh stations on certain highways;”

Page 1, line 7, before “providing” insert “allowing vending machines in rest areas; tourist information centers, and weigh stations;”

Page 1, line 24, delete “, by adding a subdivision”

Page 1, lines 28 and 29, delete “169.01, by adding a subdivision; 169.14, subdivision 2, and by adding a subdivision;”

Page 1, lines 31 and 32, delete “sections 173.08, subdivision 1;” and insert “section”

And when so amended H.F. No. 1824 will be identical to S.F. No. 1878, and further recommends that H.F. No. 1824 be given its second reading and substituted for S.F. No. 1878, and that the Senate File be indefinitely postponed.

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1886 for comparison with companion Senate File, reports the following House File was found not identical with its companion Senate File as follows:

| SPECIAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 1886           | 1480     |                  |          |          |          |

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1886 be amended as follows:

Page 1, lines 23 and 24, reinstate “including appropriate”

Page 1, line 24, delete “an”

Page 1, line 25, delete “an”

Page 1, line 25, strike "who"

Page 1, line 25, delete "is"

Page 1, line 25, after "for" insert "it" and delete "a state agency,"

Page 1, line 26, delete the new language

Page 2, line 24, delete the new language

Page 2, line 25, strike "which" and insert "that"

Page 2, line 28, delete the new language

Page 2, line 29, delete "content of the data, either"

Page 3, line 21, strike "which" and insert "that"

Page 3, line 26, delete "which" and insert "that"

Page 4, line 3, strike "that"

Page 4, line 4, delete "shall be not public"

Page 4, line 9, delete "2" and strike ", clause (a)"

Page 4, line 9, insert "2" after the stricken language

Page 4, delete lines 10 to 12

And when so amended H.F. No. 1886 will be identical to S.F. No. 1480, and further recommends that H.F. No. 1886 be given its second reading and substituted for S.F. No. 1480, and that the Senate File be indefinitely postponed.

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2238 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

| SPECIAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 2238           | 2061     |                  |          |          |          |

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2238 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2238 and insert the language after the enacting clause of S.F. No. 2061, as amended by the Committee on Agriculture and Natural Resources, adopted by the Senate April 5, 1984; further, delete the title of H.F. No. 2238 and insert the title of S.F. No. 2061, as amended.

And when so amended H.F. No. 2238 will be identical to S.F. No. 2061, and further recommends that H.F. No. 2238 be given its second reading and substituted for S.F. No. 2061, and that the Senate File be indefinitely postponed.

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1445 for comparison with companion Senate File, reports the following House File was found not identical with its companion Senate File as follows:

| SPECIAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 1445           | 1402     |                  |          |          |          |

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1445 be amended as follows:

Page 1, line 20, after the stricken "or" delete the comma and insert "and" and after "replacement" strike the comma

Page 1, line 21, delete the new language

And when so amended H.F. No. 1445 will be identical to S.F. No. 1402, and further recommends that H.F. No. 1445 be given its second reading and substituted for S.F. No. 1402, and that the Senate File be indefinitely postponed.

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1850 for comparison with companion Senate File, reports the following House File was found not identical with its companion Senate File as follows:

| SPECIAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 1850           | 2040     |                  |          |          |          |

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1850 be amended as follows:

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 1982, section 125.12, subdivision 4, is amended to read:

Subd. 4. [TERMINATION OF CONTRACT AFTER PROBATIONARY PERIOD.] A teacher who has completed his probationary period in any school district, and who has not been discharged or advised of a refusal to renew his contract pursuant to subdivision 3, shall have a continuing contract with such district. Thereafter, the teacher's contract shall remain in full force and effect, except as modified by mutual consent of the board and the teacher, until terminated by a majority roll call vote of the full membership of the board prior to April 1 upon one of the grounds specified in subdivision 6

or prior to June 1 upon one of the grounds specified in subdivisions 6a or 6b, or until the teacher is discharged pursuant to subdivision 8, or by the written resignation of the teacher submitted prior to April 1; provided, however, that if an agreement as to the terms and conditions of employment for the succeeding school year has not been adopted pursuant to the provisions of sections 179.61 to 179.76 prior to March 1, the teacher's right of resignation shall be extended to the 30th calendar day following the adoption of said contract in compliance with section 179.70, subdivision 2. Such written resignation by the teacher shall be effective as of June 30 if submitted prior to that date and the teachers' right of resignation for the school year then beginning shall cease on July 15. Before a teacher's contract is terminated by the board, the board shall notify the teacher in writing and state its ground for the proposed termination in reasonable detail together with a statement that the teacher may make a written request for a hearing before the board within 14 days after receipt of such notification. Within 14 days after receipt of this notification the teacher may make a written request for a hearing before the board and it shall be granted *upon reasonable notice to the teacher of the date set for hearing*, before final action is taken. If no hearing is requested within such period, it shall be deemed acquiescence by the teacher to the board's action. Such termination shall take effect at the close of the school year in which the contract is terminated in the manner aforesaid. Such contract may be terminated at any time by mutual consent of the board and the teacher and this section shall not affect the powers of a board to suspend, discharge, or demote a teacher under and pursuant to other provisions of law."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after "sections" insert "125.12, subdivision 4;"

And when so amended H.F. No. 1850 will be identical to S.F. No. 2040, and further recommends that H.F. No. 1850 be given its second reading and substituted for S.F. No. 2040, and that the Senate File be indefinitely postponed.

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1781 for comparison with companion Senate File, reports the following House File was found not identical with its companion Senate File as follows:

| SPECIAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
|                |          |                  |          | 1781     | 1411     |

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1781 be amended as follows:

Page 5, after line 15, insert:

"Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment."*

And when so amended H.F. No. 1781 will be identical to S.F. No. 1411, and further recommends that H.F. No. 1781 be given its second reading and substituted for S.F. No. 1411, and that the Senate File be indefinitely postponed.

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1533 for comparison with companion Senate File, reports the following House File was found not identical with its companion Senate File as follows:

| SPECIAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 1533           | 1557     |                  |          |          |          |

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1533 be amended as follows:

Page 1, line 16, delete "by" and insert "*in addition to that which is required for*"

And when so amended H.F. No. 1533 will be identical to S.F. No. 1557, and further recommends that H.F. No. 1533 be given its second reading and substituted for S.F. No. 1557, and that the Senate File be indefinitely postponed.

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1466 for comparison with companion Senate File, reports the following House File was found not identical with its companion Senate File as follows:

| SPECIAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 1466           | 1285     |                  |          |          |          |

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1466 be amended as follows:

Page 2, after line 21, insert:

"Sec. 3. Minnesota Statutes 1982, section 487.30, is amended by adding a subdivision to read:

*Subd. 7. [NOTICE OF COSTS ON REMOVAL.] A notice of order for judgment shall contain a statement that if the cause is removed to county court, the court may, in its discretion, allow the prevailing party to recover from the aggrieved party an amount not to exceed \$50 as costs if the prevail-*

*ing party on appeal is not the aggrieved party in the original action.*

Sec. 4. Minnesota Statutes 1982, section 487.30, is amended by adding a subdivision to read:

*Subd. 8. [COSTS AND DISBURSEMENTS FOR PREVAILING PARTY ON REMOVAL.] (a) The prevailing party in a removed cause may tax and recover from the other party costs as provided by rules of the supreme court; except that if the prevailing party, on appeal, is not the aggrieved party in the original action, the court may, in its discretion, allow such prevailing party to tax and recover from the aggrieved party an amount not to exceed \$50 as costs.*

*(b) For the purpose of this subdivision, an "aggrieved party" means the party who demands removal to county court and means the first party who serves, or files in lieu of serving, a demand for removal if another party also demands removal, and an "opposing party" means any party as to whom the aggrieved party seeks a reversal in whole or in part by removal of the cause to county court.*

*(c) The aggrieved party is the prevailing party in county court:*

*(1) If the aggrieved party recovers any amount or any property in county court when the aggrieved party had been denied recovery of any amount or any property by the conciliation judge,*

*(2) If the opposing party does not recover any amount or any property from the aggrieved party in county court when the opposing party had recovered some amount or some property by the order of the conciliation judge,*

*(3) If the aggrieved party recovers an amount or value of property in county court which is at least \$25 in excess of the amount or value of property which the aggrieved party recovered by the order of the conciliation judge, or*

*(4) If the opposing party recovers from the aggrieved party an amount or value of property in county court which is at least \$25 less than the amount or value of property which the opposing party recovered by the order of the conciliation judge.*

*(d) In all other situations the opposing party shall be deemed to be the prevailing party in county court.*

*(e) Costs or disbursements in the conciliation or county court shall not be considered in determining whether there was a recovery by either party in either court or in determining the difference in recovery under this subdivision."*

Page 3, after line 13, insert:

"Sec. 6. Minnesota Statutes 1982, section 488A.16, subdivision 1, is amended to read:

*Subdivision 1. [NOTICE OF ORDER.] The clerk shall promptly mail to each party a notice of the order for judgment which the judge enters. The notice shall state the number of days allowed for obtaining an order to vacate where there has been a default or for removing the cause to municipal court. The notice shall contain a statement that if the cause is removed to municipal court, the court may, in its discretion, allow the prevailing party to recover*



*from the aggrieved party an amount not to exceed \$50 as costs if the prevailing party on appeal is not the aggrieved party in the original action."*

Page 4, after line 34, insert:

"Sec. 9. Minnesota Statutes 1982, section 488A.33, subdivision 1, is amended to read:

Subdivision 1. [NOTICE OF ORDER.] The administrator shall promptly mail to each party a notice of the order for judgment which the judge enters. The notice shall state the number of days allowed for obtaining an order to vacate where there has been a default or for removing the cause to municipal court. *The notice shall also contain a statement that if the cause is removed to municipal court, the court may, in its discretion, allow the prevailing party to recover from the aggrieved party an amount not to exceed \$50 as costs if the prevailing party on appeal is not the aggrieved party in the original action."*

Page 5, after line 35, insert:

"Sec. 11. Minnesota Statutes 1982, section 488A.34, subdivision 9, is amended to read:

Subd. 9. [COSTS AND DISBURSEMENTS FOR PREVAILING PARTY.] (a) The prevailing party in a removed cause may tax and recover from the other party costs and disbursements as though the action was originally commenced in the municipal court; *except that if the prevailing party, on appeal, is not the aggrieved party in the original action, the court may, in its discretion, allow such prevailing party to tax and recover from the aggrieved party an amount not to exceed \$50 as costs.*

*(b) For the purpose of this subdivision, an "aggrieved party" means the party who demands removal to municipal court and means the first party who serves, or files in lieu of serving, a demand for removal if another party also demands removal, and an "opposing party" means any party as to whom the aggrieved party seeks a reversal in whole or in part by removal of the cause to municipal court.*

*(c) The aggrieved party is the prevailing party in municipal court:*

*(1) If the aggrieved party recovers any amount or any property in municipal court when the aggrieved party had been denied recovery of any amount or any property by the conciliation judge,*

*(2) If the opposing party does not recover any amount or any property from the aggrieved party in municipal court when the opposing party had recovered some amount or some property by the order of the conciliation judge,*

*(3) If the aggrieved party recovers an amount or value of property in municipal court which is at least \$25 in excess of the amount or value of property which the aggrieved party recovered by the order of the conciliation judge, or*

*(4) If the opposing party recovers from the aggrieved party an amount or value of property in municipal court which is at least \$25 less than the amount or value of property which the opposing party recovered by the order of the conciliation judge.*

*(d) In all other situations the opposing party shall be deemed to be the prevailing party in municipal court.*

*(e) Costs or disbursements in the conciliation or municipal court shall not be considered in determining whether there was a recovery by either party in either court or in determining the difference in recovery under this subdivision."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, after "sections" insert "487.30, by adding subdivisions;"

Page 1, line 7, delete the second "subdivision" and insert "subdivisions 1 and"

Page 1, line 8, delete "487.30, by adding subdivisions;"

Page 1, line 9, delete "and" and the second "subdivision" and insert "subdivisions 1 and"

Page 1, line 9, before the period insert "; and 488A.34, subdivision 9"

And when so amended H.F. No. 1466 will be identical to S.F. No. 1285, and further recommends that H.F. No. 1466 be given its second reading and substituted for S.F. No. 1285, and that the Senate File be indefinitely postponed.

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1553 for comparison with companion Senate File, reports the following House File was found not identical with its companion Senate File as follows:

| SPECIAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 1553           | 1554     |                  |          |          |          |

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1553 be amended as follows:

Pages 1 to 3, delete sections 1 and 2

Page 4, line 29, delete ", improve,"

Page 4, lines 32 and 33, delete "provided that projects may be carried out under the powers granted in chapter" and insert "pursuant to chapters"

Page 4, line 33, delete "or" and insert "and" and delete "and that" and insert "but"

Page 4, line 35, delete "and"

Page 5, line 31, delete the first comma

Page 5, line 31, delete ", for this purpose,"

Page 5, line 32, delete the comma

Page 5, line 33, delete the first "the"

Page 6, line 34, delete the comma

Page 7, line 1, delete the comma

Page 11, line 2, delete "(e)" and insert "(e)"

Page 11, line 4, delete the stricken "(e)"

Page 11, after line 36, insert:

"Sec. 9. [APPLICATION.]

*This act applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, lines 3 and 4, delete "and local government units"

Page 1, line 7, delete "112.37, subdivision 7; 112.42, subdivision 3;"

Page 1, line 9, delete "and"

And when so amended H.F. No. 1553 will be identical to S.F. No. 1554, and further recommends that H.F. No. 1553 be given its second reading and substituted for S.F. No. 1554, and that the Senate File be indefinitely postponed.

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1425 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

| SPECIAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 1425           | 1450     |                  |          |          |          |

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1425 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1425 and insert the language after the enacting clause of S.F. No. 1450, as amended by the Committee on Agriculture and Natural Resources, adopted by the Senate April 2, 1984; further, delete the title of H.F. No. 1425 and insert the title of S.F. No. 1450, as amended.

And when so amended H.F. No. 1425 will be identical to S.F. No. 1450, and further recommends that H.F. No. 1425 be given its second reading and substituted for S.F. No. 1450, and that the Senate File be indefinitely postponed.

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1420 for comparison with companion Senate File, reports the following House File was found not identical with its companion Senate File as follows:

| SPECIAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 1420           | 1987     |                  |          |          |          |

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1420 be amended as follows:

Page 2, line 4, delete everything after "action"

Page 2, delete line 5

Page 2, delete lines 29 and 30

And when so amended H.F. No. 1420 will be identical to S.F. No. 1987, and further recommends that H.F. No. 1420 be given its second reading and substituted for S.F. No. 1987, and that the Senate File be indefinitely postponed.

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

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

S.F. No. 1366: A bill for an act relating to nonjudicial resolution of disputes; establishing community dispute resolution centers; creating a board of community dispute resolution to disburse funds to centers; providing for referral of civil, juvenile, and criminal matters to centers; appropriating money; proposing new law coded in Minnesota Statutes, chapters 13 and 494.

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

Delete everything after the enacting clause and insert:

"Section 1. [494.02] [COMMUNITY DISPUTE RESOLUTION PROGRAM.]

*Subdivision 1. [DEFINITION.] For the purposes of sections 1 through 4 "dispute resolution" means a process voluntarily entered by parties in disagreement using conciliation, mediation, or arbitration to reconcile the parties' differences. An individual who has been adjudicated incompetent, is under judicial commitment pursuant to chapter 253B, or is under guardianship or conservatorship of the person may not participate in a dispute resolution process.*

*Subd. 2. [ESTABLISHMENT; ADMINISTRATION.] The community dispute resolution program shall be established and administered by the state court administrator's office. The state planning agency shall provide advice and technical assistance upon the request of any public agency or nonprofit*

organization engaged in establishing a community dispute resolution program.

*Subd. 3. [GUIDELINES.] The state court administrator shall develop guidelines governing the establishment of community dispute resolution programs and training programs for mediators and arbitrators for those community dispute resolution programs. The guidelines shall provide a method for insuring that participation in dispute resolution is voluntary. The guidelines shall apply to dispute resolution programs seeking court referrals and include procedures for case processing and program certification criteria which must be met in order to receive court referrals. The guidelines shall require programs to exclude all matters involving violence against a person and shall include standards for training mediators to recognize such situations. Any guidelines developed under this subdivision shall be submitted to the chairmen of the judiciary committees in the house of representatives and senate by February 1, 1985. The guidelines shall not constitute a rule nor shall they be a substantive or procedural law.*

*Subd. 4. [REPORTS.] By August 1 of each year, each community dispute resolution program established pursuant to this section shall provide the state court administrator with statistical data regarding the operation budget, the number of referrals, categories or types of cases referred, number of parties served, number of disputes resolved, nature of resolution, amount and type of awards, rate of compliance, returnees to the dispute resolution process, duration and estimated costs of proceedings, and any other information that is required.*

## **Sec. 2. [494.03] [CONFIDENTIALITY OF COMMUNICATIONS.]**

*Any communication relating to the subject matter of the resolution process by any participant during dispute resolution shall not be used as evidence against a participant in a judicial or administrative proceeding. This shall not preclude the use of evidence obtained by other independent investigation.*

## **Sec. 3. [494.04] [EXCLUSIONS.]**

*A community dispute resolution center may not accept for resolution, either before or after the effective date of guidelines adopted pursuant to section 1, any dispute involving violence against persons, including incidents arising out of situations that would support charges under sections 609.342 to 609.345, 609.3641 to 609.3644, or 609.365, or any matter relating to guardianship, conservatorship, or civil commitment, or any matter involving neglect or dependency, or any matter involving termination of parental rights arising under sections 260.221 to 260.245, or any matter arising under section 626.557 or sections 144.651 to 144.652, or any dispute subject to chapters 518, 518A, 518B, and 518C, whether or not an action is pending. A department of court services may accept for resolution a dispute arising under chapters 518, 518A, 518B, and 518C. This shall not restrict the present authority of the court from referring disputes arising under chapters 518, and 518A to for-profit mediation.*

## **Sec. 4. [13.88] [COMMUNITY DISPUTE RESOLUTION CENTER DATA.]**

*All memoranda, agreements, files, and other work products relating to a community dispute resolution program case are classified as private data on*

*individuals, pursuant to section 13.02, subdivision 12, with the following exception:*

*When an agreement is between two parties either of whom has been formally charged with a criminal offense, the data are classified as public data on individuals, pursuant to section 13.02, subdivision 15.*

*Dispute resolution program data relating to suspected neglect or physical or sexual abuse of children or vulnerable adults are subject to the reporting requirements of sections 626.556 and 626.557.*

**Sec. 5. [STATE COURT ADMINISTRATOR REPORT.]**

*By January 1, 1986, the state court administrator shall report to the chairmen of the judiciary committee in the house and in the senate the experience to date with dispute resolution programs established pursuant to section 1 and shall make recommendations for any changes that may be deemed desirable in the dispute resolution program.*

**Sec. 6. [APPROPRIATION.]**

*The sum of \$47,500 is appropriated from the general fund to the state court administrator for the fiscal year ending June 30, 1985, for the purposes of sections 1 to 5.*

**Sec. 7. [EFFECTIVE DATE.]**

*Sections 1 to 5 are effective the day following final enactment."*

Delete the title and insert:

*"A bill for an act relating to voluntary nonjudicial resolution of disputes; establishing a community dispute resolution program; appropriating money; proposing new law coded in Minnesota Statutes, chapter 13; and proposing new law coded as Minnesota Statutes, chapter 494."*

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

**SECOND READING OF SENATE BILLS**

S.F. Nos. 1962, 2109, 1649, 1879, 1661 and 2017 were read the second time.

**SECOND READING OF HOUSE BILLS**

H.F. Nos. 1532, 560, 1404, 1706, 996, 1428, 1304, 1961, 1814, 1703, 1835, 2047, 1722, 1939, 1824, 1886, 2238, 1445, 1850, 1781, 1533, 1466, 1553, 1425 and 1420 were read the second time.

**MOTIONS AND RESOLUTIONS**

Mr. Frank moved that the name of Mr. Merriam be added as a co-author to S.F. No. 1390. The motion prevailed.

Mr. Wegscheid moved that the names of Ms. Peterson, D.C. and Mr. Pogemiller be added as co-authors to S.F. No. 1880. The motion prevailed.

Mr. Schmitz moved that H.F. No. 2038 be withdrawn from the Committee

on Local and Urban Government and re-referred to the Committee on Rules and Administration for comparison with S.F. No. 2149, now on Special Orders. The motion prevailed.

### CONFIRMATION

Mr. Hughes moved that the report from the Committee on Elections and Ethics, reported March 15, 1984, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Hughes moved that the foregoing report be now adopted. The motion prevailed.

Mr. Hughes moved that in accordance with the report from the Committee on Elections and Ethics, reported March 15, 1984, the Senate, having given its advice, do now consent to and confirm the appointments of:

#### STATE ETHICAL PRACTICES BOARD

Judith G. Schotzko, Rural Route #1, Blue Earth, Faribault County, effective June 6, 1983, for a term expiring the first Monday in January, 1987.

Jeff Bertram, Route 1, Box 88, Paynesville, Stearns County, effective June 6, 1983, for a term expiring the first Monday in January, 1987.

Mary Smith, 515 N. Ferndale, Wayzata, Hennepin County, effective January 3, 1984, for a term expiring the first Monday in January, 1988.

Harmon T. Ogdahl, 5026 Morgan Ave. S., Minneapolis, Hennepin County, effective February 15, 1984, for a term expiring the first Monday in January, 1988.

Mr. Laidig requested that the confirmation of Jeff Bertram be divided out.

The question was taken on the motion of Mr. Hughes to confirm the remaining appointments. The motion prevailed. So the appointments were confirmed.

The question was taken on the adoption of the motion to confirm the appointment of Jeff Bertram.

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

Those who voted in the affirmative were:

|             |               |                |                |         |
|-------------|---------------|----------------|----------------|---------|
| Adkins      | Dieterich     | Lessard        | Peterson, D.C. | Spear   |
| Bertram     | Frank         | Luther         | Peterson, R.W. | Stumpf  |
| Chmielewski | Hughes        | Merriam        | Petty          | Vega    |
| Dahl        | Johnson, D.E. | Moe, R. D.     | Purfeerst      | Waldorf |
| Davis       | Johnson, D.J. | Nelson         | Reichgott      | Willet  |
| DeCramer    | Jude          | Novak          | Samuelson      |         |
| Dicklich    | Kroening      | Pehler         | Schmitz        |         |
| Diessner    | Langseth      | Peterson, C.C. | Solon          |         |

Those who voted in the negative were:

|           |              |            |                |         |
|-----------|--------------|------------|----------------|---------|
| Anderson  | Brataas      | Knaak      | Mehrkens       | Renneke |
| Belanger  | Frederick    | Knutson    | Olson          | Sieloff |
| Benson    | Frederickson | Kronebusch | Peterson, D.L. | Storm   |
| Berg      | Isackson     | Laidig     | Pogemiller     | Taylor  |
| Bernhagen | Kamrath      | McQuaid    | Ramstad        | Ulland  |

The motion did not prevail. So the appointment was not confirmed.

**CONFIRMATION**

Mr. Moe, D.M. moved that the report from the Committee on Governmental Operations, reported March 19, 1984, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Moe, D.M. moved that the foregoing report be now adopted. The motion prevailed.

Mr. Moe, D.M. moved that in accordance with the report from the Committee on Governmental Operations, reported March 19, 1984, the Senate, having given its advice, do now consent to and confirm the appointment of:

**STATE PLANNING AGENCY  
DIRECTOR**

Thomas J. Triplett, 2415 Sheridan Ave. S., Minneapolis, Hennepin County, effective July 1, 1983, for a term expiring the first Monday in January, 1987.

The motion prevailed. So the appointment was confirmed.

**CONFIRMATION**

Mr. Lessard moved that the report from the Committee on Veterans and General Legislation, reported March 19, 1984, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Lessard moved that the foregoing report be now adopted. The motion prevailed.

Mr. Lessard moved that in accordance with the report from the Committee on Veterans and General Legislation, reported March 19, 1984, the Senate, having given its advice, do now consent to and confirm the appointment of:

**DEPARTMENT OF VETERANS' AFFAIRS  
COMMISSIONER**

William J. Gregg, 1719 W. Skillman Ave., St. Paul, Ramsey County, effective July 5, 1983, for a term expiring the first Monday in January, 1987.

The motion prevailed. So the appointment was confirmed.

**CONFIRMATION**

Mr. Lessard moved that the report from the Committee on Veterans and General Legislation, reported April 9, 1984, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Lessard moved that the foregoing report be now adopted. The motion prevailed.

Mr. Lessard moved that in accordance with the report from the Committee on Veterans and General Legislation, reported April 9, 1984, the Senate, having given its advice, do now consent to and confirm the appointments of:

**BOARD OF THE ARTS**

Siah Armajani, 11 Kenwood Pky., St. Paul, Ramsey County, effective June 17, 1983, for a term expiring the first Monday in January, 1987.



Katherine B. Murphy, 3139 S. Rivershore Dr., Moorhead, Clay County, effective June 17, 1983, for a term expiring the first Monday in January, 1987.

Carole Risselada Achterhof, Rural Route #2, Luverne, Rock County, effective June 17, 1983, for a term expiring the first Monday in January, 1987.

Karen M. Ransom, 230 Oak Grove St., Minneapolis, Hennepin County, effective January 3, 1984, for a term expiring the first Monday in January, 1988.

Karen B. Gray, 222 Highway 44 East, Spring Grove, Houston County, effective January 3, 1984, for a term expiring the first Monday in January, 1988.

Ludmilla Sahlstrom, 106 Golf Terrace Dr., Crookston, Polk County, effective January 3, 1984, for a term expiring the first Monday in January, 1988.

The motion prevailed. So the appointments were confirmed.

### CONFIRMATION

Mr. Purfeerst moved that the report from the Committee on Transportation, reported March 21, 1984, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Purfeerst moved that the foregoing report be now adopted. The motion prevailed.

Mr. Purfeerst moved that in accordance with the report from the Committee on Transportation, reported March 21, 1984, the Senate, having given its advice, do now consent to and confirm the appointments of:

### TRANSPORTATION REGULATION BOARD

Roger Laufenburger, Box 338, Lewiston, Winona County, effective August 9, 1983, for a term expiring the first Monday in January, 1985.

John E. Moran, 13701 Shirley Dr., Burnsville, Dakota County, effective August 9, 1983, for a term expiring the first Monday in January, 1987.

Lorraine Mayasich, 1052 S. Moon Lake Dr., Eveleth, St. Louis County, effective August 9, 1983, for a term expiring the first Monday in January, 1989.

The motion prevailed. So the appointments were confirmed.

### CONFIRMATION

Mr. Solon moved that the report from the Committee on Economic Development and Commerce, reported April 2, 1984, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Solon moved that the foregoing report be now adopted. The motion prevailed.

Mr. Solon moved that in accordance with the report from the Committee on Economic Development and Commerce, reported April 2, 1984, the Senate,

having given its advice, do now consent to and confirm the appointment of:

**DEPARTMENT OF COMMERCE  
COMMISSIONER**

Michael Hatch, 1042 Naumkeag, Shakopee, Scott County, effective July 1, 1983, for a term expiring the first Monday in January, 1987.

The motion prevailed. So the appointment was confirmed.

**CONFIRMATION**

Mr. Solon moved that the report from the Committee on Economic Development and Commerce, reported April 5, 1984, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Solon moved that the foregoing report be now adopted. The motion prevailed.

Mr. Solon moved that in accordance with the report from the Committee on Economic Development and Commerce, reported April 5, 1984, the Senate, having given its advice, do now consent to and confirm the appointment of:

**DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT  
COMMISSIONER**

Mark Dayton, 4225 E. Lake Harriet Blvd., Minneapolis, Hennepin County, effective July 1, 1983, for a term expiring the first Monday in January, 1987.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 51 and nays 11, as follows:

Those who voted in the affirmative were:

|             |               |            |                |         |
|-------------|---------------|------------|----------------|---------|
| Adkins      | Dicklich      | Kroening   | Pehler         | Schmitz |
| Anderson    | Diessner      | Kronebusch | Peterson, C.C. | Solon   |
| Berg        | Dieterich     | Langseth   | Peterson, D.C. | Spear   |
| Berglin     | Frank         | Lantry     | Peterson, R.W. | Taylor  |
| Bernhagen   | Frederick     | Lessard    | Petty          | Vega    |
| Bertram     | Frederickson  | Luther     | Pogemiller     | Waldorf |
| Brataas     | Freeman       | Moe, D. M. | Purfeerst      | Willet  |
| Chmielewski | Hughes        | Moe, R. D. | Ramstad        |         |
| Dahl        | Johnson, D.J. | Nelson     | Reichgott      |         |
| Davis       | Kamrath       | Novak      | Renneke        |         |
| DeCramer    | Knutson       | Olson      | Samuelson      |         |

Those who voted in the negative were:

|          |               |         |          |        |
|----------|---------------|---------|----------|--------|
| Belanger | Johnson, D.E. | Laidig  | Mehrkens | Storm  |
| Benson   | Knaak         | McQuaid | Sieloff  | Ulland |
| Isackson |               |         |          |        |

The motion prevailed. So the appointment was confirmed.

**CONFIRMATION**

Mr. Chmielewski moved that the report from the Committee on Employment, reported April 9, 1984, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Chmielewski moved that the foregoing report be now adopted. The

motion prevailed.

Mr. Chmielewski moved that in accordance with the report from the Committee on Employment, reported April 9, 1984, the Senate, having given its advice, do now consent to and confirm the appointment of:

#### WORKERS' COMPENSATION COURT OF APPEALS

Mahlon F. Hanson, 300 Harold Dr., Burnsville, Dakota County, effective September 14, 1983, for a term expiring January 1, 1989.

The motion prevailed. So the appointment was confirmed.

#### CONFIRMATION

Mr. Pehler moved that the report from the Committee on Education, reported April 9, 1984, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Pehler moved that the foregoing report be now adopted. The motion prevailed.

Mr. Pehler moved that in accordance with the report from the Committee on Education, reported April 9, 1984, the Senate, having given its advice, do now consent to and confirm the appointments of:

#### STATE BOARD OF EDUCATION

John B. Buckanaga, 1006 Augusta Dr. N.E., Bemidji, Beltrami County, effective January 17, 1984, for a term expiring the first Monday in January, 1988.

Jewell Lewis, 2026 Hazelwood, St. Paul, Ramsey County, effective January 18, 1984, for a term expiring the first Monday in January, 1988.

#### DEPARTMENT OF EDUCATION COMMISSIONER

Ruth Randall, 5135 - 148th St. W., Apple Valley, Dakota County, effective July 1, 1983, for a term expiring the first Monday in January, 1987.

The motion prevailed. So the appointments were confirmed.

#### CONFIRMATION

Mr. Schmitz moved that the report from the Committee on Local and Urban Government, reported April 9, 1984, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Schmitz moved that the foregoing report be now adopted. The motion prevailed.

Mr. Schmitz moved that in accordance with the report from the Committee on Local and Urban Government, reported April 9, 1984, the Senate, having given its advice, do now consent to and confirm the appointments of:

#### METROPOLITAN COUNCIL

Liz (Mary E.) Anderson, 914 Parkview, St. Paul, Ramsey County, effective June 16, 1983, for a term expiring the first Monday in January, 1985.

Dirk DeVries, 18600 Woolman Dr., Minnetonka, Hennepin County, effective June 16, 1983, for a term expiring the first Monday in January, 1985.

Mary M. Hauser, 616 Hall Ave., Birchwood, Washington County, effective June 16, 1983, for a term expiring the first Monday in January, 1985.

Josephine D. Nunn, 401 Elm Creek Rd., Champlin, Hennepin County, effective June 16, 1983, for a term expiring the first Monday in January, 1985.

Carol Wold Sindt, 1323 Bayard Ave., St. Paul, Ramsey County, effective June 16, 1983, for a term expiring the first Monday in January, 1985.

Charles W. Wiger, 2630 E. Burke Ave., North St. Paul, Ramsey County, effective June 16, 1983, for a term expiring the first Monday in January, 1985.

Alton J. Gasper, 5406 Hampshire Dr., Minneapolis, Hennepin County, effective June 16, 1983, for a term expiring the first Monday in January, 1985.

Marcia Bennett, 654 - 48th Ave. N.E., Columbia Heights, Anoka County, effective June 16, 1983, for a term expiring the first Monday in January, 1987.

Joan M. Campbell, 947 - 17th Ave. S.E., Minneapolis, Hennepin County, effective June 16, 1983, for a term expiring the first Monday in January, 1987.

Philip C. Carruthers, 7852 Yates Ave. N., Brooklyn Park, Hennepin County, effective June 16, 1983, for a term expiring the first Monday in January, 1987.

Carol Flynn, 4741 Elliot Ave. S., Minneapolis, Hennepin County, effective June 16, 1983, for a term expiring the first Monday in January, 1987.

Raymond J. Joachim, 109 W. 6th St., Jordan, Scott County, effective June 16, 1983, for a term expiring the first Monday in January, 1987.

Michael William McLaughlin, 275 Summit Ave., St. Paul, Ramsey County, effective June 16, 1983, for a term expiring the first Monday in January, 1987.

Patrick J. Scully, 1617 Ashland St., Hastings, Dakota County, effective June 16, 1983, for a term expiring the first Monday in January, 1987.

Gertrude Ulrich, 7601 Aldrich Ave. S., Minneapolis, Hennepin County, effective June 16, 1983, for a term expiring the first Monday in January, 1987.

The motion prevailed. So the appointments were confirmed.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the Calendar and the Consent Calendar. The motion prevailed.

## CALENDAR

H.F. No. 1408: A bill for an act relating to public safety; traffic regulations;

regulating school buses; amending Minnesota Statutes 1982, sections 169.01, subdivision 6; 169.44, subdivisions 1c, 2, 8, and 15; 169.45; and 171.01, by adding a subdivision.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Adkins      | Dieterich     | Kronebusch | Peterson, D.C. | Spear     |
| Anderson    | Frank         | Laidig     | Peterson, D.L. | Storm     |
| Belanger    | Frederick     | Langseth   | Peterson, R.W. | Stumpf    |
| Berg        | Frederickson  | Lantry     | Petty          | Taylor    |
| Berglin     | Freeman       | Lessard    | Pogemiller     | Ulland    |
| Bernhagen   | Hughes        | Luther     | Purfeerst      | Vega      |
| Bertram     | Isackson      | McQuaid    | Ramstad        | Waldorf   |
| Chmielewski | Johnson, D.E. | Mehrkins   | Reichgott      | Wegscheid |
| Dahl        | Johnson, D.J. | Moe, D. M. | Renneke        | Willet    |
| Davis       | Jude          | Moe, R. D. | Samuelson      |           |
| DeCramer    | Knaak         | Novak      | Schmitz        |           |
| Dicklich    | Knutson       | Olson      | Sieloff        |           |
| Diessner    | Kroening      | Pehler     | Solon          |           |

So the bill passed and its title was agreed to.

S.F. No. 1628: A bill for an act relating to public welfare; setting licensing, planning and zoning provisions with respect to licensed residential and day care facilities; providing that certain facilities are permitted multi-family uses; allowing municipalities to require conditional use permits for certain other facilities; requiring counties to engage in planning to promote dispersal of residential facilities; providing that certain facilities are permitted single family uses; amending Minnesota Statutes 1982, sections 245.783, by adding a subdivision; 245.812, subdivisions 3, 4 and 7, and by adding a subdivision; and 462.357, subdivisions 7, 8, and by adding a subdivision.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 40 and nays 21, as follows:

Those who voted in the affirmative were:

|          |               |            |                |           |
|----------|---------------|------------|----------------|-----------|
| Adkins   | Dieterich     | Kroening   | Moe, R. D.     | Solon     |
| Berglin  | Frank         | Kronebusch | Pehler         | Spear     |
| Bertram  | Frederickson  | Langseth   | Peterson, D.C. | Stumpf    |
| Dahl     | Freeman       | Lantry     | Peterson, R.W. | Taylor    |
| Davis    | Hughes        | Lessard    | Petty          | Vega      |
| DeCramer | Johnson, D.J. | Luther     | Pogemiller     | Waldorf   |
| Dicklich | Jude          | McQuaid    | Purfeerst      | Wegscheid |
| Diessner | Knaak         | Moe, D. M. | Reichgott      | Willet    |

Those who voted in the negative were:

|             |               |                |           |        |
|-------------|---------------|----------------|-----------|--------|
| Anderson    | Frederick     | Mehrkins       | Renneke   | Ulland |
| Belanger    | Isackson      | Novak          | Samuelson |        |
| Berg        | Johnson, D.E. | Olson          | Schmitz   |        |
| Bernhagen   | Knutson       | Peterson, D.L. | Sieloff   |        |
| Chmielewski | Laidig        | Ramstad        | Storm     |        |

So the bill passed and its title was agreed to.

S.F. No. 1332: A bill for an act relating to education; authorizing a school board to expend district funds to establish and operate a nonprofit corporation; requiring the corporation to assist and cooperate with the school board; providing certain limitations on the amount of district funds; requiring district reports to the commissioner of education; requiring a report to the legislature; amending Minnesota Statutes 1982, section 123.35, by adding a subdivision.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Adkins      | Frank         | Laidig     | Peterson, D.C. | Spear     |
| Anderson    | Frederick     | Langseth   | Peterson, D.L. | Storm     |
| Belanger    | Frederickson  | Lantry     | Peterson, R.W. | Stumpf    |
| Berglin     | Freeman       | Lessard    | Petty          | Taylor    |
| Bernhagen   | Hughes        | Luther     | Pogemiller     | Ulland    |
| Bertram     | Isackson      | McQuaid    | Purfeerst      | Vega      |
| Chmielewski | Johnson, D.E. | Mehrkins   | Ramstad        | Waldorf   |
| Dahl        | Johnson, D.J. | Merriam    | Reichgott      | Wegscheid |
| Davis       | Jude          | Moe, D. M. | Renneke        | Willet    |
| DeCramer    | Knaak         | Moe, R. D. | Samuelson      |           |
| Dicklich    | Knutson       | Novak      | Schmitz        |           |
| Diessner    | Kroening      | Olson      | Sieloff        |           |
| Dieterich   | Kronebusch    | Pehler     | Solon          |           |

So the bill passed and its title was agreed to.

S.F. No. 1466: A bill for an act relating to veterans; changing the eligibility for veteran's preference for civil service employment; amending Minnesota Statutes 1982, sections 43A.11, subdivision 1; and 197.447.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 52 and nays 10, as follows:

Those who voted in the affirmative were:

|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Adkins      | Diessner      | Kroening   | Pehler         | Solon     |
| Anderson    | Frederick     | Kronebusch | Peterson, C.C. | Storm     |
| Belanger    | Frederickson  | Laidig     | Peterson, D.L. | Stumpf    |
| Berg        | Freeman       | Langseth   | Peterson, R.W. | Taylor    |
| Bernhagen   | Hughes        | Lantry     | Purfeerst      | Ulland    |
| Bertram     | Isackson      | Lessard    | Ramstad        | Waldorf   |
| Chmielewski | Johnson, D.E. | Luther     | Reichgott      | Wegscheid |
| Dahl        | Johnson, D.J. | McQuaid    | Renneke        | Willet    |
| Davis       | Jude          | Mehrkins   | Samuelson      |           |
| DeCramer    | Knaak         | Novak      | Schmitz        |           |
| Dicklich    | Knutson       | Olson      | Sieloff        |           |

Those who voted in the negative were:

|           |         |            |                |       |
|-----------|---------|------------|----------------|-------|
| Berglin   | Frank   | Moe, D. M. | Peterson, D.C. | Spear |
| Dieterich | Merriam | Moe, R. D. | Petty          | Vega  |

So the bill passed and its title was agreed to.

S.F. No. 1474: A bill for an act relating to natural resources; expanding the trout stamp program to include trout lakes and Lake Superior; reducing the

age requirement for obtaining a trout stamp; amending Minnesota Statutes 1982, section 97.4842.

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 46 and nays 18, as follows:

Those who voted in the affirmative were:

|             |               |                |                |           |
|-------------|---------------|----------------|----------------|-----------|
| Berg        | Frederick     | Lantry         | Peterson, D.C. | Solon     |
| Berglin     | Frederickson  | Luther         | Peterson, D.L. | Spear     |
| Bernhagen   | Freeman       | McQuaid        | Petty          | Storm     |
| Bertram     | Hughes        | Merriam        | Pogemiller     | Stumpf    |
| Chmielewski | Johnson, D.E. | Moe, D. M.     | Purfeerst      | Wegscheid |
| Dahl        | Johnson, D.J. | Moe, R. D.     | Ramstad        | Willett   |
| DeCramer    | Knaak         | Novak          | Reichgott      |           |
| Dicklich    | Knutson       | Olson          | Renneke        |           |
| Diessner    | Laidig        | Pehler         | Schmitz        |           |
| Dieterich   | Langseth      | Peterson, C.C. | Sieloff        |           |

Those who voted in the negative were:

|          |          |            |                |         |
|----------|----------|------------|----------------|---------|
| Adkins   | Frank    | Kroening   | Peterson, R.W. | Vega    |
| Anderson | Isackson | Kronebusch | Samuelson      | Waldorf |
| Belanger | Jude     | Lessard    | Taylor         |         |
| Davis    | Kamrath  | Mehrkins   | Ulland         |         |

So the bill passed and its title was agreed to.

S.F. No. 1589: A bill for an act relating to natural resources; authorizing hunters and trappers to wear blaze orange camouflage; amending Minnesota Statutes 1983 Supplement, section 100.29, subdivision 8.

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 64 and nays 0, as follows:

Those who voted in the affirmative were:

|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Adkins      | Dieterich     | Kroening   | Olson          | Schmitz   |
| Anderson    | Frank         | Kronebusch | Pehler         | Sieloff   |
| Belanger    | Frederick     | Laidig     | Peterson, C.C. | Solon     |
| Berg        | Frederickson  | Langseth   | Peterson, D.C. | Spear     |
| Berglin     | Freeman       | Lantry     | Peterson, D.L. | Storm     |
| Bernhagen   | Hughes        | Lessard    | Peterson, R.W. | Stumpf    |
| Bertram     | Isackson      | Luther     | Petty          | Taylor    |
| Chmielewski | Johnson, D.E. | McQuaid    | Pogemiller     | Ulland    |
| Dahl        | Johnson, D.J. | Mehrkins   | Purfeerst      | Vega      |
| Davis       | Jude          | Merriam    | Ramstad        | Waldorf   |
| DeCramer    | Kamrath       | Moe, D. M. | Reichgott      | Wegscheid |
| Dicklich    | Knaak         | Moe, R. D. | Renneke        | Willett   |
| Diessner    | Knutson       | Novak      | Samuelson      |           |

So the bill passed and its title was agreed to.

S.F. No. 1112: A bill for an act relating to drainage; eliminating the bond required for appeal of benefits or damages in a drainage assessment proceeding; amending Minnesota Statutes 1982, section 106.631, subdivision 2.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Anderson    | Frank         | Kronebusch | Pehler         | Solon     |
| Belanger    | Frederick     | Laidig     | Peterson, C.C. | Spear     |
| Berg        | Frederickson  | Langseth   | Peterson, D.C. | Storm     |
| Berglin     | Freeman       | Lantry     | Peterson, D.L. | Stumpf    |
| Bernhagen   | Hughes        | Lessard    | Peterson, R.W. | Taylor    |
| Bertram     | Isackson      | Luther     | Petty          | Ulland    |
| Chmielewski | Johnson, D.E. | McQuaid    | Pogemiller     | Vega      |
| Dahl        | Johnson, D.J. | Mehrkins   | Purfeerst      | Waldorf   |
| Davis       | Jude          | Merriam    | Ramstad        | Wegscheid |
| DeCramer    | Kamrath       | Moe, D. M. | Renneke        | Willet    |
| Dicklich    | Knaak         | Moe, R. D. | Samuelson      |           |
| Diessner    | Knutson       | Novak      | Schmitz        |           |
| Dieterich   | Kroening      | Olson      | Sieloff        |           |

So the bill passed and its title was agreed to.

S.F. No. 1590: A bill for an act relating to natural resources; increasing the penalty on owners and keepers of certain dogs; authorizing peace officers to take certain actions; prohibiting damages against peace officers who take those actions; amending Minnesota Statutes 1982, sections 100.29, subdivision 19; and 347.01.

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 64 and nays 1, as follows:

Those who voted in the affirmative were:

|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Anderson    | Diessner      | Kroening   | Olson          | Schmitz   |
| Belanger    | Dieterich     | Kronebusch | Pehler         | Sieloff   |
| Benson      | Frank         | Laidig     | Peterson, C.C. | Solon     |
| Berg        | Frederick     | Langseth   | Peterson, D.C. | Spear     |
| Berglin     | Frederickson  | Lantry     | Peterson, D.L. | Storm     |
| Bernhagen   | Freeman       | Lessard    | Peterson, R.W. | Stumpf    |
| Bertram     | Hughes        | Luther     | Petty          | Taylor    |
| Brataas     | Isackson      | McQuaid    | Pogemiller     | Ulland    |
| Chmielewski | Johnson, D.E. | Mehrkins   | Purfeerst      | Vega      |
| Dahl        | Johnson, D.J. | Merriam    | Ramstad        | Waldorf   |
| Davis       | Jude          | Moe, D. M. | Reichgott      | Wegscheid |
| DeCramer    | Kamrath       | Moe, R. D. | Renneke        | Willet    |
| Dicklich    | Knutson       | Novak      | Samuelson      |           |

Mr. Knaak voted in the negative.

So the bill passed and its title was agreed to.

### CONSENT CALENDAR

H.F. No. 1371: A bill for an act relating to state government; providing for a day care center for state employees in the capitol complex; amending Minnesota Statutes 1982, section 16.02, by adding a subdivision.

Pursuant to Rule 9, there being three objectors, H.F. No. 1371 was stricken from the Consent Calendar and placed at the bottom of General Orders.

H.F. No. 1325: A bill for an act relating to county law libraries; permitting



the appointment of a nonlawyer to the library board; amending Minnesota Statutes 1982, section 140.36, subdivision 1.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 57 and nays 1, as follows:

Those who voted in the affirmative were:

|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Anderson    | Diessner      | Knaak      | Moe, R. D.     | Sieloff   |
| Belanger    | Dieterich     | Knutson    | Olson          | Spear     |
| Benson      | Frank         | Kroening   | Pehler         | Stumpf    |
| Berglin     | Frederick     | Kronebusch | Peterson, D.C. | Taylor    |
| Bernhagen   | Frederickson  | Laidig     | Peterson, D.L. | Ulland    |
| Bertram     | Freeman       | Langseth   | Petty          | Vega      |
| Brataas     | Hughes        | Lantry     | Pogemiller     | Waldorf   |
| Chmielewski | Isackson      | Lessard    | Ramstad        | Wegscheid |
| Dahl        | Johnson, D.E. | Luther     | Reichgott      | Willet    |
| Davis       | Johnson, D.J. | McQuaid    | Renneke        |           |
| DeCramer    | Jude          | Mehrkens   | Samuelson      |           |
| Dicklich    | Kamrath       | Merriam    | Schmitz        |           |

Mr. Peterson, R.W. voted in the negative.

So the bill passed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Petty moved that S. F. No. 2178 be withdrawn from the Committee on Agriculture and Natural Resources and re-referred to the Committee on Rules and Administration. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chairman of the Subcommittee on Bill Scheduling, designated the General Orders Calendar a Special Orders Calendar to be heard immediately.

### SPECIAL ORDER

S.F. No. 1351: A bill for an act relating to commerce; providing an alternative distribution of assets following voluntary dissolution of a cooperative association; amending Minnesota Statutes 1982, section 308.14, by adding a subdivision.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Adkins      | Dicklich      | Knaak      | Peterson, C.C. | Solon     |
| Anderson    | Diessner      | Knutson    | Peterson, D.C. | Spear     |
| Benson      | Dieterich     | Kroening   | Peterson, D.L. | Stumpf    |
| Berg        | Frank         | Kronebusch | Peterson, R.W. | Taylor    |
| Berglin     | Frederick     | Laidig     | Petty          | Ulland    |
| Bernhagen   | Frederickson  | Langseth   | Pogemiller     | Vega      |
| Bertram     | Freeman       | Lessard    | Purfeerst      | Waldorf   |
| Brataas     | Hughes        | Luther     | Ramstad        | Wegscheid |
| Chmielewski | Isackson      | McQuaid    | Reichgott      |           |
| Dahl        | Johnson, D.E. | Merriam    | Renneke        |           |
| Davis       | Jude          | Moe, R. D. | Samuelson      |           |
| DeCramer    | Kamrath       | Olson      | Sieloff        |           |

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

S.F. No. 1576: A bill for an act relating to military justice; modifying the appeal of court-martial proceedings; clarifying when a military judge may issue search warrants; amending Minnesota Statutes 1982, sections 192A.325; 192A.345, subdivisions 2 and 8; 192A.612; repealing Minnesota Statutes 1982, section 192A.345, subdivisions 1 and 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 56 and nays 0, as follows:

Those who voted in the affirmative were:

|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Adkins      | Dicklich      | Knutson    | Peterson, C.C. | Spear     |
| Anderson    | Diessner      | Kroening   | Peterson, D.C. | Stumpf    |
| Benson      | Dieterich     | Kronebusch | Peterson, D.L. | Taylor    |
| Berg        | Frank         | Laidig     | Peterson, R.W. | Ulland    |
| Berglin     | Frederick     | Langseth   | Petty          | Vega      |
| Bernhagen   | Frederickson  | Lantry     | Purfeerst      | Waldorf   |
| Bertram     | Hughes        | Lessard    | Ramstad        | Wegscheid |
| Brataas     | Isackson      | Luther     | Reichgott      | Willet    |
| Chmielewski | Johnson, D.E. | McQuaid    | Renneke        |           |
| Dahl        | Jude          | Merriam    | Samuelson      |           |
| Davis       | Kamrath       | Moe, R. D. | Sieloff        |           |
| DeCramer    | Knaak         | Olson      | Solon          |           |

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

S.F. No. 1330: A bill for an act relating to landlords and tenants; providing for recovery by the tenant from the landlord of damages and attorney's fees for unlawful ouster or exclusion from residential premises; proposing new law coded in Minnesota Statutes, chapter 504.

Mr. Sieloff moved to amend S.F. No. 1330 as follows:

Page 1, line 14, after "*landlord*" insert "*up to*"

The motion prevailed. So the amendment was adopted.

S.F. No. 1330 was then progressed.

**SPECIAL ORDER**

H.F. No. 1813: A bill for an act relating to hospital districts; providing for loans to students in health-related educational programs; amending Minnesota Statutes 1982, section 447.331.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 52 and nays 0, as follows:

Those who voted in the affirmative were:

|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Anderson    | DeCramer      | Knaak      | Olson          | Spear     |
| Belanger    | Dicklich      | Knutson    | Pehler         | Storm     |
| Benson      | Dieterich     | Kroening   | Peterson, C.C. | Stumpf    |
| Berg        | Frank         | Kronebusch | Peterson, D.C. | Taylor    |
| Berglin     | Frederickson  | Laidig     | Peterson, D.L. | Ulland    |
| Bernhagen   | Freeman       | Lantry     | Peterson, R.W. | Vega      |
| Bertram     | Hughes        | Lessard    | Petty          | Wegscheid |
| Brataas     | Isackson      | Luther     | Pogemiller     | Willet    |
| Chmielewski | Johnson, D.E. | McQuaid    | Ramstad        |           |
| Dahl        | Jude          | Merriam    | Reichgott      |           |
| Davis       | Kamrath       | Nelson     | Renneke        |           |

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1588: A bill for an act relating to the environment; clarifying a definition in the Environmental Response and Liability Act; amending Minnesota Statutes 1983 Supplement, section 115B.02, subdivision 15.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Adkins      | DeCramer      | Knaak      | Nelson         | Samuelson |
| Anderson    | Dicklich      | Knutson    | Novak          | Schmitz   |
| Belanger    | Dieterich     | Kroening   | Olson          | Sieloff   |
| Benson      | Frank         | Kronebusch | Pehler         | Spear     |
| Berg        | Frederickson  | Laidig     | Peterson, C.C. | Storm     |
| Bernhagen   | Freeman       | Lantry     | Peterson, D.L. | Stumpf    |
| Bertram     | Hughes        | Lessard    | Peterson, R.W. | Taylor    |
| Brataas     | Isackson      | Luther     | Petty          | Ulland    |
| Chmielewski | Johnson, D.E. | McQuaid    | Pogemiller     | Vega      |
| Dahl        | Jude          | Mehrkins   | Ramstad        | Wegscheid |
| Davis       | Kamrath       | Merriam    | Renneke        | Willet    |

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1504: A bill for an act relating to commerce; providing various definitions applicable to the regulation of sales of subdivided lands; providing for the registration of subdivided lands; requiring the use of public offering statements; providing certain exemptions to the subdivided land statutes; providing for the rescission of subdivided land sales contracts; regulating the filing of subdivided land documents; prohibiting the publishing of false, misleading, or deceptive advertising regarding subdivided lands; providing the filing of annual reports; regulating supplemental subdivided land reports; providing for the revocation or suspension of a subdivided land registration; regulating service of process on subdivided land registration applicants; establishing prohibited practices; prescribing penalties; amending Minnesota Statutes 1982, sections 83.20, subdivisions 1, 5, 11, and by adding subdivisions; 83.21; 83.23; 83.24; 83.25, subdivision 1; 83.26; 83.27; 83.28; 83.29, by adding subdivisions; 83.30; 83.31; 83.33, subdivisions 1 and 2; 83.34, subdivision 1; 83.35; 83.36; 83.37; 83.38, subdivision 2; 83.39; 83.40; 83.41; 83.42; proposing new law coded in Minnesota Statutes, chapter 83;

repealing Minnesota Statutes 1982, section 83.33, subdivision 3.

Mr. Novak moved to amend S.F. No. 1504, as follows:

Page 36, line 9, delete "*conceit*" and insert "*deceit*"

The motion prevailed. So the amendment was adopted.

Mr. Knutson moved to amend S.F. No. 1504, as follows:

Page 3, delete lines 31 to 34

Page 4, line 10, delete "*29 and 30*" and insert "*28 and 29*"

Page 4, line 30, delete "*29 and 30*" and insert "*28 and 29*"

Page 15, line 11, delete "*29*" and insert "*28*"

Page 15, line 12, delete "*30*" and insert "*29*"

Page 16, line 22, delete "*29 and 30*" and insert "*28 and 29*"

Page 20, line 2, delete "*29*" and insert "*28*"

Page 20, line 3, delete "*30*" and insert "*29*"

Page 21, lines 7 and 28, delete "*29 and 30*" and insert "*28 and 29*"

Page 22, line 34, delete "*29 and 30*" and insert "*28 and 29*"

Page 26, line 13, delete "*9*" and insert "*8*"

Page 26, line 15, delete "*29*" and insert "*28*"

Page 26, line 16, delete "*30*" and insert "*29*"

Page 26, lines 17, 24, and 26, delete "*29 and 30*" and insert "*28 and 29*"

Page 27, lines 1 and 34, delete "*29 and 30*" and insert "*28 and 29*"

Page 28, line 15, delete "*29 and 30*" and insert "*28 and 29*"

Page 29, lines 25 and 29, delete "*29 and 30*" and insert "*28 and 29*"

Page 30, line 12, delete "*31*" and insert "*29*"

Page 30, line 26, delete "*29 and 30*" and insert "*28 and 29*"

Page 30, line 34, delete "*30*" and insert "*29*"

Page 31, line 16, delete "*29 and 30*" and insert "*28 and 29*"

Page 32, line 4, delete "*30*" and insert "*29*"

Page 32, lines 14, 29, and 36, delete "*29 and 30*" and insert "*28 and 29*"

Page 33, lines 18 and 29, delete "*29 and 30*" and insert "*28 and 29*"

Page 34, line 13, delete "*29*" and insert "*28*"

Page 34, line 14, delete "*30*" and insert "*29*"

Page 34, lines 16, 20, 35, and 36, delete "*29 and 30*" and insert "*28 and 29*"

Page 35, line 9, delete "*29 and 30*" and insert "*28 and 29*"

Page 35, lines 28 and 29, delete "*30*" and insert "*29*"

Page 36, line 15, delete "31" and insert "30"

Renumber the sections in sequence

The motion prevailed. So the amendment was adopted.

Mr. Sieloff moved to amend S.F. No. 1504 as follows:

Page 36, line 15, delete "September 1, 1984" and insert "August 1, 1985"

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

S.F. No. 1504 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

|             |               |            |                |        |
|-------------|---------------|------------|----------------|--------|
| Adkins      | Dicklich      | Kronebusch | Pehler         | Solon  |
| Anderson    | Dieterich     | Laidig     | Peterson, C.C. | Spear  |
| Belanger    | Frank         | Langseth   | Peterson, D.C. | Storm  |
| Benson      | Frederickson  | Lantry     | Peterson, D.L. | Stumpf |
| Berg        | Freeman       | Lessard    | Peterson, R.W. | Taylor |
| Bernhagen   | Hughes        | Luther     | Petty          | Ulland |
| Bertram     | Isackson      | McQuaid    | Pogemiller     | Vega   |
| Brataas     | Johnson, D.E. | Mehrkens   | Purfeerst      | Willet |
| Chmielewski | Kamrath       | Merriam    | Ramstad        |        |
| Dahl        | Knaak         | Moe, R. D. | Reichgott      |        |
| Davis       | Knutson       | Novak      | Renneke        |        |
| DeCramer    | Kroening      | Olson      | Schmitz        |        |

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

### SPECIAL ORDER

S.F. No. 1702: A bill for an act relating to counties; changing certain county powers; removing a lynching provision; fixing expenditure authority for various county activities; changing penalties; revising the language of the text of chapters governing county powers and county boards; amending Minnesota Statutes 1982, chapters 373, as amended, and 375, as amended; repealing Minnesota Statutes 1982, sections 373.28 and 375.29.

Mr. Spear moved to amend S.F. No. 1702 as follows:

Page 68, line 15, delete "sections 373.28 and" and insert "section"

Page 68, line 15, delete "are" and insert "is"

Amend the title as follows:

Page 1, line 3, delete everything before "fixing"

Page 1, line 9, delete "sections 373.28 and" and insert "section"

The motion prevailed. So the amendment was adopted.

S.F. No. 1702 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

|             |                |            |                 |           |
|-------------|----------------|------------|-----------------|-----------|
| Adkins      | Dieterich      | Kronebusch | Pehler          | Spear     |
| Anderson    | Frank          | Laidig     | Peterson, C. C. | Storm     |
| Belanger    | Frederick      | Langseth   | Peterson, D. C. | Stumpf    |
| Berg        | Frederickson   | Lantry     | Peterson, D. L. | Taylor    |
| Bernhagen   | Freeman        | Lessard    | Peterson, R. W. | Ulland    |
| Bertram     | Hughes         | Luther     | Petty           | Vega      |
| Brataas     | Isackson       | McQuaid    | Purfeerst       | Waldorf   |
| Chmielewski | Johnson, D. E. | Mehrken    | Ramstad         | Wegscheid |
| Dahl        | Jude           | Merriam    | Renneke         | Willet    |
| Davis       | Kamrath        | Moe, D. M. | Samuelson       |           |
| DeCramer    | Knaak          | Moe, R. D. | Schmitz         |           |
| Dicklich    | Knutson        | Nelson     | Sieloff         |           |
| Diessner    | Kroening       | Olson      | Solon           |           |

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

### SPECIAL ORDER

S.F. No. 1794: A bill for an act relating to waters; legislative approval to provide water to Emerson, Manitoba by the North Kittson Rural Water District.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

|             |                |            |                 |         |
|-------------|----------------|------------|-----------------|---------|
| Adkins      | Diessner       | Kroening   | Olson           | Sieloff |
| Anderson    | Dieterich      | Kronebusch | Pehler          | Solon   |
| Belanger    | Frank          | Laidig     | Peterson, C. C. | Spear   |
| Benson      | Frederick      | Langseth   | Peterson, D. C. | Storm   |
| Berg        | Frederickson   | Lantry     | Peterson, D. L. | Stumpf  |
| Bernhagen   | Freeman        | Lessard    | Peterson, R. W. | Taylor  |
| Bertram     | Hughes         | Luther     | Petty           | Ulland  |
| Brataas     | Isackson       | McQuaid    | Purfeerst       | Vega    |
| Chmielewski | Johnson, D. E. | Merriam    | Ramstad         | Waldorf |
| Dahl        | Jude           | Moe, D. M. | Reichgott       | Willet  |
| Davis       | Kamrath        | Moe, R. D. | Renneke         |         |
| DeCramer    | Knaak          | Nelson     | Samuelson       |         |
| Dicklich    | Knutson        | Novak      | Schmitz         |         |

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1330: A bill for an act relating to landlords and tenants; providing for recovery by the tenant from the landlord of damages and attorney's fees for unlawful ouster or exclusion from residential premises; proposing new law coded in Minnesota Statutes, chapter 504.

Mr. Knaak moved to amend S.F. No. 1330 as follows:

Page 1, line 14, delete "and"

Page 1, line 15, delete everything before the period

Amend the title as follows:

Page 1, line 4, delete "and attorney's fees"

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

S.F. No. 1330 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 53 and nays 7, as follows:

Those who voted in the affirmative were:

|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Adkins      | Dieterich     | Lessard    | Peterson, C.C. | Spear     |
| Anderson    | Frank         | Luther     | Peterson, D.C. | Storm     |
| Belanger    | Frederick     | McQuaid    | Peterson, D.L. | Stumpf    |
| Bernhagen   | Freeman       | Mehrkens   | Peterson, R.W. | Taylor    |
| Bertram     | Hughes        | Merriam    | Petty          | Ulland    |
| Brataas     | Johnson, D.E. | Moe, D. M. | Purfeerst      | Vega      |
| Chmielewski | Jude          | Moe, R. D. | Ramstad        | Waldorf   |
| Dahl        | Kroening      | Nelson     | Reichgott      | Wegscheid |
| Davis       | Kronebusch    | Novak      | Renneke        | Willet    |
| DeCramer    | Langseth      | Olson      | Schmitz        |           |
| Dicklich    | Lantry        | Pehler     | Solon          |           |

Those who voted in the negative were:

|          |         |        |           |         |
|----------|---------|--------|-----------|---------|
| Berg     | Kamrath | Laidig | Samuelson | Sieloff |
| Isackson | Knaak   |        |           |         |

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

### SPECIAL ORDER

S.F. No. 1790: A bill for an act relating to natural resources; eliminating duplicative appraisal reviews in land acquisition procedures; amending Minnesota Statutes 1982, section 84.0272; repealing Minnesota Statutes 1982, section 84.0271.

Mrs. Kronebusch moved to amend S.F. No. 1790 as follows:

Page 2, line 2, strike "ten" and insert "five"

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

S.F. No. 1790 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Adkins      | Dieterich     | Kroening   | Novak          | Samuelson |
| Anderson    | Frank         | Kronebusch | Olson          | Schmitz   |
| Berglin     | Frederick     | Laidig     | Pehler         | Sieloff   |
| Bernhagen   | Frederickson  | Langseth   | Peterson, C.C. | Solon     |
| Bertram     | Freeman       | Lantry     | Peterson, D.C. | Spear     |
| Brataas     | Hughes        | Lessard    | Peterson, D.L. | Storm     |
| Chmielewski | Isackson      | Luther     | Peterson, R.W. | Stumpf    |
| Dahl        | Johnson, D.E. | McQuaid    | Petty          | Taylor    |
| Davis       | Jude          | Mehrkens   | Purfeerst      | Ulland    |
| DeCramer    | Kamrath       | Merriam    | Ramstad        | Vega      |
| Dicklich    | Knaak         | Moe, R. D. | Reichgott      | Waldorf   |
| Diessner    | Knutson       | Nelson     | Renneke        | Willet    |

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

S.F. No. 1789: A bill for an act relating to state land; modifying certain procedures relating to sale of surplus state land; amending Minnesota Statutes 1982, section 94.10, subdivision 2.

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

The roll was called, and there were yeas 54 and nays 5, as follows:

Those who voted in the affirmative were:

|           |               |            |                |           |
|-----------|---------------|------------|----------------|-----------|
| Adkins    | Diessner      | Kronebusch | Novak          | Reichgott |
| Belanger  | Dieterich     | Laidig     | Olson          | Renneke   |
| Berg      | Frank         | Lantry     | Pehler         | Samuelson |
| Berglin   | Frederick     | Lessard    | Peterson, C.C. | Solon     |
| Bernhagen | Frederickson  | Luther     | Peterson, D.C. | Spear     |
| Bertram   | Freeman       | McQuaid    | Peterson, D.L. | Storm     |
| Brataas   | Johnson, D.E. | Mehrkins   | Peterson, R.W. | Ulland    |
| Dahl      | Jude          | Merriam    | Petty          | Vega      |
| Davis     | Kamrath       | Moe, D. M. | Pogemiller     | Wegscheid |
| DeCramer  | Knaak         | Moe, R. D. | Purfeerst      | Willet    |
| Dicklich  | Kroening      | Nelson     | Ramstad        |           |

Those who voted in the negative were:

|          |          |         |        |         |
|----------|----------|---------|--------|---------|
| Anderson | Isackson | Sieloff | Stumpf | Waldorf |
|----------|----------|---------|--------|---------|

So the bill passed and its title was agreed to.

**CALL OF THE SENATE**

Mr. Moe, R.D. imposed a call of the Senate for the balance of today's proceedings. The Sergeant at Arms was instructed to bring in the absent members.

**SPECIAL ORDER**

S.F. No. 1669: A bill for an act relating to natural resources; authorizing the commissioner of natural resources to sell lands and interests in land acquired for trail purposes which are no longer needed for trail purposes and which are located in certain cities.

Mr. Peterson, R.W. moved to amend S.F. No. 1669 as follows:

Page 1, line 13, delete “, which” and insert “that”

Page 1, line 14, delete the comma

The motion prevailed. So the amendment was adopted.

S.F. No. 1669 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:



|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Adkins      | Dicklich      | Knaak      | Novak          | Renneke   |
| Anderson    | Diessner      | Kroening   | Olson          | Samuelson |
| Belanger    | Dieterich     | Kronebusch | Pehler         | Schmitz   |
| Berg        | Frank         | Laidig     | Peterson, C.C. | Sieloff   |
| Berglin     | Frederick     | Lantry     | Peterson, D.C. | Solon     |
| Bernhagen   | Frederickson  | Luther     | Peterson, D.L. | Spear     |
| Bertram     | Freeman       | McQuaid    | Peterson, R.W. | Storm     |
| Brataas     | Hughes        | Mehrkens   | Petty          | Ulland    |
| Chmielewski | Isackson      | Merriam    | Pogemiller     | Vega      |
| Dahl        | Johnson, D.E. | Moe, D. M. | Purfeerst      | Waldorf   |
| Davis       | Jude          | Moe, R. D. | Ramstad        | Wegscheid |
| DeCramer    | Kamrath       | Nelson     | Reichgott      | Willett   |

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

### SPECIAL ORDER

S.F. No. 1858: A bill for an act relating to crimes; setting penalties for flight from a peace officer under certain conditions; amending Minnesota Statutes 1982, section 609.487, subdivision 4.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Adkins      | Dicklich      | Knaak      | Novak          | Samuelson |
| Anderson    | Diessner      | Kroening   | Olson          | Schmitz   |
| Belanger    | Dieterich     | Kronebusch | Peterson, C.C. | Sieloff   |
| Berg        | Frank         | Laidig     | Peterson, D.C. | Solon     |
| Berglin     | Frederick     | Lantry     | Peterson, D.L. | Spear     |
| Bernhagen   | Frederickson  | Lessard    | Peterson, R.W. | Storm     |
| Bertram     | Freeman       | Luther     | Petty          | Stumpf    |
| Brataas     | Hughes        | McQuaid    | Pogemiller     | Taylor    |
| Chmielewski | Isackson      | Mehrkens   | Purfeerst      | Ulland    |
| Dahl        | Johnson, D.E. | Merriam    | Ramstad        | Waldorf   |
| Davis       | Jude          | Moe, R. D. | Reichgott      | Wegscheid |
| DeCramer    | Kamrath       | Nelson     | Renneke        | Willett   |

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1825: A bill for an act relating to Otter Tail County; authorizing the county board to adopt an ordinance for the control of dogs and cats.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Adkins      | Diessner      | Kroening   | Novak          | Schmitz   |
| Anderson    | Dieterich     | Kronebusch | Olson          | Sieloff   |
| Belanger    | Frank         | Laidig     | Peterson, C.C. | Solon     |
| Benson      | Frederick     | Langseth   | Peterson, D.C. | Spear     |
| Berg        | Frederickson  | Lantry     | Peterson, R.W. | Storm     |
| Berglin     | Freeman       | Lessard    | Petty          | Stumpf    |
| Bernhagen   | Hughes        | Luther     | Pogemiller     | Taylor    |
| Bertram     | Isackson      | McQuaid    | Purfeerst      | Ulland    |
| Chmielewski | Johnson, D.E. | Mehrkins   | Ramstad        | Vega      |
| Dahl        | Jude          | Merriam    | Reichgott      | Waldorf   |
| Davis       | Kamrath       | Moe, D. M. | Renneke        | Wegscheid |
| Dicklich    | Knaak         | Moe, R. D. | Samuelson      | Willet    |

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1511: A bill for an act relating to taxation; property; modifying the exemption for property held by political subdivisions; amending Minnesota Statutes 1982, section 272.02, subdivision 5.

Mr. Petty moved to amend S.F. No. 1511 as follows:

Page 1, line 14, after the period, insert "*The holding of property by a political subdivision of the state for later resale (i) which is purchased for housing purposes or (ii) which meets the conditions described in section 273.73, subdivision 10, shall be considered a public purpose in accordance with subdivision 1, clause (7). The governing body of the political subdivision which acquires property which is subject to this subdivision shall after the purchase of the property certify to the city or county assessor whether the property is held for economic development purposes or housing purposes, or whether it meets the conditions of section 273.73, subdivision 10.*"

The motion prevailed. So the amendment was adopted.

S.F. No. 1511 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 61 and nays 2, as follows:

Those who voted in the affirmative were:

|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Adkins      | Diessner      | Kronebusch | Peterson, C.C. | Spear     |
| Anderson    | Dieterich     | Laidig     | Peterson, D.C. | Storm     |
| Belanger    | Frank         | Langseth   | Peterson, D.L. | Stumpf    |
| Benson      | Frederick     | Lantry     | Peterson, R.W. | Taylor    |
| Berg        | Frederickson  | Lessard    | Petty          | Ulland    |
| Berglin     | Freeman       | Luther     | Pogemiller     | Vega      |
| Bernhagen   | Hughes        | McQuaid    | Purfeerst      | Waldorf   |
| Bertram     | Isackson      | Mehrkins   | Ramstad        | Wegscheid |
| Brataas     | Johnson, D.E. | Moe, D. M. | Reichgott      | Willet    |
| Chmielewski | Jude          | Moe, R. D. | Renneke        |           |
| Dahl        | Kamrath       | Novak      | Samuelson      |           |
| Davis       | Knaak         | Olson      | Schmitz        |           |
| Dicklich    | Kroening      | Pehler     | Solon          |           |

Messrs. Merriam and Sieloff voted in the negative.

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

### SPECIAL ORDER

S.F. No. 1867: A bill for an act relating to occupations and professions;

authorizing the board to accept foreign pharmacy graduates for examination as pharmacists; amending Minnesota Statutes 1982, section 151.10.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

|             |                |            |                 |           |
|-------------|----------------|------------|-----------------|-----------|
| Adkins      | Dieterich      | Kronebusch | Peterson, C. C. | Spear     |
| Anderson    | Frank          | Langseth   | Peterson, D. C. | Storm     |
| Belanger    | Frederick      | Lantry     | Peterson, D. L. | Stumpf    |
| Benson      | Frederickson   | Lessard    | Peterson, R. W. | Taylor    |
| Berglin     | Freeman        | Luther     | Petty           | Ulland    |
| Bernhagen   | Hughes         | McQuaid    | Pogemiller      | Vega      |
| Bertram     | Isackson       | Mehrkins   | Purfeerst       | Waldorf   |
| Brataas     | Johnson, D. E. | Merriam    | Reichgott       | Wegscheid |
| Chmielewski | Jude           | Moe, D. M. | Renneke         | Willet    |
| Dahl        | Kamrath        | Moe, R. D. | Samuelson       |           |
| Davis       | Knaak          | Novak      | Schmitz         |           |
| Dicklich    | Knutson        | Olson      | Sieloff         |           |
| Diessner    | Kroening       | Pehler     | Solon           |           |

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2077: A bill for an act relating to intoxicating liquor; allowing Shingobee township to issue and renew certain off-sale licenses; validating certain liquor licenses.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 55 and nays 2, as follows:

Those who voted in the affirmative were:

|             |                |            |                 |           |
|-------------|----------------|------------|-----------------|-----------|
| Adkins      | Dieterich      | Kroening   | Olson           | Schmitz   |
| Belanger    | Frank          | Kronebusch | Pehler          | Sieloff   |
| Benson      | Frederick      | Laidig     | Peterson, C. C. | Solon     |
| Berglin     | Frederickson   | Langseth   | Peterson, D. C. | Spear     |
| Bertram     | Freeman        | Lantry     | Peterson, D. L. | Stumpf    |
| Brataas     | Isackson       | Luther     | Peterson, R. W. | Taylor    |
| Chmielewski | Johnson, D. E. | McQuaid    | Petty           | Ulland    |
| Dahl        | Jude           | Mehrkins   | Pogemiller      | Vega      |
| Davis       | Kamrath        | Merriam    | Purfeerst       | Waldorf   |
| Dicklich    | Knaak          | Moe, R. D. | Reichgott       | Wegscheid |
| Diessner    | Knutson        | Novak      | Samuelson       | Willet    |

Messrs. Anderson and Renneke voted in the negative.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1485: A bill for an act relating to gambling; removing the yearly total prize award limit on licensed organizations; amending Minnesota Statutes 1982, section 349.26, subdivision 15; repealing Minnesota Statutes 1982, section 349.26, subdivision 15a.

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 28 and nays 34, as follows:

Those who voted in the affirmative were:

|             |          |                |                |        |
|-------------|----------|----------------|----------------|--------|
| Adkins      | Frank    | Lessard        | Peterson, D.C. | Solon  |
| Bertram     | Freeman  | Luther         | Peterson, R.W. | Stumpf |
| Chmielewski | Hughes   | Moe, R. D.     | Petty          | Vega   |
| Dahl        | Jude     | Novak          | Purfeerst      | Willet |
| Dicklich    | Langseth | Pehler         | Samuelson      |        |
| Dieterich   | Lantry   | Peterson, C.C. | Schmitz        |        |

Those who voted in the negative were:

|           |               |            |                |         |
|-----------|---------------|------------|----------------|---------|
| Anderson  | Davis         | Knaak      | Merriam        | Sieloff |
| Belanger  | Diessner      | Knutson    | Olson          | Spear   |
| Benson    | Frederick     | Kroening   | Peterson, D.L. | Storm   |
| Berg      | Frederickson  | Kronebusch | Pogemiller     | Taylor  |
| Berglin   | Isackson      | Laidig     | Ramstad        | Ulland  |
| Bernhagen | Johnson, D.E. | McQuaid    | Reichgott      | Waldorf |
| Brataas   | Kamrath       | Mehrkins   | Renneke        |         |

So the bill failed to pass.

### SPECIAL ORDER

S.F. No. 1546: A bill for an act relating to elections; improving the accessibility of the election process to certain elderly and handicapped persons; amending Minnesota Statutes 1982, sections 201.071, subdivision 2; 201.091, subdivision 8; 203B.07; 204B.17; 204B.18, subdivision 1; 204B.27, subdivisions 3 and 4; 204C.06, subdivision 2; 204C.15, subdivision 1 and by adding a subdivision; 206.19, subdivision 2; 206.20; and Minnesota Statutes 1983 Supplement, sections 203B.02, subdivision 1; 204B.16; and 206.09; proposing new law coded in Minnesota Statutes, chapter 206.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Adkins      | Diessner      | Knutson    | Moe, R. D.     | Renneke   |
| Anderson    | Dieterich     | Kroening   | Novak          | Samuelson |
| Belanger    | Frank         | Kronebusch | Olson          | Schmitz   |
| Benson      | Frederick     | Laidig     | Pehler         | Sieloff   |
| Berglin     | Frederickson  | Langseth   | Peterson, C.C. | Solon     |
| Bernhagen   | Freeman       | Lantry     | Peterson, D.C. | Spear     |
| Bertram     | Hughes        | Lessard    | Peterson, D.L. | Storm     |
| Brataas     | Isackson      | Luther     | Peterson, R.W. | Ulland    |
| Chmielewski | Johnson, D.E. | McQuaid    | Petty          | Vega      |
| Dahl        | Jude          | Mehrkins   | Purfeerst      | Waldorf   |
| Davis       | Kamrath       | Merriam    | Ramstad        | Wegscheid |
| Dicklich    | Knaak         | Moe, D. M. | Reichgott      | Willet    |

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1973: A bill for an act relating to persons handicapped in com-

munication; requiring the arresting officer to immediately obtain a qualified interpreter for a person handicapped in communication who has been arrested; amending Minnesota Statutes 1982, sections 546.42; 611.31; and 611.32.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

|             |                |            |                 |           |
|-------------|----------------|------------|-----------------|-----------|
| Adkins      | Diessner       | Laidig     | Peterson, C. C. | Solon     |
| Anderson    | Dieterich      | Langseth   | Peterson, D. C. | Spear     |
| Belanger    | Frank          | Lantry     | Peterson, D. L. | Storm     |
| Benson      | Frederick      | Lessard    | Peterson, R. W. | Stumpf    |
| Berg        | Frederickson   | Luther     | Petty           | Taylor    |
| Berglin     | Isackson       | McQuaid    | Pogemiller      | Ulland    |
| Bernhagen   | Johnson, D. E. | Mehrkens   | Purfeerst       | Vega      |
| Bertram     | Jude           | Merriam    | Ramstad         | Waldorf   |
| Brataas     | Kamrath        | Moe, D. M. | Reichgott       | Wegscheid |
| Chmielewski | Knaak          | Moe, R. D. | Renneke         |           |
| Dahl        | Knutson        | Novak      | Samuelson       |           |
| Davis       | Kroening       | Olson      | Schmitz         |           |
| Dicklich    | Kronebusch     | Pehler     | Sieloff         |           |

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1772: A bill for an act relating to crimes; defining sports book-making; amending Minnesota Statutes 1982, section 299C.065, subdivision 1; and Minnesota Statutes 1983 Supplement, section 609.75, subdivision 7.

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 65 and nays 0, as follows:

Those who voted in the affirmative were:

|             |                |            |                 |           |
|-------------|----------------|------------|-----------------|-----------|
| Adkins      | Diessner       | Knutson    | Novak           | Samuelson |
| Anderson    | Dieterich      | Kroening   | Olson           | Schmitz   |
| Belanger    | Frank          | Kronebusch | Pehler          | Sieloff   |
| Benson      | Frederick      | Laidig     | Peterson, C. C. | Solon     |
| Berg        | Frederickson   | Langseth   | Peterson, D. C. | Spear     |
| Berglin     | Freeman        | Lantry     | Peterson, D. L. | Storm     |
| Bernhagen   | Hughes         | Lessard    | Peterson, R. W. | Stumpf    |
| Bertram     | Isackson       | Luther     | Petty           | Taylor    |
| Chmielewski | Johnson, D. E. | McQuaid    | Pogemiller      | Ulland    |
| Dahl        | Johnson, D. J. | Mehrkens   | Purfeerst       | Vega      |
| Davis       | Jude           | Merriam    | Ramstad         | Waldorf   |
| DeCramer    | Kamrath        | Moe, D. M. | Reichgott       | Wegscheid |
| Dicklich    | Knaak          | Moe, R. D. | Renneke         | Willet    |

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1477: A bill for an act relating to workers' compensation; clarifying the law concerning ridesharing; providing for miscellaneous changes in

the workers' compensation process; amending Minnesota Statutes 1982, sections 176.135, by adding a subdivision; 176.231, subdivision 1; 176.241, subdivisions 1 and 3, and by adding subdivisions; 176.271, subdivision 2; 176.351, by adding a subdivision; Minnesota Statutes 1983 Supplement, sections 79.34, subdivision 1; 176.041, subdivision 1; 176.101, subdivisions 3a, 3b, 3e, 3g, 3i, 3j, 3l, 3m, 3o, 3q, 3r, and 3t; 176.102, subdivisions 3a and 9; 176.103, subdivision 3, and by adding a subdivision; 176.104, subdivisions 1 and 2; 176.129, subdivisions 3, 4, and by adding a subdivision; 176.135, subdivision 1; 176.138; 176.183, subdivision 1; 176.221, subdivisions 1, 3, and by adding a subdivision; 176.231, subdivision 9; 176.241, subdivision 2; 176.242, subdivisions 1, 2, 6, and 8; 176.243, subdivision 3; 176.361; 176.421, subdivision 7; 176.442; 176.66, subdivisions 10 and 11; 176.85, subdivision 1; proposing new law coded in Minnesota Statutes, chapter 176; repealing Minnesota Statutes 1982, sections 79.22, subdivision 2; and Minnesota Statutes 1983 Supplement, sections 147.02, subdivision 4; 176.051, subdivisions 2, 3, and 4; and 176.129, subdivision 5.

Mr. Chmielewski moved to amend S.F. No. 1477, as follows:

Page 5, line 32, delete "3" and insert "4"

Page 22, after line 32, insert:

"Sec. 25. Minnesota Statutes 1983 Supplement, section 176.136, is amended to read:

176.136 [MEDICAL FEE REVIEW.]

*Subdivision 1. [SCHEDULE.]* The commissioner shall by rule establish procedures for determining whether or not 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. The procedures established by the commissioner shall limit the charges allowable for medical, chiropractic, podiatric, surgical, hospital and other health care provider treatment or services, as defined and compensable under section 176.135, to the 75th percentile of usual and customary fees or charges based upon billings for each class of health care provider during all of the calendar year preceding the year in which the determination is made of the amount to be paid the health care provider for the billing. The procedures established by the commissioner for determining whether or not the charge for a health service is excessive shall be structured to encourage providers to develop and deliver services for rehabilitation of injured workers. The procedures shall incorporate the provisions of sections 144.701, 144.702, and 144.703 to the extent that the commissioner finds that these provisions effectively accomplish the intent of this section or are otherwise necessary to insure that quality hospital care is available to injured employees.

*Subd. 2. [EXCESSIVE FEES.]* If the ~~commissioner, medical services review board, the workers' compensation court of appeals or a district court~~ payer determines that the charge for a health service or medical service is excessive, no payment 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 amounts in excess of the amount payable under this chapter *unless the com-*

*missioner, medical services review board, or workers' compensation court of appeals determines otherwise.*

*Subd. 3. [REPORT.]* The commissioner shall contract with a review organization as defined in section 145.61 for the purposes listed in section 145.61, subdivision 5, and report to the legislature by ~~January 15, 1983 and thereafter~~ on January 15 of every odd-numbered year, regarding the delivery of medical and health care services, including rehabilitation services, under the workers' compensation laws of this state.

The commissioner shall also conduct a study of the qualifications and background of rehabilitation consultants and vendors providing services under section 176.102 for the purpose of determining whether there are adequate professional standards provided, including safeguards to protect against conflicts of interest.

*Subd. 4. [TEMPORARY RULES.]* The commissioner shall adopt temporary rules in order to implement the provisions of this subdivision. Notwithstanding the provisions of section 14.14, subdivision 1, and any amendments, the temporary rules adopted by the commissioner pursuant to this subdivision may be extended for an additional 180 days if the procedures for adoption of a rule pursuant to sections 14.13 to 14.20 or 14.21 to 14.28, and other provisions of the administrative procedure act related to final agency action and rule adoption have not been concluded.

Any rules adopted by the commissioner of insurance pursuant to this section shall remain in effect but may be amended, modified, or repealed only by the commissioner of labor and industry."

Page 25, line 32, after "employee" insert "*or the compensation to which the employee is entitled to receive up to the date the penalty is imposed,*"

Page 26, line 19, delete "A" and insert "*An insurer and*"

Page 28, line 35, after the comma insert "*or the discontinuance is not governed by those sections,*"

Page 30, line 28, delete "*to a party*"

Page 32, line 20, after "*section*" insert "*176.103,*"

Page 37, line 18, after "*including*" insert "*but not limited to*"

Page 38, after line 32, insert:

"Sec. 50. Minnesota Statutes 1983 Supplement, section 176.83, is amended to read:

#### 176.83 [RULES.]

*Subdivision 1. [GENERALLY.]* In addition to any other section under this chapter giving the commissioner the authority to adopt rules, the commissioner may adopt, amend, or repeal rules to implement the provisions of this chapter. The rules include but are not limited to: ~~the rules listed in this section.~~

(a) *Subd. 2. [REHABILITATION.]* Rules necessary to implement and administer section 176.102, including the establishment of qualifications necessary to be a qualified rehabilitation consultant and the requirements to be

an approved registered vendor of rehabilitation services.

In this regard, the commissioner shall impose fees under section 16A.128 sufficient to cover the cost of approving, registering and monitoring qualified rehabilitation consultants and approved vendors of rehabilitation services. The rules may also provide for penalties to be imposed by the commissioner against insurers or self-insured employers who fail to provide rehabilitation consultation to employees pursuant to section 176.102.

These rules may also establish criteria for determining "reasonable moving expenses" under section 176.102.

The rules shall also establish criteria, guidelines, methods, or procedures to be met by an employer or insurer in providing the initial rehabilitation consultation required under this chapter which would permit the initial consultation to be provided by an individual other than a qualified rehabilitation consultant. In the absence of rules regarding an initial consultation this consultation shall be conducted pursuant to section 176.102.

(b) *Subd. 3. [CLINICAL CONSEQUENCES.]* Rules establishing standards for reviewing and evaluating the clinical consequences of services provided by qualified rehabilitation consultants, approved registered vendors of rehabilitation services, and services provided to an employee by health care providers.

(c) *Subd. 4. [EXCESSIVE CHARGES FOR MEDICAL SERVICES.]* Rules establishing standards and procedures for determining whether or not charges for health services or rehabilitation services rendered under this chapter are excessive. In this regard, the standards and procedures shall be structured to determine what is necessary to encourage providers of health services and rehabilitation services to develop and deliver services for the rehabilitation of injured employees.

The procedures shall include standards for evaluating hospital care, other health care and rehabilitation services to insure that quality hospital, other health care, and rehabilitation is available and is provided to injured employees.

(d) *Subd. 5. [EXCESSIVE MEDICAL SERVICES.]* In consultation with the medical services review board or the rehabilitation review panel, rules establishing standards and procedures for determining whether a provider of health care services and rehabilitation services, including a provider of medical, chiropractic, podiatric, surgical, hospital or other services, is performing procedures or providing services at a level or with a frequency that is excessive, based upon accepted medical standards for quality health care and accepted rehabilitation standards.

If it is determined by the ~~commissioner~~ payer that the level, frequency or cost of a procedure or service of a provider is excessive according to the standards established by the rules, the provider shall not be paid for the excessive procedure, service, or cost by an insurer, self-insurer, or group self-insurer. ~~In addition,~~ and the provider shall not be reimbursed or attempt to collect reimbursement for the excessive procedure, service, or cost from any other source, including the employee, another insurer, the special compensation fund, or any government program *unless the commissioner, medical services review board, or workers' compensation court of appeals deter-*



*mines at a hearing that the level, frequency, or cost was not excessive in which case the insurer, self-insurer, or group self-insurer shall make the payment deemed reasonable.*

A health or rehabilitation provider who is determined by the commissioner to be consistently performing procedures or providing services at an excessive level or cost may be prohibited from receiving any further reimbursement for procedures or services provided under chapter 176. A prohibition imposed on a provider under this ~~clause~~ subdivision may be grounds for revocation or suspension of the provider's license or certificate of registration to provide health care or rehabilitation service in Minnesota by the appropriate licensing or certifying body.

The rules adopted under this ~~clause~~ subdivision shall require insurers, self-insurers, and group self-insurers to report medical and other data necessary to implement the procedures required by this clause.

(e) *Subd. 6. [CERTIFICATION OF MEDICAL PROVIDERS.]* Rules establishing procedures and standards for the certification of physicians, chiropractors, podiatrists, and other health care providers in order to assure the coordination of treatment, rehabilitation, and other services and requirements of chapter 176 for carrying out the purposes and intent of this chapter.

(f) *Subd. 7. [MISCELLANEOUS RULES.]* Rules necessary for implementing and administering the provisions of sections 176.131, 176.132, 176.134, sections 176.242 and 176.243; sections 176.251, 176.66 to 176.669, and rules regarding proper allocation of compensation under section 176.111. Under the rules adopted under section 176.111 a party may petition for a hearing before a compensation judge to determine the proper allocation. In this case the compensation judge may order a different allocation than prescribed by rules.

(g) *Subd. 8. [CHANGE OF PROVIDER.]* Rules establishing standards or criteria under which a physician, podiatrist, or chiropractor is selected or under which a change of physician, podiatrist, or chiropractor is allowed under section 176.135, subdivision 2.

(h) *Subd. 9. [INTERVENTION.]* Rules to govern the procedure for intervention pursuant to section 176.361.

(i) *Subd. 10. [JOINT RULES.]* Joint rules with either or both the workers' compensation court of appeals and the chief hearing examiner which may be necessary in order to provide for the orderly processing of claims or petitions made or filed pursuant to chapter 176.

(j) *Subd. 11. [SUITABLE GAINFUL EMPLOYMENT.]* Rules establishing criteria to be used by the division, compensation judge, and workers' compensation court of appeals to determine "suitable gainful employment" and "independent contractor."

*Subd. 12. [COMPENSATION JUDGE PROCEDURES.]* The chief hearing examiner shall adopt rules relating to procedures in matters pending before a compensation judge in the office of administrative hearings.

*Subd. 13. [CLAIMS ADJUSTER.]* The commissioner may adopt rules regarding requirements which must be met by individuals who are employed by insurers or self-insurers or claims servicing or adjusting agencies and who

work as claims adjusters in the field of workers' compensation insurance.

*Subd. 14. [REHABILITATION CONSULTANT QUALIFICATIONS.]* The commissioner may adopt temporary rules establishing qualifications necessary to be a qualified rehabilitation consultant and penalties to be imposed against qualified rehabilitation consultants or approved vendors who violate this chapter or rules, including temporary rules, adopted under this chapter. In addition to the provisions of sections 14.29 to 14.36, at least one public hearing shall be held prior to the adoption of these temporary rules.

*Subd. 15. [FORMS.]* The commissioner may prescribe forms and other reporting procedures to be used by an employer, insurer, medical provider, qualified rehabilitation consultant, approved vendor of rehabilitation services, attorney, employee, or other person subject to the provisions of this chapter."

Page 39, line 21, delete "October" and insert "November"

Page 39, after line 30, insert:

"Sec. 54. [APPLICATION OF LAWS 1983, CHAPTER 290, SECTIONS 83, 84, 106, AND 107.]

*Laws 1983, chapter 290, section 83 applies to a proceeding conducted after June 30, 1983, whether or not the injury occurred prior to that date. Laws 1983, chapter 290, sections 84, 106, and 107 apply to proceedings conducted after September 30, 1983, whether or not the injury occurred prior to that date."*

Page 39, delete lines 35 and 36

Page 40, delete lines 1 to 7, and insert:

"Sec. 56. [EFFECTIVE DATE.]

*The amendments in sections 1 to 12, 14, 17, 18, and 49 are not substantive in nature and are clarifications of legislative intent of Laws 1983, chapter 290, and apply to an injury occurring after December 31, 1983. The amendments in sections 26, 33 to 38, 41, 42, 46, and 47 are procedural in nature and are clarifications of Laws 1983, chapter 290, and apply to proceedings conducted after June 30, 1983, whether or not the injury occurred prior to that date. Failure to cite a specific section in this act as nonsubstantive or procedural shall not be construed by itself to mean that the section is a substantive change in the law. Section 24 applies to an injury for which a claim is pending or a claim made after the effective date of this act regardless of the date of injury. This act is effective the day following final enactment."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 16, before "176.138" insert "176.136;"

Page 1, line 21, after "11;" insert "176.83;"

The motion prevailed. So the amendment was adopted.

S.F. No. 1477 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 62 and nays 2, as follows:

Those who voted in the affirmative were:

|             |                |            |                 |         |
|-------------|----------------|------------|-----------------|---------|
| Adkins      | Dicklich       | Knutson    | Pehler          | Sieloff |
| Anderson    | Diessner       | Kronebusch | Peterson, C. C. | Solon   |
| Belanger    | Dieterich      | Laidig     | Peterson, D. C. | Spear   |
| Benson      | Frank          | Langseth   | Peterson, D. L. | Storm   |
| Berg        | Frederickson   | Lantry     | Peterson, R. W. | Stumpf  |
| Berglin     | Freeman        | Lessard    | Petty           | Taylor  |
| Bernhagen   | Hughes         | Luther     | Pogemiller      | Ulland  |
| Bertram     | Isackson       | McQuaid    | Purfeerst       | Vega    |
| Brataas     | Johnson, D. E. | Mehrkens   | Ramstad         | Waldorf |
| Chmielewski | Johnson, D. J. | Moe, D. M. | Reichgott       | Willet  |
| Dahl        | Jude           | Moe, R. D. | Renneke         |         |
| Davis       | Kamrath        | Novak      | Samuelson       |         |
| DeCramer    | Knaak          | Olson      | Schmitz         |         |

Messrs. Kroening and Merriam voted in the negative.

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

### SPECIAL ORDER

S.F. No. 1931: A bill for an act relating to the city of St. Paul; permitting the city to adopt certain regulations for smoke detection devices.

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 64 and nays 0, as follows:

Those who voted in the affirmative were:

|             |                |            |                 |           |
|-------------|----------------|------------|-----------------|-----------|
| Adkins      | Dicklich       | Knutson    | Novak           | Schmitz   |
| Anderson    | Diessner       | Kroening   | Olson           | Sieloff   |
| Belanger    | Dieterich      | Kronebusch | Pehler          | Solon     |
| Benson      | Frank          | Laidig     | Peterson, C. C. | Spear     |
| Berg        | Frederickson   | Langseth   | Peterson, D. C. | Storm     |
| Berglin     | Freeman        | Lantry     | Peterson, D. L. | Stumpf    |
| Bernhagen   | Hughes         | Lessard    | Peterson, R. W. | Taylor    |
| Bertram     | Isackson       | Luther     | Petty           | Ulland    |
| Brataas     | Johnson, D. E. | McQuaid    | Pogemiller      | Vega      |
| Chmielewski | Johnson, D. J. | Mehrkens   | Ramstad         | Waldorf   |
| Dahl        | Jude           | Merriam    | Reichgott       | Wegscheid |
| Davis       | Kamrath        | Moe, D. M. | Renneke         | Willet    |
| DeCramer    | Knaak          | Moe, R. D. | Samuelson       |           |

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2076: A bill for an act relating to transportation; authorizing extension of I-35 in Duluth; amending Minnesota Statutes 1982, sections 161.12; and 161.1245, by adding a subdivision.

Pursuant to Rule 22, Mr. Ulland moved that he be excused from voting on S.F. No. 2076. The motion prevailed.

S.F. No. 2076 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 41 and nays 21, as follows:

Those who voted in the affirmative were:

|             |               |            |                |           |
|-------------|---------------|------------|----------------|-----------|
| Adkins      | Dicklich      | Kroening   | Nelson         | Solon     |
| Belanger    | Diessner      | Kronebusch | Novak          | Stumpf    |
| Benson      | Dieterich     | Langseth   | Pehler         | Vega      |
| Berg        | Freeman       | Lantry     | Peterson, C.C. | Wegscheid |
| Bertram     | Hughes        | Lessard    | Peterson, R.W. | Willet    |
| Chmielewski | Johnson, D.E. | Luther     | Pogemiller     |           |
| Dahl        | Johnson, D.J. | McQuaid    | Purfeerst      |           |
| Davis       | Jude          | Merriam    | Samuelson      |           |
| DeCramer    | Knutson       | Moe, R. D. | Schmitz        |           |

Those who voted in the negative were:

|           |              |            |         |         |
|-----------|--------------|------------|---------|---------|
| Anderson  | Frederickson | Mehrkens   | Renneke | Waldorf |
| Bernhagen | Isackson     | Moe, D. M. | Sieloff |         |
| Brataas   | Kamrath      | Olson      | Spear   |         |
| Frank     | Knaak        | Petty      | Storm   |         |
| Frederick | Laidig       | Ramstad    | Taylor  |         |

So the bill passed and its title was agreed to.

### RECONSIDERATION

Having voted on the prevailing side, Mr. Pogemiller moved that the vote whereby the motion on confirmation of Jeff Bertram to the State Ethical Practices Board failed on April 11, 1984, be now reconsidered.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 39 and nays 26, as follows:

Those who voted in the affirmative were:

|             |               |            |                |         |
|-------------|---------------|------------|----------------|---------|
| Adkins      | Diessner      | Lantry     | Pehler         | Schmitz |
| Berglin     | Dieterich     | Lessard    | Peterson, C.C. | Solon   |
| Bertram     | Frank         | Luther     | Peterson, D.C. | Spear   |
| Chmielewski | Hughes        | Merriam    | Peterson, R.W. | Stumpf  |
| Dahl        | Johnson, D.E. | Moe, D. M. | Petty          | Vega    |
| Davis       | Jude          | Moe, R. D. | Purfeerst      | Waldorf |
| DeCramer    | Kroening      | Nelson     | Reichgott      | Willet  |
| Dicklich    | Langseth      | Novak      | Samuelson      |         |

Those who voted in the negative were:

|           |              |                |            |           |
|-----------|--------------|----------------|------------|-----------|
| Anderson  | Frederick    | Kronebusch     | Pogemiller | Ulland    |
| Belanger  | Frederickson | Laidig         | Ramstad    | Wegscheid |
| Benson    | Isackson     | McQuaid        | Renneke    |           |
| Berg      | Kamrath      | Mehrkens       | Sieloff    |           |
| Bernhagen | Knaak        | Olson          | Storm      |           |
| Brataas   | Knutson      | Peterson, D.L. | Taylor     |           |

The motion prevailed.

Mr. Moe, R.D. moved that the appointment of Jeff Bertram to the State Ethical Practices Board be laid on the table. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate revert to the Order of Business of Reports of Committees and Second Reading of Senate Bills. The motion prevailed.

### REPORTS OF COMMITTEES

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which

was referred

S.F. No. 1969: A bill for an act relating to taxation; income; eliminating the income tax surtax; amending Minnesota Statutes 1983 Supplement, section 290.06, subdivision 2e; repealing Laws 1983, chapter 342, article 1, section 8.

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

Delete everything after the enacting clause and insert:

#### **“ARTICLE 1 INCOME TAX**

Section 1. Minnesota Statutes 1983 Supplement, section 290.089, subdivision 2, is amended to read:

Subd. 2. [ITEMIZED DEDUCTIONS.] Subject to the provisions of section 290.18, subdivision 1, an amount equal to the amount determined pursuant to section 63(f) of the Internal Revenue Code is allowed with the following adjustments:

(a) Add the amount paid to others not to exceed \$500 for each dependent in grades K to 6 and \$700 for each dependent in grades 7 to 12, for tuition, textbooks, and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. As used in this clause, “textbooks” includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. “Textbooks” does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs;

(b) Add the amount of Minnesota and other states' estate or inheritance taxes which were allowed as a deduction under section 290.077, subdivision 4, on income in respect of a decedent;

(c) Add the amount by which the deduction for the taxable year allowed pursuant to subdivision 4 exceeds the amount determined pursuant to section 222 of the Internal Revenue Code;

(d) Subtract income taxes paid or accrued within the taxable year under this chapter;

(e) Subtract income taxes paid to any other state or to any province or territory of Canada if a credit is allowed for the taxes under section 290.081;

(f) If the deduction computed under section 164 of the Internal Revenue Code is not reduced by the amount of the credit or refund allowed under chapter 290A, subtract that amount;

(g) Subtract the amount of interest on investment indebtedness paid or ac-

crued in a taxable year beginning before January 1, 1981, which has been carried forward and is allowed as a deduction in the taxable year under section 163(d) of the Internal Revenue Code;

(h) Subtract the amount of charitable contributions deducted under section 170 of the Internal Revenue Code, *plus the amount deducted under paragraph (j)*, that (i) exceeds the following limitations: (A) an overall limit of 30 percent of the taxpayer's Minnesota gross income which, for purposes of this paragraph, shall include the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code; and (B) the aggregate of contributions to organizations described in section 290.21, subdivision 3, clause (c) shall not exceed 20 percent of the taxpayer's Minnesota gross income; or (ii) was deducted as a carryover under section 170(d) of the Internal Revenue Code-;

*(j) Add the amount that equals the following percentages of the difference between nine cents and the standard mileage rate allowed for business use of an automobile pursuant to this chapter, multiplied by the number of miles driven while providing donated services for charitable purposes, provided the automobile expenses were not reimbursed:*

*(1) 25 percent for taxable years beginning after December 31, 1984 and before January 1, 1986;*

*(2) 50 percent for taxable years beginning after December 31, 1985 and before January 1, 1987;*

*(3) 75 percent for taxable years beginning after December 31, 1986 and before January 1, 1988;*

*(4) 100 percent for taxable years beginning after December 31, 1987.*

Sec. 2. Minnesota Statutes 1983 Supplement, section 290.09, subdivision 29, is amended to read:

Subd. 29. [DEDUCTIONS ATTRIBUTABLE TO FARMING.] (a) [DEFINITIONS.] For purposes of this subdivision, income and gains and expenses and losses shall be considered as "arising from a farm" if such items are received or incurred in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, including horses for horse racing, bees, poultry, and fur-bearing animals and wildlife, and all operations incident thereto, including but not limited to the common use of "hedging."

(b) [DEDUCTIONS LIMITED.] Except as provided in this subdivision, expenses and losses, except for interest and taxes, arising from a farm shall not be allowed as deductions in excess of income and gains arising from a farm.

(c) [DEDUCTIONS ALLOWED; CARRYOVER DEDUCTIONS.] Expenses and losses arising from a farm or farms shall be allowed as deductions up to the amount of the income and gains arising from a farm or farms in any taxable year, plus the first \$30,000 of nonfarm gross income, or nonfarm taxable net income in the case of a corporation, provided however that in any case where nonfarm income exceeds \$30,000, the maximum allowable amount of \$30,000 shall be reduced by an amount equal to the nonfarm in-

come in excess of \$30,000 multiplied by three. For this purpose and for the purpose of applying the limitation in the following paragraph regarding the application of any carryback or carryforward, the term gross income shall include the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1981, and no deduction shall be allowed for two-earner married couples as provided in section 221 of the Internal Revenue Code of 1954, as amended through December 31, 1981. Any remaining balance of the deductions shall be carried back three years and carried forward five years, in chronological order, provided, however, that in any case in which any individual, estate or trust which elects a net operating loss carryforward under section 172(b)(3)(C) of the Internal Revenue Code of 1954, as amended through December 31, 1981, such losses shall not be carried back but shall only be carried forward.

Current expenses and losses shall be utilized as deductions in any taxable year, to the extent herein allowable, prior to the application of any carryback or carryover deductions. In any event, the combined amounts of such current expenses and losses and carryback or carryover deductions shall be allowed as deductions up to the amount of the income and gains arising from a farm or farms in any taxable year, plus the first \$30,000 of nonfarm gross income, or nonfarm taxable net income in the case of a corporation, provided however that in any case where nonfarm income exceeds \$30,000, the maximum allowable amount of \$30,000 shall be reduced by an amount equal to the nonfarm income in excess of \$30,000 multiplied by three. *For taxable years beginning after December 31, 1984, the \$30,000 amount in this subdivision shall be adjusted for inflation in the manner provided in section 290.06, subdivision 2d.*

(d) [SHAREHOLDERS SEPARATE ENTITIES.] For purposes of this subdivision, individual shareholders of an S corporation shall be considered separate entities.

(e) [SPECIAL PERIOD OF LIMITATION WITH RESPECT TO FARM LOSS LIMITATION CARRYBACKS.] For the purposes of sections 290.46 and 290.50, if the claim for refund relates to an overpayment attributable to a farm loss limitation carryback under this subdivision, in lieu of the period of limitation prescribed in sections 290.46 and 290.50, the period of limitation shall be that period which ends with the expiration of the 15th day of the 46th month (or the 45th month, in the case of a corporation) following the end of the taxable year of the farm loss which results in the carryback. During this extended period, married individuals who elected to file separate returns or a combined return may change their election and file a joint return.

(f) [INTEREST ON CLAIMS.] In any case in which a taxpayer is entitled to a refund in a carryback year due to the carryback of a farm loss, interest shall be computed only from the end of the taxable year in which the loss occurs.

(g) [ORDER OF APPLICATION.] The application of this subdivision shall be made after applying any limitation to out of state losses contained in section 290.17.

Sec. 3. Laws 1983, chapter 342, article 1, section 44, is amended to read:

Sec. 44. [REPEALER.]

Minnesota Statutes 1982, sections 290.01, subdivisions 23, 27, and 28; 290.032, subdivision 5; 290.06, subdivisions 9 and 9a; 290.077, subdivision 2; 290.08, subdivision 25; 290.09, subdivisions 10, 15, 22, and 27; 290.21, subdivision 3a; 290.501; and 352C.07; and Laws 1982, ~~chapter 523, article VII, section 3, and~~ Third Special Session chapter 1, article 5, section 4, are repealed.

Sec. 4. [REPEALER.]

*Minnesota Statutes 1983 Supplement, section 290.06, subdivision 2e, and Laws 1983, chapter 342, article 1, section 8, are repealed.*

Sec. 5. [EFFECTIVE DATE.]

*Section 3 is effective for taxable years beginning after December 31, 1983. In section 3, Laws 1982, chapter 523, article VII, section 3, is reenacted and effective the day following final enactment of this act for taxable years beginning after December 31, 1983. Section 4 is effective for taxable years beginning after December 31, 1983.*

ARTICLE 2  
PROPERTY TAX

Section 1. Minnesota Statutes 1983 Supplement, section 124.2137, subdivision 1, is amended to read:

Subdivision 1. [TAX REDUCTIONS.] The county auditor shall reduce the tax for school purposes on all property receiving the homestead credit pursuant to section 273.13, subdivision 6, by an amount equal to ~~29~~ 33 percent of the tax levy imposed on up to 320 acres of land including the buildings and structures thereon but excluding the homestead dwelling and surrounding one acre of land. The county auditor shall reduce the tax for school purposes on the next 320 acres classified pursuant to section 273.13, subdivision 6 by an amount equal to ~~43~~ 15 percent of the tax levy imposed on the property. The tax on all other agricultural lands classified pursuant to section 273.13, subdivision 6 shall be reduced by an amount equal to ten percent of the tax levy imposed on the property. The tax on the first 320 acres of agricultural land classified pursuant to section 273.13, subdivision 4 and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, shall be reduced by an amount equal to ~~43~~ 15 percent of the tax imposed on the property. The tax on timber land classified pursuant to section 273.13, subdivision 8a and agricultural land in excess of 320 acres classified pursuant to section 273.13, subdivision 4 shall be reduced by an amount equal to ten percent of the tax levy imposed on the property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review the certifications to determine their accuracy. He may make changes in the certification as he may deem necessary or return a certification to the county auditor for corrections. The amount of the reduction provided under this subdivision which any taxpayer can receive on all qualifying property which he owns shall not exceed ~~\$2,000~~ \$4,000 in the case of agricultural property and shall not exceed \$100 in the case of seasonal residential recreational property. In



the case of property owned by more than one person, the maximum amount of the reduction shall apply to the total of all the owners. For purposes of computing the credit pursuant to this subdivision, the "tax levy" shall be the tax levy reduced by the credits provided by sections 273.115, 273.116, 273.123, 273.42, subdivision 2, and 473H.10.

## Sec. 2. [COMPUTATION; REFUNDS.]

*The county auditor shall recompute the tax for taxes payable in 1984 for all property subject to section 1 and shall mail amended statements to the affected taxpayers by May 10, 1984. The statements shall contain the information required in Minnesota Statutes, section 276.04, except that a notice must be enclosed stating that the statement is amended pursuant to section 1. The auditor shall recertify the agricultural aid amounts to the commissioner of revenue by the time and in the form determined by the commissioner. The commissioner of revenue shall review the recertifications to determine their accuracy. He may make changes in the recertification he deems necessary or return a certification to the county auditor for corrections.*

*If property taxes payable in 1984 have been paid in full without the adjustment required by section 1, the taxpayer shall receive a refund equal to the difference between the taxes paid and the tax as recomputed. The county auditor shall determine the amount of the refund and mail it to the taxpayer.*

*If property taxes payable in 1984 have been partially paid without the adjustments required by section 1, the auditor shall reduce the remaining taxes due by the amount of the tax reduction required by section 1, and refund any excess. In lieu of the reduction, a taxpayer may elect to receive a refund, and upon application of the taxpayer, the auditor shall refund the amount of the reduction attributable to the partial tax payment.*

*Refunds paid under this section do not include interest.*

*If the county auditor has settled and distributed funds under Minnesota Statutes, section 276.10 with respect to any amounts refunded to taxpayers under this section, the amounts of the refund must be deducted from the next settlement and distribution. The county auditor shall notify the school districts of the amount to be deducted.*

## Sec. 3. [PAYMENT; PENALTIES.]

*Sections 1 and 2 do not excuse timely payment of taxes as required in Minnesota Statutes, section 279.01. Penalties shall accrue as provided in Minnesota Statutes, section 279.01 only on the amount of the taxes as recomputed under section 1.*

## Sec. 4. [PROPERTY TAX REFUNDS.]

*For purposes of Minnesota Statutes, section 290A.03, subdivision 13, "property taxes payable" means property taxes as recomputed under section 1. Taxpayers who filed property tax refund returns on property taxes before the recomputation must file amended returns.*

*Sec. 5. Minnesota Statutes 1983 Supplement, section 272.02, subdivision 1, is amended to read:*

*Subdivision 1. Except as provided in other subdivisions of this section or in section 272.025 or section 273.13, subdivisions 17, 17b, 17c or 17d, all*

property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds;
- (2) All public schoolhouses;
- (3) All public hospitals;
- (4) All academies, colleges, and universities, and all seminaries of learning;
- (5) All churches, church property, and houses of worship;
- (6) Institutions of purely public charity except property assessed pursuant to section 273.13, subdivisions 17, 17b, 17c or 17d;
- (7) All public property exclusively used for any public purpose;

(8) (a) Class 2 property of every household of the value of \$100, maintained in the principal place of residence of the owner thereof. The county auditor shall deduct the exemption from the total valuation of the property as equalized by the commissioner of revenue assessed to the household, and extend the levy of taxes upon the remainder only. The term "household" as used in this section is defined to be a domestic establishment maintained either (1) by two or more persons living together within the same house or place of abode, subsisting in common and constituting a domestic or family relationship, or (2) by one person.

(b) During the period of his active service and for six months after his discharge therefrom, no member of the armed forces of the United States shall lose status of a householder under paragraph (a) which he had immediately prior to becoming a member of the armed forces.

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

Bonds, certificates of indebtedness, or other obligations issued by the state of Minnesota, or by any county or city of the state, or any town, or any common or independent school district of the state, or any governmental board of the state are exempt from ad valorem property taxation; provided, that this subdivision shall not exempt the obligations or their interest from any excise or other tax levied on income, gross earnings, estates, inheritance, bequests, gifts, transfers, sales, or other transactions, other than an ad valorem property tax.

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

(10) The taxpayer shall be exempted with respect to all agricultural products, inventories, stocks of merchandise of all sorts, all materials, parts and supplies, furniture and equipment, manufacturers material, manufactured articles including the inventories of manufacturers, wholesalers, retailers

and contractors; and the furnishings of a room or apartment in a hotel, rooming house, tourist court, motel or trailer camp, tools and machinery which by law are considered as personal property, and the property described in section 272.03, subdivision 1, clause (c), except personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures. Railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80 are not exempt.

(11) Containers of a kind customarily in the possession of the consumer during the consumption of commodities, the sale of which are subject to tax under the provisions of the excise tax imposed by chapter 297A;

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

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

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

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

(15) Wetlands. For purposes of this subdivision, "wetlands" means (1) *land described in section 105.37, subdivision 15, or* (2) *land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes.* ~~"Wetlands" shall be land~~, *provided it is preserved in its natural condition, and drainage of which it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice.* "Wetlands" shall include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands. "Wetlands" shall not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(16) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall

notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause and section 273.116. Upon receipt of an application for the exemption and credit provided in this clause and section 273.116 for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of his decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(17) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1982, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(18) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(19) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the state or a local governmental unit which is developed and operated pursuant to the provisions of section 105.482, subdivisions 1, 8 and 9.

(20) If approved by the governing body of the municipality in which the property is located, a direct satellite broadcasting facility or fixed satellite regional or national program service facility, construction of which is commenced after June 30, 1983, for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. As used in this clause, a "direct satellite broadcasting facility" is a facility operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band and a "fixed satellite regional or national program service facility" is a facility operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing

body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body, or 30 days has passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

(21) If approved by the governing body of the municipality in which the property is located, a facility construction of which is commercial after June 30, 1983, at which a licensed Minnesota manufacturer produces distilled spirituous liquors, liqueurs, cordials, or liquors designated as specialties regardless of alcoholic content, but not including ethyl alcohol, distilled with a majority of the ingredients grown or produced in Minnesota, for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body, or 30 days has passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

#### Sec. 6. [STATEMENT OF PURPOSE.]

*The legislature finds that the method of valuing farm property on the basis of sales of comparable properties overstates the value of farm property. Further, the legislature finds that methods of determining the production value of farm property are not suitable as a basis for directly determining the value of individual parcels of farm property. Therefore, the legislature determines that market value should continue to be used as the basis for taxation but that the market value should be adjusted to reflect the production value of farm property.*

#### Sec. 7. [DETERMINATION OF RATIO.]

*The commissioner of revenue shall consider alternative methods of determining the production value of farm property and shall make a recommendation to the legislature by January 15, 1985, as to the percentage of market value to be used in determining the production value to be used for the 1985 assessment, taxes payable in 1986.*

Sec. 8. Minnesota Statutes 1983 Supplement, section 273.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as provided in subdivisions 6, 7, 8, and 9 or section 273.17, subdivision 1, all property shall be valued at its market value. The market value as determined pursuant to this section shall be stated such that any amount under \$100 is rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100. In estimating and determining such value, the assessor shall not adopt a lower or different

standard of value because the same is to serve as a basis of taxation, nor shall he adopt as a criterion of value the price for which such property would sell at a forced sale, or in the aggregate with all the property in the town or district; but he shall value each article or description of property by itself, and at such sum or price as he believes the same to be fairly worth in money. In assessing any tract or lot of real property, the value of the land, exclusive of structures and improvements, shall be determined, and also the value of all structures and improvements thereon, and the aggregate value of the property, including all structures and improvements, excluding the value of crops growing upon cultivated land. In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for a fair, voluntary sale, for cash. In valuing real property which is vacant, the fact that such property is platted shall not be taken into account. An individual lot of such platted property shall not be assessed in excess of the assessment of the land as if it were unplatted until the lot is improved with a permanent improvement all or a portion of which is located upon the lot, or for a period of three years after final approval of said plat whichever is shorter. When a lot is sold or construction begun, the assessed value of that lot or any single contiguous lot fronting on the same street shall be eligible for reassessment. All property, or the use thereof, which is taxable under sections 272.01, subdivision 2, or 273.19, shall be valued at the market value of such property and not at the value of a leasehold estate in such property, or at some lesser value than its market value.

Sec. 9. Minnesota Statutes 1983 Supplement, section 273.13, subdivision 9, is amended to read:

Subd. 9. [CLASS 4A, 4B, 4C, AND 4D.] (1) All property not included in the preceding classes shall constitute class 4a and shall be valued and assessed at 43 percent of the market value thereof, except as otherwise provided in this subdivision.

(2) Real property which is not improved with a structure and which is not utilized as part of a commercial or industrial activity shall constitute class 4b and shall be valued and assessed at 40 percent of market value.

(3) Commercial and industrial property, except as provided in this subdivision, shall constitute class 4c and shall be valued and assessed at 34 28 percent of the first ~~\$50,000~~ \$60,000 of market value and 43 percent of the remainder, provided that in the case of state-assessed commercial or industrial property owned by one person or entity, only one parcel shall qualify for the 34 28 percent assessment, and in the case of other commercial or industrial property owned by one person or entity, only one parcel in each county shall qualify for the 34 28 percent assessment.

(4) Employment property defined in section 273.1313, during the period provided in section 273.1313, shall constitute class 4d and shall be valued and assessed at 20 percent of the first \$50,000 of market value and 21.5 percent of the remainder, except that for employment property located in an enterprise zone designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3), the first \$50,000 of market value shall be valued and assessed at 31.5 percent and the remainder shall be assessed and valued at 38.5 percent, unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment

under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section 273.1314, subdivision 9, paragraph (a).

Sec. 10. Minnesota Statutes 1983 Supplement, section 273.13, subdivision 17, is amended to read:

Subd. 17. [TITLE II OR STATE HOUSING FINANCE AGENCY PROPERTY USED FOR ELDERLY AND LOW AND MODERATE INCOME FAMILIES.] (a) Except as provided in clause (b), a structure situated on real property that is used for housing for the elderly or for low and moderate income families as defined by Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or regulations promulgated by the agency pursuant thereto and financed by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency pursuant to the provisions of either of those acts and acts amendatory thereof shall, for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan, be assessed at 20 percent of the market value thereof, provided that the fair market value as determined by the assessor is based on the normal approach to value using normal unrestricted rents.

(b) In the case of a structure described in clause (a) ~~with respect to which construction or substantial rehabilitation had not been commenced prior to January 1, 1984~~, the 20 percent assessment ratio shall apply only to that portion of the structure that is occupied by elderly persons or low and moderate income families as defined above *unless (1) construction or substantial rehabilitation of the structure had been commenced prior to January 1, 1984; or (2) the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or (3) financing of the project had been approved by a federal or state agency prior to June 30, 1983.*

Sec. 11. Minnesota Statutes 1983 Supplement, section 273.13, subdivision 17b, is amended to read:

Subd. 17b. [VALUATION OF FARMERS HOME ADMINISTRATION PROPERTY IN MUNICIPALITIES OF UNDER 10,000.] (a) Notwithstanding any other provision of law, except as provided in clause (b), any structure

(1) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the farmers home administration,

(2) located in a municipality of less than 10,000 population,

(3) financed by a direct loan or insured loan from the farmers home administration, and

(4) which qualifies under subdivision 17a, shall, for 15 years from the date of the completion of the original construction or for the original term of the loan, be assessed at five percent of the market value thereof, provided that the fair market value as determined by the assessor is based on the normal approach to value using normal unrestricted rents.

(b) A structure described in clause (a) ~~with respect to which construction had not been commenced prior to January 1, 1984~~, shall be assessed at 20

percent of its market value, but only in proportion to its occupancy by elderly persons or low and moderate income families as defined above *unless (1) construction of the structure had been commenced prior to January 1, 1984; or (2) the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or (3) financing of the project had been approved by a federal or state agency prior to June 30, 1983.*

Sec. 12. Minnesota Statutes 1983 Supplement, section 273.13, subdivision 17c, is amended to read:

Subd. 17c. [VALUATION OF LOWER INCOME HOUSING.] (a) Except as provided in clause (b), a structure which is

(1) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended, and

(2) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel, shall, for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter, be assessed at 20 percent of its market value. The market value determined by the assessor shall be based on the normal approach to value using normal unrestricted rents.

(b) In the case of a structure described in clause (a) ~~with respect to which construction had not been commenced prior to January 1, 1984,~~ the 20 percent assessment ratio shall apply only to that portion of the structure that is occupied by lower income families or elderly or handicapped persons as defined above *unless (1) construction of the structure had been commenced prior to January 1, 1984; or (2) the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or (3) financing of the project had been approved by a federal or state agency prior to June 30, 1983.*

Sec. 13. Minnesota Statutes 1983 Supplement, section 276.04, is amended to read:

#### 276.04 [NOTICE OF RATES; PROPERTY TAX STATEMENTS.]

On receiving the tax lists from the county auditor, the county treasurer shall, if directed by the county board, give three weeks' published notice in a newspaper specifying the rates of taxation for all general purposes and the amounts raised for each specific purpose. He shall, whether or not directed by the county board, cause to be printed on all tax statements, or on an attachment, a tabulated statement of the dollar amount due to each taxing authority ~~and the amount to be paid to the state of Minnesota~~ from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the ~~state~~, county, township or municipality and school district shall be separately stated but the amounts due other taxing districts, if any, may be aggregated. The dollar amounts may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. *The statement shall include the following sentence, printed in upper case letters in bold face*



*print: "THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT."* The property tax statements for class 2a property shall contain the same information that is required on the tax statements for real property. The county treasurer shall mail to taxpayers statements of their personal property taxes due, such statements to be mailed not later than February 15 (except in the case of Class 2a property), statements of the real property taxes due shall be mailed not later than January 31; provided, that the validity of the tax shall not be affected by failure of the treasurer to mail such statement. The taxpayer is defined as the owner who is responsible for the payment of the tax. Such real and personal property tax statements shall contain the market value, as defined in section 272.03, subdivision 8, used in determining the tax. The statement shall show the amount attributable to section 124.2137 as "state paid agricultural credit" and the amount attributable to section 273.13, subdivisions 6 and 7 as "state paid homestead credit." The statement shall show the reduction attributable to the aid given pursuant to section 273.139 and shall indicate that the reduction is paid by the state of Minnesota. If so directed by the county board, the treasurer shall visit places in the county as he deems expedient for the purpose of receiving taxes and the county board is authorized to pay the expenses of such visits and of preparing duplicate tax lists. Failure to mail the tax statement shall not be deemed a material defect to affect the validity of any judgment and sale for delinquent taxes.

Sec. 14. Minnesota Statutes 1983 Supplement, section 290A.04, subdivision 2e, is amended to read:

Subd. 2e. If the net property taxes payable on a homestead increase more than 20 percent over the net property taxes payable in the previous year on the same property, a claimant who is a homeowner shall be allowed an additional refund equal to ~~50~~ 90 percent of the amount by which the increase exceeds 20 percent. This subdivision shall not apply to any increase in the net property taxes payable attributable to improvements made to the homestead. ~~The refund shall not exceed \$200. The maximum~~ refund shall be reduced by ~~\$20 ten~~ percent for each \$1,000 of the claimant's household income in excess of \$30,000. No refund shall be allowed if the claimant's household income exceeds \$40,000.

For purposes of this subdivision, "net property taxes payable" means property taxes payable after reductions made pursuant to sections 124.2137; 273.13, subdivisions 6, 7, and 14a; 273.115, subdivision 1; 273.116, subdivision 1; 273.135; 273.1391; and 273.42, subdivision 2, and any other state paid property tax credits and after the deduction of tax refund amounts for which the claimant qualifies pursuant to subdivisions 2, 2a and 2b.

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

~~On or before December 1, 1983, the commissioner shall estimate the cost of making the payments provided by this section. Notwithstanding the open appropriation provision of section 290A.23, if the estimated total refund claims~~

~~exceed \$11,000,000, the commissioner shall adjust accordingly the percentage increase in net property taxes payable over the previous year which is required to qualify for the credit provided in this subdivision.~~

This subdivision is repealed effective for property taxes levied in 1984, payable in 1985.

Sec. 15. Minnesota Statutes 1983 Supplement, section 290A.04, subdivision 2f, is amended to read:

Subd. 2f. If the net property taxes payable in 1984 on a homestead increases more than ten percent over the net property taxes payable in 1983 on the same property, and if the effective tax rate of property tax paid in 1983 on that homestead as compared to the January 2, 1982, estimated market value exceeds 2.25 percent, an additional credit shall be paid by the commissioner to the claimant. The additional credit shall be equal to 50 percent of the amount by which the increase exceeds ten percent ~~but in no case shall the additional credit exceed \$200.~~ This subdivision shall not apply to any increase in the net property taxes payable attributable to improvements made to the homestead.

For purposes of this subdivision, "effective tax rate" means the net property tax paid by the claimant in 1983, divided by the assessor's 1982 estimated market value times 100.

For purposes of this subdivision, "net property taxes" means the gross tax less the homestead credit and any other state paid credit and after the deduction of tax refund amounts for which the claimant qualifies.

The city assessor, or the county assessor if the property is located in a taxing district which does not have a city assessor, shall notify all affected property owners of the availability of this credit and furnish the forms which the commissioner shall prescribe.

The additional refunds shall be paid at the same time as the commissioner pays other property tax refund claims.

Sec. 16. Minnesota Statutes 1982, section 290A.04, is amended by adding a subdivision to read:

*Subd. 2g. If the net property taxes payable on a homestead in 1985 increase more than 10 percent over the net property taxes payable in 1984 on the same property, a claimant who is a homeowner shall be allowed an additional refund equal to 50 percent of the amount by which the increase exceeds 10 percent. This subdivision shall not apply to any increase in the net property taxes payable attributable to improvements made to the homestead. The refund shall not exceed \$400. The maximum refund shall be reduced by ten percent for each \$1,000 of the claimant's household income in excess of \$40,000. No refund shall be allowed if the claimant's household income exceeds \$50,000.*

*For purposes of this subdivision, "net property taxes payable" means property taxes payable after reductions made pursuant to sections 124.2137; 273.13, subdivisions 6, 7, and 14a; 273.115, subdivision 1; 273.116, subdivision 1; 273.135; 273.1391; and 273.42, subdivision 2, and any other state paid property tax credits and after the deduction of tax refund amounts for which the claimant qualifies pursuant to subdivisions 2, 2a and 2b.*

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

*This subdivision is repealed effective for property taxes levied in 1985, payable in 1986.*

**Sec. 17. [471.653] [DISTRIBUTION OF CERTAIN FEDERAL PAYMENTS.]**

*Federal payment in lieu of taxes on entitlement lands made pursuant to United States Code, Title 31, sections 6901 to 6906 shall be transferred by a county to a home rule or statutory city or town where the entitlement land is located if the county board determines that the statutory or home rule city or town is the principal provider of governmental services affecting the use of entitlement lands. The county board shall make its determination based on factors which shall include, but not be limited to: (1) whether the city or town has at least 40 acres of land within the entitlement lands; (2) whether city or town roads are the primary access to the entitlement lands; (3) whether the city or town provides specific services to the entitlement lands such as fire protection, police protection, and search and rescue services; and (4) whether the city or town is primarily responsible for land use planning and official controls.*

*The distribution of federal payment in lieu funds shall be made by the county board to a qualifying city or town in the proportion that the acreage of entitlement land located in each bears to the total acreage of entitlement land in the county except that no more than 30 percent of the total payment in lieu shall be distributed to all qualifying cities and towns.*

**Sec. 18. Minnesota Statutes 1982, section 477A.011, is amended by adding a subdivision to read:**

*Subd. 8a. For purposes of determining the 1984 distribution for a city incorporated after 1973 and located in Anoka, Washington, Scott, Carver, Hennepin, Ramsey, or Dakota County, the 1983 distribution amount used in the city's 1984 aid shall be the amount that would have been paid if the 1978 metropolitan council population estimate for the city had been used for calculating the city's 1979 local government aid. For cities whose aid is determined pursuant to this subdivision in 1984, the limitation in section 477A.011, subdivision 10, shall not apply to their 1984 aid distributions. The amount of any additional aid distributed under this subdivision shall constitute a permanent increase in the levy limit base of the city, beginning with taxes levied in 1984, payable in 1985.*

**Sec. 19. Minnesota Statutes 1983 Supplement, section 477A.013, subdivision 1, is amended to read:**

**Subdivision 1. [TOWNS.]** ~~In each~~ (1) In 1984, each town shall receive a distribution equal to 50 percent of the amount received in 1983 pursuant to Minnesota Statutes 1982, sections 273.138, 273.139, and 477A.011 to 477A.03.

(2) In 1985 and each succeeding calendar year, each town which ~~has an average equalized mill rate of at least two mills~~ had levied for taxes payable in the previous year at least one mill on the dollar of the assessed value of the

town shall receive a distribution equal to 50 percent of the amount received in 1983 pursuant to Minnesota Statutes 1982, sections 273.138, 273.139, and 477A.011 to 477A.03.

Sec. 20. Minnesota Statutes 1983 Supplement, section 477A.013, subdivision 2, is amended to read:

Subd. 2. [CITIES AND TOWNS.] In each calendar year, each statutory and home rule charter city shall receive a distribution equal to the amount obtained by subtracting ten mills multiplied by the municipality's equalized assessed value from the adjusted local revenue base.

An aid amount shall be computed in the same manner for all towns which have an average equalized mill rate of at least two mills had levied for taxes payable in the previous year at least one mill on the dollar of the assessed value of the town. A town's final aid amount shall be determined by either the subdivision 1 or the subdivision 2 calculation, whichever is greater.

Sec. 21. Minnesota Statutes 1983 Supplement, section 477A.0131, is amended by adding a subdivision to read:

Subd. 3. No home rule charter or statutory city shall receive a distribution in 1985 pursuant to sections 477A.011 to 477A.03 that is less than: (a) the amount certified for distribution to it in 1984 pursuant to sections 477A.011 to 477A.03; plus (b) any supplemental aid amount distributed to it in 1984 to compensate for a reduction in its originally certified aid amount pursuant to the limitations in Laws 1983, chapter 342, article 5, sections 12, subdivision 2, and 15.

Sec. 22. Minnesota Statutes 1983 Supplement, section 477A.03, subdivision 2, is amended to read:

Subd. 2. [LIMITATION ON APPROPRIATION; PROPORTIONATE REDUCTION.] The amount appropriated under subdivision 1 for distributions to towns pursuant to section 477A.013 shall not exceed \$8,750,000 and The amount appropriated for distribution to cities pursuant to section 477A.013 shall not exceed \$246,200,000 for calendar year 1984. If the limitations limitation contained in this subdivision result results in a reduction in the amounts determined pursuant to section 477A.013, subdivision 2, each city receiving local government aid shall have its distribution reduced in proportion to the amounts determined pursuant to section 477A.013, subdivision 2, before the limitation of section 477A.013, subdivision 3, is taken into account. If the limitations contained in this subdivision result in a reduction in the amounts determined pursuant to section 477A.013, subdivision 1, each town receiving local government aid shall have its distribution reduced in proportion to the amounts determined pursuant to section 477A.013, subdivision 1 or 2, before the limitation of section 477A.013, subdivision 3, is taken into account.

Sec. 23. Minnesota Statutes 1982, section 477A.13, is amended to read:

477A.13 [TIME OF PAYMENT, DEDUCTIONS.]

Payments to the counties shall be made from the general fund during the month of July of the year next following certification. There shall be deducted from amounts paid any amounts paid to a county or township during the preceding year pursuant to sections 84A.51, 89.036, 97.49, subdivision

3, and 272.68, subdivision 3 with respect to the lands certified pursuant to section 477A.12.

*Payments under section 477A.12 must also be reduced by the following percentages of the amounts paid during the preceding year under section 84A.51:*

- (1) for the payment made July 15, 1984, 75 percent;*
- (2) for the payment made July 15, 1985, 50 percent;*
- (3) for the payment made July 15, 1986, 25 percent; and*
- (4) for payments made thereafter, 0 percent.*

**Sec. 24. [SUPPLEMENTAL LOCAL AID.]**

*For each town, statutory city, and home rule charter city in the state, the commissioner of revenue shall certify a supplemental aid amount equal to the difference, if any, between (a) its certified distribution for 1984 pursuant to Laws 1983, chapter 342, article 5, section 11 and section 12, subdivision 1, and Minnesota Statutes 1982, section 477A.014, subdivision 3, and (b) the amount that would have been certified had not the limitations of Laws 1983, chapter 342, article 5, section 15 and section 12, subdivision 2, been in effect.*

**Sec. 25. [TIME OF PAYMENTS.]**

*Aid amounts determined pursuant to section 19 shall be distributed to affected governmental units in calendar year 1984 according to the payment schedule provided in Minnesota Statutes 1982, section 477A.015. However, if a governmental unit is subject to levy limitation pursuant to Laws 1983, chapter 342, article 3, section 1, and the amount distributed to it pursuant to section 20 and this section exceeds the amount by which the governmental unit's levy limitation for taxes payable in 1984 exceeds its levy subject to limitation for taxes payable in 1984, the amount of that excess distribution shall be used to reduce the governmental unit's levy limitation for taxes payable in 1985 accordingly.*

**Sec. 26. [SUBSEQUENT YEARS.]**

*For the purpose of aid distributions pursuant to Minnesota Statutes 1982, sections 477A.011 to 477A.03 and Laws 1983, chapter 342, article 5, sections 5 to 15, for 1985 and subsequent calendar years, aid amounts distributed according to the provisions of sections 20 and 21 shall be considered as included in the definition of aids received in 1984 pursuant to Minnesota Statutes 1982, sections 477A.011 to 477A.03 and Laws 1983, chapter 342, article 5, sections 5 to 15.*

**Sec. 27. [CITY OF BREEZY POINT; LEVY LIMIT INCREASE.]**

*Subdivision 1. [AUTHORIZATION.] The limitation imposed upon the levy of the city of Breezy Point by Minnesota Statutes, section 275.11, is increased by \$125,000 for taxes levied in 1984 and thereafter.*

*Subd. 2. [REVERSE REFERENDUM.] If the Breezy Point city council proposes to increase the levy limit base of the city pursuant to subdivision 1, it shall pass a resolution stating the amount by which the levy limit base is proposed to be increased. Thereafter, the resolution shall be published for*

two successive weeks in the official newspaper of the city or if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for a public hearing on the proposed increase. The hearing shall be held not less than two weeks nor more than four weeks after the first publication of the resolution. Following the public hearing, the city may determine to take no further action or, in the alternative, adopt a resolution authorizing the increase as originally proposed or approving an increase in the lesser amount it determines. The resolution authorizing an increase shall be published in the official newspaper of the city or if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days thereafter a petition signed by voters equal in number to five percent of the votes cast in the city in the last general election requesting a referendum on the proposed resolution is filed with the clerk the resolution shall not be effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the referendum. The referendum must be held at a special or general election prior to October 1, 1984.

**Sec. 28. [APPLICABILITY.]**

*On its effective date, section 23 applies to the city of Breezy Point.*

**Sec. 29. [RAILROAD PROPERTY TAX REFUNDS.]**

*Subdivision 1. [REIMBURSEMENT; APPROPRIATION.] There is appropriated from the general fund to the commissioner of revenue the amount necessary to refund to each local unit of government an amount equal to 75 percent of the amount the local unit has paid, or is legally obligated to pay, to the Soo Line, Burlington Northern, and Duluth, Winnipeg and Pacific Railroads, as refunds of property taxes paid in 1982 and 1983 in amounts that exceeded their actual legal liability under the terms of the order of the Minnesota Tax Court in *Soo Line Railroad Company v. Commissioner of Revenue*, dated November 3, 1983.*

*Subd. 2. [COUNTY LEVY AUTHORITY.] For taxes levied in 1984, payable in 1985 only, a county may levy in excess of the limitations imposed under sections 275.50 to 275.56 the amount necessary to pay these refunds to these railroads to the extent the amount of the refund exceeded the amount of the reimbursement paid pursuant to subdivision 1.*

**Sec. 30. [LOCAL GOVERNMENT AIDS STUDY COMMISSION.]**

*A local government aids study commission consisting of eleven members is created. Five members of the commission shall be members of the senate and appointed by the chairman of the senate tax committee. Five members of the commission shall be members of the house of representatives and appointed by the chairman of the house tax committee. The eleventh member shall be a representative of the governor's office and appointed by the governor. The study commission shall elect a chairman from among its members and meetings of the commission will be held at the call of the chairman.*

*The purpose of the study commission is to study the current funding and distribution of state aid to local units of government including school districts. The commission may do all things necessary and reasonable to conduct the study including holding meetings and soliciting testimony and in-*

formation. The commission shall make specific recommendations on changes in the present state aid formula and shall report to the legislature and the governor its conclusions and recommendations by January 15, 1985. The commission shall expire on February 1, 1985. Expenses of the commission including per diem and expenses of commission members will be provided by the appointing authority.

#### Sec. 31. [APPROPRIATION.]

The sum of \$6,000,000 is appropriated from the general fund to the commissioner of public welfare to be used to provide reimbursement to counties for their costs of administering public assistance programs pursuant to Minnesota Statutes, section 256D.22, for the calendar year beginning January 1, 1985.

The commissioner of public welfare shall insure that each county receives its payment under section 256D.22 for the period January 1 to June 30, 1985, on the first working day of July, 1985. Subsequent payments shall be made as reimbursements based on the previous month's costs.

#### Sec. 32. [APPROPRIATIONS.]

Subdivision 1. The sum of \$135,614 is appropriated from the general fund to the commissioner of revenue for the purpose of providing increased local government aid distributions under section 14. If this appropriation is not sufficient, aid amounts determined pursuant to section 14 shall be proportionately reduced.

Subd. 2. An amount sufficient to carry out the provisions of sections 20 and 21 is appropriated from the general fund to the commissioner of revenue.

#### Sec. 33. [REPEALER.]

Minnesota Statutes 1983 Supplement, section 273.11, subdivision 7, is repealed.

#### Sec. 34. [EFFECTIVE DATE.]

The percentage changes in section 1 are effective for taxes levied in 1984, payable in 1985, and thereafter. The increase in the maximum credit in section 1 is effective for taxes levied in 1983, payable in 1984, and thereafter. Sections 2 to 4 are effective the day following final enactment. Sections 5 to 9 are effective for taxes levied in 1984, payable in 1985, and thereafter. Sections 11 and 12 are effective for claims based on property taxes payable in 1984. Section 13 is effective January 1, 1985. Sections 14 to 16, and 18 to 22 are effective the day following final enactment.

Pursuant to Minnesota Statutes, section 645.023, subdivision 1, clause (a), section 23 is effective without local approval on the day after final enactment.

### ARTICLE 3 ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 1983 Supplement, section 273.1312, subdivision 4, is amended to read:

Subd. 4. [ELIGIBILITY REQUIREMENTS.] An area is eligible for designation if the following requirements are met:

(a) ~~Its~~ The boundary of the zone or each subdivision of the zone is continu-

ous and includes vacant or underutilized lands or buildings.

(b) The area of the zone is less than 400 acres ~~and~~. The total market value of the taxable property contained in the zone at the time of application is less than \$100,000 per acre or \$300,000 per acre for an area located wholly within a first class city; ~~except that these~~. *A zone which is located in a city of the third or fourth class may be divided into two to four separate subdivisions which need not be contiguous with each other. Each subdivision must contain not less than 100 acres. The restrictions provided by this paragraph shall not apply to areas designated pursuant to paragraph (c), clause (2) or (3).*

(c) (1) The proposed zone is located within an economic hardship area, as established by meeting two or more of the following criteria:

(A) the number of residential housing units within the area which are substandard is 15 percent or greater under criteria prescribed by the commissioner using data collected by the bureau of the census or data submitted by the municipality and approved by the commissioner;

(B) the percentage of households within the area that fall below the poverty level, as determined by the United States census bureau, is 20 percent or greater;

(C) (i) the total market value of commercial and industrial property in the area has declined over three of the preceding five years, or (ii) the total market value of all property in the area, ~~as equalized by the sales ratio study,~~ has declined or ~~its growth it has lagged three percentage points behind the statewide growth in total equalized market value in the state increased less than 10.5 percent~~ over the preceding three-year period;

(D) for the last full year for which data is available, the ~~nonfarm~~ per capita income in the area was 90 percent or less of the ~~median per capita income~~ for the state, excluding standard metropolitan statistical areas, or for the standard metropolitan statistical area if the area is located in a standard metropolitan statistical area;

(E) (i) the current rate of unemployment in the area is 120 percent of the statewide average unemployment for the ~~previous year last 12-month period for which verifiable figures are available~~, or (ii) the total number of employment positions has declined by ten percent during the last 18 months; or

(2) The area is so designated under federal legislation providing for federal tax benefits to investors, employers or employees in enterprise zones; or

(3) The area consists of a statutory or home rule charter city with a contiguous border with a city in another state or with a contiguous border with a city in Minnesota which has a contiguous border with a city in another state and the area is determined by the commissioner to be economically or fiscally distressed.

For purposes of this subdivision, an economic hardship area must have a population under the most recent federal decennial census of at least (i) 4,000 if any of the area is located wholly or partly within a standard metropolitan statistical area, or (ii) 2,500 for an area located outside of a standard metropolitan statistical area, or (iii) no minimum in the case of an area located in an Indian reservation; *except that, in the case of two or more cities seeking designation of an enterprise zone under a joint exercise of power pursuant to*



*section 471.59, the minimum population required by this provision shall not exceed the sum of the populations of those cities.*

Sec. 2. Minnesota Statutes 1983 Supplement, section 273.1314, subdivision 8, is amended to read:

Subd. 8. [FUNDING LIMITATIONS.] The maximum amount of the tax reductions which may be authorized pursuant to designations of enterprise zones under section 273.1312 and this section is limited to ~~\$32,000,000~~ ~~\$38,610,940~~. The maximum amount of this total which may be authorized by the commissioner for tax reductions pursuant to subdivision 9 that will reduce tax revenues which otherwise would have been received during fiscal years 1984 and 1985 is limited to ~~\$8,000,000~~ ~~\$9,000,000~~. Of the total limitation and the 1984-1985 biennial limitation the commissioner shall allocate to enterprise zones designated under section 273.1312, subdivision 4, paragraph (c), clause (3), an amount equal to ~~\$10,000,000~~ ~~\$4,000,000~~ ~~\$16,610,940~~ and ~~\$5,000,000~~ respectively. These funds shall be allocated among such zones on a per capita basis *except that the maximum allocation to one city on a per capita basis is \$6,610,940.95. In the case of a border city allocation, if the maximum allocation is reached for a city, the per capita calculation for the remaining cities must be calculated on the basis of the total allocation minus the maximum allocation.* An amount sufficient to fund the state funded property tax credits authorized pursuant to this section is appropriated to the commissioner of revenue. Upon designation of an enterprise zone the commissioner shall certify the total amount available for tax reductions in the zone for its duration. The amount certified shall reduce the amount available for tax reductions in other enterprise zones. If subsequent estimates indicate or actual experience shows that the approved tax reductions will result in amounts of tax reductions in excess of the amount certified, the commissioner shall implement a plan to reduce the available tax reductions in the zone to an amount within the sum certified. If subsequent estimates indicate or actual experience shows that the approved tax reductions will result in amounts of tax reductions below the amount certified, the difference shall be available for certification in other zones or used in connection with an amended plan of tax reductions for the zone as the commissioner determines appropriate. If the tax reductions authorized result in reduced revenues for a dedicated fund, the commissioner of finance shall transfer equivalent amounts to the dedicated fund from the general fund as necessary.

Sec. 3. Minnesota Statutes 1983 Supplement, section 290.069, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) "Small business assistance office" means a nonprofit corporation which is formed under chapter 317, is an exempt organization under section 501(c)(3) of the Internal Revenue Code, and satisfies the following conditions:

(1) The primary purpose of the corporation is to aid in the formation of new businesses which create jobs in the state by training or providing other direct assistance to entrepreneurs, managers, inventors, and other individuals in the development, financing, and operation of qualified small businesses.

(2) The corporation provides audited financial statements to all contributors and the commissioner of energy, planning, and development within 90 days following the close of the corporation's fiscal year.

(3) The corporation employs, at least, two full-time professional employees or the equivalent.

(4) The corporation is not engaged in providing financing or primarily engaged in arranging financing for businesses.

(5) The commissioner of energy, ~~planning~~ and *economic* development certifies that the corporation satisfies the requirements of this paragraph for the calendar year.

(b) "Technology" means a proprietary process, formula, pattern, device, or compilation of scientific or technical information unless it

(1) is in the public domain; or

(2) cannot be accurately valued.

(c) "Controlled group of corporations" means the controlled group of corporations as defined in section 1563 of the Internal Revenue Code, and if the corporation is part of a unitary business, includes the corporations or entities constituting the unitary business which are not in the controlled group of corporations as defined in section 1563.

(d) An "innovation center public corporation" is a nonprofit public corporation located at a state university in Minnesota that has the purpose of assisting, encouraging, developing, and advancing the high technology small business prosperity and economic welfare of the state.

(e) The "Internal Revenue Code" means the Internal Revenue Code of 1954, as amended through January 15, 1983.

(f) "Qualified small business" means ~~a business~~ *an entity, whether organized as a corporation, partnership, or proprietorship, organized for profit if the entity:* that satisfies the following conditions.

(1) ~~Has~~ *The entity had* 20 or fewer employees and ~~has had~~ *less than* \$1,000,000 in gross annual receipts; *in each of its three previous taxable years. The number of employees for purposes of this clause and clause (2) shall be determined on an annualized full-time equivalent basis.*

(2) *The entity is not a subsidiary or an affiliate of a business an entity which employs more than 20 employees or has which had total gross receipts for the previous year of more than \$1,000,000, computed by aggregating all of the employees and gross receipts of the business entities affiliated with the business.*

(3) *The entity has its commercial domicile in this state.*

(4) ~~Does~~ *The entity did not* derive more than 20 percent of its gross receipts from royalties, rents, dividends, interest, annuities, and sales or exchanges of stock or securities; *in entities other than itself in one or more of the three previous taxable years. Gross receipts from the sale of stock or securities shall be taken into account only to the extent of gains realized. If the business was not in operation for an entire year at the time of application for certification, this clause is not satisfied if the entity engages in or intends to engage in a trade or business producing or is likely to derive more than 20 percent of its gross receipts from rents, royalties, dividends, interest, annuities, and sales or exchanges of stock or securities. This clause does not apply to a sole*

proprietor or to the first taxable year of the entity if the total amount of passive income for the year is less than \$3,000.

(5) *The entity is not engaged in a trade or business, the primary purpose of which is described in section 103(b)(6)(O) of the Internal Revenue Code of 1954, as amended through January 15, 1983; and.*

*(6) For purposes of the equity investment credit, a qualified small business must also be an entity that, (1) on the first day of the second calendar year preceding the calendar year in which begins the taxable year for which the investment is made, had fewer than four full-time or part-time employees and had less than \$5,000 in gross annual receipts for that calendar year or (2) was certified by the commissioner of energy and economic development prior to April 10, 1984.*

*(7) Is certified by The commissioner of energy, ~~planning~~ and economic development certifies that ~~it~~ the entity satisfies the requirements of clauses (1) to ~~(5)~~ (6). An income tax return filed with the commissioner of energy and economic development in order to obtain a certification is nonpublic data or private data on individuals, whichever is applicable, as defined in section 13.02.*

Sec. 4. Minnesota Statutes 1983 Supplement, section 290.069, subdivision 2, is amended to read:

Subd. 2. [TECHNOLOGY TRANSFER CREDIT.] A credit may be claimed against the taxes imposed by this chapter in an amount equal to 30 percent of the net value of the technology transferred to a qualified small business if the following conditions are satisfied:

(a) The commissioner certifies that the technology has the value claimed by the transferor taxpayer.

(b) The transferor taxpayer is the exclusive and undisputed owner of the technology at the time the transfer is made.

(c) Except as provided in paragraph (h), the transferor retains no proprietary or financial interest in the technology subsequent to its transfer to the qualified small business and no credit is claimed for the transfer of the technology in a prior or subsequent taxable year, except pursuant to the carryover provisions of subdivision 5.

(d) The credit shall apply only to the first \$1,000,000 of the net value of the technology transferred during the taxable year. The value of the technology shall not exceed the total qualified research expenses, as defined in section 290.068, subdivision 2, expended by the transferor to create or develop the technology. For purposes of this ~~clause~~ paragraph, "net value" means the total value of the technology less any payments received from the transferee and less the value of any equity interest in the transferee received by the transferor in exchange for the technology. For purposes of determining the value of the equity interest, the total value of the transferee shall be deemed to be not less than the value of the technology transferred, less any cash payment made to the transferor.

(e) The taxpayer has not deducted the value of the transferred property from income under any other provisions of this chapter, except that the costs of developing the technology may have been deducted as a business expense or

depreciated or included in the computation of the research and experimental expenditure credit pursuant to section 290.068.

(f) The transferee business entity may not be a subsidiary or affiliate of the transferor taxpayer.

(g) The transferee makes a substantial investment in acquiring or developing the technology. The requirements of this clause are satisfied if *over a two-year period beginning not later than the date of the transfer* (1) the transferee pays the transferor an amount equal to 20 percent of the value of the technology in return for acquisition of the rights to the technology, or if (2) the transferee expends an equivalent amount for equipment, materials, wages, or other direct costs to develop, produce, or otherwise use the technology. The requirements of this paragraph may not be satisfied by granting the transferor an equity interest as provided by paragraph (h).

(h) The transferor may receive in exchange for the transfer of the technology an equity interest in the transferee, but this interest may not exceed 25 percent of the capital interest, if the transferee is a partnership, or 25 percent in value of the outstanding stock, if the transferee is a corporation. The transferor's basis in the equity interest shall be reduced by the amount of the credits received pursuant to this subdivision. The transferor may not deduct any loss realized on the sale or exchange of the equity interest.

(i) *The maximum credit which is allowed for technology transferred during the taxable year is \$300,000. The maximum credit which is allowable for technology transferred during all taxable years to an entity or a related person to the transferee entity is \$300,000. A person is a related person to the entity if (1) the relationship would result in disallowance of losses under section 267 or 707(b) of the Internal Revenue Code or (2) the person and the entity are members of the same controlled group or corporation.*

The commissioner may require that the taxpayer obtain an appraisal of the value of the transferred technology by a reliable, expert third party. *The disclosure to a third party appraiser of information necessary to make an appraisal shall not be subject to the provisions of section 290.61.* The commissioner may promulgate administrative rules for appraising the value of transferred technology.

Sec. 5. Minnesota Statutes 1983 Supplement, section 290.069, is amended by adding a subdivision to read:

*Subd. 2a. [RECAPTURE; TECHNOLOGY TRANSFER CREDIT.] (a) A corporation which receives a tax reduction pursuant to subdivision 2 shall repay to the commissioner an amount of the tax reduction as specified in paragraph (b) if any of the following conditions occur within a three-year period after the date of transfer of the technology.*

*(1) The transferee ceases operations in Minnesota.*

*(2) The transferee becomes a subsidiary or affiliate of the transferor.*

*(3) The transferee sells, transfers, or otherwise disposes of the rights to technology.*

*(4) The transferee fails to make the necessary payments or expenditures required by subdivision 2, paragraph (g).*

(5) *The transferee grants an interest to the transferor in violation of subdivision 2, paragraph (h).*

(b) *The amount of the repayment is determined pursuant to the following schedule:*

| <i>Occurrence of event causing recapture</i>      | <i>Repayment portion</i> |
|---|--------------------------|
| <i>Less than six months</i>                       | <i>100 percent</i>       |
| <i>Six months or more but less than 12 months</i> | <i>83-1/3 percent</i>    |
| <i>12 months or more but less than 18 months</i>  | <i>66-2/3 percent</i>    |
| <i>18 months or more but less than 24 months</i>  | <i>50 percent</i>        |
| <i>24 months or more but less than 30 months</i>  | <i>33-1/3 percent</i>    |
| <i>30 months or more but less than 36 months</i>  | <i>16-2/3 percent</i>    |

Sec. 6. Minnesota Statutes 1983 Supplement, section 290.069, subdivision 4, is amended to read:

Subd. 4. [EQUITY INVESTMENT CREDIT.] (a) A credit shall be allowed against the tax imposed by this chapter for the taxable year in an amount equal to 30 percent of the net investment in excess of \$25,000 in the equity stock of a qualified small business, which is organized as a corporation. ~~The maximum amount of the credit for a taxable year may not exceed \$75,000. The credit for the taxable year is the least of~~

(1) \$75,000, or

(2) 30 percent of the sum of the following, computed for the investment in each qualified small business:

(A) *The net investment made by the taxpayer during the taxable year in the equity stock of the qualified small business, less*

(B) \$25,000; or

(3) 75 percent of the taxpayer's tax liability computed after subtraction of all nonrefundable credits.

(b) For purposes of this credit the following limitations apply:

(1) Equity stock means common or preferred stock in the qualified small business, and shall not include any security which provides for fixed or variable interest payments which would be treated as debt under section 385 of the Internal Revenue Code.

(2) The taxpayer and any related persons may not own more than 49 percent of the value of any class of stock. For purposes of this paragraph clause, a person is a related person to another person if (i) the relationship between the persons would result in a disallowance of losses under section 267 or 707(b) of the Internal Revenue Code of 1954 or (ii) the persons are members of the same controlled group of corporations. ~~The restrictions provided by this subdivision shall apply for a three-year period beginning on the date the stock is purchased. If the taxpayer or a related person acquires more than 49 percent of the value of any class of stock after the allowance of a credit under this subdivision and prior to the end of the three-year period, the taxpayer's tax for the taxable year in which the credit was allowed shall be increased by the amount of the credit previously claimed.~~

(3) The credit shall not exceed 75 percent of the taxpayer's tax liability com-

puted after the subtraction of all credits, other than the credit provided in this subdivision. "Net investment" is limited to cash or the fair market value of marketable securities that are transferred to the qualified small business in return for equity stock, less the value of any other property or other consideration received by the taxpayer. Marketable securities are limited to (A) obligations of the United States government, (B) securities of a corporation or other entity the stock or other securities of which are listed by the New York or American Stock Exchange or by the National Association of Securities Dealers Automated Quotation System, or (C) state or local government obligations, other than industrial development bonds as defined in section 103(b) of the Internal Revenue Code. The transfer of the assets of an entity engaged in a trade or business as a corporation, partnership, association, or proprietorship to a corporation shall not qualify as a net investment for purposes of the credit, if the ownership of the transferee corporation is substantially the same as that of the entity. Any property owned by or used directly in the business, pledged as collateral, or used as working capital shall constitute assets of the business.

(b) (c) If the principal place of business of the qualified small business is located in an enterprise zone designated pursuant to section 273.1312, \$10,000 shall be substituted for \$25,000 and \$100,000 for \$75,000 in paragraph (a).

(e) (d) The taxpayer's basis in the stock shall be reduced by the amount of the credit.

(e) In the case of investments made by a small business corporation, having a valid election in effect under section 1362 of the Internal Revenue Code, or by a partnership, the net investments shall be allocated among the shareholders or partners on a pro rata basis and the limitations contained in paragraphs (a) and (c) shall apply to each shareholder or partner.

Sec. 7. Minnesota Statutes 1983 Supplement, section 290.069, is amended by adding a subdivision to read:

*Subd. 4a. [RECAPTURE; EQUITY INVESTMENT CREDIT.] (a) A taxpayer who receives a tax reduction pursuant to subdivision 4 shall repay to the commissioner an amount of the tax reduction as specified in paragraph (b) if any of the following conditions occur within a four-year period after the date of the investment:*

*(1) The taxpayer transfers, sells, or otherwise disposes of the stock other than transfer by the estate of a taxpayer who died after acquiring the stock.*

*(2) The taxpayer or a related person acquires an interest in the qualified small business in excess of that permitted by subdivision 4, clause (b)(2).*

*(3) The transferee ceases operations in Minnesota.*

*(b) The amount of the repayment is determined pursuant to the following schedule:*

| <i>Occurrence of event causing recapture</i>      | <i>Repayment portion</i> |
|---|--------------------------|
| <i>Less than six months</i>                       | <i>100 percent</i>       |
| <i>Six months or more but less than 12 months</i> | <i>87-1/2 percent</i>    |
| <i>12 months or more but less than 18 months</i>  | <i>75 percent</i>        |
| <i>18 months or more but less than 24 months</i>  | <i>62-1/2 percent</i>    |

|   |                |
|---|----------------|
| 24 months or more but less than 30 months | 50 percent     |
| 30 months or more but less than 36 months | 37-1/2 percent |
| 36 months or more but less than 42 months | 25 percent     |
| 42 months or more but less than 48 months | 12-1/2 percent |

(c) If a credit was allowed for a qualified small business whose principal place of business was located in an enterprise zone and the business ceases operations in the zone within three years after the investment is made, the taxpayer shall file an amended return claiming the credit without regard to subdivision 4, paragraph (c).

Sec. 8. Minnesota Statutes 1983 Supplement, section 290.069, is amended by adding a subdivision to read:

*Subd. 4b. [MULTISTATE BUSINESSES.] If a qualified small business is engaged in a business partly within and partly without the state, the credit allowable pursuant to subdivision 2 or 4 for technology transferred to or a net investment made in the business must be apportioned. The credit determined pursuant to subdivision 2 or 4 must be multiplied by the arithmetical average of the qualified small business property and payrolls, determined as provided by section 290.19, subdivision 1, clauses (2)(a)(2) and (2)(a)(3), using data from the most recently available year. After the technology is transferred or the investment made, the qualified small business shall certify to the transferor taxpayer its factors under section 290.19, subdivision 1, clauses (2)(a)(2) and (2)(a)(3) for each of the succeeding two tax years. If the factors for either of these years would result in at least a 25 percent change in the allowable credit, the taxpayer shall file an amended return repaying or claiming the difference in the credit. The preceding sentence does not apply if the qualified small business ceases operations in Minnesota and the recapitulation provisions of subdivision 2a or 4a apply.*

Sec. 9. Minnesota Statutes 1983 Supplement, section 290.069, subdivision 5, is amended to read:

*Subd. 5. [LIMITATIONS CARRYOVER; OTHER CONDITIONS.] The provisions of section 290.068, subdivisions 3, clause (a); 4; and 5 shall apply to the sum of the credits which this section allows, except that no carryback shall be allowed. The carryover provisions of section 290.068, subdivision 3, clause (b), shall apply to the sum of the credits allowed by this section except that the term "research credit" or "research and experimental expenditure credit" shall include the credits authorized by subdivisions 2 and 3 of this section. If the amount of the allowable credit pursuant to subdivision 2 or 3 for the taxable year exceeds the taxpayer's tax liability or if the limitation contained in subdivision 4, clause (a)(3) applies, the unused credit for the taxable year is a carryover to each of the succeeding five taxable years. The entire amount of the unused credit must be carried to the earliest of the taxable years to which it may be carried. "Tax liability" means the tax imposed by this chapter reduced by the sum of the nonrefundable credits allowed under this chapter and the credit allowed by section 290.068. The credits allowed by subdivisions 2 and 3 shall only be available to corporations and banks whose tax is computed pursuant to section 290.06, subdivision 1.*

The maximum limitations on the amount of credits pursuant to subdivisions 2 and 3, and 4 shall be determined by aggregating together the credits of all the corporations in the controlled group of corporations with the taxpayer. In

order to facilitate compliance with and enforcement of this provision the commissioner may require the taxpayer to claim the credit on a combined report of the unitary business or to file a copy of the consolidated federal return with the state return or both.

Sec. 10. Minnesota Statutes 1983 Supplement, section 290.069, is amended by adding a subdivision to read:

*Subd. 7. [COMMISSIONER'S POWER TO DISALLOW CREDIT.] The commissioner may disallow a credit under subdivision 2 or 4 if he determines that the transaction giving rise to the credit was entered into by the parties primarily to reduce taxes and not primarily for an independent business or commercial purpose other than the reduction of taxes.*

Sec. 11. Minnesota Statutes 1983 Supplement, section 290.21, subdivision 4, is amended to read:

Subd. 4. (a) 85 percent of dividends received by a corporation during the taxable year from another corporation, when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of the income and gains therefrom. The remaining 15 percent shall be allowed if the recipient owns 80 percent or more of all the voting stock of such other corporation, and the dividends were paid from income arising out of business done in this state by the corporation paying such dividends; but if the income out of which the dividends are declared was derived from business done within and without this state, then so much of the remainder shall be allowed as a deduction as the amount of the taxable net income of the corporation paying the dividends assignable or allocable to this state bears to the entire net income of the corporation, such rate being determined by the returns under this chapter of the corporation paying such dividends for the taxable year preceding the distribution thereof; the burden shall be on the taxpayer of showing that the amount of remainder claimed as a deduction has been received from income arising out of business done in this state.

(b) If the trade or business of the taxpayer consists principally of the holding of the stocks and the collection of the income and gains therefrom, dividends received by a corporation during the taxable year from another corporation, if the recipient owns 80 percent or more of all the voting stock of such other corporation, from income arising out of business done in this state by the corporation paying such dividends; but, if the income out of which the dividends are declared was derived from business done within and without this state, then so much of the dividends shall be allowed as deduction as the amount of the taxable net income of the corporation paying the dividends assignable or allocable to this state bears to the entire net income of the corporation, such rate being determined by the returns under this chapter of the corporation paying such dividends for the taxable year preceding the distribution thereof. The burden shall be on the taxpayer of showing that the amount of dividends claimed as a deduction has been received from income arising out of business done in this state.

(c) The dividend deduction provided in this subdivision shall be allowed



only with respect to dividends that are included in a corporation's Minnesota taxable net income for the taxable year.

The dividend deduction provided in this subdivision does not apply to a dividend from a corporation which, for the taxable year of the corporation in which the distribution is made or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 of the Internal Revenue Code of 1954, as amended through December 31, 1982.

The dividend deduction provided in this subdivision applies to the amount of regulated investment company dividends only to the extent determined under section 854(b) of the Internal Revenue Code of 1954, as amended through December 31, 1982.

(d) If dividends received by a corporation that does not have nexus with Minnesota under the provisions of Public Law 86-272 are included as income on the return of an affiliated corporation permitted or required to file a combined report under section 290.34, subdivision 2, then for purposes of this subdivision the determination as to whether the trade or business of the corporation consists principally of the holding of stocks and the collection of income and gains therefrom shall be made with reference to the trade or business of the affiliated corporation having a nexus with Minnesota.

*(e) In lieu of the deduction provided for in clause (a) of this subdivision, 100 percent of the dividends received by a corporation from another corporation which is organized under the laws of a foreign country or a political subdivision of a foreign country, if the dividends are paid from income arising from business conducted outside of the contiguous boundaries of the United States or any possession of the United States; and when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer, or would not be included in the inventory of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of holding of the stocks and the collection of the income or gains therefrom.*

Sec. 12. Minnesota Statutes 1982, section 297A.01, is amended by adding a subdivision to read:

*Subd. 16. [CAPITAL EQUIPMENT.] Capital equipment means machinery and equipment and the materials and supplies necessary to construct or install the machinery or equipment. To qualify under this definition the capital equipment must be used by the purchaser or lessee for manufacturing or fabricating a product to be sold at retail and must be used for the establishment of a new or the physical expansion of an existing manufacturing or fabricating facility in the state. Capital equipment does not include (1) machinery or equipment purchased or leased to replace machinery or equipment performing substantially the same function in an existing facility, (2) repair or replacement parts, or (3) machinery or equipment used to extract, receive, or store raw materials.*

Sec. 13. Minnesota Statutes 1982, section 297A.01, is amended by adding a subdivision to read:

*Subd. 17. [SPECIAL TOOLING.] Special tooling means tools, dies, jigs, patterns, gauges and other special tools which have value and use only for the*

*buyer and for the use for which it is made. An item has use or value only to the buyer if the item is not standard enough to be stocked or ordered from a catalog or other sales literature, but must be produced in accordance with special requirements peculiar to the buyer and not common to someone else whose conditions for possible use of the material are reasonably similar to the buyer's.*

Sec. 14. Minnesota Statutes 1983 Supplement, section 297A.02, subdivision 2, is amended to read:

Subd. 2. **[FARM MACHINERY AND EQUIPMENT.]** Notwithstanding the provisions of subdivision 1, the rate of the excise tax imposed upon sales of farm machinery ~~shall be~~ *and capital equipment is* four percent.

Sec. 15. Minnesota Statutes 1983 Supplement, section 297A.14, is amended to read:

**297A.14 [USING, STORING OR CONSUMING TANGIBLE PERSONAL PROPERTY; ADMISSIONS; UTILITIES.]**

For the privilege of using, storing or consuming in Minnesota tangible personal property, tickets or admissions to places of amusement and athletic events, electricity, gas, and local exchange telephone service purchased for use, storage or consumption in this state, ~~there a use tax~~ is imposed on every person in this state a use tax at the rate of six percent of the sales price of sales at retail of ~~any of the aforementioned items~~ unless the tax imposed by section 297A.02 was paid on the sales price. Notwithstanding the provisions of ~~this paragraph~~ *the preceding sentence*, the rate of the use tax imposed upon the sales price of sales of farm machinery ~~shall be~~ *and capital equipment is* four percent.

A motor vehicle subject to tax under this section shall be taxed at its fair market value at the time of transport into Minnesota if the motor vehicle was acquired more than three months prior to its transport into this state.

Sec. 16. Minnesota Statutes 1983 Supplement, section 297A.25, subdivision 1, is amended to read:

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

(a) The gross receipts from the sale of food products including but not limited to cereal and cereal products, butter, cheese, milk and milk products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products, coffee and coffee substitutes, tea, cocoa and cocoa products, and food products which are not taxable pursuant to section 297A.01, subdivision 3, clause (c) and which are sold by a retailer, organized as a nonprofit corporation or association, within a place located on property owned by the state or an agency or instrumentality of the state, the entrance to which is subject to an admission charge. This exemption does not include the following:

(i) candy and candy products;

(ii) carbonated beverages, beverages commonly referred to as soft drinks containing less than 15 percent fruit juice, or bottled water other than non-

carbonated and noneffervescent bottled water sold in individual containers of one-half gallon or more in size;

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

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

(d) The gross receipts from the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minnesota by the purchaser and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minnesota and thereafter used in a trade or business outside Minnesota, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce (storage shall not constitute intermediate use); provided that the property is not subject to tax in that state or country to which it is transported for storage or use, or, if subject to tax in that other state, that state allows a similar exemption for property purchased therein and transported to Minnesota for use in this state; except that sales of tangible personal property that is shipped or transported for use outside Minnesota shall be taxed at the rate of the use tax imposed by the state to which the property is shipped or transported, unless that state has no use tax, in which case the sale shall be taxed at the rate generally imposed by this state; and provided further that sales of tangible personal property to be used in other states or countries as part of a maintenance contract shall be specifically exempt; or (ii) which the seller delivers to a common carrier for delivery outside Minnesota, places in the United States mail or parcel post directed to the purchaser outside Minnesota, or delivers to the purchaser outside Minnesota by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

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

(f) The gross receipts from the sale of and storage, use or consumption of petroleum products upon which a tax has been imposed under the provisions of chapter 296, whether or not any part of said tax may be subsequently refunded;

(g) The gross receipts from the sale of clothing and wearing apparel except the following:

(i) all articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semi-precious stones, and imitations

thereof; articles made of, or ornamented, mounted or fitted with precious metals or imitations thereof; watches; clocks; cases and movements for watches and clocks; gold, gold-plated, silver, or sterling flatware or hollow ware and silver-plated hollow ware; opera glasses; lorgnettes; marine glasses; field glasses and binoculars.

(ii) articles made of fur on the hide or pelt, and articles of which such fur is the component material or chief value, but only if such value is more than three times the value of the next most valuable component material.

(iii) perfume, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic cachous and toilet powders. The tax imposed by this act shall not apply to lotion, oil, powder, or other article intended to be used or applied only in the case of babies.

(iv) trunks, valises, traveling bags, suitcases, satchels, overnight bags, hat boxes for use by travelers, beach bags, bathing suit bags, brief cases made of leather or imitation leather, salesmen's sample and display cases, purses, handbags, pocketbooks, wallets, billfolds, card, pass, and key cases and toilet cases.

(h) The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, *and all special tooling* are included within the exemption provided herein;

(i) The gross receipts from the sale of and storage, use or other consumption in Minnesota of tangible personal property (except as provided in section 297A.14) which is used or consumed in producing any publication regularly issued at average intervals not exceeding three months, and any such publication. For purposes of this subsection, "publication" as used herein shall include, without limiting the foregoing, a legal newspaper as defined by Minnesota Statutes 1965, section 331.02, and any supplements or enclosures with or part of said newspaper; and the gross receipts of any advertising contained therein or therewith shall be exempt. For this purpose, advertising

in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. The term "publication" shall not include magazines and periodicals sold over the counter. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not exempt;

(j) The gross receipts from all sales, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities or a state and its agencies, instrumentalities and political subdivisions. Sales exempted by this clause include sales pursuant to section 297A.01, subdivision 3, clauses (d) and (f). This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities;

(k) The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale. For purposes of this clause, sales by a nonprofit organization shall be deemed to be "isolated or occasional" if they occur at sale events that have a duration of three or fewer consecutive days. The granting of the privilege of admission to places of amusement and the privilege of use of amusement devices by a nonprofit organization at an isolated or occasional event conducted on property owned or leased for a continuous period of more than 30 days by the nonprofit organization are also exempt. The exemption provided for isolated sales of tangible personal property and of the granting of admissions or the privilege of use of amusement devices by nonprofit organizations pursuant to this clause shall be available only if the sum of the days on which the organization and any subsidiary nonprofit organization sponsored by it that does not have a separate sales tax exemption permit conduct sales of tangible personal property, plus the days with respect to which the organization charges for the use of amusement devices or admission to places of amusement, does not exceed eight days in a calendar year. For purposes of this clause, a "nonprofit organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, no part of the net earnings of which inures to the benefit of a private individual;

(l) The gross receipts from sales of rolling stock and the storage, use or other consumption of such property by railroads, freight line companies, sleeping car companies and express companies taxed on the gross earnings

basis in lieu of ad valorem taxes. For purposes of this clause "rolling stock" is defined as the portable or moving apparatus and machinery of any such company which moves on the road, and includes, but is not limited to, engines, cars, tenders, coaches, sleeping cars and parts necessary for the repair and maintenance of such rolling stock.

(m) The gross receipts from sales of airlight equipment and the storage, use or other consumption of such property by airline companies taxed under the provisions of sections 270.071 to 270.079. For purposes of this clause, "airflight equipment" includes airplanes and parts necessary for the repair and maintenance of such airlight equipment, and flight simulators.

(n) The gross receipts from the sale of telephone central office telephone equipment used in furnishing intrastate and interstate telephone service to the public.

(o) The gross receipts from the sale of and the storage, use or other consumption by persons taxed under the in lieu provisions of chapter 298, of mill liners, grinding rods and grinding balls which are substantially consumed in the production of taconite, the material of which primarily is added to and becomes a part of the material being processed.

(p) The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious or educational purposes if the property purchased is to be used in the performance of charitable, religious or educational functions, or any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders. Sales exempted by this clause include sales pursuant to section 297A.01, subdivision 3, clauses (d) and (f). This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities;

(q) The gross receipts from the sale of caskets and burial vaults;

(r) The gross receipts from the sale of an automobile or other conveyance if the purchaser is assisted by a grant from the United States in accordance with 38 United States Code, section 1901, as amended.

(s) The gross receipts from the sale to the licensed aircraft dealer of an aircraft for which a commercial use permit has been issued pursuant to section 360.654, if the aircraft is resold while the permit is in effect.

(t) The gross receipts from the sale of building materials to be used in the construction or remodeling of a residence when the construction or remodeling is financed in whole or in part by the United States in accordance with 38 United States Code, sections 801 to 805, as amended. This exemption shall not be effective at time of sale of the materials to contractors, subcontractors,

builders or owners, but shall be applicable only upon a claim for refund to the commissioner of revenue filed by recipients of the benefits provided in title 38 United States Code, chapter 21, as amended. The commissioner shall provide by regulation for the refund of taxes paid on sales exempt in accordance with this paragraph.

(u) The gross receipts from the sale of textbooks which are prescribed for use in conjunction with a course of study in a public or private school, college, university and business or trade school to students who are regularly enrolled at such institutions. For purposes of this clause a "public school" is defined as one that furnishes course of study, enrollment and staff that meets standards of the state board of education and a private school is one which under the standards of the state board of education, provides an education substantially equivalent to that furnished at a public school. Business and trade schools shall mean such schools licensed pursuant to section 141.25.

(v) The gross receipts from the sale of and the storage of material designed to advertise and promote the sale of merchandise or services, which material is purchased and stored for the purpose of subsequently shipping or otherwise transferring outside the state by the purchaser for use thereafter solely outside the state of Minnesota.

(w) The gross receipt from the sale of residential heating fuels in the following manner:

(i) all fuel oil, coal, wood, steam, propane gas, and L.P. gas sold to residential customers for residential use;

(ii) natural gas sold for residential use to customers who are metered and billed as residential users and who use natural gas for their primary source of residential heat, for the billing months of November, December, January, February, March and April;

(iii) electricity sold for residential use to customers who are metered and billed as residential users and who use electricity for their primary source of residential heat, for the billing months of November, December, January, February, March and April.

(x) The gross receipts from the sale or use of tickets or admissions to the premises of or events sponsored by an association, corporation or other group of persons which provides an opportunity for citizens of the state to participate in the creation, performance or appreciation of the arts and which qualifies as a tax-exempt organization within the meaning of Minnesota Statutes 1980, section 290.05, subdivision 1, clause (i).

(y) The gross receipts from either the sales to or the storage, use or consumption of tangible personal property by an organization of military service veterans or an auxiliary unit of an organization of military service veterans, provided that:

(i) the organization or auxiliary unit is organized within the state of Minnesota and is exempt from federal taxation pursuant to section 501(c), clause (19), of the Internal Revenue Code as amended through December 31, 1982; and

(ii) the tangible personal property which is sold to or stored, used or consumed by the organization or auxiliary unit is for charitable, civic, educa-

tional, or nonprofit uses and not for social, recreational, pleasure or profit uses.

(z) The gross receipts from the sale of sanitary napkins, tampons, or similar items used for feminine hygiene.

Sec. 17. Minnesota Statutes 1982, section 297B.035, subdivision 3, is amended to read:

Subd. 3. Motor vehicles sold by a new motor vehicle dealer in contravention of section 168.27, subdivision 10, clause (1)(b) shall not be considered to have been acquired or purchased for resale in the ordinary or regular course of business for the purposes of this chapter, and the dealer shall be required to pay the excise tax due on the purchase of those vehicles. *The sale by a lessor of a new motor vehicle under lease within 120 days of the commencement of the lease is deemed a sale in contravention of section 168.27, subdivision 10, clause (1)(b) unless the lessor holds a valid contract or franchise with the manufacturer or distributor of the vehicle.*

Sec. 18. Minnesota Statutes 1982, section 462.445, subdivision 10, is amended to read:

Subd. 10. [INTEREST REDUCTION PROGRAM.] An authority may develop and administer an interest reduction program *or programs* to assist the financing of the construction, rehabilitation, and purchase of *commercial or industrial facilities or* housing units which are primarily for occupancy by individuals of low or moderate income and related and subordinate facilities. An authority may:

(a) pay in periodic payments or in a lump sum payment any or all of the interest on loans made pursuant to chapter 462C or subdivision 9;

(b) pay any or all of the interest on bonds issued pursuant to chapter 462C, or pursuant to this chapter for the purpose of making loans authorized by subdivision 9;

(c) pay in periodic payments or in a lump sum payment any or all of the interest on loans made by private lenders to purchasers of housing units;

(d) pay any or all of the interest due on loans made by private lenders to a developer for the construction or rehabilitation of housing units;

(e) pay in periodic payments or in a lump sum payment any or all of the interest on loans made by any person to a developer for the construction, rehabilitation, and purchase of commercial facilities which are related and subordinate to the construction, rehabilitation, or purchase of housing units which receive interest reduction assistance provided that the entire development is composed primarily of housing units;

(f) pay any or all of the interest on bonds issued pursuant to chapter 474, ~~when the bonds are issued for a project which is related and subordinate to the construction, rehabilitation, or purchase of housing units which receive interest reduction assistance provided that the entire development is composed primarily of housing units;~~

(g) pay in periodic payments or in a lump sum payment any or all of the interest on loans made pursuant to Laws 1982, Chapter 590, Sections 1 to 5 for the rehabilitation or preservation of small and medium sized commercial



buildings; and

(h) pay any or all of the interest on bonds issued pursuant to section 459.33-;

(i) pay in periodic payments or in a lump sum payment any or all of the interest on loans made pursuant to chapter 474;

(j) pay in periodic payments or in a lump sum payment any or all of the interest on a loan made by a private lender to a purchaser of a commercial or industrial facility; and

(k) pay in periodic payments or in a lump sum payment any or all of the interest on a loan made by a private lender to a person for the construction or rehabilitation of a commercial or industrial facility. The provisions of section 273.75, subdivision 1, relating to the requirement for the issuer of bonds, the construction of public improvements, or the public acquisition of property shall not apply to a district which is established solely for the purpose of financing an interest reduction program.

#### Sec. 19. [PLANT EXPANSION GRANTS.]

*Subdivision 1. [APPROPRIATION.] The sum of \$3,400,000 is appropriated from the general fund to the commissioner of energy and economic development for the purpose of providing grants to industrial operations that are substantially renovating their facilities, provided that the renovation enables the operation to continue to provide a substantial portion of the industrial employment of the community in which it is located. The grant is intended to help meet the cost of property tax increases due to plant expansion or renovation and the cost of sales tax or equipment purchased to replace obsolete, inadequate, or inefficient equipment in the plant.*

*Of the sum appropriated, up to \$1,000,000 may be granted to a meat processing and packing facility that, at the time when renovation or expansion of the facility begins, provides over 20 percent of the industrial employment in the city. Up to \$2,400,000 may be granted to a manufacturer of internal combustion engines, generators, electrical generating sets, and switchgear that, at the time when renovation or expansion of the facility begins, provides over ten percent of the industrial employment in the city. Designation of grant recipients is not subject to the provisions of chapter 14.*

*Subd. 2. [RECAPTURE.] A business that receives a grant pursuant to subdivision 1 shall repay to the commissioner of energy and economic development a portion of the grant if, within five years of the receipt of the grant, the commissioner determines that (1) the recipient has failed to renovate or expand its facility according to the schedule submitted pursuant to subdivision 1 and that the recipient is unlikely to resume the renovation or expansion activity according to a schedule that is reasonably similar in result to the original schedule, allowing for some extension of time, not to exceed 20 percent of the time originally scheduled, for accomplishment of the renovation or expansion, or (2) the recipient has ceased operation of the facility.*

*The amount of the repayment is determined according to the following schedule:*

*Occurrence of event causing recapture  
Less than one year*

*Repayment portion  
100 percent*

|   |                   |
|---|-------------------|
| <i>One year or more but less than two years</i>     | <i>80 percent</i> |
| <i>Two years or more but less than three years</i>  | <i>60 percent</i> |
| <i>Three years or more but less than four years</i> | <i>40 percent</i> |
| <i>Four years or more but less than five years</i>  | <i>20 percent</i> |

#### Sec. 20. [ALLOCATION TO DULUTH.]

*The city of Duluth is allocated \$6,610,940 of the tax reductions permitted by section 273.1314, subdivision 8, pursuant to its designation under section 273.1312, subdivision 4, paragraph (c), clause (3).*

#### Sec. 21. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment. Sections 2, 17, 19 and 20 are effective July 1, 1984. Sections 3 to 10 are effective for taxable years beginning after December 31, 1983, except that they shall not apply to qualified small businesses that had been certified by the commissioner of energy and economic development prior to April 10, 1984. Section 11 is effective for tax years beginning after June 30, 1985. Sections 12 to 16 are effective July 1, 1984.*

### ARTICLE 4 TACONITE

Section 1. Minnesota Statutes 1983 Supplement, section 273.13, subdivision 6, is amended to read:

Subd. 6. [CLASS 3B.] Agricultural land, except as provided by class 1 hereof, and which is used for the purposes of a homestead shall constitute class 3b and shall be valued and assessed as follows: the first \$60,000 of market value shall be valued and assessed at 14 percent; the remaining market value shall be valued and assessed at 19 percent. The maximum amount of the market value of the homestead bracket subject to the 14 percent rate shall be adjusted by the commissioner of revenue as provided in section 273.1311. The property tax to be paid on class 3b property as otherwise determined by law less any reduction received pursuant to sections 124.2137, 273.123, ~~273.135~~, and 473H.10 shall be reduced by 54 percent of the tax; provided that the amount of the reduction shall not exceed \$650. Noncontiguous land shall constitute class 3b only if the homestead is classified as class 3b and the detached land is located in the same township or city or not farther than two townships or cities or combination thereof from the homestead. The first \$12,000 market value of each tract of real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use, used for the purpose of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law.

Agricultural land as used herein, and in section 124.2137, shall mean contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land and land included in federal farm programs.

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

The assessor shall determine and list separately on his records the market value of the homestead dwelling and the one acre of land on which that

dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

Sec. 2. Minnesota Statutes 1983 Supplement, section 273.13, subdivision 7, is amended to read:

Subd. 7. [CLASS 3C, 3CC.] All other real estate and class 2a property, except as provided by classes 1 and 3cc, which is used for the purposes of a homestead, shall constitute class 3c, and shall be valued and assessed as follows: the first \$30,000 of market value shall be valued and assessed at 17 percent; the next \$30,000 of market value shall be valued and assessed at 19 percent; and the remaining market value shall be valued and assessed at 30 percent. The maximum amounts of the market value of the homestead brackets subject to the 17 percent and 19 percent rates shall be adjusted by the commissioner of revenue as provided in section 273.1311. The property tax to be paid on class 3c property as otherwise determined by law, less any reduction received pursuant to sections 273.123, ~~273.135~~, and 473H.10 shall be reduced by 54 percent of the tax imposed on the first \$67,000 of market value; provided that the amount of the reduction shall not exceed \$650. The first \$12,000 market value of each tract of such real estate used for the purposes of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law.

Class 3cc property shall include real estate or manufactured homes used for the purposes of a homestead by (a) any blind person, if the blind person is the owner thereof or if the blind person and his or her spouse are the sole owners thereof; or (b) any person (hereinafter referred to as veteran) who: (1) served in the active military or naval service of the United States and (2) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair, and (3) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of the deceased veteran for as long as the surviving spouse retains the special housing unit as his or her homestead; or (c) any person who: (1) is permanently and totally disabled and (2) receives 90 percent or more of his total income from (i) aid from any state as a result of that disability, or (ii) supplemental security income for the disabled, or (iii) workers' compensation based on a finding of total and permanent disability, or (iv) social security disability, including the amount of a disability insurance benefit which is converted to an old age insurance benefit and any subsequent cost of living increases, or (v) aid under the Federal Railroad Retirement Act of 1937, 45 United States Code Annotated, Section 228b(a)5, or (vi) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability. Property shall be classified and assessed as class 3cc only if the commissioner of revenue certifies to the assessor that the owner of the property satisfies the requirements of this subdivision. Class 3cc property shall be valued and assessed as follows: in the case of agricultural land, including a manufactured home, used for a homestead, the first \$30,000 of market value shall be valued and

assessed at five percent, the next \$30,000 of market value shall be valued and assessed at 14 percent, and the remaining market value shall be valued and assessed at 19 percent; and in the case of all other real estate and manufactured homes, the first \$30,000 of market value shall be valued and assessed at five percent, the next \$30,000 of market value shall be valued and assessed at 19 percent, and the remaining market value shall be valued and assessed at 30 percent. In the case of agricultural land including a manufactured home used for purposes of a homestead, the commissioner of revenue shall adjust, as provided in section 273.1311, the maximum amount of the market value of the homestead brackets subject to the five percent and 14 percent rates; and for all other real estate and manufactured homes, the commissioner of revenue shall adjust, as provided in section 273.1311, the maximum amount of the market value of the homestead brackets subject to the five percent and 19 percent rates. Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings him an income. The property tax to be paid on class 3cc property as otherwise determined by law, ~~less any reduction received pursuant to section 273.135~~ shall be reduced by 54 percent of the tax imposed on the first \$67,000 of market value; provided that the amount of the reduction shall not exceed \$650.

For purposes of this subdivision, homestead property which qualifies for the classification ratios and credits provided in this subdivision shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the non-contiguous property, the owner shall apply for it to the assessor by July 1 of 1983 or the year when the treatment is initially sought. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

Sec. 3. Minnesota Statutes 1982, section 273.135, subdivision 5, is amended to read:

Subd. 5. For the purposes of this section, the amount of property tax to be paid shall be determined ~~before~~ *after* the allowance of any reduction prescribed by section 273.13, and the reduction prescribed by this section shall be in addition to that prescribed by section 273.13.

Sec. 4. Minnesota Statutes 1982, section 273.1391, subdivision 4, is amended to read:

Subd. 4. For the purposes of this section, the amount of property tax to be paid shall be determined ~~before~~ *after* the allowance of any reduction prescribed by section 273.13, and the reduction prescribed by this section shall be in addition to that prescribed by section 273.13.

Sec. 5. Minnesota Statutes 1983 Supplement, section 275.125, subdivision 11a, is amended to read:

Subd. 11a. [CAPITAL EXPENDITURE LEVY.] (a) Each year a school district may levy an amount not to exceed the amount equal to \$90 per pupil

unit, or \$95 per pupil unit in districts where the actual number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), has increased from the prior year. No levy under this clause shall exceed seven mills times the adjusted assessed valuation of the taxable property in the district for the preceding year.

(b) The proceeds of the tax may be used to acquire land, to equip and re-equip buildings and permanent attached fixtures, to rent or lease buildings for school purposes, to pay leasing fees for computer systems hardware and related proprietary software, and to pay leasing fees for photocopy machines and telecommunications equipment. The proceeds of the tax may also be used for capital improvement and repair of school sites, buildings and permanent attached fixtures, energy assessments, and for the payment of any special assessments levied against the property of the district authorized pursuant to section 435.19 or any other law or charter provision authorizing assessments against publicly owned property; provided that a district may not levy amounts to pay assessments for service charges, such as those described in section 429.101, whether levied pursuant to that section or pursuant to any other law or home rule provision. The proceeds of the tax may also be used for capital expenditures to reduce or eliminate barriers to or increase access to school facilities by handicapped individuals. The proceeds of the tax may also be used to make capital improvements to schoolhouses to be leased pursuant to section 123.36, subdivision 10. The proceeds of the tax may also be used to pay fees for capital outlay expenditures assessed and certified to each participating school district by the educational cooperative service unit board of directors. The proceeds of the tax may also be used to pay principal and interest on loans from the state authorized by ~~section~~ sections 116J.37 and 298.292 to 298.298.

(c) Subject to the commissioner's approval, the tax proceeds may also be used to acquire or construct buildings. The state board shall promulgate rules establishing the criteria to be used by the commissioner in approving and disapproving district applications requesting the use of capital expenditure tax proceeds for the acquisition or construction of buildings. The approval criteria for purposes of building acquisition and construction shall include: the appropriateness of the proposal for the district's long term needs; the availability of adequate existing facilities; and the economic feasibility of bonding because of the proposed building's size or cost.

(d) The board shall establish a fund in which the proceeds of this tax shall be accumulated until expended.

(e) The proceeds of the tax shall not be used for custodial or other maintenance services.

(f) Each year, subject to the seven mill limitation of clause (a) of this subdivision, a school district which operates an approved secondary vocational education program or an approved senior secondary industrial arts program may levy an additional amount equal to \$5 per pupil unit for capital expenditures for equipment for these programs.

(g) For purposes of computing allowable levies under this subdivision and subdivisions 11b and 11c, pupil units shall include those units identified in section 124.17, subdivision 1, clauses (1) and (2), and 98.5 percent of the units identified in Minnesota Statutes 1980, section 124.17, subdivision 1,

clauses (4) and (5) for 1980-1981.

Sec. 6. Minnesota Statutes 1983 Supplement, section 275.125, subdivision 11b, is amended to read:

Subd. 11b. [SPECIAL PURPOSE CAPITAL EXPENDITURE LEVY.] In addition to the levy authorized in subdivision 11a, each year a school district may levy an amount not to exceed the amount equal to \$25 per pupil unit. No levy under this clause shall exceed two mills times the adjusted assessed valuation of the property in the district for the preceding year. The proceeds of the tax shall be placed in the district's capital expenditure fund and may be used only for the following:

(a) for energy audits on district-owned buildings, and for funding those energy conservation and renewable energy measures which the energy audits indicate will reduce the use of nonrenewable sources of energy to the extent that the projected energy cost savings will amortize the cost of the conservation measures within a period of ten years or less;

(b) for capital expenditures for the purpose of reducing or eliminating barriers to or increasing access to school facilities by handicapped persons;

(c) for capital expenditures to bring district facilities into compliance with the uniform fire code adopted pursuant to chapter 299F;

(d) for expenditures for the removal of asbestos from school buildings or property or for asbestos encapsulation;

(e) for expenditures for the cleanup and disposal of polychlorinated biphenyls; and

(f) to pay principal and interest on loans from the state authorized by ~~section~~ sections 116J.37 and 298.292 to 298.298.

Sec. 7. Minnesota Statutes 1983 Supplement, section 275.125, subdivision 12a, is amended to read:

Subd. 12a. [ENERGY CONSERVATION LEVY.] The school district may levy, without the approval of a majority of the voters in the district, an amount equal to the actual costs of the energy conservation investments for the purposes of repaying the principal and interest of the law made pursuant to ~~section~~ sections 116J.37 and 298.292 to 298.298.

Sec. 8. Minnesota Statutes 1982, section 298.01, is amended to read:

298.01 [MINING OR PRODUCING ORES.]

Subdivision 1. Every person engaged in the business of mining or producing iron ore or other ores in this state shall pay to the state of Minnesota an occupation tax equal to 15.5 percent of the valuation of all ores except taconite, semi-taconite and iron sulphides mined or produced after December 31, 1971 and iron ores mined or produced after December 31, 1984. Said tax shall be in addition to all other taxes provided for by law and shall be due and payable from such person on or before June 15 of the year next succeeding the calendar year covered by the report thereon to be filed as hereinafter provided.

Subd. 2. Every person engaged in the business of producing or mining taconite, semi-taconite and iron sulphides in this state shall pay to the state an

occupation tax equal to 15 percent of the valuation of all taconite, semi-taconite and iron sulphides mined or produced after December 31, 1970 and of iron ores mined or produced after December 31, 1984. The tax shall be in addition to all other taxes provided for by law and shall be due and payable from such person on or before June 15 of the year next succeeding the calendar year covered by the report thereon to be filed as hereinafter provided.

Sec. 9. Minnesota Statutes 1982, section 298.02, subdivision 1, is amended to read:

Subdivision 1. [CREDIT.] For the purpose of increasing employment and the utilization of low-grade, underground, and high labor cost ores any taxpayer on whom a tax is imposed by reason of the provisions of section 298.01, subdivisions 1 and 2, shall be allowed a credit against the occupation tax as computed in said subdivisions *that section* because of the mining or production of ore from any mine, in an amount calculated as follows:

(a) In the case of underground mines or that tonnage of merchantable ore produced in open pit mines in the year in question which tonnage has resulted from beneficiation at an ore beneficiation plant within the state by jigging, heavy media, cyclone process, roasting, drying by artificial heat, sintering, magnetic separation, flotation, agglomeration or any process requiring fine grinding any ferrous ore, ten percent of that part of the cost of labor employed by said the mine or in the beneficiation of all ore mined or produced in said the calendar year in excess of 70 cents and not in excess of 90 cents per ton of the merchantable ore produced during the year at said that mine, and 15 percent of that part of the cost of such labor in excess of 90 cents per ton; in the case of any other tonnage produced at said mine or in the case of other mines ores, ten percent of the amount by which the average cost per ton of labor employed at said the mine, or in the beneficiation of such the ore at or near the mine, exceeds 80 cents, but does not exceed \$1.05, plus 15 percent of the amount by which such the average labor cost per ton exceeds \$1.05, multiplied by the number of tons of ore produced at said the mine, not exceeding 100,000 tons, but this 100,000 tons or less shall be first reduced by any tonnage described in the first part of this subparagraph; provided, however, that in no event shall the credit allowed hereunder be in excess of three-fourths of eleven percent, as applied to underground and taconite or semi-taconite ferrous ore operations, and six-tenths of eleven percent as applied to all other operations, of the valuation of the ore used in computing the tax under the provisions of section 298.01. The expression term "merchantable ore produced" as used herein means ores which as mined or as mined and beneficiated, are ready for shipment as a merchantable product. The provisions of this subparagraph (a) shall be applicable to all ores mined or produced subsequent to December 31, 1956.

(b) The aggregate amount of all credits allowed under this subdivision to all mines shall not exceed six and two-tenths percent of the aggregate amount of occupation taxes imposed under section 298.01, subdivision 1, assessed against all mines in the state for said year prior to the deduction of such credits, provided, that after December 31, 1954, labor credits to underground mines or taconite or semi-taconite operations shall not be subject to such percentage limitation and that, after December 31, 1984, labor credits to other iron ore operations shall not be subject to the percentage limitation both the occupation taxes of such underground mines or taconite or semi-taconite ferrous ore shall be excluded in calculating such percentage limitations. At the time of his final determination of occupation tax pursuant to section 298.09, subdivision 3, the commissioner shall reduce the credit otherwise

allowable to each mine hereunder by such equal percentage as will bring the total within such limitation. If an equal percentage reduction is made in the labor credits of mines pursuant to this subparagraph at the time of certification to the commissioner of ~~finance~~ *revenue* as set forth in section 298.10, the same percentage will be used where changes are made pursuant to section 298.09, subdivision 4, subsequent to June 1. Also if no reduction is made at the time of certification ~~to~~ by the commissioner of ~~finance~~ *revenue* on or before June 1, pursuant to this subdivision and section 298.10, no reduction will be made subsequent to June 1, due to changes made pursuant to section 298.09, subdivision 4. This subparagraph shall apply to occupation tax calculations in calendar years subsequent to December 31, 1952.

Sec. 10. Minnesota Statutes 1982, section 298.09, subdivision 4, is amended to read:

Subd. 4. If the amount of tax determined by the commissioner is subsequently found to be erroneous, the commissioner may, at any time within three years from the date the tax is certified as provided in section 298.10, redetermine the amount thereof. No such redetermination shall be made increasing the tax unless the person from whom the additional amount is due is given ten days written notice thereof and an opportunity to be heard thereon. If an order is made increasing the tax, the same proceedings shall be had as provided for occupation taxes originally determined and certified. Any person who has paid an occupation tax may apply to the commissioner within the time herein limited for a redetermination of the tax, and if the commissioner determines that the tax has been overpaid, he shall make and file an order determining the amount of such overpayment, and credit it against occupation taxes *or royalty taxes* otherwise payable by the person who has overpaid the amount as so determined. If the tax is increased, interest at the rate specified in section 270.75 from the date payment should have been made shall be determined and paid; if the tax is reduced, interest at the rate of six percent per annum from the date of overpayment shall be allowed.

Sec. 11. Minnesota Statutes 1982, section 298.225, is amended to read:

298.225 [APPROPRIATION.]

~~If a taconite producer ceases beneficiation operations, either temporarily or permanently, and if For distribution of taconite production tax in 1985 and thereafter with respect to production in 1984 and thereafter, the recipients of the taconite production tax as provided in section 298.28, subdivision 1, clauses (1) to (4) and (5)(b) to, (7), and (8), would shall receive decreased distributions as a result thereof, then the distribution to these recipients in each of the two years immediately following the year in which operations ceased shall be equal to the amount they received in the last full year before operations ceased distributions equal to the amount distributed to them pursuant to sections 298.225 and 298.28, subdivision 1 with respect to 1983 production if the production for the year prior to the distribution year is no less than 40,000,000 taxable tons. If the production is less than 40,000,000 taxable tons, the amount of the distributions shall be reduced by two percent for each 1,000,000 tons, or part of 1,000,000 tons by which the production is less than 40,000,000 tons. There is hereby appropriated to the commissioner of revenue from the taconite environmental protection fund and the corpus of the northeast Minnesota economic protection trust fund in equal proportions the~~



amount needed to make the above payments.

If a taconite producer ceases beneficiation operations permanently and is required by a special law to make bond payments for a school district, the northeast Minnesota economic protection trust fund shall assume the payments of the taconite producer if the producer ceases to make the needed payments. There is hereby appropriated from the corpus of the northeast Minnesota economic protection trust fund to the commissioner of revenue the amounts needed to make these school bond payments.

Sec. 12. Minnesota Statutes 1982, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) There is hereby imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of \$1.25 cents per gross ton of merchantable iron ore concentrate produced therefrom. The tax on concentrates produced in 1978 and subsequent years prior to 1985 shall be equal to \$1.25 multiplied by the steel mill products index during the production year, divided by the steel mill products index in 1977. The index stated in code number 1013, or any subsequent equivalent, as published by the United States Department of Labor, Bureau of Labor Statistics Wholesale Prices and Price Indexes for the month of January of the year in which the concentrate is produced shall be the index used in calculating the tax imposed herein. In no event shall the tax be less than \$1.25 per gross ton of merchantable iron ore concentrate. *The tax on concentrates produced in 1985 and 1986 shall be at the rate determined for 1984 production. For concentrates produced in 1987 and subsequent years, the tax shall be equal to the preceding year's tax plus an amount equal to the preceding year's tax multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" means the implicit price deflator prepared by the bureau of economic analysis of the United States Department of Commerce.*

(b) *On concentrates produced in 1984, an additional tax is hereby imposed equal to ~~1-6~~ eight-tenths of one percent of the total tax imposed by clause (a) per gross ton for each one percent that the iron content of such product exceeds 62 percent, when dried at 212 degrees Fahrenheit.*

(c) *The tax imposed by this subdivision on concentrates produced in 1984 shall be computed on the production for the current year ~~or~~. The tax on concentrates produced in 1985 shall be computed on the average of the production for the current year and the previous year. The tax on concentrates produced in 1986 and thereafter shall be the average of the production for the current year and the previous two years, whichever is higher. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.*

(d) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of \$1.25 per gross ton of merchantable iron ore concentrate produced shall be imposed.

Sec. 13. Minnesota Statutes 1982, section 298.24, is amended by adding a

subdivision to read:

*Subd. 4. A credit shall be allowed against the tax imposed by subdivision 1, in the amount of \$250,000 per year to any taconite producer that builds a water filtration and treatment plant in 1984 at a cost in excess of \$1,000,000 in order to alleviate the contamination of water resulting from the disposal of taconite tailings on land. This credit shall be available against taxes paid in 1985, 1986, and 1987. The amount sufficient to pay these credits is appropriated from the taconite environmental protection fund created in section 298.223 to the commissioner of revenue.*

Sec. 14. Minnesota Statutes 1983 Supplement, section 298.28, subdivision 1, is amended to read:

Subdivision 1. [DISTRIBUTION FROM GENERAL FUND.] The proceeds of the taxes collected under section 298.24, except the tax collected under section 298.24, subdivision 2, shall, upon certificate of the commissioner of revenue to the general fund of the state, be paid by the commissioner of revenue as follows:

(1) 2.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton," to the city or town in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(2) 12.5 cents per taxable ton, less any amount distributed under clause (8), to the taconite municipal aid account in the apportionment fund of the state treasury, to be distributed as provided in section 298.282.

(3) 29 cents per taxable ton plus the increase provided in paragraph (c) to qualifying school districts to be distributed as follows:

(a) Six cents per taxable ton to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The commissioner shall follow the apportionment formula prescribed in clause (1).

(b) 23 cents per taxable ton, less any amount distributed under part (d), shall be distributed to a group of school districts comprised of those school districts wherein the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 in direct proportion to school district tax levies as follows: each district shall receive that portion of the total distribution which its certified levy for the prior year, computed pursuant to section 275.125, comprises of the sum of certified levies for the prior year for all qualifying districts, computed pursuant to section 275.125. For purposes of distributions pursuant to

this part, certified levies for the prior year computed pursuant to section 275.125 shall not include the amount of any increased levy authorized by referendum pursuant to section 275.125, subdivision 2d.

(c) On July 15, 1982 and on July 15 in subsequent years in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by clause (3)(b) in the same proportion as the increase in the steel mill products index over the base year of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district described in clause (3)(b) where a levy increase pursuant to section 275.125, subdivision 2d, is authorized by referendum, according to the following formula. *On July 15, 1988 and subsequent years, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a).* Each district shall receive the product of:

(i) \$150 times the pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), enrolled in the previous school year, less the product of two mills times the district's taxable valuation in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the amount certified pursuant to section 275.125, subdivision 2d, in the previous year, to the product of two mills times the district's taxable valuation in the second previous year.

If the total amount provided by clause (3)(c) is insufficient to make the payments herein required then the entitlement of \$150 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to clause (3)(c) shall not be applied to reduce foundation aids which the district is entitled to receive pursuant to sections 124.2121 to 124.2128 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of finance who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in section 298.28, subdivision 1, clause 10.

(d) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(4) 19.5 cents per taxable ton to counties to be distributed as follows:

(a) 15.5 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to part (b). The commissioner shall follow the apportionment formula prescribed in clause (1).

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, one cent per taxable ton of the tax distributed to the counties pursuant to part (a) and imposed on and collected from such taxpayer shall be distributed by the commissioner of revenue to the county in which the power

plant is located.

(c) Four cents per taxable ton shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in clause (1).

(5) (a) ~~25.75~~ 19.25 cents per taxable ton, less any amount required to be distributed under ~~part parts~~ (b) and (c), to the taconite property tax relief account in the apportionment fund in the state treasury, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, .75 cent per taxable ton of the tax imposed and collected from such taxpayer shall be distributed by the commissioner of revenue to the county and school district in which the power plant is located as follows: 25 percent to the county and 75 percent to the school district.

(c) *If the assessed value of unmined iron ore as of January 2, 1982, in any city or town exceeds 50 percent of the total assessed value of the city or town as of that date, and if in any subsequent assessment year the assessed value of the unmined iron ore decreases by ten percent or more from the January 2, 1982 value, the city or town will receive an additional distribution in 1985 and thereafter. The distribution shall equal the difference between the hypothetical tax determined pursuant to the following sentence and the tax actually payable by the owners of all currently taxable property within the city or town. When computing mill rates for the city or town pursuant to sections 275.08 and 275.09, the county auditor shall include within the assessed value the difference between the current assessed value of unmined iron ore and the assessed value of unmined iron ore as of January 2, 1983.*

(6) One cent per taxable ton to the state for the cost of administering the tax imposed by section 298.24.

(7) Three cents per taxable ton shall be deposited in the state treasury to the credit of the iron range resources and rehabilitation board account in the special revenue fund for the purposes of section 298.22. The amount determined in this clause shall be increased in 1981 and subsequent years *prior to 1988* in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1 *and shall be increased in 1988 and subsequent years according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1*. The amount distributed pursuant to this clause shall be expended within or for the benefit of a tax relief area defined in section 273.134. No part of the fund provided in this clause may be used to provide loans for the operation of private business unless the loan is approved by the governor and the legislative advisory commission.

(8) .20 cent per taxable ton shall be paid ~~in 1979 and each year thereafter~~, to the range association of municipalities and schools, for the purpose of providing an area wide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Min-

nesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns and school districts within the iron range area of northeast Minnesota.

(9) the amounts determined under clauses (4)(a), (4)(c), and (5) shall be increased in 1979 and subsequent years *prior to 1988* in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1. *Those amounts shall be increased in 1988 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.*

(10) the proceeds of the tax imposed by section 298.24 which remain after the distributions in clauses (1) to (9) and parts (a) and (b) of this clause have been made shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection trust fund created in section 298.292 as follows: ~~In 1981 and each year thereafter,~~ Two-thirds to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection trust fund. The proceeds shall be placed in the respective special accounts in the general fund.

(a) ~~In 1978 and each year thereafter,~~ There shall be distributed to each city, town, school district, and county the amount that they received under section 294.26 in calendar year 1977; provided, however, that the amount distributed in 1981 to the unorganized territory number 2 of Lake County and the town of Beaver Bay based on the between-terminal trackage of Erie Mining Company will be distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake County and the towns of Beaver Bay and Stony River based on the miles of track of Erie Mining Company in each taxing district.

(b) ~~In 1978 and each year thereafter,~~ There shall be distributed to the iron range resources and rehabilitation board the amounts it received in 1977 under section 298.22.

On or before October 10 of each calendar year each producer of taconite or iron sulphides subject to taxation under section 298.24 (hereinafter called "taxpayer") shall file with the commissioner of revenue and with the county auditor of each county in which such taxpayer operates, and with the chief clerical officer of each school district, city or town which is entitled to participate in the distribution of the tax, an estimate of the amount of tax which would be payable by such taxpayer under said law for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of said year plus the amount becoming due because of probable production between September 30 and December 31 of said year, less any credit allowable as hereinafter provided. Such estimate shall list the taxing districts entitled to participate in the distribution of such tax, and the amount of the estimated tax which would be distributable to each such district in the next ensuing calendar year on the basis of the last percentage distribution certified by the commissioner of revenue. If there be no such prior certification, the taxpayer shall set forth its estimate of the proper distribution of such tax under the law, which estimate may be corrected by the commissioner if he deems it im-

proper, notice of such correction being given by him to the taxpayer and the public officers receiving such estimate. The officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district in computing the permissible tax levy of such county, city or school district in the year in which such estimate is made, and payable in the next ensuing calendar year, except that ~~in 1978 and 1979 two cents per taxable ton, and in 1980 and thereafter, one cent per taxable ton~~ of the amount distributed under clause (4)(c) shall not be deducted in calculating the permissible levy. Such taxpayer shall then pay, at the times payments are required to be made pursuant to section 298.27, as the amount of tax payable under section 298.24, the greater of (a) the amount shown by such estimate, or (b) the amount due under said section as finally determined by the commissioner of revenue pursuant to law. If, as a result of the payment of the amount of such estimate, the taxpayer has paid in any calendar year an amount of tax in excess of the amount due in such year under section 298.24, after application of credits for any excess payments made in previous years, all as determined by the commissioner of revenue, the taxpayer shall be given credit for such excess amount against any taxes which, under said section, may become due from the taxpayer in subsequent years. In any calendar year in which a general property tax levy subject to sections 275.125 or 275.50 to 275.59 has been made, if the taxes distributable to any such county, city or school district are greater than the amount estimated to be paid to any such county, city or school district in such year, the excess of such distribution shall be held in a special fund by the county, city or school district and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.125 or 275.50 to 275.59, of such county, city or school district payable in such year. If the amounts distributable to any such county, city or school district, after final determination by the commissioner of revenue under this section are less than the amounts indicated by such estimates, such county, city or school district may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sections 275.125 or 275.50 to 275.59 an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

There is hereby annually appropriated to such taxing districts as are stated herein, to the taconite property tax relief account and to the taconite municipal aid account in the apportionment fund in the state treasury, to the department of revenue, to the iron range resources and rehabilitation board, to the range association of municipalities and schools, to the taconite environmental protection fund, and to the northeast Minnesota economic protection trust fund, from any fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment or transfer. The payment of the amount appropriated to such taxing districts shall be made by the commissioner of revenue on or before May 15 annually.

Sec. 15. Minnesota Statutes 1982, section 298.40, is amended by adding a subdivision to read:

*Subd. 4. There is appropriated, effective July 1, 1985, to the commissioner of revenue from the general fund an amount equal to any credits due as a result of a recomputation of occupation taxes for production year 1977 and*

*previous years based on the limitations prescribed in section 298.40, subdivision 1, and established by the commissioner as an account payable on or before March 25, 1984. The commissioner shall refund to the taxpayers the amount of overpayment plus six percent interest per annum from the date of the overpayment.*

Sec. 16. Minnesota Statutes 1982, section 299.012, subdivision 1, is amended to read:

Subdivision 1. For the purpose of increasing the utilization of low grade, underground, and high labor cost ores and taconites, the royalty tax levied by virtue of section 299.01, subdivisions 1 and 2, on royalty received because of the production of ores in any calendar year from land forming part of any mine which was in production during said year, shall be reduced by a credit in an amount which will make the net effective tax rate thereon equal to the net effective rate of the occupation tax imposed pursuant to section 298.01, because of the production of ores during such calendar year from the mine of which such land forms a part, after the application of the credits against such occupation tax allowed under section 298.02; provided, if such mine produced ore in such calendar year, but the ore produced had no valuation for occupation tax purposes because of the allowable deductions equaling or exceeding the value of the ore produced, the credit allowed hereunder shall be three-fourths of eleven percent, as applied to underground, ~~taconite, and semi-taconite~~ *ferrous ore* operations, and six-tenths of eleven percent as applied to all other operations, of the royalty received. Any person making payments of royalty taxes in advance of the final determination of such taxes, may assume for the purposes of section 299.08, that the net rate of the tax for the calendar year in question shall be the last full year's net effective occupation tax rate known at the time of the first payment of royalty tax during the current calendar year.

#### Sec. 17. [REFUNDS FROM PRODUCTION TAX CASE.]

*Any refunds due to taconite producers under the decision of the Minnesota Supreme Court in Erie Mining Co. v. Commissioner of Revenue, filed January 6, 1984, shall be repaid to each company in five equal annual installments. The refunds shall be paid, to the extent possible, out of the distribution to the northeast Minnesota economic protection trust fund pursuant to Minnesota Statutes, section 298.28, subdivision 1, clause (10). To the extent that the sum of all refunds to be paid in a year exceeds the distribution to the trust fund for that year, the excess shall be paid out of the corpus of the trust.*

#### Sec. 18. [EFFECTIVE DATE.]

*Sections 1 to 4 are effective for taxes levied in 1984, payable in 1985, and thereafter. Sections 5 to 7 are effective the day following final enactment. Sections 8, 9, and 16 are effective for ores produced after December 31, 1984. Section 10 is effective for taxes paid in 1986 and thereafter.*

### ARTICLE 5 BUDGET RESERVE

Section 1. Minnesota Statutes 1983 Supplement, section 16A.15, subdivision 6, is amended to read:

Subd. 6. [BUDGET RESERVE ACCOUNT.] *A budget reserve account is created in the general fund in the state treasury. The commissioner of finance*

on July 1, 1983, shall transfer \$250,000,000 to ~~a~~ the budget reserve account in the general fund in the state treasury. The commissioner of finance on July 1, 1984, shall transfer an additional \$125,000,000 to the budget reserve account in the general fund. The amounts transferred shall remain in the budget reserve account until expended under subdivision 1.

## ARTICLE 6 MISCELLANEOUS

### Section 1. [270.72] [TAX CLEARANCE BEFORE ISSUING PROFESSIONAL, TRADE, OR BUSINESS LICENSE.]

No license for the conduct of a profession, trade, or business may be issued or renewed by the state or its political subdivisions when the commissioner has notified the licensing authority that the applicant for the license owes the state delinquent withholding or sales taxes, penalties, or interest. The commissioner shall send a copy of the notice to the applicant. In the instance of the renewal of a license, the notice must include a statement that the applicant has 30 days to request a hearing before the commissioner. If the request is made and the applicant and the commissioner are unable to resolve their differences, a contested case hearing must be held within 45 days of the date the commissioner refers the case to the office of administrative hearings. The hearing must be conducted pursuant to the procedural rules contained in 9 MCAR SS 2.501 to 2.521. The hearing examiner shall issue the report with 15 calendar days following the close of the hearing record. The license may not be issued or renewed until the commissioner issues a tax clearance certificate. The commissioner will issue the certificate only if the applicant does not owe the state any uncontested delinquent withholding or sales taxes, penalties, or interest. Taxes will not be considered delinquent for purposes of this section if (a) an administrative or court action which questions the amount or validity of any unpaid taxes has been commenced, (b) the appeal period to contest the taxes or assessments has not expired, (c) the applicant has entered into a payment agreement to pay the delinquent taxes and is current with the payments or the taxpayer can show unusual hardship as determined by the commissioner.

A licensing authority that has received a notice from the commissioner may not issue or renew the applicant's license until the applicant or the commissioner forwards a tax clearance certificate to the licensing board.

All licensing authorities shall require the applicant's social security number and the business' Minnesota identification number on all license applications. Upon request of the commissioner, but not more frequently than once each year, the licensing authority shall provide to the commissioner a list of all applicants, stating the applicant's name and address, the business name and address, the applicant's social security number, and the business' Minnesota identification number.

In administering this section, the commissioner may not release the particulars of the delinquency.

### Sec. 2. [TAX AMNESTY.]

The commissioner of revenue shall establish a tax amnesty program. The amnesty program applies to taxes payable to the commissioner and is only available to a taxpayer who either has an unpaid liability on the department of



revenue's accounts receivable system as of February 1, 1984, or who has failed to file a return which, if filed on February 1, 1984, would be considered a delinquent return subject to penalty by law. For a taxpayer who has an existing liability as of February 1, 1984, the commissioner shall accept as full payment of the account a certified check, cashier's check, or money order in the amount of 100 percent of the balance of the tax due and 80 percent of the balance of penalties and interest due on February 1, 1984, plus 100 percent of any interest accruing on that account since February 1, 1984, plus 100 percent of any additional liabilities including tax, penalty, and interest established by the commissioner subsequent to February 1, 1984. In no case may the reduction in liability exceed \$1,000. Tax amnesty shall not be available to any taxpayer who has an account which includes a civil fraud penalty imposed by the commissioner. Payment must be received by the commissioner on or after July 1, 1984, but before October 1, 1984. For the purposes of this section, "received" means actual receipt by the commissioner either at his office in St. Paul or at any field office of the department of revenue on or before the final date allowed for payment under the terms of this tax amnesty program.

In the case of a taxpayer who has failed to file returns which if filed on February 1, 1984, would be considered delinquent returns, the commissioner is authorized to accept the delinquent returns along with payment of all tax and interest if payment is made by certified check, cashier's check, or money order and received by the commissioner on or after July 1, 1984, but before October 1, 1984. For these delinquent returns filed pursuant to this tax amnesty program, the civil and criminal penalties imposed by law are waived unless the commissioner later finds that the tax as shown on any return was understated by 25 percent or more. In that case the civil and criminal penalties are hereby reinstated, and the commissioner shall collect the civil penalties and may pursue the criminal penalties.

Sec. 3. Minnesota Statutes 1982, section 270A.03, subdivision 5, is amended to read:

Subd. 5. "Debt" means a legal obligation of a natural person to pay a fixed and certain amount of money, which equals or exceeds \$25 and which is due and payable to a claimant agency. The term includes criminal fines imposed under section 609.10. A debt may arise under a contractual or statutory obligation, a court order, or other legal obligation, but need not have been reduced to judgment. A debt does not include (1) any legal obligation of a current recipient of assistance which is based on overpayment of an assistance grant, or (2) any legal obligation to pay a claimant agency for medical care, including hospitalization if the debtor qualified for a zero low income alternative tax pursuant to section 290.06, subdivision 3d, at the time when the medical care was rendered.

Sec. 4. Minnesota Statutes 1982, section 270A.04, subdivision 2, is amended to read:

Subd. 2. Any debt owed to a claimant agency shall be submitted by the agency for collection under the procedure established by sections 270A.01 to 270A.12 unless (a) an alternative means of collection is pending and believed to be adequate, (b) the collection attempt would result in a loss of federal funds, or (c) the agency is unable to supply the department with the

necessary identifying information required by subdivision 3 or rules promulgated by the commissioner, or (d) the debt is barred by section 541.05.

Sec. 5. Minnesota Statutes 1982, section 270A.08, subdivision 1, is amended to read:

Subdivision 1. Not later than five days after the claimant agency has sent notification to the department pursuant to section 270A.07, subdivision 1, the claimant agency shall send a written notification to the debtor asserting the right of the claimant agency to the refund or any part thereof. *If the notice is returned to the claimant agency as undeliverable, or the claimant agency has reason to believe the debtor did not receive the notice, the claimant agency shall obtain the current address of the debtor from the commissioner and resend the corrected notice.*

Sec. 6. Minnesota Statutes 1982, section 270A.08, subdivision 2, is amended to read:

Subd. 2. (a) This written notice shall clearly and with specificity set forth the basis for the claim to the refund *including the name of the benefit program involved if the debt arises from a public assistance grant and the dates on which the debt was incurred* and, further, shall advise the debtor of the claimant agency's intention to request set-off of the refund against the debt.

(b) The notice will also advise the debtor of his right to contest the validity of the claim at a hearing. The debtor must assert this right by written request to the claimant agency, which request the agency must receive within 45 days of the mailing date of the original notice *or of the corrected notice*, as required by subdivision 1. *If the debtor has not received the notice, the 45 days shall not commence until the debtor has received actual notice. The debtor shall have the burden of showing no notice and shall be entitled to a hearing on the issue of notice as well as on the merits.*

Sec. 7. Laws 1982, chapter 523, article 4, section 2, is amended to read:

Sec. 2. [EFFECTIVE DATE.]

This article is effective the day following final enactment ~~and shall terminate June 30, 1984.~~

Sec. 8. Minnesota Statutes 1982, section 287.05, is amended by adding a subdivision to read:

Subd. 3. *When a mortgage secures a revolving line of credit under which advances, payments, and readvances may be made from time to time, the tax imposed under subdivision 1 shall be paid on the maximum amount of the line of credit which may be secured at any one time, as expressed in the mortgage, regardless of the time or amount of advances, payments, or readvances.*

Sec. 9. Minnesota Statutes 1982, section 287.05, is amended by adding a subdivision to read:

Subd. 4. *No tax under subdivision 1 shall be paid on the indeterminate amount which may be advanced by the mortgagee in protection of the mortgaged premises or the mortgage, including taxes, assessments, charges, claims, fines, impositions, insurance premiums, amounts due upon prior or superior mortgages and other prior or superior liens, encumbrances and in-*

terests, and legal expenses and attorneys' fees.

Sec. 10. Minnesota Statutes 1982, section 287.05, is amended by adding a subdivision to read:

*Subd. 5. When a mortgage secures an indeterminate amount other than those described in subdivision 3 or 4 and section 287.04, no tax shall be paid at the time the mortgage is recorded or registered, but the tax must be paid at the time of recording or filing an affidavit stating the amount and time of the actual advance.*

Sec. 11. [507.325] [MORTGAGE SECURING REVOLVING LINE OF CREDIT; NOTICE.]

*A mortgage securing a revolving line of credit under which advances, payments, and readvances may be made from time to time, and which states the maximum amount of the line of credit which may be secured at any one time, is effective as notice to parties from the time the mortgage is recorded as to all advances and readvances secured thereby, regardless of the time or amount of advances, payments, or readvances and whether or not the advances or readvances are obligatory.*

Sec. 12. [508.555] [MORTGAGE SECURING REVOLVING LINE OF CREDIT; NOTICE.]

*A mortgage securing a revolving line of credit under which advances, payments, and readvances may be made from time to time, and which states the maximum amount of the line of credit which may be secured at any one time, is effective as notice to parties from the time the mortgage is filed and registered as to all advances and readvances secured thereby, regardless of the time or amount of advances, payments, or readvances and whether or not the advances or readvances are obligatory.*

Sec. 13. Minnesota Statutes 1982, section 297A.01, subdivision 8, is amended to read:

Subd. 8. "Sales price" means the total consideration valued in money, for a retail sale whether paid in money or otherwise, excluding therefrom any amount allowed as credit for tangible personal property taken in trade for resale, without deduction for the cost of the property sold, cost of materials used, labor or service cost, interest, or discount allowed after the sale is consummated, the cost of transportation incurred prior to the time of sale, any amount for which credit is given to the purchaser by the seller, or any other expense whatsoever. A deduction may be made for charges for services that are part of the sale, including charges up to 15 percent in lieu of tips, if the consideration for such charges is separately stated, but no deduction shall be allowed for charges for services that are part of a sale as defined in subdivision 3, clauses (b) to (f). A deduction may also be made for interest, financing, or carrying charges, charges for labor or services used in installing or applying the property sold or transportation charges if the transportation occurs after the retail sale of the property only if the consideration for such charges is separately stated. There shall not be included in "sales price" cash discounts allowed and taken on sales, the amount refunded either in cash or in credit for property returned by purchasers or the amount of any tax (not including, however, any manufacturers' or importers' excise tax) imposed by the United States upon or with respect to retail sales, whether im-

posed upon the retailer or the consumer. *For the purpose of this chapter, the sales price of a manufactured home used for residential purposes shall be 65 percent of the actual sales price.*

Sec. 14. Minnesota Statutes 1983 Supplement, section 297A.25, subdivision 1, is amended to read:

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

(a) The gross receipts from the sale of food products including but not limited to cereal and cereal products, butter, cheese, milk and milk products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products, coffee and coffee substitutes, tea, cocoa and cocoa products, and food products which are not taxable pursuant to section 297A.01, subdivision 3, clause (c) and which are sold by a retailer, organized as a nonprofit corporation or association, within a place located on property owned by the state or an agency or instrumentality of the state, the entrance to which is subject to an admission charge. This exemption does not include the following:

(i) candy and candy products;

(ii) carbonated beverages, beverages commonly referred to as soft drinks containing less than 15 percent fruit juice, or bottled water other than non-carbonated and noneffervescent bottled water sold in individual containers of one-half gallon or more in size;

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

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

(d) The gross receipts from the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minnesota by the purchaser and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minnesota and thereafter used in a trade or business outside Minnesota, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce (storage shall not constitute intermediate use); provided that the property is not subject to tax in that state or country to which it is transported for storage or use, or, if subject to tax in that other state, that state allows a similar exemption for property purchased therein and transported to Minnesota for use in this state; except that sales of tangible personal property that is shipped or transported for use outside Minnesota shall be taxed at the rate of the use tax imposed by the state to which the property is shipped or trans-

ported, unless that state has no use tax, in which case the sale shall be taxed at the rate generally imposed by this state; and provided further that sales of tangible personal property to be used in other states or countries as part of a maintenance contract shall be specifically exempt; or (ii) which the seller delivers to a common carrier for delivery outside Minnesota, places in the United States mail or parcel post directed to the purchaser outside Minnesota, or delivers to the purchaser outside Minnesota by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

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

(f) The gross receipts from the sale of and storage, use or consumption of petroleum products upon which a tax has been imposed under the provisions of chapter 296, whether or not any part of said tax may be subsequently refunded;

(g) The gross receipts from the sale of clothing and wearing apparel except the following:

(i) all articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semi-precious stones, and imitations thereof; articles made of, or ornamented, mounted or fitted with precious metals or imitations thereof; watches; clocks; cases and movements for watches and clocks; gold, gold-plated, silver, or sterling flatware or hollow ware and silver-plated hollow ware; opera glasses; lorgnettes; marine glasses; field glasses and binoculars.

(ii) articles made of fur on the hide or pelt, and articles of which such fur is the component material or chief value, but only if such value is more than three times the value of the next most valuable component material.

(iii) perfume, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic cachous and toilet powders. The tax imposed by this act shall not apply to lotion, oil, powder, or other article intended to be used or applied only in the case of babies.

(iv) trunks, valises, traveling bags, suitcases, satchels, overnight bags, hat boxes for use by travelers, beach bags, bathing suit bags, brief cases made of leather or imitation leather, salesmen's sample and display cases, purses, handbags, pocketbooks, wallets, billfolds, card, pass, and key cases and toilet cases.

(h) The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing

(other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein;

(i) The gross receipts from the sale of and storage, use or other consumption in Minnesota of tangible personal property (except as provided in section 297A.14) which is used or consumed in producing any publication regularly issued at average intervals not exceeding three months, and any such publication. For purposes of this subsection, "publication" as used herein shall include, without limiting the foregoing, a legal newspaper as defined by Minnesota Statutes 1965, section 331.02, and any supplements or enclosures with or part of said newspaper; and the gross receipts of any advertising contained therein or therewith shall be exempt. For this purpose, advertising in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. The term "publication" shall not include magazines and periodicals sold over the counter. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not exempt;

(j) The gross receipts from all sales, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities or a state and its agencies, instrumentalities and political subdivisions. Sales exempted by this clause include sales pursuant to section 297A.01, subdivision 3, clauses (d) and (f). This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities;

(k) The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale. For purposes of this clause, sales by a

nonprofit organization shall be deemed to be "isolated or occasional" if they occur at sale events that have a duration of three or fewer consecutive days. The granting of the privilege of admission to places of amusement and the privilege of use of amusement devices by a nonprofit organization at an isolated or occasional event conducted on property owned or leased for a continuous period of more than 30 days by the nonprofit organization are also exempt. The exemption provided for isolated sales of tangible personal property and of the granting of admissions or the privilege of use of amusement devices by nonprofit organizations pursuant to this clause shall be available only if the sum of the days on which the organization and any subsidiary nonprofit organization sponsored by it that does not have a separate sales tax exemption permit conduct sales of tangible personal property, plus the days with respect to which the organization charges for the use of amusement devices or admission to places of amusement, does not exceed eight days in a calendar year. For purposes of this clause, a "nonprofit organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, no part of the net earnings of which inures to the benefit of a private individual;

(l) The gross receipts from sales of rolling stock and the storage, use or other consumption of such property by railroads, freight line companies, sleeping car companies and express companies taxed on the gross earnings basis in lieu of ad valorem taxes. For purposes of this clause "rolling stock" is defined as the portable or moving apparatus and machinery of any such company which moves on the road, and includes, but is not limited to, engines, cars, tenders, coaches, sleeping cars and parts necessary for the repair and maintenance of such rolling stock.

(m) The gross receipts from sales of airlift equipment and the storage, use or other consumption of such property by airline companies taxed under the provisions of sections 270.071 to 270.079. For purposes of this clause, "airlift equipment" includes airplanes and parts necessary for the repair and maintenance of such airlift equipment, and flight simulators.

(n) The gross receipts from the sale of telephone central office telephone equipment used in furnishing intrastate and interstate telephone service to the public.

(o) The gross receipts from the sale of and the storage, use or other consumption by persons taxed under the in lieu provisions of chapter 298, of mill liners, grinding rods and grinding balls which are substantially consumed in the production of taconite, the material of which primarily is added to and becomes a part of the material being processed.

(p) The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious or educational purposes if the property purchased is to be used in the performance of charitable, religious or educational functions, or any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private

shareholders. Sales exempted by this clause include sales pursuant to section 297A.01, subdivision 3, clauses (d) and (f). This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities;

(q) The gross receipts from the sale of caskets and burial vaults;

(r) The gross receipts from the sale of an automobile or other conveyance if the purchaser is assisted by a grant from the United States in accordance with 38 United States Code, section 1901, as amended.

(s) The gross receipts from the sale to the licensed aircraft dealer of an aircraft for which a commercial use permit has been issued pursuant to section 360.654, if the aircraft is resold while the permit is in effect.

(t) The gross receipts from the sale of building materials to be used in the construction or remodeling of a residence when the construction or remodeling is financed in whole or in part by the United States in accordance with 38 United States Code, sections 801 to 805, as amended. This exemption shall not be effective at time of sale of the materials to contractors, subcontractors, builders or owners, but shall be applicable only upon a claim for refund to the commissioner of revenue filed by recipients of the benefits provided in title 38 United States Code, chapter 21, as amended. The commissioner shall provide by regulation for the refund of taxes paid on sales exempt in accordance with this paragraph.

(u) The gross receipts from the sale of textbooks which are prescribed for use in conjunction with a course of study in a public or private school, college, university and business or trade school to students who are regularly enrolled at such institutions. For purposes of this clause a "public school" is defined as one that furnishes course of study, enrollment and staff that meets standards of the state board of education and a private school is one which under the standards of the state board of education, provides an education substantially equivalent to that furnished at a public school. Business and trade schools shall mean such schools licensed pursuant to section 141.25.

(v) The gross receipts from the sale of and the storage of material designed to advertise and promote the sale of merchandise or services, which material is purchased and stored for the purpose of subsequently shipping or otherwise transferring outside the state by the purchaser for use thereafter solely outside the state of Minnesota.

(w) The gross receipt from the sale of residential heating fuels in the following manner:

(i) all fuel oil, coal, wood, steam, propane gas, and L.P. gas sold to residential customers for residential use;

(ii) natural gas sold for residential use to customers who are metered and billed as residential users and who use natural gas for their primary source of residential heat, for the billing months of November, December, January,



February, March and April;

(iii) electricity sold for residential use to customers who are metered and billed as residential users and who use electricity for their primary source of residential heat, for the billing months of November, December, January, February, March and April.

(x) The gross receipts from the sale or use of tickets or admissions to the premises of or events sponsored by an association, corporation or other group of persons which provides an opportunity for citizens of the state to participate in the creation, performance or appreciation of the arts and which qualifies as a tax-exempt organization within the meaning of Minnesota Statutes 1980, section 290.05, subdivision 1, clause (i).

(y) The gross receipts from either the sales to or the storage, use or consumption of tangible personal property by an organization of military service veterans or an auxiliary unit of an organization of military service veterans, provided that:

(i) the organization or auxiliary unit is organized within the state of Minnesota and is exempt from federal taxation pursuant to section 501(c), clause (19), of the Internal Revenue Code as amended through December 31, 1982; and

(ii) the tangible personal property which is sold to or stored, used or consumed by the organization or auxiliary unit is for charitable, civic, educational, or nonprofit uses and not for social, recreational, pleasure or profit uses.

(z) The gross receipts from the sale of sanitary napkins, tampons, or similar items used for feminine hygiene.

*(aa) The gross receipts from the sales of tangible personal property at, and sales of food, meals, or drinks at fund-raising events sponsored by a nonprofit organization when the entire proceeds, except for the necessary expenses connected therewith, will be used solely and exclusively for charitable, religious, or educational purposes. For purposes of this clause, a "nonprofit organization" means any unit of government, corporation, society, association, foundation, or institution organized and operated for charitable, religious, educational, civic, or fraternal purposes, no part of the net earnings of which inures to the benefit of a private individual. Nonprofit organization also includes organizations of military service veterans and auxiliary units of organizations of military service veterans if the organization or auxiliary unit is organized within the state of Minnesota and is exempt from federal taxation pursuant to section 501(c), clause (19), of the Internal Revenue Code of 1954, as amended through December 31, 1983.*

*If the profits are not used solely and exclusively for charitable, religious, or educational purposes, the entire gross receipts shall be subject to tax.*

*Each nonprofit organization shall keep a record of its gross receipts and profits from each fund-raising event. The fund-raising receipts shall be segregated from other revenues of the nonprofit organization and placed in a separate account. All deductions from gross receipts shall be documented with receipts and other records. If records are not maintained as required, the entire gross receipts shall be subject to tax.*

*The exemption provided by this clause does not apply to any event where the event yields a profit to the promoter or to any individual contracted to provide services or equipment, or both, for the event.*

Sec. 15. Minnesota Statutes 1983 Supplement, section 297B.03, is amended to read:

297B.03 [EXEMPTIONS.]

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) Purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by any person described in and subject to the conditions provided in section 297A.25, subdivision 1, clauses (j), (p) and (r).

(2) Purchase or use of any motor vehicle by any person who was a resident of another state at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person moved his residence to the state of Minnesota.

(3) Purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.211.

(4) Purchase or use of any motor vehicle previously registered in the state of Minnesota by any corporation or partnership when such transfer constitutes a transfer within the meaning of sections 351 or 721 of the Internal Revenue Code of 1954, as amended through December 31, 1974.

*(5) Purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota based private or for hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales or motor vehicle excise tax on motor vehicles used in interstate commerce.*

Sec. 16. Minnesota Statutes 1982, section 341.05, is amended to read:

341.05 [DUTIES.]

Subdivision 1. The board of boxing shall have charge and supervision of all boxing and sparring exhibitions held in the state and have power:

(1) To promulgate rules governing the conduct of boxing and sparring exhibitions and the time and place thereof;

(2) To issue licenses to individuals or organizations desiring to promote or conduct boxing or sparring exhibitions, and to suspend or revoke the licenses at its pleasure; every application for a license shall designate the territory in which the individual or organization intends to operate, and the license granted shall entitle the licensee to conduct the exhibitions in that territory and in no other.

~~The commissioner of revenue shall collect five percent of the gross receipts from admission to every boxing and sparring exhibition other than an amateur boxing and sparring exhibition held within the state, and five percent of the gross receipts from the lease or sale of radio, motion picture and television rights therein.~~

All complimentary tickets for a boxing and sparring exhibition other than an amateur boxing and sparring exhibition presented at any entrance gate shall likewise be assessed for the tax herein provided five percent of the value thereof. All moneys so collected shall be paid into the state treasury.

Subd. 2. The board of boxing shall issue a license to a person or organization holding, showing, or exhibiting a simultaneous telecast of any live, current, or spontaneous boxing or sparring match, exhibition, or performance on a closed circuit telecast or subscription television program viewed within the state, whether originating in this state or elsewhere, and for which a charge is made. Each such person or organization shall apply for such a license in advance of each showing and shall within 24 hours after the termination of such showing furnish the commissioner of revenue a written report, duly verified by an authorized person, showing the number of tickets sold for such showing, the amount of the gross proceeds thereof, and such other matters as the commissioner of revenue may prescribe; and shall also, within 24 hours after the termination of such showing, pay to the commissioner of revenue five percent of the gross receipts from the sale of tickets of admission or moneys received from subscription for the showing or exhibiting of said boxing or sparring match, exhibition, or performance. If the boxing or sparring match, exhibition, or performance is wholly amateur no payment is due.

Whoever violates the provisions of this subdivision is guilty of a misdemeanor and may be punished therefor as provided by law. The penalty herein provided is in addition to any other penalty for violation of this subdivision as may be otherwise fixed in this chapter.

#### Sec. 17. [APPROPRIATION.]

*There is appropriated from the general fund to the finance department for fiscal year 1985 the sum of \$277,000 for the operating expenses of the tax study commission. The approved complement of the tax study commission for fiscal year 1985 is seven.*

#### Sec. 18. [REPEALER.]

*Section 2 is repealed October 1, 1984. Minnesota Statutes 1982, section 270.051, is repealed effective July 1, 1984.*

#### Sec. 19. [EFFECTIVE DATE.]

*Section 1 is effective January 1, 1985. Section 2 is effective July 1, 1984. Section 13 is effective July 1, 1985. Section 14 is effective July 1, 1984. Section 3 is effective for amounts remitted or transferred to a claimant agency after the date of final enactment of this act. Section 7 is effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to taxation; repealing the individual income tax surtax; modifying certain income tax deduction provisions; increasing and extending certain property tax credit provisions; providing reduced assessment ratios for certain property; providing for the distribution of certain aids and payments to local governments; authorizing an increased levy limitation for the city of Breezy Point; requiring certain studies; providing and modifying tax benefits and local and state expenditures to assist economic development; adjusting the computation of taxes on taconite and iron ore and au-

thorizing certain refunds and credits; modifying distributions from the proceeds of the taconite tax; increasing the budget reserve account; requiring tax clearance prior to issuance of certain licenses; providing for a tax amnesty; exempting certain items from the sales and motor vehicle excise tax; modifying mortgage registration tax provisions; appropriating funds; amending Minnesota Statutes 1982, sections 270A.03, subdivision 5; 270A.04, subdivision 2; 270A.08, subdivisions 1 and 2; 273.135, subdivision 5; 273.1391, subdivision 4; 287.05, by adding subdivisions; 290A.04, by adding a subdivision; 297A.01, subdivision 8, and by adding subdivisions; 297B.035, subdivision 3; 298.01; 298.02, subdivision 1; 298.09, subdivision 4; 298.225; 298.24, subdivision 1, and by adding a subdivision; 298.40, by adding a subdivision; 299.012, subdivision 1; 341.05; 462.445, subdivision 10; 477A.011, by adding a subdivision; 477A.13; Minnesota Statutes 1983 Supplement, sections 16A.15, subdivision 6; 124.2137, subdivision 1; 272.02, subdivision 1; 273.11, subdivision 1; 273.13, subdivisions 6, 7, 9, 17, 17b, and 17c; 273.1312, subdivision 4; 273.1314, subdivision 8; 275.125, subdivisions 11a, 11b, and 12a; 276.04; 290.069, subdivisions 1, 2, 4, 5, and by adding subdivisions; 290.089, subdivision 2; 290.09, subdivision 29; 290.21, subdivision 4; 290A.04, subdivisions 2e and 2f; 297A.02, subdivision 2; 297A.14; 297A.25, subdivision 1; 297B.03; 298.28, subdivision 1; 477A.013, subdivisions 1 and 2; 477A.0131, by adding a subdivision; 477A.03, subdivision 2; Laws 1982, chapter 523, article 4, section 2; and Laws 1983, chapter 342, article 1, section 44; proposing new law coded in Minnesota Statutes, chapters 270, 471, 507, and 508; repealing Minnesota Statutes 1982, section 270.051; Minnesota Statutes 1983 Supplement, sections 273.11, subdivision 7; and 290.06, subdivision 2e; and Laws 1983, chapter 342, article 1, section 8."

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

Mr. Moe, D. M. from the Committee on Governmental Operations, to which was re-referred

S.F. No. 1703: A bill for an act relating to transportation; public transit; creating a regional transit board and specifying its powers and duties; transferring certain powers and duties to the regional transit board from the commissioner of transportation and the metropolitan transit commission; specifying certain powers of the metropolitan council; reducing and reappropriating certain appropriations; amending Minnesota Statutes 1982, sections 174.22, subdivisions 5, 10, 13, and by adding a subdivision; 174.23, subdivisions 2 and 4; 174.24, subdivisions 1, 2, and 5; 221.295; 473.121, subdivisions 7, 10, 11, 18, 19, and by adding subdivisions; 473.146, subdivisions 3 and 4; 473.164; 473.167, subdivision 1; 473.168, subdivision 2; 473.404; 473.405; 473.409; 473.411; 473.416; 473.435; 473.436, by adding a subdivision; 473.445; 473.446, by adding subdivisions; 473.449; Minnesota Statutes 1983 Supplement, sections 15A.081, subdivision 7; 174.24, subdivision 3; 221.041, by adding a subdivision; 221.071, subdivision 1; proposing new law coded in Minnesota Statutes, chapters 221; and 473; repealing Minnesota Statutes 1982, sections 174.03, subdivision 5a; 174.24, subdivisions 3a and 4; 174.265; 174.31; 473.121, subdivisions 9 and 16; 473.401; 473.402; 473.403; 473.411, subdivision 1; 473.413, as amended;

473.451.

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

Delete everything after the enacting clause and insert:

“ARTICLE 1

Section 1. Minnesota Statutes 1982, section 174.22, is amended by adding a subdivision to read:

*Subd. 2a. “Metropolitan area” has the meaning given it in section 473.121.*

Sec. 2. Minnesota Statutes 1982, section 174.22, subdivision 5, is amended to read:

Subd. 5. “Operating deficit” means the amount by which the total prudent operating expenses incurred in the operation of the public transit system exceeds the amount of operating revenue derived ~~therefrom and the amount of any social fare reimbursement pursuant to section 174.24, subdivision 4 from the system.~~

Sec. 3. Minnesota Statutes 1982, section 174.22, subdivision 10, is amended to read:

Subd. 10. “Urbanized area service” means a transportation service operating in an urban area of more than 50,000 persons but does not include ~~services operated by the metropolitan transit commission, as defined in subdivision 4, or elderly and handicapped service, as defined in subdivision 13.~~

Sec. 4. Minnesota Statutes 1982, section 174.22, subdivision 13, is amended to read:

Subd. 13. “Elderly and handicapped service” means transportation service provided on a regular basis in urbanized or large urbanized areas; ~~except for metro mobility service established under section 174.31, and designed exclusively or primarily to serve individuals who are elderly or handicapped and unable to use regular means of public transportation.~~

Sec. 5. Minnesota Statutes 1982, section 174.23, subdivision 2, is amended to read:

Subd. 2. [FINANCIAL ASSISTANCE.] The commissioner shall seek out and select eligible recipients of financial assistance under sections 174.21 to 174.27. The commissioner shall establish by rule the procedures and standards for review and approval of applications for financial assistance submitted to the commissioner pursuant to sections 174.21 to 174.27. Any applicant shall provide to the commissioner any financial or other information required by the commissioner to carry out his duties. The commissioner may require local contributions from applicants as a condition for receiving financial assistance. Before the commissioner approves any grant, the application for the grant shall be reviewed and approved by the appropriate regional development commission ~~or the metropolitan council~~ only for consistency with regional transportation plans and development guides. If an applicant proposes a project within the jurisdiction of a transit authority or commission or a transit system assisted or operated by a city or county, the

application shall also be reviewed by that commission, authority or political subdivision for consistency with its transit programs, policies and plans. Any regional development commission that has not adopted a transportation plan may review but may not approve or disapprove of any application.

Sec. 6. Minnesota Statutes 1982, section 174.23, subdivision 4, is amended to read:

Subd. 4. [RESEARCH; EVALUATION.] The commissioner shall conduct research and shall study, analyze, and evaluate concepts, techniques, programs, and projects to accomplish the purposes of sections 174.21 to 174.27, including traffic operations improvements, preferential treatment and other encouragement of transit and paratransit services and high-occupancy vehicles, improvements in the management and operation of regular route transit services, special provision for pedestrians and bicycles, management and control of parking, changes in work schedules, and reduction of vehicle use in congested and residential areas. The commissioner shall examine and evaluate such concepts, techniques, programs, and projects now or previously employed or proposed in this state and elsewhere. The commissioner or an independent third party under contract to the commissioner shall monitor and evaluate the management and operation of public transit systems, services, and projects receiving financial or professional and technical assistance under sections 174.21 to 174.27 or other state programs to determine the manner in which and the extent to which such systems, services, and projects contribute or may contribute to the purposes of sections 174.21 to 174.27. The commissioner shall develop and promote proposals and projects to accomplish the purposes of sections 174.21 to 174.27 and shall actively solicit such proposals from municipalities, counties, legislatively established transit commissions and authorities, regional development commissions, ~~the metropolitan council~~, and potential vendors. In conducting such activities the commissioner shall make the greatest possible use of already available research and information. The commissioner shall use the information developed under sections 174.21 to 174.27 in developing or revising the state transportation plan.

Sec. 7. Minnesota Statutes 1982, section 174.24, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; PURPOSE.] A public transit participation program is established to carry out the objectives stated in section 174.21 by providing financial assistance from the state to eligible recipients *outside of the metropolitan area*.

Sec. 8. Minnesota Statutes 1982, section 174.24, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY; APPLICATIONS.] Any legislatively established public transit commission or authority, any county or statutory or home rule charter city providing financial assistance to or operating public transit, any private operator of public transit, or any combination thereof is eligible to receive financial assistance through the public transit participation program. *Eligible recipients must be located outside of the metropolitan area.*

Sec. 9. Minnesota Statutes 1983 Supplement, section 174.24, subdivision 3, is amended to read:

Subd. 3. [FINANCIAL ASSISTANCE.] Payment of financial assistance shall be by contract between the commissioner and an eligible recipient. The commissioner shall determine the total operating cost of any public transit system receiving or applying for assistance in accordance with generally accepted accounting principles. To be eligible for financial assistance, an applicant or recipient shall provide to the commissioner all financial records and other information and shall permit any inspection reasonably necessary to determine total operating cost and correspondingly the amount of assistance which may be paid to the applicant or recipient. Where more than one county or municipality contributes assistance to the operation of a public transit system, the commissioner shall identify one as lead agency for the purpose of receiving moneys under this section.

The commissioner shall adopt rules establishing uniform performance standards for private operators of regular route transit systems in the transit taxing district, as defined in section 473.446, subdivision 2. The rules are subject to the provisions in the Administrative Procedure Act of sections 14.01 to 14.70. Payments to those private operators shall be based on the uniform performance standards and operating deficit and shall not exceed 100 percent of the operating deficit as determined by the commissioner. Payments shall be based on approved estimates of expenditures during the contract period and shall be subject to audit and adjustment after any payment has been made.

Prior to distributing operating assistance to eligible recipients for any contract period, the commissioner shall place all recipients into one of the following classifications: large urbanized area service, urbanized area service, small urban area service, rural area service, and elderly and handicapped service. The commissioner shall distribute funds under this section so that the percentage of total operating cost paid by any recipient from local sources will not exceed the percentage for that recipient's classification, except as provided in an undue hardship case. The percentages shall be: for large urbanized area service, 55 percent; for urbanized area service and small urban area service, 40 percent; for rural area service, 35 percent; and for elderly and handicapped service, 35 percent. The remainder of the total operating cost will be paid from state funds less any assistance received by the recipient from any federal source. For purposes of this subdivision "local sources" means all local sources of funds and includes all operating revenue, tax levies, and contributions from public funds, except that the commissioner may exclude from the total assistance contract revenues derived from operations the cost of which is excluded from the computation of total operating cost.

If a recipient informs the commissioner in writing after the establishment of these percentages but prior to the distribution of financial assistance for any year that paying its designated percentage of total operating cost from local sources will cause undue hardship, the commissioner may reduce the percentage to be paid from local sources by the recipient and increase the percentage to be paid from local sources by one or more other recipients inside or outside the classification, provided that no recipient shall have its percentage thus reduced or increased for more than two years successively. If for any year the funds appropriated to the commissioner to carry out the purposes of this section are insufficient to allow the commissioner to pay the state share of total operating cost as provided in this paragraph, the commis-

sioner shall reduce the state share in each classification to the extent necessary.

Sec. 10. Minnesota Statutes 1982, section 174.24, subdivision 5, is amended to read:

Subd. 5. [METHOD OF PAYMENT.] Payments under this section to ~~recipients other than the metropolitan transit commission and private operators within the seven-county metropolitan area whose deficits are funded 100 percent by the state~~ shall be made in the following manner:

50 percent of the total contract amount in the first month of operation;

40 percent of the total contract amount in the seventh month of operation;

9 percent of the total contract amount in the twelfth month of operation; and

1 percent of the total contract amount after the final audit.

~~The method of payment under this section to private operators within the seven-county metropolitan area whose deficits are funded 100 percent by the state shall be determined by the commissioner.~~

Sec. 11. [EFFECTIVE DATE.]

*Sections 1 to 10 are effective July 1, 1985.*

## ARTICLE 2

Section 1. [221.022] [REGIONAL TRANSIT BOARD; EXCEPTION.]

*The powers granted to the board under sections 221.011 to 221.096 do not include the power to regulate any service or vehicles operated by the regional transit board.*

Sec. 2. Minnesota Statutes 1983 Supplement, section 221.041, is amended by adding a subdivision to read:

*Subd. 4. [NONAPPLICABILITY.] This section does not apply to any regular-route passenger transportation being performed under contract with the regional transit board, unless the contract or any renewal thereof was originally entered into under section 174.24.*

Sec. 3. Minnesota Statutes 1983 Supplement, section 221.071, subdivision 1, is amended to read:

Subdivision 1. [CONSIDERATIONS; TEMPORARY CERTIFICATES; AMENDING.] If the board finds from the evidence that the petitioner is fit and able to properly perform the services proposed and that public convenience and necessity require the granting of the petition or a part of the petition, it shall issue a certificate of public convenience and necessity to the petitioner. In determining whether a certificate should be issued, the board shall give primary consideration to the interests of the public that might be affected, to the transportation service being furnished by a railroad which may be affected by the granting of the certificate, and to the effect which the granting of the certificate will have upon other transportation service essential to the communities which might be affected by the granting of the certificate. The board may issue a certificate as applied for or issue it for a part only of the authority sought and may attach to the authority granted terms and conditions as in its judgment public convenience and necessity may require.



*If the petitioner is seeking authority to operate regular-route transit service wholly within the seven-county metropolitan area under a contract with the regional transit board, the board shall consider only whether the petitioner is fit and able to perform the proposed service, unless the contract or any renewal thereof was originally entered into under section 174.24.*

The board may grant a temporary certificate, ex parte, valid for a period not exceeding 180 days, upon a showing that no regular route common carrier or petroleum carrier is then authorized to serve on the route sought, that no other petition is on file with the board covering the route, and that a need for the proposed service exists.

A certificate issued to a regular route common carrier or petroleum carrier may be amended by the board on ex parte petition and payment of a \$25 fee to the commissioner, to grant an additional or alternate route if there is no other means of transportation over the proposed additional route or between its termini, and the proposed additional route does not exceed ten miles in length.

### ARTICLE 3

Section 1. Minnesota Statutes 1982, section 473.121, subdivision 18, is amended to read:

Subd. 18. "Operator" means any person engaged or seeking to engage in the business of providing *regular route* public transit.

Sec. 2. Minnesota Statutes 1982, section 473.121, subdivision 19, is amended to read:

Subd. 19. "Public transit" or "transit" means ~~transportation of passengers for hire within the transit area by means of a motor vehicle or other means of conveyance by any person operating as a common carrier on fixed routes and schedules. "Public transit" shall not include transportation of children to or from school or of passengers between a common carrier terminal station and a hotel or motel; transportation by a common carrier railroad or common carrier railroads or by taxi; transportation furnished by a person solely for his or its employees or customers; or paratransit has the meaning given in section 174.22, subdivision 7.~~

Sec. 3. Minnesota Statutes 1982, section 473.121, is amended by adding a subdivision to read:

*Subd. 20a. "Regular route transit" has the meaning given in section 174.22, subdivision 8.*

Sec. 4. Minnesota Statutes 1982, section 473.146, subdivision 3, is amended to read:

Subd. 3. [TRANSPORTATION POLICY PLAN.] The council shall adopt a transportation policy plan as a part of its comprehensive development guide as *provided* in subdivisions 1 and 2; ~~which shall~~ . *The policy plan must include policies; relating to all transportation forms. The plan shall and be designed to promote the legislative determinations, policies, and purposes goals set forth in section 473.402 to the end of providing the transit area an integrated and efficient transportation system. In addition to the requirements of subdivision 1 regarding the contents of the policy plan, the transit elements*

of the plan must include the following:

(1) a statement of service objectives, policies, and standards that should govern the distribution and general location of facilities, services, and service areas to be planned, deployed, or developed by or under the direction or auspices of the regional transit board;

(2) a general statement of timing and priorities in the planning, deployment, and development of services;

(3) a statement of the policies and standards that should govern the levels of public expenditure, both capital and operating, for various services and service areas;

(4) a statement of the policies and standards that should govern total annual regional funding levels, the sources of funds, and the distribution of funds among the facilities, services, and service areas; and

(5) a description of the contents that should be included in the implementation plans prepared by the regional transit board.

In addition to the requirements of subdivisions 1 and 2 regarding the use of the expertise of the ~~metropolitan~~ regional transit ~~commission board~~, the state transportation department and affected counties and municipalities may provide ~~such~~ technical assistance as ~~may be~~ requested by the council. *The council shall amend its policy plan to conform to the requirements of this subdivision by January 1, 1986.*

Sec. 5. Minnesota Statutes 1982, section 473.167, subdivision 1, is amended to read:

Subdivision 1. [CONTROLLED ACCESS HIGHWAYS; COUNCIL APPROVAL.] Before acquiring land for or constructing a controlled access highway in the area, ~~hereinafter a project~~, the state transportation department or local government unit proposing ~~such the~~ acquisition or construction shall submit to the council a statement describing the proposed project. The statement ~~shall must~~ be in the form and detail required by the council. Immediately upon receipt of the statement, the council shall transmit a copy to the ~~metropolitan~~ regional transit ~~commission board~~, which shall review and evaluate the project in relationship to the ~~development program implementation plan~~ and report its recommendations and comments to the council. The council shall also review the statement to ascertain its consistency with its policy plan and the development guide. No ~~such~~ project may be undertaken unless the council determines that it is consistent with the policy plan and ~~development program implementation plan~~. This approval ~~shall be~~ is in addition to the requirements of any other statute, ordinance or regulation.

#### ARTICLE 4

Section 1. Minnesota Statutes 1982, section 473.402, is amended to read:

#### 473.402 [POLICY; GOALS.]

Subdivision 1. [POLICY.] The legislature finds and determines that, for the protection and advancement of the public health, safety, and welfare of the metropolitan area and the entire state, and in order to provide for adequate public transit and paratransit within the area to increase vehicle occupancy, and to reduce the use of vehicles occupied by only one person and the congestion,

energy consumption, highway damage, pollution, waste, and other costs associated with such use, there is need for the establishment of the transit area herein defined; for the creation of a metropolitan transit commission therefor with the powers and duties herein prescribed; for the implementation of a comprehensive transportation policy plan for the area and for the other measures herein provided provision of essential mobility and transportation options in the metropolitan area, for the encouragement of alternatives to the single-occupant vehicle and for the development of transportation service designed to meet public needs efficiently and effectively, there is a need for a regional transit board with the powers and duties prescribed by law.

Subd. 2. [GOALS.] The ~~metropolitan~~ regional transit commission board, in addition to other powers and duties and purposes, shall have the following performance goals:

(a) To ~~increase the number of persons riding and the rate at which persons are diverted from driving to riding;~~ provide, to the greatest feasible extent, a basic level of mobility for all people in the metropolitan area;

(b) To ~~achieve the fullest and most efficient use of public resources and investments in public transit and paratransit arrange,~~ to the greatest feasible extent, for the provision of a comprehensive set of transit and paratransit services to meet the needs of all people in the metropolitan area;

(c) To provide, to the greatest feasible extent, ~~increase~~ increased service levels within geographic areas and on routes and route segments characterized by high density of demand for service, transit dependent population, and little or no subsidy per passenger;

(d) To cooperate with private and public transit providers to assure the most efficient and coordinated use of existing and planned transit resources; and

(e) To maintain public mobility in the event of emergencies or energy shortages.

Sec. 2. Minnesota Statutes 1982, section 473.404, is amended to read:

473.404 [METROPOLITAN TRANSIT COMMISSION; CREATION AND COMPOSITION REGIONAL TRANSIT BOARD.]

Subdivision 1. [COMPOSITION.] There is hereby created a The metropolitan transit commission for the metropolitan area, is renamed the regional transit board. The transit board is composed of ~~nine~~ 15 members, herein called commissioners or members, ~~which commission~~. The transit board shall be organized, structured and administered as provided in sections 473.141, except as provided in this section, and 473.401 to 473.451.

Subd. 2. [APPOINTMENTS.] Before appointing a member, the council shall consult with local elected officials as well as legislators from the district for which the member is to be appointed. The council shall by resolution, after a public hearing on the subject, provide the governor with a list of at least three nominees for the position of chair.

Subd. 3. [MEMBERSHIP.] One member shall be appointed from each of the following commission districts:

(1) Commission district A, consisting of council district 1;

(2) Commission district B, consisting of council district 2;

- (3) *Commission district C, consisting of council district 3;*
- (4) *Commission district D, consisting of council district 5;*
- (5) *Commission district E, consisting of council district 4;*
- (6) *Commission district F, consisting of council district 6;*
- (7) *Commission district G, consisting of council district 8;*
- (8) *Commission district H, consisting of council districts 7 and 9;*
- (9) *Commission district I, consisting of council district 10;*
- (10) *Commission district J, consisting of council district 12;*
- (11) *Commission district K, consisting of council district 11;*
- (12) *Commission district L, consisting of council district 15;*
- (13) *Commission district M, consisting of council district 13 and that part of council district 14 within Carver and Hennepin counties;*
- (14) *Commission district N, consisting of council district 16 and that part of council district 14 within Dakota and Scott counties.*

*Subd. 4. [TERMS.] The terms of members and chairmen are as follows: members representing commission districts B, D, F, H, J, L, and N, and the chairman of each commission, for terms ending the first Monday in January of the year ending in the numeral "7"; members representing commission districts A, C, E, G, I, K, and M, for terms ending the first Monday in January of the year ending in the numeral "9". Following each apportionment, the member shall continue to serve at large until the metropolitan council appointed pursuant to section 473.123, subdivision 3a, appoints 14 commission members as provided under subdivision 3, to serve terms as provided under this subdivision.*

*Subd. 5. [CHAIR.] The chair of the commission shall devote full time to his duties, which are:*

- (a) to preside over all commission meetings at which he is in attendance;*
- (b) to serve as the principal transit spokesman within the metropolitan area before the legislature, other state and regional agencies, local units of government, and the general public;*
- (c) to present to the governor and the legislature, after approval by the council, the commission's financial plan for public transit in the metropolitan area;*
- (d) to convene and preside at an annual regional transit conference of transit providers, operators, and users; and*
- (e) to perform other duties assigned by law or by the commission.*

*Subd. 6. [ORGANIZATION.] The commission shall be organized into an operations division and an administrative and policy division. The head of each division shall report to the chief administrator of the commission.*

### **Sec. 3. [EXPIRATION.]**

*The metropolitan transit commission shall expire on August 1, 1984.*

Sec. 4. Minnesota Statutes 1982, section 473.405, is amended to read:

473.405 [OPERATION POWERS.]

Subdivision 1. [~~LEGAL STATUS; GENERAL POWERS.~~] *The commission has the powers and duties prescribed by sections 473.401 to 473.449 and all powers necessary or convenient to discharge its duties.*

Subd. 2. [~~LEGAL STATUS.~~] ~~(a) The transit area, with the commission as its governing body, shall be is a public corporation and a political subdivision of the state. All the powers vested and obligations or duties imposed upon the commission and acts of the commission by sections 473.401 to 473.451 shall be deemed to be those of the transit area wherever necessary or appropriate, and shall be exercised, performed, and discharged in behalf of the area by the commission in its name as a public corporation and with like force and effect as if done in the name of the area, and for all such purposes, the commission shall have the same status and powers as the area, all subject to the provisions of section 473.449. The chairman and secretary of the commission shall have such powers as are delegated to them by the commission.~~

Subd. 3. [PROPERTY.] *The commission may acquire, own, hold, use, improve, operate, maintain, lease, exchange, transfer, sell, or otherwise dispose of property, franchises, easements, or property rights or interests of any kind. The commission may acquire by purchase, lease, gift, or condemnation proceedings pursuant to chapter 117. Except as provided in subdivision 9, the commission may take possession of any property for which condemnation proceedings have been commenced at any time after the filing of the petition describing the property in the proceedings. The commission may contract with an operator or other persons for the use by the operator or person of any property under the commission's control.*

~~(b) Subd. 4. [TRANSIT SYSTEMS.] The commission shall have the power to may plan, engineer, construct, equip, and operate transit and paratransit systems, projects, or any parts thereof, including road lanes or rights of way, terminal facilities, maintenance and garage facilities, ramps, parking areas, and any other facilities useful for or related to any public transit or paratransit system or project. The commission may acquire by purchase, lease, gift, or condemnation proceedings any real or personal property, franchises, easements, or other rights of any kind for such purposes, or which may be necessary or proper for the discharge of its powers and duties.~~

Subd. 5. [ACQUISITION OF TRANSIT SYSTEMS.] *The commission shall have the power to may acquire by purchase, lease, gift, or condemnation proceedings any existing public transit system or any part thereof, including all or any part of the plant, equipment, shares of stock, property, real, personal, or mixed, rights in property, reserve funds, special funds, franchises, licenses, patents, permits and papers, documents and records belonging to any operator of a public transit system within the transit area, and may in connection therewith assume any or all liabilities of any operator of a public transit system. The commission may not acquire any existing public transit system until such the acquisition has been approved by a majority of the metropolitan council. The commission may hold, use, improve, operate, maintain, lease, exchange, transfer, sell, or otherwise dispose of any of its property or rights to others and may contract with any operator or other persons for the use by any such operator or person of any such property or facilities under its control.*

*The commission, if it proceeds to acquire any existing public transit system*

or any part thereof by condemnation, shall have the power to take control of and operate such a system immediately following the filing and approval of the initial petition for condemnation, if the commission, in its discretion, determines such action this to be necessary. This power shall include the, and may take possession of all right, title and other powers of ownership in all properties and facilities described in the petition. Such action shall Control must be taken by resolution which shall be is effective upon service of a copy thereof on the condemnee and the filing of the resolution in the condemnation action. In the determination of the fair value of the existing public transit system, there shall must not be included any value attributable to expenditures for improvements made by the transit commission.

The commission may continue or terminate within three months of acquisition any advertising contract in existence by and between any advertiser and a transit system that the commission has acquired. If the commission determines to terminate such the advertising contract, it shall acquire all of the advertiser's rights under the contract by purchase or eminent domain proceedings as provided by law.

Subd. 6. [ACTIONS.] The commission may sue and be sued and may enter into contracts which may be necessary or proper.

Subd. 7. [CONTRACTS.] The commission may enter into contracts necessary or proper for the exercise of its powers or the accomplishment of its purposes.

Subd. 8. [CONDEMNATION OF PUBLIC PROPERTY OR PROPERTY OF PUBLIC SERVICE CORPORATIONS.] The fact that property is owned by or is in charge of a public agency or a public service corporation organized for a purpose specified in section 300.03, or is already devoted to a public use or to use by the corporation or was acquired therefor by condemnation may not prevent its acquisition by the commission by condemnation, but if the property is in actual public use or in actual use by the corporation for any purpose of interest or benefit to the public, the taking by the commission by condemnation may not be authorized unless the court finds and determines that there is greater public necessity for the proposed use by the commission than for the existing use.

Subd. 9. [VOLUNTARY TRANSFER OF PUBLIC PROPERTY TO THE COMMISSION.] Any state department or other agency of the state government or any county, municipality, or other public agency may sell, lease, grant, transfer, or convey to the commission, with or without consideration, any facilities or any part or parts thereof or any real or personal property or interest therein which may be useful to the commission for any authorized purpose. In any case where the construction of a facility has not been completed, the public agency concerned may also transfer, sell, assign, and set over to the commission, with or without consideration, any existing contract for the construction of the facilities.

Subd. 10. [GIFTS AND GRANTS.] The commission may accept gifts, grants, or loans of money or other property from the United States, the state, or any person or entity for such purposes, may enter into any agreement required in connection therewith, may comply with any federal or state laws or regulations applicable thereto, and may hold, use, and dispose of such the money or property in accordance with the terms of the gift, grant, loan, or

agreement relating thereto. The commission may establish an executive committee, a finance committee, and such other committees of its members as it deems necessary or proper in furtherance of the provisions of sections 473.401 to 473.451, and may authorize them to exercise in the intervals between commission meetings any powers of the commission except those expressly required by law to be exercised by the commission.

Subd. 2 11. [MANAGEMENT CONTRACTS.] Notwithstanding any of the other provisions of sections 473.401 to 473.451, the commission ~~shall have powers may~~, in lieu of directly operating any public transit system, or any part thereof, to enter into management contracts ~~with any persons, firms, or corporations for the management of said system for such period or periods of time, and under such services. The contracts may provide for compensation, incentive fees, the employment of personnel, the services provided, and other terms and conditions as shall be deemed advisable and that the commission deems proper by the commission and such persons, firms, or corporations.~~

Such persons, firms, or corporations entering into management contracts with the commission may employ necessary personnel for the operation and maintenance of said system as well as perform consulting and supervisory services for the commission. An incentive fee may be included in any management contract that is negotiated. ~~The commission may not permit a contract manager to supervise or manage internal audit activities. Internal audit activity must be supervised and managed directly by the commission. The commission shall advertise for bids and select contracts for management services through competitive bidding. The term of the contract may not be longer than two years. The contract must include clear operating objectives, stating the service policies and goals of the commission in terms of the movement of various passenger groups, and performance criteria, by means of which success in achieving the operating objectives can be measured.~~

The employees of any public transit system operated pursuant to the provisions of this subdivision ~~shall, in case of~~ for the purpose of resolving any dispute arising under any existing or new collective bargaining agreement relating to the terms or conditions of their employment, ~~have the right, for the purpose of resolving such dispute,~~ may either to engage in a concerted refusal to work or to invoke the processes of final and binding arbitration as provided by chapter 572, subject to any applicable provisions of the agreement not inconsistent with law.

Whenever the commission shall directly operate any public transit system, or any part thereof, ~~or enter into any management contract or other arrangement for the operation thereof,~~ the commission shall take such action as may be necessary to extend to employees of affected public transit systems in the area, in accordance with seniority, the first opportunity for reasonably comparable employment in any available non-supervisory jobs in respect to such operations for which they can qualify after a reasonable training period. Such employment shall not result in any worsening of the employee's position in his former employment nor any loss of wages, hours, working conditions, seniority, fringe benefits, and rights and privileges pertaining thereto.

The commission may enter into an agreement specifying fair and equitable arrangements to protect the interests of employees who may be affected if the commission should acquire any interest in or purchase any facilities or other property of a privately owned and operated transit system, or construct, improve, or reconstruct any such facilities or other such property acquired from

*(b) contract with public and private providers that have demonstrated their ability to effectively provide service at a reasonable cost;*

*(c) encourage individuals using service provided through the project to use the type of service most appropriate to their particular needs;*

*(d) ensure that all persons providing service through the project receive equitable treatment in the allocation of the ridership;*

*(e) encourage shared rides to the greatest extent practicable;*

*(f) encourage public agencies that provide transportation to eligible individuals as a component of human services and educational programs to coordinate with the project and to allow reimbursement for services provided through the project at rates that reflect the public cost of providing those services; and*

*(g) establish criteria to be used in determining individual eligibility for special transportation services.*

**Subd. 4. [COORDINATION REQUIRED.]** *The commission may not grant any financial assistance to any recipient that proposes to use any part of the grant to provide special transportation service in the metropolitan area unless the program is coordinated with the project in the manner determined by the commission.*

**Subd. 5. [EQUITABLE ALLOCATION AND ANNUAL REALLOCATION.]** *The commission shall distribute all available funding under this section in a manner designed to achieve an equitable allocation of special transportation services based on the proportion of the number of elderly, handicapped, disabled, or economically disadvantaged individuals with special transportation needs who actually use the special transportation service.*

**Subd. 6. [OPERATING AND SERVICE STANDARDS.]** *A vehicle providing special transportation service which is subject to the operating standards adopted pursuant to section 174.30 may not be allowed to provide service through the project unless a current certificate of compliance has been issued to the vehicle. A person operating or assisting the operation of a vehicle may leave the vehicle to enter premises in order to help a passenger who does not require emergency ambulance service. Operators and assistants shall provide the help necessary for door-through-door service, including help in entering and leaving the vehicle and help through the exterior entrance and over any exterior steps at either departure or destination buildings, provided that both the steps and the wheelchair are in good repair. If an operator or assistant refuses help because of the condition of the steps or the wheelchair, the operator of the service shall send letters to the commission and the person denied service describing the corrective measures necessary to qualify for service.*

**Subd. 7. [ASSUMPTION OF PROGRAM.]** *The commission shall certify to the commissioner of transportation when it has adopted an approved interim implementation plan and is ready to assume responsibility for the special transportation service project administered by the commissioner under section 174.31. On receiving the certification the commissioner shall transfer to the commission the unexpended balance of the funds appropriated*



the court determines that the use in question interferes unreasonably with the public use or maintenance of the roadway or appurtenance, it shall enjoin ~~such~~ the use by the commission. If the court determines that the use in question does not interfere unreasonably with the public use or maintenance of the roadway or appurtenance, but that it entails substantial additional maintenance costs, the court shall award judgment to the agency for the amount of ~~such~~ the additional costs. Otherwise the court shall award judgment to the commission. An aggrieved party may appeal from the judgment of the district court in the same manner as is provided for such appeals in other civil actions. The commission may also use land within the right of way of any state highway or other public roadway for the erection of traffic control devices, other signs, and passenger shelters upon the conditions ~~hereinafter~~ stated in this subdivision and subject only to the approval of the commissioner of transportation where required by statute, and subject to the express provisions of other applicable statutes and to federal requirements where necessary to qualify for federal aid.

Sec. 8. [473.412] [SPECIAL TRANSPORTATION SERVICE.]

*Subdivision 1. [PROJECT OBJECTIVES.] The commission shall implement a project to coordinate special transportation service in the metropolitan area. The project has the following objectives:*

*(a) to provide greater access to transportation for the elderly, handicapped, and others with special transportation needs in the metropolitan area;*

*(b) to develop an integrated system of special transportation service providing transportation tailored to meet special individual needs in the most cost-efficient manner; and*

*(c) to use existing public and private providers of service wherever possible, to supplement rather than replace existing service, and to increase the productivity of all special transportation vehicles available in the area.*

*Subd. 2. [FINANCING; IMPLEMENTATION; MANAGEMENT AND ADVISORY GROUPS.] The commission shall contract for services necessary for the project's operation. All transportation service provided through the project must be provided under a contract between the commission and the provider which specifies the service to be provided and the rates for providing it. The commission shall establish a committee to set management policies for the project. The management policy committee must include the chairman of the commission or his designee, representatives of persons contracting to provide services for the project, a representative of the metropolitan council, and at least two representatives of the task force established to advise the committee. The meetings of the management policy committee are public and minutes of all meetings must be taken, preserved, and made available for public inspection. The commission shall establish an advisory task force of individuals representing the elderly, handicapped, and other users of service provided by the project to advise the management policy committee.*

*Subd. 3. [DUTIES OF COMMISSION.] In implementing the project the commission shall:*

*(a) encourage participation in the project by public and private providers of special transportation service currently receiving capital or operating assistance from a public agency;*

so as to provide, in combination with public highways, adequate means and facilities of maximum attainable efficiency for public transportation to, from, and within the metropolitan transit area, and to relieve the congestion, traffic hazards, and other objectionable conditions aforesaid on the public highways caused by lack of adequate provisions for public transit. The transit commission may make use of engineering and other technical and professional services, including regular staff and qualified consultants, which the commissioner of transportation can furnish, upon fair and reasonable reimbursement for the cost thereof; provided, that the commission ~~shall have~~ *has* final authority over the employment of any services from other sources which it may deem necessary for such purposes. The commissioner of transportation may furnish all engineering, legal, and other services, if so requested by the commission and upon fair and reasonable reimbursement for the cost thereof by the commission, ~~which the commission requests~~ for the purposes stated in this subdivision, including the acquisition by purchase, condemnation, or otherwise in the name of the commission of all lands, waters, easements, or other rights or interests in lands or waters required by the commission. *No purchase of service agreements may be made under this subdivision which are not included in the budget of the commission.*

Subd. 4 2. [STATE HIGHWAYS; JOINT USE FOR TRANSIT AND HIGHWAY PURPOSES.] Wherever the joint construction or use of a state highway is feasible in fulfilling the purposes of sections 473.401 to 473.451, the transit commission shall enter into an agreement with the commissioner of transportation therefor, evidenced by a memorandum setting forth the terms of the agreement. Either the commission or the commissioner of transportation may acquire any additional lands, waters, easements or other rights or interests ~~therein~~ required for ~~such~~ joint use in accordance with ~~said~~ the agreement, or joint acquisition may be made by condemnation as provided by section 117.016 and the provisions of sections 473.401 to 473.451. Under ~~any such~~ the agreement each party shall pay to the other party reasonable compensation for the costs of any services performed at the request of the other party which may include any costs of engineering, design, acquisition of property, construction of the facilities, and for the use thereof so far as attributable to and necessary for ~~said~~ the purposes. *The commission may not agree to acquisitions or expenditures under this subdivision which are not included in its budget.*

Subd. 5 3. [USE OF PUBLIC ROADWAYS AND APPURTENANCES.] The transit commission ~~shall have the right to~~ *may* use for the purposes of sections 473.401 to 473.451 upon the conditions ~~hereinafter~~ *stated in this subdivision* any state highway or other public roadway or lane ~~thereof~~, or any bridge or tunnel or other appurtenance of ~~such a~~ roadway, without payment of any compensation ~~therefor~~, provided ~~such~~ the use does not interfere unreasonably with the public use or maintenance of the roadway or appurtenance or entail any substantial additional costs for maintenance ~~thereof~~; ~~provided further, that~~. The provisions of this subdivision ~~shall do not~~ apply to the property of any common carrier railroad or common carrier railroads. The consent of the public agency in charge of such state highway or other public highway or roadway or appurtenance ~~shall is not~~ be required, but if ~~such~~ the agency objects to the proposed use or claims reimbursement from the commission for additional cost of maintenance, it may commence an action against the commission in the district court of the county wherein ~~such the~~ highway, roadway, or appurtenance, or major portion thereof, is located. The proceedings in ~~such the~~ action ~~shall must~~ conform to the rules of civil procedure applicable to the district courts. The court shall sit without jury. If

amount sufficient to permit the commission to pay all state financial assistance contracted for and shall make no further contracts under section 174.24, subdivision 3, with recipients in the metropolitan area. On receipt of this amount by the commission the contracts so assumed become a responsibility of the commission.

Subd. 10. [CERTAIN CONTRACTING RESTRICTIONS PROHIBITED.] *The commission may not enter into any collective bargaining agreement after the effective date of this section that prohibits it from contracting with providers under this section except to the extent the contract would result in the dismissal of commission employees or reduce the total level of service in the metropolitan area provided by the commission.*

Sec. 7. Minnesota Statutes 1982, section 473.411, is amended to read:

**473.411 [TRANSPORTATION DEVELOPMENT PROGRAM TRANSIT AND HIGHWAY SYSTEMS.]**

Subdivision 1. [DEVELOPMENT PROGRAM.] *The commission shall prepare and submit in the manner provided in and satisfying the requirements of section 473.161, a development program, providing for the implementation of the policy plan adopted by the council. In preparing the program, the commission shall consult with counties and municipalities in the metropolitan area; the state transportation department and the commissioner of energy, planning and development; and for that purpose may create such advisory committees as may be necessary.*

*The program shall provide for coordination of routes and operations of all publicly and privately owned transit and paratransit facilities within the transit area to the end that combined efficient and rapid transit and paratransit may be provided for the use of the public in the entire area. The commission may designate a segment of the system planned as a pilot or demonstration transit or paratransit project using, without limitation, new technology including airborne systems, or traditional systems of evolved or modern form. The development program shall include the general alignment and profile, approximate points of access, facility classification, approximate cost, relation to other existing and planned transit and paratransit routes and facilities, and a statement of the expected general effect on present and future use of the property within the corridor. The program shall be accompanied with a statement of need for the proposed construction or improvement, a description of alternate routes which were considered, and an explanation of the advantages and disadvantages in the selection of any route considered. The development program shall also contain a description of the type of right-of-way or routes required; the type of transit service to be provided in each portion of the system; designation of transit mode; and appropriate general operating criteria. The program shall also contain an operational improvement program which shall at least describe performance objectives and standards which the commission proposes to achieve in satisfying policies, purposes, and goals established by the legislature and the council; identify performance indicators by which to monitor and assess progress in achieving the objectives and standards; and establish a route deficit limit as provided in section 174.28, subdivision 5. The program may include such other information as the council or the commission deems necessary.*

Subd. 3. [COMBINATION OF PUBLIC TRANSIT AND HIGHWAY SYSTEMS; SERVICES OF DEPARTMENT OF TRANSPORTATION.] *The public transit system shall be designed and operated, as far as practicable,*

posed service and the proposed sources of the required amount including operating revenue, other local sources, and assistance from the board and from federal sources;

(e) the fare structure of the proposed service; and

(f) projections of usage of the system.

The commission may specify procedures, including public hearing requirements, to be followed by applicants that are cities, towns, or counties or combinations thereof in conducting transit studies and formulating service plans.

**Subd. 6. [FINANCIAL ASSISTANCE FOR CERTAIN PROVIDERS.]** The commission shall provide financial assistance to recipients who were receiving assistance by contract with the commissioner of transportation under section 174.24, subdivision 3, on the effective date of this section so that the percentage of total operating cost, as defined by the commission, paid by the recipient from all local sources of revenue, including operating revenue, does not exceed the percentage for the recipient's classification as determined by the commissioner of transportation under his final contract with the recipient. The commission may include funds received under section 473.446, subdivision 1a, as a local source of revenue. The remainder of the total operating cost will be paid by the commission less all assistance received by the recipient for that purpose from any federal source.

If a recipient informs the commission in writing prior to the distribution of financial assistance for any year that paying its designated percentage of total operating cost from local sources will cause undue hardship, the commission may adjust the percentage as it deems equitable. If for any year the funds available to the commission are insufficient to allow the commission to pay its share of total operating cost for those recipients, the commission shall reduce its share in each classification to the extent necessary.

**Subd. 7. [RTB IMPACT ASSESSMENT.]** Prior to entering into a contract for operating assistance with a recipient the commission shall evaluate the effect, if any, of the contract on the ridership, routes, schedules, fares, and staffing levels of the existing service provided by the commission. The commission may enter into the contract only if it determines that the service to be assisted under the contract will not cause the dismissal of commission employees, or reduce the total level of service in the metropolitan area provided by the commission.

**Subd. 8. [PARATRANSIT CONTRACTS.]** In executing and administering contracts for paratransit projects, the commission has the powers and duties given to the commissioner of transportation in section 174.255, subdivisions 1 and 2, relating to handicapped accessibility and insurance coverage. The provisions of section 174.255, subdivision 3, apply to paratransit projects which receive assistance by contract with the commission.

**Subd. 9. [ASSUMPTION OF CONTRACTS.]** The commission shall certify to the commissioner of transportation when it has adopted an approved interim implementation plan and is ready to assume responsibility for administering contracts made by the commissioner with recipients in the metropolitan area under section 174.24. On receiving the certification the commissioner shall transfer to the commission from funds appropriated to him an

*The commission may provide local boards with whatever assistance it deems necessary and appropriate.*

**Sec. 6. [473.410] [CONTRACTS.]**

*Subdivision 1. [CONTRACTS REQUIRED.] The commission shall make contracts with eligible recipients for financial assistance to transit service within the metropolitan area. The commission may not give financial assistance to a transit provider without first having executed a contract. The provisions of this section do not apply to contracts made under section 8.*

*Subd. 2. [ELIGIBILITY.] To be eligible to receive financial assistance by contract under this section a recipient must be a county or statutory or home rule charter city or town or combination thereof providing financial assistance to or operating public transit, or a private provider of public transit.*

*Subd. 3. [APPLICATIONS.] The commission shall establish procedures and standards for review and approval of applications for financial assistance under this section. An applicant must provide the commission with the financial and other information the commission requires to carry out its duties. The commission may specify procedures, including public hearing requirements, to be followed by applicants that are cities, towns, or counties or combinations thereof in conducting transit studies and formulating service plans under subdivisions 4 and 5.*

*Subd. 4. [TRANSIT STUDY.] The commission shall require that prior to applying for financial assistance by contract a transit provider which is a city or county or combination thereof prepare and submit a transit study which includes the following elements:*

*(a) a determination of existing and future transit needs within the area proposed to be served, and an assessment of the adequacy of existing service to meet the needs;*

*(b) an assessment of the level and type of service required to meet unmet needs;*

*(c) an assessment of existing and future resources available for the financing of transit service; and*

*(d) the type or types of any new government arrangements or agreements needed to provide adequate service.*

*The transit study for the area which the recipient proposes to serve may be done by the commission.*

*Subd. 5. [SERVICE PLAN.] The commission shall, before making a contract with an eligible recipient, require the submission of a service plan which includes the following elements:*

*(a) a description of the service proposed for financial assistance, including vehicles, routes, and schedules;*

*(b) an assessment of the extent to which the proposed service meets the needs as determined by the transit study;*

*(c) a description of the contract administration and review process if the operation of the proposed service is to be done by a private contractor;*

*(d) a description of the amount required to establish and operate the pro-*

*be prepared, submitted for review by the council, adopted, and implemented in the same manner, with the same requirements and restrictions, and to the same effect as provided for development programs in section 473.161. The commission shall prepare an implementation plan meeting the requirements of this section and submit the plan to the council by August 1, 1986, and thereafter in even-numbered years at a time prescribed by the council.*

*Subd. 2. [CONTENTS.] The implementation plan must contain at least the following elements:*

*(a) a development program meeting the requirements of section 473.161, subdivision 1;*

*(b) a description of the needs for services, based upon detailed surveys and analysis of service areas and markets identified in the council's policy plan;*

*(c) a detailed statement of service objectives, including service areas and markets, changes in existing service, deployment of new service, the distribution of services, and other similar matters;*

*(d) a detailed description of services and facilities planned to meet the needs and service objectives, along with a statement of priorities, timing, proposed delivery methods and providers, and performance standards;*

*(e) a schedule of expected levels of public expenditure, both capital and operating, for the services and facilities planned;*

*(f) a schedule showing the expected sources of funds, including proceeds of bonds of the transit commission, areas and levels of taxes, user charges, and state and federal subsidies; and*

*(g) a detailed plan and schedule showing the distribution of funds among various services, service areas and markets, and providers.*

*Subd. 3. [INTERIM IMPLEMENTATION PLAN.] The commission shall prepare an interim implementation plan, for calendar years 1985, 1986, and 1987. The commission shall submit the interim plan to the council by December 1, 1984. The interim plan should be in the scope and detail that the commission deems appropriate and practicable, except that the plan must contain a capital development program meeting the requirements of subdivision 2, clause (a), and schedules and plans meeting the requirements of subdivision 2, clauses (e), (f), and (g).*

*Subd. 4. [LOCAL PLANNING AND DEVELOPMENT PROGRAM.] In preparing and amending its implementation plan pursuant to subdivision 3, the commission shall establish a program to ensure participation by representatives of local government units. The commission shall encourage the establishment of local transit planning and development boards by local governments for the purpose of:*

*(a) assisting and advising the commission in preparing the implementation plan, including the identification of service needs and objectives;*

*(b) preparing, or advising and assisting local units of government in preparing the transit study and service plan required by section 6;*

*(c) preparing or advising the commission in the review of applications for assistance under section 6.*

any such system, or provide by contract or otherwise for the operation of transportation facilities or equipment in competition with, or supplementary to, the service provided by an existing transit system. Such agreement, specifying the terms and conditions of the protective arrangements, shall comply with any applicable requirements of sections 473.401 to 473.451, and with the requirements of any federal law or regulation if federal aid is involved. Such an agreement may provide for final and binding arbitration of any dispute.

Subd. 3 12. [RULES AND REGULATIONS.] The commission may prescribe and promulgate rules and regulations as it deems necessary or expedient in furtherance of the purposes of sections 473.401 to 473.451 upon like procedure and with like force and effect as provided for state agencies by sections 14.02, 14.04 to 14.36, 14.38, 14.44 to 14.45, and 14.57 to 14.62, and acts amendatory thereof and supplementary thereto.

Subd. 13. [RIDESHARING.] *The commission shall assume all responsibilities imposed on the commissioner of transportation or the metropolitan council pursuant to section 174.257 and other applicable provisions of law for the establishment and implementation of a ridesharing program in the metropolitan area. The commissioner and the council shall cooperate with the commission in the transfer of these duties and in the conduct of ridesharing activities in areas where the commissioner's programs and the commission's program overlap. The commission shall establish a rideshare advisory committee to advise it in carrying out the program.*

Subd. 14. [ASSISTANCE.] *The commission shall offer, use, and apply its services to assist and advise transit providers in the metropolitan transit area in the planning, promotion, development, operation, and evaluation of programs and projects which are undertaken or proposed to be undertaken by contract with the commission, and shall seek out and select recipients of this assistance and advice.*

Subd. 15. [COORDINATION.] *The commission shall coordinate transit operations within the metropolitan area and shall establish a transit information program to provide transit users with accurate information on transit schedules and service.*

Subd. 16. [PERFORMANCE STANDARDS.] *The commission may establish performance standards for contract recipients unless the contract or any renewal thereof was originally entered into under section 174.24.*

Subd. 17. [REPORT.] *The commission shall annually submit a report to the metropolitan council, the governor, and the legislature detailing its activities and finances for the previous year.*

#### Sec. 5. [473.407] [IMPLEMENTATION PLAN.]

Subdivision 1. [REQUIREMENT.] *The commission shall adopt a transit service implementation plan describing the planning, functions, and activities to be performed by or under the direction or auspices of the commission in implementing the policy plan adopted by the council pursuant to section 473.146. The plan must cover at least the five-year period commencing with the first calendar year beginning after the plan's approval, or a longer period prescribed by the council.*

*Except as otherwise provided in this section, the implementation plan must*

to him by law for operation of the special transportation service coordination project under Minnesota Statutes 1982, section 174.31, and shall take no further actions under that section. On receipt of this amount the project becomes a responsibility of the commission.

**Sec. 9. [473.414] [SUBURBAN SERVICE DEMONSTRATION PROJECT.]**

*Subdivision 1. [CREATION.] There is created a suburban service demonstration project in Chanhassen, Chaska, Eden Prairie, Prior Lake, Savage, and Shakopee, to test the feasibility of alternative methods of providing transit in less densely populated areas.*

*Subd. 2. [BOARD.] The project shall be administered by a board composed of the mayor of each community in the project area, or the mayor's designee.*

*Subd. 3. [RTB ASSISTANCE.] The regional transit board shall provide financial assistance to the project in an amount not to exceed the sum of (a) 90 percent of the tax proceeds which accrue to the regional transit board from taxes levied in the communities under section 473.446, subdivision 1, clause (a); and (b) an additional amount bearing an identical proportional relationship to the amount under clause (a) as the total amount of state operating assistance to the commission bears to the total amount of taxes collected by the commission under section 473.446, subdivision 1, clause (a). The commission shall also provide any planning, development, technical, and marketing expertise necessary to implement the project.*

*Subd. 4. [BOARD; POWERS AND DUTIES.] The board may contract with providers for the service it decides to implement under this project.*

**Sec. 10. Minnesota Statutes 1982, section 473.435, is amended to read:**

**473.435 [BUDGET PREPARATION; SUBMISSION FINANCIAL PLAN.]**

*The commission shall prepare, submit, and adopt a budget in the manner provided in, and otherwise comply with, the provisions of ~~sections 174.03 and~~ section 473.163. Along with its annual budget, each year the commission shall prepare a financial plan for the succeeding three calendar years. The financial plan must be consistent with the commission's implementation plan and must contain the elements specified in section 5, subdivision 2, clauses (a), (e), (f), and (g). The financial plan prepared in even-numbered years must contain a proposed request for state financial assistance for the succeeding biennium. The commission shall submit the financial plan to the council for review and approval or disapproval. The council may approve or disapprove in whole or in part. The council may disapprove only for inconsistency with the policy plan of the council. The capital budget and financial plan of the commission prepared in 1984 need not be submitted to the council until December 1, 1984, and the council has 30 days for review.*

**Sec. 11. Minnesota Statutes 1983 Supplement, section 473.446, subdivision 1, is amended to read:**

**Subdivision 1. [TAXATION WITHIN TRANSIT TAXING DISTRICT.]** For the purposes of sections 473.401 to 473.451 and the metropolitan transit system, except as otherwise provided in this subdivision the ~~metropolitan~~



*regional transit ~~commission~~ board* shall levy each year upon all taxable property within the metropolitan transit taxing district, defined in subdivision 2, a transit tax consisting of:

(a) An amount up to two mills times the assessed value of all such property, based upon the level of transit service provided for the property, the proceeds of which shall be used for payment of the expenses of operating transit and paratransit service. *The levy must be an amount equal to two mills on property within areas that receive a full range of service; 1.5 mills on property within areas that receive full peak and limited off-peak service; and 1.25 mills on property within areas that receive limited peak service;*

(b) An additional amount, if any, as the commission determines to be necessary to provide for the full and timely payment of its certificates of indebtedness and other obligations outstanding on July 1, 1977, to which property taxes under this section have been pledged; and

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

*For the purposes of this subdivision, "full range of service" means peak period service plus weekday midday service with a frequency of 60 minutes or less on at least one route; "full peak and limited off-peak service" means peak period service plus weekday midday service with a frequency of more than 60 minutes on the route with the greatest frequency; and "limited peak period service" means peak period service only.*

Sec. 12. Minnesota Statutes 1982, section 473.446, subdivision 1a, is amended to read:

Subd. 1a. [TAXATION WITHIN TRANSIT AREA.] For the purposes of sections 473.401 to 473.451, and the metropolitan transit system, the ~~metropolitan~~ *regional transit ~~commission~~ board* shall levy upon all taxable property within the metropolitan transit area but outside of the metropolitan transit taxing district, defined in subdivision 2, a transit tax, which shall be equal to ten percent of the ~~sum of the levies~~ *levy* provided in subdivision 1, clauses (a) to (c), *in areas that receive a full range of service*. The proceeds of this tax shall be used only for paratransit services or ride sharing programs designed to serve persons located within the transit area but outside of the transit taxing district.

Sec. 13. [APPLICATION; EFFECTIVE DATE.]

*Sections 1 to 12 are effective July 1, 1984, in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, except that section 6, subdivision 10, is effective the day after final enactment in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.*

## ARTICLE 5

### MISCELLANEOUS PROVISIONS

Section 1. [STUDIES; REPORTS.]

*The commission shall study and report to the legislature by February 1, 1985, on the following issues:*

*(1) the advantages and disadvantages of requiring that all contracts for regular route transit services contain provisions for the payment of prevailing wages;*

*(2) changes needed in the contract program in order to provide greater incentives for cities and counties and combinations thereof to design and implement service that meets their needs efficiently and effectively;*

*(3) development and implementation of programs to improve service in areas that are not adequately served at present, including the suburban service demonstration project; and*

*(4) preparing and implementing the implementation plan and financial plan required by law.*

**Sec. 2. [TRANSITION.]**

*A demonstration program approved and funded under Minnesota Statutes 1982, section 174.265, prior to January 1, 1984, shall continue to be eligible for funding from the regional transit board, at the election of the municipality participating in the program for the term of the program or any renewal of the program.*

**Sec. 3. [APPROPRIATIONS; REDUCTIONS AND TRANSFERS.]**

*Subdivision 1. The general fund appropriation in Laws 1983, chapter 293, section 2, subdivision 5(e), for fiscal year 1985 for state operating assistance grants is reappropriated to the regional transit board.*

*Subd. 2. The general fund appropriation in Laws 1983, chapter 293, section 2, subdivision 6, for fiscal year 1985 for transit administration is reduced by \$29,500 and reappropriated to the regional transit board. The approved general complement of the department of transportation is reduced by one full-time position effective June 30, 1984.*

*Subd. 3. The unclassified complement of the regional transit board is hereby reduced to 3 effective August 1, 1984.*

**Sec. 4. [REPEALER.]**

*Minnesota Statutes 1982, sections 174.03, subdivision 5a; 174.265; 473.411, subdivision 1; 473.413, subdivisions 1 to 6, as amended by Laws 1983, chapter 247, section 160; are repealed effective July 1, 1984. Minnesota Statutes 1982, sections 174.24, subdivisions 3a and 4; and 174.31; are repealed July 1, 1985.*

**Sec. 5. [EFFECTIVE DATE.]**

*Sections 1 to 4 are effective the day following final enactment."*

*Amend the title as follows:*

*Page 1, line 8, after the semicolon, insert "creating a suburban service demonstration project; providing for tiered property tax levies;"*

*Page 1, line 12, delete "221.295;"*

*Page 1, line 13, delete "7, 10, 11," and after "adding" insert "a"*

Page 1, line 14, delete the first "subdivisions" and insert "subdivision"

Page 1, line 14, delete everything after the comma and insert "subdivision 3;"

Page 1, line 15, delete "473.168, subdivision 2" and insert "473.402"

Page 1, line 16, delete "473.409;" and delete "473.416;"

Page 1, line 17, delete everything before "473.446" and after "473.446" delete "by" and insert "subdivision 1a;"

Page 1, line 18, delete everything before "Minnesota"

Page 1, line 19, delete "15A.081, subdivision 7;"

Page 1, line 21, after the semicolon, insert "473.446, subdivision 1;"

Page 1, line 24, after "174.31;" insert "473.411, subdivision 1;"

Page 1, delete line 25

Page 1, line 26, delete everything before "473.413" and after "473.413," insert "subdivisions 1 to 6,"

Page 1, lines 26 and 27, delete "473.451"

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. Moe, R.D. moved the adoption of the foregoing committee reports. The motion prevailed.

## SECOND READING OF SENATE BILLS

S.F. No. 1969 was read the second time.

## MEMBERS EXCUSED

Mr. Benson was excused from the Session of today from 12:03 p.m. to 12:28 p.m. and from 1:15 to 1:59 p.m. Ms. Berglin was excused from the Session of today from 12:20 p.m. to 12:40 p.m. Mr. Bertram was excused from the Session of today from 11:00 a.m. to 11:20 a.m. Mr. DeCramer was excused from the Session of today from 2:00 p.m. to 2:45 p.m. Mr. Johnson, D.J. was excused from the Session of today from 12:00 noon to 2:45 p.m. Mr. Nelson was excused from the Session of today from 11:15 a.m. to 12:15 p.m. Mr. Pogemiller was excused from the Session of today from 12:00 noon to 2:00 p.m. Mr. Stumpf was excused from the Session of today from 10:30 a.m. to 11:00 a.m. Mr. Wegscheid was excused from the Session of today from 12:20 p.m. to 1:20 p.m.

## ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:00 a.m., Thursday, April 12, 1984. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate