

EIGHTY-SECOND DAY

St. Paul, Minnesota, Thursday, April 19, 1984

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

CALL OF THE SENATE

Mr. Frank imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Thomas J. Nielsen.

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	Willet
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 communications were received.

April 16, 1984

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

The Honorable Jerome M. Hughes
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1984 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Date Approved 1984	Date Filed 1984
1350		379	April 11	April 11
1127		380	April 11	April 11
1832		381	April 14	April 16

Sincerely,
Joan Anderson Growe
Secretary of State

April 17, 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. Nos. 1396, 416, 868, 1139, 1757, 1770 and 2148.

Sincerely,
Rudy Perpich, Governor

April 18, 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. 1041.

Sincerely,
Rudy Perpich, Governor

April 18, 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. 7.

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 Files, herewith returned: S.F. Nos. 1622, 1807, 1977, 1546, 1859, 1732, 2076, 1589 and 1794.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1984

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1621:

H.F. No. 1621: A bill for an act relating to veterans; allowing certain veterans organizations to use space in the Veterans Service Building; amending

Minnesota Statutes 1982, section 197.58.

The House respectfully requests that a Conference Committee of three members be appointed thereon.

Metzen, Quinn and Redalen have been appointed as such committee on the part of the House.

House File No. 1621 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 18, 1984

Mrs. Adkins moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1621, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1427:

H.F. No. 1427: A bill for an act relating to retirement; altering the investment authority for police and firefighter's relief associations; making various changes in the benefits for various retirement funds and plans; making conforming changes in benefit calculations; amending Minnesota Statutes 1982, sections 3.082; 69.775; 352.113, subdivision 3; 352.95, subdivision 1a; 353.34, by adding a subdivision; 354.62, subdivision 2; 422A.18, subdivision 3; 424.24, subdivision 2; and 490.129; Minnesota Statutes 1983 Supplement, sections 69.77, subdivision 2; 352.113, subdivision 2; 352.115, subdivision 8; and 356.61; Laws 1947, chapter 43, section 23, as amended; Laws 1963, chapter 643, section 20; Laws 1973, chapters 359, section 5, subdivision 2; and 432, section 4; Laws 1977, chapter 275, section 1; and Laws 1981, chapter 68, section 43; proposing new law coded in Minnesota Statutes, chapter 423A; repealing Laws 1971, chapter 184; Laws 1973, chapter 283; Laws 1978, chapter 617; Laws 1981, chapter 224, sections 255 and 256; Laws 1982, chapter 578, article II, section 1, subdivision 7, and section 3.

The House respectfully requests that a Conference Committee of three members be appointed thereon.

Sarna, Metzen and Wigley have been appointed as such committee on the part of the House.

House File No. 1427 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 18, 1984

Mr. Frank moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1427, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part

of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 756:

H.F. No. 756: A bill for an act relating to notaries public; changing the term of office; increasing the required bond amount; authorizing appointment of out-of-state notaries; requiring designation of the clerk of district court of the county in which appointment is sought as agent for out-of-state notaries; amending Minnesota Statutes 1982, sections 359.01; and 359.02.

The House respectfully requests that a Conference Committee of three members be appointed thereon.

Norton, McKasy and Coleman have been appointed as such committee on the part of the House.

House File No. 756 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 18, 1984

Mr. Jude moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 756, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 432:

H.F. No. 432: A bill for an act relating to soil and water conservation; prohibiting in certain counties practices which cause accelerated erosion or sedimentation; prescribing penalties; proposing new law coded in Minnesota Statutes, chapter 40.

The House respectfully requests that a Conference Committee of three members be appointed thereon.

Redalen, Schreiber and Knuth have been appointed as such committee on the part of the House.

House File No. 432 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 18, 1984

Mr. Davis moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 432, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1532:

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.

The House respectfully requests that a Conference Committee of three members be appointed thereon.

Krueger, Graba and Uphus have been appointed as such committee on the part of the House.

House File No. 1532 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 18, 1984

Mr. Bertram moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1532, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

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

S.F. No. 1563: A bill for an act relating to labor; extending the statute of limitation on certain actions to recover wages or overtime; clarifying child labor penalties; amending Minnesota Statutes 1982, section 541.07; Minnesota Statutes 1983 Supplement, section 181A.12, subdivision 1.

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

O'Connor, Begich and Evans.

Senate File No. 1563 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1984

Mr. President:

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

S.F. No. 1760: A bill for an act relating to governmental operations; requesting the regents of the University of Minnesota to conduct a job evaluation study and report to the legislature.

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

Carlson, L.; Swanson and Bishop.

Senate File No. 1760 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1984

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1393, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1393 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 18, 1984

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1393

A bill for an act relating to education; providing for aids to education, tax levies, and the distribution of tax revenues; modifying the foundation aid formula; granting certain powers and duties to school boards, school districts, the state board of education, the commissioner of education, the department of education, the state board of vocational-technical education, the state director of vocational-technical education, the higher education coordinating board, and others; providing for an equalized summer school aid and levy; increasing the community education aid and levy; modifying the vocational instructional aid payment formula; establishing a schools of excellence program; requiring an arts education study; expanding in-service and instructional effectiveness training programs; improving the planning, evaluation, and reporting process; establishing assessment programs; establishing a research and development grant program; appropriating money; amending Minnesota Statutes 1982, sections 121.908, by adding a subdivision; 121.935, subdivisions 2 and 6; 121.936, subdivision 1; 122.532, by adding a subdivision; 123.36, subdivision 10; 123.74; 123.741, as amended; 123.742, as amended; 124.19, by adding a subdivision; 124.20; 124.201, subdivision 1; 124.214, subdivision 1; 124.565, subdivision 7; 136A.02, subdivision 6; 275.125, by adding subdivisions; 465.721; 471.61, subdivisions 1 and 2a; Minnesota Statutes 1983 Supplement, sections 120.17, subdivision 3b; 121.601; 121.608; 121.609; 121.904, subdivision 4a; 123.36, subdivision 13; 123.743; 124.155, subdivision 1; 124.195, subdivisions 1, 9, and 10; 124.201, subdivisions 2, 4, and 5; 124.2122; 124.2126, subdivision 3; 124.2138; 124.271, subdivision 2b; 124.5615, subdivision 5; 124.5629; 124A.06, subdivision 1; 124A.12, subdivision 1; 124A.14, subdivision 1; 124A.16, subdivision 4; 125.032, subdivision 2; 129B.32, subdivision 3; 129B.36, by adding a subdivision; 136C.04, by adding a subdivision; 275.125, subdivisions 2e, 2k, 8, 8a, 9b, 11a, and 11c; 298.28, subdivision 1; 466.06; 475.61, subdivision 3; Laws 1976, chapter 20, section 5, subdivision 1; Laws 1983, chapter 314, article 6, section 34, subdivision 12; article 7, section 45; article 8, section 23; and article 9, section 14, subdivision 3; proposing new law coded in Minnesota Statutes, chapters 121, 123, 124, and 136C; repealing Minnesota Statutes 1982, sections 124.201, as amended;

124.32, subdivisions 1a, 1e, and 2a; 125.60, subdivision 2a; and 275.125, subdivision 2g; and Minnesota Statutes 1983 Supplement, sections 124.32, subdivision 5a; and 275.125, subdivisions 2i and 2j.

April 18, 1984

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H.F. No. 1393, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 1393 be further amended as follows:

Delete everything after the enacting clause and insert:

ARTICLE 1

FOUNDATION AID

Section 1. [124.175] [AFDC PUPIL COUNT.]

Each year by March 1, the department of public welfare shall certify to the department of education, for each school district, the number of pupils from families receiving aid to families with dependent children who were enrolled in a public school on October 1 of the preceding year.

Sec. 2. Minnesota Statutes 1982, section 124.19, is amended by adding a subdivision to read:

Subd. 6. [INSTRUCTIONAL HOURS.] To be eligible for full entitlement of foundation aid, a district must provide to students the minimum number of instructional hours per day prescribed in the rules of the state board, except as provided for in subdivision 5 of this section. Part of the school day may be provided in employment-related or community-based instruction, but only within a program which receives annual approval by the local district board, is in compliance with state board rules, and is on file with the commissioner of education. The information on the employment-related or community-based instruction submitted to the commissioner shall contain at least an estimate of the number of students involved, a description of the alternative instruction, and the percentage of the students' instructional year involved.

Sec. 3. Minnesota Statutes 1983 Supplement, section 124.2122, subdivision 1, is amended to read:

Subdivision 1. [FORMULA ALLOWANCE.] "Foundation aid formula allowance" or "formula allowance" means the amount of revenue per pupil unit used in the computation of foundation aid for a particular school year and in the computation of permissible levies for use in that school year. ~~The formula allowance shall be \$1,346 for 1981 payable 1982 levies and for foundation aid for the 1982-1983 school year.~~ The formula allowance shall be \$1,475 for the 1982 payable 1983 levies and for foundation aid for the 1983-1984 school year. The formula allowance shall be \$1,475 for the 1983 payable 1984 levies and for foundation aid for the 1984-1985 school year. ~~The formula allowance shall be \$1,585 for the 1984 payable 1985 levies and for foundation aid for the 1985-1986 school year.~~

Sec. 4. Minnesota Statutes 1983 Supplement, section 124.2122, subdivision 2, is amended to read:

Subd. 2. [BASIC MAINTENANCE MILL RATE.] "Basic maintenance mill rate" means the mill rate applicable to the adjusted assessed valuation of a district, used in the computation of basic foundation aid for a particular school year and of the basic maintenance levy for use in that school year. ~~The basic maintenance mill rate shall be .024 for 1981 payable 1982 levies minimum aid and for foundation aid for the 1982-1983 school year.~~ The basic maintenance mill rate shall be .024 for the 1982 payable 1983 levies and for foundation aid for the 1983-1984 school year. The basic maintenance mill rate shall be .024 for the 1983 payable 1984 levies and for foundation aid for the 1984-1985 school year. *The basic maintenance mill rate shall be .0235 for the 1984 payable 1985 levies and for foundation aid for the 1985-1986 school year.*

Sec. 5. Minnesota Statutes 1983 Supplement, section 124.2126, subdivision 3, is amended to read:

Subd. 3. [MINIMUM AID.] A qualifying district's minimum aid for each school year shall equal its minimum guarantee for that school year, minus the sum of:

(1) The amount of the district's state school agricultural tax credit aid for that school year;

(2) The amount by which property taxes of the district for use in that school year are reduced by the homestead credit provisions in section 273.13, subdivisions 6, 7, and 14a;

(3) The amount by which property taxes of the district for use in that school year are reduced by the taconite homestead credit provisions in section 273.135;

(4) The amount by which property taxes of the district for use in that school year are reduced by the attached machinery provisions in section 273.138, subdivision 6;

(5) The amount by which property taxes of the district for use in that school year are reduced by the state paid wetlands credit provisions in section 273.115;

(6) The amount by which property taxes of the district for use in that school year are reduced by the state paid native prairie credit provisions in section 273.116;

~~(7) The amount by which property taxes of the district for use in that school year are reduced by the credit for reduced assessment provisions in section 273.139;~~

~~(8) The amount by which property taxes of the district for use in that school year are reduced by the state reimbursed disaster or emergency reassessment provisions in section 273.123; and~~

~~(9) (8) The amount by which property taxes of the district for use in that school year are reduced by the metropolitan agricultural preserve provisions in section 473H.10.~~

Sec. 6. Minnesota Statutes 1983 Supplement, section 124.2138, is

amended to read:

124.2138 [REVENUE EQUITY AID SUBTRACTION.]

Subdivision 1. [BASIC MAINTENANCE LEVY EQUITY.] (1) ~~In any year when~~ If the amount of the maximum levy limitation under section 275.125, subdivision 2a, for fiscal year 1985 for any district, or for fiscal year 1986 or after for a nonagricultural district under section 275.125, subdivision 2a, exceeds the district's basic foundation revenue for the corresponding fiscal year, an amount shall be deducted as provided in this subdivision from special state aids of chapter 124 receivable for the same fiscal year, and from state payments on behalf of the district for the same fiscal year authorized in sections 354.43, subdivision 1; 354A.12, subdivision 2; and 355.46, subdivision 3, clause (b). However, the aid authorized in sections 124.2137 and 124.646 shall not be reduced.

(2) The amount of the deduction shall equal the difference between:

(a) the sum of the amount of the district's maximum levy limitation under section 275.125, subdivision 2a, plus the amount of any reductions to that levy limitation pursuant to section 275.125, subdivisions 2c, clause (1)(b), and 9, and

(b) the district's basic foundation revenue.

However, for fiscal year 1985, the amount of the deduction shall be one-sixth of the difference between clauses (a) and (b); for fiscal year 1986, the amount of the deduction shall be one-third of the difference between clauses (a) and (b); for fiscal year 1987, the amount of the deduction shall be one-half of the difference between clauses (a) and (b); for fiscal year 1988, the amount shall be two-thirds of the difference between clauses (a) and (b); and for fiscal year 1989, the amount of the deduction shall be five-sixths of the difference between clauses (a) and (b).

Subd. 2. [TRANSPORTATION LEVY EQUITY.] (1) ~~In any fiscal year in which~~ If the transportation levy for fiscal year 1985 in any district, or for fiscal year 1986 and thereafter in a nonagricultural district attributable to that fiscal year, of 1.75 mills times the adjusted assessed valuation of the district exceeds the transportation aid computation under section 124.225, subdivisions 8b, 8i, 8j, and 8k, an amount shall be deducted as provided in this subdivision from special state aids of chapter 124 receivable for the same fiscal year, and from state payments on behalf of the district for the same fiscal year authorized in sections 354.43, subdivision 1; 354A.12, subdivision 2; and 355.46, subdivision 3, clause (b), to the extent that those special state aids and state payments have not been reduced pursuant to subdivision 1 of this section. However, aid authorized in sections 124.2137 and 124.646 shall not be reduced.

(2) The amount of the deduction shall equal the difference between:

(a) 1.75 mills times the adjusted assessed valuation of the district for the levy attributable to that fiscal year, and

(b) the sum of the district's transportation aid computation pursuant to section 124.225, subdivisions 8b, 8i, 8j, and 8k, less the amount of any aid reduction due to an insufficient appropriation as provided in section 124.225, subdivision 8a.

However, for fiscal year 1985, the amount of the deduction shall be one-sixth of the difference between clauses (a) and (b); for fiscal year 1986, the amount of the deduction shall be one-third of the difference between clauses (a) and (b); for fiscal year 1987, the amount of the deduction shall be one-half of the difference between clause (a) and (b); for fiscal year 1988, the amount of the deduction shall be two-thirds of the difference between clauses (a) and (b); and for fiscal year 1989, the amount of the deduction shall be five-sixths of the difference between clauses (a) and (b).

Subd. 3. In any fiscal year in which the state payments on behalf of a district authorized in sections 354.43, subdivision 1; 354A.12, subdivision 2; and 355.46, subdivision 3, clause (b), are reduced under this section, the commissioner of education shall certify the amounts of the required reductions to the district. The district shall pay employer contributions in the amount of the reduction of these payments to the commissioner, which amount shall be placed in the general fund.

Subd. 4. [NONAGRICULTURAL DISTRICT DEFINED.] *For the purposes of this section, nonagricultural district means a district where the assessed valuation of agricultural land identified in section 273.13, subdivisions 4, 6, and 6a, comprises less than 60 percent of the assessed valuation of the district.*

Sec. 7. Minnesota Statutes 1983 Supplement, section 124A.06, subdivision 1, is amended to read:

Subdivision 1. [COST DIFFERENTIAL TIER ALLOWANCE.] "Cost differential tier allowance" means the amount of revenue per actual pupil unit used to compute the cost differential tier aid for a school year and levy for use in the same school year. A district's cost differential tier allowance shall be the result of the following computation:

(a) Divide the amount of aid the district would have received for the 1980-1981 school year if Minnesota Statutes, 1979 Supplement, section 124.224, as amended by section 124.2124, subdivision 1, had been effective for the 1980-1981 school year by the actual pupil units in the district in the 1980-1981 school year.

(b) *For the 1984-1985 school year, multiply the result in clause (a) by one. For the 1985-1986 school year and school years thereafter, multiply the result in clause (a) by two.*

(c) Divide the formula allowance for the school year by \$1265.

(d) Multiply the result in clause (b) by the result in clause (c).

(e) Subtract 1.25 from the training and experience index, and multiply the difference by \$300 for the 1984-1985 school year, or \$400 for the 1985-1986 school year and thereafter.

(f) Select the greater of the result in clause (e) or zero.

(g) Add the results of clauses (d) and (f).

Sec. 8. Minnesota Statutes 1983 Supplement, section 124A.12, subdivision 1, is amended to read:

Subdivision 1. [FOURTH TIER ALLOWANCE.] "Fourth tier allow-

ance" means the amount of revenue per actual pupil unit used to compute the fourth tier aid for a particular school year and the corresponding levy for that school year. The fourth tier allowance is \$100 for the 1984-1985 school year. For the 1985-1986 school year and thereafter, the fourth tier allowance is the result of the following computation:

(a) Subtract 1.25 from the training and experience index, and multiply the difference by \$150.

(b) Select the greater of the result in clause (a) or zero.

(c) Add \$100 to the result of clause (b).

Sec. 9. Minnesota Statutes 1983 Supplement, section 124A.14 is amended to read:

124A.14 [FIFTH TIER AID WITH 50 PERCENT EQUALIZING FACTOR.]

Subdivision 1. [TOTAL TIER ALLOWANCE.] "Total tier allowance" shall mean the sum of the cost differential tier allowance, second tier allowance, third tier allowance, and fourth tier allowance, as defined in this chapter.

Subd. 2. [PREVIOUS FORMULA AMOUNT.] "Previous formula amount" shall mean:

(a) the sum of the grandfather revenue, replacement revenue, discretionary revenue, and low fund balance revenue the district would have received for the 1984-1985 school year if the provisions of Minnesota Statutes 1982, sections 124.2123, 124.2124, 124.2125, and 124.2128 had been effective for the 1984-1985 school year, divided by

(b) the 1984-1985 actual pupil units.

(c) The computations in this subdivision shall be made assuming that the district would have been entitled to and would have levied the maximum allowable under Minnesota Statutes 1982, section 275.125, subdivision 7a, and that no levy or aid reduction would have been made according to Minnesota Statutes 1982, section 275.125, subdivision 7c.

Subd. 3. [MINIMUM INCREASE.] "Minimum increase" shall mean the amount equal to \$25 times the 1984-1985 total pupil units, divided by the 1984-1985 actual pupil units.

Subd. 4. [FIFTH TIER ALLOWANCE.] "Fifth tier allowance" means the amount of revenue per actual pupil unit used to compute the fifth tier aid for a particular school year and the corresponding levy for that school year. The fifth tier allowance shall equal the result of the following computation:

(a) Determine the revenue the district would have received for the 1984-1985 school year from grandfather revenue, replacement revenue, and low fund balance revenue, if the provisions of Minnesota Statutes 1982, sections 124.2123, 124.2124, and 124.2128 had been effective for the 1984-1985 school year.

(b) Determine the discretionary revenue the district would have received for the 1984-1985 school year if the provisions of Minnesota Statutes 1982, section 124.2125 had been effective for the 1984-1985 school year. Assume the

district had been entitled to and had levied the maximum allowable under section 275.125, subdivisions 7a, and no aid or levy reductions were made according to section 275.125, subdivision 7c.

(c) Determine the amount of revenue equal to \$25 times the total pupil units in the 1984-1985 school year.

(d) Add the results in clauses (a), (b), and (c).

(e) Determine the estimated revenue the district would receive for the 1984-1985 school year from the first to fourth tier revenue for the 1984-1985 school year.

(f) Subtract the result of clause (e) from the result of clause (d).

(g) Divide the amount in clause (f) by the 1984-1985 actual pupil units *previous formula amount plus the minimum increase minus the total tier allowance for the current year. If this result is less than zero, the fifth tier allowance shall equal zero.*

Subd. 2 5. [FIFTH TIER REVENUE.] A district's fifth tier revenue for each school year shall equal the fifth tier allowance times its actual pupil units for that school year.

Subd. 3 6. [FIFTH TIER AID.] A district's fifth tier aid shall be the result of the following computation:

(1) Subtract the amount of the fifth tier levy from the amount of the fifth tier revenue.

(2) Divide the actual fifth tier levy by the permitted fifth tier levy.

(3) Multiply the result in clause (1) by the result in clause (2).

Sec. 10. Minnesota Statutes 1983 Supplement, section 124A.16, is amended to read:

124A.16 [COMMENCEMENT OF TIER REVENUE.]

Subdivision 1. [TOTAL TIER ALLOWANCE DEFINITIONS.] "Total tier allowance," "previous formula amount," and "minimum increase" shall mean the sum of the allowances from the tiers specified in sections 124A.06, 124A.08, 124A.10, 124A.12, and 124A.14 have the meanings given them in section 124A.14.

Subd. 2. [PREVIOUS FORMULA AMOUNT.] "Previous formula amount" shall mean the revenue per actual pupil unit from the previous formula as specified in section 124A.14, subdivision 1, clauses (a) and (b).

Subd. 3. [MINIMUM INCREASE.] "Minimum increase" shall mean the amount equal to \$25 times the total pupil units in the 1984-1985 school year, divided by the actual pupil units in the 1984-1985 school year.

Subd. 4. The total revenue per actual pupil unit permitted from the tiers specified in sections 124A.06, 124A.08, 124A.10, 124A.12, and 124A.14 shall equal the sum of the previous formula amount plus the greater of:

(a) the minimum increase; or

(b) 25 percent of the difference between the total tier allowance and the previous formula amount in the 1984-1985 school year, 50 percent of the

difference in the 1985-1986 school year, 75 percent of the difference in the 1986-1987 school year, or 100 percent of the difference in the 1987-1988 school year and subsequent school years.

Subd. 5 3. The revenue permitted by this section shall be accorded to the lowest numbered tiers, beginning with the cost differential tier.

Subd. 6 4. The permitted total revenue per actual pupil unit specified in subdivision 4 2 shall be determined prior to the reduction according to section 275.125, subdivision 7e.

Sec. 11. Minnesota Statutes 1983 Supplement, section 275.125, subdivision 2e, is amended to read:

Subd. 2e. [BASIC MAINTENANCE LEVY; DISTRICTS OFF THE FORMULA.] (1) In any year when the amount of the maximum levy limitation under subdivision 2a for any district, exceeds the product of the district's foundation aid formula allowance for the year in which the levy is recognized as revenue times the estimated number of ~~actual and AFDC~~ total pupil units for that district for that school year, the levy limitation for that district under subdivision 2a shall be limited to the greater of the dollar amount of the levy the district certified in 1977 under Minnesota Statutes 1978, section 275.125, subdivision 2a, clause (1), or the following difference but not to exceed the levy limitation under subdivision 2a:

(a) the sum of

(i) the product of the district's foundation aid formula allowance for the school year in which the levy is recognized as revenue, times the estimated number of ~~actual and AFDC~~ total pupil units for that district for that school year, plus

(ii) the amount ~~of~~ by which special state aids of chapter 124 receivable for the same school year, excluding aid authorized in sections 124.2137 and 124.646, *are estimated to be reduced pursuant to section 124.2138, subdivision 1*, plus

(iii) the amount ~~of~~ by which state payments on behalf of the district for the same school year authorized in sections 354.43, subdivision 1; 354A.12, subdivision 2; and 355.46, subdivision 3, clause (b), *are estimated to be reduced pursuant to section 124.2138, subdivision 1*, less

(b) the estimated amount of any payments which would reduce the district's foundation aid entitlement as provided in section 124.2132, subdivision 4 in the school year in which the levy is recognized as revenue.

~~(1) However, for fiscal year 1985, the amounts in clauses (a)(ii) and (a)(iii) shall be multiplied by one-sixth; for fiscal year 1986, the amounts in clauses (a)(ii) and (a)(iii) shall be multiplied by one-third; for fiscal year 1987, the amounts in clauses (a)(ii) and (a)(iii) shall be multiplied by one-half; for fiscal year 1988, the amounts in clauses (a)(ii) and (a)(iii) shall be multiplied by two-thirds; and for fiscal year 1989, the amounts in clauses (a)(ii) and (a)(iii) shall be multiplied by five-sixths.~~

(2) A levy made by a district pursuant to this subdivision shall be construed to be the levy made by that district pursuant to subdivision 2a, for purposes of statutory cross-reference.

Sec. 12. 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, 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. 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 *second* 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 cents per taxable ton, less any amount required to be distributed under part (b), to the taconite property tax relief account in the apportionment fund in the state treasury, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, .75 cent per taxable ton of the tax imposed and collected from such taxpayer shall be distributed by the commissioner of revenue to the county and school district in which the power plant is located as follows: 25 percent to the county and 75 percent to the school district.

(6) 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 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1. The amount distributed pursuant to this clause shall be expended within or for the benefit of a tax relief area defined in section 273.134. No part of the fund provided in this clause may be used to provide loans for the operation of private business unless the loan is approved by the governor and the legislative advisory commission.

(8) .20 cent per taxable ton shall be paid in 1979 and each year thereafter, to the range association of municipalities and schools, for the purpose of providing an area wide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns and school districts within the iron range area of northeast Minnesota.

(9) the amounts determined under clauses (4)(a), (4)(c), and (5) shall be increased in 1979 and subsequent years in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1.

(10) the proceeds of the tax imposed by section 298.24 which remain after the distributions in clauses (1) to (9) and parts (a) and (b) 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 improper, notice of such correction being given by him to the taxpayer and the public officers receiving such estimate. The officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district in computing the permissible tax levy of such county, city or school district in the year in which such estimate is made, and payable in the next ensuing calendar year, except that in 1978 and 1979 two cents per taxable ton, and in 1980 and thereafter, one cent per taxable ton of the amount distributed under clause (4)(c) shall not be deducted in calculating the permissible levy. Such taxpayer shall then pay, at the times payments are required to be made pursuant to section 298.27, as the amount of tax payable under section 298.24, the greater of (a) the amount shown by such estimate, or (b) the amount due under said section as finally determined by the commissioner of revenue pursuant to law. If, as a result of the payment of the amount of such estimate, the taxpayer has paid in any calendar year an amount of tax in excess of the amount due in such year under section 298.24, after application of credits for any excess payments made in previous years, all as determined by the commissioner of revenue, the taxpayer shall be given credit for such excess amount against any taxes which, under said section, may become due from the taxpayer in subsequent years. In any calendar year in which a general property tax levy subject to sections 275.125 or 275.50 to 275.59 has been made, if the taxes distributable to any such county, city or school district are greater than the amount estimated to be paid to any such county, city or school district in such year, the excess of such distribution shall be held in a special fund by the county, city or school district and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.125 or 275.50 to 275.59, of such county, city or school district payable in such year. If the amounts distributable to any such county, city or school district, after final determination by the commissioner of revenue under this section are less than the amounts indicated by such estimates, such county, city or school district may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sections 275.125 or 275.50 to 275.59 an amount sufficient to pay such cer-

tificates 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. 13. [ISOLATED SCHOOL AID.]

In the 1984-1985 school year, a district having more than 2,500 square miles in area and operating six or more secondary schools shall receive aid equal to \$50 times the actual pupil units in that school year.

Sec. 14. [AID SUBTRACTION INCREASE.]

The legislature intends that, as a result of changes in school district levy limitations in this article, articles 2 and 4, the aid subtraction required by section 124.155 will be increased by an estimated \$2,283,000 for fiscal year 1985.

Sec. 15. [REPEALER.]

Minnesota Statutes 1982, section 124.212, subdivision 1, is repealed.

Sec. 16. [APPROPRIATION.]

There is appropriated from the general fund to the department of education the sum of \$166,500 for isolated school aid for fiscal year 1985.

Sec. 17. [EFFECTIVE DATE.]

Section 12 is effective for the distribution required to be made on July 15, 1984, and for distributions thereafter.

ARTICLE 2

SUMMER PROGRAMS

Section 1. Minnesota Statutes 1982, section 124.20, is amended to read:

124.20 [AID FOR SUMMER SCHOOL PROGRAMS AND FLEXIBLE SCHOOL YEAR CLASSES.]

Subdivision 1. [PROGRAMS.] Foundation aid for (1) summer ~~school classes~~ *programs* which are not a part of the regular school term in hospitals, sanatoriums, and home instruction programs, (2) inter-session classes of flexible school year programs, and (3) summer ~~school classes~~ *programs* in elementary and secondary schools, and (4) ~~summer school instruction in teachers college laboratory schools or in the university laboratory school,~~ shall be paid under the provisions of this section.

Subd. 2. [DEFINITIONS.] For the purposes of computing foundation aid for summer ~~school programs~~ *programs* and inter-session classes of flexible school year

programs, the following phrases shall have the meanings given them.

(1) "Summer ~~school~~ *program* pupil units" means full-time equivalent pupil units for summer ~~school classes~~ *programs* and inter-session classes of flexible school year programs computed under the provisions of section 124.17.

(2) "Summer ~~school~~ *program* instructional revenue allowance" means an amount equal to the product of the number of summer ~~school~~ *program* pupil units in a district, times the foundation aid formula allowance as defined in section 124.2122 for the preceding regular school year.

(3) For summer programs in 1982, "summer school revenue allowance" means an amount equal to the product of the number of summer school pupil units in a district, times 89 percent of the foundation aid formula allowance as defined in section 124.2122 for the preceding regular school year. "Summer educational improvement revenue allowance" means an amount equal to the product of 0.005, times the number of actual pupil units in the district in the preceding regular school year, times the foundation aid formula allowance as defined in section 124.2122 for the preceding regular school year.

(4) "Total summer program revenue allowance" means an amount equal to the sum of a district's summer program instructional revenue allowance and summer educational improvement revenue allowance.

(5) "Summer ~~school~~ *program* aid" means aid for summer ~~school~~ *programs* and inter-session classes of flexible school year programs.

Subd. 4. [SUMMER PROGRAM AID.] In fiscal year 1986 and each year thereafter, a district shall receive summer program aid equal to the difference between:

(1) the product of

(a) the ratio of the district's actual levy to its permitted levy, pursuant to section 275.125, subdivision 2k, certified in the calendar year before the summer program is offered; times

(b) the district's total summer program revenue allowance; and

(2) the levy certified by the district pursuant to section 275.125, subdivision 2k, in the calendar year before the summer program is offered.

Subd. 5. [AID ADJUSTMENT.] The department of education shall adjust the summer program aid paid each year to reflect adjustments which were made or could have been made to the levy because of a difference between estimated and actual pupil membership. The department shall also adjust summer program levy limitations for districts where actual pupil membership differs from estimated pupil membership.

Subd. 6. [AUTHORIZED USE OF SUMMER PROGRAM AID AND LEVY.] (a) Beginning with the 1985 summer program, a school board may use the proceeds of the aid and levy received pursuant to this section and section 275.125, subdivision 2k, only for summer programs that are offered for credit or required for graduation or that provide academic enrichment or remediation. The proceeds may not be used for recreational sports, leisure activities, entertainment, recreational activities, crafts, hobbies, or any other classes of a similar nature. Summer programs for a handicapped pupil shall relate to the pupil's individual education plan.

(b) The proceeds may also be used for expenditures during the summer for curriculum development, staff development, parent or community involvement, experimental educational delivery systems, and other measures designed to improve education in the district.

Sec. 2. Minnesota Statutes 1982, section 124.201, subdivision 1, is amended to read:

Subdivision 1. [PROGRAMS.] *For fiscal years 1984 and 1985, foundation aid for handicapped pupils enrolled in (1) summer school classes which are not a part of the regular school term in hospitals, sanatoriums, and home instruction programs, (2) inter-session classes of flexible school year programs, and (3) summer school classes in elementary and secondary schools, and (4) summer school instruction in teachers college laboratory schools or in the university laboratory school,* shall be paid under the provisions of this section.

Sec. 3. Minnesota Statutes 1983 Supplement, section 124.201, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For the purposes of computing foundation aid for handicapped pupils enrolled in summer school and intersession classes of flexible school year programs, the following phrases shall have the meanings given them.

(1) "Summer school pupil units" means full-time equivalent pupil units for summer school classes and intersession classes of flexible school year programs computed under the provisions of section 124.17. Only pupils who are handicapped and who are appropriately served at levels 4, 5, or 6 of the continuum of placement model described in state board rules shall be included in the computation of summer school pupil units *for the purposes of computing summer school foundation aid for payment in fiscal years 1984 and 1985.*

(2) "Summer school revenue allowance" means an amount equal to the product of the number of summer school pupil units in a district, times the foundation aid formula allowance as defined in section 124.2122 for the preceding regular school year.

(3) "Summer school aid" means aid for summer school and intersession classes of flexible school year programs.

Sec. 4. Minnesota Statutes 1983 Supplement, section 124.201, subdivision 4, is amended to read:

Subd. 4. [AID FOR 1983 SUMMER SCHOOL SESSION.] In fiscal year 1984 a district shall receive summer school aid for the 1983 summer school session equal to the difference between:

(1) the product of

(a) the ratio of the district's actual levy to its permitted levy pursuant to section 275.125, subdivision 2j, clause (a), certified in calendar year 1983; times

(b) the district's summer school revenue allowance; and

(2) the levy certified by the district pursuant to section 275.125, subdivi-

sion ~~2k~~ 2j, clause (a), in calendar year 1983.

Sec. 5. Minnesota Statutes 1983 Supplement, section 124.201, subdivision 5, is amended to read:

Subd. 5. [SUMMER SCHOOL AID.] In fiscal year 1985 ~~and each year thereafter~~, a district shall receive summer school aid equal to the difference between:

(1) the product of

(a) the ratio of the district's actual levy to its permitted levy, pursuant to section 275.125, subdivision ~~2k~~ 2j, clause (b), certified in ~~the calendar year before the summer school program is offered~~ 1983; times

(b) the district's summer school revenue allowance; and

(2) the levy certified by the district pursuant to section 275.125, subdivision ~~2k~~ 2j, clause (b) in ~~the calendar year before the summer school program is offered~~ 1983.

Sec. 6. Minnesota Statutes 1983 Supplement, section 275.125, subdivision 2k, is amended to read:

Subd. 2k. [~~HANDICAPPED SUMMER SCHOOL PROGRAM LEVY.~~] In 1984 and each year thereafter, a district may levy for summer ~~school programs for handicapped pupils~~ programs an amount equal to the following product:

(a) The district's estimated ~~total~~ summer ~~school program~~ revenue allowance as defined in section ~~124.201~~ 124.20, subdivision 2, ~~clause (2)~~ for the summer ~~school program~~ session to be held in the calendar year after the calendar year when the levy is certified, times

(b) the lesser of

(1) one, or

(2) the ratio of

(i) the quotient derived by dividing the adjusted assessed valuation of the district in the second preceding year by the total pupil units in the district in the current *regular* school year, to

(ii) the equalizing factor for the current regular school year.

Sec. 7. Minnesota Statutes 1982, section 275.125, is amended by adding a subdivision to read:

Subd. 2l. [EXCESS LEVY; 1985 SUMMER PROGRAMS.] *In addition to the levy authorized in subdivision 2k, a district for which the summer program instructional revenue allowance for the 1985 summer program is less than an amount equal to \$20 times the number of actual pupil units in the district in the regular 1984-1985 school year prior to the summer program may levy an amount computed as follows:*

(a) *\$20 times the number of actual pupil units in the district in the regular 1984-1985 school year, minus*

(b) *the amount of the summer program instructional revenue allowance for the 1985 summer program.*

This levy shall be used for the same purposes for which the summer program instructional revenue allowance may be used.

Sec. 8. [REPEALER.]

Subdivision 1. Minnesota Statutes 1982, section 275.125, subdivisions 2g and 2h, and Minnesota Statutes 1983 Supplement, section 275.125, subdivision 2i, are repealed.

Subd. 2. Minnesota Statutes 1982, section 124.201, as amended by Laws 1983, chapter 314, article 3, sections 3, 4, 5, 6, and 7; and by sections 2, 3, 4, and 5 of this article; and Minnesota Statutes 1983 Supplement, section 275.125, subdivision 2j, are repealed.

Sec. 9. [EFFECTIVE DATE.]

Section 1 is effective September 1, 1984, for summer programs to be held in 1985 and thereafter. Section 8, subdivision 2, is effective May 1, 1985.

ARTICLE 3

SPECIAL EDUCATION

Section 1. Minnesota Statutes 1983 Supplement, section 120.17, subdivision 3b, is amended to read:

Subd. 3b. [PROCEDURES FOR DECISIONS.] Every district shall utilize at least the following procedures for decisions involving identification, assessment and educational placement of handicapped children:

(a) Parents and guardians shall receive prior written notice of:

(1) any proposed formal educational assessment or proposed denial of a formal educational assessment of their child;

(2) a proposed placement of their child in, transfer from or to, or denial of placement in a special education program; or

(3) the proposed provision, addition, denial or removal of special education services for their child;

(b) The district shall not proceed with the initial formal assessment of a child, the initial placement of a child in a special education program or the initial provision of special education services for a child without the prior written consent of the child's parent or guardian. The refusal of a parent or guardian to consent may be overridden by the decision in a hearing held pursuant to clause (d) at the district's initiative after at least one attempt to obtain this consent through a conciliation conference held pursuant to clause (c);

(c) Parents and guardians shall have an opportunity to meet with appropriate district staff in at least one conciliation conference if they object to any proposal of which they are notified pursuant to clause (a);

(d) Parents, guardians and the district shall have an opportunity to obtain an impartial due process hearing initiated and conducted in the school district where the child resides, if after at least one conciliation conference the parent or guardian continues to object to:

(1) a proposed formal educational assessment or proposed denial of a for-

mal educational assessment of their child;

(2) the proposed placement of their child in, or transfer of their child to a special education program;

(3) the proposed denial of placement of their child in a special education program or the transfer of their child from a special education program;

(4) the proposed provision or addition of special education services for their child; or

(5) the proposed denial or removal of special education services for their child.

At least five calendar days before the hearing, the objecting party shall provide the other party with a brief written statement of the objection and the reasons for the objection.

The hearing shall take place before an impartial hearing officer mutually agreed to by the school board and the parent or guardian. If the school board and the parent or guardian are unable to agree on a hearing officer, the school board shall request the commissioner to appoint a hearing officer. The hearing officer shall not be a school board member or employee of the school district where the child resides or of the child's school district of residence, an employee of any other public agency involved in the education or care of the child, or any person with a personal or professional interest which would conflict with his objectivity at the hearing. A person who otherwise qualifies as a hearing officer is not an employee of the district solely because the person is paid by the district to serve as a hearing officer. If the hearing officer requests an independent educational assessment of a child, the cost of the assessment shall be at district expense. The proceedings shall be recorded and preserved, at the expense of the school district, pending ultimate disposition of the action.

(e) The decision of the hearing officer pursuant to clause (d) shall be rendered not more than 45 calendar days from the date of the receipt of the request for the hearing. A hearing officer may grant specific extensions of time beyond the 45-day period at the request of either party. The decision of the hearing officer shall be binding on all parties unless appealed to the ~~commissioner~~ *hearing review officer* by the parent, guardian, or the school board of the district where the child resides pursuant to clause (f).

The local decision shall:

(1) be in writing;

(2) state the controlling facts upon which the decision is made in sufficient detail to apprise the parties and the ~~commissioner~~ *hearing review officer* of the basis and reason for the decision;

(3) state whether the special education program or special education services appropriate to the child's needs can be reasonably provided within the resources available to the responsible district or districts;

(4) state the amount and source of any additional district expenditure necessary to implement the decision; and

(5) be based on the standards set forth in subdivision 3a and the rules of the

state board.

(f) Any local decision issued pursuant to clauses (d) and (e) may be appealed to the ~~commissioner~~ *hearing review officer* within 15 calendar days of receipt of that written decision, by the parent, guardian, or the school board of the district where the child resides.

If the decision is appealed, a written transcript of the hearing shall be made by the school district and shall be accessible to the parties involved within five calendar days of the filing of the appeal. The ~~commissioner~~ *hearing review officer* shall issue a final decision based on an impartial review of the local decision and the entire record within 30 calendar days after the filing of the appeal. The ~~commissioner~~ *hearing review officer* shall seek additional evidence if necessary and may afford the parties an opportunity for written or oral argument; provided any hearing held to seek additional evidence shall be an impartial due process hearing but shall be deemed not to be a contested case hearing for purposes of chapter 14. The ~~commissioner~~ *hearing review officer* may grant specific extensions of time beyond the 30-day period at the request of any party.

The final decision shall:

- (1) be in writing;
- (2) include findings and conclusions; and
- (3) be based upon the standards set forth in subdivision 3a and in the rules of the state board.

(g) The decision of the ~~commissioner~~ *hearing review officer* shall be final unless appealed by the parent or guardian or school board to the court of appeals. The judicial review shall be in accordance with chapter 14.

(h) *The commissioner of education, having delegated general supervision of special education to the appropriate staff, shall be the hearing review officer except for appeals in which:*

- (1) the commissioner has a personal interest in or specific involvement with the student who is a party to the hearing;*
- (2) the commissioner has been employed as an administrator by the district that is a party to the hearing;*
- (3) the commissioner has been involved in the selection of the administrators of the district that is a party to the hearing;*
- (4) the commissioner has a personal, economic, or professional interest in the outcome of the hearing other than the proper administration of the federal and state laws, rules, and policies;*
- (5) the appeal challenges a state or local policy which was developed with substantial involvement of the commissioner; or*
- (6) the appeal challenges the actions of a department employee or official.*

For any appeal to which the above exceptions apply, the state board of education shall name an impartial and competent hearing review officer.

In all appeals, the parent or guardian of the handicapped student or the district that is a party to the hearing may challenge the impartiality or com-

petence of the proposed hearing review officer by applying to the state board of education.

(h) (i) Pending the completion of proceedings pursuant to this subdivision, unless the district and the parent or guardian of the child agree otherwise, the child shall remain in his current educational placement and shall not be denied initial admission to school.

(4) (j) The child's school district of residence, if different from the district where the child actually resides, shall receive notice of and may be a party to any hearings or appeals pursuant to this subdivision.

Sec. 2. [REPEALER.]

Minnesota Statutes 1982, section 124.32, subdivisions 1a, 1e, and 2a; and Minnesota Statutes 1983 Supplement, section 124.32, subdivision 5a, are repealed.

ARTICLE 4

COMMUNITY EDUCATION

Section 1. [121.882] [EARLY CHILDHOOD AND FAMILY EDUCATION PROGRAMS.]

Subdivision 1. [ESTABLISHMENT.] A district that provides a community education program may establish an early childhood and family education program. Two or more districts, each of which provides a community education program, may cooperate to jointly provide an early childhood and family education program.

Subd. 2. [PROGRAM CHARACTERISTICS.] Early childhood and family education programs are programs for children in the period of life from birth to kindergarten and for the parents of such children. The programs may include the following:

- (1) programs to educate parents about the physical, mental, and emotional development of children;*
- (2) programs to enhance the skills of parents in providing for their children's learning and development;*
- (3) learning experiences for children and parents;*
- (4) activities designed to detect children's physical, mental, emotional, or behavioral problems that may cause learning problems;*
- (5) educational materials which may be borrowed for home use;*
- (6) information on related community resources; or*
- (7) other programs or activities.*

The programs shall not include activities for children that do not require substantial involvement of the children's parents.

Subd. 3. [SEPARATE ACCOUNTS.] The district shall maintain a separate account within the community education fund for money for early childhood and family education programs.

Subd. 4. [PARTICIPANTS' FEES.] A district may charge a reasonable fee

but it shall waive the fee for a participant unable to pay.

Subd. 5. [ADDITIONAL FUNDING.] A district may receive funds from any governmental agency or private source.

Subd. 6. [COORDINATION.] A district is encouraged to coordinate the program with its special education and vocational education programs and with related services provided by other governmental agencies and nonprofit agencies.

Subd. 7. [DISTRICT ADVISORY COUNCILS.] The school board shall appoint an advisory council from the area in which the program is provided. A majority of the council shall be parents participating in the program. The council shall assist the board in developing, planning, and monitoring the early childhood and family education program. The council shall report to the school board and the community education advisory council.

Subd. 8. [TEACHERS.] A school board shall employ necessary qualified teachers for its early childhood and family education programs.

Subd. 9. [ASSISTANCE.] The department of education shall provide assistance to districts with programs described in this section.

Subd. 10. [RULES.] The state board of education may adopt rules about program facilities, staff, services, and procedures.

Sec. 2. Minnesota Statutes 1983 Supplement, section 124.271, subdivision 2b, is amended to read:

Subd. 2b. [AID; 1985 AND AFTER.] (1) ~~In fiscal year 1985 and~~ Each fiscal year ~~thereafter, each~~ a district which is operating a community education program in compliance with rules promulgated by the state board shall receive community education aid ~~in~~. For fiscal year 1985, the aid shall be an amount equal to the difference obtained by subtracting

(a) an amount equal to .8 mill times the adjusted assessed valuation used to compute the community education levy limitation for the levy attributable to that school year, from

(b) the greater of

(i) \$7,000, or

(ii) \$5 times the population of the district.

For fiscal year 1986 and each fiscal year thereafter, the aid shall be an amount equal to the difference obtained by subtracting

(a) an amount equal to .8 mill times the adjusted assessed valuation used to compute the community education levy limitation for the levy attributable to that school year, from

(b) the greater of

(i) \$7,000, or

(ii) \$5.25 times the population of the district.

(2) However, for any district which certifies less than the maximum permissible levy under the provisions of section 275.125, subdivision 8, clause (4) (1), the district's community education aid under clause (1) of this sub-

division shall be reduced by multiplying the aid amount computed pursuant to clause (1) of this subdivision by the ratio of the district's actual levy under section 275.125, subdivision 8, clause (4) (1), to its maximum permissible levy under section 275.125, subdivision 8, clause (4) (1). For purposes of computing the aid reduction pursuant to this clause, the amount certified pursuant to section 275.125, subdivision 8, clause (4) (1), shall not reflect reductions made pursuant to section 275.125, subdivision 9.

(3) In addition to the amount in clause (1), in fiscal year 1985 and each fiscal year thereafter a district which makes a levy for community education programs pursuant to section 275.125, subdivision 8, shall receive additional aid of 50 cents per capita.

Sec. 3. [24.2711] [EARLY CHILDHOOD AND FAMILY EDUCATION AID.]

Subdivision 1. [DEFINITION OF MAXIMUM REVENUE.] Beginning for fiscal year 1986 and each year thereafter the "maximum revenue" for early childhood and family education programs for a school year means the amount of revenue equal to the product of five percent of the foundation aid formula allowance for the current school year, times the greater of (a) 150, or (b) the number of people under five years of age residing in the district on September 1 of the preceding school year.

Subd. 2. [POPULATION.] For the purposes of subdivision 1, data reported to the department of education according to the provisions of section 120.095 may be used to determine the number of people under five years of age residing in the district. The commissioner, with the assistance of the state demographer, shall review the number reported by any district operating an early childhood and family education program. If requested, the district shall submit to the commissioner an explanation of its methods and other information necessary to document accuracy. If the commissioner determines that the district has not provided sufficient documentation of accuracy, the commissioner may request the state demographer to prepare an estimate of the number of people under five years of age residing in the district and may use this estimate for the purposes of subdivision 1.

Subd. 3. [AID.] In fiscal year 1986 and thereafter, if a district complies with the provisions of section 1 of this article, it shall receive early childhood and family education aid equal to:

(a) the difference between the maximum revenue, according to subdivision 1, and the permitted levy attributable to the same school year, according to section 275.125, subdivision 8b, times

(b) the ratio of the district's actual levy to its permitted levy attributable to the same school year, according to section 275.125, subdivision 8b.

Subd. 4. [USE OF REVENUE RESTRICTED.] The proceeds of the aid authorized by this section and the levy authorized by section 275.125, subdivision 8b, shall be used only for early childhood and family education programs.

Sec. 4. Minnesota Statutes 1983 Supplement, section 125.032, subdivision 2, is amended to read:

Subd. 2. [EXCEPTIONS.] A person who teaches in a community educa-

tion program which qualifies for aid pursuant to section 124.26 shall continue to meet licensure requirements as a teacher. A person who teaches in an early childhood and family education program which is offered through a community education program and which qualifies for per capita aid pursuant to section 124.271 *or early childhood and family education aid pursuant to section 3 of this article* shall continue to meet licensure requirements as a teacher. A person who teaches in a community education course which is offered for credit for graduation to persons under 18 years of age shall continue to meet licensure requirements as a teacher. A person who teaches a driver training course which is offered through a community education program to persons under 18 years of age shall be licensed by the board of teaching. A license which is required for an instructor in a community education program pursuant to this subdivision shall not be construed to bring an individual within the definition of a teacher for purposes of section 125.12, subdivision 1, or section 125.17, subdivision 1, clause (a). ~~A community education instructor shall not be defined as a teacher pursuant to section 129.63, subdivision 13, or be a member of a teacher bargaining unit solely as a result of that individual's employment in a community education program.~~

Sec. 5. Minnesota Statutes 1983 Supplement, section 275.125, subdivision 8, is amended to read:

Subd. 8. [COMMUNITY EDUCATION LEVY.] (1) ~~Except as provided in clauses (2) and (3), in 1982 a district which has established a community education advisory council pursuant to section 121.88, may levy the amount raised by .9 mill times the most recent adjusted assessed valuation of the district, but no more than \$5 times the population of the district. This amount shall be reduced to \$4.75 per capita for districts which will qualify for aid in fiscal year 1984 equal to 25 cents per capita pursuant to section 124.271, subdivision 2a, clause (1)(b).~~

(2) ~~In 1982 districts which received total revenue in fiscal year 1983 from community education aid and levy in excess of \$5 times the population of the district, may levy the amount of the fiscal year 1983 revenue less \$5 times the population of the district in addition to the amount in clause (1).~~

(3) ~~In 1982 districts which will qualify for aid pursuant to section 124.271, subdivision 2a, clause (1)(c) may levy the greater of the following:~~

(a) ~~\$5 per capita minus \$7,000; or~~

(b) ~~the amount of their fiscal year 1983 revenue from community education aid and levy minus \$7,000.~~

(4) ~~In 1983 and Each year thereafter, a district which has established a community education advisory council pursuant to section 121.88, may levy the amount raised by .8 mill times the most recent adjusted assessed valuation of the district, but no more than the greater of~~

(a) ~~\$5 \$5.25 times the population of the district, or~~

(b) ~~\$7,000.~~

(5) (2) ~~In addition to the levy authorized in clause (4) (1), in 1983 a district may levy an additional amount for community education programs equal to the difference obtained by subtracting~~

(a) ~~the sum in fiscal year 1984 of~~

(i) the district's estimated maximum permissible revenue for fiscal year 1985 from community education aid under section 124.271, subdivision 2a 2b, clause (1), and

(ii) the community education levy authorized in clause ~~(4)~~ (1) of this subdivision, from

(b) the sum in fiscal year 1983 of

(i) the district's maximum permissible revenue from community education aid under section 124.271, subdivision 2, excluding any reductions from community education aid made pursuant to Laws 1981, Third Special Session chapter 2, article 2, section 2, clause (mm), and Laws 1982, Third Special Session chapter 1, article 3, section 6, and

(ii) the maximum community education levy authorized in this subdivision for the district for the levy made in 1981, payable in 1982, before any reduction in the levy pursuant to subdivision 9.

~~(6)~~ (3) In 1984 and each year thereafter, in addition to the levy authorized in clause ~~(4)~~ (1), a district may levy an amount equal to the amount the district was entitled to levy pursuant to clause ~~(5)~~ (2) in 1983.

~~(7)~~ (4) The levies authorized in this subdivision shall be used for community education, including nonvocational adult programs, recreation and leisure time activity programs, and programs authorized by sections 121.85 to 121.88 and 129B.06 to 129B.09, and section 1 of this article. A school district may levy pursuant to this subdivision only after it has filed a certificate of compliance with the commissioner of education. The certificate of compliance shall certify that the governing boards of the county, municipality and township in which the school district or any part thereof is located have been sent 15 working days written notice of a meeting and that a meeting has been held to discuss methods of increasing mutual cooperation between such bodies and the school board. The failure of a governing board of a county, municipality or township to attend the meeting shall not affect the authority of the school district to levy pursuant to this subdivision.

~~(8)~~ (5) The population of the district for purposes of this subdivision is the population determined as provided in section 275.14 or as certified by the department of education from the most recent federal census.

Sec. 6. Minnesota Statutes 1982, section 275.125, is amended by adding a subdivision to read:

Subd. 8b. [EARLY CHILDHOOD AND FAMILY EDUCATION LEVY.] A district may levy for its early childhood and family education program. The amount levied shall not exceed the lesser of:

(a) .4 mill times the adjusted assessed valuation of the district for the year preceding the year the levy is certified, or

(b) the maximum revenue as defined in section 3 of this article, subdivision 1, for the school year for which the levy is attributable.

Sec. 7. Laws 1983, chapter 314, article 9, section 14, subdivision 3, is amended to read:

Subd. 3. [EARLY CHILDHOOD AND FAMILY EDUCATION PRO-

GRAMS.] For early childhood and family education programs pursuant to sections 129B.06 to 129B.09, there is appropriated:

\$1,028,000.....1984.

The appropriation for fiscal year 1984 includes \$209,000 for grants for fiscal year 1983 payable in fiscal year 1984, and \$819,000 for grants for fiscal year 1984. The amount of the appropriation for grants for fiscal year 1984 is the total appropriation for these grants.

The council on quality education shall prorate this amount among the eligible districts in proportion to the ratio of the district's grant for fiscal year 1983 to the total amount of grants made for fiscal year 1983. However, the total amount of revenue received by a district for fiscal year 1984 pursuant to this subdivision and Minnesota Statutes, section 124.271, subdivision 2a, clause (2) shall not exceed the amount of the district's grant for fiscal year 1983; *if any district's aid is reduced because of this limitation, the amount of the reduction shall be prorated among the districts not subject to this limitation.*

Sec. 8. [EARLY CHILDHOOD AND FAMILY EDUCATION AID FOR FISCAL YEAR 1985.]

Each district that provided an early childhood and family education program funded by the council on quality education during the 1982-1983 school year is entitled to receive aid in fiscal year 1985 to continue the program. The aid shall be in addition to community education aid. The aid shall equal (a) \$11,000, minus (b) the amount of aid received pursuant to Minnesota Statutes 1983 Supplement, section 124.271, subdivision 2b, clause (3). However, a district that has not established a community education program shall receive no aid under this section.

Sec. 9. [REPEALER.]

Minnesota Statutes 1982, sections 129B.06; 129B.07; 129B.08; and 129B.09, as amended by Laws 1983, chapters 260, section 29, and 314, articles 6, section 33, and 9, sections 8 and 9, are repealed.

Sec. 10. [APPROPRIATION; EARLY CHILDHOOD AND FAMILY EDUCATION.]

There is appropriated from the general fund to the department of education for fiscal year 1985 the sum of \$116,500. Of this sum \$101,500 is for aid to districts for fiscal year 1985 according to section 8 of this article. The aid shall be paid at 100 percent of the entitlement for fiscal year 1985. The remaining \$15,000 is for the department of education for personnel service contracts to provide assistance to districts.

Sec. 11. [EFFECTIVE DATE.]

Section 4 is effective the day following final enactment. Sections 1, 3, and 9 are effective July 1, 1985.

ARTICLE 5

VOCATIONAL EDUCATION

Section 1. Minnesota Statutes 1982, section 120.05, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] (1) Elementary school means any school with building, equipment, courses of study, class schedules, enrollment of pupils ordinarily in grades one through six or any portion thereof and staff meeting the standards established by the state board of education.

(a) The state board of education shall not close a school or deny any state aids to a district for its elementary schools because of enrollment limitations classified in accordance with the provisions of subdivision 2, clause (1).

(2) Middle school means any school other than a secondary school giving an approved course of study in a minimum of three consecutive grades above fourth but below tenth with building, equipment, courses of study, class schedules, enrollment and staff meeting the standards established by the state board of education.

(3) Secondary school means any school with building, equipment, courses of study, class schedules, enrollment of pupils ordinarily in grades seven through twelve or any portion thereof and staff meeting the standards established by the state board of education.

(4) A vocational center school is one serving a group of secondary schools with approved areas of secondary vocational training and offering vocational secondary and adult programs necessary to meet local needs and meeting standards established by the state board of education.

(5) An area ~~vocational technical~~ vocational technical school is a school ~~organized according to section 121.21, and operated according to the standards established by the state board of vocational technical education.~~

Sec. 2. Minnesota Statutes 1982, section 120.06, is amended to read:

120.06 [ADMISSION TO PUBLIC SCHOOL.]

Subdivision 1. [AGE LIMITATIONS; PUPILS.] All schools supported in whole or in part by state funds are public schools. Admission to a public school, *except an area vocational technical institute*, is free to any person who resides within the district which operates the school, who is under 21 years of age, and who satisfies the minimum age requirements imposed by this section. Notwithstanding the provisions of any law to the contrary, the conduct of all students under 21 years of age attending a public secondary school shall be governed by a single set of reasonable rules and regulations promulgated by the local board of education. No person shall be admitted to any public school after September 1, 1971, (1) as a kindergarten student, unless he is at least five years of age on September 1 of the calendar year in which the school year for which he seeks admission commences; or (2) as a first grade student, unless he is at least six years of age on September 1 of the calendar year in which the school year for which he seeks admission commences or has completed kindergarten; except that any school board may establish a policy for admission of selected pupils at an earlier age.

Sec. 3. Minnesota Statutes 1982, section 121.09, is amended to read:

121.09 [ADMINISTRATION; EXCEPTIONS.]

The commissioner shall administer all laws and rules promulgated by the board relating to libraries and other public educational institutions, except such laws as may relate to the University of Minnesota ~~and to the~~ state universities ~~and~~, community colleges, ~~and area vocational technical insti-~~

tutes.

Sec. 4. Minnesota Statutes 1982, section 121.21, is amended to read:

121.21 [AREA ~~VOCATIONAL-TECHNICAL~~ VOCATIONAL TECHNICAL SCHOOLS.]

Subdivision 1. The board of any independent or special district may petition the state board of *vocational technical education* to classify one or more of its schools as an area ~~vocational-technical~~ *vocational technical* school.

Subd. 2. Upon receipt of such petition, the state board shall examine the petition and any supporting evidence which it may require. The state board shall conduct hearings, and may investigate school records and such other facts relating to ~~vocational-technical~~ *vocational technical* training as it may deem appropriate.

Subd. 3. It is the purpose of this section to more nearly equalize the educational opportunities in certain phases of ~~vocational-technical~~ *vocational technical* education to persons of the state who are of the age and maturity to profitably pursue training for a specific occupation. If the state board finds, as a result of its inquiry, that the establishment of an area ~~vocational-technical~~ *vocational technical* school, according to the petition, would further the educational interests of all the people of the state, and is in accordance with the plans and program of the state department for the vocational and technical education of the people, it may approve the petition.

Subd. 4. If the petition is approved, the school shall be established by the district and classified by the state board as an area ~~vocational-technical~~ *vocational technical* school and conducted under the general supervision of the state board in accordance with the *policy and rules and regulations* of the state board. Notwithstanding the provisions of subdivision 3 and of this subdivision, after June 30, 1975 no area ~~vocational-technical~~ *vocational technical* school shall be established unless specific legislation has authorized its establishment.

Subd. 4a. No district shall expend funds from any source for the acquisition or betterment of lands or buildings or for capital improvements needed for an area ~~vocational-technical~~ *vocational technical* school without the approval of the state board and authorization by specific legislative act if that acquisition, betterment or capital improvement requires the expenditure of \$250,000 or more, or adds more than 1,000 gross square feet to a post-secondary vocational facility, or requires the issuance of school district bonds. No acquisition or betterment of lands or buildings or capital improvement which requires the expenditure of \$50,000 or more but less than \$250,000 or which changes the perimeter walls of an existing facility shall be carried out without the approval of the state board. No acquisition or betterment of lands or buildings or capital improvement which requires the expenditure of less than \$50,000, which does not change a perimeter wall and which does not require the issuance of school district bonds, shall be carried out without the approval of the ~~commissioner~~ *state director* of *vocational technical* education. As used in this subdivision, the terms "acquisition" and "betterment", as applied to lands and buildings, and "capital improvement" shall have the meanings ascribed to them in chapter 475, but shall not include the acquisition or betterment of machinery or equipment.

Subd. 6. The state board for vocational education shall promulgate, pursuant to chapter 14, such rules governing the operation and maintenance of schools so classified as will afford the people of the state an equal opportunity to acquire public vocational and technical education. Rules relating to post-secondary vocational-technical education shall not incorporate the provisions of the state plan for vocational education by reference.

The rules shall provide for, but are not limited to, the following:

(a) The area to be served by each school, which may include one or more districts or parts thereof;

(b) Curriculum and standards of instruction and scholarship;

(c) Attendance requirements and Minnesota non-resident attendance;

(d) The distribution and apportionment to the local districts of all funds, whether state or federal or other funds, which may be made available to the state board for vocational education for carrying out the purposes of post-secondary vocational-technical education in accordance with law; and

(e) General administrative matters.

Subd. 8. Any property of the state administered by the state board for vocational education in connection with teaching vocational education may be apportioned and distributed by the state board for vocational education to local school districts desiring to avail themselves of the benefits of this section.

Subd. 11. The state board for vocational education may contract for hospital benefits and medical benefits coverage for students in the same manner as authorized by section 43A.23 for state employees.

Sec. 5. Minnesota Statutes 1982, section 121.212, subdivision 1, is amended to read:

Subdivision 1. Any school board or joint school board operating an area vocational-technical vocational technical school, pursuant to section 421.21-136C.07; Laws 1967, Chapter 822, as amended; Laws 1969, Chapter 775, as amended; or Laws 1969, Chapter 1060, as amended, may make, adopt and enforce rules, regulations or ordinances for the regulation of traffic and parking in parking facilities and on private roads and roadways situated on property owned, leased, occupied or operated by the board.

Sec. 6. Minnesota Statutes 1982, section 121.213, is amended to read:

121.213 [AREA VOCATIONAL-TECHNICAL VOCATIONAL TECHNICAL INSTITUTES AND COMMUNITY COLLEGES; LEGAL COUNSELING AND SERVICE PROGRAMS.]

Notwithstanding the provisions of sections 8.06 and 136.11 or any rules or regulations adopted pursuant thereto, an area vocational-technical vocational technical institute or community college student association governing student activities on campus may expend money for the purpose of funding a program to provide legal counseling and services for students. The money to be expended shall be from that portion of the area vocational-technical vocational technical institute student senate funds or community college activity fund account allocated to the student association and derived solely from fees

received from students.

Sec. 7. Minnesota Statutes 1982, section 121.214, is amended to read:

121.214 ~~[VOCATIONAL-TECHNICAL BUILDING FUND.]~~ VOCATIONAL TECHNICAL BUILDING FUND.]

Subdivision 1. ~~[PURPOSE.]~~ A ~~vocational-technical~~ *vocational technical* building fund is created as a separate bookkeeping account in the general books of the state for the purpose of providing money appropriated to the state board of *vocational technical* education for the acquisition and betterment of public land, buildings, and capital improvements needed for the area ~~vocational-technical~~ *vocational technical* education program of the state.

Subd. 2. ~~[RECEIPTS.]~~ The commissioner of finance and treasurer shall deposit in the fund as received all proceeds of ~~vocational-technical~~ *vocational technical* building bonds, except accrued interest and premiums received upon the sale thereof. All such receipts are annually appropriated for the permanent acquisition purposes of the fund, and shall be and remain available for expenditure in accordance with this section until the purposes of the appropriations have been accomplished or abandoned.

Subd. 3. ~~[DISBURSEMENTS.]~~ Disbursements from the fund shall be made by the state treasurer upon the order of the commissioner of finance at the times and in the amounts requested by the state board of *vocational technical* education in accordance with the applicable appropriation acts, for grants to school districts for the acquisition and betterment of land, buildings, and capital improvements for area ~~vocational-technical~~ *vocational technical* institutes. These grants shall only be made upon the conditions and in accordance with all standards and criteria established ~~in by the state board rules~~ and in the legislative act authorizing the specific post-secondary vocational facilities project.

Subd. 4. ~~The purpose of this section is to change the method of funding post-secondary vocational facilities from post-secondary vocational debt service aid pursuant to section 124.564 to direct state appropriations from the vocational-technical building fund.~~ Eighty-five percent of the cost of post-secondary vocational facilities authorized by specific legislative act after January 1, 1979 shall be financed through appropriations from the ~~vocational-technical~~ *vocational technical* building fund and 15 percent of the cost of these facilities shall be financed by the school district operating the post-secondary ~~vocational-technical~~ *vocational technical* school. No local bonds shall be authorized, issued, or sold, nor shall any election be held to authorize the issuance of bonds, if the proceeds will be used to finance a project for which specific legislative approval is required, until after that specific legislative approval has been given.

Sec. 8. Minnesota Statutes 1982, section 121.215, is amended to read:

121.215 ~~[VOCATIONAL-TECHNICAL BUILDING BONDS.]~~ VOCATIONAL TECHNICAL BUILDING BONDS.]

Subdivision 1. ~~[PURPOSE; APPROPRIATION.]~~ For the purpose of providing money appropriated from the ~~vocational-technical~~ *vocational technical* building fund for the acquisition of public land, buildings, and capital improvements needed for the state plan for the administration of vocational

education in accordance with the provisions of section ~~421.214~~ 136C.42, when requested by the state board of education, the commissioner of finance shall sell and issue bonds of the state of Minnesota for the prompt and full payment of which, with interest thereon, the full faith and credit and taxing powers of the state are irrevocably pledged. Bonds shall be issued pursuant to this section only as authorized by a law specifying the purpose thereof and the maximum amount of the proceeds authorized to be expended therefor, as set forth in section ~~421.214~~ 136C.42. Any such law, together with this section and the laws herein referred to, constitutes complete authority for the issue, and such bonds shall not be subject to restrictions or limitations contained in any other law.

Subd. 2. [ISSUANCE.] The bonds shall be sold upon sealed bids and upon notice, at a price, in form and denominations, bearing interest at a rate or rates, maturing in amounts and on dates, subject to prepayment upon notice and at times and prices, payable at a bank or banks within or outside the state, with or without provisions for registration, conversion, exchange, and issuance of notes in anticipation of the sale or delivery of definitive bonds, and in accordance with further regulations, as the commissioner of finance shall determine subject to the approval of the attorney general, but not subject to the provisions of sections 14.02, 14.04 to 14.36, 14.38, 14.44 to 14.45, and 14.57 to 14.62. The bonds shall be executed by the commissioner of finance and attested by the state treasurer under their official seals. The signatures on the bonds and on any interest coupons and the seals may be printed or otherwise reproduced, except that each bond shall be authenticated by the manual signature on its face of one of the officers or of a person authorized to sign on behalf of a bank designated by them as authenticating agent. The commissioner of finance shall ascertain and certify to the purchasers of the bonds the performance and existence of all acts, conditions, and things necessary to make them valid and binding general obligations of the state of Minnesota, subject to the approval of the attorney general.

Subd. 3. [EXPENSES.] All expenses incidental to the sale, printing, execution, and delivery of bonds pursuant to this section, including but not limited to actual and necessary travel and subsistence expenses of state officers and employees for such purposes, shall be paid from the ~~vocational-technical~~ *vocational technical* building fund and the amounts necessary therefor are appropriated from that fund; provided that if any amount is specifically appropriated for this purpose in an act authorizing the issuance of bonds pursuant to this section, such expenses shall be limited to the amount so appropriated.

Subd. 4. [~~VOCATIONAL-TECHNICAL~~ *VOCATIONAL TECHNICAL* BUILDING BOND ACCOUNT IN THE STATE BOND FUND.] The commissioner of finance shall maintain in the state bond fund a separate bookkeeping account designated as the ~~vocational-technical~~ *vocational technical* building bond account, to record receipts and disbursements of money transferred to the fund to pay ~~vocational-technical~~ *vocational technical* building bonds and interest thereon, and of income from the investment of such money, which income shall be credited to the account in each fiscal year in an amount equal to the approximate average rate of return that year on all funds invested by the state treasurer, as determined by the treasurer, times the average balance in the account that year.

Subd. 5. [APPROPRIATIONS TO BOND ACCOUNT.] There shall be credited to the ~~vocational-technical~~ *vocational technical* building bond account the premium and accrued interest received on each issue of ~~vocational-technical~~ *vocational technical* building bonds and, from the general fund in the state treasury, on November 1 in each year, a sum of money equal to the amount of the tax which the Constitution would otherwise require to be levied for collection in the following year, for the purpose of increasing the balance then on hand in the account to an amount sufficient to pay principal and interest due and to become due with respect to ~~vocational-technical~~ *vocational technical* building bonds. All money so credited and all income from the investment thereof is annually appropriated to the bond account for the payment of such bonds and interest thereon, and shall be available in the bond account prior to the levy of the tax for the state bond fund in any year as required by the Constitution. The commissioner of finance and the state treasurer are directed to make the appropriate entries in the accounts of the respective funds.

Subd. 6. [TAX LEVY.] On or before December 1 in each year, if the full amount appropriated to the bond account in subdivision 5 has not been credited thereto, the tax required by the Constitution shall be levied upon all taxable property within the state. This tax shall be levied upon all real property used for the purposes of a homestead, as well as other taxable property, notwithstanding the provisions of section 273.13, subdivisions 6 and 7, and shall be subject to no limitation of rate or amount until all ~~vocational-technical~~ *vocational technical* building bonds and interest thereon are fully paid. The proceeds of this tax are appropriated and shall be credited to the state bond fund, and the principal of and interest on the bonds are payable from such proceeds, and the whole thereof, or so much as may be necessary, is appropriated for such payments. If at any time there is not sufficient money from the proceeds of such taxes to pay the principal and interest when due on ~~vocational-technical~~ *vocational technical* building bonds, such principal and interest shall be paid out of the general fund in the state treasury, and the amount necessary therefor is hereby appropriated.

Sec. 9. Minnesota Statutes 1982, section 121.2155, is amended to read:

121.2155 [~~VOCATIONAL-TECHNICAL~~ *VOCATIONAL TECHNICAL* BUILDING APPROPRIATIONS.]

Money appropriated from the state building fund to the state board of *vocational technical* education for post-secondary ~~vocational-technical~~ *vocational technical* construction in school districts shall be used for grants to school districts for the acquisition and betterment of land, buildings, and capital improvements for area ~~vocational-technical~~ *vocational technical* institutes. These grants shall only be made upon the conditions and in accordance with all standards and criteria established in state board rules and in the legislative act authorizing the specific post-secondary vocational facilities project. A grant shall cover 85 percent of the cost of the post-secondary vocational facilities authorized by the specific legislative act, and 15 percent of the cost of these facilities shall be financed by the school district operating the post-secondary ~~vocational-technical~~ *vocational technical* school, unless otherwise provided by the specific legislative act. No local bonds shall be authorized, issued, or sold, nor shall any election be held to authorize the issuance of bonds, if the proceeds will be used to finance a project for which

specific legislative approval is required, until after that specific legislative approval has been given.

Sec. 10. Minnesota Statutes 1982, section 121.216, is amended to read:

121.216 ~~[VOCATIONAL-TECHNICAL INSTITUTES; STUDENT ASSOCIATIONS.]~~

Every school board governing an area ~~vocational technical~~ vocational technical institute shall give recognition as an authorized extracurricular activity to an area ~~vocational technical~~ vocational technical institute student association affiliated with the Minnesota ~~vocational technical~~ vocational technical student association. The student association is authorized to collect a reasonable fee from students to finance the activities of the association in an amount determined by the governing board of the area ~~vocational technical~~ vocational technical institute which has recognized it.

Every governing body which recognizes a student association shall deposit the fees in a student association fund. The moneys in this fund shall be available for expenditure for student recreational, social, welfare, and educational pursuits supplemental to the regular curricular offerings.

Sec. 11. Minnesota Statutes 1982, section 121.218, is amended to read:

121.218 ~~[VOCATIONAL-TECHNICAL INSTITUTES; AWARDING DEGREES.]~~

Subdivision 1. ~~[BOARD APPROVAL.]~~ The state board for ~~vocational education~~ may approve, disapprove, or modify a plan for awarding associate degrees at an area ~~vocational technical~~ vocational technical institute. The state board shall approve a plan only when an associate degree is required by a licensing authority and is offered in cooperation with a collegiate institution. The state board may approve an area ~~vocational technical~~ vocational technical institute plan for awarding an associate degree which is not offered in cooperation with a collegiate institution only if cooperation is not practicable. All associate degree plans approved by the state board for ~~vocational education~~ shall be presented to the higher education coordinating board for review and recommendation pursuant to section 136A.04, subdivision 1, clause (d) and in accordance with the provisions of this section.

Subd. 2. ~~[EXCEPTION.]~~ Associate degrees offered by the area ~~vocational technical~~ vocational technical institutes prior to January 1, 1981, shall not be subject to the provisions of subdivision 1.

Subd. 3. ~~[REPORT.]~~ By January 15, 1982, the higher education coordinating board, in cooperation with the state board for vocational education, shall submit a report to the education committees of the legislature regarding the awarding of associate degrees by area vocational-technical institutes. The report shall include identification and evaluation of the factors which affect the feasibility of cooperation with collegiate institutions. By January 1, 1983, the higher education coordinating board shall promulgate rules establishing criteria for determining when cooperation with a collegiate institution is not practicable.

Sec. 12. Minnesota Statutes 1983 Supplement, section 124.5611, is amended to read:

124.5611 ~~[AVTI FUNDING.]~~

Beginning with aids For the 1983-1984 and 1984-1985 school year years, post-secondary vocational aids for AVTI's shall be paid for the current fiscal year according to sections ~~124.5612~~ 136C.26 to ~~124.5619~~ 136C.37, ~~124.5628~~ and ~~124.564~~ 136C.41.

Sec. 13. Minnesota Statutes 1983 Supplement, section 124.5612, is amended to read:

124.5612 [AVTI AID DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] **Beginning with aids** For the 1983-1984 and 1984-1985 school year years, for the purposes of sections ~~124.5612~~ 136C.26 to ~~124.5619~~ 136C.37, ~~124.5628~~, ~~124.564~~, and ~~124.565~~ 136C.41, the following terms have the meanings given them.

Subd. 2. [ADM.] "ADM" means average daily membership computed according to section ~~124.5618~~ 136C.33.

Subd. 3. [AVTI.] "AVTI" means a post-secondary area vocational technical institute.

Subd. 4. [COMPONENT ACTIVITIES.] "Component activities" means regular instruction, special needs instruction, research, instructional administration, media/library, pupil personnel services, health services, director's office, instructional services, fixed costs, work study/financial aid, physical plant, and repair and betterment.

Subd. 5. [INSTRUCTIONAL AID.] "Instructional aid" means state money, exclusive of repair and betterment aid and debt service aid, allocated by the state board ~~for~~ of vocational technical education to districts for post-secondary vocational technical education instructional costs.

Subd. 6. [INSTRUCTIONAL COSTS.] "Instructional costs" means expenditures in the following categories: licensed and nonlicensed staff salaries; licensed and nonlicensed staff fringe benefits, excluding teachers' retirement and teachers' social security; staff travel for instructional, administrative, and professional development purposes; purchased services; other expenditures, detailed according to UFARS; supplies and materials; supplies for resale; rents and leases; acquisition or purchase of equipment and machinery; and betterment of equipment and machinery.

Subd. 7. [PROGRAM.] "Program" means a post-secondary vocational technical occupational program as classified with a six-digit number by the United States department of education.

Subd. 8. [REPAIR AND BETTERMENT AID.] "Repair and betterment aid" means state money, exclusive of instructional aid and debt service aid, allocated by the state board ~~for~~ of vocational technical education to districts. The aid is to reconstruct, improve, remodel, and repair existing AVTI buildings and grounds, as necessary to conduct post-secondary vocational technical education.

Subd. 9. [UFARS.] "UFARS" means the uniform financial accounting and reporting system.

Sec. 14. Minnesota Statutes 1983 Supplement, section 124.5614, is amended to read:

124.5614 [PROCESS FOR AID ALLOCATION.]

Subdivision 1. [BUDGET SUBMISSION.] Before January 1, of each year 1984, each AVTI shall submit an instructional aid budget for the following fiscal year. The instructional aid budget shall detail estimated instructional costs in each expenditure category for each program and component activity of the AVTI's operations. The instructional aid budget shall include estimated revenues from sale of supplies and services, sale of equipment and other capital goods, and other revenues, detailed according to UFARS.

Subd. 2. [RECOMMENDED ALLOCATIONS.] After reviewing each budget, the ~~department~~ *state director* of vocational technical education shall recommend aid allocations for the following fiscal year in each expenditure category for each program and component activity.

The ~~department~~ *state director* shall recommend instructional aid allocations sufficient to maintain or improve special needs instruction.

Notwithstanding any laws or rules to the contrary, the recommendations for allocations of instructional aid, to the extent possible, shall be based on average systemwide ADM to teacher ratios of 12 to 1 for health programs and 17 to 1 for nonhealth programs.

The annual student placement rate of each program shall be taken into consideration by the department in recommending instructional aid allocations.

Each AVTI's tuition revenues in the fiscal year for which aid is allocated shall be taken into consideration by the department in recommending instructional aid allocations.

Each AVTI's unappropriated capital balance of the equipment account in the capital expenditure fund, as of June 30 of the fiscal year during which allocations are made, shall be taken into consideration by the ~~department~~ *state director* in recommending instructional aid allocations for the purposes listed in section ~~424.5615~~ *136C.29*, subdivision 3, clauses (a), (b), (c), and (d). In recommending instructional aid allocations for all other purposes, the department shall take into consideration each AVTI's net positive unappropriated general fund balance, as of June 30 of the fiscal year during which allocations are made, which exceeds ten percent of the AVTI's operating expenditures, as defined by UFARS, for the fiscal year during which allocations are made.

Each AVTI's actual expenditures which exceed the amounts originally budgeted for expenditure during the fourth quarter of the fiscal year in which aids are allocated shall be taken into consideration by the ~~department~~ *state director* in recommending instructional aid allocations.

Allocations of repair and betterment aid shall be recommended for each project proposed by an AVTI. In recommending repair and betterment aid allocations, the ~~department~~ *state director* shall take into consideration each AVTI's net positive unappropriated capital balance of the repair and betterment account of the capital expenditure fund, as of June 30 of the fiscal year during which allocations are made.

Subd. 3. [HEARING.] The aid allocations recommended by the ~~department of education~~ *state director* shall be taken to a public hearing held by the state board for vocational education with at least six board members present.

The hearing shall continue until all interested persons, representatives, and organizations have had an opportunity to be heard. Notice of the hearing shall be given at least 20 days prior to the date set for the hearing. The notice shall be published in the State Register and mailed to each district submitting a budget, and other interested persons and organizations who register their names with the commissioner of education for that purpose. The ~~department of education~~ *state director* shall make available at least one free copy of the recommended allocations to the education committees of the legislature and to any person requesting it. An audio magnetic recording device shall be used to keep a record at every hearing. A transcript of the hearing record shall be made available upon the request of any person, if the request is in writing and the requester pays the cost of preparing the transcript.

Subd. 4. [HEARING REPORT.] After allowing written material to be submitted and added to the hearing record for five days after the public hearing ends, the ~~commissioner of education~~ *state director* shall proceed as promptly as possible to write a report containing the final proposed allocations of aids. This report shall contain findings and conclusions based on substantial evidence from the hearing record to support the final proposed allocations. The report shall be available to all affected districts upon request for at least 15 days before the state board takes final action allocating aids.

Subd. 5. [MODIFICATIONS TO REPORT.] Any district which is adversely affected by the final proposed allocations of aids may request and shall be given an opportunity to be heard in support of modification of the proposed final allocation of aids at the meeting at which the state board takes final action allocating aids. The state board may place reasonable restrictions on the length of time allowed for testimony.

Subd. 6. [FINAL ALLOCATION.] By June 1, after hearing modification requests, if any, the state board shall take final action to allocate aids. Allocations of instructional aid shall be detailed in each expenditure category for each program and component activity. The total allocation of instructional aid for each AVTI shall specify the amounts of any fund balances and tuition revenues taken into consideration. Allocations of repair and betterment aid shall be detailed for each project. The total allocation of repair and betterment aid for each AVTI shall specify the amount of any fund balance taken into consideration.

Subd. 7. [SUBSEQUENT ALLOCATION.] The state board may withhold up to one percent of the post-secondary vocational instructional aid appropriation for subsequent allocation. The amount withheld and any additional state and federal money available for post-secondary vocational education shall be allocated, no later than February 15 of the fiscal year for which the aid is allocated, at a public hearing held according to subdivisions 3, 4, and 5.

Sec. 15. Minnesota Statutes 1983 Supplement, section 124.5615, is amended to read:

124.5615 [USE OF AID.]

Subdivision 1. [AID AND TUITION.] All AVTI aids and all tuition authorized by section ~~124.565~~ *136C.13* shall be used solely for the purposes of post-secondary vocational technical education.

Subd. 2. [ACCOUNTING.] Each district providing post-secondary vocational technical education shall maintain, in accordance with section ~~124.908~~ *136C.04, subdivision 6*, separate revenue, expenditure, asset and liability accounts for post-secondary vocational technical education within funds separate from all other district funds.

Subd. 3. [INSTRUCTIONAL AID.] Instructional aid allocated for the following purposes shall be placed in the equipment account of the capital expenditure fund:

- (a) acquisition or purchase of equipment or machinery;
- (b) betterment of equipment or machinery;
- (c) paying leasing fees for computer systems hardware and related proprietary software, photocopy machines and telecommunications equipment; and
- (d) renting or leasing buildings for school purposes.

Aid allocated for these purposes shall be used solely for these purposes.

All other instructional aid which is allocated shall be placed in the general fund and shall not be transferred to any other fund. The school board shall authorize and approve actual expenditures of the aid allocated.

Subd. 4. [SPECIAL NEEDS.] Aid allocated for special needs instruction shall be used solely for that purpose.

Subd. 5. [REPAIR AND BETTERMENT AID.] The final allocation of repair and betterment aid by the state board does not constitute approval of a project for the purposes of section ~~124.21~~ *136C.07, subdivision 4a*. The aid shall be placed in the repair and betterment ~~account of the capital expenditure fund~~ and used solely for the purposes enumerated in section ~~124.5612~~ *136C.26, subdivision 8*. The school board shall authorize and approve actual expenditures of the aid allocated, except that expenditures which exceed \$5,000 shall receive prior approval by the ~~commissioner of education state director~~. The process in section ~~124.5614~~ *136C.28* shall not constitute approval for this purpose. Use of the aid shall be governed by the provisions of section ~~124.21~~ *136C.07, subdivision 4a*.

Sec. 16. Minnesota Statutes 1983 Supplement, section 124.5616, is amended to read:

124.5616 [DISTRIBUTION OF MONEY.]

All money, whether state, federal, or from other sources, which may be made available to the ~~department of education~~ *state board* for carrying out the purposes of post-secondary vocational technical education shall be allocated by the state board for ~~vocational education~~ to districts in accordance with law ~~and shall be distributed by the state aids section of the department of education~~.

Sec. 17. Minnesota Statutes 1983 Supplement, section 124.5617, is amended to read:

124.5617 [CERTAIN EQUIPMENT EXPENDITURES.]

Expenditures for the purposes in section ~~124.5615~~ *136C.29, subdivision 3*, clauses (a), (b), (c), and (d) which exceed \$6,000 shall receive prior approval

by the ~~commissioner of education~~ *state director*. The process in section ~~124.5614~~ *136C.28* shall not constitute approval for this purpose.

Sec. 18. Minnesota Statutes 1983 Supplement, section 124.5618, is amended to read:

124.5618 [AVERAGE DAILY MEMBERSHIP.]

Subdivision 1. [MEMBERSHIP.] Membership for pupils in AVTI's shall mean the number of pupils on the current roll of the school, counted from the date of entry until the date of withdrawal.

Subd. 2. [WITHDRAWAL.] The date of withdrawal shall mean the date a pupil completes the program and permanently leaves the AVTI. A pupil who has been absent for 15 consecutive school days shall be determined to have permanently left the school. A pupil who permanently leaves the school on or before the 15th day of a quarter shall be determined not to have entered during that quarter. For a pupil who permanently leaves after the 15th school day of a quarter without completing the program, the date of withdrawal shall be the earliest of the following:

- (a) the date the pupil is scheduled to complete the program;
- (b) the date the AVTI fills the vacancy created by leaving; or
- (c) the last day of the quarter during which the pupil permanently leaves the AVTI.

Subd. 3. [COMPUTATION.] Average daily membership for pupils enrolled in an AVTI shall equal the quotient obtained by dividing

- (a) the product of
 - (1) the sum for all pupils of the number of days of the school year each pupil is enrolled in an AVTI, counted from the date of entry until the date of withdrawal, times
 - (2) the quotient obtained by dividing
 - (i) the number of hours per day each pupil is enrolled, by
 - (ii) six; by
- (b) 175.

The number of hours counted for any pupil in any one program shall not exceed the number of hours approved by the state board for ~~vocational education~~ for completion of the program. However, a district may count additional hours for membership, if necessary for a pupil who is identified by the district as handicapped or disadvantaged, to complete the program. For disadvantaged students, these additional hours shall not exceed ten percent of the approved number of hours for the program. Adult vocational pupils shall not be counted for the purposes of this section. Additional hours counted shall be reported to the ~~commissioner~~ *state director*.

Subd. 4. [CHEMICAL ABUSE TREATMENT.] A pupil who is absent from an AVTI to participate in a chemical abuse treatment program and who is on the roll of the AVTI according to the provisions of section ~~124.5619~~ *136C.34* may be counted in average daily membership during that time for not more than 30 consecutive school days. If a returning pupil needs addi-

tional hours to complete the educational program, the AVTI may count the lesser of the following additional hours for membership:

(a) the number of hours the pupil was counted while participating in the treatment program; or

(b) 30 times the number of hours per day the pupil is enrolled.

Sec. 19. Minnesota Statutes 1982, section 124.564, is amended to read:

124.564 [~~POST-SECONDARY VOCATIONAL DEBT SERVICE AID.~~]

Subdivision 1. The state board ~~for vocational education~~ shall provide, for credit against the debt service levy of qualifying districts, post-secondary vocational debt service aid equal to the state portion of debt service costs. The state portion of debt service costs shall equal the amount necessary to make payments due in each school year ending June 30 with respect to qualifying bonds issued to finance post-secondary vocational facilities and interest thereon, multiplied by the average of the district's nonresident reimbursement percentage pursuant to Minnesota Statutes 1974, Section 121.21, Subdivision 5, in fiscal years ended June 30, 1973, 1974, and 1975. For purposes of the computation of debt service aid, qualifying bonds shall include only:

(a) bonds issued prior to January 1, 1978;

(b) bonds issued after January 1, 1978, to finance post-secondary vocational facilities projects which receive funds appropriated in Laws 1978, Chapter 792, Section 8; and

(c) bonds issued at any time to refund the bonds described in (a) and (b). No district shall qualify for this post-secondary vocational debt service aid unless it has certified a levy in the total amount required by section 475.61, for collection in the calendar year in which the aid credit is to be given.

Subd. 2. There shall be no post-secondary vocational debt service aid for the state portion of debt service costs for bonds issued on or after January 1, 1978 to finance post-secondary vocational facilities and interest thereon, unless these bonds are issued to finance post-secondary vocational facilities projects which receive funds appropriated in Laws 1978, Chapter 792, Section 8.

Subd. 3. Post-secondary vocational debt service aid shall be computed each year before October 1 by the state board ~~for vocational education~~ as the percentage specified in subdivision 1 of the sum of the principal and interest on qualifying bonds which will become due in the school year commencing on the following July 1.

Subd. 4. The amount for each school district shall be certified by the board on or before October 1 to the school district, and to the county auditors of all counties containing taxable property within the school district, and to the state commissioner of finance. This amount shall be deducted by the county auditors from the amount of the debt service levies of the school district to be assessed and extended against the taxable property therein for collection in the following year, and shall be payable instead from the appropriation made by this section.

Subd. 5. The commissioner of finance shall issue to the state treasurer

warrants for payment of one-half of the amount to the treasurer of the school district on or before July 15 and one-half thereof on or before November 15 in the following year, in lieu of the distributions of this amount otherwise payable by county treasurers at these times under the provisions of section 276.11.

Subd. 6. The amount necessary is annually appropriated from the general fund to the respective districts entitled to these payments ~~for expenditure in fiscal years beginning with fiscal year 1978~~. This appropriation shall not lapse until and unless otherwise provided by law, but shall be reduced by the amount of any funds specifically appropriated for the same purpose in any year from any state fund. In the event that the appropriation is revoked in any future year, the state board ~~for vocational education~~ shall certify this fact to each school district theretofore entitled to an aid credit under this subdivision.

Subd. 7. The appropriation heretofore made for post-secondary vocational debt service aid payable in the school year ending June 30, 1977, is confirmed, and the board shall continue to provide for the payment of debt service aids therefrom at or before the due dates of school district bonds and interest in that school year. In addition, the state board ~~for vocational education~~ shall pay to districts which expended cash balances to finance the construction of new post-secondary vocational facilities and which the state board prior to May 15, 1975 agreed to repay for these expenditures the amount of the repayment specified in the agreement. Funds received in repayment shall revert to the fund of origin in the district.

Sec. 20. Minnesota Statutes 1982, section 124.565, subdivision 1, is amended to read:

124.565 [POST-SECONDARY VOCATIONAL EDUCATION TUITION.]

Subdivision 1. Any Minnesota resident may attend a post-secondary ~~vocational technical~~ *vocational technical* school; ~~provided that if the individual meets the entrance requirements for the training course in which enrollment is sought and the school has the room and the facility to receive him available space.~~

Sec. 21. Minnesota Statutes 1982, section 124.565, subdivision 6, is amended to read:

Subd 6. [LENGTH OF QUARTER.] For purposes of tuition charges, a quarter shall consist of 60 school days. The state board ~~for vocational education~~ shall ~~adopt rules providing for~~ *establish* proportionate tuition charges for quarters which are shorter or longer than 60 days, for part time and extended day enrollment, and for programs which begin or end during a quarter. The state board shall ~~adopt rules providing for~~ *establish* tuition charges based on approved program lengths for programs offered on an individualized basis.

Sec. 22. Minnesota Statutes 1982, section 124.565, subdivision 7, is amended to read:

Subd. 7. [VETERAN'S EXEMPTION.] A veteran who is a Minnesota resident ~~shall be whose entire education has not included completion of at least one tuition free post-secondary vocational technical school program is~~

exempt from the tuition required by subdivision 3 until the veteran has completed the lesser of (a) 440 post-secondary ~~vocational-technical~~ vocational technical school days, or the equivalent as determined by the state board for vocational education, or (b) one post-secondary ~~vocational-technical~~ vocational technical school program.

"Veteran" for the purpose of this subdivision means a person who served in the active military service in any branch of the armed forces of the United States after July 1, 1961 and before July 1, 1978, was a Minnesota resident at the time of induction into the armed forces and for the six months immediately preceding induction, and has been separated or discharged from active military service under conditions other than dishonorable.

Sec. 23. Minnesota Statutes 1982, section 124.572, as amended by Laws 1983, chapter 314, article 5, section 12, is amended to read:

124.572 [CURRENT FUNDING FOR ADULT VOCATIONAL EDUCATION.]

Subdivision 1. The state shall pay adult vocational aids for each year on a current funding basis.

Subd. 1a. [LIMITED APPLICABILITY.] The provisions of this section shall apply only for the 1983-1984 and 1984-1985 school years.

Subd. 2. [ADULT VOCATIONAL AID.] ~~Except for the 1982-1983 school year,~~ The state shall pay to any district or cooperative vocational center 75 percent of the salaries paid to essential, licensed personnel or personnel exempt from licensure pursuant to section 125.031 in that school year for services rendered in that district's or center's adult vocational education programs. Notwithstanding any law or any licensure requirements to the contrary, the portion of a community education director's salary attributable to services rendered for the district's or center's adult vocational education program shall qualify for aid according to this subdivision. In addition, the state shall pay 50 percent of the costs of necessary travel between instructional sites by adult vocational education teachers. ~~The commissioner state director~~ may withhold all or any portion of this aid for an adult vocational education program which receives moneys from any other source, and in no event shall a district or center receive a total amount of state aid for salaries and travel pursuant to this section which, when added to moneys from other sources, will provide the program an amount for salaries and travel which exceeds 100 percent of the amount of its expenditures for salaries and travel in the program.

Subd. 2a. [1982-1983 ADULT VOCATIONAL AID.] The aid for the 1982-1983 school year shall be paid according to subdivision 2, except that the state shall pay 69 percent of salaries and 46.25 percent of necessary travel.

Subd. 3. This aid shall be paid only for services rendered or for travel costs incurred in adult vocational education programs approved for funding by the ~~commissioner of education state director~~. ~~Rules Policy~~ shall be ~~adopted established~~ by the state board providing criteria to be applied by the ~~commissioner state director~~ in approving programs for funding pursuant to this section including: economic impact of the program, legislative mandate for the program, employment opportunities in the occupational area, and proven

contribution of the program. All programs shall be operated in accordance with *policies and rules* promulgated by the state board. These ~~rules~~ shall provide minimum student-staff ratios required for an adult vocational education program to qualify for this aid. ~~Rules relating to adult vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference.~~

Subd. 3a. In any fiscal year when moneys requested for programs approved for funding are more than the amount appropriated, the ~~commissioner of education~~ *state director* shall, to the extent possible, continue full funding for programs which are approved by July 1 for aid for even numbered years or by the preceding March 1 for aid for odd numbered years. The ~~commissioner~~ *state director* shall prorate any remaining moneys among programs which are approved for funding after these dates.

Subd. 4. Boards may charge tuition for participation in adult vocational education programs. Nothing in this section shall prohibit the charging of differential tuition rates for residents or nonresidents of a district. If adult vocational education is provided by another district or a cooperative center by contract pursuant to subdivision 5, the contract shall provide for this issue.

Subd. 5. Any board may contract with the board of a district containing a post-secondary vocational-technical school or the board of a cooperative center for the provision of adult vocational education services. The board providing these services may also act as fiscal agent for the other contracting district if so agreed. Information copies of all contracts shall be provided to the state ~~department~~ *director*.

Subd. 6. All adult vocational education aid shall be paid to the district or cooperative center providing the services. The district providing the services may bill the contracting district for any unpaid costs incurred in providing these services if so agreed in the contract.

Subd. 7. Each district providing adult vocational education shall establish and maintain separate, accurate and detailed revenue and expenditure accounts related to these adult vocational education programs. All adult vocational education aid received by the district from any source shall be utilized solely for the purposes of adult vocational education programs.

Subd. 8. [PAYMENT SCHEDULE THROUGH 1982.] Through the 1981-1982 school year, the state shall pay to each school district 30 percent of its estimated adult vocational education aid for the school year on or before the following dates: August 31, December 31 and March 31. The final aid distribution to the district shall be made on or before October 31 of the following school year. All adult vocational education aids shall be computed and distributed by the state aids, statistics, and research section of the state department of education.

Subd. 8a. [PAYMENT SCHEDULE.] ~~Beginning in the 1982-1983 school year,~~ The state shall pay to each school district its estimated adult vocational education aid in the following manner: 30 percent by August 31, 30 percent by December 31, and 25 percent by March 31. The final aid distribution shall be made by October 31 of the following school year. ~~All adult vocational education aids shall be computed and distributed by the state aids section of the department of education.~~

Subd. 9. Effective July 1, 1978, any individual enrolled in an adult farm management program for longer than six years shall be charged a tuition rate equal to the full cost of the program attributable to that individual.

Subd. 10. State money shall not be used to pay for more than 75 percent of the independent telephone communications training program and the Minnesota electric cooperative linepersons training program. The appropriate industry or association shall pay at least 25 percent of the cost of each program.

Sec. 24. Minnesota Statutes 1982, section 124.573, subdivision 3, is amended to read:

Subd. 3. This aid shall be paid only for services rendered or for the costs designated in subdivision 2 which are incurred in secondary vocational education programs approved by the state department of education and operated in accordance with rules promulgated by the state board of education. These rules shall provide minimum student-staff ratios required for a secondary vocational education program in a cooperative center to qualify for this aid; ~~but. The rules shall not require any minimum number of program offerings or administrative staff, any minimum period of coordination time or extended employment for secondary vocational education personnel, or the availability of vocational student activities or organizations for a secondary vocational education program to qualify for this aid. The requirement in these rules that program components be available for a minimum number of hours shall not be construed to prevent pupils from enrolling in secondary vocational education courses on an exploratory basis for less than a full school year. No rules promulgated by the state board pursuant to any statute shall require a district to offer secondary vocational education. The state board of education shall not require a school district to offer more than four credits or 560 hours of vocational education course offerings in any school year. Rules relating to secondary vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference. This aid shall be paid only for services rendered and for travel costs incurred by essential, licensed personnel who meet the work experience requirements for licensure pursuant to the rules of the state board for vocational of education.~~

Sec. 25. Minnesota Statutes 1982, section 136A.02, subdivision 6, is amended to read:

Subd. 6. There is hereby created a higher education advisory council, the membership of which shall include the president of the University of Minnesota, the chancellor of the state university board, the chancellor of the state board for community colleges, *the state director of vocational technical education*, the commissioner of education, the executive director of the Minnesota private college council, and a representative from the Minnesota association of private post-secondary schools. The advisory council shall (1) bring to the attention of the board any matters which the council deems as needing attention of the board, (2) make recommendations to the board as the council deems appropriate, (3) review and comment upon proposals and other matters before the board, and (4) provide any reasonable assistance to the board in its effort to fulfill responsibilities of the board. The board shall periodically inform the council of all matters under consideration by the board and shall refer all proposals to the council prior to transmitting such proposals as recommendations to the governor and the legislature. The board

shall provide time for a report from the advisory council at each meeting of the board.

The higher education advisory council shall report to the board quarterly and at such other times as the council may deem desirable. The council shall determine its meeting times, but the council shall also meet within 30 days following a request for a council meeting by the executive director of the board.

Sec. 26. Minnesota Statutes 1983 Supplement, section 136C.01, is amended to read:

136C.01 [ESTABLISHMENT.]

A state board of vocational technical education is established to govern post-secondary *and adult* vocational education. ~~It shall also govern adult vocational education administered by an area vocational technical institute.~~

Sec. 27. Minnesota Statutes 1983 Supplement, section 136C.02, subdivision 3 is amended to read:

Subd. 3. [POST-SECONDARY VOCATIONAL EDUCATION.] "Post-secondary vocational education" means post-secondary and adult vocational education ~~administered by an AVTEI.~~

Sec. 28. Minnesota Statutes 1983 Supplement, section 136C.04, is amended by adding a subdivision to read:

Subd. 4a. [CARRY OVER AUTHORITY.] The state board may carry over any unexpended balance from its appropriation from the first year of a biennium into the second year of the biennium. The state board may carry over an unexpended balance up to a maximum of two percent of its biennial appropriation into the following biennium. These moneys shall not be taken into account in determining state appropriations.

Sec. 29. Minnesota Statutes 1983 Supplement, section 136C.04, subdivision 7, is amended to read:

Subd. 7. [ATTENDANCE AND COMPLETION.] The state board shall prescribe conditions of admission, tuition, fees, and other related matters. The state board shall prescribe requirements for completion of programs and approve the awarding of appropriate certificates or associate degrees consistent with the provisions of section ~~121.218~~ 136C.042. Chapter 14 shall not apply to the matters in this subdivision.

Sec. 30. Minnesota Statutes 1983 Supplement, section 136C.04, subdivision 10, is amended to read:

Subd. 10. [ALLOCATION.] The state board shall allocate state and federal money for post-secondary vocational education. Money received from federal sources, other than as provided in *this chapter* ~~424~~, and money received from other sources, not including the state, shall not be taken into account in determining appropriations or allocations.

Sec. 31. [136C.041] [WITHHOLDING OF ALLOCATIONS.]

Subdivision 1. The state board may withhold allocations for post-secondary vocational education if the board finds a district to be in violation of any statute, rule, or state board policy.

Subd. 2. The state board shall notify the district of its finding. The notice shall specify the violation, describe the correction required, and set a reasonable time within which the district shall correct the violation. The state board also shall provide the district an opportunity for a hearing to respond and to dispute the finding. No allocations shall be withheld pending the final decision of the state board. If a violation is corrected in the allotted time or if the state board determines that a violation does not exist, no allocations shall be withheld.

Subd. 3. The decision of the state board under this section may be reviewed on certiorari by the district court of the county in which the district, or any part of it, is located.

Sec. 32. [136C.06] [SOLE STATE AGENCY.]

The state board of vocational technical education is the sole state agency to receive and disburse federal funds authorized by the Vocational Education Act of 1963, as amended in the education amendments of 1976, Public Law Number 94-482, and Code of Federal Regulations, title 34, part 400. The state board shall develop and submit the state plan for vocational technical education. The state board shall develop the state plan according to terms of agreement with the state board of education.

Sec. 33. [EFFECT OF TRANSFER.]

Subdivision 1. [BOARD TRANSFER.] The powers, duties, and functions of the state board of education for adult vocational education not administered by an AVTI are transferred to the board of vocational technical education on July 1, 1984. Rules of the state board of education relating to adult vocational education shall have no force and effect on July 1, 1984, and thereafter.

Subd. 2. [TRANSFER NOT TO AFFECT LEGAL ACTION.] The transfer of powers, duties, and functions shall not affect any action or proceeding, whether administrative, civil, or criminal, pending at the time of the transfer. The action shall be continued in the name of the state board of vocational technical education which, upon application to the appropriate court, shall be substituted as a party to the action or proceeding.

Subd. 3. [TRANSFER OF PROPERTY.] All books, maps, plans, papers, records, contracts, documents, and property of every description in the possession or control of the state board of education, relating to adult vocational education, shall be transferred to the state board of vocational technical education. The transfer shall be made in accordance with the directions of the state board of vocational technical education.

Subd. 4. [TRANSFER OF FUNDS.] The unencumbered and unexpended balance of all funds appropriated to the state board of education for adult vocational education shall be transferred to the state board of vocational technical education. All federal money for adult vocational education shall be transferred to the state board of vocational technical education. Notwithstanding any law to the contrary, for the 1984-1985 school year, the state board of vocational technical education shall expend for adult vocational education not administered by an AVTI only the funds available from the state board of education. Funds available to the state board of vocational technical education for post-secondary and adult vocational education ad-

ministered by an AVTI shall not be used for adult vocational education not administered by an AVTI.

Subd. 5. [CONSTRUCTION OF STATUTES, CONTRACTS, AND DOCUMENTS.] *Whenever the state board of education or its officer is referred to or designated in a statute, contract, or document, in the context of adult vocational education, the reference or designation shall be construed to mean the state board of vocational technical education or its officer.*

Sec. 34. [MERGED POST-SECONDARY AND ADULT BUDGETS.]

The state director of vocational technical education may prepare a merged budget for post-secondary and adult vocational education for the 1985-1986 school year and shall maintain records of revenues and expenditures and student enrollment in the current categories of post-secondary and adult vocational education for each institution. The state board shall prepare a comparison of the financial implications of funding adult vocational programs through the current statutory adult vocational formula and the average cost funding formula.

Sec. 35. [STUDENT PROGRAM COMPLETION.]

If an AVTI program is eliminated by state board action, the state board may provide for student subsistence to complete the same program in another AVTI during the 1984-1985 school year. The state board may provide the subsistence only if the cost of providing the program in the alternative AVTI is less than the cost of maintaining the program in the original AVTI.

Sec. 36. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall renumber each section of Minnesota Statutes specified in Column A with the number set forth in Column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

Column A	Column B
121.21	136C.07
121.212	136C.08
121.213	136C.17
121.214	136C.42
121.215	136C.43
121.2155	136C.44
121.216	136C.15
121.218	136C.042
124.52	136C.21
124.54	136C.211
124.55	136C.212
124.56	136C.213
124.5611	136C.25
124.5612	136C.26
124.5613	136C.27
124.5614	136C.28
124.5615	136C.29
124.5616	136C.31
124.5617	136C.32
124.5618	136C.33
124.5619	136C.34

124.5628	136C.35
124.5629	136C.36
124.564	136C.41
124.565	136C.13
124.57	136C.37
124.572	136C.38
124.58	136C.22
124.59	136C.221
124.60	136C.222
124.61	136C.223

Sec. 37. [REPEALER.]

Minnesota Statutes 1982, sections 121.217; 124.565, subdivisions 3 and 4; 124.572, subdivisions 2a and 8; 124.573, subdivisions 2a, 3b, and 5; 124.574, subdivisions 2, 2a, and 3a, are repealed. Minnesota Statutes 1983 Supplement, sections 124.11, subdivisions 2a and 2b; 124.5613, subdivision 1, are repealed.

Sec. 38. [APPROPRIATION.]

The sum of \$600,000 is appropriated from the general fund to the state board of vocational technical education for fiscal year 1985 to develop new programs and to update curriculum.

Sec. 39. [EFFECTIVE DATE.]

Section 28 is effective June 30, 1984.

ARTICLE 6

OTHER AIDS AND LEVIES

Section 1. Minnesota Statutes 1983 Supplement, section 124.214, subdivision 2, is amended to read:

Subd. 2. [ABATEMENTS.] Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the assessed valuation of any school district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the mill rate as determined by the county auditor based upon the original assessed valuation is applied upon the changed valuations, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the school district during the preceding year. In August of each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 275.48. *The abatement adjustment shall be recognized as revenue in the fiscal year in which it is received.* The amount of the abatement adjustment shall be the product of:

- (1) the net revenue loss as certified by the county auditor, times
- (2) the ratio of:

(a) the sum of the amounts of the district's certified levy in the preceding October according to the following:

- (i) section 275.125, subdivisions 2a, 7d, clause (1), and 7d, clause (2), if*

the district is entitled to basic foundation aid according to section 124.2122;

(ii) section 275.125, subdivisions 7d, clause (3), if the district is entitled to third tier aid according to section 124A.10, subdivision 3;

(iii) section 275.125, subdivision 7d, clause (4), and 7d, clause (5), if the district is eligible for fourth tier aid according to section 124A.12, subdivision 3;

(iv) section 275.125, subdivisions 2j and 2k, if the district is entitled to summer school aid according to section 124.201; and

(v) section 275.125, subdivisions 5 and 5c, if the district is entitled to transportation aid according to section 124.225, subdivision 8a;

(b) to the sum of the amounts total amount of the district's certified levy limitations in the preceding October pursuant to section 275.125, subdivisions 2a, 2i, 2j, 2k, 5, 5c, 6e, and 7a to the total amount of the district's maximum levy limitation in the preceding October pursuant to section 275.125, plus or minus auditor's adjustments. If the district is entitled to aid pursuant to section 124.2123, the levy limitation pursuant to section 275.125, subdivision 6b, shall be included in the computation of the ratio. If the district is entitled to aid pursuant to section 124.2128, the levy limitation pursuant to section 275.125, subdivision 6d, shall be included in the computation of the ratio. The abatement adjustment shall be recognized as revenue in the fiscal year in which it is received.

Sec. 2. Minnesota Statutes 1982, section 124.245, subdivision 1, is amended to read:

Subdivision 1. [BASIC COMPUTATION.] (a) ~~For the 1981-1982 school year and Each year thereafter, except for the 1982-1983 school year, the state shall pay a school district the difference by which an amount equal to \$90 per pupil unit in that school year or, in districts where the actual number of actual pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), has increased from the prior year, \$95 per pupil unit in that school year, exceeds the amount raised by seven mills times the adjusted assessed valuation of the taxable property in the district for the preceding year. To qualify for aid pursuant to this subdivision in any school year, a district must have levied the full seven EARC mills for use for capital expenditures in that year pursuant to section 275.125, subdivision 11a.~~

~~For the 1982-1983 school year the state shall pay a school district the difference by which an amount equal to \$89 per pupil unit in that school year or, 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, \$94 per pupil unit in that school year, exceeds the amount raised by seven mills times the adjusted assessed valuation of the taxable property in the district for the preceding year. To qualify for aid pursuant to this subdivision in any school year, a district must have levied the full seven EARC mills for use for capital expenditures in that year pursuant to section 275.125, subdivision 11a.~~

(b) ~~In the 1982-1983 school year and each year thereafter, The aid under clause (a) for any district which operates an approved secondary vocational education program or an approved senior secondary industrial arts program shall be computed using a dollar amount per pupil unit which is \$5 higher~~

than the amount specified in clause (a).

(c) If the sum of a district's capital expenditure levy under section 275.125, subdivision 11a, attributable to any school year ~~starting in 1982-1983~~ and its capital expenditure equalization aid, if any, under this subdivision for that school year exceeds ~~\$89 \$90~~ per pupil unit or, in districts where the actual number of actual pupil units identified in section 124.17, subdivision 4, ~~clauses (1) and (2)~~, has increased from the prior year, ~~\$94 \$95~~ per pupil unit, the amount of the excess may be expended only for the purpose of capital expenditures for equipment for secondary vocational education programs or senior secondary industrial arts programs.

Sec. 3. [126.60] [PROGRAMS OF EXCELLENCE.]

Subdivision 1. [DESIGNATION.] The commissioner of education shall designate secondary academic programs as programs of excellence by April 1 each year according to criteria established by the commissioner. The criteria may include: teacher qualifications; curriculum offerings; student ability averages; management; expectations; academic standards; order and discipline; clearly defined academic goals; administrative leadership; community support; organization for learning; frequency, monitoring, and reporting of homework; regularity and frequency of monitoring of pupil progress; coordination, articulation, and comprehensiveness of curriculum; variety of teaching strategies; opportunities for pupils responsibility; commitment to accept at least five pupils; and ability to provide host families. A designation as a program of excellence shall be for two school years and may be renewed upon reapplication.

Subd. 2. [APPLICATION.] A district may apply to the commissioner for designation of one or more of its secondary academic programs as a program of excellence. The application shall include information required by the commissioner. The commissioner shall distribute criteria and applications for all districts.

Subd. 3. [COMMITTEE.] The commissioner shall establish a programs of excellence committee. The committee shall advise the commissioner about criteria for the programs and may review district applications.

Subd. 4. [INCENTIVE GRANTS.] A district with a program designated as a program of excellence shall receive an incentive grant for the program for each year of the designation.

Sec. 4. [126.62] [PUPILS FOR PROGRAMS OF EXCELLENCE.]

Subdivision 1. [PUPIL SELECTION.] The commissioner of education shall select pupils to attend programs of excellence according to criteria established by the commissioner. The criteria may include, but not be limited to, an evaluation of the pupil's academic ability, the pupil's future career plans, and lack of academic opportunity in the pupil's current school.

Subd. 2. [APPLICATION.] The commissioner shall distribute to all districts the criteria and application forms containing the date applications are due. Each district shall distribute the criteria and applications to all pupils in the district in grades 7 to 11 and their parents. Any pupil may request additional information about the program, school, and the district. A pupil shall be notified of selection by June 1 each year. Additional pupils may be se-

lected after June 1 if space is available.

Subd. 3. [PROGRAM LIMITS.] No more than 100 pupils who have completed at least the eighth grade or equivalent may be selected to participate in the program. No more than ten pupils selected may attend a particular program of excellence at any one time.

Subd. 4. [ATTENDANCE.] A pupil selected shall attend the school with the program of excellence full time. A pupil may continue to attend the program through completion of all programs offered by the school if the pupil maintains satisfactory progress. At least twice a year the principal of a school with a program of excellence shall certify to the commissioner whether or not the pupil is making satisfactory progress. A pupil not making satisfactory progress, as certified by the principal, shall be dropped from the program as of the date of the certification.

Subd. 5. [COMMITTEE.] The programs of excellence committee, established in section 3, subdivision 3, shall advise the commissioner about criteria and application forms for pupil selection.

Subd. 6. [TRANSPORTATION.] The commissioner may reimburse transportation costs when a pupil demonstrates need.

Subd. 7. [HOST FAMILIES.] A school with a program of excellence shall screen and arrange for volunteer host families for nonresident pupils selected to attend the school.

Sec. 5. [126.64] [FOUNDATION REVENUE FOR PUPILS.]

Subdivision 1. [DISTRICT OF RESIDENCE.] All foundation revenue which a pupil selected to attend a school of excellence would have earned for the resident district had the pupil continued to attend that district shall continue to be earned by the resident district. If a pupil selected to attend a program of excellence has not been enrolled in a public school in the resident district for at least one school year immediately preceding enrollment in a program of excellence, the resident district shall not earn foundation revenue for that pupil.

Subd. 2. [DISTRICT OF ATTENDANCE.] The district receiving a pupil selected to participate in the program of excellence program shall count the pupil as a resident pupil unit as defined in section 124.17 for purpose of determining aids and levies.

Sec. 6. Minnesota Statutes 1982, section 275.125, is amended by adding a subdivision to read:

Subd. 6e. [DESEGREGATION LEVY.] Each year any district which is implementing a plan for desegregation mandated by the state board of education or under court order may levy an amount not to exceed one mill times the adjusted assessed valuation of the district. Notwithstanding section 121.904, the entire amount of this levy shall be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155. A district which levies pursuant to this subdivision may not place the proceeds of the 1983 payable 1984 levy authorized by section 275.125, subdivision 9a, in the general fund.

Sec. 7. Minnesota Statutes 1983 Supplement, section 275.125, subdivision

8a, is amended to read:

Subd. 8a. [INTERDISTRICT COOPERATION LEVY.] Each year, a district which is eligible for aid pursuant to section 124.272, subdivision 2, may levy the amount of the estimated instructional costs of the interdistrict cooperation plan for the year to which the levy is attributable, but ~~not more than the levy shall not exceed the lesser of: (1) \$50 times the actual pupil units for that school year. No levy under this subdivision shall exceed;~~ (2) \$50,000; or (3) one mill times the adjusted assessed valuation of the district for the preceding year. The proceeds of the levy may only be used to pay for instructional costs incurred in providing the program offerings resulting from the cooperation plan.

Sec. 8. Minnesota Statutes 1983 Supplement, section 275.125, subdivision 9b, is amended to read:

Subd. 9b. [OPERATING DEBT LEVY.] (1) ~~In 1983 and~~ Each year thereafter, a district may make an additional levy to eliminate a deficit in the net unappropriated operating funds of the district, determined as of June 30, 1983, and certified and adjusted by the commissioner. This levy may in each year be an amount not to exceed the amount raised by a levy of 1.5 mills times the adjusted assessed valuation of the district for the preceding year as determined by the equalization aid review committee. However, the total amount of this levy for all years it is made shall not exceed the lesser of (a) the amount of the deficit in the net unappropriated operating funds of the district as of June 30, 1983, or (b) the amount of the aid reduction, according to Laws 1981, Third Special Session chapter 2, article 2, section 2, *but excluding clauses (l), (m), (n), (o), and (p)*, and Laws 1982, Third Special Session chapter 1, article 3, ~~sections section 6 and 7~~, to the district in fiscal year 1983. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.

(2) The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(3) Any district which levies pursuant to this subdivision shall certify the maximum levy allowable under section ~~271.125~~ 275.125, subdivision 2a or 2e in that same year.

Sec. 9. 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 total pupil unit, or \$95 per total pupil unit in districts where the ~~actual~~ number of actual 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~~ levy 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 purchase textbooks, to pay leasing fees for purchase and lease computer systems hardware and related proprietary, software, and~~

related supporting materials, and to pay leasing fees for purchase or lease 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 116J.37.

(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 levy 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 total pupil unit for capital expenditures for equipment for these programs.

(g) For purposes of computing allowable levies under this subdivision and subdivisions 11b and 11e, 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. 10. 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 total 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 116J.37.

Sec. 11. Minnesota Statutes 1983 Supplement, section 275.125, subdivision 11c, is amended to read:

Subd. 11c. [HAZARDOUS SUBSTANCE CAPITAL EXPENDITURE LEVY.] ~~In 1983 and each year thereafter,~~ In addition to the levy authorized in subdivisions 11a and 11b, ~~each year~~ a school district may levy an amount not to exceed the amount equal to \$25 per total pupil unit. No levy under this subdivision 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 expenditures necessary for the removal or encapsulation of asbestos, ~~asbestos related repairs,~~ or the cleanup and disposal of polychlorinated biphenyls found in school buildings or property.

Sec. 12. Minnesota Statutes 1983 Supplement, section 466.06, is amended to read:

466.06 [LIABILITY INSURANCE.]

The governing body of any municipality may procure insurance against liability of the municipality and its officers, employees, and agents for damages resulting from its torts and those of its officers, employees, and agents, including torts specified in section 466.03 for which the municipality is immune from liability. The insurance may provide protection in excess of the limit of liability imposed by section 466.04. If the municipality has the authority to levy taxes, the premium costs for such insurance may be levied in excess of any per capita or millage tax limitation imposed by statute or charter. *However, a school district may not levy pursuant to this section for premium costs for motor vehicle insurance protecting against injuries or damages arising out of the operation of district owned, operated, leased, or controlled vehicles for the transportation of pupils for purposes for which state aid is authorized under section 124.223, or for purposes for which the district is authorized to levy under section 275.125, subdivision 5d.* Any

independent board or commission in the municipality having authority to disburse funds for a particular municipal function without approval of the governing body may similarly procure liability insurance with respect to the field of its operation. The procurement of such insurance constitutes a waiver of the defense of governmental immunity to the extent of the liability stated in the policy but has no effect on the liability of the municipality beyond the coverage so provided.

Sec. 13. Laws 1983, chapter 314, article 6, section 34, subdivision 12, is amended to read:

Subd. 12. [INDIAN EDUCATION.] (a) For certain Indian education programs there is appropriated:

\$156,000.....1984,

\$138,000.....1985.

The appropriations are based on aid entitlements of \$156,000 for fiscal year 1984 and \$163,000 for fiscal year 1985.

These appropriations are available for expenditure with the approval of the commissioner of education.

The commissioner shall not approve the payment of any amount to a school district pursuant to this subdivision unless that school district is in compliance with all applicable laws of this state.

Up to the following amounts may be distributed to the following school districts for fiscal year 1984: ~~\$49,600~~ \$48,972 to Independent School District No. 309-Pine Point School; ~~\$8,750~~ \$8,639 to Independent School District No. 166; ~~\$13,500~~ \$13,329 to Independent School District No. 432; ~~\$12,700~~ \$12,539 to Independent School District No. 435; ~~\$38,100~~ \$37,618 to Independent School District No. 707; and ~~\$35,350~~ \$34,903 to Independent School District No. 38. These amounts shall be expended only for the benefit of Indian students and for the purpose of meeting established state educational standards or statewide requirements.

Up to the following amounts may be distributed to the following school districts for fiscal year 1985: ~~\$52,100~~ \$50,955 to Independent School District No. 309-Pine Point School; ~~\$9,200~~ \$8,998 to Independent School District No. 166; ~~\$14,200~~ \$13,888 to Independent School District No. 432; ~~\$13,350~~ \$13,056 to Independent School District No. 435; ~~\$40,050~~ \$39,170 to Independent School District No. 707; and ~~\$37,100~~ \$36,285 to Independent School District No. 38. These amounts shall be expended only for the benefit of Indian students and for the purpose of meeting established state educational standards or statewide requirements. *These allocations are based on 100 percent of the entitlement for fiscal year 1985, 85 percent of which is appropriated for payment in fiscal year 1985.*

These appropriations are available only if there will not be available for the districts enumerated in this subdivision for the applicable school year any operation support funds from the federal bureau of Indian affairs pursuant to the Johnson-O'Malley Act, Public Law 73-167 or 25 Code of Federal Regulations 273.31, or equivalent money from the same or another source.

(b) Before a district can receive moneys pursuant to this subdivision, the

district must submit to the commissioner of education evidence that it has:

(i) Complied with the Uniform Financial Accounting and Reporting Standards Act, sections 121.90 to 121.917. For each school year, compliance with section 121.908, subdivision 3a, shall require the school district to prepare one budget including the amount available to the district pursuant to this subdivision and one budget which does not include these moneys. The budget of that school district for the 1985-86 school year prepared according to section 121.908, subdivision 3a, shall be submitted to the commissioner of education at the same time as 1984-1985 budgets and shall not include any moneys appropriated in this subdivision;

(ii) Conducted a special education needs assessment and prepared a proposed service delivery plan according to Minnesota Statutes, sections 120.03 and 120.17; Public Law 94-142, an act of the 94th Congress of the United States cited as the "Education for All Handicapped Children Act of 1975"; and applicable state board of education rules; and

(iii) Compiled accurate daily pupil attendance records.

(c) Prior to approving payment of any amount to a school district pursuant to this subdivision, the commissioner shall review and evaluate each affected district's compliance with clause (b) and any other applicable laws, and each affected district's need for the moneys. Each affected district's net unappropriated fund balance in all operating funds as of June 30 of the previous school year shall be taken into consideration.

Sec. 14. [STATUTORY OPERATING DEBT LEVY INTO GENERAL FUND.]

Notwithstanding Minnesota Statutes 1982, section 275.125, subdivision 9a, and any other law to the contrary, a school district located in a city of the first class, which does not levy pursuant to Minnesota Statutes, section 275.125, subdivision 6e, may place the proceeds of the 1983 payable 1984 levy authorized by Minnesota Statutes 1982, section 275.125, subdivision 9a, in the general fund. This authority shall not be construed to modify a district's obligation to eliminate its statutory operating debt.

Sec. 15. [OPERATING DEBT LEVY FOR BUHL AND MOUNTAIN IRON CONSOLIDATION.]

Subdivision 1. [AUTHORIZATION.] In 1985 and each year thereafter, the newly created district formed by the consolidation of Independent School District No. 694, Buhl, and Independent School District No. 703, Mountain Iron, may make an additional levy to eliminate a deficit in the net unappropriated operating funds of the newly created district, determined as of June 30, 1985, and certified and adjusted by the commissioner. This levy each year may be an amount not to exceed 1.5 mills times the adjusted assessed valuation of the newly created district for the preceding year as determined by the equalization aid review committee. When the cumulative amount of the levies made pursuant to this subdivision equals the total amount of the certified deficit of the newly created district, the levy shall be discontinued.

Subd. 2. [USE OF PROCEEDS.] The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures

or budgets.

Subd. 3. [CONDITION OF LEVY AUTHORITY.] In any year in which the newly created district levies pursuant to this subdivision, it shall certify the maximum levy allowable under section 275.125, subdivision 2a, in that same year.

Subd. 4. [EFFECTIVE DATE AND NO LOCAL APPROVAL.] Pursuant to Minnesota Statutes, section 645.023, subdivision 1, clause (a), this section is effective without local approval the day following final enactment.

Sec. 16. [HERMANTOWN; SPECIAL ASSESSMENT LEVY.]

In 1984, Independent School District No. 700, Hermantown, may certify a levy in an amount not to exceed \$50,000 for a special sewer and water assessment.

Sec. 17. [REPEALER.]

Subdivision 1. Minnesota Statutes 1982, sections 124.245, subdivision 1a; 124.246, subdivision 2a; 124.26, subdivision 1a; 124.273, subdivisions 1a and 2a, are repealed.

Sec. 18. [APPROPRIATION FOR DEFICIENCIES.]

Subdivision 1. [ABATEMENT AID.] For abatement aid pursuant to section 124.214, subdivision 2, there is appropriated from the general fund to the department of education for the fiscal year ending June 30, 1984, the sum of \$1,031,000 and for the fiscal year ending June 30, 1985, the sum of \$1,000,000. These appropriations shall be added to the sums appropriated for fiscal years 1984 and 1985 for this purpose in Laws 1983, chapter 314, article 6, section 34, subdivision 3.

Subd. 2. [INTERDISTRICT COOPERATION AID.] For interdistrict cooperation aid pursuant to section 124.272, there is appropriated from the general fund to the department of education for the fiscal year ending June 30, 1985, the sum of \$255,000. This appropriation shall be added to the sum appropriated for fiscal year 1985 in Laws 1983, chapter 314, article 6, section 34, subdivision 9.

Subd. 3. [RESIDENTIAL FACILITIES AID.] For residential facilities aid pursuant to section 124.32, subdivision 5, there is appropriated from the general fund to the department of education, the sum of \$526,100 for the fiscal year ending June 30, 1984 and the sum of \$526,100 for the fiscal year ending June 30, 1985. These appropriations shall be added to the sums appropriated for fiscal years 1984 and 1985 in Laws 1983, chapter 314, article 3, section 19, subdivision 5.

Sec. 19. [APPROPRIATION.]

Subdivision 1. [NETT LAKE.] The sum of \$20,000 is appropriated from the general fund to the department of education to pay the obligation of Independent School District No. 707, Nett Lake, for unemployment compensation. The sum shall be available until June 30, 1985.

Subd. 2. [PROGRAMS OF EXCELLENCE.] For planning and development of programs of excellence pursuant to sections 3 to 5, there is appropriated from the general fund to the department of education for fiscal year 1985, the sum of \$15,000.

Sec. 20. [EFFECTIVE DATES.]

Subdivision 1. Sections 3 to 5 are effective July 1, 1984, for programs of excellence to be implemented beginning in the 1985-1986 school year.

Subd. 2. Sections 13 and 18 are effective the day following final enactment.

Subd. 3. Section 9 is effective for expenditures of levy proceeds beginning in the 1984-1985 school year.

ARTICLE 7

MISCELLANEOUS

Section 1. Minnesota Statutes 1983 Supplement, section 121.15, subdivision 1, is amended to read:

Subdivision 1. [CONSULTATION.] A school district shall consult with the department of education before developing any plans and specifications to construct, remodel, or improve the building or site of an educational facility, *other than an area vocational technical institute*. This consultation shall occur before a referendum for bonds, solicitation for bids, or use of capital funds according to section 275.125, subdivision 11a, clause (c), is initiated.

Sec. 2. Minnesota Statutes 1983 Supplement, section 121.503, subdivision 5, is amended to read:

Subd. 5. [REPORT.] The council on quality education shall submit a report to the *education committees of the legislature* by February 1 each year. This report shall include the number and description of programs approved, implementation status of programs approved, waivers granted, and evaluation of programs approved.

Sec. 3. Minnesota Statutes 1982, section 121.908, is amended by adding a subdivision to read:

Subd. 6. A school district providing early retirement incentive payments under section 125.611, severance pay under section 465.72, or health insurance benefits to retired employees under section 471.61, must account for the payments according to uniform financial accounting and reporting standards adopted for Minnesota school districts pursuant to section 121.902.

Sec. 4. Minnesota Statutes 1982, section 121.912, is amended by adding a subdivision to read:

Subd. 4. [ACCOUNT TRANSFER FOR STATUTORY OPERATING DEBT.] On June 30 of each year, a district may make a permanent transfer from the general fund account entitled "unappropriated fund balance since statutory operating debt" to the account entitled "appropriated fund balance reserve account for purposes of reducing statutory operating debt." The amount of the transfer is limited to the lesser of (a) the net unappropriated operating fund balance, or (b) the sum of the remaining statutory operating debt levies authorized for all future years according to section 275.125, subdivision 9a. If the net unappropriated operating fund balance is less than zero, the district may not make a transfer.

Sec. 5. Minnesota Statutes 1982, section 121.935, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] Every regional management information center shall:

(a) Assist its affiliated districts in complying with the reporting requirements of the annual data acquisition calendar and the rules of the state board of education;

(b) Respond within 15 calendar days to requests from the department for *district information provided to the region for state reporting of information*, based on the data elements in the data element dictionary;

(c) Operate financial management information systems consistent with the uniform financial accounting and reporting standards for Minnesota school districts adopted by the state board pursuant to sections 121.90 to 121.917;

(d) Make available to districts the opportunity to participate fully in all the subsystems of ESV-IS;

(e) Before July 1, 1981, develop a plan for the provision of services during a system failure or a disaster;

(f) Comply with the requirement in section 121.908, subdivision 2, on behalf of districts affiliated with it; and

(g) Operate fixed assets property management information systems consistent with the uniform property accounting and reporting standards for Minnesota area vocational-technical institutes adopted by the state board pursuant to section 121.902, subdivision 1a.

Sec. 6. Minnesota Statutes 1982, section 121.935, subdivision 6, is amended to read:

Subd. 6. [FEES.] Regional management information centers may charge fees to affiliated districts. ~~A district which submits financial transactions to the center in summary form pursuant to section 121.936, subdivision 1, or which uses an approved alternative management information system pursuant to section 121.936, subdivisions 2 to 4, may apply to the commissioner to set the fee if the district and the center cannot agree on a fee. The commissioner shall issue an order setting the fee, which shall be binding on both the center and the district for the cost of services provided to the district and the district's proportionate share of outstanding regional debt. In no event shall the annual fee of a district participating in a state pilot program of an alternative financial management information system exceed the annual fee chargeable to the district in the absence of the pilot program.~~

Sec. 7. Minnesota Statutes 1982, section 121.936, subdivision 1, is amended to read:

Subdivision 1. [MANDATORY PARTICIPATION.] (a) By July 1, 1980, every district shall perform financial accounting and reporting operations on a financial management accounting and reporting system utilizing multi-dimensional accounts and records defined in accordance with the uniform financial accounting and reporting standards adopted by the state board pursuant to sections 121.90 to 121.92.

(b) By July 1, 1980, every school district shall be affiliated with one and only one regional management information center. This affiliation shall include at least the following components:

(1) The center shall provide reports to the department of education for the

district to the extent required by the data acquisition calendar;

(2) The district shall use the ESV-IS finance subsystem through the center to process every detailed financial transaction of the district.

Notwithstanding the foregoing, a district with 3,000 or fewer pupils in average daily membership as defined in section 124.17, subdivision 2, may submit its financial transactions to the center for processing in summary form if before July 1, 1980, the planned form of the district's submission of its transactions and the conformance of the district's financial accounting and reporting system to the uniform financial accounting and reporting standards adopted by the state board pursuant to sections 121.90 to 121.92 are approved by the following team: the director of school financial management in the department of education, and the director of management information services and the coordinator for the ESV-IS finance subsystem for the Minnesota educational computing consortium may process and submit its financial data to a region or the state in summary form if it operates an approved alternative system or participates in a state approved pilot test of an alternative system.

(c) The provisions of this subdivision shall not be construed to prohibit a district from purchasing services other than those described in clause (b) from a center other than the center with which it is affiliated pursuant to clause (b).

Districts operating an approved alternative system or participating in a state approved pilot test of an alternative financial system shall purchase finance system services from any region if the region of affiliation does not offer alternative system support services.

Sec. 8. [123.3513] [ADVANCED ACADEMIC CREDIT.]

A school district shall grant academic credit to a pupil attending an accelerated or advanced academic course offered by a higher education institution or a nonprofit public agency other than the district, if the pupil successfully completes the course attended and passes an examination approved by the district. If no comparable course is offered by the district, the state board of education shall determine the number of credits which shall be granted to a pupil who successfully completes and passes the course. If a comparable course is offered by the district, the school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the school board's decision to the state board of education. The state board's decision regarding the number of credits shall be final.

The credits granted to a pupil shall be counted toward the graduation requirements and subject area requirements of the school district. Evidence of successful completion of each class and credits granted shall be included in the pupil's secondary school record.

Sec. 9. Minnesota Statutes 1982, section 123.36, subdivision 10, is amended to read:

Subd. 10. (a) The board may lease a schoolhouse ~~which~~ that is not needed for school purposes to any person or organization. The board may charge and collect reasonable consideration for the lease and may determine the terms and conditions of the lease.

(b) In districts with outstanding bonds, the net proceeds of the lease shall be first deposited in the debt retirement fund of the district in an amount sufficient to meet when due *that percentage of the principal and interest payments for all outstanding bonds that is ascribable to the payment of expenses necessary and incidental to the construction or purchase of the particular building or property that is leased.* Any remaining net proceeds in these districts may be deposited in either the debt redemption fund or capital expenditure fund. ~~and~~ All net proceeds of the lease in districts without outstanding bonds shall be deposited in the capital expenditure fund of the district.

(c) The board may make capital improvements to a schoolhouse or a portion thereof, not exceeding in cost the replacement value of the schoolhouse, to facilitate its rental, and the lease of an improved schoolhouse shall provide for rentals which will recover the cost of the improvements over the initial term of the lease. Notwithstanding clause (b), the portion of the rentals representing the cost of the improvements shall be deposited in the capital expenditure fund of the district and the balance of the rentals shall be used as provided in clause (b).

Sec. 10. Minnesota Statutes 1983 Supplement, section 123.36, subdivision 13, is amended to read:

Subd. 13. [PROCEEDS OF SALE OR EXCHANGE.] Proceeds of the sale or exchange of school buildings or real property of the school district shall be used as provided in this subdivision.

(1) In districts with outstanding bonds, the proceeds of the sale or exchange shall first be deposited in the debt retirement fund of the district in an amount sufficient to meet when due that percentage of the principal and interest payments for outstanding bonds which is ascribable to the payment of expenses necessary and incidental to the construction or purchase of the particular building or property which is sold.

(2) After satisfying the requirements of clause (1), a district with outstanding bonds may deposit proceeds of the sale or exchange in its capital expenditure fund if the amount deposited is used for the following:

(a) for energy audits on district owned buildings conducted pursuant to chapter 116H, 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, if the method for asbestos removal or encapsulation is approved by the department of education;

(e) for expenditures for the cleanup of polychlorinated biphenyls, if the method for cleanup is approved by the department of education;

(f) for capital expenditures ~~to renovate and improve for the betterment,~~ as

defined in section 475.51, subdivision 8, of district-owned school buildings in which enrollment has increased as a result of closing schools in the district, other than as provided in clauses (b), (c), and (d); or

(g) to replace the building or property sold.

The amount of the proceeds used for the purposes specified in clauses (a), (b), (c), (d), and (e) shall be deducted from the levy limitation computed for the levy authorized in section 275.125, ~~subdivision~~ subdivisions 11b and 11c, as applicable, in the first year after the deposit and from levy limitations computed for this levy in succeeding years until the entire amount is deducted.

(3) In a district with outstanding bonds, the amount of the proceeds of the sale or exchange remaining after the application of clauses (1) and (2), which is sufficient to meet when due that percentage of the principal and interest payments for the district's outstanding bonds which is not governed by clause (1), shall be deposited in the debt retirement fund.

(4) Any proceeds of the sale or exchange remaining in districts with outstanding bonds after the application of clauses (1), (2), and (3), and all proceeds of the sale or exchange in districts without outstanding bonds shall be deposited in the capital expenditure fund of the district.

(5) Notwithstanding clauses (2) and (3), a district with outstanding bonds may deposit in its capital expenditure fund and use for any lawful capital expenditure without the reduction of any levy limitation the same percentage of the proceeds of the sale or exchange of a building or property as the percentage of the initial cost of purchasing or constructing the building or property which was paid using revenue from the capital expenditure fund.

(6) Every district which sells or exchanges a building or property shall report to the commissioner in the form and at the time he prescribes on the disposition of the proceeds of the sale or exchange.

Sec. 11. [124.2139] [REDUCTION OF HOMESTEAD CREDIT PAYMENTS TO SCHOOL DISTRICTS.]

Beginning with homestead credit payments made to school districts pursuant to section 273.13, subdivisions 6, 7, and 14a, in fiscal year 1985 for taxes payable in 1984, and each year thereafter, the commissioner of revenue shall reduce these payments to any school district by the product of:

(1) the district's fiscal year 1984 payroll for coordinated plan members of the public employees retirement association, times

(2) the difference between the employer contribution rate in effect prior to July 1, 1984, and the total employer contribution rate in effect after June 30, 1984.

Sec. 12. Minnesota Statutes 1982, section 124.214, subdivision 1, is amended to read:

Subdivision 1. [OMISSIONS.] No adjustments to any aid payments made pursuant to this chapter, resulting from omissions in school district reports, except those adjustments determined by the legislative auditor, shall be made for any school year after December 15 30 of the next school year, unless otherwise specifically provided by law.

Sec. 13. Minnesota Statutes 1982, section 125.12, subdivision 3, is amended to read:

Subd. 3. [PROBATIONARY PERIOD.] The first and second three consecutive years of a teacher's first teaching experience in Minnesota in a single school district shall be deemed to be a probationary period of employment, and after completion thereof, the probationary period in each school district in which ~~he~~ *the teacher* is thereafter employed shall be one year. ~~A teacher who has complied with the then applicable probationary requirements in a school district prior to July 1, 1967, shall not be required to serve a new probationary period in the said district subsequent thereto.~~ *The school board shall adopt a plan for written evaluation of teachers during the probationary period. Evaluation shall occur not less than three times each year.* During the probationary period any annual contract with any teacher may or may not be renewed as the school board shall see fit; provided, however, that the school board shall give any such teacher whose contract it declines to renew for the following school year written notice to that effect before June 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the school board shall give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and the extent of such supervision furnished the teacher during ~~his~~ *the* employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 123.35, subdivision 5.

Sec. 14. Minnesota Statutes 1982, section 125.17, subdivision 2, is amended to read:

Subd. 2. [PROBATIONARY PERIOD; DISCHARGE OR DEMOTION.] All teachers in the public schools in cities of the first class during the first three years of consecutive employment shall be deemed to be in a probationary period of employment during which period any annual contract with any teacher may, or may not, be renewed as the school board shall see fit. *The school board shall adopt a plan for a written evaluation of teachers during the probationary period. Evaluation shall occur not less than three times each year.* The school board may, during such probationary period, discharge or demote a teacher for any of the causes as specified in this code. A written statement of the cause of such discharge or demotion shall be given to the teacher by the school board at least 30 days before such removal or demotion shall become effective, and the teacher so notified shall have no right of appeal therefrom.

Sec. 15. Minnesota Statutes 1982, section 125.611, is amended by adding a subdivision to read:

Subd. 13. [APPLICATIONS AFTER JUNE 30, 1984.] *The state shall not reimburse the district for any portion of an early retirement incentive for any applications submitted after June 30, 1984. Beginning on July 1, 1984, a teacher meeting the requirements of subdivision 1 may apply to the school board of the employing district for a contract for termination of services, withdrawal from active teaching service, and payment of an early retirement incentive. This application shall be submitted on or before February 1 of the school year at the end of which the teacher wishes to retire. A school board*

shall approve or deny the application within 30 days after it is received by the board. The amount of the early retirement incentive shall be agreed upon between the teacher and the school board. The early retirement incentive shall be paid by the employing district at the time and in the manner mutually agreed upon by a teacher and the board.

Sec. 16. Minnesota Statutes 1982, section 125.185, subdivision 4, is amended to read:

Subd. 4. The board shall develop and create rules for the licensure of public school teachers and interns, and from time to time ~~the board of teaching~~ it shall revise or supplement the rules for licensure of public school teachers subject to the provisions of chapter 14. It shall be the duty of the board of ~~teaching~~ to establish rules for the approval of teacher education programs; provided these rules shall encourage teacher educators to obtain periodic classroom teaching experience. The board of ~~teaching~~ shall also grant licenses to interns and to candidates for original licenses and receive recommendations from local committees as established by the board of ~~teaching~~ for the renewal of teaching licenses, grant life licenses to those who qualify according to requirements established by the board of ~~teaching~~, and suspend or revoke licenses pursuant to sections 125.09 and 214.10. *Notwithstanding any law or rule to the contrary, the board shall not establish any expiration date for application for life licenses.* With regard to vocational education teachers the board of teaching shall adopt and maintain as its rules the rules of the state board ~~for vocational~~ of education and the state board of vocational technical education.

Sec. 17. Minnesota Statutes 1983 Supplement, section 129B.02, subdivision 4, is amended to read:

Subd. 4. [REPORT TO LEGISLATURE.] The council shall report to the *education committees of the legislature* by November 15 of each even-numbered year concerning all research and all proposals received, the dispositions of them by the council and the state board of education, the evaluations of the programs that were funded, and of receipts and expenditures resulting from sales of materials developed through venture fund grants.

Sec. 18. Minnesota Statutes 1983 Supplement, section 129B.041, subdivision 1, is amended to read:

Subdivision 1. [COPYRIGHT.] Products of projects and programs funded pursuant to sections 129B.01 to 129B.05, including curriculum and instructional materials, computer and telecommunications software, and associated manuals and reports, may be copyrighted by the council in the name of the state and may be sold. However, the state shall sell the products to all school districts and public agencies in the state at prices that do not exceed the cost of reproduction and distribution. *Products sold shall be clearly labeled as products developed pursuant to a grant or loan from the council on quality education.*

Sec. 19. Minnesota Statutes 1983 Supplement, section 129B.041, subdivision 3, is amended to read:

Subd. 3. [REVOLVING FUND.] The education ~~products~~ *product and loan repayment* revolving account is established in the state treasury. ~~Except as provided in the agreement between the council and the Minnesota educational~~

~~computing consortium pursuant to subdivision 2, Repayment of loans, made according to section 129B.04, subdivision 2, and sale proceeds up to the cost of reproduction and distribution from the sale of products under this section shall be deposited in this account. All funds in this account are annually appropriated to the department of education and shall be used to reproduce and distribute products of projects and programs funded pursuant to sections 129B.01 to 129B.05.~~

Sec. 20. Minnesota Statutes 1982, section 275.125, subdivision 9a, is amended to read:

Subd. 9a. [STATUTORY OPERATING DEBT LEVY.] (1) In 1978 and each year thereafter in which so required by this subdivision, a district shall make an additional levy to eliminate its statutory operating debt, determined as of June 30, 1977 and certified and adjusted by the commissioner. This levy shall not be made in more than 20 successive years and each year before it is made, it must be approved by the commissioner and the approval shall specify its amount. This levy shall in each year be an amount which is equal to the amount raised by a levy of 1.5 mills times the adjusted assessed valuation of the district for the preceding year ~~as determined by the equalization aid review committee~~; provided that in the last year in which the district is required to make this levy, it shall levy an amount not to exceed the amount raised by a levy of 1.5 mills times the adjusted assessed valuation of the district for the preceding year ~~as determined by the equalization aid review committee~~. When the ~~sum of the cumulative levies made pursuant to this subdivision equal and transfers made according to section 121.912, subdivision 4 equals~~ an amount equal to the statutory operating debt of the district, the levy shall be discontinued.

(2) The district shall establish a special account in the general fund which shall be designated "appropriated fund balance reserve account for purposes of reducing statutory operating debt" on its books and records. This account shall reflect the levy authorized pursuant to this subdivision. The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(3) Any district which is required to levy pursuant to this subdivision shall certify the maximum levy allowable under subdivision 2a in that same year.

(4) Each district shall make permanent fund balance transfers so that the total statutory operating debt of the district is reflected in the general fund as of June 30, 1977.

Sec. 21. Minnesota Statutes 1982, section 465.721, is amended to read:

465.721 [FUNDING.]

No county, city, township, ~~school district~~ or other governmental subdivision shall implement a plan for payment of severance pay pursuant to section 465.72 until a plan providing for full funding has been developed and approved by the governing body. *This section does not apply to school districts.*

Sec. 22. Minnesota Statutes 1982, section 471.61, subdivision 1, is amended to read:

Subdivision 1. [OFFICERS, EMPLOYEES.] Any county, municipal cor-

poration, town, school district, county extension committee, other political subdivision or other body corporate and politic of this state, other than the state or any department thereof, through its governing body, and any two or more subdivisions acting jointly through their governing bodies, may insure or protect its or their officers and employees, and their dependents, or any class or classes thereof, under a policy or policies, or contract or contracts of group insurance or benefits covering life, health, and accident, in the case of employees, and medical and surgical benefits, and hospitalization insurance or benefits, for both employees and dependents, or dependents of an employee whose death was due to causes arising out of and in the course of employment, or any one or more of such forms of insurance or protection. Any such governmental unit, including county extension committees and those paying their employees, may pay all or any part of the premiums or charges on such insurance or protection. Any such payment shall be deemed to be additional compensation paid to such officers or employees but for purposes of determining contributions or benefits under any public pension or retirement system it shall not be deemed to be additional compensation. Any one or more of such governmental units may determine that a person is an officer or employee if such officer or employee receives a portion of his income from such governmental subdivisions without regard to the manner of his election or appointment. The appropriate officer of such governmental unit, or those disbursing county extension funds, shall deduct from the salary or wages of each officer and employee who elects to become insured or so protected, on the officer's or employee's written order, all or part of the officer's or employee's share of such premiums or charges and remit the same to the insurer or company issuing such policy or contract.

Any governmental unit, *other than a school district*, which pays all or any part of such premiums or charges is authorized to levy and collect a tax, if necessary, in the next annual tax levy for the purpose of providing the necessary funds for the payment of such premiums or charges, and ~~except for school districts~~ such sums so levied and appropriated shall not, in the event such sum exceeds the maximum sum allowed by any law or the charter of a municipal corporation, be considered part of the cost of government of such governmental unit as defined in any tax levy or per capita expenditure limitation; provided at least 50 percent of the cost of benefits on dependents shall be contributed by the employee or be paid by levies within existing per capita tax limitations.

The word "dependents" as used herein shall mean spouse and minor unmarried children under the age of 18 years actually dependent upon the employee.

Sec. 23. Minnesota Statutes 1982, section 471.61, subdivision 2a, is amended to read:

Subd. 2a. [RETIRED OFFICERS, EMPLOYEES.] Any county, municipal corporation, town, school district, county extension committee, other political subdivision or other body corporate and politic of this state, including the state or any department thereof, through its governing body, and any two or more subdivisions acting jointly through their governing bodies, may insure or protect its or their retired officers and retired employees entitled to benefits under any public employees retirement act and their dependents, or any class or classes thereof, under a policy or policies, or contract or con-

tracts of group insurance or benefits covering life, health, and accident, medical and surgical benefits, or hospitalization insurance or benefits, for retired officers and retired employees and their dependents, or any one or more of such forms of insurance or protection. Any such governmental unit, including county extension committees, may pay all or any part of the premiums or charges on such insurance or protection. Any one or more of such governmental units may determine that a person is a retired officer or a retired employee if such officer or employee, when employed, received a portion of his income from such governmental subdivisions without regard to the manner of his election or appointment. The appropriate officer of such governmental unit, or those disbursing county extension funds, shall collect from each such retired officer and retired employee who elects to become insured or so protected, on such officer's or employee's written order, all or part of the retired officer's or retired employee's share of such premiums or charges and remit the same to the insurer or company issuing such policy or contract.

Any governmental unit, *other than a school district*, which pays all or any part of such premiums or charges is authorized to levy and collect a tax, if necessary, in the next annual tax levy for the purpose of providing the necessary funds for the payment of such premiums or charges, and ~~except for school districts~~ such sums so levied and appropriated shall not, in the event such sum exceeds the maximum sum allowed by any law or the charter of a municipal corporation, be considered part of the cost of government of such governmental unit as defined in any tax levy or per capita expenditure limitation; provided at least 50 percent of the cost of benefits on dependents shall be contributed by the retired officer or retired employee or be paid by levies within existing per capita tax limitations.

The word "dependents" as used herein shall mean spouse and minor unmarried children under the age of 18 years actually dependent upon the retired officer or retired employee.

Sec. 24. Laws 1976, chapter 20, section 5, subdivision 1, is amended to read:

Sec. 5. [RESERVE FUND FOR REDUCING STATUTORY OPERATING DEBT.] Subdivision 1. The district shall establish a special reserve account, which shall be designated "reserve account for purposes of reducing statutory operating debt" on its books and records into which the proceeds of the bonds authorized in section 1 and the levies made under section 4 shall be placed. The funds in this account shall be used only for the payment of district operating expenses, but the amount in this account shall never supplement district revenues or income for the purposes of increasing the district's capital or operational expenditures or budgets, or for any purpose, other than to meet temporary cash needs. Earnings on sums in this account may be used for paying interest expenses on tax and aid anticipation certificates and for the purposes for which funds in this account may be used. *Earnings on sums in this account after June 30, 1984, may be withdrawn from the account and placed in the general fund.* The funds in this account may be invested and reinvested in accordance with the further provisions of Minnesota Statutes, Section 475.66, as amended.

Sec. 25. Laws 1983, chapter 314, article 7, section 45, is amended to read:

Sec. 45. [PILOT PROJECTS USING MICROCOMPUTERS.]

The department of education shall pilot test microcomputer-based financial reporting systems in up to ~~eight~~ 12 school districts during the ~~1983-1984~~ 1984-1985 school year. *Districts participating in the pilot test sites shall meet hardware, software, and support limitations of the test system use as established by the department. The department shall encourage districts in geographic areas that are not now pilot testing microcomputer-based financial reporting systems to apply for additional test sites. In selecting additional test sites, the department shall give preference to districts in geographic areas that do not currently have test sites. The alternative reporting system must comply with Minnesota Statutes, sections 121.90 to 121.917.*

The school districts selected as pilot sites shall operate parallel reporting systems until such time that the department certifies that the alternative system meets the reporting requirements. The systems to be tested shall include one developed by the Minnesota educational computing consortium and at least one other available system recommended for testing by the ESV computer council, in consultation with the department. The alternative reporting systems operated by school districts selected as pilot sites shall be exempt from the requirements in Minnesota Statutes, section 121.936, subdivision 1, clause (b)(2), for the ~~1983-1984~~ 1984-1985 school year.

The department shall evaluate the pilot systems. The evaluation shall include recommendations on the feasibility and efficiency of reporting directly to the department, reporting to the department through the regional management information centers, or by other methods. The ESV computer council shall review the evaluation of the pilot systems and report its findings to the house education and appropriations committees and senate education and finance committees by ~~February 15, 1984~~ January 15, 1985. *The report shall include: changes in fees and costs for districts not participating in the pilot test; an analysis of district, state, and regional costs associated with operation of the systems; recommendations for maintenance of the systems; alternatives, their costs and recommendations for the provision of support to users; and an analysis of the desirability of limiting the number of allowable alternative systems. The cost of the evaluation shall be paid by the department of education.*

Sec. 26. Laws 1983, chapter 314, article 8, section 23, is amended to read:

Sec. 23. [RULEMAKING ON CURRICULUM.]

Subdivision 1. [SECONDARY CURRICULUM.] By September 4, 30, 1984, the state board of education shall adopt rules pursuant to chapter 14, establishing ~~elementary and~~ secondary curriculum requirements ~~which~~ that will ensure that a minimum comprehensive educational program is available to all public secondary school students in the state. The secondary curriculum rules adopted by the state board shall be effective beginning in the 1985-1986 school year.

Subd. 2. [ELEMENTARY CURRICULUM.] By September 1, 1985, the state board of education shall adopt rules pursuant to chapter 14, establishing elementary curriculum requirements that will ensure that a minimum comprehensive educational program is available to all public elementary school students in the state. The elementary curriculum rules adopted by the state board shall be effective beginning in the 1986-1987 school year.

Subd. 3. [REPEALER.] This section is repealed on December 31, 1986.

Sec. 27. [RETROACTIVE CREDITS.]

Pupil records shall contain evidence of classes completed at the University of Minnesota talented youth mathematics project during the 1980-1981, 1981-1982, 1982-1983, and 1983-1984 school years. Pupils may take examinations according to section 8 for these classes and if the pupil passes the examination the pupil shall receive credit for courses taken during those years.

Sec. 28. [APPLICABILITY OF THREE YEAR PROBATION.]

Notwithstanding the provisions of section 13, a teacher who has completed at least one year of the first teaching experience in Minnesota in a single school district on June 30, 1984, shall be required to have a two-year probationary period in that district.

Sec. 29. [INDEPENDENT SCHOOL DISTRICT NO. 271; SALE OF BUILDING.]

Subdivision 1. [BUILDING EXCHANGE FOR CASH, PRODUCTS, AND SERVICES.] Notwithstanding Minnesota Statutes, sections 123.36, subdivision 13, 123.37, and 471.345, or any other law to the contrary, Independent School District No. 271, Bloomington, may sell a school building to a purchaser for cash, products, and services provided by the purchaser. Cash received from the purchaser shall first be placed in the debt retirement fund in compliance with Minnesota Statutes, section 123.36, subdivision 13, clause (1). Additional cash, if any, may be placed in the general fund. Products and services may be provided for a period of time not to exceed five years according to contractual terms. The products and services shall consist of at least computer hardware, software, training, and related services as needed by the district.

Subd. 2. [EFFECTIVE DATE AND NO LOCAL APPROVAL.] Pursuant to section 645.023, subdivision 1, clause (a), subdivision 1 is effective without local approval the day following final enactment.

Sec. 30. [INDEPENDENT SCHOOL DISTRICT NO. 284; SALE OF BUILDINGS.]

Subdivision 1. [EXCESS SALE PROCEEDS INTO GENERAL FUND.] Notwithstanding Minnesota Statutes, section 123.36, subdivision 13, or any other law to the contrary, Independent School District No. 284, Wayzata, may deposit the excess proceeds from the sale of any building owned by the district that is sold before January 1, 1986, into the general fund after complying with the provisions of Minnesota Statutes, section 123.36, subdivision 13, clause (1).

Subd. 2. [EFFECTIVE DATE AND NO LOCAL APPROVAL.] Pursuant to Minnesota Statutes, section 645.023, subdivision 1, clause (a), subdivision 1 is effective without local approval the day following final enactment.

Sec. 31. [INDEPENDENT SCHOOL DISTRICT NO. 622; SALE OF BUILDINGS.]

Subdivision 1. [EXCESS SALE PROCEEDS INTO GENERAL FUND.] Notwithstanding Minnesota Statutes, section 123.36, subdivision 13, or any other law to the contrary, Independent School District No. 622, North St.

Paul-Maplewood, may deposit the excess proceeds from the sale of any building owned by the district that is sold after July 1, 1983, into the general fund after complying with the provisions of Minnesota Statutes, section 123.36, subdivision 13, clause (1).

Subd. 2. [EFFECTIVE DATE AND NO LOCAL APPROVAL.] *According to Minnesota Statutes, section 645.023, subdivision 1, clause (a), subdivision 1 is effective without local approval the day following final enactment.*

Sec. 32. [INDEPENDENT SCHOOL DISTRICT NOS. 524 and 525; SPECIAL CONSOLIDATION PROVISIONS.]

Subdivision 1. [SCHOOL DISTRICT NOS. 524 and 525; CONSOLIDATION PROVISIONS.] *Independent School District No. 524, Halstad, and Independent School District No. 525, Hendrum, as part of an agreement to consolidate according to Minnesota Statutes, section 122.23 or any other law, may agree to any of the following:*

(a) election districts of the size and with the population desired by the consolidating districts; and

(b) election of school board members in any manner agreed upon, such as at large from a previously existing district or from the newly consolidated district, some members at large, some members from election districts or some members from previously existing districts.

Election districts created pursuant to this agreement may be changed or altered in the manner provided in Minnesota Statutes, section 123.32, subdivision 15. To the extent the provisions of Minnesota Statutes, section 122.23, or any other applicable law are inconsistent with this section, the provisions of this section shall apply.

Subd. 2. [EFFECTIVE DATE.] *Pursuant to Minnesota Statutes, section 645.023, subdivision 1, clause (a), subdivision 1 is effective without local approval on the day following final enactment.*

Sec. 33. [FUND TRANSFER AUTHORIZATION.]

Subdivision 1. [INDEPENDENT SCHOOL DISTRICT NO. 147.] *Notwithstanding any law to the contrary, Independent School District No. 147, Dilworth, is authorized to permanently transfer to its general fund from its capital expenditure fund an amount not to exceed \$60,000.*

Subd. 2. [LOCAL APPROVAL.] *Subdivision 1 is effective the day after compliance by the school board of Independent School District No. 147 with Minnesota Statutes, section 645.021, subdivision 3.*

Sec. 34. [FUND TRANSFER AUTHORIZATION.]

Subdivision 1. [INDEPENDENT SCHOOL DISTRICT NO. 319.] *Notwithstanding any law to the contrary, Independent School District No. 319, Nashwaak-Keewatin, is authorized to permanently transfer an amount not to exceed \$75,000 from the pupil transportation fund balance account entitled "appropriated for bus purchases" to the general fund unappropriated fund balance account for the purpose of reducing the school district's operating debt on or before June 30, 1984.*

Subd. 2. [NO LOCAL APPROVAL.] *Pursuant to Minnesota Statutes,*

section 645.023, subdivision 1, clause (a), subdivision 1 is effective without local approval the day following final enactment.

Sec. 35. [FUND TRANSFER AUTHORIZATION.]

Subdivision 1. [INDEPENDENT SCHOOL DISTRICT NO. 464.] Independent School District No. 464, Grove City, may permanently transfer \$80,000 from the capital expenditure fund to the general fund.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective the day after compliance by the school board of Independent School District No. 464, Grove City, with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 36. [FUND TRANSFER AUTHORIZATION.]

Subdivision 1. [SCHOOL DISTRICT NO. 627; FUND TRANSFER.] Independent School District No. 627, Oklee, may permanently transfer \$50,000 from the bus purchase account of the pupil transportation fund to the general fund for the 1984-1985 school year.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective the day after compliance by the school board of Independent School District No. 627 with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 37. [FUND TRANSFER AUTHORIZATION.]

Subdivision 1. [INDEPENDENT SCHOOL DISTRICT NO. 726.] Notwithstanding the provisions of Minnesota Statutes, section 121.912, in fiscal year 1984, Independent School District No. 726, Becker, is authorized to permanently transfer the sum of \$100,000 from the general fund of the district to the capital expenditure fund of the district to eliminate a deficit in the capital expenditure fund.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective the day after compliance by the school board of Independent School District No. 726 with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 38. [FUND TRANSFER AUTHORIZATION.]

Subdivision 1. [INDEPENDENT SCHOOL DISTRICT NO. 852.] Independent School District No. 852, Campbell-Tintah, is authorized to make a permanent transfer of interest income from the capital expenditure fund to the general fund before July 1, 1984, and again, before July 1, 1985.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective the day after compliance by the school board of Independent School District No. 852 with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 39. [FUND TRANSFER AUTHORIZATION.]

Subdivision 1. [INDEPENDENT SCHOOL DISTRICT NO. 460.] Notwithstanding Minnesota Statutes, section 475.61, subdivision 4, or any other law to the contrary, by June 30, 1984, Independent School District No. 460, Granada-Huntley, may transfer to its general fund the amount of any surplus remaining in its debt service fund when the obligations and interest thereon for the Granada school building are paid.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective the day after the school board of Independent School District No. 460 complies with

Minnesota Statutes, section 645.021, subdivision 3.

Sec. 40. [FUND TRANSFER AUTHORIZATION.]

Subdivision 1. [INDEPENDENT SCHOOL DISTRICT NO. 833.] Notwithstanding any law to the contrary, for the school year 1984-1985 Independent School District No. 833, South Washington County, may permanently transfer an amount not to exceed \$500,000 from the capital expenditure fund to the general fund.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective the day after compliance by the school board of Independent School District No. 833 with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 41. [ARTS EDUCATION REPORT.]

By January 15, 1985, the department of education shall report to the education committees of the legislature recommendations for improving arts education in elementary and secondary schools. The report shall include:

(1) a review of the comprehensive arts planning grants authorized by Minnesota Statutes, sections 129B.17 to 129B.21;

(2) an assessment of the need for arts programs at elementary and secondary schools with recommendations for expanded arts opportunities for all students; and

(3) recommendations about establishing a Minnesota school for the arts, specifically addressing: the need for the school; a governance structure; administration and staffing; curriculum components, including academic areas; student selection procedures, tuition, transportation, and housing; capital and operational budgets; funding provisions and sources; and ability to serve as a statewide resource center for school districts and staff.

Sec. 42. [REPORT ABOUT COOPERATION AND SECONDARY VOCATIONAL COURSES.]

Subdivision 1. By January 1, 1985, the commissioner of education shall report to the education committees of the legislature on recommendations for allocating revenue to all school districts on an equitable and appropriate basis for the purpose of cooperating in providing special education, secondary vocational programs, and academic programs. In making recommendations, the commissioner shall consider cooperative incentive revenues available through the intermediate school district levies and the interdistrict cooperation aid and levy. The commissioner shall include recommendations on offering cooperative programs through educational cooperative service units; education districts, as defined in Laws 1983, chapter 314, article 6, section 32; intermediate school districts; and other cooperations formed by joint powers agreements. The commissioner shall also review the adequacy of the existing special education and secondary vocational funding formulas. The commissioner shall also consider, but not be limited to, the following factors that may affect interdistrict cooperative efforts:

(1) types of programs being offered,

(2) type, number, and resident districts of students being served,

(3) size of the attendance area, and

(4) the extent to which various programs are integrated within each district or service area.

This report may include further evaluation of the report required pursuant to Laws 1983, chapter 314, article 7, section 49.

Subd. 2. If the state board of education adopts rules requiring school districts to offer secondary vocational education courses, the report in subdivision 1 shall also discuss the fiscal impact on the school districts and the impact on a school district's ability to offer other academic elective courses as a result of adopting rules requiring school districts to offer secondary vocational education.

Sec. 43. [SUSPENSION ON LICENSE RULES.]

The board of teaching shall not adopt any new or amended rules relating to licensing teachers until July 1, 1985.

Sec. 44. [DEADLINE FOR EXPERIENCE FOR MIDDLE SCHOOL LICENSE.]

The deadline for a licensed elementary or secondary teacher to gain the three years' Minnesota middle school teaching experience necessary to be issued a middle school teaching license, upon application, under Minnesota Rules, part 8700.3400, subparts 11 and 12, is extended from July 1, 1983, to July 1, 1984.

Sec. 45. [SPECIAL EDUCATION: EARLY CHILDHOOD RULES.]

Subdivision 1. Colleges and universities which offer approved special education: early childhood programs shall, upon request of the state board of teaching, update their description of assessment of previous teaching experience and previous teacher preparation as required by Minnesota Rules, part 8700.5501. The board of teaching shall suspend application of Minnesota Rules, part 8700.5501, subpart 2, item F for teachers who provide evidence to the board of teaching of two years of teaching experience in a special education: early childhood program setting, as verified by the employing district superintendent.

Subd. 2. [REVIEW.] The board of teaching shall establish a review panel to review any disputes between the teacher and the institution relating to the assessment of previous teaching experience and previous teacher preparation. The review panel shall consist of two licensed practitioners in the special education: early childhood field; one special education: early childhood specialist in the department of education, and one faculty member from a higher education institution offering an approved special education: early childhood program. The decision of the review panel shall be final.

Subd. 3. [PROVISIONAL LICENSES.] All persons holding a provisional license in special education: early childhood, pursuant to Minnesota Rules, part 8700.5501, subpart 4, which is due to expire on July 1, 1984, may request an extension of the validity of the provisional license until July 1, 1985. They shall submit the requests to the personnel licensing section of the department of education.

Sec. 46. [REPORT ON VISION AND HEARING ASSESSMENT.]

By February 1, 1985, the departments of education and health shall report

to the education committees of the legislature on the assessment of pupils' vision and hearing. These departments shall cooperate with one another and submit a joint report. The report shall include a description of existing programs for screening and assessment of pupils, cost data on existing programs, evaluation of existing programs including cost analysis, and recommendations for improvement of existing programs or establishment of a new program to ensure that all pupils whose learning is affected by vision or hearing problems are identified, diagnosed, and treated.

Sec. 47. [STUDY OF AMBIENT AIR TESTING.]

The department of education shall conduct a study to determine the feasibility of using ambient air testing as an indicator of asbestos exposure in schools. If the department determines that ambient air testing is feasible in schools, it may contract for the development of ambient air standards to measure asbestos in schools.

Sec. 48. [EARLY RETIREMENT APPLICATIONS; 1983-1984 SCHOOL YEAR.]

Any teacher who has submitted an application for an early retirement incentive pursuant to Minnesota Statutes, section 125.611 in a timely manner during the 1983-1984 school year, whose application has been accepted by the commissioner of education prior to June 30, 1984, and who is eligible for a normal retirement annuity without reduction for age because the teacher's attained age plus credited allowable service totals 85, shall have the option of accepting either the early retirement incentive pursuant to Minnesota Statutes, section 125.611, or the normal retirement annuity without reduction for age because the teacher's attained age plus credited allowable service totals 85, but may not accept both. The teacher shall notify the school board, the commissioner of education, and the appropriate retirement association of his or her decision by July 15, 1984.

Sec. 49. [DESEGREGATION VARIANCE.]

The commissioner shall approve school desegregation plans that vary from the standard by up to an additional 15 percentage points if the local board can justify an educational reason for a variance to the state board from the comprehensive school desegregation plan submitted. If the variance is approved by the commissioner, it may result in a school building exceeding 50 percent minority enrollment if necessary.

Sec. 50. [TASK FORCE ON SCHOOL BUS SAFETY.]

Subdivision 1. [ESTABLISHMENT.] A task force on school bus safety is established. The task force shall consist of up to 13 members appointed by the commissioner of education. The commissioner shall appoint at least one member from the Minnesota safety council and one member from the department of public safety. The commissioner shall also appoint at least one school administrator and a person to represent parents with children who regularly ride the school bus. The task force shall terminate by June 30, 1985.

Subd. 2. [DUTIES.] The task force shall study school bus safety. The study shall include at least the following issues:

(1) equipment and other safety features of school bus design, including seat

belts, surface padding, and compartmentalization;

(2) proposals for mandatory installation and use of seat belts in school buses;

(3) relative population of school buses which are and are not subject to federal requirements for safety features;

(4) qualifications, training, examination, and licensing of school bus drivers;

(5) adequacy of school bus maintenance;

(6) current requirements and practices about school bus hauling distances;

(7) safety aspects of school bus pickup points; and

(8) instruction given to school children about safe boarding and departing procedures.

Subd. 3. [EXPENSES.] The compensation of task force members, removal, and vacancies shall be as provided in section 15.059, subdivisions 3 and 4.

Subd. 4. [REPORT.] The task force shall report its findings and recommendations to the commissioner of education and the education committees of the legislature by December 1, 1984.

Sec. 51. [ADVISORY COUNCIL ON BARGAINING IMPASSE RESOLUTION.]

Subdivision 1. There is created an advisory council on bargaining impasse resolution whose purpose shall be to study collective bargaining as it relates to public schools.

Subd. 2. The advisory council shall consist of 11 members as follows: two members of the senate appointed by the subcommittee on committees of the committee on rules and administration; two members of the house of representatives appointed by the speaker of the house; the director of the bureau of mediation services or a designee; and six members of the general public appointed by the governor. The advisory council shall elect a chair from its membership. The advisory council shall terminate on June 30, 1985.

Subd. 3. By January 15, 1985, the advisory council shall submit to the legislative commission on employee relations its report and recommendations on the impasse resolution policies under Minnesota Statutes, sections 179.61 to 179.76 relating to public schools. The advisory council shall study:

(1) existing provisions of state law relating to negotiations, mediation, and impasse resolution;

(2) attitudes of public employers and employees and the public on current collective bargaining laws relating to public schools;

(3) collective bargaining laws in other states relating to public schools;

(4) changes in statutory timelines and the right to strike; and

(5) collective bargaining rights and procedures relating to principals and assistant principals.

Subd. 4. The legislative commission on employee relations shall provide

staff for the advisory council. Members who are legislators shall be compensated in the same manner as other legislative meetings. The compensation of public members shall be governed by section 15.059, subdivision 3.

Sec. 52. [FUND MERGER RECOMMENDATIONS.]

By January 1, 1985, the advisory council on uniform financial accounting and reporting standards shall make recommendations to the education committees of the legislature on the need for maintaining separate school district funds. The recommendations shall include consideration of merging the general fund and capital expenditure fund.

Sec. 53. [INSTRUCTION TO REVISOR.]

Subdivision 1. [INTERMEDIATE SCHOOL DISTRICTS.] The revisor of statutes shall include in the next subsequent edition of Minnesota Statutes, and edit as authorized by law, the uncoded permanent law relating to Intermediate School District Nos. 287, 916, and 917.

Subd. 2. [DESEGREGATION VARIANCE.] The revisor of statutes shall replace Minnesota Rules, part 3525.0700, first paragraph, second sentence, with section 49.

Subd. 3. [MIDDLE SCHOOL LICENSURE.] The revisor of statutes shall change Minnesota Rules, part 8700.3400, subparts 11 and 12, to agree with the extension made in section 44.

Sec. 54. [REPEALER.]

Subdivision 1. Minnesota Statutes 1982, section 125.60, subdivision 2a, is repealed. Minnesota Statutes 1983 Supplement, section 129B.041, subdivision 2, is repealed.

Subd. 2. Section 28 is repealed on June 30, 1985.

Sec. 55. [APPROPRIATION.]

Subdivision 1. [BARGAINING IMPASSE STUDY.] The sum of \$12,500 is appropriated for fiscal year 1985 from the general fund to the legislative commission on employee relations for the advisory council bargaining impasse resolution. The sum is available until June 30, 1985.

Subd. 2. [BUS SAFETY TASK FORCE.] The sum of \$5,000 is appropriated for fiscal year 1985 from the general fund to the department of education for the task force on school bus safety. The sum is available until June 30, 1985.

Subd. 3. [ARTS EDUCATION REPORT.] The sum of \$148,000 is appropriated for fiscal year 1985 from the general fund to the department of education for the purposes of section 41.

The department of education shall not expend \$118,000 of this sum until it submits the report about establishing a Minnesota school for the arts to the chair of the senate education aids subcommittee and the chair of the house education finance division and receives their advisory recommendations on the school; failure or refusal to make a recommendation promptly is deemed a negative recommendation.

Subd. 4. [AMBIENT AIR TESTING STUDY.] The sum of \$10,000 is

appropriated for fiscal year 1985 from the general fund to the department of education for the study on ambient air testing. This appropriation is available to match funds from other sources if the department contracts for the development of ambient air standards for measuring asbestos in schools. The sum is available until June 30, 1985.

Sec. 56. [EFFECTIVE DATES.]

Subdivision 1. Sections 50, 51, and 55 are effective the day following final enactment.

Subd. 2. Sections 3 and 21 are effective June 30, 1984.

Subd. 3. Sections 11, 15, and 48 are effective only upon the effective date of a law passed by the 1984 legislature which makes a teacher employed by a school district eligible for a normal retirement annuity without reduction for age because the teacher's attained age plus credited allowable service totals 85.

ARTICLE 8

TECHNOLOGY AND EDUCATIONAL IMPROVEMENT

Section 1. Minnesota Statutes 1983 Supplement, section 121.601, is amended to read:

Subdivision 1. [ESTABLISHMENT.] ~~The department commissioner of education shall establish~~ *maintain* a program for providing in-service training to school district staff. ~~During the first year, the program shall provide in-service training to elementary and secondary staff in mathematics, science, and social science. For Each succeeding year of the program, the commissioner shall recommend to the legislature subject areas for which in-service training programs shall be provided. In-service training programs shall be designed to emphasize the academic content of the subject area. They shall also offer a broad spectrum of experiences, including activities which require active participant involvement rather than classroom lectures. To the extent possible, the in-service training programs shall be integrated with the technology in-service training provided according to sections 129B.34 and 129B.35.~~

Subd. 2. [NEED ASSESSMENT AND PLANNING GRANTS.] The commissioner shall determine the needs of pupils for a subject area using the statewide assessment program, before making subject area recommendations to the legislature. The commissioner shall consult with teachers of the subject area to determine the needs of teachers.

Subd. 3. [INITIAL PROPOSALS AND PLANNING GRANTS.] The commissioner shall request initial proposals from eligible organizations and institutions. After reviewing the initial proposals, the commissioner may award up to 20 grants to develop proposals for final selection.

Subd. 4. [FINAL PROPOSALS.] Grant Final proposals submitted by eligible applicants to the department shall include at least the following:

(a) a variety of staff education activities which are designed to assess and upgrade ~~skills the subject matter knowledge~~ of those attending the training programs;

(b) provisions for addressing the requirements for licensure for those staff

who currently are not licensed in the designated areas but who desire to be so licensed;

(c) a plan for staff who participate in the training program to return to their school districts and provide training programs or disseminate information on in-service programs to other staff in their districts and regions;

(d) a process for notifying staff in the state who teach in the designated subject areas and who are eligible for the program, a process for selecting staff to participate in the in-service training program, and a mechanism for evaluation to be provided to the state board upon completion of the program;

(e) an estimated budget for the program, which shall provide for tuition expenses, related expenses including meals and lodging, and a stipend for participants in the program; and

(f) other information that may be requested by the department.

Subd. 3 5. [ELIGIBLE APPLICANTS.] The ~~department~~ commissioner may ~~allocate money award grants~~ to public or nonpublic institutions of higher education, public or private nonprofit organizations, educational cooperative service units, or school districts ~~for the purpose of providing in-service training according to this section.~~ When ~~approving or disapproving awarding~~ grants, the ~~department~~ commissioner shall ensure geographic accessibility of the programs to teachers throughout the state and a balance of programs available in different subject areas.

Subd. 4 6. [CONSULTATION.] When ~~making grants for the in-service training programs according to this section~~ reviewing initial and final proposals, the ~~department~~ commissioner shall consult with elementary and secondary staff in the designated subject areas to ensure that proposals submitted incorporate recent research findings and address the retraining needs of staff in those subject areas.

Subd. 5 7. [PRIVATE ADDITIONAL MONEY.] The commissioner of ~~education~~ may accept contributions from additional private or public sources to supplement state money ~~provided by this section.~~ These contributions shall be added to the total amount of available state money and shall be administered ~~by the department~~ in the same manner as state money.

Subd. 6. ~~[FEDERAL MONEY.]~~ The commissioner of ~~education~~ shall apply for and accept all federal money available for in-service training programs in the designated subject areas.

Subd. 7 8. [APPLICATION DATES.] ~~Applications for in-service training programs to be conducted during a school year shall be submitted to the department by January 15 preceding the beginning of that school year. The commissioner shall determine the dates by which initial and final proposals are to be submitted. The department commissioner shall approve or disapprove applications award grants each year by the following March 1.~~

Sec. 2. Minnesota Statutes 1983 Supplement, section 121.608, is amended to read:

121.608 [INSTRUCTIONAL EFFECTIVENESS PLAN.]

By January 1, 1984, The commissioner of education shall develop a comprehensive statewide plan for maintaining and improving instructional effectiveness in the schools. The plan shall encourage implementation of

school effectiveness strategies based on research findings in the area, develop inservice training models for school district staff, integrate developments in educational technology with classroom instruction models, and develop a mechanism for establishing a statewide network to coordinate and disseminate information on research in instructional effectiveness. The commissioner may employ consultants and specialists to assist in the development of the plan, and, to the extent possible, shall utilize the information provided by the planning, evaluation, and reporting process and the statewide assessment program. *The plan shall be revised as necessary.*

Sec. 3. Minnesota Statutes 1983 Supplement, section 121.609, is amended to read:

121.609 [INSTRUCTIONAL EFFECTIVENESS TRAINING.]

Subdivision 1. [ADVISORY TASK FORCE; PROGRAM MODEL.] ~~By January 1, 1984,~~ The commissioner of education shall appoint an advisory task force to assist the department of education, in cooperation with the educational cooperative service units, in developing an implementation model for training school district staff in instructional effectiveness. The training program model shall be based on established principles of instructional design and the essential elements of effective instruction as determined by educational research. The training program model shall take into account the diverse needs of the school districts due to such factors as district size and location, and shall be structured to facilitate regional delivery of the training through the educational cooperative service units.

Subd. 2. [PILOT TESTING OF TRAINING MODEL.] Between January 1, 1984, and ~~January 1~~ June 30, 1985, the commissioner shall administer a pilot program of the instructional effectiveness training models which shall be implemented in at least 20 pilot sites throughout the state. The advisory task force established in subdivision 1 of this section may recommend modifications in the training models as necessary.

Subd. 3. [EVALUATION AND REPORT.] The commissioner shall pay an independent evaluator to conduct an evaluation of the effectiveness of this section. ~~The evaluator shall submit a report~~ *A preliminary evaluation, including a sample survey of district personnel trained at the pilot sites, to the commissioner shall be completed by January 1, 1985.*

The commissioner, with the assistance of the advisory task force, shall develop a long-term evaluation instrument for use at the pilot sites and other districts utilizing the instructional effectiveness models. The long-term evaluation instrument shall include a method for measuring student achievement.

Subd. 4. [REGIONAL SERVICES.] *The department of education shall contract with educational cooperative service units or other regional educational service agencies to provide assistance to the school districts in an educational cooperative service unit region in implementing instructional effectiveness models. In selecting an agency to provide assistance to the school districts, the department shall consider such factors as support of the proposal by the participating school districts and the extent to which the proposal provides for participation by school district staff. If more than one agency submits a proposal to provide services to school districts within an educa-*

tional cooperative service unit region, the department shall encourage the agencies to develop a joint proposal.

Subd. 5. [INSTRUCTIONAL EFFECTIVENESS TRAINING.] Utilizing the statewide plan developed pursuant to section 121.608 and the regional support services authorized in subdivision 4, the department of education shall provide instructional effectiveness training for school district staff. The training shall be provided by building level leadership teams, as defined in the statewide plan developed pursuant to section 121.608. The training shall include clarification of individual school goals and expectations, enhancement of collaborative planning and collegial relationships among the building staff, improvement of instructional skills and instructional climate of the school, and planning of staff development programs.

Sec. 4. Minnesota Statutes 1982, section 123.74, is amended to read:

123.74 [~~POLICY FINDINGS.~~]

The legislature finds that a process for curriculum evaluation and planning is needed for continued improvement of the educational program for all public school children in the state, and to allow for better evaluation of educational programs by local communities. The legislature further finds that such a process is needed to facilitate decisions by school boards and communities as to which services can best be provided by the public schools and which services can or should be provided by other institutions such as the family, the private sector or other public agencies. *The legislature further finds that efficient use of educational resources is needed with regard to educational technology and interdistrict cooperation.*

Sec. 5. Minnesota Statutes 1982, section 123.741, as amended by Laws 1983, chapter 314, article 8, section 9, is amended to read:

123.741 [~~EDUCATION POLICY; CURRICULUM ADVISORY COMMITTEES PLANNING, EVALUATION, AND REPORTING PROCESS.~~]

Subdivision 1. The school board of each school district in the state shall ~~develop and~~ adopt a written ~~educational~~ *planning, evaluation, and reporting* policy which establishes ~~educational~~ *instructional* goals and *measurable learner objectives* for the district, a process for achieving these goals, and procedures for evaluating and reporting progress toward the goals. These goals shall include meeting the curriculum requirements adopted by the state board of education. The school board shall review this policy each year and ~~adopt revisions which it deems desirable~~ *identify annual instructional goals and measurable learner objectives to be addressed during the current school year.* School boards are encouraged to develop this school district policy and any revisions after consultation with the staff of each school building. In formulating the policy, the school board of a district is encouraged to consider: (a) the number of dropouts of school age in the district and the reasons for the dropouts; (b) existing programs within the district for dropouts and potential dropouts and (c) program needs of dropouts and potential dropouts.

Subd. 2. The school board shall instruct the administrative and professional staff of the district to develop an instructional plan for the purpose of implementing the goals established in the district educational policy within resources available to the district. Insofar as possible the instructional plan shall include measurable instructional objectives to assist in directing and measuring prog-

ress toward the goals established in the district educational policy. For goals toward which progress is not easily measurable, the instructional plan shall include other appropriate means to direct and evaluate progress. The school board shall instruct the administrative and professional staff of the district to develop an instructional plan for the purpose of implementing the instructional goals established in the district planning, evaluation, and reporting policy within the resources available to the district. To the extent possible, the instructional plan shall include instructional effectiveness processes developed pursuant to section 121.608 and integration of curriculum and technology developed under section 129B.33, to assist in directing and measuring progress toward the instructional goals established in the district planning, evaluation, and reporting policy. For instructional goals toward which progress is not easily measurable, the instructional plan shall include other appropriate means to direct and evaluate progress.

Subd. 3. Each school board is encouraged to appoint shall establish a curriculum advisory committee to provide for active community participation in the process of developing and revising the district educational planning, evaluation, and reporting policy, developing the instructional plan, identifying the annual instructional goals and measurable learner objectives, evaluating progress, and reporting to the public. The advisory committee shall be broadly representative of the community served by the school district and shall include administrative staff, teachers, parents, and other community residents of the district. To the extent possible, parents and other community residents shall comprise at least two-thirds of the advisory committee.

Subd. 4. Each year a final evaluation of progress shall be conducted, including both professional and consumer evaluations. The professional staff evaluation shall utilize test results and may include other performance data along with faculty interpretations and judgments. Test results shall include local assessment data obtained pursuant to section 6, subdivision 2. A consumer evaluation shall include the opinions of students, parents and other residents of the community served by the school district.

Subd. 5. Upon receipt of After completing the annual evaluation reports, each the school board shall review the results and develop and adopt appropriate school district improvement plans to improve areas where goals of the district educational policy have not been met. The school district improvement plans shall describe actions to be taken by the district to correct any weakness evident from the results of the district evaluation process.

Subd. 5 6. The district educational policy, the reports of the annual evaluation including summary test results, and the plans for school improvement shall be made available to the citizens of the school district through media releases and other means of communicating with the public. These documents By September 1 of each year, the local school board shall adopt a report which shall include the following:

(a) annual instructional goals which were addressed for that year in the planning, evaluation, and reporting process;

(b) appropriate evaluation of the annual instructional goals;

(c) the results of the professional staff evaluation including local assessment data obtained pursuant to section 6, subdivision 2, and any additional

appropriate test data;

- (d) the results of the consumer evaluation; and*
- (e) the annual school district improvement plans.*

Every other year the report shall include an evaluation of the assessment program pursuant to subdivision 7.

The school board shall disseminate the report to all residents of the district by publication in the local newspaper with the largest circulation in the district, by newsletter, or through the United States postal service. The report shall also be on file and available for inspection by the public. A ~~information~~ ~~copies~~ copy of the ~~reports~~ report which is disseminated to the community shall be sent to the ~~state board of education~~ commissioner of education by September 1 of each year. All activities and reports pursuant to this section shall comply with chapter 13, and any other law governing data on individuals in school districts.

Subd. 7. [BIENNIAL EVALUATION; ASSESSMENT PROGRAM.] At least once every two years the school board shall evaluate the testing program, using the following criteria:

- (a) written objectives of the testing program;*
- (b) names of tests and grade levels tested; and*
- (c) utilization of test results.*

Sec. 6. Minnesota Statutes 1982, section 123.742, as amended by Laws 1983, chapter 258, section 26, is amended to read:

123.742 [ASSISTANCE TO LOCAL SCHOOL DISTRICTS; ASSESSMENT PROGRAMS.]

Subdivision 1. [TECHNICAL ASSISTANCE.] Insofar as possible, the ~~state board~~ department of education and educational cooperative service units shall make technical assistance for planning and evaluation available to school districts upon request. The department shall collect the annual evaluation reports from local districts as provided in section 123.741, subdivision 5, and shall make this data available upon request to any district seeking to use it for purposes of comparisons of student performance.

Subd. 2. [LOCAL ASSESSMENT PROGRAM.] Beginning in the 1984-1985 school year, as part of the planning, evaluation, and reporting process, each school district shall conduct an assessment program, utilizing the local assessment option developed by the state department of education. Every year each school district shall conduct an assessment for at least one curriculum area in at least three grade levels.

Subd. 3. [PARTICIPATION IN STATEWIDE ASSESSMENT PROGRAM.] Beginning in the 1984-1985 school year, each school district shall participate in the statewide assessment sampling process at least once every three years to provide normative data. The department of education shall determine which districts shall participate and which curriculum areas shall be assessed in a given school year.

Subd. 4. [NEEDS OF HANDICAPPED PUPILS.] School boards are encouraged to consider the needs of handicapped students in determining the

extent of their participation in the assessment programs in subdivisions 2 and 3. The district policy may provide for modifications in the testing procedures for handicapped students.

Subd. 5. [ASSESSMENT ITEM BANK.] The department of education shall develop an assessment item bank for the purpose of providing assessment programs to individual districts which are tailored to the specific educational objectives of the district. Beginning in the 1984-1985 school year and each year thereafter, the department shall develop an item bank for at least two curriculum areas each year. The department shall develop an item bank for at least ten different curriculum areas.

Subd. 6. [ADDITIONAL TESTING.] The department upon written agreement with local school districts may perform additional testing and evaluation of students. The department may collect a reasonable fee not to exceed the actual cost of services.

Subd. 3 7. [CURRICULUM INFORMATION.] The department may provide available curriculum information for improving teaching practices at public elementary, secondary and post-secondary vocational schools. The information may be provided upon the request of a school district or an educational cooperative service unit with which the department has a written agreement. The department may collect reasonable fees not to exceed its actual costs for this service. The department may also accept money from any public or private source to defray the cost of this service.

Subd. 4 8. [CAREER INFORMATION.] The department of education may provide career information to school districts and educational systems. The department may collect reasonable fees for subscriptions to the Minnesota career information service.

Sec. 7. Minnesota Statutes 1983 Supplement, section 123.743, is amended to read:

123.743 [APPROPRIATION.]

There is annually appropriated from the general fund to the department of education any and all amounts received by the department pursuant to section 123.742, subdivisions 2 6, 3 7, and 4 8.

Sec. 8. [123.7431] [AID FOR PLANNING, EVALUATION, AND REPORTING PROCESS.]

Subdivision 1. [ELIGIBILITY.] Each school district which completes the planning, evaluation, and reporting process pursuant to the requirements of sections 123.741 and 123.742 and which receives approval from the commissioner of education is eligible to receive state aid. An eligible school district shall receive \$1 times average daily membership for the applicable school year. No district which is eligible for aid shall receive less than \$1,500.

Subd. 2. [PAYMENT OF AID.] The department of education shall pay aid to a district within 30 days of approving the district's planning, evaluation, and reporting process.

Sec. 9. [129B.10] [RESEARCH AND DEVELOPMENT GRANTS.]

Subdivision 1. [PURPOSE.] The purpose of this section is to support re-

search on alternative educational structures and practices within public schools and to develop alternatives that are based on research.

Subd. 2. [ADVISORY TASK FORCE.] *The council on quality education shall appoint an advisory task force on research and development for alternative educational structures and practices. The advisory task force shall consist of at least 11 members. All members shall have knowledge and experience in educational research, educational administration, or teaching. The advisory task force shall assist the council in carrying out its responsibilities under this section. The terms, compensation, and removal of members shall be governed by the provisions of section 15.059, subdivision 6.*

Subd. 3. [RESEARCH AND DEVELOPMENT SUBJECTS.] *The council shall select subjects for research and development focusing on alternative educational structures and practices. The subjects may include, but are not limited to, the following:*

- (1) school site management;*
- (2) development of individualized education plans for all students;*
- (3) alternative staff compensation plans;*
- (4) alternative educational delivery systems;*
- (5) outcome based education; and*
- (6) provision of educational programs in school districts by contracting with professional partnerships composed of licensed teachers.*

Subd. 4. [PRELIMINARY STUDIES.] *The council shall contract for preliminary studies to assist it in establishing research and development needs and selecting subjects for proposals. Preliminary studies shall include recommendations for evaluation procedures which the council may use if the council issues a grant for research and development in that particular subject.*

Subd. 5. [REPORT TO LEGISLATURE; SUBJECTS.] *By February 1, 1985, the council shall report to the education committees of the legislature on the research needs that the council has identified, the recommended subjects for proposals, and the potential need for changes in rules and laws to facilitate the research and development programs. The report shall include specific proposals for independent evaluation of research and development programs which will be funded under the provisions of this section. The legislature shall consider the recommendations of the council in determining the appropriation for grants to be disbursed under the provisions of this section.*

Subd. 6. [RESEARCH AND DEVELOPMENT GRANTS.] *By June 1, 1985, the council shall request proposals on three to six research and development subjects. Each request for proposals shall state the method by which a funded program will be evaluated. By September 1, 1985, the council shall review the proposals it receives and award grants.*

Subd. 7. [REPORT TO LEGISLATURE; RESEARCH REPORTS.] *By February 1, 1988, the council shall report to the education committees of the legislature. The report shall include the council's evaluation of each research and development program, recommendations for institutional changes in the structure of elementary and secondary education, and recommendations for*

other ways of improving elementary and secondary education.

Sec. 10. Minnesota Statutes 1983 Supplement, section 129B.32, subdivision 3, is amended to read:

Subd. 3. [COURSEWARE PACKAGE.] "Courseware package" means integrated videotape and videodisk, computer disk, ~~and software and its~~, supporting materials, such as workbooks and textbooks, ~~and other computer support hardware that is an integral part of an educational software package, such as a printed circuit board, voice synthesizer which enables speech production and its speaker, tap master, valve simulator, and digital to analog converter board. It does not mean a central processing unit, disk drive, video monitor, printer, or similar items.~~

Sec. 11. Minnesota Statutes 1983 Supplement, section 129B.36, subdivision 7, is amended to read:

Subd. 7. [EVALUATION OF SITES.] ~~The state board~~ advisory committee shall evaluate the technology demonstration sites. It may contract with independent evaluators for this purpose.

Sec. 12. [SHARED FACILITIES REPORT.]

The commissioner of education shall collect information on and evaluate methods for sharing public school facilities with other organizations including government agencies, social service agencies, and other nonprofit and for-profit organizations. By January 1, 1985, the commissioner shall prepare a written report and make it available in published form to school districts and other interested persons. In developing this report the commissioner shall consult with persons in school districts in Minnesota and other states that are sharing facilities.

Sec. 13. [STUDY OF TEACHER EDUCATION.]

Subdivision 1. [HIGHER EDUCATION COORDINATING BOARD.] *The higher education coordinating board shall conduct a study, in cooperation with the board of teaching, of teacher education programs in public and private institutions of higher education. The study shall result in a report and recommendations on the number, enrollment, mission, and location of all teacher education programs. The report shall include information and recommendations on the need for in-service education and the relationship of in-service, preservice, and graduate education. It shall also include information and recommendations for improving the quality and efficiency of teacher education programs by the use of standardized tests for beginning teachers, alternative methods of teacher preparation and licensure, and other means. The report shall be submitted to the education committees of the legislature by January 1, 1985.*

Subd. 2. [FACTORS.] *In developing its recommendations, the higher education coordinating board shall consider factors including, but not limited to:*

(a) *the existing pool of licensed but inactive teachers;*

(b) *the demand for teachers in preschool, elementary, and secondary education;*

(c) *the number of teacher education programs and the annual number of*

graduates;

- (d) admission criteria for teacher education programs;
- (e) access of students to special or unique programs;
- (f) procedures for licensing qualified, unlicensed individuals;
- (g) the feasibility of modifying state criteria for teacher licensure;
- (h) teacher preparation and licensure procedures in other states;
- (i) available information about the use and effectiveness of standardized tests for beginning teachers; and
- (j) possible alternative methods for licensure such as an undergraduate degree in a subject area plus an extended internship program.

Sec. 14. [COOPERATION OF BOARDS AND INSTITUTIONS.]

All higher education governing boards and public and private institutions are requested to cooperate fully with the higher education coordinating board in the preparation of the teacher education study, pursuant to section 136A.05.

Sec. 15. [SCHOOL MANAGEMENT TASK FORCE.]

Subdivision 1. [ESTABLISHMENT.] The commissioner of education shall appoint a task force to make recommendations about an assessment center and in-service training for principals and assistant principals. The task force shall consist of 13 members. One member shall be from the elementary school principals association, one member shall be from the secondary school principals association, one member shall represent the educational cooperative service units, and one member shall be from each of the following organizations: Minnesota association of school administrators, Minnesota school boards association, administrative women in education, Minnesota federation of teachers, and Minnesota education association. The commissioner shall appoint a member from the University of Minnesota or from another institution with a teacher preparation program, or both. Members of the task force shall receive expenses in the same manner and amount as state employees. The task force shall terminate on January 1, 1986.

Subd. 2. [DUTIES.] The task force shall make recommendations to the commissioner of education about the types of in-service training that are needed and how to provide effective in-service training for principals. The task force shall also make recommendations to the commissioner about an assessment center, including the costs of operation, staffing, manner of operation, services to be provided, fees for school districts, and other matters. The assessment center shall be located at the University of Minnesota.

Sec. 16. [SUMMER INSTITUTE STUDY.]

The academic excellence foundation shall report to the education committees of the legislature by January 15, 1985, on the availability of and need for summer institutes at or conducted by post-secondary institutions for secondary students who are outstanding in the areas of mathematics, science, and foreign languages.

Sec. 17. [DEPARTMENT OF EDUCATION APPROPRIATIONS.]

Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section. The sums are available until June 30, 1985.

Subd. 2. [SUBJECT AREA IN-SERVICE TRAINING.] The sum of \$270,000 is appropriated for subject area in-service training, according to section 121.601. This appropriation is in addition to the \$500,000 appropriated to provide subject area in-service training by Laws 1983, chapter 314, article 8, section 26, subdivision 2.

(a) Of the sum, \$210,000 shall be used for grants for in-service training in the following:

Math \$ 65,000

Science \$105,000

Social Studies \$ 40,000

The in-service training shall emphasize academic content in each of the subject areas. The grants shall be in addition to those awarded in fiscal 1984.

(b) The remaining \$60,000 shall be for the department to assess future needs for subject area in-service training and for planning grants. The assessment and planning grants shall emphasize the academic content of the subject area.

Subd. 3. [INSTRUCTIONAL EFFECTIVENESS; EVALUATION INSTRUMENT.] The sum of \$250,000 is appropriated for the development of the training models specified in section 121.609, subdivision 4, as amended, and for the development of a long-term evaluation instrument pursuant to section 121.609, subdivision 3.

Subd. 4. [INSTRUCTIONAL EFFECTIVENESS; REGIONAL SERVICES.] The sum of \$330,000 is appropriated for the purposes of section 121.609, subdivision 4, as amended. The department shall allocate this appropriation to the educational cooperative service unit regions based on a formula that takes into account the number of school buildings, number of participating staff, and geographic distance between the service provider and the participating school districts. Any educational cooperative service unit or other provider agency receiving funds pursuant to this section shall match the funds with an amount equal to 25 percent of the allocation.

Subd. 5. [INSTRUCTIONAL EFFECTIVENESS; TRAINING.] The sum of \$250,000 is appropriated for the purposes of section 121.609, subdivision 5, as amended. This amount shall be used to pay for the costs of providing instructional effectiveness training to school district staff, including the costs of stipends or substitute teachers.

Subd. 6. [INSTRUCTIONAL EFFECTIVENESS ADMINISTRATION.] The sum of \$70,000 is appropriated for the purposes of administering the instructional effectiveness program.

Subd. 7. [SHARED FACILITIES REPORT.] The sum of \$10,000 is appropriated for the purposes of preparing a report on methods for sharing public school facilities.

Subd 8. [RESEARCH AND DEVELOPMENT GRANTS.] The sum of

\$150,000 is appropriated for the council on quality education for the research and development grant program authorized in section 9. No more than \$80,000 of this appropriation shall be used for staff expenses. The department of education may increase its authorized complement for the council on quality education until June 30, 1985, by one professional and one clerical position to provide support for the grant program. At least \$50,000 of this appropriation shall be used for contracts for preliminary studies.

Subd. 9. [SCHOOL MANAGEMENT.] The sum of \$25,000 is appropriated for school management. Of this sum \$10,000 is for the school management task force. The remaining \$15,000 is to be used by the commissioner of education for initial administrative costs in establishing an assessment center.

Subd. 10. [LOCAL ASSESSMENT PROGRAM.] The sum of \$575,000 is appropriated for fiscal year 1985 for the purposes of implementing the requirements of section 6, subdivision 2. The department may use up to \$200,000 of the appropriation for initial costs of establishing the program. The department may use up to \$150,000 to increase the staff complement in the assessment section, \$50,000 of which shall be used for one additional professional position. The remaining \$100,000 is available for three positions in the assessment section and associated expenses currently funded with federal block grant dollars. This \$100,000 shall not be released until the commissioner of education has verified to the commissioner of finance that federal funding for these positions is no longer available and has not been transferred to another section in the department. In the event of a transfer from federal to state funding, the complement for the affected positions is also transferred from federal to state status.

Subd. 11. [DEVELOPMENT OF TEST ITEM BANK.] The sum of \$320,000 is appropriated for fiscal year 1985 for the purposes of section 6, subdivision 5. The department may use up to \$80,000 of the appropriation to increase the state complement by two positions in the assessment section.

Subd. 12. [PLANNING, EVALUATION, AND REPORTING PROCESS.] The sum of \$1,020,000 is appropriated for fiscal year 1985 for the purposes of section 8. Any unexpended balance remaining from this appropriation for fiscal year 1985 shall not cancel but shall be available for use in fiscal year 1986 until November 1, 1985.

Subd. 13. [TECHNOLOGY DEMONSTRATION SITES.] The sum of \$581,000 is appropriated to fund the technology demonstration site proposals under Minnesota Statutes, section 129B.36, which were the first, second, third, 12th, and 15th highest proposals rated by the advisory committee on technology in education. The grants awarded to each of the districts submitting these proposals shall be for use during the 1983-1984 and 1984-1985 school years and shall not exceed the actual amount of the grant proposal submitted to the state board of education or \$125,000, whichever is less.

Sec. 18. [HECB APPROPRIATION.]

The sum of \$20,000 is appropriated from the general fund to the higher education coordinating board to conduct a study of teacher education programs. A portion of this sum may be used for consultants. The sum shall be available until June 30, 1985.

Sec. 19. [EFFECTIVE DATE.]

Sections 1, 2, 3, 9, 12, 13, 14, 15, 17, and 18 are effective the day following final enactment.

ARTICLE 9

CASH FLOW

Section 1. Minnesota Statutes 1983 Supplement, section 121.904, subdivision 4a, is amended to read:

Subd. 4a. [LEVY RECOGNITION.] (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district, including distributions made pursuant to section 279.37, subdivision 7, and excluding the amount levied pursuant to section 275.125, subdivision 9a, and Laws 1976, chapter 20, section 4.

(b) In June of each year, the school district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the June and July school district tax settlement revenue received in that calendar year; or

(2) the sum of the state aids and credits enumerated in section 124.155, subdivision 2 which are for the fiscal year payable in that fiscal year *plus 32 percent of the amount of the levy certified in the prior calendar year according to section 275.125, subdivision 2d, plus or minus auditor's adjustments, not including levy portions that are assumed by the state; or*

(3) thirty-two percent of the amount of the levy certified in the prior calendar year, plus or minus auditor's adjustments, not including levy portions that are assumed by the state, which remains after subtracting, by fund, the amounts levied for the following purposes:

(i) reducing or eliminating projected deficits in the appropriated fund balance accounts for unemployment insurance and bus purchases;

(ii) statutory operating debt pursuant to section 275.125, subdivision 9a, and Laws 1976, chapter 20, section 4; and

(iii) retirement and severance pay pursuant to section 275.125, subdivision 6a, and Laws 1975, chapter 261, section 4; *and*

(iv) amounts levied for bonds issued and interest thereon, amounts levied for debt service loans and capital loans, and amounts levied pursuant to section 275.125, subdivision 14a.

(c) In July of each year, the school district shall recognize as revenue that portion of the school district tax settlement revenue received in that calendar year and not recognized as revenue for the previous fiscal year pursuant to clause (b).

(d) All other school district tax settlement revenue shall be recognized as revenue in the fiscal year of the settlement. Portions of the school district levy assumed by the state, including prior year adjustments and the amount to fund the school portion of the reimbursement made pursuant to section 273.425, shall be recognized as revenue in the fiscal year beginning in the

calendar year for which the levy is payable.

Sec. 2. Minnesota Statutes 1982, section 121.904, is amended by adding a subdivision to read:

Subd. 4c. [PROPERTY TAX SHIFT REDUCTION.] (a) For the purpose of this subdivision, "combined fund balance" means the sum of the fund balance determined by the commissioner of finance pursuant to section 9 of this article, after transfers to the education aids increase account, plus the balance in the education aids increase account.

(b) If the combined fund balance exceeds \$58,000,000, the levy recognition percent specified in subdivision 4a, clauses (b)(2) and (b)(3), shall be reduced for taxes payable in 1985 and thereafter according to the provisions of this subdivision.

(c) The levy recognition percent shall equal the result of the following computation: 32 percent, times the ratio of

(1) the statewide total amount of levy recognized in June 1985 pursuant to subdivision 4a, clause (b), reduced by the amount of the combined fund balance in excess of \$50,000,000, to

(2) the statewide total amount of the levy recognized in June 1985 pursuant to subdivision 4a, clause (b).

The result shall be rounded up to the nearest whole percent. However, in no case shall the levy recognition percent be reduced below 24 percent.

Sec. 3. Minnesota Statutes 1983 Supplement, section 124.155, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF ADJUSTMENT.] ~~Beginning with~~ *In* fiscal year 1984 and each year thereafter, state aids and credits enumerated in subdivision 2 payable to any school district ~~in a particular fiscal year~~ for that fiscal year shall be adjusted, in the order listed, by an amount equal to (1) the amount the district recognized as revenue for the prior fiscal year pursuant to section 121.904, subdivision 4a, clause (b), ~~as amended by Laws 1982, third special session chapter 1, article 3, section 1;~~ minus (2) the amount the district recognizes as revenue for the current fiscal year pursuant to section 121.904, subdivision 4a, clause (b); ~~as amended by Laws 1982, third special session chapter 1, article 3, section 1.~~ ~~Any loan amount authorized from the cash flow loan fund or~~ *For the purposes of making the aid adjustment under this subdivision, the amount the district recognizes as revenue for either the prior fiscal year or the current fiscal year pursuant to section 121.904, subdivision 4a, clause (b), shall not include any amount levied pursuant to section 275.125, subdivision 2d.* Payment from the permanent school fund shall not be adjusted pursuant to this section. The school district shall be notified of the amount of the adjustment made to each payment pursuant to this section.

Sec. 4. Minnesota Statutes 1983 Supplement, section 124.195, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY.] This section applies to all aids or credits paid by the commissioner of education from the general fund of the state of Minnesota to school districts ~~except as provided in section 124.5629.~~ ~~The procedures described in this section for making disbursements to school~~

districts will be used starting in fiscal year 1984, except that for districts that have tax anticipation certificates or aid anticipation certificates which were sold prior to June 30, 1983, and which mature prior to June 30, 1984, the payment schedules specified in Minnesota Statutes 1982 may continue to be used in fiscal year 1984 if the school district provides evidence to the commissioner of education that the payment schedules established in this section would jeopardize repayment of these certificates or prevent the district from making payments for other services without additional borrowing.

Sec. 5. Minnesota Statutes 1983 Supplement, section 124.195, subdivision 9, is amended to read:

Subd. 9. [PAYMENT PERCENTAGE FOR CERTAIN AIDS.] The following aids shall be paid at 100 percent of the entitlement for the current fiscal year: school lunch aid, according to section 124.646; ~~teacher institute aid, campus laboratory school aid, and high technology aids hearing impaired support services aid, according to section 121.201; and educational improvement aids, according to sections 121.601, 129B.33, 129B.34, and 129B.36.~~

Sec. 6. Minnesota Statutes 1983 Supplement, section 124.195, is amended by adding a subdivision to read:

Subd. 11. [NONPUBLIC AIDS.] *The state shall pay to each school district 85 percent of its aid for pupils attending nonpublic schools, according to sections 123.931 to 123.947 by December 31. The final aid distribution shall be made by December 31 of the following school year.*

Sec. 7. Minnesota Statutes 1982, section 475.61, subdivision 1, is amended to read:

Subdivision 1. [DEBT SERVICE RESOLUTION.] The governing body of any municipality issuing general obligations shall, prior to delivery of the obligations, levy by resolution a direct general ad valorem tax upon all taxable property in the municipality to be spread upon the tax rolls for each year of the term of the obligations. The tax levies for all years for municipalities other than school districts shall be specified and such that if collected in full they, together with estimated collections of special assessments and other revenues pledged for the payment of said obligations, will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the obligations. The tax levies for school districts shall be specified and such that if collected in full they, together with estimated collection of other revenues pledged for the payment of the obligations, will produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations; except that, with the permission of the commissioner of education, a school board may specify a tax levy in a higher amount if necessary ~~because of either to meet an anticipated tax delinquency or for cash flow needs to meet the required payments from the debt redemption fund.~~ Such resolution shall irrevocably appropriate the taxes so levied and any special assessments or other revenues so pledged to the municipality's debt service fund or a special debt service fund or account created for the payment of one or more issues of obligations. The governing body may, in its discretion, at any time after the obligations have been authorized, adopt a resolution levying only a portion of such taxes, to be filed, assessed, extended, collected, and remitted

as hereinafter provided, and the amount or amounts therein levied shall be credited against the tax required to be levied prior to delivery of the obligations.

Sec. 8. Minnesota Statutes 1983 Supplement, section 475.61, subdivision 3, is amended to read:

Subd. 3. [IRREVOCABILITY.] Tax levies so made and filed shall be irrevocable, except as provided in this subdivision.

In each year when there is on hand any excess amount in the debt service redemption fund of a school district at the time the district makes its property tax levies, the amount of the excess shall be certified by the school board to the county auditor and the auditor shall reduce the tax levy otherwise to be included in the rolls next prepared by the amount certified, unless the school board determines that the excess amount is necessary to ensure the prompt and full payment of the obligations and any call premium on the obligations, or will be used for redemption of the obligations in accordance with their terms. An amount shall be presumed to be excess for a school district in the amount that it, together with the levy required by subdivision 1, will exceed 106 percent of the amount needed to meet when due the principal and interest payments on the obligations due before the second following July 1. This subdivision shall not limit a school board's authority to specify a tax levy in a higher amount if necessary because of anticipated tax delinquency or for cash flow needs to meet the required payments from the debt redemption fund.

If the governing body, including the governing body of a school district, in any year makes an irrevocable appropriation to the debt service fund of moneys actually on hand or if there is on hand any excess amount in the debt service fund, the recording officer may certify to the county auditor the fact and amount thereof and the auditor shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared.

Sec. 9. [EDUCATION AIDS INCREASE ACCOUNT.]

Subdivision 1. [ESTABLISHMENT.] There is established an education aids increase account in the general fund of the state treasury for the deposit of funds to insure adequate funding for increases in aids to school districts for the biennium beginning July 1, 1985.

Subd. 2. [INITIAL TRANSFER.] The commissioner of finance shall transfer \$23,000,000 to the education aids increase account on July 1, 1984.

Subd. 3. [CONTINGENT TRANSFERS.] If forecasts of general fund revenues and expenditures prepared by the commissioner of finance pursuant to chapter 16A prior to December 1, 1984, indicate a projected general fund balance for the biennium ending June 30, 1985, the commissioner shall transfer the amount of the balance to the education aids increase account; however, in no case shall the cumulative total of all transfers according to this subdivision exceed \$27,000,000. Transfers to the education aids increase account shall remain in the account until expended.

Subd. 4. [EXPIRATION OF ACCOUNT.] The education aids increase account shall expire on June 30, 1987. Any unexpended moneys in the education aids increase account on June 30, 1987, shall be transferred to the general fund.

Sec. 10. [CERTIFICATION AND NOTICE OF PERCENT.]

The commissioner of finance shall certify to the commissioner of education the levy recognition percent computed under section 2 of this article by January 5, 1985. The commissioner of education shall notify school districts of any change by January 15, 1985.

Sec. 11. [TRANSFER IN FISCAL YEAR 1985 FOR ADDITIONAL AIDS.]

The commissioner of finance shall transfer from the general fund to the education aids appropriations specified by the commissioner of education, the amounts needed to finance the additional payments required because of the reduction pursuant to section 2 of this article of the levy recognition percentage in Minnesota Statutes, section 121.904, subdivision 4c. Payments to a school district of additional state aids resulting from a reduction in the levy recognition percentage pursuant to section 2 of this article, shall be added to the cash metering system, according to Minnesota Statutes, section 124.195, after January 15, 1985, and shall be paid in a manner consistent with the percentage specified in that section.

Sec. 12. [CASH FLOW EVALUATION.]

The commissioner of finance, in cooperation with the commissioner of education and the Minnesota association of school business officials, shall evaluate the impact on school districts of the cash flow provisions of Minnesota Statutes, chapter 124. The commissioner shall report the findings, along with recommendations, to the education committees of the legislature by February 15, 1985.

Sec. 13. [REPEALER.]

Minnesota Statutes 1982, sections 124.246, subdivision 5; 124.26, subdivision 5; 124.572, subdivision 8a; 124.573, subdivision 6; and 124.574, subdivision 8, are repealed. Minnesota Statutes 1983 Supplement, sections 124.225, subdivision 12; and 124.271, subdivision 6, are repealed.

Sec. 14. [APPROPRIATION.]

The appropriation for payment of support services for hearing impaired persons, according to Laws 1983, chapter 314, article 3, section 19, subdivision 8, for fiscal year 1985 is increased by \$6,000, from \$37,000 to \$43,000.

Sec. 15. [EFFECTIVE DATE.]

Sections 1 and 9 are effective the day following final enactment. Section 3 is effective the day following final enactment and shall apply to the adjustment made pursuant to Minnesota Statutes, section 124.155 in fiscal year 1984 and thereafter."

Delete the title and insert:

"A bill for an act relating to education; providing for aids to education, tax levies, and the distribution of tax revenues; modifying the foundation aid formula; granting certain powers and duties to school boards, school districts, the state board of education, the commissioner of education, the department of education, the state board of vocational technical education, the

state director of vocational technical education, the higher education coordinating board, and others; providing for an equalized summer school aid and levy; increasing the community education aid and levy; providing for an equalized early childhood and family education aid and levy; establishing a programs of excellence program; requiring an arts education study; expanding in-service and instructional effectiveness training programs; improving the planning, evaluation, and reporting process; establishing assessment programs; establishing a research and development grant program; appropriating money; amending Minnesota Statutes 1982, sections 120.05, subdivision 2; 120.06; 121.09; 121.21; 121.212, subdivision 1; 121.213; 121.214; 121.215; 121.2155; 121.216; 121.218; 121.904, by adding a subdivision; 121.908, by adding a subdivision; 121.912, by adding a subdivision; 121.935, subdivisions 2 and 6; 121.936, subdivision 1; 123.36, subdivision 10; 123.74; 123.741, as amended; 123.742, as amended; 124.19, by adding a subdivision; 124.20; 124.201, subdivision 1; 124.214, subdivision 1; 124.245, subdivision 1; 124.564; 124.565, subdivisions 1, 6, and 7; 124.572, as amended; 124.573, subdivision 3; 125.12, subdivision 3; 125.17, subdivision 2; 125.611, by adding a subdivision; 125.185, subdivision 4; 136A.02, subdivision 6; 275.125, subdivision 9a, and by adding subdivisions; 465.721; 471.61, subdivisions 1 and 2a; and 475.61, subdivision 1; Minnesota Statutes 1983 Supplement, sections 120.17, subdivision 3b; 121.15, subdivision 1; 121.503, subdivision 5; 121.601; 121.608; 121.609; 121.904, subdivision 4a; 123.36, subdivision 13; 123.743; 124.155, subdivision 1; 124.195, subdivisions 1, 9, and by adding a subdivision; 124.201, subdivisions 2, 4, and 5; 124.2122, subdivisions 1 and 2; 124.2126, subdivision 3; 124.2138; 124.214, subdivision 2; 124.271, subdivision 2b; 124.5611; 124.5612; 124.5614; 124.5615; 124.5616; 124.5617; 124.5618; 124A.06, subdivision 1; 124A.12, subdivision 1; 124A.14; 124A.16; 125.032, subdivision 2a; 129B.02, subdivision 4; 129B.041, subdivisions 1 and 3; 129B.32, subdivision 3; 129B.36, subdivision 7; 136C.01; 136C.02, subdivision 3; 136C.04, subdivisions 7, 10, and by adding a subdivision; 275.125, subdivisions 2e, 2k, 8, 8a, 9b, 11a, 11b, and 11c; 298.28, subdivision 1; 466.06; and 475.61, subdivision 3; Laws 1976, chapter 20, section 5, subdivision 1; Laws 1983, chapter 314, article 6, section 34, subdivision 12; article 7, section 45; article 8, section 23; and article 9, section 14, subdivision 3; proposing new law coded in Minnesota Statutes, chapters 121; 123; 124; 126; 129B; and 136C; repealing Minnesota Statutes 1982, sections 121.217; 124.201, as amended; 124.212, subdivision 1; 124.245, subdivision 1a; 124.246, subdivisions 2a and 5; 124.26, subdivisions 1a and 5; 124.273, subdivisions 1a and 2a; 124.32, subdivisions 1a, 1e, and 2a; 124.565, subdivisions 3 and 4; 124.572, subdivisions 2a, 8, and 8a; 124.573, subdivisions 2a, 3b, 5, and 6; 124.574, subdivisions 2, 2a, 3a, and 8; 125.60, subdivision 2a; 129B.06; 129B.07; 129B.08; 129B.09, as amended; and 275.125, subdivisions 2g and 2h; Minnesota Statutes 1983 Supplement, sections 124.11, subdivisions 2a and 2b; 124.225, subdivision 12; 124.271, subdivision 6; 124.32, subdivision 5a; 124.5613, subdivision 1; 129B.041, subdivision 2; and 275.125, subdivisions 2i and 2j."

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

House Conferees: (Signed) Ken Nelson, Bob McEachern, Buzz Anderson, Connie Levi, Gary L. Schafer

Senate Conferees: (Signed) Tom A. Nelson, James C. Pehler, Darrel L.

Peterson

Mr. Nelson moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1393 be now adopted, and that the bill be repassed as amended by the Conference Committee.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 55 and nays 8, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Kamrath	Nelson	Renneke
Anderson	Diessner	Knaak	Novak	Schmitz
Belanger	Frank	Knutson	Olson	Sieloff
Berg	Frederick	Kronebusch	Pehler	Spear
Berglin	Frederickson	Laidig	Peterson, C.C.	Storm
Bertram	Freeman	Langseth	Peterson, D.C.	Stumpf
Brataas	Hughes	Lantry	Peterson, D.L.	Taylor
Chmielewski	Isackson	Lessard	Petty	Ulland
Dahl	Johnson, D.E.	Luther	Purfeerst	Vega
Davis	Johnson, D.J.	Mehrkins	Ramstad	Waldorf
DeCramer	Jude	Moe, R. D.	Reichgott	Willet

Those who voted in the negative were:

Benson	Kroening	Merriam	Peterson, R.W.	Wegscheid
Dieterich	McQuaid	Moe, D. M.		

The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1393 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 65 and nays 2, as follows:

Those who voted in the affirmative were:

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

Messrs. Merriam and Peterson, R.W. voted in the negative.

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce 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. 1349: A bill for an act relating to liquor; abolishing prohibition on furnishing liquor to certain persons and exclusion of certain persons from liquor establishments after notice; amending Minnesota Statutes 1982, section 340.601; repealing Minnesota Statutes 1982, sections 340.73, subdivision 2; 340.78; and 340.81.

Senate File No. 1349 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1984

Mr. Spear moved that the Senate do not concur in the amendments by the House to S.F. No. 1349, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1347:

H.F. No. 1347: A bill for an act relating to crimes; prohibiting the concealing, obtaining, or retaining of a child in violation of the parental, custodial, or visitation rights of another; imposing penalties; providing for notification in custody or visitation orders of the child abduction laws; requiring violations of the child abduction law to be reported under the child abuse reporting law; amending Minnesota Statutes 1982, section 609.26; proposing new law coded in Minnesota Statutes, chapter 518.

The House respectfully requests that a Conference Committee of three members be appointed thereon.

Segal; Clark, J. and Bishop have been appointed as such committee on the part of the House.

House File No. 1347 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 18, 1984

Mr. Pogemiller moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1347, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

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

S.F. No. 1336: A bill for an act relating to crime; providing for criminal

penalties and a one year driver's license revocation upon refusal by a driver suspected of driving under the influence of alcohol or a controlled substance to take a test; authorizing testing of a suspect who is unconscious or in a condition rendering the suspect incapable of refusal; restricting issuance of limited licenses for work purposes; clarifying provisions of the hit and run law; clarifying penalties imposed on certain persons convicted of driving while under the influence of alcohol or a controlled substance; clarifying provisions of the driving after revocation, suspension, or cancellation law; prescribing penalties for causing death or injury of another while operating a vehicle in a certain manner; providing for admission into evidence of certain convictions for driving offenses for impeachment purposes; authorizing issuance of limited licenses in certain circumstances; amending Minnesota Statutes 1982, sections 169.09, subdivision 4; 169.123, subdivisions 4, 5a, and 9, and by adding a subdivision; 171.24; and 171.30, subdivision 1; and Minnesota Statutes 1983 Supplement, sections 169.09, subdivisions 1, 14, and 15; 169.121, subdivision 3; 169.123, subdivisions 2 and 6; and 609.21, subdivisions 1 and 2; proposing new law coded in Minnesota Statutes, chapters 171 and 634; repealing Minnesota Statutes 1982, section 169.123, subdivision 9.

Senate File No. 1336 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1984

Mr. Pogemiller moved that the Senate do not concur in the amendments by the House to S.F. No. 1336, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

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

S.F. No. 1954: A bill for an act relating to elections; making procedural changes; correcting erroneous and obsolete provisions; amending Minnesota Statutes 1982, sections 200.02, subdivision 7; 201.021; 201.061, subdivision 2; 203B.04, subdivision 4; 203B.06, subdivision 4; 204B.27, subdivisions 2 and 3; 204B.28, subdivision 2; 204B.29, subdivision 1; 204C.27; 204D.11, subdivision 3, and by adding a subdivision; 206.15; 208.04; Minnesota Statutes 1983 Supplement, sections 203B.12, subdivision 2; 204B.36, subdivision 2; 204C.10, subdivision 1; 204C.32, subdivision 2; and 204D.11, subdivisions 1 and 5; repealing Minnesota Statutes 1982, sections 201.018, subdivision 1; 204C.11; and 204C.30, subdivision 2.

Senate File No. 1954 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1984

CONCURRENCE AND REPASSAGE

Mr. Hughes moved that the Senate concur in the amendments by the House

to S.F. No. 1954 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1954: A bill for an act relating to elections; making procedural changes; correcting erroneous and obsolete provisions; amending Minnesota Statutes 1982, sections 200.02, subdivision 7; 201.021; 201.061, subdivision 2; 203B.04, subdivision 4; 203B.06, subdivision 4; 203B.12, subdivisions 3, 4, and 6; 204B.27, subdivisions 2 and 3; 204B.28, subdivision 2; 204B.29, subdivision 1; 204C.27; 204D.11, subdivision 3, and by adding a subdivision; 206.15; 208.04; Minnesota Statutes 1983 Supplement, sections 203B.12, subdivision 2; 204B.36, subdivision 2; 204C.10, subdivision 1; 204C.32, subdivision 2; and 204D.11, subdivisions 1 and 5; 205.175, subdivisions 1 and 3; repealing Minnesota Statutes 1982, sections 201.018, subdivision 1; 204C.11; and 204C.30, subdivision 2.

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 52 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Kroening	Olson	Sieloff
Anderson	Frederick	Kronebusch	Pehler	Solon
Belanger	Frederickson	Langseth	Peterson, D.C.	Taylor
Benson	Freeman	Lantry	Peterson, D.L.	Ulland
Bernhagen	Hughes	Luther	Peterson, R.W.	Vega
Bertram	Isackson	McQuaid	Petty	Waldorf
Brataas	Johnson, D.E.	Mehrkins	Purfeerst	Wegscheid
Dahl	Johnson, D.J.	Merriam	Ramstad	Willet
Dicklich	Jude	Moe, D. M.	Renneke	
Dießner	Kamrath	Moe, R. D.	Samuelson	
Dieterich	Knaak	Novak	Schmitz	

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

Pursuant to Joint Rule 3.02, the Conference Committee on House File No. 449 was discharged after adjournment May 23, 1983 and the bill was laid on the table.

H.F. No. 449: A bill for an act relating to elections; limiting campaign expenditures by congressional candidates who choose to receive a public subsidy for their campaigns; redefining certain terms in relation to congressional candidates; limiting the applicability of certain provisions of law to state constitutional and state legislative candidates; providing for the transfer of debts and funds of a principal campaign committee under certain circumstances; limiting certain lobbyist contributions; providing for filing of campaign reports by certain congressional candidates; proposing expenditure limits for congressional candidates who choose to receive a public subsidy; providing a penalty for exceeding campaign expenditure limits by congressional candidates; changing the designated amount of certain income tax payments; providing for the allocation of party accounts and the general ac-

count to certain state and congressional candidates; providing estimates of minimum amounts of public subsidy to be received by certain congressional candidates; requiring signed agreements by congressional candidates who choose to receive a public subsidy; specifying when congressional candidates who accept a public subsidy must return all or part thereof; providing for the return of money from the state elections campaign fund to the general fund; making certain technical amendments; imposing penalties; amending Minnesota Statutes 1982, sections 10A.01; 10A.24; 10A.25; 10A.255; 10A.27; 10A.275; 10A.28; 10A.30; 10A.31; 10A.33; 10A.335; and 290.06, subdivision 11; proposing new law coded in Minnesota Statutes, chapter 10A; repealing Minnesota Statutes 1982, section 10A.32.

I have the honor to announce that on April 18, 1984, House File No. 449 was taken from the table and new House conferees were appointed.

Carlson, L.; Kostohryz and Osthoff have been appointed as such committee on the part of the House.

House File No. 449 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 18, 1984

Mr. Luther moved that the Senate accede to the request of the House for a new Conference Committee on H.F. No. 449, and that a new Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like new Conference Committee appointed on the part of the House.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 32 and nays 22, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Luther	Peterson, R. W.	Vega
Bertram	Freeman	Merriam	Petty	Waldorf
Chmielewski	Hughes	Moe, D. M.	Pogemiller	Wegscheid
Dahl	Johnson, D. J.	Moe, R. D.	Purfeerst	Willet
Dicklich	Jude	Novak	Samuelson	
Diessner	Langseth	Pehler	Schmitz	
Dieterich	Lantry	Peterson, D. C.	Solon	

Those who voted in the negative were:

Anderson	Frederick	Knaak	Peterson, D. L.	Taylor
Belanger	Frederickson	Kronebusch	Ramstad	Ulland
Benson	Isackson	McQuaid	Renneke	
Bernhagen	Johnson, D. E.	Mehrkens	Sieloff	
Brataas	Kamrath	Olson	Storm	

The motion prevailed.

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. 1559, 1568, 1695, 1406, 1735,

1831, 1982, 2017, 2098, 1291, 1315, 1800, 1977 and 1577.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 18, 1984

FIRST READING OF HOUSE BILLS

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

H.F. No. 1559: A bill for an act proposing an amendment to the Minnesota Constitution, article XI, section 10; allowing public lands of the state to be exchanged for any other public land; amending Minnesota Statutes 1982, sections 94.343, subdivision 1; and 94.349, subdivision 3.

Mr. Willet moved that H.F. No. 1559 be laid on the table. The motion prevailed.

H.F. No. 1568: A bill for an act relating to juveniles; providing for enhanced penalties for adults convicted of driving while under the influence of alcohol or a controlled substance if there are prior similar juvenile adjudications; providing an alternative disposition for juvenile major traffic offenders; amending Minnesota Statutes 1982, section 260.193, subdivision 8; and Minnesota Statutes 1983 Supplement, section 169.121, subdivision 3.

Referred to the Committee on Judiciary.

H.F. No. 1695: A bill for an act relating to courts; accelerating the effective date of judicial reorganization in the third and seventh judicial districts; amending Minnesota Statutes 1982, section 487.191.

Mr. Purfeerst moved that H.F. No. 1695 be laid on the table. The motion prevailed.

H.F. No. 1406: A bill for an act relating to local government; permitting cities and counties to reimburse officers or employees for certain legal expenses; proposing new law coded in Minnesota Statutes, chapter 465.

Referred to the Committee on Local and Urban Government.

H.F. No. 1735: A bill for an act relating to crimes; requiring the court to impose a stay of execution of sentence with a 90-day period of incarceration as a condition of probation for certain offenders convicted of a first offense of burglary of a dwelling; amending Minnesota Statutes 1983 Supplement, section 609.583.

Mr. Frederickson moved that H.F. No. 1735 be laid on the table. The motion prevailed.

H.F. No. 1831: A bill for an act relating to transportation; increasing special permit fees for vehicles exceeding weight limitations; amending Minnesota Statutes 1983 Supplement, section 169.86, subdivision 5.

Mr. Langseth moved that H.F. No. 1831 be laid on the table. The motion prevailed.

H.F. No. 1982: A bill for an act relating to towns; authorizing contributions to certain organizations; amending Minnesota Statutes 1982, section 365.10.

Mr. Peterson, R.W. moved that H.F. No. 1982 be laid on the table. The motion prevailed.

H.F. No. 2017: A bill for an act relating to commitment; defining provisional discharge; prohibiting the provisional release of a mentally ill and dangerous patient from secure confinement; amending Minnesota Statutes 1982, sections 253B.02, by adding subdivisions; and 253B.18, by adding subdivisions.

Referred to the Committee on Judiciary.

H.F. No. 2098: A bill for an act relating to public welfare; requiring financial statements by providers of continuing care facilities; allowing residents to form associations; revising procedures for determining operating cost payment rates for nursing homes; appropriating money; amending Minnesota Statutes 1982, sections 144.072; 256B.25; and 256D.06, by adding a subdivision; Minnesota Statutes 1983 Supplement, sections 45.16, subdivision 2; 144A.071, subdivision 2; 144A.31, subdivision 4; 256B.421, subdivisions 2, 5, and 8; 256B.431, subdivisions 1, 2, 4, 5, and by adding a subdivision; 256B.48, subdivision 1; 256B.50; proposing new law coded in Minnesota Statutes, chapters 80D; 144; and 256B.

Ms. Berglin moved that H.F. No. 2098 be laid on the table. The motion prevailed.

H.F. No. 1291: A bill for an act proposing an amendment to the Minnesota Constitution, article XI, section 8; removing the constitutional restrictions on permanent school fund investments; establishing statutory restrictions; amending Minnesota Statutes 1982, section 11A.16, subdivision 4.

Mr. Pehler moved that H.F. No. 1291 be laid on the table. The motion prevailed.

H.F. No. 1315: A bill for an act relating to bicycles; allowing bicycle registrants to donate in excess of the registration fee to pay for costs of administering and publicizing the bicycle registration program and for developing bicycle education programs and recreational facilities and trails; increasing the bicycle registration fee; providing criteria for fund allocation to political subdivisions; providing for reports to the legislature; providing for appointment of deputy registrars of bicycles; continuing the bicycle study review commission as the advisory committee on bicycling; appropriating money; amending Minnesota Statutes 1982, sections 168C.04; 168C.11; Laws 1976, chapter 199, section 14, subdivision 1.

Mr. Purfeerst moved that H.F. No. 1315 be laid on the table. The motion prevailed.

H.F. No. 1800: A resolution memorializing Congress and the President to continue their efforts to halt the persecution of the Baha'i minority in Iran.

Mr. Ramstad moved that H.F. No. 1800 be laid on the table. The motion prevailed.

H.F. No. 1977: A bill for an act relating to public welfare; clarifying the calculation of rates paid to health maintenance organizations; requiring the use of certain presentation materials; amending Minnesota Statutes 1982, sections 256.966, subdivision 2; and 256B.05, by adding a subdivision;

Minnesota Statutes 1983 Supplement, section 256.871, subdivision 7.

Ms. Berglin moved that H.F. No. 1977 be laid on the table. The motion prevailed.

H.F. No. 1577: A bill for an act relating to solid and hazardous waste management; amending various provisions of the waste management act; prescribing various powers and duties of the waste management board and the pollution control agency relating to hazardous waste management planning and the development of hazardous waste facilities; establishing programs for public education, technical and research assistance to generators, and grants for hazardous waste reduction and processing and collection facilities; requiring requests for proposals for hazardous waste processing and collection facilities; authorizing hazardous waste processing facility loans; prescribing procedures for the designation of solid waste facilities by counties and waste management districts; reducing the number of proposed sites in certain metropolitan counties for mixed municipal solid waste disposal facilities; amending various provisions relating to county and metropolitan solid waste management; appropriating money; amending Minnesota Statutes 1982, sections 115A.03, subdivisions 15 and 28; 115A.06, by adding a subdivision; 115A.08, by adding a subdivision; 115A.09, by adding a subdivision; 115A.11; 115A.18; 115A.24; 115A.241; 115A.46, subdivisions 1 and 2; 115A.70, by adding a subdivision; 116.07, by adding subdivisions; 116J.88, by adding a subdivision; 400.04, subdivision 3; 400.162; 473.181, subdivision 4; 473.801, subdivisions 1 and 4; 473.803, subdivisions 2, 3, and by adding a subdivision; 473.811, subdivision 10; 473.833, subdivision 4; Minnesota Statutes 1983 Supplement, sections 115A.08, subdivision 5; 115A.21, subdivision 1, and by adding a subdivision; 115A.22, subdivisions 1 and 4; 115A.241; 115A.25, subdivisions 1, 1a, and 1b; 115A.26; 115A.27, subdivision 2; 115A.28, subdivision 1; 115A.291; 115B.22, subdivision 1; 116J.90, by adding a subdivision; 473.149, subdivisions 2d and 2e; 473.803, subdivisions 1a and 1b; and 473.823, subdivision 6; proposing new law coded in Minnesota Statutes, chapters 115A and 473; repealing Minnesota Statutes 1982, sections 115A.071; 115A.46, subdivision 3; 115A.70, subdivisions 1, 2, 4, 5, and 6; 473.827; and Minnesota Statutes 1983 Supplement, section 115A.70, subdivisions 3 and 7.

Mr. Merriam moved that H.F. No. 1577 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. The motion prevailed.

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

H.F. No. 994 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

SPECIAL ORDERS

H.F. No. 994
S.F. No. 966

CONSENT CALENDAR

H.F. No. S.F. No.

CALENDAR

H.F. No. S.F. No.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 994 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 994 and insert the language after the enacting clause of S.F. No. 966, the first engrossment; further, delete the title of H.F. No. 994 and insert the title of S.F. No. 966, the first engrossment.

And when so amended H.F. No. 994 will be identical to S.F. No. 966, and further recommends that H.F. No. 994 be given its second reading and substituted for S.F. No. 966, 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. 1203 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.
1203	2000				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1203 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1203 and insert the language after the enacting clause of S.F. No. 2000, the first engrossment; further, delete the title of H.F. No. 1203 and insert the title of S.F. No. 2000, the first engrossment.

And when so amended H.F. No. 1203 will be identical to S.F. No. 2000, and further recommends that H.F. No. 1203 be given its second reading and substituted for S.F. No. 2000, 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. 229 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.
229	21				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 229 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 229 and insert the language after the enacting clause of S.F. No. 21, the second engrossment; further, delete the title of H.F. No. 229 and insert the title of S.F. No. 21, the second engrossment.

And when so amended H.F. No. 229 will be identical to S.F. No. 21, and further recommends that H.F. No. 229 be given its second reading and substituted for S.F. No. 21, 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. 1903 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.
1903	2146				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1903 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1903 and insert the language after the enacting clause of S.F. No. 2146; further, delete the title of H.F. No. 1903 and insert the title of S.F. No. 2146.

And when so amended H.F. No. 1903 will be identical to S.F. No. 2146, and further recommends that H.F. No. 1903 be given its second reading and substituted for S.F. No. 2146, 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. 1949 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.
1949	1814				

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. 1991 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.
1991	2084				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1991 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1991 and insert the language after the enacting clause of S.F. No. 2084, the first engrossment; further, delete the title of H.F. No. 1991 and insert the title of S.F. No. 2084, the first engrossment.

And when so amended H.F. No. 1991 will be identical to S.F. No. 2084, and further recommends that H.F. No. 1991 be given its second reading and substituted for S.F. No. 2084, 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. 1561 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.
1561	1417				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1561 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1561 and insert the language after the enacting clause of S.F. No. 1417, the first engrossment; further, delete the title of H.F. No. 1561 and insert the title of S.F. No. 1417, the first engrossment.

And when so amended H.F. No. 1561 will be identical to S.F. No. 1417, and further recommends that H.F. No. 1561 be given its second reading and substituted for S.F. No. 1417, 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.

SECOND READING OF HOUSE BILLS

H.F. Nos. 994, 1203, 229, 1903, 1949, 1991 and 1561 were read the sec-

ond time.

MOTIONS AND RESOLUTIONS

Mr. Bertram introduced—

Senate Resolution No. 108: A Senate resolution commending Gary Roebuck for fifteen successful years as dean of students, athletic director, and football coach at Holdingford High School.

Referred to the Committee on Rules and Administration.

Mr. Renneke introduced—

Senate Resolution No. 109: A Senate resolution congratulating the Waconia High School Marching Band for being selected to represent Minnesota in both Canada and Arizona.

Referred to the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1511 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON 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.

April 17, 1984

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S.F. No. 1511, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 1511 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. 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 land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes. "Wetlands" shall be land preserved in its natural condition, drainage of which would be 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.

(22) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used in the generation and distribution of hot water for heating buildings and structures.

Sec. 2. Minnesota Statutes 1982, section 272.02, subdivision 5, is amended to read:

Subd. 5. The holding of property by a political subdivision of the state for later resale for economic development purposes shall be considered a public purpose in accordance with subdivision 1, clause (7) for a period not to exceed ~~three~~ eight years. *The holding of property by a political subdivision of the state for later resale (1) which is purchased or held for housing purposes, or (2) 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. If the property is acquired for economic development purposes and buildings or other improvements are constructed after acquisition of the property, and if more than one-half of the floor space of the buildings or improvements which is available for lease to or use by a private individual, corporation, or other entity is leased to or otherwise used by a private individual, corporation, or other entity the provisions of this subdivision shall not apply to the property.* This subdivision shall not operate to create an exemption from sections 272.01, subdivision 2; 272.68; 273.19; or 462.575, subdivision 3; or other provision of law providing for the taxation of or for payments in lieu of taxes for publicly held property which is leased, loaned, or otherwise made available and used by a private person. ~~This section is effective for taxes levied in 1979 and thereafter, and payable in 1980 and thereafter.~~

Sec. 3. 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 Minne-

sota, 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; forgnettes; marine glasses; field glasses and binoculars.

(ii) articles made of fur or 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 con-

tinuous 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 airflight equipment and the storage, use or other consumption of such property by airline companies taxed under the provisions of sections 270.071 to 270.079. For purposes of this clause, "airflight equipment" includes airplanes and parts necessary for the repair and maintenance of such airflight equipment, and flight simulators.

(n) The gross receipts from the sale of telephone central office telephone equipment used in furnishing intrastate and interstate telephone service to the public.

(o) The gross receipts from the sale of and the storage, use or other consumption by persons taxed under the in lieu provisions of chapter 298, of mill liners, grinding rods and grinding balls which are substantially consumed in the production of taconite, the material of which primarily is added to and becomes a part of the material being processed.

(p) The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious or educational purposes if the property purchased is to be used in the performance of charitable, religious or educational functions, or any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders. 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, *hot water*, 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.

Sec. 4. Minnesota Statutes 1982, section 429.021, subdivision 1, is amended to read:

Subdivision 1. [IMPROVEMENTS AUTHORIZED.] The council of a municipality shall have power to make the following improvements:

(1) To acquire, open, and widen any street, and to improve the same by constructing, reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking strips of any material, or by grading, graveling, oiling, or otherwise improving the same, including the beautification thereof and including storm sewers or other street drainage and connections from sewer, water or similar mains to curb lines.

(2) To acquire, develop, construct, reconstruct, extend and maintain storm and sanitary sewers and systems, including outlets, holding areas and ponds, treatment plants, pumps, lift stations, service connections, and other appurtenances of a sewer system, within and without the corporate limits.

(3) To construct, reconstruct, extend and maintain steam heating mains.

(4) To install, replace, extend and maintain street lights and street lighting systems and special lighting systems.

(5) To acquire, improve, construct, reconstruct, extend and maintain water works systems, including mains, valves, hydrants, service connections, wells, pumps, reservoirs, tanks, treatment plants, and other appurtenances of a water works system, within and without the corporate limits.

(6) To acquire, improve and equip parks, open space areas, playgrounds and recreational facilities within or without the corporate limits.

(7) To plant trees on streets and provide for their trimming, care and removal.

(8) To abate nuisances and to drain swamps, marshes and ponds on public or private property and to fill the same.

(9) To construct, reconstruct, extend, and maintain dikes and other flood control works.

(10) To construct, reconstruct, extend and maintain retaining walls and area walls.

(11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain and promote a pedestrian skyway system. *Such improvement may be made upon a petition pursuant to section 429.031, subdivision 3.*

(12) To acquire, construct, reconstruct, extend, operate, maintain and promote underground pedestrian concourses.

(13) To acquire, construct, improve, alter, extend, operate, maintain and promote public malls, plazas or courtyards.

(14) To construct, reconstruct, extend, and maintain district heating systems.

(15) To construct, reconstruct, alter, extend, operate, maintain and promote fire protection systems in existing buildings, but only upon a petition pursuant to section 429.031, subdivision 3.

Sec. 5. Minnesota Statutes 1982, section 429.031, subdivision 3, is amended to read:

Subd. 3. [PETITION BY ALL OWNERS.] Whenever all owners of real property abutting upon any street named as the location of any improvement shall petition the council to construct the improvement and to assess the entire cost against their property, the council may, without a public hearing, adopt a resolution determining such fact and ordering the improvement. The validity of the resolution shall not be questioned by any taxpayer or property owner or the municipality unless an action for that purpose is commenced within 30 days after adoption of the resolution as provided in section 429.036. Nothing herein prevents any property owner from questioning the amount or validity of the special assessment against his property pursuant to section 429.081. *In the case of a petition for the installation of a fire protection or a pedestrian skyway system, the petition must contain or be accompanied by an undertaking satisfactory to the city by the petitioner that the petitioner will grant the municipality the necessary property interest in the building to permit the city to enter upon the property and the building to construct, maintain, and operate the fire protection or pedestrian skyway system. In the case of a petition for the installation of a fire protection or pedestrian skyway system which will be privately owned, the petition shall also contain the plans and specifications for the improvement, the estimated cost of the improvement and a statement indicating whether the city or the owner will contract for the construction of the improvement. If the owner is contracting for the construction of the improvement, the city shall not approve the petition until it has reviewed and approved the plans, specifications, and cost estimates contained in the petition. The construction cost financed under section 429.091 shall not exceed the amount of the cost estimate contained in the petition. In the case of a petition for the installation of a fire protection or a pedestrian skyway system, the petitioner may request*

abandonment of the improvement at any time after it has been ordered pursuant to subdivision 1 and before contracts have been awarded for the construction of the improvement under section 429.041, subdivision 2. If such a request is received, the city council shall abandon the proceedings but in such case the petitioner shall reimburse the city for any and all expenses incurred by the city in connection with the improvement.

Sec. 6. Minnesota Statutes 1982, section 429.091, subdivision 2, is amended to read:

Subd. 2. [TYPES OF OBLIGATIONS PERMITTED.] The council may by resolution adopted prior to the sale of obligations pledge the full faith, credit, and taxing power of the municipality for the payment of the principal and interest. Such obligations shall be called improvement bonds and the council shall pay the principal and interest out of any fund of the municipality when the amount credited to the specified fund is insufficient for the purpose and shall each year levy a sufficient amount to take care of accumulated or anticipated deficiencies, which levy shall not be subject to any statutory or charter tax limitation. Obligations for the payment of which the full faith and credit of the municipality is not pledged shall be called improvement warrants or, in the case of bonds for fire protection or pedestrian skyway systems, revenue bonds and shall contain a promise to pay solely out of the proper special fund or funds pledged to their payment. It shall be the duty of the municipal treasurer to pay maturing principal and interest on warrants or revenue bonds out of funds on hand in the proper ~~special fund funds~~ and not otherwise.

Sec. 7. Minnesota Statutes 1982, section 429.101, subdivision 1, is amended to read:

Subdivision 1. [ORDINANCES.] In addition to any other method authorized by law or charter, the governing body of any municipality may provide for the collection of unpaid special charges for all or any part of the cost of

- (a) snow, ice, or rubbish removal from sidewalks,
- (b) weed elimination from streets or private property,
- (c) removal or elimination of public health or safety hazards from private property, excluding any structure included under the provisions of sections 463.15 to 463.26,
- (d) installation or repair of water service lines, street sprinkling or other dust treatment of streets,
- (e) the trimming and care of trees and the removal of unsound trees from any street,
- (f) the treatment and removal of insect infested or diseased trees on private property, the repair of sidewalks and alleys, or
- (g) the operation of a street lighting system, or
- (h) the operation and maintenance of a fire protection or a pedestrian skyway system,

as a special assessment against the property benefited. The council may by ordinance adopt regulations consistent with this section to make this author-

ity effective, including, at the option of the council, provisions for placing primary responsibility upon the property owner or occupant to do the work himself (except in the case of street sprinkling or other dust treatment, alley repair, tree trimming, care, and removal or the operation of a street lighting system) upon notice before the work is undertaken, and for collection from the property owner or other person served of the charges when due before unpaid charges are made a special assessment.

Sec. 8. Laws 1979, chapter 189, section 2, is amended to read:

Sec. 2. For the purposes of this act, "residential customer" means a customer classified by the public utility as a residential heating or residential non-heating customer of the public utility within the city of St. Paul and "gross operating revenue" means all sums received by the public utility from the sale of gas, hot water heating or electricity, excluding any amounts received which result from a surcharge on the public utility's rate schedule for the purpose of collecting the franchise fee.

Sec. 9. [EXEMPTION.]

Notwithstanding the provisions of Minnesota Statutes, section 473.556, subdivision 6, or any other law, real property conveyed to the port authority of the city of Bloomington by the metropolitan sports facilities commission shall be exempt from taxation as provided in Minnesota Statutes, sections 473.556, subdivision 4; and 459.192, subdivision 2.

Sec. 10. [EFFECTIVE DATE.]

Section 1 is effective for taxes levied in 1983 and thereafter and payable in 1984 and thereafter. Section 2 is effective for taxes levied in 1979 and thereafter and for taxes payable in 1980 and thereafter. Section 9 is effective upon compliance by the governing body of the city of Bloomington with Minnesota Statutes, section 645.021, subdivision 3."

Delete the title and insert:

"A bill for an act relating to public finance; modifying the tax exemption for property held by political subdivisions; providing a tax exemption for certain real and personal property; authorizing the levy of special assessments or service charges for fire protection and pedestrian skyway systems; amending Minnesota Statutes 1982, sections 272.02, subdivision 5; 429.021, subdivision 1; 429.031, subdivision 3; 429.091, subdivision 2; and 429.101, subdivision 1; and Minnesota Statutes 1983 Supplement, sections 272.02, subdivision 1; and 297A.25, subdivision 1; and Laws 1979, chapter 189, section 2."

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

Senate Conferees: (Signed) Eric D. Petty, Michael O. Freeman, Randy P. Kamrath

House Conferees: (Signed) Linda Scheid, Randy C. Kelly, Tom Osthoff

Mr. Petty moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1511 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1511 was read the third time, as amended by the Conference

Committee, and placed on its repassage.

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

The roll was called, and there were yeas 51 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Laidig	Peterson, C.C.	Solon
Anderson	Frederick	Langseth	Peterson, D.C.	Storm
Belanger	Frederickson	Lantry	Peterson, D.L.	Taylor
Benson	Hughes	Luther	Petty	Ulland
Bernhagen	Isackson	McQuaid	Pogemiller	Vega
Bertram	Johnson, D.J.	Mehrkins	Purfeerst	Wegscheid
Brataas	Jude	Moe, R. D.	Ramstad	Willet
Dahl	Kamrath	Nelson	Reichgott	
Dicklich	Knaak	Novak	Renneke	
Diessner	Kroening	Olson	Schmitz	
Dieterich	Kronebusch	Pehler	Sieloff	

Mr. Merriam voted in the negative.

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

Remaining on the Order of Business of Motions and Resolutions, without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

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

S.F. No. 1762: A bill for an act relating to the human rights department; prohibiting waiver of legal rights; changing the statute of limitations; providing sanctions for intentional delays; permitting award of attorney fees in administrative hearings; changing damage awards; amending Minnesota Statutes 1982, sections 363.06, subdivision 3; 363.071, by adding a subdivision; 363.116; 363.14, subdivisions 1 and 2; Minnesota Statutes 1983 Supplement, sections 363.06, subdivision 4; 363.071, subdivision 2; and 363.072, subdivision 1; proposing new law coded in chapter 363.

Senate File No. 1762 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1984

Ms. Reichgott moved that the Senate do not concur in the amendments by the House to S.F. No. 1762, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1258 and the Conference Committee Report thereon were re-

ported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1258

A bill for an act relating to the environment; requiring an agreement between the state and federal government prior to test drilling of geologic structures for disposal of high level radioactive waste and notification of results; regulating transportation of high level radioactive waste in the state; providing penalties; regulating nuclear fission electric generating plants in Minnesota; amending Minnesota Statutes 1982, section 116C.71, by adding subdivisions; and 116C.74; proposing new law coded in Minnesota Statutes, chapters 116C and 216B.

April 18, 1984

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S.F. No. 1258, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendment.

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

Senate Conferees: (Signed) Gene Merriam, Donald M. Moe, James Ulland

House Conferees: (Signed) Karen Clark, Rick Krueger, Elton R. Redalen

Mr. Merriam moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1258 be now adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1258 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Frank moved that the following members be excused for a Conference Committee on H.F. No. 1427 at 12:00 noon:

Messrs. Frank, Renneke and Moe, D.M. The motion prevailed.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. DeCramer moved that the following members be excused for a Conference Committee on H.F. No. 432:

Messrs. Davis, Berg and DeCramer. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Ms. Berglin moved that H.F. No. 1977 be taken from the table. The motion prevailed.

H.F. No. 1977: A bill for an act relating to public welfare; clarifying the calculation of rates paid to health maintenance organizations; requiring the use of certain presentation materials; amending Minnesota Statutes 1982, sections 256.966, subdivision 2; and 256B.05, by adding a subdivision.

SUSPENSION OF RULES

Ms. Berglin moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1977 and that the rules of the Senate be so far suspended as to give H.F. No. 1977 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1977 was read the second time.

H.F. No. 1977 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	DeCramer	Kroening	Peterson, C.C.	Sieloff
Anderson	Diessner	Kronebusch	Peterson, D.C.	Spear
Belanger	Frank	Laidig	Peterson, D.L.	Storm
Benson	Frederick	Langseth	Peterson, R.W.	Taylor
Berg	Frederickson	Lantry	Petty	Ulland
Berglin	Freeman	Lessard	Pogemiller	Vega
Bernhagen	Hughes	Luther	Purfeerst	Waldorf
Bertram	Isackson	McQuaid	Ramstad	Willet
Brataas	Jude	Mehrkins	Reichgott	
Chmielewski	Kamrath	Merriam	Renneke	
Dahl	Knaak	Moe, R. D.	Samuelson	
Davis	Knutson	Novak	Schmitz	

So the bill passed and its title was agreed to.

Ms. Berglin moved that S.F. No. 1819, No. 48 on Special Orders, be stricken and laid on the table. The motion prevailed.

Mr. Langseth moved that H.F. No. 1831 be taken from the table. The

motion prevailed.

H.F. No. 1831: A bill for an act relating to transportation; increasing special permit fees for vehicles exceeding weight limitations; amending Minnesota Statutes 1983 Supplement, section 169.86, subdivision 5.

SUSPENSION OF RULES

Mr. Langseth moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1831 and that the rules of the Senate be so far suspended as to give H.F. No. 1831 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1831 was read the second time.

H.F. No. 1831 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 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

Mr. Langseth moved that S.F. No. 1747, No. 5 on Special Orders, be stricken and laid on the table. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

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

H.F. No. 1532: Messrs. Bertram, Davis and Storm.

H.F. No. 432: Messrs. Davis, DeCramer and Berg.

H.F. No. 1621: Messrs. Chmielewski, Schmitz and Mehrkens.

H.F. No. 1427: Messrs. Frank; Moe, D.M. and Renneke.

H.F. No. 756: Messrs. Jude, Spear and Sieloff.

S.F. No. 1762: Ms. Reichgott, Messrs. Freeman and Storm.

S.F. No. 1349: Mr. Spear, Mrs. Lantry, Messrs. Dieterich, Novak and Storm.

S.F. No. 1336: Messrs. Pogemiller, Spear, Ramstad, Purfeerst and Freeman.

H.F. No. 1347: Mr. Pogemiller, Ms. Reichgott and Mr. Sieloff.

H.F. No. 449: Mr. Luther, Ms. Peterson, D.C. and Mr. Pogemiller.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1810 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1810

A bill for an act relating to insurance; homeowner's; providing certain notice requirements upon policy nonrenewal, reduction in the limits of coverage, or elimination of coverage; authorizing the commissioner to adopt rules; amending Minnesota Statutes 1982, section 65A.29, by adding subdivisions; repealing Minnesota Statutes 1982, section 65A.29, subdivision 2.

April 17, 1984

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S.F. No. 1810, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1810 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1982, section 61A.39, is amended to read:

61A.39 [COOPERATIVE LIFE AND CASUALTY COMPANIES.]

Subdivision 1. [COOPERATIVE PLAN.] Every corporation, society, or association which issues a certificate or policy or makes an agreement with its members by which, upon the decease of a member, any money is to be paid to, or benefit conferred upon, the legal representatives or designated beneficiaries of such member, or reaching a certain age, to pay any money or benefit to him, such money or benefit to be derived from voluntary donations, admission fees, dues, or assessments to be collected from its members or any class thereof, and which reserves the right to make any additional assessments, or without the consent of the certificate or policyholder to increase the premium named therein, shall be deemed to be engaged in the business of life insurance upon the cooperative or assessment plan. Every corporation which likewise agrees, in case of accident, sickness, or other physical disability, or reaching a certain age, to pay money or confer benefits likewise derived and

issuing certificates or policies with similar conditions with reference to the payment of dues or assessments, shall be deemed to be engaged in the business of casualty insurance upon the cooperative or assessment plan, and shall, except as herein otherwise specified, be subject to the provisions of sections 61A.39 to 61A.42 and 61A.44 to 61A.50.

Subd. 2. [CONTINUED CORPORATE EXISTENCE.] Notwithstanding the repeal of Minnesota Statutes, sections 63.01, 63.011, and 63.02 to 63.35 pursuant to Laws 1983, chapter 104, section 1, any corporation, society or association formed or having existed under Laws 1933, chapter 241, whether or not it amended its articles of incorporation in accordance with Laws 1945, chapter 178, as amended by Laws 1951, chapter 257, and which has transformed itself into a cooperative life insurance company to engage in business under the cooperative plan, shall be and continue to exist as a corporation by virtue of the provisions hereof and may exercise and shall continue to have and to hold all the rights, privileges and powers which it had, prior to the repeal of such sections, including those derived under Laws 1945, chapter 178, section 1, as amended by Laws 1951, chapter 257, section 2.

Sec. 2. Minnesota Statutes 1982, section 65A.29, is amended by adding a subdivision to read:

Subd. 7. [RENEWAL; NOTICE REQUIREMENT.] No insurer shall refuse to renew, or reduce limits of coverage, or eliminate any coverage in a homeowner's insurance policy unless it mails or delivers to the insured, at the address shown in the policy, at least 60 days advance notice of its intention. The notice must contain the specific underwriting or other reason or reasons for the indicated action.

Sec. 3. Minnesota Statutes 1982, section 65A.29, is amended by adding a subdivision to read:

Subd. 8. [RULES.] The commissioner may adopt rules pursuant to chapter 14, to specify the grounds for nonrenewal, reduction in limits of coverage, or elimination of coverage of a homeowner's policy. The rules must limit the grounds to the following factors:

- (a) reasons stated for cancellation in section 65A.01, subdivision 3a;*
- (b) reasons stated in section 72A.20, subdivision 13;*
- (c) insured's loss experience, not to include natural causes; and*
- (d) other factors deemed reasonable by the commissioner.*

The rules may give consideration to the form and content of the termination notice to the insured, a statement as to what constitutes receipt of the termination notice, and the procedure by which the insured may appeal a termination notice.

The rules adopted under this subdivision may provide for imposition of a monetary penalty not greater than \$500 per occurrence upon insurers who are found to be in violation of the law or the rules.

Sec. 4. Minnesota Statutes 1982, section 65A.29, is amended by adding a subdivision to read:

Subd. 9. [NOTICE OF RIGHT TO COMPLAIN.] A named insured who believes a nonrenewal, reduction in the limits of coverage, elimination of

coverage, or cancellation under section 65A.01, subdivision 3a, is in violation of the law or the rules may, within 30 days after receipt of the notice, file in writing an objection to the action with the commissioner.

Upon receipt of a written objection, the commissioner shall notify the insurer of receipt of the objection and of the right of the insurer to file a written response within ten days of receipt of the notification. Within 30 days of receipt of written objection by an insured, the commissioner shall approve or disapprove the insurer's action and shall notify the insured and insurer of his final decision. A decision which disapproves the insurer's action constitutes a charge that the insurer has violated the law or the rules. Either party may institute proceedings for judicial review of the commissioner's decision. The commissioner's decision is binding pending judicial review.

Sec. 5. Minnesota Statutes 1982, section 65B.44, subdivision 5, is amended to read:

Subd. 5. [REPLACEMENT SERVICE AND LOSS.] Replacement service loss benefits shall reimburse all expenses reasonably incurred by or on behalf of the nonfatally injured person in obtaining usual and necessary substitute services in lieu of those that, had he not been injured, the injured person would have performed not for income but for the direct benefit of himself or his household; if the nonfatally injured person normally, as a full time responsibility, provides care and maintenance of a home with or without children, the benefit to be provided under this subdivision shall be the reasonable value of such care and maintenance or the reasonable expenses incurred in obtaining usual and necessary substitute care and maintenance of the home, whichever is greater. These benefits shall be subject to a maximum of \$45 \$200 per day week. All replacement services loss sustained on the date of injury and the first seven days thereafter is excluded in calculating replacement services loss.

Sec. 6. [REPEALER.]

Minnesota Statutes 1982, section 65A.29, subdivision 2, is repealed."

Delete the title and insert:

"A bill for an act relating to insurance; homeowner's; providing certain notice requirements upon policy nonrenewal, reduction in the limits of coverage, or elimination of coverage; authorizing the commissioner to adopt rules; increasing replacement service loss benefits in no-fault auto insurance; amending Minnesota Statutes 1982, sections 61A.39; 65A.29, by adding subdivisions; and 65B.44, subdivision 5; repealing Minnesota Statutes 1982, section 65A.29, subdivision 2."

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

Senate Conferees: (Signed) Donna C. Peterson, Eric D. Petty, William V. Belanger, Jr.

House Conferees: (Signed) Phillip J. Riveness, Joe Quinn, Gerald C. Knickerbocker

Ms. Peterson, D.C. moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1810 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion pre-

ailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1810 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

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

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

MOTIONS AND RESOLUTIONS - CONTINUED

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

H.F. No. 1203: A bill for an act relating to landlords and tenants; requiring landlords of residential rental units to notify tenants of their rights and duties under state law; providing a penalty; amending Minnesota Statutes 1982, section 504.22, subdivision 1, and by adding a subdivision.

SUSPENSION OF RULES

Mr. Pogemiller moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1203 and that the rules of the Senate be so far suspended as to give H.F. No. 1203, now on Special Orders, its third reading and place it on its final passage. The motion prevailed.

Mr. Pogemiller moved to amend H.F. No. 1203, as amended pursuant to Rule 49, adopted by the Senate April 19, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 2000.)

Page 1, delete line 23

Page 1, line 24, delete "to this section," and delete "describes" and insert "summarizes"

Page 2, after line 19, insert:

“Sec. 3. Minnesota Statutes 1982, section 504.22, subdivision 3, is amended to read:

Subd. 3. [POSTING OF NOTICE.] A printed or typewritten notice containing the information which must be disclosed under subdivision 2 shall be placed in a conspicuous place on the premises. *Unless the owner is required to post a notice required by section 6, the owner shall also place in a conspicuous place on the premises a notice that states that a copy of the statement required by section 2 is available from the attorney general to any tenant upon request.* This subdivision is complied with if notices posted in compliance with other statutes or ordinances contain the information required by subdivision 2 *and this section.*

Sec. 4. Minnesota Statutes 1982, section 504.22, subdivision 4, is amended to read:

Subd. 4. If subdivisions 2 and 3, *except for the provision requiring posting of a notice stating the availability of a summary of landlord-tenant law provided in section 3,* have not been complied with and a person desiring to make service of process upon or give a notice or demand to the owner does not know the name and address of the owner or his agent, as that term is used in subdivision 2, then a caretaker or manager of the premises or an individual to whom rental payments for the premises are made shall be deemed to be an agent authorized to accept service of process and receive and give receipt for notices and demands on behalf of the owner. In case of service of process upon or receipt of notice or demand by a person who is deemed to be an agent pursuant to this subdivision, this person shall give the process, notice, or demand, or a copy thereof, to an owner personally or shall send it by certified mail, return receipt requested, to an owner at the owner's last known address.

Sec. 5. Minnesota Statutes 1982, section 504.22, subdivision 5, is amended to read:

Subd. 5. *Except as otherwise provided in this subdivision,* no action to recover rent or possession of the premises shall be maintained unless the information required by this section has been disclosed to the tenant in the manner provided herein, or unless the information required by this section is known by or has been disclosed to the tenant at least 30 days prior to the initiation of such action. *Failure by the owner to post a notice required by section 3 or 6 shall not prevent any action to recover rent or possession of the premises.*

Sec. 6. [471.995] [RENTAL DWELLING NOTICE.]

Any license or registration or certificate of occupancy or a similar document that is issued by a home rule charter or statutory city or by a town and that is required to be posted in a building containing multiple rental dwelling units shall contain a statement that tenants of the dwelling units may contact the attorney general for information regarding the rights and obligations of owners and tenants under state law. The statement shall include the telephone number and address of the attorney general.”

Amend the title as follows:

Page 1, line 2, delete the second “landlords”

Page 1, line 3, delete "of residential rental units to notify" and insert "cities and towns to include notification of rights on certificates or licenses of occupancy; requiring the attorney general to publish a statement informing"

Page 1, line 4, delete "providing a penalty;"

Page 1, line 6, delete "subdivision 1" and insert "subdivisions 1, 3, 4, and 5," and before the period, insert "; proposing new law coded in Minnesota Statutes, chapter 471"

The motion prevailed. So the amendment was adopted.

H.F. No. 1203 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 45 and nays 9, as follows:

Those who voted in the affirmative were:

Adkins	Freeman	Lessard	Petty	Spear
Belanger	Hughes	Luther	Pogemiller	Storm
Bertram	Johnson, D.E.	McQuaid	Purfeerst	Stumpf
Dahl	Jude	Merriam	Ramstad	Taylor
Davis	Knaak	Moe, R. D.	Reichgott	Ulland
DeCramer	Kroening	Olson	Renneke	Vega
Diessner	Laidig	Peterson, D.C.	Samuelson	Waldorf
Dieterich	Langseth	Peterson, D.L.	Sieloff	Wegscheid
Frederickson	Lantry	Peterson, R.W.	Solon	Willet

Those who voted in the negative were:

Anderson	Brataas	Isackson	Knutson	Mehrkens
Benson	Chmielewski	Kamrath	Kronebusch	

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

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Merriam moved that H.F. No. 1577 be taken from the table. The motion prevailed.

H.F. No. 1577: A bill for an act relating to solid and hazardous waste management; defining resource recovery facility; amending various provisions of the waste management act; prescribing various powers and duties of the waste management board and the pollution control agency relating to solid and hazardous waste management planning and the development of hazardous waste facilities; establishing programs for technical, financial, and research assistance to generators; development of hazardous waste reduction, processing, and collection facilities; requiring a report on the need and feasibility of hazardous waste facilities; authorizing volunteer candidate sites; requiring requests for proposals for hazardous waste processing facilities; prescribing procedures for the designation of resource recovery facilities by counties and waste management districts; amending various provisions relating to county and metropolitan solid waste management; imposing a solid waste landfill fee in the metropolitan area; providing an income tax credit and sales tax exemption to encourage processing of waste at resource recovery facilities; appropriating money; amending Minnesota Statutes

1982, sections 115A.03, subdivisions 1 and 28; 115A.06, by adding a subdivision; 115A.08, by adding a subdivision; 115A.18; 115A.21, by adding a subdivision; 115A.42; 115A.46, subdivisions 1 and 2; 115A.57, subdivision 1; 115A.59; 115A.70, by adding a subdivision; 116J.88, by adding a subdivision; 116J.90, by adding a subdivision; 290.06, by adding subdivisions; 400.04, subdivision 3, and by adding a subdivision; 400.162; 473.181, subdivision 4; 473.811, subdivision 10; 473.833, subdivision 4; Minnesota Statutes 1983 Supplement, sections 115A.08, subdivision 5; 115A.11; 115A.21, subdivision 1; 115A.22, subdivisions 1 and 4; 115A.24; 115A.241; 115A.25, subdivisions 1, 1a, and 1b; 115A.26; 115A.27, subdivision 2; 115A.28, subdivision 1; 115A.291; 115B.22, subdivision 1; 297A.25, subdivision 1; 473.823, subdivision 6; and 473.831; proposing new law coded in Minnesota Statutes, chapters 115A; and 473; repealing Minnesota Statutes 1982, sections 115A.071; 115A.46, subdivision 3; 115A.70, subdivisions 1, 2, 4, 5, and 6; 473.827; and Minnesota Statutes 1983 Supplement, section 115A.70, subdivisions 3 and 7.

SUSPENSION OF RULES

Mr. Merriam moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1577 and that the rules of the Senate be so far suspended as to give H.F. No. 1577 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1577 was read the second time.

Mr. Merriam moved to amend H.F. No. 1577 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 1577, and insert the language after the enacting clause, and the title, of S.F. No. 1514, the third engrossment.

The motion prevailed. So the amendment was adopted.

Mr. Sieloff moved to amend H.F. No. 1577, as amended by the Senate April 19, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1514.)

Page 48, after line 9, insert:

"Sec. 55. Minnesota Statutes 1983 Supplement, section 115B.06, is amended to read:

115B.06 [APPLICATION TO PAST ACTIONS.]

~~Subdivision 1. [APPLICATION OF SECTION 115B.05 AND ADDITIONAL DEFENSE.] (a) A defendant in an action under section 115B.05 has the additional defense provided in subdivision 2 for damages caused or significantly contributed to by the release of a hazardous substance from a facility if the defendant shows that the substance was placed or came to be located in or on the facility wholly before January 1, 1973.~~

~~(b) Section 115B.05 does not apply to any claim for damages arising out of the release of a hazardous substance which was placed or came to be located in or on the facility wholly before January 1, 1960 June 11, 1980.~~

~~Subd. 2. [ADDITIONAL DEFENSE.] For a defendant who has made the showing required in subdivision 1, clause (a), it is a defense to liability under section 115B.05 that the activity by which the substance was kept, placed, or came to be located in or on the facility was not an abnormally dangerous activity. The determination of whether the activity was an abnormally dangerous activity shall be made by the court."~~

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "changing the date for retroactive liability;"

Page 1, line 39, after "115A.291;" insert "115B.06;"

Mr. Merriam questioned whether the amendment was germane. The President ruled that the amendment was not germane.

CALL OF THE SENATE

Mr. Sieloff imposed a call of the Senate for the balance of the proceedings on H.F. No. 1577. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Sieloff appealed the decision of the Chair.

The question was taken on "Shall the decision of the President be the judgment of the Senate?"

The roll was called, and there were yeas 32 and nays 25, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Lantry	Peterson, D.C.	Spear
Berglin	Dieterich	Luther	Peterson, R.W.	Stumpf
Bertram	Freeman	Merriam	Petty	Vega
Dahl	Hughes	Moe, R. D.	Purfeerst	Willett
Davis	Johnson, D.J.	Nelson	Reichgott	
DeCramer	Jude	Pehler	Samuelson	
Dicklich	Kroening	Peterson, C.C.	Schmitz	

Those who voted in the negative were:

Anderson	Brataas	Kamrath	Mehrkens	Sieloff
Belanger	Frederick	Knaak	Olson	Storm
Benson	Frederickson	Knutson	Peterson, D.L.	Ulland
Berg	Isackson	Laidig	Ramstad	Waldorf
Bernhagen	Johnson, D.E.	McQuaid	Renneke	Wegscheid

The decision of the Chair was sustained.

Mr. Sieloff then moved to amend H.F. No. 1577, as amended by the Senate April 19, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1514.)

Page 48, after line 9, insert:

"Sec. 55. Minnesota Statutes 1983 Supplement, section 115B.05, is amended by adding a subdivision to read:

Subd. 5a. [SMALL GENERATOR.] There is no strict liability for a release

or threatened release of a hazardous substance by a small quantity generator as defined in Code of Federal Regulations, title 40, section 261.5 (1983) to be a generator of less than 1,000 kilograms of hazardous waste per month."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Merriam questioned whether the amendment was germane. The President ruled the amendment was germane.

The question was taken on the adoption of the amendment.

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

The roll was called, and there were yeas 32 and nays 34, as follows:

Those who voted in the affirmative were:

Anderson	Chmielewski	Knutson	Olson	Solon
Belanger	Frederick	Kroening	Peterson, D.L.	Storm
Benson	Frederickson	Kronebusch	Purfeerst	Taylor
Berg	Isackson	Laidig	Ramstad	Ulland
Bernhagen	Johnson, D.E.	Lessard	Renneke	
Bertram	Kamrath	McQuaid	Schmitz	
Brataas	Knaak	Mehrkens	Sieloff	

Those who voted in the negative were:

Adkins	Dieterich	Lantry	Pehler	Spear
Berglin	Frank	Luther	Peterson, C.C.	Stumpf
Dahl	Freeman	Merriam	Peterson, D.C.	Vega
Davis	Hughes	Moe, D. M.	Peterson, R.W.	Waldorf
DeCramer	Johnson, D.J.	Moe, R. D.	Petty	Wegscheid
Dicklich	Jude	Nelson	Pogemiller	Willet
Diessner	Langseth	Novak	Reichgott	

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

Mr. Sieloff moved to amend H.F. No. 1577, as amended by the Senate April 19, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1514.)

Page 48, after line 9, insert:

"Sec. 55. [REPEALER.]

Minnesota Statutes 1983 Supplement, section 115B.07, is repealed."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 45, delete "section" and insert "sections"

Page 1, line 46, before the period, insert "and 115B.07"

The question was taken on the adoption of the amendment.

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

The roll was called, and there were yeas 30 and nays 35, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Johnson, D.E.	Lessard	Renneke
Belanger	Chmielewski	Kamrath	McQuaid	Sieloff
Benson	Diessner	Knaak	Mehrkens	Storm
Berg	Frederick	Knutson	Olson	Taylor
Bernhagen	Frederickson	Kronebusch	Peterson, D.L.	Ulland
Bertram	Isackson	Laidig	Ramstad	Waldorf

Those who voted in the negative were:

Adkins	Frank	Luther	Peterson, C.C.	Schmitz
Berglin	Freeman	Merriam	Peterson, D.C.	Solon
Dahl	Hughes	Moe, D. M.	Peterson, R.W.	Spear
Davis	Johnson, D.J.	Moe, R. D.	Petty	Stumpf
DeCramer	Jude	Nelson	Pogemiller	Vega
Dicklich	Kroening	Novak	Purfeerst	Wegscheid
Dieterich	Lantry	Pehler	Reichgott	Willet

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

Mr. Sieloff then moved to amend H.F. No. 1577, as amended by the Senate April 19, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1514.)

Page 29, after line 21, insert:

“Sec. 28. [115A.40] [HAZARDOUS WASTE FACILITY OPERATOR LIABILITY; STATE LIABILITY.]

Notwithstanding any other provision or rule of law, the operator of a hazardous waste facility located on a site selected under chapter 115A shall be the sole person responsible for any liability of whatever nature that results from the facility or the hazardous wastes or substances or pollutants or contaminants, as defined in chapter 115B, which are deposited, stored, processed, treated, or released at the facility. The operator's liability is in force from the date the first hazardous waste is accepted at the facility until the final closure and post-closure obligations of the facility operator have been fully satisfied in accordance with applicable regulations adopted pursuant to chapter 116 and the Resource Conservation and Recovery Act, United States Code, title 42, sections 6901 et seq., as amended through December 31, 1983. Upon termination of the facility operator's liability as set forth herein and if, before or after that termination, the operator does not fully meet its liability obligations, the state of Minnesota through the general fund shall be solely responsible for any liability of whatever nature which results from the facility or the hazardous wastes or substances or pollutants or contaminants, as defined in chapter 115B, which are deposited, stored, processed, treated, or released at the facility. This section does not prevent the state of Minnesota from seeking reimbursement from a facility operator for any money expended by the state to satisfy the operator's liability prior to lawful termination as specified herein.”

Page 48, after line 9, insert:

“Sec. 55. Minnesota Statutes 1983 Supplement, section 115B.03, is amended by adding a subdivision to read:

Subd. 4. [USE OF SITE SELECTED UNDER CHAPTER 115A.] A generator of hazardous waste who, at the time its wastes are delivered to a hazardous waste facility located on a site selected under chapter 115A, has

complied with all applicable rules for the waste adopted under chapter 116 and the Resource Conservation and Recovery Act, United States Code, title 42, sections 6901 et seq., as amended through December 31, 1983, is not a person responsible for the release or threatened release of a hazardous substance or waste or pollutant or contaminant from a hazardous waste facility."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 23, after the semicolon, insert "providing state liability after termination of a hazardous waste facility operator's liability; defining responsible person; proposing new law coded in Minnesota Statutes, chapter 115A;"

Page 1, line 39, after the second semicolon, insert "115B.03, by adding a subdivision;"

The motion prevailed. So the amendment was adopted.

Mr. Schmitz moved to amend H.F. No. 1577, as amended by the Senate April 19, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1514.)

Pages 2 to 6, delete section 4

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Dicklich moved to amend H.F. No. 1577, as amended by the Senate April 19, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1514.)

Page 40, line 9, delete "90" and insert "50"

Page 47, line 12, delete "30" and insert "25"

Pages 47 and 48, delete section 54

Renumber the sections in sequence and correct the internal references

Mr. Merriam requested division of the amendment as follows:

First portion:

Page 40, line 9, delete "90" and insert "50"

Page 47, line 12, delete "30" and insert "25"

Second portion:

Pages 47 and 48, delete section 54

Renumber the sections in sequence and correct the internal references

The question was taken on the adoption of the first portion of the amendment.

The roll was called, and there were yeas 35 and nays 18, as follows:

Those who voted in the affirmative were:

Anderson	Chmielewski	Kamrath	Lantry	Sieloff
Belanger	Dicklich	Knaak	Lessard	Solon
Benson	Diessner	Knutson	McQuaid	Taylor
Berglin	Frederick	Kroening	Mehrrens	Ulland
Bernhagen	Frederickson	Kronebusch	Peterson, D.C.	Vega
Bertram	Isackson	Laidig	Peterson, D.L.	Wegscheid
Brataas	Johnson, D.E.	Langseth	Petty	Willet

Those who voted in the negative were:

Adkins	Hughes	Moe, D. M.	Pehler	Stumpf
Dahl	Jude	Nelson	Peterson, C.C.	Waldorf
Dieterich	Luther	Novak	Peterson, R. W.	
Frank	Merriam	Olson	Schmitz	

The motion prevailed. So the first portion of the amendment was adopted.

The question was taken on the adoption of the second portion of the amendment.

The motion did not prevail. So the second portion of the amendment was not adopted.

Mr. Chmielewski moved to amend H.F. No. 1577, as amended by the Senate April 19, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1514.)

Page 74, line 12, delete "*except that the fees imposed in*" and insert "*and shall expire on December 31, 1987*"

Page 74, delete lines 13 and 14

Page 74, line 15, delete "*facilities*"

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

Mr. Wegscheid moved to amend H.F. No. 1577, as amended by the Senate April 19, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1514.)

Page 42, line 15, delete "*grants and*"

Page 42, line 16, after "*loans*" insert "*or loan guarantees*"

Page 42, line 25, delete "*Grants and*" and after "*loans*" insert "*or loan guarantees*"

Page 42, line 27, delete "*grants and*" and after "*loans*" insert "*or loan guarantees*"

Page 42, line 28, delete "*grants and*"

Page 42, line 29, after "*loans*" insert "*or loan guarantees*"

Page 42, line 31, delete "*Grants and*" and after "*loans*" insert "*or loan guarantees*"

Page 42, line 33, delete "*Grants*" and insert "*Loans or loan guarantees*"

Page 42, line 35, delete "*grants*" and insert "*loans or loan guarantees*" and delete "*four*" and insert "*ten*"

Page 43, line 2, delete "*grant or*" and after "*loan*" insert "*or loan guar-*"

antee”

Page 43, line 5, delete “grant and”

Page 43, line 6, after “loan” insert “and loan guarantee”

The motion prevailed. So the amendment was adopted.

Mr. Novak moved to amend H.F. No. 1577, as amended by the Senate April 19, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1514.)

Page 74, line 17, delete “fee charged” and insert “disposal charge for nonhazardous solid waste from metalcasting facilities the fee imposed”

Page 74, line 18, delete everything after “54”

Page 74, line 19, delete everything before the period

The motion prevailed. So the amendment was adopted.

Mr. Stumpf moved to amend H.F. No. 1577, as amended by the Senate April 19, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1514.)

Page 7, line 13, after the period, insert “The board through its chairperson shall issue an interim report by February 1, 1985, on the research on need and economic feasibility.”

The motion prevailed. So the amendment was adopted.

Mr. Stumpf then moved to amend H.F. No. 1577, as amended by the Senate April 19, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1514.)

Page 22, line 3, before the semicolon, insert “based to the extent practical on data obtained from generators who are likely to use the facility”

The motion prevailed. So the amendment was adopted.

Mr. Merriam moved to amend H.F. No. 1577, as amended by the Senate April 19, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1514.)

Page 71, line 4, delete “\$350,000” and insert “\$200,000”

The motion prevailed. So the amendment was adopted.

Mr. Merriam then moved to amend H.F. No. 1577, as amended by the Senate April 19, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1514.)

Page 43, line 19, delete “\$1.80” and insert “\$1.00”

The motion prevailed. So the amendment was adopted.

Mr. Isackson moved to amend H.F. No. 1577, as amended by the Senate April 19, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1514.)

Page 69, line 1, delete "*of property which*" and insert "*greater than three percent of the sale price of the property that*"

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

Mr. Wegscheid moved to amend H.F. No. 1577, as amended by the Senate April 19, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1514.)

Page 74, line 5, after the period, insert "*Notwithstanding any other law to the contrary House File No. 2317, article 2, section 29, relating to restriction of resource recovery facilities is repealed whether enacted before or after this act.*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 43 and nays 10, as follows:

Those who voted in the affirmative were:

Anderson	Frank	Knutson	Nelson	Renneke
Belanger	Frederick	Kronebusch	Olson	Schmitz
Benson	Frederickson	Laidig	Peterson, C.C.	Sieloff
Berg	Freeman	Langseth	Peterson, D.L.	Taylor
Berglin	Hughes	McQuaid	Peterson, R.W.	Ulland
Bernhagen	Isackson	Mehrkins	Petty	Waldorf
Bertram	Johnson, D.E.	Merriam	Pogemiller	Wegscheid
Brataas	Jude	Moe, D. M.	Purfeerst	
Chmielewski	Knaak	Moe, R. D.	Ramstad	

Those who voted in the negative were:

Adkins	DeCramer	Johnson, D.J.	Pehler	Vega
Davis	Diessner	Kroening	Solon	Willet

The motion prevailed. So the amendment was adopted.

H.F. No. 1577 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 1, as follows:

Those who voted in the affirmative were:

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

Mr. Frederick voted in the negative.

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

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Pogemiller moved that the following members be

excused for a Conference Committee on S.F. No. 1336 at 1:00 p.m.:

Messrs. Pogemiller, Freeman, Spear, Ramstad and Purfeerst. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1810, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1810: A bill for an act relating to insurance; homeowner's; providing certain notice requirements upon policy nonrenewal, reduction in the limits of coverage, or elimination of coverage; authorizing the commissioner to adopt rules; amending Minnesota Statutes 1982, section 65A.29, by adding subdivisions; repealing Minnesota Statutes 1982, section 65A.29, subdivision 2.

Senate File No. 1810 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1984

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1258, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1258: A bill for an act relating to the environment; requiring an agreement between the state and federal government prior to test drilling of geologic structures for disposal of high level radioactive waste and notification of results; regulating transportation of high level radioactive waste in the state; providing penalties; regulating nuclear fission electric generating plants in Minnesota; amending Minnesota Statutes 1982, section 116C.71, by adding subdivisions; and 116C.74; proposing new law coded in Minnesota Statutes, chapters 116C and 216B.

Senate File No. 1258 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1984

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1511, and repassed said bill in accordance with the report of the Committee, so adopted.

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.

Senate File No. 1511 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1984

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1149, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1149 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1984

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1149

A bill for an act relating to liens; right of possession and liens on fabrication molds and patterns; providing a nonpossessory lien on personal property; lengthening the time limit for veterinary liens; amending Minnesota Statutes 1982, sections 514.18; 514.19; and 514.92, subdivision 1.

April 18, 1984

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H.F. No. 1149, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 1149 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1982, section 514.18, is amended to read:
514.18 [RETAINING.]

Subdivision 1. [MECHANICS' LIEN ON PERSONAL PROPERTY; PROPERTY IN POSSESSION.] Whoever, at the request of the owner or legal possessor of any personal property, shall store or care for or contribute in any of the modes mentioned in section 514.19 to its preservation, care, or to the enhancement of its value, shall have a lien upon such property for the price or value of such storage, care, or contribution, and for any legal charges against the same paid by such person to any other person, and the right to retain the property in his possession until such lien is lawfully discharged; ~~but a voluntary surrender of possession shall extinguish the lien herein given.~~

Subd. 2. [NONPOSSESSORY LIEN; NOTICE.] Notwithstanding the

voluntary surrender or other loss of possession of the property on which the lien is claimed, the person entitled thereto may preserve the lien, if at any time within 60 days after the surrender or loss of possession he gives notice of his lien by filing in the appropriate filing office under the uniform commercial code, Minnesota Statutes, section 336.9-401 a verified statement and notice of his intention to claim a lien. The statement shall contain a description of the property upon which the lien is claimed, the work performed or materials furnished and the amount due.

Subd. 3. [PRIORITY; SECURITY; INTEREST; FORECLOSURE.] The lien shall be valid against everyone except a purchaser or encumbrancer in good faith without notice and for value whose rights were acquired prior to the filing of the lien statement and who has filed a statement of his interest in the appropriate filing office. The lien shall be considered a security interest under the uniform commercial code and foreclosure thereon shall be in the manner prescribed for security interests under article 9 of the uniform commercial code.

Subd. 4. [MOTOR VEHICLES EXCLUDED.] Subdivisions 2 and 3 shall apply to machinery, implements and tools of all kinds but shall not apply to motor vehicles."

Delete the title and insert:

"A bill for an act relating to liens; providing a nonpossessory lien on personal property; amending Minnesota Statutes 1982, section 514.18."

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

House Conferees: (Signed) John T. Clawson, Joel Jacobs, Douglas W. Carlson

Senate Conferees: (Signed) Randolph W. Peterson, Marilyn M. Lantry, Donald A. Storm

Mr. Peterson, R.W. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1149 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1149 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Adkins	Dicklich	Knaak	Nelson	Spear
Anderson	Diessner	Knutson	Novak	Stumpf
Belanger	Dieterich	Kronebusch	Olson	Taylor
Benson	Frank	Laidig	Pehler	Ulland
Berg	Frederick	Langseth	Peterson, D.C.	Vega
Berglin	Frederickson	Lessard	Peterson, D.L.	Waldorf
Bernhagen	Freeman	Luther	Peterson, R.W.	Wegscheid
Bertram	Hughes	McQuaid	Petty	Willert
Chmielewski	Isackson	Mehrkins	Pogemiller	
Dahl	Johnson, D.E.	Merriam	Ramstad	
Davis	Jude	Moe, D. M.	Schmitz	
DeCramer	Kamrath	Moe, R. D.	Sieloff	

So the bill, as amended by the Conference Committee, was repassed and

its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1939, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1939 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1984

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1939

A bill for an act relating to commerce; removing preference for Minnesota made materials in state purchasing; clarifying definition of public contract for resident preference; amending Minnesota Statutes 1982, section 16.365; Minnesota Statutes 1983 Supplement, section 16.0721; repealing Minnesota Statutes 1982, section 16.073; Minnesota Statutes 1983 Supplement, section 16.072; and Laws 1983, chapter 336, section 3.

April 18, 1984

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H.F. No. 1939, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments

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

House Conferees: (Signed) Patrick W. Beard, David T. Bishop, Virgil J. Johnson

Senate Conferees: (Signed) Florian Chmielewski, Howard A. Knutson, Bob Lessard

Mr. Chmielewski moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1939 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1939 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Adkins	Dicklich	Knaak	Moe, R. D.	Renneke
Anderson	Diessner	Knutson	Nelson	Schmitz
Belanger	Frank	Kronebusch	Novak	Sieloff
Berglin	Frederick	Laidig	Olson	Stumpf
Bernhagen	Frederickson	Langseth	Pehler	Taylor
Bertram	Freeman	Lessard	Peterson, D.C.	Waldorf
Brataas	Hughes	Luther	Peterson, D.L.	Wegscheid
Chmielewski	Isackson	McQuaid	Peterson, R.W.	Willet
Dahl	Johnson, D.E.	Mehrkens	Pogemiller	
Davis	Jude	Merriam	Purfeerst	
DeCramer	Kamrath	Moe, D. M.	Ramstad	

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the adoption by the House of the following Senate Concurrent Resolution, AS AMENDED by the House.

Senate Concurrent Resolution No. 18: A Senate concurrent resolution requiring the establishment of an affirmative action plan for the legislature; requiring employment of an affirmative action officer.

Senate Concurrent Resolution No. 18 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1984

Mr. Moe, D.M. moved that the Senate concur in the amendments by the House to Senate Concurrent Resolution No. 18 and that the resolution be adopted as amended. The motion prevailed.

Mr. Moe, D.M. moved the adoption of the resolution. The motion prevailed. So the resolution was adopted.

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2099.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 18, 1984

FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 2099: A bill for an act relating to insurance; no-fault auto; providing uninsured and underinsured motorist coverages; defining terms; amending Minnesota Statutes 1982, sections 65B.43, by adding subdivisions; and 65B.49, subdivision 4.

Ms. Peterson, D.C. moved that H.F. No. 2099 be laid on the table. The motion prevailed.

Without objection, the Senate reverted to the Order of Business of Mes-

sages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File No. 1257:

H.F. No. 1257: A bill for an act relating to occupations and professions; regulating entertainment agencies; providing penalties; proposing new law coded as Minnesota Statutes, chapter 184A.

The House respectfully requests that a Conference Committee of three members be appointed thereon.

Rice, Jacobs and Jennings have been appointed as such committee on the part of the House.

House File No. 1257 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1984

Mr. Solon moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1257, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

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

S.F. No. 1114: A bill for an act relating to natural resources; authorizing additions to and deletions from certain state parks and waysides; authorizing land acquisition in relation thereto.

Senate File No. 1114 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1984

CONCURRENCE AND REPASSAGE

Mr. Jude moved that the Senate concur in the amendments by the House to S.F. No. 1114 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1114: A bill for an act relating to natural resources; authorizing additions to and deletions from certain state parks and waysides; authorizing land acquisition in relation thereto; authorizing land exchange within Lake County; authorizing the conveyance of certain property to the city of Melrose; amending Minnesota Statutes 1982, section 86A.05, by adding a subdivision.

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 52 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Jude	Mehrkens	Samuelson
Anderson	DeCramer	Kamrath	Merriam	Schmitz
Belanger	Dicklich	Knaak	Moe, R. D.	Sieloff
Benson	Diessner	Knutson	Nelson	Stumpf
Berg	Frank	Kroening	Olson	Ulland
Berglin	Frederick	Kronebusch	Pehler	Vega
Bernhagen	Frederickson	Laidig	Peterson, D.C.	Waldorf
Bertram	Hughes	Langseth	Peterson, D.L.	Wegscheid
Brataas	Isackson	Lessard	Peterson, R.W.	
Chmielewski	Johnson, D.E.	Luther	Petty	
Dahl	Johnson, D.J.	McQuaid	Renneke	

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

SPECIAL ORDER

H.F. No. 1561: A bill for an act relating to health; health maintenance organizations; providing continued coverage upon replacement of an insurance carrier; including health maintenance organization contracts in certain statutorily mandated coverages; providing for the disclosure and reporting by the organization of detailed financial, administrative and ownership information; providing for reporting of changes in provider agreements; granting the commissioner authority to adopt rules regarding the content of provider and other agreements; requiring certain deposits against insolvency; authorizing organizations to enter into certain health services contracts; requiring certain consumer rights information in evidences of coverage and annual information statements; providing for reimbursement of, and direct payments to, enrollees; providing for examination by the commissioner of health; specifying the examination powers of the commissioner; classifying certain data used for review purposes; prescribing penalties; amending Minnesota Statutes 1982, sections 60A.082; 62A.041; 62A.042; 62A.044; 62A.14; 62A.147; 62D.02, subdivision 8, and by adding subdivisions; 62D.04; 62D.05, subdivision 3; 62D.07, subdivisions 1 and 3, and by adding subdivisions; 62D.08, subdivisions 1, 3, and by adding subdivisions; 62D.09; 62D.10, subdivision 3, and by adding a subdivision; 62D.101, subdivisions 2 and 2a; 62D.12, subdivisions 2, 4, 9, 10, and by adding subdivisions; 62D.14; 62D.15, subdivision 1; 62D.17, subdivisions 1 and 4; 62D.19; 62D.22, subdivision 5, and by adding a subdivision; amending Minnesota Statutes 1983 Supplement, sections 62A.17, subdivision 6; 62D.03, subdivision 4; proposing new law coded in Minnesota Statutes, chapter 62D; repealing Minnesota Statutes 1982, sections 62D.10, subdivision 2; 62D.12, subdivision 7; 62D.22, subdivision 9; 62D.27; and 62E.17.

SUSPENSION OF RULES

Ms. Berglin moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1561 and that the rules of the Senate be so far suspended as to give H.F.

No. 1561, now on Special Orders, its third reading and place it on its final passage. The motion prevailed.

Ms. Berglin moved that the amendment made to H.F. No. 1561 by the Committee on Rules and Administration in the report adopted April 19, 1984, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 1561 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	DeCramer	Knaak	Moe, D. M.	Samuelson
Anderson	Dicklich	Knutson	Moe, R. D.	Schmitz
Belanger	Diessner	Kroening	Nelson	Sieloff
Benson	Frank	Kronebusch	Olson	Solon
Berg	Frederick	Laidig	Pehler	Stumpf
Berglin	Frederickson	Langseth	Peterson, D.C.	Ulland
Bertram	Hughes	Lessard	Peterson, D.L.	Vega
Brataas	Isackson	Luther	Peterson, R. W.	Waldorf
Chmielewski	Johnson, D.E.	McQuaid	Petty	Wegscheid
Dahl	Jude	Mehrkens	Ramstad	
Davis	Kamrath	Merriam	Renneke	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

RECONSIDERATION

Mr. Moe, R.D. moved that the vote whereby H.F. No. 1577 was passed by the Senate on April 19, 1984, be now reconsidered. The motion prevailed.

H.F. No. 1577: A bill for an act relating to solid and hazardous waste management; amending various provisions of the waste management act; prescribing various powers and duties of the waste management board and the pollution control agency relating to hazardous waste management planning and the development of hazardous waste facilities; establishing programs for public education, technical and research assistance to generators, and grants for hazardous waste reduction and processing and collection facilities; requiring requests for proposals for hazardous waste processing and collection facilities; authorizing hazardous waste processing facility loans; prescribing procedures for the designation of solid waste facilities by counties and waste management districts; reducing the number of proposed sites in certain metropolitan counties for mixed municipal solid waste disposal facilities; amending various provisions relating to county and metropolitan solid waste management; appropriating money; amending Minnesota Statutes 1982, sections 115A.03, subdivisions 15 and 28; 115A.06, by adding a subdivision; 115A.08, by adding a subdivision; 115A.09, by adding a subdivision; 115A.11; 115A.18; 115A.24; 115A.241; 115A.46, subdivisions 1 and 2; 115A.70, by adding a subdivision; 116.07, by adding subdivisions; 116J.88, by adding a subdivision; 400.04, subdivision 3; 400.162; 473.181, subdivision 4; 473.801, subdivisions 1 and 4; 473.803, subdivisions 2, 3, and by adding a subdivision; 473.811, subdivision 10; 473.833, subdivision 4;

Minnesota Statutes 1983 Supplement, sections 115A.08, subdivision 5; 115A.21, subdivision 1, and by adding a subdivision; 115A.22, subdivisions 1 and 4; 115A.241; 115A.25, subdivisions 1, 1a, and 1b; 115A.26; 115A.27, subdivision 2; 115A.28, subdivision 1; 115A.291; 115B.22, subdivision 1; 116J.90, by adding a subdivision; 473.149, subdivisions 2d and 2e; 473.803, subdivisions 1a and 1b; and 473.823, subdivision 6; proposing new law coded in Minnesota Statutes, chapters 115A and 473; repealing Minnesota Statutes 1982, sections 115A.071; 115A.46, subdivision 3; 115A.70, subdivisions 1, 2, 4, 5, and 6; 473.827; and Minnesota Statutes 1983 Supplement, section 115A.70, subdivisions 3 and 7.

RECONSIDERATION

Having voted on the prevailing side, Mr. Moe, R.D. moved that the vote whereby the second Wegscheid amendment to H.F. No. 1577 was adopted on April 19, 1984, be now reconsidered. The motion prevailed.

The question was taken on the adoption of the second Wegscheid amendment.

The roll was called, and there were yeas 40 and nays 17, as follows:

Those who voted in the affirmative were:

Benson	Hughes	Laidig	Nelson	Schmitz
Berg	Isackson	Langseth	Olson	Sieloff
Bernhagen	Johnson, D.E.	Lessard	Peterson, D.L.	Solon
Bertram	Jude	McQuaid	Peterson, R.W.	Stumpf
Brataas	Kamrath	Mehrkens	Petty	Taylor
Chmielewski	Knaak	Merriam	Purfeerst	Ulland
Frederick	Knutson	Moe, D. M.	Ramstad	Waldorf
Frederickson	Kronebusch	Moe, R. D.	Renneke	Wegscheid

Those who voted in the negative were:

Adkins	Davis	Frank	Pehler	Vega
Anderson	DeCramer	Freeman	Peterson, D.C.	
Belanger	Dicklich	Johnson, D.J.	Pogemiller	
Berglin	Diessner	Kroening	Samuelson	

The motion prevailed. So the second Wegscheid amendment was adopted.

H.F. No. 1577 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 56 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Frederick voted in the negative.

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

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Novak moved that the following members be excused for a Conference Committee on S.F. No. 1349 at 4:00 p.m.:

Mr. Spear, Mrs. Lantry, Messrs. Novak, Dieterich and Storm. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 989 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 989

A bill for an act relating to collection and dissemination of data; classifying government data as public, private, and nonpublic; clarifying issues relating to classifications of data, access to data, the effect of death of individuals on classifications, and the temporary classification of data; refining provisions of the data practice act; amending Minnesota Statutes 1982, sections 13.02, subdivision 8, and by adding a subdivision; 13.03, subdivisions 3 and 4, and by adding subdivisions; 13.04, subdivision 2; 13.05, subdivisions 3, 7, 9, and 10, and by adding a subdivision; 13.06, subdivisions 1 and 6; 13.31, subdivision 2; 13.41, by adding a subdivision; 13.43, subdivision 2; 13.44; 13.46, subdivision 2, and by adding subdivisions; 13.67; 144.335, subdivision 2; and 253B.03, subdivision 8; proposing new law coded in Minnesota Statutes, chapter 13.

April 17, 1984

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S.F. No. 989, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 989 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1982, section 13.02, is amended by adding a subdivision to read:

Subd. 8a. [NOT PUBLIC DATA.] "Not public data" means any government data which is classified by statute, federal law, or temporary classification as confidential, private, nonpublic, or protected nonpublic.

Sec. 2. Minnesota Statutes 1982, section 13.03, subdivision 3, is amended to read:

Subd. 3. [REQUEST FOR ACCESS TO DATA.] Upon request to a responsible authority or designee, a person shall be permitted to inspect and

copy *public* government data at reasonable times and places, and if the person requests, he shall be informed of the data's meaning. The responsible authority or designee shall provide copies of *public* government data upon request. The responsible authority may require the requesting person to pay the actual costs of making, certifying and compiling the copies. If the responsible authority or designee is not able to provide copies at the time a request is made he shall supply copies as soon as reasonably possible.

When a request under this subdivision involves any person's receipt of copies of public government data that has commercial value and is an entire formula, pattern, compilation, program, device, method, technique, process, data base, or system developed with a significant expenditure of public funds by the agency, the responsible authority may charge a reasonable fee for the information in addition to the costs of making, certifying, and compiling the copies. Any fee charged must be clearly demonstrated by the agency to relate to the actual development costs of the information. The responsible authority, upon the request of any person, shall provide sufficient documentation to explain and justify the fee being charged.

If the responsible authority or designee determines that the requested data is classified so as to deny the requesting person access, the responsible authority or designee shall ~~so~~ inform the requesting person of the determination either orally at the time of the request, ~~and~~ or in writing as soon ~~thereafter~~ after that time as possible, and shall cite the ~~statute~~ specific statutory section, temporary classification, or specific provision of federal law on which the determination is based. *Upon the request of any person denied access to data, the responsible authority or designee shall certify in writing that the request has been denied and cite the specific statutory section, temporary classification, or specific provision of federal law upon which the denial was based.*

Sec. 3. Minnesota Statutes 1982, section 13.03, subdivision 4, is amended to read:

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

If data on individuals is classified as both private and confidential by this chapter, or any other statute or federal law, the data is private.

To the extent that government data is disseminated to state agencies, political subdivisions, or statewide systems by another state agency, political subdivision, or statewide system, the data disseminated shall have the same classification in the hands of the agency receiving it as it had in the hands of the entity providing it.

Sec. 4. Minnesota Statutes 1982, section 13.03, is amended by adding a subdivision to read:

Subd. 5. [COPYRIGHT OF PATENT OR COMPUTER PROGRAM.] *Nothing in this chapter or any other statute shall be construed to prevent a state agency, statewide system, or political subdivision from acquiring a copyright or patent for a computer software program or components of a program created by that government agency. In the event that a government*

agency does acquire a patent or copyright to a computer software program or component of a program, the data shall be treated as trade secret information pursuant to section 13.37.

Sec. 5. Minnesota Statutes 1982, section 13.04, subdivision 2, is amended to read:

Subd. 2. [INFORMATION REQUIRED TO BE GIVEN INDIVIDUAL.] An individual asked to supply private or confidential data concerning himself shall be informed of: (a) the purpose and intended use of the requested data within the collecting state agency, political subdivision, or statewide system; (b) whether he may refuse or is legally required to supply the requested data; (c) any known consequence arising from his supplying or refusing to supply private or confidential data; and (d) the identity of other persons or entities authorized by state or federal law to receive the data. This requirement shall not apply when an individual is asked to supply investigative data, *pursuant to section 13.82, subdivision 5*, to a law enforcement officer.

Sec. 6. Minnesota Statutes 1982, section 13.05, subdivision 3, is amended to read:

Subd. 3. [GENERAL STANDARDS FOR COLLECTION AND STORAGE.] Collection and storage of ~~public, private or confidential~~ all data on individuals and *the* use and dissemination of private and confidential data on individuals shall be limited to that necessary for the administration and management of programs specifically authorized by the legislature; *or* local governing body or mandated by the federal government.

Sec. 7. Minnesota Statutes 1982, section 13.05, subdivision 7, is amended to read:

Subd. 7. [PREPARATION OF SUMMARY DATA.] The use of summary data derived from private or confidential data on individuals under the jurisdiction of one or more responsible authorities ~~shall be~~ is permitted. Unless classified pursuant to section 13.06, *another statute, or federal law*, summary data is public. The responsible authority shall prepare summary data from private or confidential data on individuals upon the request of any person; ~~provided that if~~ the request is in writing and the cost of preparing the summary data is borne by the requesting person. The responsible authority may delegate the power to prepare summary data (1) to the administrative officer responsible for any central repository of summary data; or (2) to a person outside of its agency if the person; ~~in writing~~, sets forth, *in writing*, his purpose and agrees not to disclose, and the agency reasonably determines that the access will not compromise private or confidential data on individuals.

Sec. 8. Minnesota Statutes 1982, section 13.05, subdivision 9, is amended to read:

Subd. 9. [INTERGOVERNMENTAL ACCESS OF DATA.] A responsible authority shall allow another responsible authority access to data classified as not public only when the access is authorized or required by statute or federal law. An agency that supplies government data under this subdivision may require the requesting agency to pay the actual cost of supplying the data.

Data shall have the same classification in the hands of the agency receiving it

as it had in the agency providing it.

Sec. 9. Minnesota Statutes 1982, section 13.05, subdivision 10, is amended to read:

Subd. 10. [INTERNATIONAL DISSEMINATION PROHIBITED.] No state agency or political subdivision shall transfer or disseminate any private or confidential data on individuals to the private international organization known as Interpol, *except through the Interpol-United States National Central Bureau, United States Department of Justice.*

Sec. 10. Minnesota Statutes 1982, section 13.06, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION TO COMMISSIONER.] Notwithstanding the provisions of section 13.03, the responsible authority of a state agency, political subdivision, or statewide system may apply to the commissioner for permission to classify data or types of data on individuals as private or confidential, or data not on individuals as non-public or protected non-public, for its own use and for the use of other similar agencies, political subdivisions, or statewide systems on a temporary basis until a proposed statute can be acted upon by the legislature. The application for temporary classification is public.

Upon the filing of an application for temporary classification, the data which is the subject of the application shall be deemed to be classified as set forth in the application for a period of 45 days, or until the application is disapproved, *rejected*, or granted by the commissioner, whichever is earlier.

If the commissioner determines that an application has been submitted for purposes not consistent with this section, the commissioner may immediately reject the application, give notice of that rejection to the applicant, and return the application. When the applicant receives the notice of rejection from the commissioner, the data which was the subject of the application shall have the classification it had before the application was submitted to the commissioner.

Sec. 11. Minnesota Statutes 1982, section 13.06, subdivision 6, is amended to read:

Subd. 6. [EXPIRATION OF TEMPORARY CLASSIFICATION.] ~~Emergency classifications granted before July 1, 1979 are redesignated as temporary classifications. All A temporary classifications classification granted under this section prior to April 24, 1980 and still in effect, and all temporary classifications thereafter applied for and granted pursuant to this section shall expire on July 31, 1981 or 24 months ten days after the classification is granted, whichever occurs later end of the second complete regular legislative session that follows the commissioner's granting of the temporary classification.~~

Sec. 12. Minnesota Statutes 1982, section 13.31, subdivision 2, is amended to read:

Subd. 2. [PUBLIC DATA.] The names and addresses of applicants for and recipients of benefits ~~characterized as the urban homesteading, home ownership, and new housing programs operated by a housing and redevelopment authority in a city of the first class, aid, or assistance through programs administered by any political subdivision, state agency, or statewide system~~

that are intended to assist with the purchase of housing or other real property are classified as public data on individuals.

Sec. 13. Minnesota Statutes 1982, section 13.31, subdivision 3, is amended to read:

Subd. 3. [PRIVATE DATA.] Unless otherwise provided by law, all other benefit data is private data on individuals, *and shall not be disclosed except pursuant to a valid court order or to an agent of the state agency, political subdivision, or statewide system, including appropriate law enforcement personnel, who are acting in an investigation or prosecution of a criminal or civil proceeding relating to the administration of a program described in subdivision 1.*

Sec. 14. Minnesota Statutes 1982, section 13.32, subdivision 3, is amended to read:

Subd. 3. Except as provided in subdivision 5, educational data is private data on individuals and shall not be disclosed except as follows:

(a) Pursuant to section 13.05;

(b) Pursuant to a valid court order;

(c) Pursuant to a statute specifically authorizing access to the private data;

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

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

(f) To appropriate health authorities ~~but only~~ to the extent necessary to administer immunization programs *and for bona fide epidemiologic investigations which the commissioner of health determines are necessary to prevent disease or disability to individuals in the public educational agency or institution in which the investigation is being conducted.*

Sec. 15. Minnesota Statutes 1982, section 13.37, subdivision 2, is amended to read:

Subd. 2. [CLASSIFICATION.] The following government data is classified as nonpublic data with regard to data not on individuals, pursuant to section 13.02, subdivision 9, and as private data with regard to data on individuals, pursuant to section 13.02, subdivision 12: Security information; trade secret information; sealed absentee ballots prior to opening by an election judge; sealed bids, *including the number of bids received*, prior to the opening of the ~~bid~~ *bids*; and labor relations information. Provided that specific labor relations information which relates to a specific labor organization is classified as protected nonpublic data pursuant to section 13.02, subdivision 13.

Sec. 16. Minnesota Statutes 1982, section 13.41, is amended by adding a subdivision to read:

Subd. 5. [RELEASING DATA.] *Any licensing agency may make any data classified as private or confidential pursuant to this section accessible to an*

appropriate person or agency if the licensing agency determines that failure to make the data accessible is likely to create a clear and present danger to public health or safety.

Sec. 17. Minnesota Statutes 1982, section 13.43, subdivision 2, is amended to read:

Subd. 2. [PUBLIC DATA.] Except for employees described in subdivision 5, the following personnel data on current and former employees, volunteers, and independent contractors of a state agency, statewide system, or political subdivision and members of advisory boards or commissions is public: name; actual gross salary; salary range; contract fees; actual gross pension; the value and nature of employer paid fringe benefits; the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary; job title; job description; education and training background; previous work experience; date of first and last employment; the status of any complaints or charges against the employee, whether or not the complaint or charge resulted in a disciplinary action; and the final disposition of any disciplinary action and supporting documentation; work location; a work telephone number; badge number; honors and awards received; ~~data which accounts for the individual's work time payroll time sheets or other comparable data that are only used to account for employee's work time for payroll purposes, except to the extent that release of time sheet data would reveal the employee's reasons for the use of sick or other medical leave or other not public data; and;~~ city and county of residence.

Sec. 18. Minnesota Statutes 1982, section 13.44, is amended to read:

13.44 [PROPERTY COMPLAINT DATA.]

The ~~names~~ *identities* of individuals who register complaints with state agencies or political subdivisions concerning violations of state laws or local ordinances concerning the use of real property are classified as confidential data, pursuant to section 13.02, subdivision 3.

Sec. 19. Minnesota Statutes 1982, section 13.46, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section:

(a) "Individual" means an individual pursuant to section 13.02, subdivision 8, but does not include a vendor of services.

(b) "Program" includes all programs for which authority is vested in a component of the welfare system pursuant to statute or federal law.

(c) "Welfare system" includes the department of public welfare, county welfare boards, *county welfare agencies*, human services boards, community mental health *center* boards, state hospitals, state nursing homes, and persons, agencies, institutions, organizations, and other entities under contract to any of the above agencies to the extent specified in the contract.

Sec. 20. Minnesota Statutes 1983 Supplement, section 13.46, subdivision 2, is amended to read:

Subd. 2. [GENERAL.] Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used or disseminated by the welfare system is private data on

individuals, and shall not be disclosed except:

- (a) Pursuant to section 13.05;
- (b) Pursuant to a ~~valid~~ court order;
- (c) Pursuant to a statute specifically authorizing access to the private data;
- (d) To an agent of the welfare system, including appropriate law enforcement personnel, who are acting in the investigation, prosecution, criminal or civil proceeding relating to the administration of a program;
- (e) To personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;
- (f) To administer federal funds or programs;
- (g) Between personnel of the welfare system working in the same program;
- (h) The amounts of cash public assistance and relief paid to welfare recipients in this state, including their names and social security numbers, upon request by the department of revenue to administer the property tax refund law, supplemental housing allowance, and the income tax; or
- (i) To the Minnesota department of economic security for the purpose of monitoring the eligibility of the data subject for unemployment compensation or for any employment or training program administered by that agency, whether alone or in conjunction with the welfare system.

Data on individual clients or patients of public or private community mental health centers, established by section 245.62, or mental health divisions of counties and other providers under contract to deliver mental health services shall be treated as provided in subdivisions 7, 8, and 9.

Sec. 21. Minnesota Statutes 1982, section 13.46, is amended by adding a subdivision to read:

Subd. 7. [MENTAL HEALTH CENTER DATA.] Data on individual clients and patients of public or private community mental health centers or mental health divisions of counties and other providers under contract to deliver mental health services shall not be disclosed, except:

- (a) pursuant to section 13.05;*
- (b) pursuant to court order; or*
- (c) pursuant to a statutes specifically authorizing access to or disclosure of private data.*

Sec. 22. Minnesota Statutes 1982, section 13.46, is amended by adding a subdivision to read:

Subd. 8. [ACCESS FOR AUDITING.] To the extent required by state or federal law, representatives of federal, state, or local agencies shall have access to data maintained by public or private community mental health centers, mental health divisions of counties, and other providers under contract to deliver mental health services which is necessary to achieve the purpose of auditing. Public or private community mental health centers, mental health divisions of counties, and other providers under contract to deliver

mental health services shall not permit this data to identify any particular patient or client by name or contain any other unique personal identifier.

Sec. 23. Minnesota Statutes 1982, section 13.46, is amended by adding a subdivision to read:

Subd. 9. [FRAUD.] In cases of suspected fraud, in which access to mental health data maintained by public or private community mental health centers or mental health divisions of counties and other providers under contract to deliver mental health services is necessary to a proper investigation, the county board or the appropriate prosecutorial authority shall refer the matter to the commissioner of public welfare. The commissioner and his agents, while maintaining the privacy rights of individuals and families, shall have access to mental health data to conduct an investigation. If, as a result of the investigation, the commissioner deems it appropriate, he shall refer the matter to the appropriate legal authorities and may disseminate to those authorities whatever mental health data are necessary to properly prosecute the case.

Sec. 24. Minnesota Statutes 1982, section 13.46, is amended by adding a subdivision to read:

Subd. 10. [RESPONSIBLE AUTHORITY.] Notwithstanding any other provision of chapter 13 to the contrary, the responsible authority for each component of the welfare system listed in subdivision 1, clause (c), shall be as follows:

(a) The responsible authority for the department of public welfare, state hospitals, and nursing homes is the commissioner of the department of public welfare;

(b) The responsible authority of a county welfare agency is the director of the county welfare agency;

(c) The responsible authority for a county welfare board, human services board, or community mental health center board is the chairman of the board; and

(d) The responsible authority of any person, agency, institution, organization, or other entity under contract to any of the components of the welfare system listed in subdivision 1, clause (c), of this section is the person specified in the contract.

A responsible authority shall allow another responsible authority in the welfare system access to data classified as restricted when access is necessary for the administration and management of programs, or is authorized or required by statute or federal law.

Sec. 25. [13.58] [HOMESTEAD APPLICATION DATA.]

The following data collected and maintained by political subdivisions are classified as private data pursuant to section 13.02, subdivision 12: the social security account numbers and detailed financial data submitted by individuals who are applying for class 3cc homestead classifications pursuant to section 273.13.

Sec. 26. [13.59] [REDEVELOPMENT DATA.]

Subdivision 1. [PRIVATE DATA.] The following data collected in sur-

veys of individuals conducted by cities and housing and redevelopment authorities for the purposes of planning, development, and redevelopment, are classified as private data pursuant to section 13.02, subdivision 12: the names and addresses of individuals and the legal descriptions of property owned by individuals.

Subd. 2. [NONPUBLIC DATA.] The following data collected in surveys of businesses conducted by cities and housing and redevelopment authorities, for the purposes of planning, development, and redevelopment, are classified as nonpublic data pursuant to section 13.02, subdivision 9: the names, addresses, and legal descriptions of business properties and the commercial use of the property to the extent disclosure of the use would identify a particular business.

Sec. 27. [13.60] [ELECTED OR APPOINTED OFFICIALS; FINANCIAL DISCLOSURE STATEMENTS.]

Financial disclosure statements of elected or appointed officials which, by requirement of the political subdivision, are filed with the political subdivision, are public data on individuals.

Sec. 28. [13.64] [DEPARTMENT OF ADMINISTRATION DATA.]

Notes and preliminary drafts of reports created, collected, or maintained by the management analysis division, department of administration, and prepared during audits or investigations of state departments and agencies are classified as confidential or protected nonpublic data until the final report has been published or preparation of the report is no longer being actively pursued. Data that support the conclusions of the report and that the commissioner of administration reasonably believes will result in litigation are confidential or protected nonpublic until the litigation has been completed or until the litigation is no longer being actively pursued. Data on individuals that could reasonably be used to determine the identity of an individual supplying data for a report are private if (a) the data supplied by the individual were needed for an audit and (b) the data would not have been provided to the management analysis division without an assurance to the individual that his identity would remain private.

Sec. 29. Minnesota Statutes 1982, section 13.67, is amended to read:

13.67 [EMPLOYEE RELATIONS DATA.]

The following data collected, created, or maintained by the department of employee relations are classified as nonpublic data pursuant to section 13.02, subdivision 9:

(a) The commissioner's plan prepared by the department, pursuant to section 3.855, which governs the compensation and terms and conditions of employment for employees not covered by collective bargaining agreements until the plan is submitted to the legislative commission on employee relations;

(b) Data pertaining to grievance or interest arbitration that has not been presented to the arbitrator or other party during the arbitration process; and

(c) Notes and preliminary drafts of reports prepared during personnel investigations and personnel management reviews of state departments and

agencies; and

(d) The managerial plan prepared by the department pursuant to section 43A.18 that governs the compensation and terms and conditions of employment for employees in managerial positions, as specified in section 43A.18, subdivision 3, and for employees in the career executive service pursuant to section 43A.18, subdivision 3, clause (c), until the plan is submitted to the legislative commission on employee relations.

Sec. 30. [13.74] [ENVIRONMENTAL QUALITY DATA.]

The following data collected and maintained by the environmental quality board are classified as private data pursuant to section 13.02, subdivision 12: the names and addresses of individuals who submitted information and letters concerning personal health problems associated with transmission lines.

Sec. 31. [13.75] [BUREAU OF MEDIATION SERVICES DATA.]

Subdivision 1. [REPRESENTATION DATA.] Authorization signatures or cards furnished in support of a petition filed or election conducted under sections 179.16, 179.18 to 179.25, and 179.67, and all ballots, prior to the time of tabulation, are classified as protected nonpublic data with regard to data not on individuals pursuant to section 13.02, subdivision 13, and as confidential data on individuals with regard to data on individuals pursuant to section 13.02, subdivision 3.

Subd. 2. [MEDIATION DATA.] All data received or maintained by the director of the bureau of mediation services or his staff during the course of providing mediation services to the parties to a labor dispute under the provisions of chapter 179 are classified as protected nonpublic data with regard to data not on individuals, pursuant to section 13.02, subdivision 13, and as confidential data on individuals pursuant to section 13.02, subdivision 3, except to the extent the director of the bureau of mediation services determines such data are necessary to fulfill the requirements of section 179.71, subdivisions 5 and 6, or to identify the general nature of or parties to a labor dispute.

Sec. 32. Minnesota Statutes 1983 Supplement, section 48.512, subdivision 3, is amended to read:

Subd. 3. [CONFIRM NO INVOLUNTARY CLOSING.] Before opening or authorizing signatory power over a transaction account, the financial intermediary shall attempt to verify the information disclosed for subdivision 2, clause (i). The financial intermediary may not open or authorize signatory power over a transaction account if (i) the applicant had a transaction account closed by a financial intermediary without his consent because of his issuance of dishonored checks within 12 months immediately preceding the application, or (ii) the applicant has been convicted of a criminal offense because of the use of a check or other similar item within 24 months immediately preceding the application.

If the transaction account is refused pursuant to this subdivision, the reasons for the refusal shall be given to the applicant in writing and the applicant shall be allowed to provide additional information.

Sec. 33. [144.336] [REGISTRY OF PERSONS TYPED FOR HUMAN LEUKOCYTE ANTIGENS.]

Subdivision 1. [RELEASE RESTRICTED.] No person, including the state, a state agency, or a political subdivision, that maintains or operates a registry of the names of person, their human leukocyte antigen types, and their willingness to be a tissue donor shall reveal the identity of the person or his human leukocyte antigen type without the person's consent. If the data are maintained by a governmental entity, the data are classified as private data on individuals as defined in section 13.02, subdivision 12.

Subd. 2. [DUTIES.] Persons that maintain or operate a registry described in subdivision 1 have no responsibility for any search beyond their own records to identify potential donors for the benefit of any person seeking a tissue transplant and have no duty to encourage potential donors to assist persons seeking a tissue transplant, and are not liable for their failure to do so.

Sec. 34. Minnesota Statutes 1983 Supplement, section 609.535, subdivision 7, is amended to read:

Subd. 7. [RELEASE OF ACCOUNT INFORMATION TO PAYEE OR HOLDER.] A drawee shall release the information specified in clauses (1) and (2) to the payee or holder of a check that has been dishonored who makes a written request for this information and states in writing that the check has been dishonored and that 30 days have elapsed since the mailing of the notice described in subdivision 8 and who accompanies this request with a copy of the dishonored check and a copy of the notice of dishonor.

The requesting payee or holder shall notify the drawee immediately to cancel this request if payment is made before the drawee has released this information.

This subdivision applies to the following information relating to the drawer's account:

(1) Whether at the time the check was issued or presented for payment the drawer had sufficient funds or credit with the drawee, and whether at that time the account was open, closed, or restricted for any reason and the date it was closed or restricted; and

(2) The last known home address and telephone number of the drawer. ~~A The drawee may be liable in a civil or criminal proceeding for releasing may not release the business address or business telephone number of the place of employment of the drawer to the payee or holder unless the drawer is a business entity or the place of employment is the home.~~

The drawee shall release all of the information described in clauses (1) and (2) that it possesses within ten days after receipt of a request conforming to all of the provisions of this subdivision. The drawee may require the person requesting the information to pay the reasonable costs, not to exceed 15 cents per page, of reproducing and mailing the requested information.

A drawee is not liable in a criminal or civil proceeding for releasing information in accordance with this subdivision.

Sec. 35. [EFFECTIVE DATE.]

Sections 1 to 34 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to collection and dissemination of data; classify-

ing government data as public, private, and nonpublic; clarifying issues relating to classifications of data, access to data, and the temporary classification of data; refining provisions of the data practices act; amending Minnesota Statutes 1982, sections 13.02, by adding a subdivision; 13.03, subdivisions 3 and 4, and by adding a subdivision; 13.04, subdivision 2; 13.05, subdivisions 3, 7, 9, and 10; 13.06, subdivisions 1 and 6; 13.31, subdivisions 2 and 3; 13.32, subdivision 3; 13.37, subdivision 2; 13.41, by adding a subdivision; 13.44; 13.46, subdivision 1, and by adding subdivisions; and 13.67; and Minnesota Statutes 1983 Supplement, sections 13.46, subdivision 2; 48.512, subdivision 3; and 609.535, subdivision 7; proposing new law coded in Minnesota Statutes, chapters 13 and 144."

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

Senate Conferees: (Signed) Randolph W. Peterson, Gene Merriam, Ron Sieloff

House Conferees: (Signed) Bob Ellingson, Lona Minne, Terry Dempsey

Mr. Peterson, R.W. moved that the foregoing recommendations and Conference Committee Report on S.F. No. 989 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 989 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

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

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

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Bertram moved that H.F. No. 2182 be taken from the table. The motion prevailed.

H.F. No. 2182: A bill for an act relating to agriculture; changing certain duties of the commissioner; changing certain reporting requirements concerning agricultural land ownership; refining procedures and deadlines for investment reimbursement; authorizing the commissioner to use certain

funds for short-term loans to help participants meet their family farm security loan obligations; exempting certain corporations and persons from the definition of warehouseman; exempting the family farm security program from certain loan commitment approval requirements; amending Minnesota Statutes 1982, sections 21.118; 29.27; 31.11; 31A.08; 41.56, subdivision 3; 231.01, subdivision 5; 500.221, subdivision 2a; 500.24, subdivision 4; and Minnesota Statutes 1983 Supplement, sections 16A.80, subdivision 2; 32.417; 38.02, subdivisions 1 and 3; and 500.221, subdivision 4.

Mr. Schmitz moved to amend H.F. No. 2182 as follows:

Page 9, after line 6, insert:

“Sec. 11. Minnesota Statutes 1982, section 325E.06, subdivision 1, is amended to read:

Subdivision 1. [OBLIGATION TO REPURCHASE.] Whenever any person, firm, or corporation engaged in the business of selling and retailing farm implements and repair parts for farm implements enters into a written contract, sales agreement or security agreement whereby the retailer agrees with any wholesaler, manufacturer, or distributor of farm implements, machinery, attachments or repair parts to maintain a stock of parts or complete or whole machines, or attachments, and thereafter the written contract, sales agreement or security agreement is terminated, cancelled or discontinued, then the wholesaler, manufacturer, or distributor shall pay to the retailer or credit to the retailer's account, if the retailer has outstanding any sums owing the wholesaler, manufacturer, or distributor, unless the retailer should desire and has a contractual right to keep such merchandise, a sum equal to 100 percent of the net cost of all current unused complete farm implements, machinery and attachments in new condition which have been purchased by the retailer from the wholesaler, manufacturer or distributor within the 24 months immediately preceding notification by either party of intent to cancel or discontinue the contract, including transportation charges which have been paid by the retailer, or invoiced to retailer's account by the wholesaler, manufacturer or distributor and 80 percent of the current net prices on repair parts, including superseded parts listed in current price lists or catalogs in use by the wholesaler, manufacturer or distributor on the date of cancellation or discontinuance of the contract, which parts had previously been purchased by the retailer from the wholesaler, manufacturer, or distributor and are held by the retailer on the date of the cancellation or discontinuance of the contract or thereafter received by the retailer from the wholesaler, manufacturer or distributor. The wholesaler, manufacturer, or distributor shall also pay the retailer or credit to his account a sum equal to five percent of the current net price of all parts returned for the handling, packing, and loading of the parts back to the wholesaler, manufacturer, or distributor unless the wholesaler, manufacturer or distributor elects to perform inventorying, packing and loading of the parts itself. Upon the payment or allowance of credit to the retailer's account of the sum required by this subdivision, the title to the farm implements, farm machinery, attachments or repair parts shall pass to the manufacturer, wholesaler or distributor making the payment or allowing the credit and the manufacturer, wholesaler or distributor shall be entitled to the possession of the farm implements, machinery, attachments or repair parts. However, this section shall not in any way affect any security interest which the wholesaler, manufacturer or distributor may have in the inventory of the

retailer.

Payment required under this subdivision must be made to the retailer by the tenth day of the month following the month in which the retailer returned the farm implements, farm machinery, attachments, and repair parts.

If payment is not made within this period, interest at the same rate the wholesaler, manufacturer, or distributor charges on its overdue accounts will be applied to this payment beginning 30 days after due date specified."

Page 11, after line 35, insert:

"Sec. 14. [EFFECTIVE DATE.]

Section 11 is effective the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "providing for payment to a farm implement retailer by the manufacturer, wholesaler, or distributor who repurchases inventory; requiring the payment of interest on overdue accounts;"

Page 1, line 14, after "5;" insert "325E.06, subdivision 1;"

Mr. Benson moved to amend the Schmitz amendment to H.F. No. 2182 as follows:

Page 1, after line 2 of the Schmitz amendment, insert:

"Sec. 11. Minnesota Statutes 1982, section 297A.01, subdivision 15, is amended to read:

Subd. 15. "Farm machinery" means new or used machinery, equipment, implements, accessories and contrivances used directly and principally in the production for sale, but not including the processing, of livestock, dairy animals, dairy products, poultry and poultry products, fruits, vegetables, forage, grains and bees and apiary products. "Farm machinery" shall include machinery for the preparation, seeding or cultivation of soil for growing agricultural crops, harvesting and threshing of agricultural products, and certain machinery for dairy, livestock and poultry farms, together with barn cleaners, milking systems, grain dryers, automatic feeding systems and similar installations. Irrigation equipment sold for exclusively agricultural use, including pumps, pipe fittings, valves, sprinklers and other equipment necessary to the operation of an irrigation system when sold as part of an irrigation system, except irrigation equipment which is situated below ground and considered to be a part of the real property, shall be included in the definition of farm machinery. Repair or replacement parts for farm machinery shall ~~not~~ be included in the definition of farm machinery.

Tools, shop equipment, grain bins, feed bunks, fencing material, communication equipment and other farm supplies shall not be considered to be farm machinery. "Farm machinery" does not include motor vehicles taxed under chapter 297B, snowmobiles, snow blowers, lawn mowers, garden-type tractors or garden tillers and the repair and replacement parts for those vehicles and machines."

Page 1, line 3 of the Schmitz amendment, delete "11" and insert "12"

Page 2, line 25 of the Schmitz amendment, delete "14" and insert "15"

Amend the title amendment accordingly

Mr. Pogemiller questioned whether the Benson amendment to the Schmitz amendment was germane.

The President ruled that the amendment was not germane.

Mr. Benson appealed the decision of the President.

The question was taken on "Shall the decision of the President be the judgment of the Senate?"

The roll was called, and there were yeas 31 and nays 23, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Kroening	Petty	Stumpf
Berglin	Diessner	Lessard	Pogemiller	Vega
Bertram	Frank	Merriam	Purfeerst	Wegscheid
Chmielewski	Freeman	Moe, R. D.	Reichgott	
Dahl	Hughes	Pehler	Samuelson	
Davis	Johnson, D.J.	Peterson, D.C.	Schmitz	
DeCramer	Jude	Peterson, R.W.	Solon	

Those who voted in the negative were:

Anderson	Brataas	Kamrath	McQuaid	Sieloff
Belanger	Frederick	Knaak	Mehrkins	Taylor
Benson	Frederickson	Knutson	Olson	Ulland
Berg	Isackson	Kronebusch	Peterson, D.L.	
Bernhagen	Johnson, D.E.	Laidig	Renneke	

The decision of the President was sustained.

The question recurred on the Schmitz amendment.

Mr. Belanger questioned whether the amendment was germane.

The President ruled the amendment was not germane.

H.F. No. 2182 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 45 and nays 13, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Jude	Pehler	Renneke
Belanger	DeCramer	Kroening	Peterson, C.C.	Samuelson
Benson	Dicklich	Kronebusch	Peterson, D.C.	Schmitz
Berg	Diessner	Langseth	Peterson, D.L.	Solon
Berglin	Frederickson	Lessard	Peterson, R.W.	Stumpf
Bertram	Freeman	Luther	Petty	Taylor
Brataas	Hughes	Mehrkins	Pogemiller	Vega
Chmielewski	Isackson	Merriam	Purfeerst	Waldorf
Dahl	Johnson, D.E.	Moe, R. D.	Reichgott	Wegscheid

Those who voted in the negative were:

Anderson	Frederick	Knutson	Olson	Ulland
Bernhagen	Kamrath	Laidig	Ramstad	
Frank	Knaak	McQuaid	Sieloff	

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

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Pehler moved that H.F. No. 1291 be taken from the table. The motion prevailed.

H.F. No. 1291: A bill for an act proposing an amendment to the Minnesota Constitution, article XI, section 8; removing the constitutional restrictions on permanent school fund investments; establishing statutory restrictions; amending Minnesota Statutes 1982, section 11A.16, subdivision 4.

SUSPENSION OF RULES

Mr. Pehler moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1291 and that the rules of the Senate be so far suspended as to give H.F. No. 1291 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1291 was read the second time.

H.F. No. 1291 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	Kamrath	Merriam	Reichgott
Anderson	Diessner	Knaak	Moe, D. M.	Renneke
Belanger	Dieterich	Knutson	Moe, R. D.	Samuelson
Berg	Frank	Kroening	Novak	Schmitz
Berglin	Frederick	Kronebusch	Olson	Sieloff
Bernhagen	Frederickson	Laidig	Pehler	Storm
Bertram	Freeman	Langseth	Peterson, C.C.	Stumpf
Brataas	Hughes	Lantry	Peterson, D.C.	Taylor
Chmielewski	Isackson	Lessard	Peterson, D.L.	Ulland
Dahl	Johnson, D.E.	Luther	Peterson, R.W.	Vega
Davis	Johnson, D.J.	McQuaid	Petty	Waldorf
DeCramer	Jude	Mehrkens	Ramstad	Wegscheid

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Pehler moved that S.F. No. 1240, No. 63 on Special Orders, be stricken and laid on the table. The motion prevailed.

Mr. Freeman moved that S.F. No. 1932, No. 42 on Special Orders, be stricken and returned to its author. The motion prevailed.

Mr. Wegscheid moved that S.F. No. 1419, No. 57 on Special Orders, be stricken and returned to its author. The motion prevailed.

Mr. Wegscheid moved that S.F. No. 1780, No. 13 on Special Orders, be stricken and returned to its author. The motion prevailed.

SPECIAL ORDER

H.F. No. 1386: A bill for an act relating to children; authorizing intervention by the juvenile court to protect children from abuse committed by family

or household members; providing for prosecution by the county attorney of certain gross misdemeanors; amending Minnesota Statutes 1982, sections 260.015, by adding subdivisions; 260.111, by adding a subdivision; 260.191, by adding a subdivision; and Minnesota Statutes 1983 Supplement, section 388.051, subdivision 2; proposing new law coded in Minnesota Statutes, chapter 260.

Mr. Sieloff moved to amend H.F. No. 1386, as amended pursuant to Rule 49, adopted by the Senate April 18, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1462.)

Page 5, delete lines 23 to 28

Page 6, delete lines 6 to 8

Renumber the subdivisions in sequence

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 17 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Kamrath	Peterson, D.L.	Ulland
Belanger	Frederick	Knutson	Renneke	
Benson	Isackson	Laidig	Sieloff	
Bernhagen	Johnson, D.E.	McQuaid	Storm	

Those who voted in the negative were:

Berglin	Frank	Langseth	Pehler	Solon
Bertram	Freeman	Lantry	Peterson, C.C.	Stumpf
Dahl	Hughes	Lessard	Peterson, D.C.	Vega
Davis	Johnson, D.J.	Mehrkens	Peterson, R.W.	Waldorf
DeCramer	Jude	Merriam	Petty	Wegscheid
Dicklich	Knaak	Moe, R. D.	Purfeerst	
Diessner	Kroening	Novak	Ramstad	
Dieterich	Kronebusch	Olson	Reichgott	

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

H.F. No. 1386 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 59 and nays 2, as follows:

Those who voted in the affirmative were:

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

Messrs. Knutson and Sieloff voted in the negative.

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

Remaining on the Order of Business of Motions and Resolutions, without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2016, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2016 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1984

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2016

A bill for an act relating to taxation; repealing the income tax surtax; modifying the designation of enterprise zones; increasing the funding for enterprise zones; modifying the definition of political party under the political contribution credit; providing an income tax credit for conservation tillage farm equipment; eliminating racehorses from the farm loss modification; permitting certain net operating loss carrybacks; permitting deduction of certain foreign taxes paid; allowing deduction of foreign dividends and royalties; modifying the definition of apportionment factors; restricting tax exemptions for redevelopment companies; changing the computation of the school agricultural credit retroactive to taxes payable in 1984 in certain cases; modifying the maximum targeting credit for payable 1984; providing a targeting credit for payable 1985; changing computation of certain local government aid payments; directing the department of revenue to issue guidelines on certain topics; instructing the commissioner to determine production value ratio; authorizing certain additional levies in counties; modifying the use of the sales ratio study as evidence in court; changing the methodology of the sales ratio study; changing certain property tax appeal procedures; imposing requirements for disaster relief credits; increasing agricultural aid to certain property; modifying the homestead credit provisions for certain property and providing refunds; changing the classification ratio maximum value on commercial and industrial property; limiting the property tax exemption for certain projects; repealing the exemption for franchise and special taxes and fees for certain projects; modifying the property tax refund with respect to certain claims; repealing rent capitalization; changing the estate tax; allowing the commissioner more discretion in valuing railroad property; providing for equalization of railroad valuations; authorizing the Ramsey-Washington metro watershed district to establish a maintenance and repair fund and levy taxes; creating the Croft historical park board; authorizing the board to levy taxes; authorizing the city of Cloquet to levy taxes for certain transit expenses; authorizing the conveyance of certain land in St. Louis County; clarifying the application of the mortgage registry tax to revolving lines of credit; changing the procedures for refunds of the motor fuels

tax; reducing the sales tax rate for purchases of capital equipment and manufactured housing; exempting agricultural electricity, residential hot water district heating, and used manufactured housing from the sales tax; exempting certain sales by nonprofit organizations from the sales tax; exempting residential district heating from the St. Paul franchise tax; repealing the accelerated payment of sales tax; transferring motor vehicle excise tax proceeds to the highway user and transit funds; providing for the priority of certain liens securing revolving lines of credit; increasing the interest rate on state tax refunds; appropriating money; amending Minnesota Statutes 1982, sections 10A.31, subdivisions 3a and 5; 124.2131, subdivision 1; 270.80, subdivision 4; 270.84, subdivision 1; 270.86; 270.87; 270A.07, subdivision 5; 271.01, subdivision 5; 271.06, subdivision 6; 271.12; 273.123, by adding subdivisions; 273.13, subdivisions 9 and 19; 287.05, by adding subdivisions; 290.01, subdivision 20e; 290.06, by adding a subdivision; 290.19, subdivision 1a; 290.21, by adding a subdivision; 290.92, subdivision 11; 290.936; 290A.04, by adding a subdivision; 290A.07, subdivision 2a; 291.075; 291.09, subdivision 1a; 291.132, subdivision 2; 291.18; 291.215, subdivision 1; 294.09, subdivision 1; 296.18, subdivisions 3 and 8; 297A.01, by adding subdivisions; 297A.15, by adding a subdivision; 297B.035, subdivision 3; 298.09, subdivision 4; 299.05; 462.651, subdivision 1, and by adding a subdivision; and 477A.13; Minnesota Statutes 1983 Supplement, sections 16A.15, subdivision 6; 124.2137, subdivision 1; 273.11, subdivision 1; 273.13, subdivisions 6 and 21; 273.1314, subdivisions 6, 8, and 15; 278.01, subdivision 1; 278.05, subdivision 4; 290.06, subdivision 11; 290.09, subdivision 29; 290.18, subdivision 2; 290.21, subdivision 4; 290.50, subdivision 1; 290.92, subdivision 13; 290.93, subdivision 9; 290A.03, subdivisions 8 and 13; 290A.04, subdivision 2e, and by adding a subdivision; 290A.05; 290A.07, subdivision 3; 291.005, subdivision 1; 291.03, subdivision 1; 291.09, subdivision 3a; 296.14, subdivision 4; 296.18, subdivision 1; 297A.02, subdivision 2, and by adding a subdivision; 297A.14; 297A.25, subdivision 1; 297A.27, subdivision 1; 297A.35, subdivision 1; 297B.09; and 477A.013, subdivision 1; Laws 1979, chapter 189, section 2; proposing new law coded in Minnesota Statutes, chapters 270, 507 and 508; repealing Minnesota Statutes 1982, sections 270.90; 291.015; 291.03, subdivisions 3, 4, 5, 6, and 7; 291.05; 291.051; 291.06; 291.065; 291.07; 291.08; 291.09, subdivision 5; 291.111; and 462.651, subdivision 2; Minnesota Statutes 1983 Supplement, sections 273.11, subdivision 7; 290.06, subdivisions 2e and 13; 297A.275; and 462.651, subdivision 3; and Laws 1983, chapter 342, article 1, section 8.

April 19, 1984

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H.F. No. 2016, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 2016 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
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 2
INCOME TAX

Section 1. Minnesota Statutes 1982, section 10A.31, subdivision 3a, is amended to read:

Subd. 3a. A minor political party as defined in section 10A.01, subdivision 13 qualifies for inclusion on the income tax form *and property tax refund return* as provided in subdivision 3, provided that

(1) (a) if a petition is filed, it is filed by June 1 of the taxable year; or

(b) *if the party ran a candidate for statewide office, that office must have been the office of governor and lieutenant governor, secretary of state, state auditor, state treasurer, or attorney general; and*

(2) *the secretary of state certifies to the commissioner of revenue by July 1, 1984, and by July 1 of every odd-numbered year thereafter the parties which qualify as minor political parties under this subdivision.*

A minor party shall be certified only if the secretary of state determines that the party satisfies the following conditions:

(a) *the party meets the requirements of section 10A.01, subdivision 13, and in the last applicable election ran a candidate for the statewide offices listed in clause (1)(b) of this subdivision;*

(b) *it is a political party, not a principal campaign committee;*

(c) *it has held a state convention in the last two years, adopted a state constitution, and elected state officers; and*

(d) *an officer of the party has filed with the secretary of state a certification that the party held a state convention in the last two years, adopted a state constitution, and elected state officers.*

Sec. 2. Minnesota Statutes 1982, section 10A.31, subdivision 5, is amended to read:

Subd. 5. In each calendar year the moneys in each party account and the general account shall be allocated to candidates as follows:

(1) 21 percent for the offices of governor and lieutenant governor together;

(2) 3.6 percent for the office of attorney general;

(3) 1.8 percent each for the offices of secretary of state, state auditor and state treasurer;

(4) In each calendar year during the period in which state senators serve a four year term, 23-1/3 percent for the office of state senator and 46-2/3 percent for the office of state representative;

(5) In each calendar year during the period in which state senators serve a two year term, 35 percent each for the offices of state senator and state representative;

(6) To assure that moneys will be returned to the counties from which they were collected, and to assure that the distribution of those moneys rationally relates to the support for particular parties or for particular candidates within legislative districts, moneys from the party accounts for legislative candidates shall be distributed as follows:

Each candidate for the state senate and state house of representatives whose name is to appear on the ballot in the general election shall receive moneys from his party account set aside for candidates of the state senate or state house of representatives, whichever applies, according to the following formula;

For each county within his district the candidate's share of the dollars allocated in that county to his party account and set aside for that office shall be:

(a) The sum of the votes cast in the last general election in that part of the county in his district for all candidates of his party (i) whose names appeared on the ballot in each voting precinct of the state and (ii) for the state senate and state house of representatives, divided by

(b) The sum of the votes cast in that county in the last general election for all candidates of his party (i) whose names appeared on the ballot in each voting precinct in the state and (ii) for the state senate and state house of representatives, multiplied by

(c) The amount in his party account allocated in that county and set aside for the candidates for the office for which he is a candidate.

The sum of all the county shares calculated in the formula above is the candidate's share of his party account.

In a year in which an election for the state senate occurs, with respect to votes for candidates for the state senate only, "last general election" means the last general election in which an election for the state senate occurred.

For any party under whose name no candidate's name appeared on the ballot in each voting precinct in the state in the last general election, "last general election" means the last general election in which the name of a candidate of that party appeared on the ballot in each voting precinct in the state amounts in the party's account shall be allocated based on (a) the number of people voting in the last general election in that part of the county in his district, divided by (b) the number of the people voting in that county in the last general election, multiplied by (c) the amount in his party account allocated in that county and set aside for the candidates for the office for which he is a candidate.

Sec. 3. Minnesota Statutes 1983 Supplement, section 290.01, subdivision 20a, is amended to read:

Subd. 20a. [MODIFICATIONS INCREASING FEDERAL ADJUSTED GROSS INCOME.] There shall be added to federal adjusted gross income:

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

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

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

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

(5) The amount of any increase in the taxpayer's federal tax liability under section 47 of the Internal Revenue Code of 1954 to the extent of the credit under section 38 of the Internal Revenue Code of 1954 that was previously allowed as a deduction under Minnesota Statutes 1982, section 290.01, subdivision 20b, clause (7);

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

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

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

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

(10) Interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code of 1954, if the nonprofit corporation is domiciled outside of Minnesota;

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

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

(13) To the extent not included in the taxpayer's federal adjusted gross income, the amount of any gain, from the sale or other disposition of property

having a lower adjusted basis for Minnesota income tax purposes than for federal income tax purposes. This modification shall not exceed the difference in basis. If the gain is considered a long term capital gain for federal income tax purposes, the modification shall be limited to 40 percent of the portion of the gain. This modification is limited to property that qualified for the equity investment credit contained in section 290.069, subdivision 4, and to property acquired in exchange for the release of the taxpayer's marital rights contained in section 290.14, clause (7);

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

(15) To the extent deducted in computing the taxpayer's federal adjusted gross income, interest, taxes and other expenses which are not allowed under section 290.10, clause (9) or (10);

(16) The deduction for two-earner married couples provided in section 221 of the Internal Revenue Code of 1954;

(17) Losses from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax;

(18) Expenses and depreciation attributable to property subject to Laws 1982, chapter 523, article 7, section 3 which has not been registered;

(19) The amount of contributions to an individual retirement account, including a qualified voluntary employee contribution, simplified employee pension plan, or self-employed retirement plan which is allowed under sections 311 and 312 of Public Law Number 97-34, section 238 of Public Law Number 97-248, and section 103(d)(1)(B) of Public Law Number 97-448 to the extent those contributions were not an allowable deduction prior to the enactment of that law; *provided that an individual on whose behalf stock worth less than \$300 is contributed during the taxable year to a tax credit employee stock ownership plan that satisfies the requirements of sections 44G and 409A of the Internal Revenue Code of 1954 shall not be required, as a consequence of that contribution, to include contributions to another plan or account in gross income under this clause to the extent the contributions do not exceed the difference between the value of the stock contributed during the taxable year and \$1,500; and*

(20) To the extent not included in the taxpayer's federal adjusted gross income, the amount of any contributions to a qualified pension plan, designated as employee contributions but which the employing unit picks up and which are treated as employer contributions pursuant to section 414(h)(2) of the Internal Revenue Code of 1954, *provided that employee contributions to police and fire relief associations that previously were not included within gross income as contributions to organizations qualified under section 501(c)(4) of the Internal Revenue Code of 1954 shall not be included in gross income under this clause.*

Sec. 4. Minnesota Statutes 1983 Supplement, section 290.01, subdivision 20b, is amended to read:

Subd. 20b. [MODIFICATIONS REDUCING FEDERAL ADJUSTED GROSS INCOME.] There shall be subtracted from federal adjusted gross income:

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

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to 40 per centum of the portion of the gain. This modification shall not be applicable if the difference in basis is due to disallowance of depreciation pursuant to section 290.101.

(3) Income from the performance of personal or professional services which is subject to the reciprocity exclusion contained in section 290.081, clause (a);

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

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

(6) To the extent included in federal adjusted gross income, or the amount reflected as the ordinary income portion of a lump sum distribution under section 402(e) of the Internal Revenue Code of 1954, notwithstanding any other law to the contrary, the amount received by any person (i) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, (ii) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408, 409 or 409A of the Internal Revenue Code of 1954, or (iii) severance pay distributed to an individual upon discontinuance of the individual's employment due to termination of business operations by the individual's employer, provided that the termination is reasonably likely to be permanent, involves the discharge of at least 75 percent of the employees at that site within a one-year period, and the business is not acquired by another person who continues operations at that site. The maximum amount of this subtraction shall be \$11,000 less the amount by which the individual's federal adjusted gross income, plus the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code of 1954, exceeds \$17,000. For purposes of this clause, "severance pay" means an amount received for cancellation of an employment contract or a collectively bargained termination payment made as a substitute for income which would have been earned for personal services to be rendered in the future. In the case

of a volunteer firefighter who receives an involuntary lump sum distribution of his pension or retirement benefits; the maximum amount of this subtraction shall be \$11,000; this subtraction shall not be reduced by the amount of the individual's federal adjusted gross income in excess of \$17,000 *Pension income as provided by section 7;*

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

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

(9) Interest, including payment adjustment to the extent that it is applied to interest, earned by the seller of the property on a family farm security loan executed before January 1, 1986 that is guaranteed by the commissioner of agriculture as provided in sections 41.51 to 41.60;

(10) The first \$3,000 of compensation for personal services in the armed forces of the United States or the United Nations, and the next \$2,000 of compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside the state of Minnesota. This modification does not apply to compensation defined in subdivision 20b, clause (6);

(11) The amount of any income earned for personal services rendered outside of Minnesota prior to the date when the taxpayer became a resident of Minnesota. This modification does not apply to compensation defined in subdivision 20b, clause (6);

(12) In the case of wages or salaries paid or incurred on or after January 1, 1977, the amount of any credit for employment of certain new employees under sections 44B and 51 to 53 of the Internal Revenue Code of 1954 which is claimed as a credit against the taxpayer's federal tax liability, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

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

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

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

(16) Interest earned on a contract for deed entered into for the sale of property for agricultural use if the rate of interest set in the contract is no more than nine percent per year for the duration of the term of the contract. This exclusion shall be available only if (1) the purchaser is an individual who, together with his spouse and dependents, has a total net worth valued at less than \$150,000 and (2) the property sold under the contract is farm land as defined in section 41.52, subdivision 6 of no more than 1,000 acres that the purchaser intends to use for agricultural purposes. Compliance with these requirements shall be stated in an affidavit to be filed with the first income tax return on which the taxpayer claims the exclusion provided in this clause. Upon request accompanied by the information necessary to make the determination, the commissioner shall determine whether interest to be paid on a proposed transaction will qualify for this exclusion; the determination shall be provided within 30 days of receipt of the request, unless the commissioner finds it necessary to obtain additional information, or verification of the information provided, in which case the determination shall be provided within 30 days of receipt of the final item of information or verification. The exclusion provided in this clause shall apply to interest earned on contracts for deed entered into after December 31, 1981 and before July 1, 1983;

(17) Income from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax;

(18) To the extent included in federal adjusted gross income, distributions from a qualified governmental pension plan which represent a return of designated employee contributions to the plan and which contributions were included in gross income pursuant to subdivision 20a, clause (20); and

(19) To the extent included in federal adjusted gross income, distributions from an individual retirement account which represent a return of designated employee contributions if the contributions were included in gross income pursuant to subdivision 20a, clause (19). The distribution shall be allocated first to return of contributions included in gross income until the amount of the contributions has been exhausted.

Sec. 5. Minnesota Statutes 1983 Supplement, section 290.06, subdivision 11, is amended to read:

Subd. 11. [CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.] A taxpayer may take a credit against the tax due under this chapter of 50 percent of his contributions to candidates for elective state or federal public office and to any political party. The maximum credit for an individual shall not exceed \$50 and, for a married couple filing jointly or filing a combined return, shall not exceed \$100. No credit shall be allowed under this subdivision for a contribution to any candidate, other than a candidate for elective judicial office or federal office, who has not signed an agreement to limit his campaign expenditures as provided in section 10A.32, subdivision 3b. For purposes of this subdivision, a political party means a major political party as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a. A major or minor party includes the aggregate of the party organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and

precincts. A "federal office" means the office of the president or vice president of the United States or the office of United States senator or congressman from Minnesota.

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

Sec. 6. Minnesota Statutes 1982, section 290.06, is amended by adding a subdivision to read:

Subd. 16. [CONSERVATION TILLAGE FARM EQUIPMENT; CREDIT.] (a) A credit is allowed against the tax imposed by this chapter in an amount equal to ten percent of the net cost of conservation tillage planters.

(b) The credit for a taxable year may not exceed the liability for tax. "Liability for tax" means the tax imposed under this chapter for the taxable year reduced by the sum of any nonrefundable credits allowed under this chapter except the credit provided in section 290.068. The amount of any unused credit for a taxable year shall be a carryback to each of the preceding three taxable years and a carryover to each of the succeeding five taxable years. The entire amount of the credit shall be carried to the earliest of the taxable years to which it may be carried.

(c) For the purposes of sections 290.46 and 290.50, if the claim for refund relates to an overpayment attributable to a 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 in which the credit arises which results in the carryback. With respect to any portion of a credit carryback from a taxable year attributable to a loss carryback from a subsequent taxable year, the period of limitations shall be that period which ends with the expiration of the 15th day of the 46th month, or, in the case of a corporation, the 45th month following the end of the subsequent taxable year. In any case in which a taxpayer is entitled to a refund in a carryback year due to the carryback, interest shall be computed only from the end of the taxable year in which the credit arises. With respect to any portion of a credit carryback from a taxable year attributable to a loss carryback from a subsequent taxable year, interest shall be computed from the end of the subsequent taxable year.

(d) For purposes of this subdivision, the following terms have the meanings given:

(1) "Conservation tillage planters" means planters or planting attachments designed and configured in a manner to plant row or small grain crops under a no-till, ridge-till, or strip-till method of conservation tillage.

(2) "No-till" means a conservation tillage system in which the soil is left undisturbed prior to planting and planting is completed in a narrow seedbed approximately one to three inches wide.

(3) "Ridge-till" means a conservation tillage system in which the soil is left undisturbed prior to planting and approximately one-third of the soil surface is tilled at planting with sweeps or row cleaners. Planting is completed on ridges several inches higher than the row middles.

(4) "Strip-till" means a conservation tillage system in which the soil is left

undisturbed prior to planting and approximately one-third of the soil surface is tilled at planting using a rototiller, inrow chisel, row cleaner, or other similar conservation tillage equipment.

Sec. 7. Minnesota Statutes 1982, section 290.08, is amended by adding a subdivision to read:

Subd. 26. [PENSION INCOME.] (a) [EXCLUSION.] Gross income shall not include the taxpayer's pension income. The maximum amount of this exclusion is the greater of the following two amounts:

(1) \$11,000 reduced by the amount of the taxpayer's federal adjusted gross income in excess of \$17,000; or

(2) \$11,000 reduced by the sum of

(A) social security benefits,

(B) railroad retirement benefits, and

(C) the excess over \$23,000 of federal adjusted gross income, but excluding social security benefits and railroad retirement benefits to the extent included in federal adjusted gross income.

(3) Notwithstanding clauses (1) and (2), in the case of an involuntary lump sum distribution of pension or retirement benefits to volunteer firefighters, the maximum amount of the exclusion is \$11,000. This amount is not subject to reduction for other income of the taxpayer.

(4) Pension income consisting of severance pay qualifies only for the exclusion computed according to paragraph (a), clause (1).

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

(1) "Internal Revenue Code" means the Internal Revenue Code of 1954, as amended through December 31, 1983.

(2) "Federal adjusted gross income" is the federal adjusted gross income referred to in section 290.01, subdivision 20, for the current taxable year, and includes the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code.

(3) "Pension income" means to the extent included in the taxpayer's federal adjusted gross income the amount received by the taxpayer

(A) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof,

(B) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408, 409, or 409A of the Internal Revenue Code, or

(C) severance pay distributed to an individual upon discontinuance of the individual's employment due to termination of business operations by the individual's employer, if the termination is reasonably likely to be perma-

ment, involves the discharge of at least 75 percent of the employees at that site within a one-year period, and the business is not acquired by another person who continues operations at that site.

(4) "Severance pay" means an amount received for cancellation of an employment contract or a collectively bargained termination payment made as a substitute for income which would have been earned for personal services to be rendered in the future.

Sec. 8. 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~~ *\$650* for each dependent in grades K to 6 and ~~\$700~~ *\$1,000* 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 accrued 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 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.

Sec. 9. 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 income 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. The commissioner shall round that amount to the nearest hundred dollar amount. When adjusting the amount for inflation, the commissioner shall use the actual dollar amount of the maximum allowable amount of nonfarm income prior to rounding. Carryback or carryover deductions will be subject to the maximum amount in effect for the year to which the deduction is carried.*

(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. 10. Minnesota Statutes 1983 Supplement, section 290.18, subdivision 2, is amended to read:

Subd. 2. [FEDERAL INCOME TAX PAYMENTS AND REFUNDS.] The adjusted gross income shall be computed by deducting from the gross income assignable to this state under section 290.17, the deduction for allowable federal income taxes determined under the provisions of sections ~~290.09, subdivision 4,~~ 290.10 (8), (9) or (10), and 290.18. *For purposes of the preceding sentence, federal income tax shall include the foreign tax credit allowed under section 33 of the Internal Revenue Code of 1954, as amended through December 31, 1983.*

This deduction shall be allowed to individuals, estates, or trusts (i) for taxable years beginning after December 31, 1980 in the taxable year to which the liability applies. Such liability includes the portion of self-employment tax allowed under section 290.10, clause (8). The self-employment tax must be deducted by the person who is deriving the income. When the federal tax

liability is joint and several under the computation of a joint federal return of husband and wife, the federal tax liability must be split between the spouses in the same ratio that the federal adjusted gross income of that spouse bears to the total federal adjusted gross income. For purposes of the preceding sentence, "federal adjusted gross income" includes 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.

(ii) Taxes paid for a taxable year beginning before January 1, 1981 shall be allowed as follows:

(1) Those taxes paid in a taxable year beginning before January 1, 1981, shall be claimed in the year in which the payment was made.

(2) Those paid in a taxable year beginning after December 31, 1980 but before January 1, 1983 shall be divided and deducted in equal installments reflected by the yearly periods beginning with the first day of the taxable year in which the payment was made and ending December 31, 1986. For an amount which remains to be deducted in a taxable year beginning after December 31, 1982, where the federal tax liability for the year in which the payment was made is joint and several under the computation of a joint federal return of husband and wife, the remaining amounts to be deducted shall be claimed by the same spouse and in the same dollar amount as the deduction was claimed in the first taxable year beginning after December 31, 1981.

(3) Those paid in a taxable year beginning after December 31, 1982 shall be claimed in the year in which the payment was made. This amount shall be apportioned between spouses as provided in clause (i) and shall be allocated for exempt income under the provisions of section 290.10, clause (9) or (10) as though the payment was part of the federal tax liability for the year in which the payment was made.

(4) In the case of a person who was self employed during all or a portion of the taxable year, the federal income tax liability for purposes of this clause shall be increased by the self-employment tax allowed under section 290.10, clause (8). The self-employment tax shall be deducted in the year paid as provided in paragraph (1), (2), or (3). The self-employment tax must be deducted by the person who earned the income. Self-employment tax paid in a taxable year beginning after December 31, 1982 shall be allocated for exempt income as provided in paragraph (3).

(iii) If a taxpayer's federal tax liability is eventually not paid by reason of compromise, discharge, or court order, the deduction allowed pursuant to this subdivision shall be disallowed for the taxable year in which the liability was accrued.

(iv) In the event a federal tax liability for a taxable year commencing after December 31, 1980 is increased, decreased or modified, and such increase, decrease or modification has resulted in a change in the amount of Minnesota income tax in the year to which such increase, decrease or modification is attributable, the taxpayer's deduction under this subdivision shall be modified for such year.

(v) If the readjustments required in (iii) or (iv) are for taxes reflected in the transition rule described in (ii)(2), the readjustment shall be made equally to the remaining installments and if a reduction to such installments is required

under this readjustment which exceeds the total of all remaining installments, the remaining installments will be reduced to zero and the excess included in income as a federal income tax refund.

(vi) Refunds which are not involved with any readjustments under the transition rule shall be included in income under Minnesota Statutes 1982, section 290.01, subdivision 20a, clause (6) if it is from a year beginning before January 1, 1981.

(vii) Refunds of taxes for years beginning after December 31, 1980, shall be used to adjust the deduction in the taxable year of the liability unless that year is closed by statute and no other adjustments are to be required or allowable in which case such refund shall be reportable in the year received.

Sec. 11. Minnesota Statutes 1982, section 290.19, subdivision 1a, is amended to read:

Subd. 1a. [DETERMINATION OF SALES MADE WITHIN THIS STATE.] For purposes of this section the following rules shall apply in determining whether or not sales are made within this state.

Sales of tangible personal property are made within this state if the property is ~~delivered or shipped to~~ *received by* a purchaser at a point within this state, and the taxpayer is taxable in this state, regardless of the f.o.b. point or, other conditions of the sale, *or the ultimate destination of the property. However, when intoxicating liquor, wine, fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is licensed by a state or political subdivision to resell this property only within the state of ultimate destination, the sale is made in that state. Tangible personal property delivered to a common or contract carrier or foreign vessel for delivery to a purchaser in another state or nation is a sale in that state or nation, regardless of f.o.b. point or other conditions of the sale.*

Sales made by or through a corporation which is qualified as a domestic international sales corporation under section 992 of the Internal Revenue Code of 1954, as amended through December 31, 1981, shall not be considered to have been made within this state.

Sec. 12. Minnesota Statutes 1982, section 290.61, is amended to read:

290.61 [PUBLICITY OF RETURNS, INFORMATION.]

It shall be unlawful for the commissioner or any other public official or employee to divulge or otherwise make known in any manner any particulars set forth or disclosed in any report or return required by this chapter, or any information concerning, the taxpayer's affairs acquired from his or its records, officers, or employees while examining or auditing any taxpayer's liability for taxes imposed hereunder, except in connection with a proceeding involving taxes due under this chapter from the taxpayer making such return or to comply with the provisions of sections 290.612 and 302A.821. The commissioner may furnish a copy of any taxpayer's return to any official of the United States or of any state having duties to perform in respect to the assessment or collection of any tax imposed upon or measured by income, if such taxpayer is required by the laws of the United States or of such state to make a return therein. The commissioner may disclose information from withholding tax returns received from the taxpayer to the Minnesota depart-

ment of economic security for purposes of auditing unemployment tax. Prior to the release of any information to any official of the United States or any other state or the department of economic security under the provisions of this section, the person to whom the information is to be released shall sign an agreement which provides that he will protect the confidentiality of the returns and information revealed thereby to the extent that it is protected under the laws of the state of Minnesota. The commissioner and all other public officials and employees shall keep and maintain the same secrecy in respect to any information furnished by any department, commission, or official of the United States or of any other state in respect to the income of any person as is required by this section in respect to information concerning the affairs of taxpayers under this chapter. Nothing herein contained shall be construed to prohibit the commissioner from publishing statistics so classified as not to disclose the identity of particular returns or reports and the items thereof. Upon request of a majority of the members of the senate tax committee or of the house tax committee or the tax study commission, the commissioner shall furnish abstracted financial information to those committees for research purposes from returns or reports filed pursuant to this chapter, provided that he shall not disclose the name, address, social security number, business identification number or any other item of information associated with any return or report which the commissioner believes is likely to identify the taxpayer. The commissioner shall not furnish the actual return, or a portion thereof, or a reproduction or copy of any return or portion thereof. "Abstracted financial information" means only the dollar amounts set forth on each line on the form including the filing status.

Any person violating the provisions of this section shall be guilty of a gross misdemeanor.

In order to locate the named payee on state warrants issued pursuant to this chapter or chapter 290A and undeliverable by the United States postal service, the commissioner may publish in any English language newspaper of general circulation in this state a list of the name and last known address of the payee as shown on the reports or returns filed with the commissioner. The commissioner may exclude the names of payees whose refunds are in an amount which is less than a minimal amount to be determined by the commissioner. The published list shall not contain any particulars set forth on any report or return. The publication shall include instructions on claiming the warrants.

An employee of the department of revenue may, in connection with his official duties relating to any audit, collection activity, or civil or criminal tax investigation or any other offense under this chapter, disclose return information to the extent that such disclosure is necessary in obtaining information, which is not otherwise reasonably available, with respect to the correct determination of tax, liability for tax, or the amount to be collected or with respect to the enforcement of any other provision of this chapter.

In order to facilitate processing of returns and payments of taxes required by this chapter, the commissioner may contract with outside vendors and may disclose private and nonpublic data to the vendor. The data disclosed will be administered by the vendor consistent with this section.

Information from a tax return required under this chapter on a holder of a

license issued by the Minnesota racing commission or an owner of a horse may be provided by the commissioner to the Minnesota racing commission.

Sec. 13. Minnesota Statutes 1983 Supplement, section 290.92, subdivision 27, is amended to read:

Subd. 27. Any holder of a class A, B, or D license issued by the Minnesota horse racing commission, ~~who makes a payment or payments for winnings on a pari-mutuel betting ticket or tickets in an amount of \$200 or more to the same individual, shall deduct from the payment or payments and withhold ten percent of the amount the payment of winnings which are subject to withholding as Minnesota withholding tax. For purposes of this subdivision, winnings from a pari-mutuel betting ticket must be determined by reducing the amount received by the amount paid for the ticket, and payments for winning on a pari-mutuel betting ticket which are not money must be taken into account at their fair market value the term "winnings which are subject to withholding" has the meaning given in section 3402(q)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1983.~~ For purposes of the provisions of this section, a payment to any person of winnings which are subject to withholding must be treated as if the payment was a wage paid by an employer to an employee. Every individual who is to receive a payment of winnings which are subject to withholding shall furnish the license holder with a statement, made under the penalties of perjury, containing the name, address, and social security account number of the person receiving the payment and of each person entitled to any portion of such payment. The license holder is liable for the payment of the tax required to be withheld under this subdivision and subdivision 28 but is not liable to any person for the amount of the payment.

Sec. 14. Minnesota Statutes 1983 Supplement, section 290.92, subdivision 28, is amended to read:

Subd. 28. Any holder of a class A or B license issued by the Minnesota horse racing commission who makes a payment to a holder of a class C license issued by the commission, ~~or who pays except an amount paid as a purse, shall deduct from the payment and withhold seven percent of the amount as Minnesota withholding tax when the amount paid to that individual during the calendar year exceeds \$200 \$600.~~ For purposes of the provisions of this section, a payment to any person which is subject to withholding under this subdivision must be treated as if the payment was a wage paid by an employer to an employee. Every individual who is to receive a payment which is subject to withholding under this subdivision shall furnish the license holder with a statement, made under the penalties of perjury, containing the name, address, and social security account number of the person receiving the payment. No withholding is required if the individual presents a signed certificate from his employer which states that the individual is an employee of that employer. A nonresident individual who holds a class C license must be treated as an athlete for purposes of applying the provisions of sections 290.17, subdivision 2(1)(b)(ii) and 290.92, subdivision 4a.

Sec. 15. [TRANSITION PROVISION; UNITARY NET OPERATING LOSSES.]

(a) If for a taxable year a corporation is subject to the provisions of Minnesota Statutes, section 290.095, subdivision 3, clause (d), the corporation may

elect to take a net operating loss carryback pursuant to this section. If the taxpayer elects to be covered by the provisions of this section, the carryback shall be subject to the provisions of Minnesota Statutes, section 290.095, subdivision 3, but excluding clause (d).

(b) If the corporation elects to be covered by this section, all members of the unitary group must file amended returns for the year to which the loss is carried back. The amended returns must reflect the income of the entire unitary business as provided in Minnesota Statutes, section 290.34, subdivision 2. The unitary group of corporations must calculate the sum of the separate tax liabilities prior to the amended returns and the sum of the tax liabilities after the amended returns are filed. (1) If the sum of the separate tax liabilities is more than the sum of the unitary tax liabilities per amended returns, no refund is allowed from the filing of the amended returns. (2) If the sum of the separate tax liabilities is less than the sum of the unitary tax liabilities per amended returns, the difference must be paid with the filing of the amended returns.

(c) After filing the amended returns required by clause (b), the corporation shall be allowed a net operating loss carryback pursuant to section 290.095, subdivision 3. The net operating loss carryback is allowable only to the extent of the tax liability on the amended returns. The time limit on the filing of the amended return allowed under this section shall be the same as the time limit on the filing of the return for the year from which the loss is carried back.

(d) This section is effective for taxable years beginning after June 1981 and is repealed for taxable years beginning after December 31, 1984.

If the taxpayer elects to be covered by this section, the extension of net operating loss carryovers provided by the last sentence of Minnesota Statutes, section 290.095, subdivision 3, clause (d), does not apply to any year to which a loss is carried back under this section.

Sec. 16. 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. 17. [REPEALER.]

Minnesota Statutes 1983 Supplement, section 290.06, subdivision 2e, and Laws 1983, chapter 342, article 1, section 8, are repealed.

Sec. 18. [EFFECTIVE DATE.]

Sections 1, 5, 10, 11, 17, and the amendment to clause (19) in section 3 are effective for taxable years beginning after December 31, 1983, and, to the extent applicable, for property tax refund claims based on rent paid in 1984 and thereafter and property taxes payable in 1985 and thereafter. Sections 2 and 12 to 14 are effective the day following final enactment. Sections 4, 6, 7,

and 8 are effective for taxable years beginning after December 31, 1984. In section 16, 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. The amendment to clause (20) in section 3 is effective for taxable years beginning after December 31, 1982.

ARTICLE 3

PROPERTY TAX

Section 1. Minnesota Statutes 1982, section 105.482, subdivision 8, is amended to read:

Subd. 8. [HYDROPOWER GENERATION POLICY; LEASING OF DAMS AND DAM SITES.] Consistent with laws relating to dam construction, reconstruction, repair, and maintenance, the legislature finds that the public health, safety, and welfare of the state is also promoted by the use of state waters to produce hydroelectric or hydromechanical power. Further, the legislature finds that the leasing of existing dams and potential dam sites primarily for such power generation is a valid public purpose. A local governmental unit, or the commissioner of natural resources with the approval of the state executive council, may provide pursuant to a lease or development agreement for the development and operation of dams, dam sites, and hydroelectric or hydromechanical power generation plants owned by the respective government by an individual, a corporation, an organization, or other legal entity upon such terms and conditions as the local governmental unit or the commissioner may negotiate for a period not to exceed 50 99 years. *For installations of 15,000 kilowatts or less at a dam site and reservoir that is not being used on January 1, 1984 in connection with the production of hydroelectric or hydromechanical power, the lease or development agreement negotiated by the local governmental unit and the developer shall constitute full payment by the lessee and may be in lieu of all real or personal property taxes that might otherwise be due to a local governmental unit.* If the dam, dam site, or power generation plant is located in or contiguous to a city or town, other than the lessor governmental unit, the lease or agreement shall not be effective unless it is approved by the governing body of ~~such~~ the city or town. For purposes of this subdivision, city means a statutory or home rule charter city.

Sec. 2. Minnesota Statutes 1982, section 105.482, subdivision 9, is amended to read:

Subd. 9. [CONTENTS OF DEVELOPMENT AGREEMENT.] An agreement for the development or redevelopment of a hydropower site may contain, but need not be limited to, the following provisions:

(a) Length of the development agreement, subject to negotiations between the parties but not more than 50 99 years, and conditions for extension, modification, or termination;

(b) Provisions for a performance bond on the developer, or, certification that the equipment and its installation have a design life at least as long as the lease;

(c) Provisions to assure adequate maintenance and safety in the impoundment structures, if any, and to assure access to recreational sites, if any.

Sec. 3. 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 *including buildings and structures thereon but excluding all dwellings and an acre of land for each dwelling* 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. 4. 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 *parcels of property containing structures and the structures* 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. 5. Minnesota Statutes 1982, section 272.02, is amended by adding a subdivision to read:

Subd. 6. Notwithstanding the provisions of subdivision 5, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power and leased from the state or a local governmental unit pursuant to section 105.482, subdivisions 1, 8, and 9 may be exempt from taxation or payments in lieu of taxes.

The exemption from taxation or payments in lieu of taxes provided by this subdivision does not apply to hydroelectric or hydromechanical facilities operated at any time between January 1, 1980 and January 1, 1984.

Sec. 6. 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. 7. Minnesota Statutes 1982, section 273.123, is amended by adding a subdivision to read:

Subd. 2a. [APPLICATION REQUIREMENTS.] A request for property tax relief shall be considered by the executive council only if the following requirements are met by the local unit of government submitting the request:

(1) a completed disaster survey shall be included with the request;

(2) the average dollar amount of damage for the homes which are damaged and located within the geographic boundaries of the applicant shall be \$5,000 or more; and

(3) either (a) at least 25 homes located within the geographic boundaries of the applicant must have been damaged or destroyed; or (b) the total dollar amount of damage to all of the damaged homes located within the geographic boundaries of the applicant shall be equal to at least one percent of the total market value of all homestead property located within the geographic boundaries of the applicant.

Sec. 8. Minnesota Statutes 1982, section 273.123, is amended by adding a subdivision to read:

Subd. 7. [LOCAL OPTION.] The owner of homestead property not qualifying for an adjustment in valuation pursuant to subdivisions 1 to 5 may receive a reduction in the amount of taxes payable for the year in which the destruction occurs on the homestead portion if:

(a) 50 percent or more of the homestead dwelling, as established by the county assessor, is unintentionally or accidentally destroyed and the homestead is uninhabitable;

(b) the owner of the property makes written application to the county assessor as soon as practical after the damage has occurred; and

(c) the owner of the property makes written application to the county board, upon completion of the restoration of the destroyed structure.

The county board may grant a reduction in the amount of property tax which the owner must pay on the qualifying home in the year of destruction. Any reduction in the amount of tax payable which is authorized by county board action shall be calculated based upon the number of months that the home is uninhabitable. The amount of net tax due from the taxpayer shall be multiplied by a fraction, the numerator of which is the number of months the dwelling was occupied by that taxpayer and the denominator of which is 12. For purposes of this subdivision, if a structure is occupied for a fraction of a

month, it is considered a month. "Net tax" is defined as the amount of tax after the subtraction of all of the state paid property tax credits. If application is made following payment of all property taxes due for the year of destruction, the amount of the reduction granted by the county board shall be refunded to the taxpayer by the county treasurer as soon as practical.

Any reductions or refunds approved by the county board shall not be subject to approval by the commissioner of revenue.

The county board may levy in the following year the amount of tax dollars lost to the county government as a result of the reductions granted pursuant to this subdivision. Any amount levied for this purpose shall be exempt from the levy limit provisions of sections 275.50 to 275.56.

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 1982, section 273.13, subdivision 19, is amended to read:

Subd. 19. [CLASS 3D, 3DD.] Residential real estate containing four or more units, other than seasonal residential, recreational and homesteads shall be classified as class 3d property and shall have a taxable value equal to ~~36 percent of market value for taxes levied in 1981 and~~ 34 percent of market value ~~for taxes levied in 1982 and thereafter~~. Residential real estate containing three or less units, other than seasonal residential, recreational and homesteads, shall be classified as class 3dd property and shall have a taxable value equal to 28 percent of market value.

Residential real estate as used in this subdivision means real property used or held for use by the owner thereof, or by his tenants or lessees as a residence for rental periods of 30 days or more, but shall not include homesteads, or real estate devoted to temporary or seasonal residential occupancy for recreational purposes. Where a portion of a parcel of property qualified for class 3d or 3dd and a portion does not qualify for class 3d or 3dd the valuation shall be apportioned according to the respective uses.

Residential real estate containing less than ~~three~~ four units when entitled to homestead classification for one or more units shall be classed as 3b, 3c or 3cc according to the provisions of subdivisions 6 and 7. *A single rented or leased dwelling unit located within or attached to a private garage or similar structure owned by the owner of a homestead and located on the premises of that homestead must be classified as 3b, 3c, or 3cc as part of the owner's homestead according to the provisions of subdivisions 6 and 7. If more than one dwelling unit is attached to the structure, the units must be assessed as class 3d or 3dd property.*

Sec. 14. Minnesota Statutes 1983 Supplement, section 273.13, subdivision 21, is amended to read:

Subd. 21. [LIMITATION ON HOMESTEAD CLASSIFICATION.] If the assessor has classified a property as both homestead and nonhomestead, ~~only the values greater of the value~~ attributable to the portion of the property classified as 3b, 3c, or 3cc ~~or the value of the first tier of assessment percentages provided under those subdivisions~~ shall be entitled to homestead treatment, except as provided in subdivision 19 for buildings containing fewer than four residential units and for a single rented or leased dwelling unit located within or attached to a private garage or similar structure owned by the owner of a homestead and located on the premises of that homestead.

If the assessor has classified a property as both homestead and nonhomestead, the homestead credit provided under subdivisions 6 and 7 and the reductions in tax provided under sections 273.135 and 273.1391, shall apply to the value of both the homestead and the nonhomestead portions of the property.

~~Except for buildings containing fewer than three units classified pursuant to section 273.13, subdivision 19, if the portion of a building used as the owner's homestead is separate from other dwelling units in the building, only the owner's residence plus the land attributable to the residence is to receive either the 3b, 3c, or 3cc classification.~~

Sec. 15. Minnesota Statutes 1982, section 273.19, is amended by adding a subdivision to read:

Subd. 5. Notwithstanding the provisions of subdivision 4, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power and leased from the state or a local governmental unit pursuant to section 105.482, subdivisions 1, 8, and 9 may be exempt from taxation or payments in lieu of taxes.

The exemption from taxation or payments in lieu of taxes provided by this subdivision does not apply to hydroelectric or hydromechanical facilities operated at any time between January 1, 1980 and January 1, 1984.

Sec. 16. 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. 17. Minnesota Statutes 1983 Supplement, section 279.01, subdivision 1, is amended to read:

Subdivision 1. On May 16, of each year, with respect to property actually occupied and used as a homestead by the owner of the property, a penalty of three percent shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer, and a penalty of seven percent on nonhomestead property, *except that this penalty shall not accrue until June 1 of each year on commercial use real property used for seasonal residential recreational purposes and classified as class 3 or 3a, and on other commercial use real property classified as class 4c, provided that over 60 percent of the gross income earned by the enterprise on the class 4c property is earned during the months of May, June, July, and August. Any property owner of such class 4c property who pays the first half of the tax due on the property after May 15 and before June 1 shall attach an affidavit to his payment attesting to compliance with the income provision of this subdivision.* Thereafter, for both homestead and nonhomestead property, on the 16th day of each month, up to and including October 16 following, an additional penalty of one percent for each month shall accrue and be charged on all such unpaid taxes. When the taxes against any tract or lot exceed \$10, one-half thereof may be paid prior to May 16; and, if so paid, no penalty shall attach; the remaining one-half shall be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of four percent shall accrue thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the 16th day of each month up to and including December 16 following, an additional penalty of two percent for each month shall accrue and be charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the 16th day of each month up to and including December 16 following, an additional penalty of four percent for each month shall accrue and be charged on all such unpaid

taxes. If one-half of such taxes shall not be paid prior to May 16, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until October 16 following; provided, also, that the same may be paid in installments as follows: One-fourth prior to March 16; one-fourth prior to May 16; one-fourth prior to August 16; and the remaining one-fourth prior to October 16, subject to the aforesaid penalties. Where the taxes delinquent after October 16 against any tract or parcel exceed \$40, they may be paid in installments of not less than 25 percent thereof, together with all accrued penalties and costs, up to the next tax judgment sale, and after such payment, penalties, interest, and costs shall accrue only on the sum remaining unpaid. Any county treasurer who shall make out and deliver or countersign any receipt for any such taxes without including all of the foregoing penalties therein, shall be liable to the county for the amount of such penalties.

Sec. 18. Minnesota Statutes 1982, section 279.37, subdivision 1, is amended to read:

Subdivision 1. [COMPOSITION INTO ONE ITEM.] Delinquent taxes upon any parcel of real estate which have been bid in for and are held by the state and not assigned by it, may be composed into one item or amount by confession of judgment at any time prior to the forfeiture of ~~such the~~ parcel of land to the state for taxes, for the aggregate amount of all ~~such the~~ taxes, costs, penalties, and interest accrued against ~~said the~~ parcel, as hereinafter provided; ~~provided except that only~~ taxes upon property which, for the previous year's assessment, was classified as ~~homestead property pursuant to section 273.13, subdivisions 6, 6a, 7, and 14a~~ vacant land, mineral property, employment property, or commercial or industrial property shall not be eligible to be composed into any confession of judgment pursuant to this section.

Sec. 19. Minnesota Statutes 1982, section 279.37, subdivision 3, is amended to read:

Subd. 3. Upon the receipt of ~~said the~~ offer and payment of the ~~sums herein~~ sum required, the ~~said~~ auditor shall *notify the county board of the offer. If the county board approves the offer, the auditor shall note the same it* upon his records and shall ~~forthwith~~ file ~~said the~~ offer and confession of judgment with the clerk of the district court of the county who is ~~hereby~~ directed to enter judgment in accordance with ~~said the~~ offer. *If the county board does not approve the offer within 30 days of its notification by the county auditor, confession of judgment will not be allowed for the property, and the amount remitted pursuant to subdivision 2 shall be returned to the payor.*

Sec. 20. [282.021] [NOTIFICATION OF SALE.]

Thirty days before the sale of tax-forfeited land at public auction, the county auditor shall publish in a newspaper of general circulation the notice of sale and each parcel's appraised value or market value, whichever is higher, as determined by the county or local assessor who is responsible for valuing the property. The county auditor shall also mail notice to all owners of land adjoining each parcel to be sold and to all owners of platted or unplatted land whose boundaries are within 300 feet of the boundaries of each parcel to be sold.

Sec. 21. 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~~ 100 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 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. The refund shall be reduced by one-tenth for each \$1,000 of claimant's household income in excess of \$40,000.~~

No refund pursuant to this subdivision 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.

~~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. 22. 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 esti-

mated 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. 23. 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 12.5 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 12.5 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.

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. 24. Minnesota Statutes 1982, section 295.44, subdivision 1, is amended to read:

Subdivision 1. [EXEMPTION.] Notwithstanding the provisions of sections 272.01, subdivision 2, 272.02, subdivision 5, and 273.19, subdivision 1, real or 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 and developed and operated pursuant to section 105.482, subdivisions 1, 8 and 9 ~~shall~~ *may* be exempt from property taxation ~~for the five calendar years succeeding the year in which the development agreement is executed~~ *all years during which the site is developed and operated under the terms of a lease or agreement authorized by section 105.482, subdivisions 1, 8, and 9.*

Sec. 25. 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 transit commission 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;

(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.

The county auditor shall reduce the tax levied pursuant to this subdivision on all property within cities or towns that receive full peak service and limited off-peak service by an amount equal to the tax levy that would be produced by applying a rate of 0.5 mills on the property. The county auditor shall reduce the tax levied pursuant to this subdivision on all property within cities or towns that receive limited peak service by an amount equal to the tax levy that would be produced by applying a rate of 0.75 mills 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 section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner 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 commissioner shall pay to the regional transit board the amounts certified by the county auditors on the dates provided in section 273.13, subdivision 15a, clause (3). There is annually appropriated from the general fund in the state treasury to the department of revenue the amounts necessary to make these payments in fiscal year 1985 and thereafter.

For the purposes of this subdivision, "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. 26. 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 the payment made thereafter, 0 percent.*

Sec. 27. [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 that market value should be adjusted to reflect the production value of farm property.

Sec. 28. [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. 29. [GUIDELINES TO COUNTY ASSESSORS.]

The department of revenue is directed by the legislature to prepare and issue guidelines to all county assessors by October 1984, on the following two topics:

- (a) the proper assessment methods which should be used when valuing land which is irrigated or capable of being irrigated, and*
- (b) the proper method for adjusting sales price for financing terms and other conditions of a sale in determining true market value.*

The guidelines are not rules subject to the Administrative Procedure Act of chapter 14.

Sec. 30. [COMPUTATION; REFUNDS.]

An additional credit shall be allowed to owners of all property subject to the \$2,000 agricultural aid credit maximum imposed by Laws 1983, chapter 342, article 2, section 1. The county auditor shall determine the amount of credit to be allowed by recomputing the property tax for taxes payable in 1984 on this property, reducing the tax by the rates set by Minnesota Statutes 1983 Supplement, section 124.2137, subdivision 1. The difference so computed, not to exceed \$2,000, shall be allowed as an additional credit against the property taxes payable in 1984. Amended statements shall be mailed to the affected taxpayers by May 11, 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 this section. The auditor shall certify the additional agricultural aid amounts pursuant to this section to the commissioner of revenue by the time and in the form determined by the commissioner. The auditor shall also list the number of property tax statements which were revised as a result of the change in the maximum \$4,000 agricultural aid limitation. The commissioner shall reimburse the county \$5 for each revised statement for the administrative expenses incurred as a result of the recomputations pursuant to this section. The commissioner of revenue shall review the certifications to determine their accuracy. He may make changes in the certification 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 adjustments required by this section, the taxpayer shall receive a refund equal to the difference between the taxes paid and the tax as recomputed. The county treasurer or auditor shall determine the amount of the refund and mail it to the taxpayer as soon as practical.

If property taxes payable in 1984 have been partially paid without the adjustments required by this section, the county treasurer or auditor shall reduce the remaining taxes due by the amount of the tax reduction required by this section, and refund any excess. He shall notify the affected taxpayer of the corrected tax.

Refunds paid under this section do not include interest.

If the county treasurer or auditor has settled and distributed funds under Minnesota Statutes, section 276.10 with respect to any amounts which have been refunded to taxpayers under this section, the amounts of those refunds must be deducted from the next settlement and distribution. Additional credits payable under this section may be designated as state school agriculture credit on the tax statements, but for distribution purposes, the credit shall be distributed to all taxing districts in the same manner and the same proportion as taxes paid by the taxpayer for the property.

Sec. 31. [PAYMENT; PENALTIES.]

Section 30 does 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 30.

Sec. 32. [PROPERTY TAX REFUNDS.]

For purposes of Minnesota Statutes, section 290A.03, subdivision 13, "property taxes payable" means property taxes as recomputed under section 30. Taxpayers who filed property tax refund returns utilizing the payable 1984 property taxes before the recomputation must file an amended return and attach an amended property tax statement to the amended return.

Sec. 33. [APPROPRIATION.]

There is appropriated from the general fund to the commissioner of revenue the amount necessary to pay the county the amount by which the property taxes payable in 1984 as certified under section 30 are reduced and the fee for issuing the revised tax statements. Payment must be made not later than September 15, 1984.

Sec. 34. [HOMESTEAD CREDIT ADJUSTMENTS.]

The commissioner of revenue shall by May 1, 1984, advise each county auditor to recompute the homestead credit to be applied against each parcel of property assessed by the county as both homestead and nonhomestead property. The homestead credit shall be applied against the entire parcel. The county auditor shall file an abatement with the county board listing each affected parcel and the additional homestead credit. The county board shall approve the abatement in the same manner as provided in Minnesota Statutes, section 375.192 and forward it to the commissioner. For purposes of this section, "homestead credit" means reductions paid pursuant to Minnesota Statutes, sections 273.13, subdivision 14a; 273.135; and 273.1391.

The county treasurer shall issue corrected property tax statements showing the corrected taxes. The additional homestead credit shall be a reduction against the second half taxes unless the county treasurer issues the corrected statements on or before May 11, 1984.

By July 1, 1984, each county auditor shall notify the commissioner in writing about the procedures used in the county to handle this process. The auditor shall also list the number of property tax statements which were revised as a result of the homestead credit adjustments. The commissioner shall reimburse the county \$5 for each revised statement for the administrative expenses incurred as a result of the recomputations pursuant to this section. There is appropriated from the general fund to the commissioner of revenue the amount necessary to make these payments to the county.

Sec. 35. [LEVY LIMIT ADJUSTMENT.]

If a governmental unit subject to the levy limitation provisions of Minnesota Statutes, sections 275.50 to 275.56 realizes savings in the form of reduced employer contributions to public pension funds resulting from the enactment of S.F. No. 147 at the 1984 regular session, its levy limit base is permanently reduced, beginning with taxes payable in 1985, by twice the amount of savings realized during the period from July 1, 1984, to December 31, 1984, but only to the extent that the doubled amount exceeds the amount levied as a special levy pursuant to section 275.50, subdivision 5, clause (o), for taxes payable in 1984.

Sec. 36. [REPEALER.]

Minnesota Statutes 1982, section 295.44, subdivisions 2, 3, and 4 and Minnesota Statutes 1983 Supplement, section 273.11, subdivision 7, is repealed.

Sec. 37. [EFFECTIVE DATE.]

The increase in the agricultural aid maximum to \$4,000 in section 3 is effective for the 1983 assessment and thereafter, taxes payable 1984 and thereafter. The remainder of section 3 and sections 4, 6 to 14 and the portion of section 36 relating to Minnesota Statutes, section 273.11, subdivision 7, are effective for the 1984 assessment and thereafter, taxes payable in 1985 and thereafter. Sections 1, 2, 5, 15, 17 to 24, 26 to 34 and the portion of section 36 relating to Minnesota Statutes, section 295.44, subdivisions 2, 3, and 4 are effective the day after final enactment. Section 25 is effective in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Wash-

ington for taxes levied in 1985, payable in 1986, and thereafter, but is contingent upon the enactment of the reorganization of metropolitan transit governance in H.F. 2317.

ARTICLE 4

LOCAL GOVERNMENT AIDS

Section 1. [LOCAL GOVERNMENT AID RESTORATION.]

Subdivision 1. [ELIGIBLE AMOUNT.] 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 Minnesota Statutes, sections 477A.011 to 477A.03, and (b) the amount that would have been certified had not the limitations of Minnesota Statutes, sections 477A.0131, subdivision 2, and 477A.03, subdivision 2, been in effect.

Subd. 2. [TIME OF PAYMENTS.] Aid amounts determined pursuant to this section shall be distributed to affected cities in calendar year 1984 according to the payment schedule provided in Minnesota Statutes, section 477A.015. However, if a city is subject to levy limitation pursuant to Minnesota Statutes, sections 275.50 to 275.56, and the amount distributed to it pursuant to this section exceeds the amount by which the city'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 city's levy limitation for taxes payable in 1985 accordingly.

Subd. 3. [SUBSEQUENT YEARS.] For the purpose of aid distributions pursuant to Minnesota Statutes, sections 477A.011 to 477A.03 for 1985 and subsequent calendar years, aid amounts distributed according to the provisions of this section shall be considered as included in the definition of aids received in 1984 pursuant to Minnesota Statutes, sections 477A.011 to 477A.03.

Sec. 2. [HIGH-GROWTH ADJUSTMENT.]

Subdivision 1. [ELIGIBLE AMOUNT.] For any statutory city (a) which incorporated in 1974 or thereafter, and (b) whose current population as determined for the calendar year 1979 local government aids distribution exceeded its 1970 census population by a factor of two or more, the commissioner of revenue shall determine the additional amount that the city would have been allocated in the 1984 aid distribution, had the full amount of its then current population been used in the formula calculation for 1979 aids, with aids in the intervening years recalculated using the 1979 adjusted figures.

Subd. 2. [ADJUSTMENTS.] For every qualifying city, the amount determined pursuant to subdivision 1 shall be permanently added to its adjusted local revenue base pursuant to Minnesota Statutes, section 477A.011, subdivision 7a, and its maximum aid amount pursuant to Minnesota Statutes, section 477A.011, subdivision 10, for aids payable in 1984. 1984 aid distributions for all affected cities shall be based upon formula factors as amended by this section.

This amount shall also be a permanent adjustment to each city's adjusted levy limit base for taxes payable in 1984, pursuant to Minnesota Statutes,

section 275.51, subdivision 3h.

Sec. 3. Minnesota Statutes 1983 Supplement, section 477A.013, subdivision 1, is amended to read:

Subdivision 1. [TOWNS.] ~~In each~~ (a) 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.

(b) 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. 4. 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. 5. Minnesota Statutes 1983 Supplement, section 477A.0131, subdivision 1, is amended to read:

Subdivision 1. (a) No home rule charter or statutory city shall receive a distribution in ~~any~~ calendar year 1985 pursuant to sections 477A.011 to 477A.03 that is less than the ~~sum of the amounts~~ amount certified in the previous calendar year pursuant to sections 477A.011 to 477A.03, ~~section 273.139, and section 273.138, by more than an amount equal to three-fourths of one mill times the unit's equalized assessed value.~~

(b) No home rule charter or statutory city shall receive a distribution in calendar year 1986 or any subsequent calendar year pursuant to sections 477A.011 to 477A.03 that is less than the amount certified in the previous calendar year pursuant to sections 477A.011 to 477A.03 by more than an amount equal to three-fourths of one mill times the city's equalized assessed value.

Sec. 6. [LOCAL GOVERNMENT AIDS STUDY COMMISSION.]

A local government aids study commission consisting of 18 members is created. Nine members of the commission shall be members of the senate and appointed by the committee on committees. Nine members of the commission shall be members of the house of representatives and appointed by the speaker. 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 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 information. 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. 7. [APPROPRIATIONS.]

Subdivision 1. An amount sufficient to carry out the provisions of sections 1 and 3 is appropriated from the general fund to the commissioner of revenue.

Subd. 2. The sum of \$120,000 is appropriated from the general fund to the commissioner of revenue for the purpose of providing increased local government aid distributions under section 2. If this appropriation is not sufficient, aid amounts determined pursuant to section 2 shall be proportionately reduced.

Sec. 8. [REPEALER.]

Minnesota Statutes 1983 Supplement, sections 477A.0131, subdivision 2, and 477A.03, subdivision 2, are repealed.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 4 and 6 to 8 are effective the day following final enactment. Section 5 is effective for distributions beginning with calendar year 1985.

ARTICLE 5

ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 1983 Supplement, section 273.1312, subdivision 4, as amended by H.F. No. 1877, is amended to read:

Subd. 4. [ELIGIBILITY REQUIREMENTS.] An area is eligible for designation if the following requirements are met:

(a) The boundary of the zone or each subdivision of the zone is continuous and includes vacant or underutilized lands or buildings.

(b) The area of the zone is less than 400 acres. 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. 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 commis-

sioner 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 has declined or it has increased less than ~~ten~~ 10.5 percent over the preceding three-year period;

(D) for the last full year for which data is available, the per capita income in the area was 90 percent or less of the 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 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 6, is amended to read:

Subd. 6. [LOCAL CONTRIBUTION.] No area may be designated as an enterprise zone unless the municipality agrees to make a qualifying local contribution in the form of (a) a property tax reduction for employment property as provided by section 273.1313 for any business qualifying for a state tax reduction pursuant to this section, or (b) an equivalent local contribution or investment out of other municipal funds, but excluding any special federal grants or loans. *In concluding the agreement with the municipality the commissioner may require that the local contribution will be made in a specified ratio to the amount of the state credits authorized.* If the local contribution is to be used to fund additional reductions in state taxes, the commissioner and the governing body of the municipality shall enter an agreement for timely payment to the state to reimburse the state for the amount of tax revenue

foregone as a result.

Sec. 3. 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~~ ~~\$35,600,000~~. 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~~ ~~\$16,610,940~~ and ~~\$4,000,000~~ ~~\$5,000,000~~ respectively. These funds shall be allocated among such zones on a per capita basis *except that the maximum allocation to any one city is \$6,610,940 and no city's allocation shall exceed \$210 on a per capita basis.* 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. 4. Minnesota Statutes 1983 Supplement, section 273.1314, subdivision 15, is amended to read:

Subd. 15. [REPORTING.] The commissioner shall require municipalities receiving enterprise zone designations pursuant to section 273.1312, subdivision 4, to supply information or otherwise report to the state regarding the economic activity which has occurred in the zone following the designation. This information shall include the number of jobs created in the zone, the number of economically disadvantaged individuals hired in the zone, the average wage level of the jobs created, and descriptions of any affirmative action programs undertaken by the municipality in connection with the zone. *The amount of the municipality's local contribution and the number of businesses qualifying for or directly benefiting from the local contribution must be reported annually to the commissioner.*

Sec. 5. 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. *This clause is satisfied if the corporation employs one full-time professional employee and shares a professional employee with another organization engaged in related activities, including but not limited to providing development financing or other services to businesses.*

(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 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 the first taxable year of the entity if the total amount of passive income for the year is less than \$3,000 or to a sole proprietor.*

(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) ~~Is certified by~~ *The commissioner of energy, planning and economic development certifies that the entity satisfies the requirements of clauses (1) to (5). 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.*

A qualified small business does not include an entity engaged primarily in providing licensed professional services.

Sec. 6. 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 (i) the relationship would result in disallowance of losses under section 267 or 707(b) of the Internal Revenue Code or (ii) 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. 7. 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:

Occurrence of event causing recapture	Repayment portion
Less than six months	100 percent
Six months or more but less than 12 months	83-1/3 percent
12 months or more but less than 18 months	66-2/3 percent
18 months or more but less than 24 months	50 percent
24 months or more but less than 30 months	33-1/3 percent
30 months or more but less than 36 months	16-2/3 percent

Sec. 8. 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 computed 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 which 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. The amount of the net investment shall be reduced by any payments made by the qualified small business to redeem shares of its stock or to acquire the assets or stock of another business during a 24-month period beginning one year prior to the taxpayer's purchase of the stock in the qualified small business. 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. For purposes of the preceding sentence, 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 an investment 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 credit 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 the small business corporation or partnership. In no case shall a taxpayer be allowed a maximum credit in excess of that permitted by paragraph (a) or (c).

Sec. 9. 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:

Occurrence of event causing recapture	Repayment portion
Less than six months	100 percent
Six months or more but less than 12 months	87-1/2 percent
12 months or more but less than 18 months	75 percent
18 months or more but less than 24 months	62-1/2 percent
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. 10. 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 recapture provisions of subdivision 2a or 4a apply.

Sec. 11. 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 except 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. 12. 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. 13. [TRANSITION PROVISION; FARMS.]

An investment made on or before June 30, 1985, in a corporation primarily engaged in the business of farming does not qualify for the equity investment credit under Minnesota Statutes, section 290.069. The business of farming includes the activities enumerated in Minnesota Statutes, section 290.09, subdivision 29, paragraph (a). The commissioner of energy and economic development may not certify an entity primarily engaged in farming as a qualified small business under Minnesota Statutes, section 290.069, subdivision 1, prior to July 1, 1985.

Sec. 14. 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 the 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 the 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) *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 sources without the United States, the commonwealth of Puerto Rico, and the possessions of the United States. The deduction provided by this clause does not*

apply if the corporate stock with respect to which dividends are paid constitutes the stock in trade of the taxpayer, or would be included in the inventory of the taxpayer, or constitutes property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or if the trade or business of the taxpayer consists principally of the holding of stocks and the collection of the income or gains therefrom. No dividend may be deducted under this clause if it is deducted under clause (a).

Sec. 15. Minnesota Statutes 1982, section 290.21, is amended by adding a subdivision to read:

Subd. 8. [FOREIGN SOURCE ROYALTIES.] (a) Rentals, fees, and royalties accrued or received from a foreign corporation for the use of or for the privilege of using outside of the United States patents, copyrights, secret processes and formulas, good will, know-how, trademarks, trade brands, franchises, and other like property. Rentals, fees, or royalties deducted under this subdivision shall not be included in the taxpayer's apportionment factors under section 290.19, subdivision 1, clause (1)(a) or (2)(a)(1). The preceding sentence shall not be construed to imply that nondeductible rentals, fees, and royalties from such properties are or were included in or excluded from the apportionment factors under any other provision of law.

(b) A corporation is allowed the deduction provided by this subdivision only if during the taxable year it received or accrued at least 80 percent of its gross income from sources as defined in clause (a) and from dividends received from foreign corporations. The corporation's gross income for purposes of this clause shall be computed without regard to the requirement of section 290.34, subdivision 2, that a combined report be filed reflecting the entire income of the unitary business.

(c) For purposes of this subdivision, a foreign corporation is (i) a corporation organized under the laws of a foreign country or the political subdivision of a foreign country or (ii) a corporation which for the taxable year derives at least 80 percent of its gross income from sources without the United States, the commonwealth of Puerto Rico, and the possessions of the United States. A foreign corporation does not include a DISC as defined in section 992(a) of the Internal Revenue Code of 1954, as amended through December 31, 1983.

(d) The deduction provided in this subdivision is allowed only with respect to rentals, fees, and royalties that are included in a corporation's Minnesota taxable net income for the taxable year.

Sec. 16. Minnesota Statutes 1982, section 462.651, subdivision 1, is amended to read:

Subdivision 1. [GENERAL TAXES.] The governing body of a municipality in which any project of a redevelopment company is located may, ~~by ordinance or resolution~~ *after the local approval as provided in subdivision 5,* exempt from all local taxes ~~so much~~ *up to 50 percent* of the value of the property included in that project ~~as which~~ *represents an increase over the assessed valuation of the property, both land and improvements, acquired for the project at the time of its original acquisition for redevelopment purposes.* ~~Should such a~~ *If the governing body grant such a tax grants an exemption, the* project shall, to the extent of the municipal exemption and during the period

thereof, be exempt from any and all ~~state, county, and school district~~ *ad valorem property* taxes. The tax exemption specified herein shall not operate for a period of more than ~~25~~ *ten* years, commencing in each instance from the date on which the benefits of such exemption first become available and effective. ~~There shall be~~ *No exemption may be granted* from payment of special assessments or from the payment of inspection, supervision, and auditing fees of the commissioner of energy, planning and development or the authority.

Sec. 17. Minnesota Statutes 1982, section 462.651, is amended by adding a subdivision to read:

Subd. 5. [COMMENT BY COUNTY BOARD.] Before approving a tax exemption pursuant to this section, the governing body of the municipality must provide an opportunity to the members of the county board of commissioners of the county in which the project is proposed to be located and the members of the school board of the school district in which the project is proposed to be located to meet with the governing body. The governing body must present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption may 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 have 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. 18. [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. 19. [PLANT CONSTRUCTION AND 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. The entire amount of this grant may be paid on or after July 1, 1984.

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. This grant is to be disbursed as follows. The recipient must annually certify to the commissioner the following amounts paid during the year: (a) the additional property taxes paid as a result of the expansion and (b) one-third of the sales tax paid on replacement capital equipment that does not qualify for the four percent sales tax rate

under Minnesota Statutes, section 297A.02, subdivision 2. The commissioner shall pay the lesser of the amount certified for the year or \$480,000. If in a year the amount certified is less than \$480,000, the excess shall carryforward and may be paid in a succeeding year. The commissioner may not pay an amount in excess of that certified. The appropriation for this grant does not cancel.

An additional sum of \$100,000 is appropriated to the commissioner of energy and economic development to provide a grant to a city which is selected as the site for a foreign manufacturing development facility. This grant is not subject to the limitations contained in the first paragraph of this subdivision. A foreign manufacturing development project is a production and office facility financed, in whole or part, by an agency of a foreign government or a foreign corporation for the purpose of testing and developing the expertise of foreign firms in manufacturing products in the United States. The city may use the grant moneys to provide assistance to the foreign manufacturing development facility in the manner it determines appropriate.

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	Repayment portion
Less than one year	100 percent
One year or more but less than two years	80 percent
Two years or more but less than three years	60 percent
Three years or more but less than four years	40 percent
Four years or more but less than five years	20 percent

Sec. 20. [REPEALER.]

Minnesota Statutes 1982, section 462.651, subdivision 2, and Minnesota Statutes 1983 Supplement, section 462.651, subdivision 3 are repealed.

Sec. 21. [EFFECTIVE DATE; APPROPRIATION.]

Sections 1 to 4 are effective the day following final enactment. Sections 5 to 13 are effective for taxable years beginning after December 31, 1983, except that they shall not apply to qualified small businesses that were certified by the commissioner of energy and economic development prior to April 10, 1984. Section 14 is effective for taxable years beginning after June 30, 1985. Section 15 is effective for taxable years beginning after December 31, 1984. Sections 16, 17, and 20 are effective for exemptions approved after July 1, 1984. Section 18 is effective July 1, 1984.

ARTICLE 6

SALES

Section 1. Minnesota Statutes 1982, section 297A.01, subdivision 15, is amended to read:

Subd. 15. "Farm machinery" means new or used machinery, equipment, implements, accessories and contrivances used directly and principally in the production for sale, but not including the processing, of livestock, dairy animals, dairy products, poultry and poultry products, fruits, vegetables, forage, grains and bees and apiary products. "Farm machinery" shall include machinery for the preparation, seeding or cultivation of soil for growing agricultural crops, harvesting and threshing of agricultural products, and certain machinery for dairy, livestock and poultry farms, together with barn cleaners, milking systems, grain dryers, automatic feeding systems and similar installations. Irrigation equipment sold for exclusively agricultural use, including pumps, pipe fittings, valves, sprinklers and other equipment necessary to the operation of an irrigation system when sold as part of an irrigation system, except irrigation equipment which is situated below ground and considered to be a part of the real property, shall be included in the definition of farm machinery. *Logging equipment, except chain saws, shall be included in the definition of farm machinery.* Repair or replacement parts for farm machinery shall not be included in the definition of farm machinery.

Tools, shop equipment, grain bins, feed bunks, fencing material, communication equipment and other farm supplies shall not be considered to be farm machinery. "Farm machinery" does not include motor vehicles taxed under chapter 297B, snowmobiles, snow blowers, lawn mowers, garden-type tractors or garden tillers and the repair and replacement parts for those vehicles and machines.

Sec. 2. 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, fabricating, or refining 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, fabricating, or refining 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. 3. 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. 4. 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, special tooling, and capital equipment is four percent.~~

Sec. 5. Minnesota Statutes 1983 Supplement, section 297A.02, is amended by adding a subdivision to read:

Subd. 4. **[MANUFACTURED HOUSING.]** *Notwithstanding the provisions of subdivision 1, for sales at retail of manufactured homes used for residential purposes the excise tax is imposed upon 65 percent of the sales price of the home.*

Sec. 6. 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, special tooling, 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. 7. Minnesota Statutes 1982, section 297A.15, is amended by adding a subdivision to read:

Subd. 5. **[REFUND; APPROPRIATION.]** *Notwithstanding the provisions of section 297A.02, subdivision 2, the tax on sales of capital equipment shall be imposed and collected as if the rate under section 297A.02, subdivision 1, applied. Upon application by the purchaser, on forms prescribed by the commissioner, a refund equal to the reduction in the tax due as a result of the application of the rates under section 297A.02, subdivision 2, shall be paid to the purchaser. The application shall include information necessary for the commissioner initially to verify that the purchases qualified as capital equipment under section 297A.02, subdivision 2. No more than two applications for refunds may be filed under this subdivision in a calendar year. Unless otherwise specifically provided by this subdivision, the provisions of section 297A.34 apply to the refunds payable under this subdivision. There is annually appropriated to the commissioner of revenue the amount required to*

make the refunds.

Sec. 8. 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, *except when sold for fundraising purposes by a nonprofit organization that provides educational and social activities for young people primarily aged 18 and under;*

(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, *hot water*, 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 sale of a manufactured home, as defined in section 327.31, subdivision 6, to be used by the purchaser for residential purposes, unless the sale is the first retail sale of the manufactured home in this state.

Sec. 9. 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. 10. 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. 11. [EFFECTIVE DATE.]

Section 5 and the provision in section 8, clause (aa), exempting certain sales of manufactured homes are effective January 1, 1985. Section 1, the rest of section 8, and section 10 are effective for sales after June 30, 1984. Sections 2 to 4, 6, and 7 are effective for sales made after June 30, 1984, and also apply to purchases of capital equipment and special tooling made after May 1, 1984, but not placed in service until after June 30, 1984.

ARTICLE 7

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 2, is amended to read:

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

(a) in the case of property located within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 66 percent of the ~~amount of such net tax up to the taconite breakpoint plus a percentage~~

equal to the homestead credit equivalency percentage of the net tax in excess of the taconite breakpoint, provided that the ~~amount~~ of said reduction shall not exceed the maximum ~~amount~~ amounts specified in clause (c).

(b) in the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 57 percent of the ~~amount of such~~ net tax up to the taconite breakpoint plus a percentage equal to the homestead credit equivalency percentage of the net tax in excess of the taconite breakpoint, provided that the ~~amount of said~~ reduction shall not exceed the maximum ~~amount~~ amounts specified in clause (c).

(c) (1) The maximum reduction ~~for~~ of the net tax up to the taconite breakpoint is \$225.40 on property described in clause (a) ~~shall be~~ \$385 and for \$200.10 on property described in clause (b) ~~\$330~~, for taxes payable in 1978 1985. These maximum amounts shall increase by \$15 times the quantity one minus the homestead credit equivalency percentage per year for taxes payable in 1979 1986 and subsequent years.

(2) The total maximum reduction of the net tax on property described in clause (a) is \$490 for taxes payable in 1985. The total maximum reduction for the net tax on property described in clause (b) is \$435 for taxes payable in 1985. These maximum amounts shall increase by \$15 per year for taxes payable in 1986 and thereafter.

For the purposes of this subdivision, "net tax" means the tax on the property after deduction of any credit under section 273.13, subdivision 6, 7, or 14a, "taconite breakpoint" means the lowest possible net tax for a homestead qualifying for the maximum reduction pursuant to section 273.13, subdivision 7, rounded to the nearest whole dollar, and "homestead credit equivalency percentage" means a percentage equal to the percentage reduction authorized in section 273.13, subdivision 7.

Sec. 4. 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. 5. Minnesota Statutes 1982, section 273.1391, subdivision 2, is amended to read:

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

(a) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a county with a population of less than 100,000 in which taconite is mined or quarried and wherein a school district is located which does meet the qualifications of a tax relief area, and provided that at least 90 percent of the area of the school district which does not meet the qualifications of section 273.134 lies within such county, 57 percent of the ~~amount of the~~ net tax up to the taconite breakpoint plus a percentage equal to the homestead credit equivalency percentage of the net tax in excess of the taconite breakpoint on

qualified property located in the school district that does not meet the qualifications of section 273.134, provided that the amount of said reduction shall not exceed the maximum ~~amount~~ amounts specified in clause (c). The reduction provided by this clause shall only be applicable to property located within the boundaries of the county described therein.

(b) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a school district in a county containing a city of the first class and a qualifying municipality, but not in a school district containing a city of the first class or adjacent to a school district containing a city of the first class unless the school district so adjacent contains a qualifying municipality, 57 percent of the ~~amount of the~~ net tax up to the taconite breakpoint plus a percentage equal to the homestead credit equivalency percentage of the net tax in excess of the taconite breakpoint, but not to exceed the ~~maximum~~ maximums specified in clause (c).

(c) (1) The maximum reduction ~~shall be \$375 of the net tax up to the taconite breakpoint is \$200.10~~ for taxes payable in ~~1984~~ 1985. ~~These~~ This maximum ~~amounts~~ amount shall increase by \$15 multiplied by the quantity one minus the homestead credit equivalency percentage per year for taxes payable in ~~1982~~ 1986 and subsequent years.

(2) The total maximum reduction of the net tax is \$435 for taxes payable in 1985. This total maximum amount shall increase by \$15 per year for taxes payable in 1986 and thereafter.

For the purposes of this subdivision, "net tax" means the tax on the property after deduction of any credit under section 273.13, subdivision 6, 7, or 14a, "taconite breakpoint" means the lowest possible net tax for a homestead qualifying for the maximum reduction pursuant to section 273.13, subdivision 7, rounded to the nearest whole dollar, and "homestead credit equivalency percentage" means a percentage equal to the percentage reduction authorized in section 273.13, subdivision 7.

Sec. 6. 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. 7. 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.

¹ (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. 8. 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. 9. 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. 10. 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. 11. 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, *spiral separation*, cyclone process, roasting, drying by artificial heat, sintering, magnetic separation, flotation, agglomeration or any process requiring fine grinding *or any other iron ores mined after December 31, 1984*, 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, 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 *or other iron 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* and both the occupation taxes of such underground mines or taconite ~~or~~, semi-taconite *or other iron ore operations* and the labor credits allowed thereto, 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. 12. Minnesota Statutes 1982, section 298.031, subdivision 2, is amended to read:

Subd. 2. [VALUE OF CERTAIN ORE; HOW ASCERTAINED.] (1) The taxpayer shall be given a credit in each taxable year upon the occupation tax assessed in such year under Minnesota Statutes 1957, Chapter 298, against a given mine after credit for labor credits has been given, in an amount equal to the occupation tax under said chapter 298 upon an amount produced by multiplying the number of tons of ore sold at a discount by the amount of such discount.

(2) The aggregate amount of all credits allowed under this section to all mines shall not exceed one percent of the aggregate amount of all occupation taxes imposed under section 298.01, subdivision 1, assessed against all mines in the state for said year prior to the deduction of the credit allowed by this section.

(3) The amount of the foregoing subtraction shall be ascertained and determined by the commissioner.

(4) *If ore stockpiled from previous years operations is sold at a discount, the discount credit shall be allowed against all ore currently being produced by the same company to the extent that the discount credit is available. Any unused credit may be carried forward and utilized with future years production of ore from the stockpiled property or other properties operated by the same company.*

Sec. 13. 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)(a), ~~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 42,000,000 taxable tons. If the production is less than 42,000,000 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 42,000,000 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. 14. 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 4.6 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. 15. 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. 16. 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~~ 17.75 cents per taxable ton, less any amount required to be distributed under part (b), to the taconite property tax relief account in the apportionment fund in the state treasury, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, .75 cent per taxable ton of the tax imposed and collected from such taxpayer shall be distributed by the commissioner of revenue to the county and school district in which the power plant is located as follows: 25 percent to the county and 75 percent to the school district.

(6) 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) (a) .20 cent per taxable ton shall be paid in 1979 and each year thereafter, to the range association of municipalities and schools, for the purpose of providing an area wide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns and school districts within the iron range area of northeast Minnesota.

(b) 1.5 cents per taxable ton shall be paid to the northeast Minnesota economic protection trust fund.

(9) the amounts determined under clauses (4)(a), (4)(c), and (5), and (8)(b) 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 improper, notice of such correction being given by him to the taxpayer and the public officers receiving such estimate. The officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district in computing the permissible tax levy of such county, city or school district in the year in which such estimate is made, and payable in the next ensuing calendar year, except that ~~in 1978 and 1979 two cents per taxable ton, and in 1980 and thereafter, one cent per taxable ton of the amount distributed under clause (4)(c) shall not be deducted in calculating the permissible levy.~~ Such taxpayer shall then pay, at the times payments are required to be made pursuant to section 298.27, as the amount of tax payable under section 298.24, the greater of (a) the amount shown by such estimate, or (b) the amount due under said section as finally determined by the commissioner of revenue pursuant to law. If, as a result of the payment of the amount of

such estimate, the taxpayer has paid in any calendar year an amount of tax in excess of the amount due in such year under section 298.24, after application of credits for any excess payments made in previous years, all as determined by the commissioner of revenue, the taxpayer shall be given credit for such excess amount against any taxes which, under said section, may become due from the taxpayer in subsequent years. In any calendar year in which a general property tax levy subject to sections 275.125 or 275.50 to 275.59 has been made, if the taxes distributable to any such county, city or school district are greater than the amount estimated to be paid to any such county, city or school district in such year, the excess of such distribution shall be held in a special fund by the county, city or school district and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.125 or 275.50 to 275.59, of such county, city or school district payable in such year. If the amounts distributable to any such county, city or school district, after final determination by the commissioner of revenue under this section are less than the amounts indicated by such estimates, such county, city or school district may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sections 275.125 or 275.50 to 275.59 an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

There is hereby annually appropriated to such taxing districts as are stated herein, to the taconite property tax relief account and to the taconite municipal aid account in the apportionment fund in the state treasury, to the department of revenue, to the iron range resources and rehabilitation board, to the range association of municipalities and schools, to the taconite environmental protection fund, and to the northeast Minnesota economic protection 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. 17. 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. 18. 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 and other iron 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. 19. Laws 1982, Second Special Session, chapter 2, section 12, as amended by Laws 1983, chapter 5, section 1, is amended to read:

Sec. 12. [DISTRESSED AREA EMERGENCY JOBS AND RETRAINING PROGRAM.]

Subdivision 1. [APPROPRIATION.] Notwithstanding the provisions of Minnesota Statutes, sections 298.293 or 298.294, or any other law, there is appropriated to the commissioner of iron range resources and rehabilitation from the net interest, dividends, and other earnings of the northeast Minnesota economic protection trust fund the sum of \$2,500,000. This money shall be expended by the commissioner upon recommendation of the iron range resources and rehabilitation board for the creation of emergency jobs through public works projects submitted to the commissioner by cities, towns, and school districts that are tax relief areas as defined in Minnesota Statutes, section 273.134, by counties in which a tax relief area is located, or by state or federal agencies and for payment of training allowances to individuals who meet the qualifications established pursuant to subdivision 2 while they are participating in an employment retraining program. The money shall be expended only for projects or with respect to employment retraining programs located within a tax relief area. The projects shall be beneficial to the city, town, school district, county, or the state and may include permanent improvements or maintenance of public property, residential weatherization programs, landscaping of public grounds or parks, planting or trimming trees, improving open space areas, playgrounds, and recreational facilities owned or operated by the sponsoring unit of government, mineland reclamation and reforestation. The sponsoring unit of government shall provide the administration, supervision, and supplies and materials for its project. All money appropriated for the projects under this section and section 14 shall be expended for wages and benefits and the cost of workers' compensation insurance for workers who qualify for employment pursuant to subdivision 2 and who are employed or who are being paid while participating in an employment retraining program pursuant to this act except that an amount not to exceed 3.5 percent of the amount expended under this section and section 14 shall be available to reimburse the department of economic security and iron range resources and rehabilitation board for its actual cost of administering

this program. The appropriation under this section shall not lapse but shall remain available until ~~entirely disbursed~~ *the day following final enactment of this act. Any funds which are unexpended on the day following final enactment of this act are transferred and deposited in the special revenue fund established at section 298.28, subdivision 1, clause (7), for the purposes of section 298.22.*

Subd. 2. [QUALIFICATIONS FOR EMPLOYMENT.] The appropriations made under this section and section 14 shall be used only to employ needy unemployed persons who meet the qualifications which shall be established by the commissioner of iron range resources and rehabilitation and the commissioner of economic security. The criteria for employment may be established without compliance with any law or statutory provision relating to the promulgation of rules by departments, agencies or instrumentalities of the state.

Sec. 20. Laws 1982, Second Special Session, chapter 2, section 14, as amended by Laws 1983, chapters 5, section 2, and 46, section 7, is amended to read:

Sec. 14. [SUPPLEMENTAL APPROPRIATION.]

Notwithstanding the provisions of Minnesota Statutes, sections 298.293 or 298.294, or any other law there is appropriated to the iron range resources and rehabilitation board from the net interest, dividends, and other earnings of the northeast Minnesota economic protection trust fund the sum of \$5,000,000 for the purpose of continuing the emergency public works job and retraining program established in section 12. Expenditure of this money, or any portion thereof, is contingent upon approval by a majority of the members of the iron range resources and rehabilitation board. The determination of the board that money may be expended from this appropriation shall be approved by the governor prior to the expenditure of any money under this section, and the legislative advisory commission shall make a recommendation on the expenditure. The appropriation under this section shall not lapse but shall remain available until ~~entirely disbursed~~ *the day following final enactment of this act. Any funds which are unexpended on the day following final enactment of this act are transferred and deposited in the special revenue fund established at section 298.28, subdivision 1, clause (7), for the purposes of section 298.22.*

Sec. 21. [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 credited against the production tax liability of each company in five equal annual installments. The refunds shall be credited against the distributions to the funds and accounts that received excessive distributions pursuant to Minnesota Statutes, section 298.28, subdivision 1, as a result of the improper computation of the tax that was rectified in that decision.

Sec. 22. [EFFECTIVE DATE.]

Subdivision 1. Sections 1 to 6 are effective for taxes levied in 1984, payable in 1985, and thereafter. Sections 7 to 9 and 12 are effective the day following final enactment. Sections 10, 11, and 18 are effective for ores

produced after December 31, 1984. Except as otherwise provided, section 14 is effective for concentrates produced in 1984 and thereafter. Section 16 is effective for distributions in 1985 and thereafter. Sections 19 and 20 are effective the day after final enactment.

Subd. 2. Section 14 shall not become effective unless the commissioner of revenue and all taconite producers with pending taconite production tax litigation execute an agreement to suspend the prosecution of currently pending taconite production tax litigation under terms and conditions satisfactory to the commissioner and the taconite producers before the governor approves this act.

ARTICLE 8

TAX AMNESTY

Section 1. [TAX AMNESTY.]

The commissioner of revenue shall establish a tax amnesty program. The amnesty program applies to taxes payable to the commissioner other than taxes collected by the commissioner on behalf of the cities of Minneapolis and Rochester and the metropolitan sports facilities commission 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 80 percent of the balance due on February 1, 1984, plus any interest accruing on that account since February 1, 1984, plus any additional liabilities including tax, penalty, and interest established by the commissioner after February 1, 1984. All payments credited to a taxpayer's account after February 1, 1984, but prior to the taxpayer's application for amnesty, shall reduce the February 1 balance prior to computation of the 80 percent requirement. In no case may the reduction exceed \$2,000. Tax amnesty is not available to any taxpayer who has an account which includes a civil fraud penalty imposed by the commissioner. The amount of a penalty imposed pursuant to section 290.92, subdivision 15, clause (9), shall be deducted from the balance due before application of the 20 percent reduction. Payment must be received by the commissioner on or after August 1, 1984, but before November 1, 1984. For purposes of this section, "received" means actual receipt by the commissioner either at the St. Paul office or at any field office of the department of revenue on or before the final date allowed for payment under this 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 shall 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 August 1, 1984, but before November 1, 1984. For delinquent returns filed pursuant to this 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 reinstated, and the commissioner shall collect the civil penalties and may pursue the

criminal penalties.

There will not be another tax amnesty before October 1, 1994.

Sec. 2. [270.72] [TAX CLEARANCE; ISSUANCE OF LICENSES.]

Subdivision 1. [TAX CLEARANCE REQUIRED.] The state or a political subdivision of the state may not issue or renew a license for the conduct of a profession, trade, or business, if the commissioner notifies the licensing authority that the applicant owes the state delinquent taxes, penalties, or interest. The commissioner may not notify the licensing authority unless the applicant taxpayer owes \$1,000 or more in delinquent taxes. A licensing authority that has received a notice from the commissioner may issue or renew the applicant's license only if (a) the commissioner issues a tax clearance certificate and (b) the commissioner or the applicant forwards a copy of the clearance to the authority. The commissioner may issue a clearance certificate only if the applicant does not owe the state any uncontested delinquent taxes, penalties, or interest.

Subd. 2. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.

(a) "Taxes" are limited to withholding tax as provided in section 290.92, sales and use tax as provided in chapter 297A, and motor vehicle excise tax as provided in chapter 297B. Penalties and interest are limited to penalties and interest due on taxes included in this definition.

(b) "Delinquent taxes" do not include a tax liability if (i) an administrative or court action which contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the applicant has entered into a payment agreement and is current with the payments.

(c) "Applicant" means an individual if the license is issued to or in the name of an individual or the corporation or partnership if the license is issued to or in the name of a corporation or partnership.

Subd. 3. [NOTICE AND HEARING.] If the commissioner notifies a licensing authority pursuant to subdivision 1, he must send a copy of the notice to the applicant. In the case of the renewal of a license if the applicant requests, in writing, within 30 days of the receipt of the notice a hearing, a contested case hearing must be held. The 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 held under the procedures provided by section 270A.09 and the administrative rules promulgated under chapter 270A.

Subd. 4. [LICENSING AUTHORITY; DUTIES.] All licensing authorities must require the applicant to provide his social security number and Minnesota business identification number on all license applications. Upon request of the commissioner, the licensing authority must provide the commissioner with a list of all applicants, including the name, address, business name and address, social security number, and business identification number of each applicant. The commissioner may request from a licensing authority a list of the applicants no more than once each calendar year.

Subd. 5. [REPEALER.] This section is repealed effective December 1, 1986.

ARTICLE 9

RAILROADS

Section 1. Minnesota Statutes 1982, section 270.80, subdivision 4, is amended to read:

Subd. 4. "Nonoperating property" means and includes all property other than property defined in subdivision 3. Nonoperating property shall include real property which is leased or rented or available for lease or rent to any person which is not a railroad company. Vacant land shall be presumed to be available for lease or rent if it has not been used as operating property for a period of one year preceding the valuation date. Nonoperating property also includes land which is not necessary and integral to the performance of railroad transportation services and which is not used on a regular and continual basis in the performance of these services. *Nonoperating property also includes that portion of a general corporation office building and its proportionate share of land which is not used for railway operation or purpose.*

Sec. 2. Minnesota Statutes 1982, section 270.84, subdivision 1, is amended to read:

Subdivision 1. The commissioner shall annually between April 30 and July 31 make a determination of the fair market value of the operating property of every railroad company doing business in this state as of January 2 of the year in which the valuation is made. ~~In determining the fair market value of the portion of operating property within this state, the commissioner shall value the operating property as a unit, taking into consideration the value of the operating property of the entire system, and shall allocate to this state that part thereof which is a fair and reasonable proportion of said entire system valuation. If the commissioner uses original cost as a factor in determining the unit value of operating property, no depreciation or obsolescence allowance shall be permitted. However, if the commissioner uses replacement cost as a factor in determining the unit value of operating property, then a reasonable depreciation and obsolescence allowance may be used. In making this determination, the commissioner shall employ generally accepted appraisal principles and practices which may include the unit method of determining value. The commissioner may promulgate temporary rules adopting valuation procedures under sections 14.29 to 14.36.~~

The commissioner shall give a report to the legislature in February 1980 1985 and in February 1984 1986 on the formula which he has used to determine the unit value of railroad operating property pursuant to ~~Laws 1979, Chapter 303 this article.~~ This report shall also contain the valuation for payable 1980 1985 and 1984 1986 by company and the taxes payable in 1980 1985 and 1984 1986 by company based upon the valuation of operating property. The legislature may review the formula, the valuation, and the resulting taxes and may make changes in the formula that it deems necessary.

Sec. 3. Minnesota Statutes 1982, section 270.86, is amended to read:

270.86 [APPORTIONMENT AND EQUALIZATION OF VALUATION.]

Subdivision 1. [APPORTIONMENT OF VALUE.] Upon determination by the commissioner of the fair market value of the operating property of

each railroad company, he shall apportion such value to the respective counties and to the taxing districts therein in conformity with fair and reasonable rules and standards to be established by the commissioner pursuant to notice and hearing, except as provided in section 270.81. In establishing such rules and standards the commissioner may consider (a) the physical situs of all station houses, depots, docks, wharves, and other buildings and structures with an original cost in excess of \$10,000; (b) the proportion that the length and type of all the tracks used by the railroad in such county and taxing district bears to the length and type of all the track used in the state; and (c) other facts as will result in a fair and equitable apportionment of value.

Subd. 2. [EQUALIZED VALUATION.] After making the apportionment provided in subdivision 1, the commissioner shall determine the equalized valuation of the operating property in each county by applying to the apportioned value an estimated current year median sales ratio for all commercial and industrial property in that county. If the commissioner decides there are insufficient sales to determine a median commercial-industrial sales ratio, an estimated current year countywide median sales ratio for all property shall be applied to the apportioned value. No equalization shall be made to the market value of the operating property if the median sales ratio determined pursuant to this subdivision is within five percent of the assessment ratio of the railroad operating property.

Sec. 4. Minnesota Statutes 1982, section 270.87, is amended to read:

270.87 [CERTIFICATION TO COUNTY ASSESSORS.]

When the commissioner has made his annual determination of the *equalized* fair market value of the operating property of each company in each of the respective counties, and in the taxing districts therein, he shall certify the *equalized* fair market value to the county assessor, which shall constitute the *equalized* fair market value of the operating property of the railroad company in such county and the taxing districts therein upon which taxes shall be levied and collected in the same manner as on the commercial and industrial property of such county and the taxing districts therein.

Sec. 5. [APPROPRIATION.]

There is appropriated from the general fund to the commissioner of revenue the amounts necessary to make certain refunds of property taxes to railroads for assessment years 1981 and 1982 as a result of a change in the assessed valuation of railroad property. For purposes of this section, the term "property taxes" includes any interest which is required to be paid to the railroads.

The county auditor shall certify to the commissioner of revenue the dollar amount of the refunds paid to the railroads by the county and each city, town, school district, and special taxing district or portion thereof which is located within the county. The certification must be made on the forms and completed by the date prescribed by the commissioner. The commissioner of revenue shall review the certification and make changes in the certification that he determines are necessary. The amounts of the abatements for a taxing district which is located in more than one county shall be aggregated. The commissioner shall determine the amount to be paid to each county, city, town, and special taxing district which shall be equal to the amount of the abatement in excess of 20 cents per capita for each county, city, town, and

special taxing district. The commissioner shall determine the amount to be paid to each school district which shall be equal to the amount of the abatement in excess of one dollar per pupil unit for the school district. The 20 cents per capita and the one dollar per pupil unit shall relate to the combined abatement amount for all railroads for both 1981 and 1982 for each county, city, town, school district, and special taxing district. The commissioner shall pay each taxing district as soon as practicable after certification, but not before January 1, 1985.

This appropriation is available the day after final enactment until expended.

A county, city, town, school district, and special taxing district may include an additional amount in its property tax levy for taxes payable in 1985 equal to the difference between the amount of tax and interest refunded to a railroad company whose valuation was ordered reduced by the tax court and the amount reimbursed to the taxing district by the state pursuant to this section. Amounts levied for this purpose shall be considered outside of any levy limitations applicable to the taxing district. In the case of a school district, only the amount of abatement not reimbursed under this section may be considered in the computation of abatement aid under section 124.214, subdivision 2.

Sec. 6. [EFFECTIVE DATE.]

Section 5 is effective the day after final enactment. The remaining sections in this article are effective for the 1984 assessment and subsequent years, for taxes payable in 1985 and subsequent years.

ARTICLE 10

AGRIPROCESSING

Section 1. [41A.01] [PURPOSE.]

Sections 1 to 6 provide a framework for an agricultural resource loan guaranty program, the purposes of which are to further the development of the state's agricultural resources and improve the market for its agricultural products. Public debt is authorized by the constitution to be incurred for developing agricultural resources by extending credit on real estate security. The program contemplates the use of this power not to finance projects of the kind described herein, but to provide financial guaranties for a portion of the cost of viable projects to the extent necessary to enable qualified developers and operators to secure private financing which would not otherwise be available. All credit advanced pursuant to loan guaranty commitments is to be secured by subrogation of the state to mortgage security and other security interests granted to the private lender, in proportion to the amount advanced by the state. A loan guaranty board is established to investigate the feasibility of each project, its conformity to the above policies and to environmental standards, the qualifications of the owners, operators, and lenders, and the nature and extent of the security, prior to commitment, and to secure maximum financial participation by private persons, not supported by the guaranty, to assure that in these respects each project satisfies and will continue to satisfy criteria which are adequate in the judgment of the board.

Sec. 2. [41A.02] [DEFINITIONS; ACTIONS BY THE STATE.]

Subdivision 1. [SCOPE.] The definition of each term given in this section applies whenever the term is used in sections 1 to 7.

Subd. 2. [AGRICULTURAL RESOURCE.] "Agricultural resource" means any organic matter which is available on a renewable basis from agricultural processes, including agricultural crop, animal, and wood production, waste, and residues.

Subd. 3. [AGRICULTURAL RESOURCE LOAN GUARANTY BOARD; BOARD.] "Agricultural resource loan guaranty board" or "board" means the commissioner of finance as chairman, the commissioner of agriculture, the commissioner of commerce, the commissioner of energy and economic development, and the director of the pollution control agency.

Subd. 4. [AGRICULTURAL RESOURCE LOAN GUARANTY FUND; GUARANTY FUND.] "Agricultural resource loan guaranty fund" or "guaranty fund" means the fund created by section 5.

Subd. 5. [AGRICULTURAL RESOURCE LOAN GUARANTY PROGRAM; PROGRAM.] "Agricultural resource loan guaranty program" or "program" includes all projects and loan guaranties approved pursuant to sections 3 and 4.

Subd. 6. [AGRICULTURAL RESOURCE PROJECT; PROJECT.] "Agricultural resource project" or "project" means any facility, or portion of a facility, located in the state which is operated or to be operated primarily for the production from agricultural resources of marketable products. A project includes a facility or portion of a facility for mixing or producing substances to be mixed with other substances for use as a fuel or as a substitute for petroleum or petrochemical feedstocks.

Subd. 7. [APPLICANT.] "Applicant" means any rural development finance authority organized, or any county exercising the powers of such an authority, pursuant to chapter 362A, which applies to the state for approval of a guaranty of a loan to a borrower for a project.

Subd. 8. [BORROWER.] "Borrower" means any applicant or any private individual, company, cooperative, partnership, corporation, association, consortium, or other entity organized for a common business purpose, which is obligated or to be obligated to pay a guaranteed loan.

Subd. 9. [CONSTRUCTION.] "Construction" means construction of a new agricultural resource project, or conversion of a facility to such a project, or expansion or improvement of a project to increase its capacity or efficiency. "Construction" includes acquisition of land, easements, buildings, structures, improvements, and equipment and machinery for use in or at the site of a project or on easements adjacent to the project site.

Subd. 10. [COST.] "Cost" of a project means the sum of all obligations paid or to be paid or incurred by the borrower which are reasonably required for the construction and completion of the project, including but not limited to (i) surveys, estimates, plans, specifications, supervision of construction, and other engineering and architectural service; (ii) payments under construction contracts and for payment and performance bonds; (iii) purchase and installation of equipment and machinery; (iv) recording, filing, permit, legal, financial, underwriting, placement, commitment, publication, adver-

tising, and other charges, fees, and expenses incurred for establishing title, mortgage liens, and security interests with respect to the project, for securing permits for construction and approval of the loan guaranty, for establishing the terms of the loan and underlying security agreements, and for offering, selling, or placing with investors and printing and delivering the obligations evidencing the loan; and (v) interest, discount, fees, and expenses accruing with respect to the loan, and taxes and other government charges payable with respect to the project, during construction.

Subd. 11. [LENDER.] "Lender" means any holder or holders of bonds, notes, or other obligations evidencing a guaranteed loan, any trustee representing those holders, and any investment or commercial banking institution, savings and loan institution, insurance company, investment company, or other financial institution or institutional investor making, purchasing, or participating in a loan or any part of a loan.

Subd. 12. [LOAN.] "Loan" means any obligation to repay money borrowed to finance the construction of a project or to refund or refinance such an obligation.

Subd. 13. [LOAN AGREEMENT.] "Loan agreement" means a written agreement or agreements setting forth the terms and conditions of the obligation of the borrower to the lender and the pledges and covenants made and mortgage lien and other security interests granted for the security of the obligations, including a mortgage, note, indenture, or other agreement however designated.

Subd. 14. [LOAN GUARANTY.] "Loan guaranty" means a written agreement executed on behalf of the state that guarantees, in accordance with the terms and conditions contained in the agreement or in a loan agreement, the payment of sums of money owing by a borrower to a lender.

Subd. 15. [STATE.] "State" actions contemplated in sections 1 to 6 may be taken on behalf of the state by resolutions of the agricultural resource loan guaranty board, subject to approval by the governor if required by the governor, or by a member of the board or another state officer in the department headed by the member, pursuant to authority delegated by resolution of the board. Resolutions of the board are effective when approved by the vote of a majority of its members.

Sec. 3. [41A.03] [LOAN GUARANTIES.]

Subdivision 1. [AUTHORITY FOR AND LIMITATION OF GUARANTY.] Subject to the provisions of sections 1 to 6 and subject to section 16A.80 and upon determination that a loan will serve the public purposes and satisfy the conditions set forth in sections 1 to 6, the state may guarantee and commit to guarantee against loss an amount not exceeding 90 percent, with accrued interest, of a loan for the construction of an agricultural resource project (or the refunding or refinancing of a loan). The loan must be secured by a first mortgage lien on and security interest in all real and personal property comprising the project and other collateral as provided in the loan agreement.

Subd. 2. [LIMITATION OF LOAN AMOUNT.] The total principal amount of any guaranteed loan may not exceed 80 percent of the total cost of the related project as estimated by the state at the time the commitment to

guarantee is made or, in the case of a refunding or refinancing loan, 80 percent of the aggregate amount of principal and interest refunded or refinanced. If the actual cost exceeds the estimate the state may, upon request of the borrower and the lender, consent to an increase of the loan by a principal amount not greater than 80 percent of the excess cost, and may increase the guaranteed amount by not more than 90 percent of the increase in the principal amount, and accrued interest on that amount.

Subd. 3. [REQUIRED PROVISIONS.] A loan guaranty or loan agreement pertaining to any loan guaranteed by the state must provide that:

(a) Payments of principal and interest made by the borrower under the loan shall be applied by the lender to reduce the guaranteed and nonguaranteed portion of the loan on a proportionate basis, and the nonguaranteed portion shall not in any event receive preferential treatment over the guaranteed portion.

(b) A period of grace shall be allowed of not less than 60 days from a date a principal or interest payment is due, prior to the making of demand for payment pursuant to the loan guaranty, to permit adequate time for a decision on behalf of the state regarding principal and interest assistance in accordance with subdivision 4. Payment as required by the loan guaranty shall be made within 60 days after receipt by the state of written demand complying with the terms and conditions of the guaranty.

(c) The lender may not accelerate repayment of the loan or exercise other remedies available to the lender if the borrower defaults, unless (i) the borrower fails to pay a required payment of principal or interest, or (ii) the state consents in writing, or (iii) as otherwise permitted in the loan guaranty. In the event of a default, the lender may not make demand for payment pursuant to the guaranty unless the state agrees in writing that such default has materially affected the rights or security of the parties, and finds that the lender should be entitled to receive payment pursuant to the loan guaranty.

(d) If a payment of principal or interest is made by the state upon default of the borrower, the state shall be subrogated to the rights of the lender with respect to the payment.

(e) The borrower shall have promptly prepared and delivered to the state annual audited financial statements of the project prepared according to generally accepted accounting principles.

(f) Duly authorized representatives of the state shall have access to the project site at reasonable times during construction and operation of the project.

(g) The borrower shall maintain adequate records and documents concerning the construction and operation of the project in order that representatives of the state may determine its technical and financial conditions and its compliance with environmental requirements. The records shall include the amounts of all sales and use taxes paid on personal property and services purchased for the construction and operation of the project, with tax receipts furnished by the sellers or other supporting documentation determined by the board to be satisfactory. The amounts of those taxes shall be reported to the board in the manner and at the times required by the board.

(h) The borrower shall protect and preserve at all times the project assets

and other collateral securing the loan and shall assist in liquidation of collateral to minimize loss in the event of default.

(i) Orderly liquidation of assets of the project shall be provided for in the event of default, with an option on the part of the state to acquire from the lender the lender's interest in the assets pursuant to the nonguaranteed portion of the loan.

(j) The state shall be paid at or prior to the closing of the guaranteed loan a fee or fees for the loan guaranty or the commitment to guarantee the loan. The aggregate fee may not exceed one percent of the total principal amount of the guaranteed portion of the loan.

(k) The lender shall perfect and maintain the mortgage lien on the real estate and the security interest in personal property and collateral granted as security for the loan, and shall cause all other loan servicing functions to be performed which are normally required or performed by a reasonable and prudent lender with respect to a loan without a guaranty.

(l) The state shall be notified in writing without delay of (i) the date and amount of and basis for each disbursement of loan proceeds; (ii) any nonpayment of principal or interest due (within ten days after the due date and with evidence of notification to the borrower); (iii) any failure to honor a commitment by any person of an intended source of capital for the project; and (iv) any significant adverse changes from original cash flow projections as evidenced by reports from the borrower, or any other known evidence that the borrower might be unable to meet a future scheduled payment of principal or interest.

(m) The loan agreement shall require the borrower to establish a reserve, from the proceeds of the loan or otherwise, to be maintained with the lender or with a trustee for the holders of the borrower's obligations in cash or securities of a specified market value not less than the annual amount which would be required to amortize the entire amount of the loan over the term (or at the rate of yield resulting from the interest rates) provided in the loan agreement.

Subd. 4. [PRINCIPAL AND INTEREST ASSISTANCE.] The state may at any time enter into a written contract with the borrower to pay the lender, on behalf of the borrower, an amount not greater than the amount of principal and interest to become due on one or more subsequent dates, without acceleration, if the state determines that (i) the borrower is not in default in payment of principal or interest due more than 60 days prior to the date of the contract; (ii) the borrower is or may become unable to meet in full principal or interest payments, or both, which are due or to become due within a specified period; (iii) it is in the public interest to permit the borrower to continue to pursue the purposes of the project; (iv) the probable net financial loss to the state will be less than that which would result in the event of a default; (v) the borrower is obligated by the contract to reimburse the state for all principal or interest advanced, with interest on those amounts, upon terms and conditions satisfactory to the state; and (vi) funds are available for allocation to the account established for the project in the guaranty fund, and are continuously allocated to the account in accordance with the provisions of section 4, subdivision 3, in an amount equal to the amount of interest on the advances until actually reimbursed to the state by the borrower. All sums so advanced and

interest on those amounts shall be secured by the mortgage lien and security interest granted by the loan agreement, but none of the advances shall thereafter be repaid to the state until and unless all principal and interest currently due on the loan has been fully paid. In the event of subsequent default by the borrower, acceleration by the lender, and payment by the state of the full amount due under the loan guaranty, the state shall be subrogated to the rights of the lender with respect to the principal paid by it under the contract. Upon payment of the loan in full, with accrued interest, the remaining amount of the advances and interest on the advances may be paid to the state.

Sec. 4. [41A.04] [APPLICATION AND APPROVAL.]

Subdivision 1. [REQUIREMENTS.] (a) Any rural development finance authority, or county exercising the powers of such an authority, may file a written application with the state commissioner of finance, to be considered by the agricultural resource loan guaranty board, for a guaranty by the state of a portion of a loan for an agricultural resource project. In general, the application must provide information similar to that required by an investment banking or other financial institution considering such a project for debt financing. Specifically, each application must include in brief but precise form the following information, as supplied by the applicant, the borrower, or the lender:

(1) a description of the scope, nature, extent, and location of the proposed project, including the identity of the borrower and a preliminary or conceptual design of the project;

(2) a description of the technology to be used in the project and the prior construction and operating experience of the borrower with such projects;

(3) a detailed estimate of the items comprising the total cost of the project, including escalation and contingencies, with explanation of the assumptions underlying the estimate;

(4) a general description of the financial plan for the project, including the mortgage and security interests to be granted for the security of the guaranteed loan, and all sources of equity, grants, or contributions or of borrowing the repayment of which is not to be secured by the mortgage and security interests, or, if so secured, is expressly subordinated to the guaranteed loan;

(5) an environmental report analyzing potential environmental effects of the project, any necessary or proposed mitigation measures, and other relevant data available to the applicant to enable the board to make an environmental assessment;

(6) a list of applications to be filed and estimated dates of approvals of permits required by federal, state, and local government agencies as conditions for construction and commencement of operation of the project;

(7) an estimated construction schedule;

(8) an analysis of the estimated cost of production of and market for the product, including economic factors justifying the analysis and proposed and actual marketing contracts, letters of intent, and contracts for the supply of feedstock;

(9) a description of the management experience of the borrower in organ-

izing and undertaking similar projects;

(10) *pro forma* cash flow statements for the first five years of project operation including income statements and balance sheets;

(11) a description of the borrower's organization and, where applicable, a copy of its articles of incorporation or partnership agreement and bylaws;

(12) the estimated amount of the loan and percentage of guaranty requested, the proposed repayment schedule, and other terms and conditions and security provisions of the loan;

(13) an estimate of the amounts and times of receipt of guaranty fees, sales and use taxes, property tax increments, and any other governmental charges which may be available for the support of the state guaranty fund as a result of the construction of the project, with an analysis of the assumptions on which the estimate is based;

(14) a copy of any lending commitment issued by a lender to the borrower;

(15) a statement from the lender, if identified, as to its general experience in financing and servicing debt incurred for projects of the size and general type of the project, and its proposed servicing and monitoring plan; and

(16) additional information required by the board.

(b) The applicant shall pay upon filing of the application a fee equal to .25 percent of the amount of the loan guaranty requested. The fee shall be paid to the commissioner of finance and deposited in the general fund. If the board determines not to issue a commitment for the project, the fee shall be refunded to the applicant, less the board's cost of processing, reviewing, and evaluating the application. If the board issues a commitment for the project and the application fee exceeds the board's cost of processing, reviewing, and evaluating the application, the balance shall be transferred from the general fund to the project account in the guaranty fund and credited against the amount of the commitment fee required in section 3, subdivision 3, clause (j). The county or rural development finance authority may require the proposed borrower under the project to pay the application fee.

Subd. 2. [ENVIRONMENTAL ASSESSMENT.] Notwithstanding any other law or rule, no environmental impact statement must be completed prior to the approval of an application and the issuance of a conditional commitment for the guaranty of a loan for an agricultural resource project, or the taking of any other action permitted by sections 1 to 7, including the issuance of bonds, which is considered necessary or desirable by the board to prepare for a final commitment and to make it effective. Environmental review, to the extent required by law, shall be made in conjunction with the issuance by state agencies of environmental permits for the project. Permits may be applied for prior to the issuance of a conditional commitment. Action shall be taken as expeditiously as possible on environmental review and all permits required. Environmental review shall be completed within 180 days after the initial filing of an application to the pollution control agency for the first permit. Final action shall be taken on permits within 90 days after completion of environmental review or, as to any permit requiring a public hearing, within 90 days after the receipt of the hearing examiner's report.

Subd. 3. [COMMITMENT.] The board shall determine as to each project

for which an application is submitted whether it appears in the board's judgment to conform to the purposes and policies stated in section 1 to an extent measured by criteria which in the board's judgment are satisfactory. In evaluating applications the board shall consider the extent to which the public subsidies sought by the applicant under the program would provide the project with an unfair advantage in competing with other products produced or processed in Minnesota. It may but need not adopt rules setting forth criteria for evaluating applications for loan guaranties. Upon determination by the board that a project conforms to the purposes and policies in section 1, it may by resolution make on behalf of the state a conditional commitment to guarantee a portion of the proposed loan as it shall determine, not exceeding the limitations set forth in section 3. No action is allowable under section 116B.03, subdivision 1, with respect to acts of any person authorized or required in order to execute the resolution. The commitment is not binding upon the state until and unless the following conditions are satisfied.

(1) the board has created a project account for the project in the guaranty fund and has allocated to the account, from funds previously appropriated by the legislature or from the proceeds of bonds issued or to be issued for purposes of the guaranty fund pursuant to authorization previously enacted by the legislature, and not previously allocated to any other project account, in an aggregate amount sufficient, with any other amount then on hand in the project account, to pay the entire guaranteed principal amount of the proposed loan, plus interest on that amount for one year. The bonds authorized by the legislature need not be issued until and unless the proceeds allocated to a project account must be deposited in the account to comply with clause (2) or (3).

(2) the board has deposited in the project account bond proceeds or other funds in an amount not less than the annual amount which would be required to amortize the guaranteed portion of the principal of the loan over the term and at the interest rate (or at the rate of yield resulting from the interest rates) provided in the loan agreement.

(3) the board has executed on behalf of the state a final loan guaranty instrument in conformity with section 3, which binds the state to offer state bonds for sale at the times and in the amounts required, with amounts on hand in the project account, to pay all amounts to become due and payable under the loan guaranty, within the authorization and allocation referred to in clause (1), and when sold, to issue the bonds and apply the proceeds to make these payments.

Subd. 4. [RULE MAKING AUTHORITY.] In order to effectuate the purposes of sections 1 to 7, the board shall adopt rules which are subject to the provisions of chapter 14. The board may adopt temporary rules which may be effective until December 31, 1985.

Sec. 5. [41A.05] [MINNESOTA AGRICULTURAL RESOURCE LOAN GUARANTY FUND AND BONDS.]

Subdivision 1. [ESTABLISHMENT OF FUND.] For the purpose of developing the state's agricultural resources by extending credit on real estate security, the agricultural resource loan guaranty fund is established as a special and dedicated fund to be held and invested separately from all other funds of the state. All proceeds of state bonds authorized and issued for the

purposes of the fund, and all guaranty fees, retail sales taxes, property tax increments, and other money from any source which may be credited to the fund pursuant to law or pursuant to the terms of grants, contributions, or contracts are appropriated and shall remain available for the purposes of the fund until those purposes have been fully accomplished. The fund may be used only for paying amounts due under loan guaranties and principal and interest assistance contracts entered into by the state, pursuant to the agricultural resource loan guaranty program.

Subd. 2. [ISSUANCE OF BONDS.] *To provide money appropriated to the agricultural resource loan guaranty fund for the purposes of the program, when authorized by law and requested by the board, the commissioner of finance shall issue and sell bonds of the state. The state irrevocably pledges the full faith, credit, and taxing powers of the state to the prompt and full payment of these bonds. The proceeds of the bonds when issued, except accrued interest and any premium received upon sale, shall be credited to the guaranty fund. All the bonds shall be sold and issued and shall be secured in the manner, upon the terms, and with the effect prescribed for state building bonds in chapter 16A, and with the security provisions set forth in chapter 16A and in article XI, sections 4 to 7 of the constitution.*

Subd. 3. [COVENANT.] *In fulfillment of the state's covenant with the beneficiary of each loan guaranty executed by the board on behalf of the state pursuant to the agricultural resource loan guaranty program, in accordance with section 4, subdivision 3, the state will not limit or alter the rights vested in the board to comply with the terms of the loan guaranties. The state agrees not to rescind or cancel any authorization of an amount of bonds, or the appropriation of the proceeds of bonds for the purposes of the program, which, with the sum of the amounts then held in each project account in the guaranty fund, would be required, in the event of an immediate default on each guaranteed loan, to pay the balance of the guaranteed portion of the principal of all guaranteed loans with interest accrued and to accrue thereon for one year.*

Subd. 4. [INCOME TAX EXEMPTION.] *In the issuance of state bonds and the making of loan guaranties for the purposes of the program, the commissioner of finance and the board may and shall make all provisions and do or cause to be done all acts and things, consistent with sections 1 to 6, which are or may be effective under federal laws and regulations to comply with conditions for the exemption of interest on such bonds from federal income taxation. However, if for any reason, whether existing at the date of issue of any bonds or the date of execution of any loan guaranty or thereafter, the interest on any such bonds shall be or become subject to federal income taxes, this shall not impair or affect the validity of the bonds or of any loan guaranty or the provisions made for the security thereof, and shall not impair or affect the covenant made by the state in subdivision 3. Nothing herein affects the federal or state income tax treatment of interest on obligations of a borrower other than the state, whether or not guaranteed by the state.*

Sec. 6. [41A.06] [PROJECT TAXES AND OTHER CHARGES.]

Subdivision 1. [APPROPRIATION.] *The payments, taxes, and governmental charges described in this section which are received as a consequence of the undertaking, completion, and operation of each agricultural resource*

loan project for which a loan guaranty is made by the state are appropriated to the loan guaranty fund. This appropriation shall not lapse at the close of any fiscal year under the provisions of section 16A.28, and the receipts from the appropriation shall remain available as provided in section 5, subdivision 1. The state is not obligated, however, to continue the appropriation with respect to charges not yet collected, except to the extent determined to be necessary for compliance with the covenant contained in section 5, subdivision 3.

Subd. 2. [ALLOCATION TO PROJECT ACCOUNTS.] Receipts of charges related to a particular project shall be deposited and recorded in its project account in the guaranty fund; but the board may reallocate receipts in any project account which cause the amount held in the account to exceed the minimum balance established initially pursuant to section 4, subdivision 3, clause (2). The reallocation may be made to another project account for the purpose of maintaining the minimum balance in the account.

Subd. 3. [PAYMENTS BY BORROWERS.] Guaranty and commitment fees paid by borrowers pursuant to the loan guaranty provision required by section 3, subdivision 3, clause (j), and repayments by borrowers of amounts advanced by the state under contracts referred to in section 3, subdivision 4, shall be deposited in the project account for the borrower's project and shall not be disbursed or transferred for any purpose other than the fulfillment of the state's obligations under the loan guaranty for that project. Funds may be transferred out of the account if the minimum required balance in the project account is maintained and exceeds the aggregate amount of fees and payments previously received from the borrower plus interest received from the investment thereof.

Subd. 4. [SALES AND USE TAXES.] All collections of the excise taxes imposed by chapter 297A upon retail sales, and upon the privilege of use, storage, or consumption in Minnesota, of personal property and services purchased for the construction or operation of any project for which a loan guaranty has been made or conditionally committed, less any refunds required by law and a proportionate share of the cost of administration and enforcement of the assessment and collection of the taxes, are appropriated and shall be deposited from the general fund into the project account in the guaranty fund at least once each year from and after the date of the conditional commitment. The commissioner of finance shall secure from each borrower the amount of taxes so imposed and from the commissioner of revenue the amount of refunds or costs to be deducted from them.

Subd. 5. [PROPERTY TAX INCREMENTS.] The applicant for a loan guaranty for any project, and the county in which the project is situated, shall do all acts and things necessary for the computation and segregation of property tax increments resulting from the construction of the project in accordance with the provisions of section 362A.05, and for the remittance to the commissioner of finance, for deposit in the loan guaranty fund, of all tax increments received from and after the date of the conditional commitment for the loan guaranty. The board may agree to accept a pledge of only a portion of the tax increment. If the project account contains the minimum balance required by section 4, subdivision 3, the board may annually return the excess tax increment to be distributed as provided by section 273.75, subdivision 2, clause (d), until the increment has been discharged under the

agreement or section 11.

Sec. 7. [41A.07] [ADVISORY COMMISSION.]

The board may appoint an advisory commission, consisting of at least five members. The members of the commission shall include individuals with expertise in agricultural processing, commercial lending and financing of similar or related projects, agricultural economics, and engineering, chemistry, and other natural sciences related to the projects. The commission shall advise the board on establishing a workable program pursuant to sections 1 to 6 and may provide assistance in evaluating applications for loan guarantees. The terms and compensation of commission members shall be governed by section 15.059, except that subdivision 5 shall not apply.

Sec. 8. Minnesota Statutes 1982, section 297A.44, subdivision 1, is amended to read:

Subdivision 1. All revenues, including interest and penalties, derived from the excise and use taxes imposed by sections 297A.01 to 297A.44 shall be deposited by the commissioner in the state treasury and credited to the general fund. All excise and use taxes derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project, from and after the date on which a conditional commitment for a loan guaranty for the project is made pursuant to section 4, subdivision 3, shall be deposited in the agricultural resource loan guaranty fund. The commissioner of finance shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty fund shall be reduced by any refunds and by the costs incurred by the department of revenue to administer and enforce the assessment and collection of the taxes.

Sec. 9. Minnesota Statutes 1982, section 362A.01, subdivision 1, is amended to read:

Subdivision 1. Any county or combination of counties by resolution of the county board or boards may establish a rural development financing authority as a public nonprofit corporation with the same powers and duties as those conferred and imposed on a private nonprofit corporation by chapter 317, and all present and future laws amending or supplementing that chapter, except as otherwise or additionally provided herein. No such authority shall transact any business or exercise any powers until a certified copy of the resolutions of each participating county board has been submitted to the secretary of state and a certificate of incorporation issued pursuant to section 317.10. Alternatively, a county may determine by resolution of the county board (without such filing) to exercise the powers granted in this chapter to a rural development finance authority.

Sec. 10. [362A.041] [APPLICATIONS FOR LOAN GUARANTIES.]

The authority, or a county exercising the powers of an authority pursuant to section 362A.01, may undertake or participate in undertaking a project deemed to further the policies and purposes of the agricultural resource loan guaranty program established and described in sections 1 to 6, by applying to the agricultural resource loan guaranty board for a guaranty by the state of a portion of a loan for the project to be secured by the applicant, or by another eligible borrower. For this purpose it may do all acts and things required of an

applicant or of a borrower under the provisions of sections 1 to 6, including but not limited to the computation, segregation, and application of tax increments by deposit in the loan guaranty fund under the terms of the loan guaranty.

Sec. 11. Minnesota Statutes 1982, section 362A.05, is amended to read:

362A.05 [AGREEMENTS FOR RESERVATION OF TAX INCREMENTS.]

The authority may enter into an agreement with any county in which a project is to be situated, or a county exercising the powers of an authority may adopt a resolution, under which the increment of taxable value of property to be created by the constituting an agricultural resource project for which a conditional commitment for a loan guaranty has been made by the state as provided in section 4, subdivision 3, over and above the taxable value of the project site as last finally determined before the project was undertaken, may be excluded from the taxable value of property on which the mill rate of taxes is computed in every subsequent year, for so long as may be agreed provided in the loan guaranty, but the aggregate mill rate of taxes levied by the county and all other taxing districts on other properties in each such year shall be spread also on the incremental taxable value of the project, and the tax resulting therefrom, when collected, shall be remitted to the authority, and may be pledged, together with charges or special assessments, to pay or guarantee the payment of its bonds, or may be used by the authority for the purposes stated in section 362A.01, subdivision 2 or to the county, as the case may be, for deposit and use in the loan guaranty fund of the state as provided in sections 1 to 6. The tax increment for an agricultural resource project shall be discharged when either of the following occurs: (a) the loan obligation has been satisfied; or (b) the amount in the project account equals the amount of the guaranteed portion of the outstanding principal and interest on the guaranteed loan. Every county shall have the power by resolution of the county board to do all acts and things necessary for the computation, segregation, and application of tax increments under agreements made with the authority the loan guaranty in accordance with this section. This section shall not apply with respect to any project established subsequent to August 1, 1979.

Sec. 12. [AUTHORIZATION OF BONDS.]

To provide money in the state agricultural resource loan guaranty fund, for the purpose of the program for which this fund is appropriated and dedicated under the provisions of sections 1 to 6, the commissioner of finance may issue bonds of the state in the aggregate amount of \$12,000,000. Before the issuance of any series of the bonds the loan guaranty board shall determine by resolution that the amount to be issued will be needed to make payments due under one or more guaranties executed with respect to outstanding loans in the program, or is needed to maintain within the guaranty fund a balance sufficient in the judgment of the board to assure compliance by the state with its covenant contained in section 5, subdivision 3. The bonds shall be sold and issued in the manner, upon the terms, and with the effect prescribed by sections 1 to 6 and by the constitution, article XI, sections 4 to 7.

Sec. 13. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 11

SALES RATIOS

Section 1. Minnesota Statutes 1982, section 124.2131, subdivision 1, is amended to read:

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

(b) [METHODOLOGY.] In making its annual assessment/sales ratio studies, the department of revenue shall use a methodology consistent with the most recent Standard on Assessment Ratio Studies published by the assessment standards committee of the International Association of Assessing Officers. The commissioner of revenue shall supplement this general methodology with specific procedures necessary for proper execution of the study in accordance with other Minnesota laws impacting the assessment/sales ratio study. The commissioner shall document these specific procedures in writing and shall publish the procedures in the State Register, but these procedures will not be considered "rules" pursuant to the Minnesota Administrative Procedure Act. By January 15, 1985, the commissioner shall report to the chairmen of the house tax committee and the senate committee on taxes and tax laws the results of a study which the commissioner shall prepare comparing the 1983 sales ratio study based upon the original 1983 assessment/sales ratio study methodology with the new methodology as provided in clause (b). The 1984 adjusted assessed values which are certified to the

commissioner of education shall be computed using the 1983 assessment/sales ratio study methodology unless the 1985 legislature directs otherwise.

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

Sec. 2. Minnesota Statutes 1982, section 271.01, subdivision 5, is amended to read:

Subd. 5. [JURISDICTION.] The tax court shall have statewide jurisdiction. Except for an appeal to the supreme court or any other appeal allowed under this subdivision, the tax court shall be the sole, exclusive, and final authority for the hearing and determination of all questions of law and fact arising under the tax laws of the state, as defined in this subdivision, in those cases that have been appealed to the tax court and in any case that has been transferred by the district court to the tax court. The tax court shall have no jurisdiction in any case that does not arise under the tax laws of the state or in any criminal case or in any case determining or granting title to real property or in any case that is under the jurisdiction of the probate court. The small claims division of the tax court shall have no jurisdiction in any case dealing with property valuation or assessment for property tax purposes until the taxpayer has appealed the valuation or assessment to the town or city board of equalization and to the county board of equalization, except for those taxpayers whose original assessments are determined by the commissioner of revenue. *A property owner, other than a public utility, mining company, or railroad company for which the original assessments are determined by the commissioner of revenue, may not appear before the tax court unless a timely appearance in person, by counsel, or by written communication has been made before the county board of equalization as provided in section 274.13, to appeal the assessment of the property, or that he can establish that he did not receive notice of his market value at least ten days before the county board of review meeting.* The tax court shall have no jurisdiction in any case involving an order of the state board of equalization unless a taxpayer contests the valuation of his property. Only the taxes, aids and related matters contained in chapters 60A, 124, 270, 272, 273, 274, 275, 276, 277, 278, 279, 285, 287, 288, 290, 290A, 291, 292, 293, 294, 295, 296, 297, 297A, 297B, 298, 299, 340, 473, 473F, and 477A shall be considered tax laws of this state subject to the jurisdiction of the tax court. This subdivision shall not be construed to prevent an appeal, as provided by law, to an administrative agency, board of equalization, or to the commissioner of revenue. Wherever used in chapter 271, the term commissioner shall mean the commissioner of revenue, unless otherwise specified.

Sec. 3. Minnesota Statutes 1982, section 271.06, subdivision 6, is amended to read:

Subd. 6. [HEARINGS; DETERMINATION OF ISSUES; DEFAULT.] The tax court shall hear, consider, and determine without a jury every appeal de novo. A tax court judge may empanel an advisory jury upon his motion. The tax court shall hold a public hearing in every case. All such parties shall

have an opportunity to offer evidence and arguments at the hearing; provided, that the order of the commissioner or the appropriate unit of government in every case shall be prima facie valid. When an appeal to the tax court has been taken from an order or determination of the commissioner or from the appropriate unit of government, the proceeding shall be an original proceeding in the nature of a suit to set aside or modify the order or determination. In case no appellant shall appear the tax court shall enter its order affirming the order of the commissioner of revenue or the appropriate unit of government from which the appeal was taken. *If the department of revenue's sales ratio study is introduced in tax court as evidence, the sales ratio data from the study shall be admissible as evidence only as provided in section 278.05, subdivision 4.*

Sec. 4. Minnesota Statutes 1983 Supplement, section 278.01, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATION OF VALIDITY.] Any person having any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed in comparison with other property in the city or county, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of his claim, defense, or objection determined by the district court of the county in which the tax is levied or by the tax court by serving two copies of a petition for such determination upon the county auditor and one copy each on the county treasurer and the county attorney and filing the same, with proof of service, in the office of the clerk of the district court before the 16th day of May of the year in which the tax becomes payable. *A property owner, other than a public utility, mining company, or the railroad company for which the original assessments are determined by the commissioner of revenue, may not appear before the district court or tax court unless a timely appearance in person, by counsel, or by written communication has been made before the county board of equalization as provided in section 274.13, to appeal the assessment of the property, or that he can establish that he did not receive notice of his market value at least ten days before the county board of review meeting.* The county auditor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be sent to the school board of the school district in which the property is located. A petition for determination under this section may be transferred by the district court to the tax court. An appeal may also be taken to the tax court under chapter 271 at any time following receipt of the valuation notice required by section 273.121 but prior to May 16 of the year in which the taxes are payable.

Sec. 5. Minnesota Statutes 1983 Supplement, section 278.05, subdivision 4, is amended to read:

Subd. 4. [SALES RATIO STUDIES AS EVIDENCE.] The sales ratio studies published by the department of revenue, or any part of the studies, or any copy of the studies or records accumulated to prepare the studies which is prepared by the commissioner of revenue for the equalization aid review committee for use in determining school aids shall be admissible in evidence

as a public record without the laying of a foundation if the sales prices used in the study are adjusted for the terms of the sale to reflect market value and are adjusted to reflect the difference in the date of sale compared to the assessment date. Additional evidence relevant to the sales ratio study is also admissible. No sales ratio study received into evidence shall be conclusive or binding on the court and evidence of its reliability or unreliability may be introduced by any party including, but not limited to, evidence of inadequate adjustment of sale prices for terms of financing, inadequate adjustment of sales prices to reflect the difference in the date of sale compared to the assessment date, and inadequate sample size.

No reduction in value on the grounds of discrimination shall be granted on the basis of a sales ratio study published by the department of revenue unless

(a) the sales prices are adjusted for the terms of the sale to reflect market value,

(b) the sales prices are adjusted to reflect the difference in the date of sale compared to the assessment date,

(c) there is an adequate sample size, and

(d) the median ratio of the class of property of the subject property in the same county, city, or town of the subject property is lower than the assessment ratio of the subject property by at least ten percent.

If the above criteria are met and a reduction in value on the grounds of discrimination is granted based upon the sales ratio study, the reduction shall reflect only the difference between the assessment/sales ratio of the subject property and 110 percent of the median ratio of the class of property of the subject property.

Sec. 6. [EFFECTIVE DATE.]

Sections 2 and 4 are effective for the 1985 assessment and thereafter, payable 1986 and thereafter. Sections 1, 3, and 5 are effective the day following final enactment.

ARTICLE 12

CHARITABLE GAMBLING

Section 1. Minnesota Statutes 1983 Supplement, section 340.14, subdivision 2, is amended to read:

Subd. 2. [RESTRICTIONS.] Every licensee shall be responsible for the conduct of his place of business and for conditions of sobriety and order therein. No licensee shall keep, possess, or operate, or permit the keeping, possession, or operation of, on the licensed premises, or in any room adjoining the licensed premises, any slot machine, dice, or any gambling device or apparatus, nor permit any gambling therein, nor permit the licensed premises or any room in the same, or in any adjoining building, directly or indirectly under its control to be used as a resort for prostitutes or other disorderly persons, except that gambling devices may be kept or operated and raffles conducted on licensed premises and adjoining rooms when such activities are licensed by the local unit of government pursuant to section 349.26 charitable gambling control board under sections 349.11 to 349.213. No person under 18 years of age shall be employed in any rooms constituting the place in

which intoxicating liquors are sold at retail "on-sale," except that persons under 18 years of age may be employed as musicians or to perform the duties of a busboy or dishwashing services in places defined as a restaurant or hotel or motel serving food in rooms in which intoxicating liquors are sold at retail "on-sale." Persons under 18 years of age may be employed as waiters or waitresses in places defined as a restaurant, hotel or motel to serve food in rooms in which only wine is sold on-sale, provided they shall not be permitted to serve or sell wine.

Sec. 2. Minnesota Statutes 1982, section 349.11, is amended to read:

349.11 [PURPOSE.]

The purpose of sections 349.11 to ~~349.23~~ 349.22 is to closely regulate and control the conduct of the game of bingo and to prohibit commercialization of bingo legal forms of gambling to prevent their commercialization, to insure integrity of operations, and to provide for the use of net profits only for lawful purposes.

Sec. 3. Minnesota Statutes 1982, section 349.12, is amended to read:

349.12 [DEFINITIONS.]

Subdivision 1. As used in sections 349.11 to ~~349.23~~ 349.22 the following terms have the meanings given them.

Subd. 2. "Lawful gambling" is the operation, conduct or sale of bingo, raffles, paddlewheels, tipboards, and pull-tabs.

Subd. 3. "Active member" means a member who has paid all his dues to the organization and has been a member of the organization for at least six months.

Subd. 3 4. "Bingo" means a game where each player has a card or board for which a consideration has been paid containing five horizontal rows of spaces, with each row except the central one containing five figures. The central row has four figures with the word "free" marked in the center space thereof. *Bingo also includes games which are as described in this subdivision except for the use of cards where the figures are not preprinted but are filled in by the players.* A player wins a game of bingo by completing ~~any~~ a preannounced combination of spaces or, in the absence of a preannouncement of a combination of spaces, any combination of five spaces in a row, either vertical, horizontal or diagonal.

Subd. 4 5. "Bingo occasion" means a single gathering or session at which a series of one or more successive bingo games is played.

Subd. 5 6. "Checker" means a person who records the number of bingo cards purchased and played during each game and records the prizes awarded to the recorded cards, but does not collect the payment for the cards.

Subd. 7. "Paddlewheel" means a wheel marked off into sections containing one or more numbers, and which, after being turned or spun, uses a pointer or marker to indicate winning chances.

Subd. 8. "Tipboard" means a board, placard or other device marked off in a grid or columns, in which each section contains a hidden number or numbers, or other symbol, which determines the winning chances.

Subd. 9. "Raffle" means a game in which a participant buys a ticket for a chance at a prize with the winner determined by a random drawing to take place at a location and date printed upon the ticket.

Subd. 10. "Pull-tab" means a single folded or banded ticket or a card with a face covered to conceal one or more numbers or symbols, where one or more of each set of tickets or cards has been designated in advance as a winner. "Pull-tab" also includes a ticket sold in a gambling device known as a ticket jar.

Subd. 6 11. "Lawful purpose" means one or more of the following: (a) benefiting persons by enhancing their opportunity for religious or educational advancement, by relieving or protecting them from disease, suffering or distress, by contributing to their physical well-being, by assisting them in establishing themselves in life as worthy and useful citizens, or by increasing their comprehension of and devotion to the principles upon which this nation was founded; (b) initiating, performing, or fostering worthy public works or enabling or furthering the erection or maintenance of public structures; (c) lessening the burdens borne by government or voluntarily supporting, augmenting or supplementing services which government would normally render to the people; or (d) the improving, expanding, maintaining or repairing real property owned or leased by an organization.

"Lawful purpose" does not include the erection or acquisition of any real property, unless the local unit of government board specifically authorizes the expenditures after finding that the property will be used exclusively for one or more of the purposes specified in this clause.

Subd. 7. "Local unit of government" means the city or town in which bingo is proposed to be played or is played or, if there is no city or town, the county in which bingo is proposed to be played or is played.

Subd. 8 12. "Organization" means any fraternal, religious, veterans, or other nonprofit organization.

Subd. 9 13. "Profit" means the gross receipts collected from one or more bingo occasions lawful gambling, less reasonable sums necessarily and actually expended for bingo gambling supplies and equipment, prizes, rent, and utilities used during the bingo gambling occasions, bingo license fees compensation paid to members for conducting gambling, taxes related to bingo, and other expenses permitted by Laws 1976, Chapter 264 imposed by this chapter, and maintenance of devices used in lawful gambling.

Subd. 10. "Bingo manager" means a member who has paid all his dues to the organization and has been a member of the organization for at least two years and has been designated by an organization to supervise bingo occasions conducted by it.

Subd. 14. "Gambling manager" means a person who has paid all dues to an organization and has been a member of the organization for at least two years and has been designated by the organization to supervise lawful gambling conducted by it.

Subd. 15. "Gambling equipment" means: bingo cards and devices for selecting bingo numbers, pull-tabs, ticket jars, paddlewheels, and tipboards.

Subd. 16. "Board" is the charitable gambling control board.

Subd. 17. "Distributor" is a person who sells gambling equipment he manufactures or purchases for resale.

Sec. 4. Minnesota Statutes 1982, section 349.13, is amended to read:

349.13 [NOT GAMBLING IF ORGANIZATION CONDUCTS BINGO.]

Bingo shall Lawful gambling is not be construed as a lottery or as gambling within the meaning of sections 609.75 to 609.76 if it is conducted by an organization in compliance with Laws 1976, Chapter 261 under this chapter.

Sec. 5. Minnesota Statutes 1982, section 349.14, is amended to read:

349.14 [ORGANIZATION MAY CONDUCT BINGO; LICENSE.]

An organization may conduct bingo occasions lawful gambling if it has been in existence for at least three years, has at least 15 active members, has a license to conduct bingo lawful gambling from the local unit of government board and complies with sections 349.15 to 349.21 this chapter.

Sec. 6. Minnesota Statutes 1982, section 349.15, is amended to read:

349.15 [USE OF PROFITS.]

Profits from a bingo occasion shall lawful gambling may be expended only for lawful purposes as authorized at a regular meeting of the conducting organization.

Sec. 7. [349.151] [CHARITABLE GAMBLING CONTROL BOARD.]

Subdivision 1. [BOARD CREATED.] The charitable gambling control board is created with the powers and duties established by subdivision 4.

Subd. 2. [MEMBERSHIP.] The board consists of 13 members appointed as follows:

(1) eleven persons appointed by the governor, at least four of whom must reside outside of the seven-county metropolitan area;

(2) the commissioner of public safety or his designee; and

(3) the attorney general or his designee.

A member serving on the board by appointment must have been a resident of Minnesota for at least five years. Of the appointees of the governor not more than six may belong to the same political party. A member appointed to the board may be removed at any time by the appointing authority. Vacancies on the board are filled in the same manner as the original appointment. Of the members appointed by the governor, three are for terms expiring June 30, 1985, four are for terms expiring June 30, 1986, and four are for terms expiring June 30, 1987. After the expiration of the initial terms, appointments are for three years. The governor shall appoint the chairperson from among his appointees.

Subd. 3. [COMPENSATION.] The compensation of board members is \$35 per day spent on commission activities, when authorized by the board, plus expenses in the same manner and amount as provided in the commissioner's plan adopted according to section 43A.18, subdivision 2.

Subd. 4. [POWERS AND DUTIES.] The board has the following powers and duties:

(1) to issue, revoke, and suspend licenses to organizations and suppliers under sections 349.16 and 349.161;

(2) to collect and deposit license fees and taxes due under this chapter;

(3) to receive reports required by this chapter and inspect the records, books, and other documents of organizations and suppliers to insure compliance with all applicable laws and rules;

(4) to make rules, including temporary rules, required by this chapter;

(5) to register gambling equipment and issue registration stamps under section 349.162;

(6) to provide by rule for the mandatory posting by organizations conducting lawful gambling of rules of play and the odds and/or house percentage on each form of lawful gambling; and

(7) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing charitable gambling.

Subd. 5. [EMPLOYEES.] The board shall employ an executive secretary in the unclassified service and such other employees in the classified service as are required to enable it to carry out its functions. One or more of the employees must be bingo inspectors.

Subd. 6. [ATTORNEY GENERAL.] The attorney general is the attorney for the board.

Sec. 8. Minnesota Statutes 1982, section 349.16, is amended to read:

349.16 [LOCAL REGULATION ORGANIZATION LICENSES.]

Subdivision 1. [ISSUANCE OF GAMBLING LICENSES.] Nothing in sections 349.11 to 349.23 shall be construed to prohibit a local unit of government from adopting ordinances, rules and regulations concerning the conduct of bingo which are more restrictive than state regulations, including an ordinance to ban the conduct of bingo. Prior to promulgating bingo regulations or issuing a bingo license, the local unit of government shall consult with the local building inspector, if any, and the fire and police authorities. A local unit of government which permits bingo but has not adopted regulations shall be deemed to have adopted the provisions of Laws 1976, Chapter 261 as its regulations. A local unit of government may amend its regulations.

Subd. 2. A local unit of government that permits bingo shall establish a system for licensing organizations to conduct bingo occasions, and shall act on a bingo license application within 180 days from the date of application, but shall not issue a license until at least 30 days after the date of application. A license shall be valid for one year, and may be suspended or revoked by the issuing authority for violation of Laws 1976, Chapter 261 or of any local ordinance relating to bingo.

Subd. 3. Each year the local unit of government shall allocate an amount of money at least equal to the lesser of \$25,000 or 25 percent of the amount it collected and retained from bingo fees, bingo licenses, and bingo taxes in the preceding year for the supervision, regulation and inspection of the conduct of bingo. Licenses authorizing organizations to conduct lawful gambling may be issued by the board to organizations meeting the qualifications of section

349.14, if the board determines that the license is consistent with the purpose of sections 349.11 to 349.22. Licenses issued under this section are valid for one year and may be suspended by the board for a violation of law or board rule or revoked for what the board determines to be a pattern of willful violations of law or board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the Administrative Procedure Act.

Subd. 2. [APPLICATION.] All applications for a license under this section must be on a form prescribed by the board. The board may require the applying organization to submit a copy of its articles of incorporation and other documents it deems necessary.

Subd. 3. [FEES.] The board shall by rule establish a schedule of fees for licenses under this section. The schedule must establish three classes of license, authorizing all forms of lawful gambling, all forms except bingo and bingo only.

Sec. 9. [349.161] [DISTRIBUTOR LICENSES.]

Subdivision 1. [PROHIBITED ACTS; LICENSES REQUIRED.] No person may:

(1) sell, offer for sale, or furnish gambling equipment for use within the state for gambling purposes, other than for bingo exempt from licensing under section 340.19, except to an organization licensed for lawful gambling; or

(2) sell, offer for sale, or furnish gambling equipment to an organization licensed for lawful gambling without having obtained a distributor license under this section.

No licensed organization may purchase gambling equipment from any person not licensed as a distributor under this section.

Subd. 2. [LICENSE APPLICATION.] The board may issue licenses for the sale of gambling equipment to persons who meet the qualifications of this section if the board determines that a license is consistent with the purpose of sections 349.11 to 349.22. Applications must be on a form the board prescribes.

Subd. 3. [QUALIFICATIONS.] A license may not be issued under this section to a person, or to a corporation, firm, or partnership which has as an officer, director, or other person in a supervisory or management position a person, who:

(1) has been convicted of a felony in a state or federal court within the past five years or who has a felony charge pending;

(2) has ever been convicted in a state or federal court of a gambling-related offense; or

(3) is or has ever been engaged in an illegal business.

Subd. 4. [FEES.] The annual fee for a suppliers license is \$1,500.

Subd. 5. [PROHIBITION.] No distributor may also be a wholesale distributor of liquor or alcoholic beverages.

Subd. 6. [REVOCATION AND SUSPENSION.] A license under this

section may be suspended by the board for a violation of law or board rule or for failure to meet the qualifications in subdivision 3 at any time or revoked for what the board determines to be a pattern of willful violations of law or board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the Administrative Procedure Act.

Subd. 7. [CRIMINAL HISTORY.] The board may request the assistance of the bureau of criminal apprehension in investigating the background of an applicant for a supplier's license and may reimburse the bureau for the costs thereof. The board has access to all criminal history data compiled by the bureau on licensees and applicants.

Sec. 10. [349.162] [EQUIPMENT REGISTERED.]

Subdivision 1. [STAMP REQUIRED.] A distributor may not sell to an organization and an organization may not purchase from a distributor gambling equipment unless the equipment has been registered with the board and has a registration stamp affixed. The board may charge a fee of up to 25 cents for each stamp. Each stamp must bear a registration number assigned by the board.

Subd. 2. [RECORDS REQUIRED.] A distributor must maintain a record of all gambling equipment which it sells to organizations. The record must include:

- (1) the identity of the person or firm from whom the equipment was purchased;*
- (2) the registration number of the equipment;*
- (3) the name and address of the organization to which the sale was made; and*
- (4) the date of the sale.*

The record for each sale must be retained for at least three years after the sale is completed. For purposes of this section, a sale is completed when the gambling equipment is physically delivered to the purchaser.

Each distributor must report monthly to the board, on a form the board prescribes, its sales of each type of gambling equipment. Employees of the board may inspect the books, records, and other documents of a distributor at any reasonable time without notice and without a search warrant.

Subd. 3. [SALES FROM FACILITIES.] All gambling equipment purchased by a licensed distributor for resale in Minnesota must prior to its resale be unloaded into a facility located in Minnesota which the distributor owns or leases.

Sec. 11. Minnesota Statutes 1982, section 349.17, is amended to read:

349.17 [CONDUCT OF BINGO.]

Subdivision 1. [BINGO OCCASIONS.] No compensation shall be paid to any person in connection with a bingo occasion except an active member of the organization, or its auxiliary, or the spouse or surviving spouse of an active member, conducting the bingo occasion nor shall any person not an active member of the organization or its auxiliary or the spouse or surviving spouse of an active member participate in the conduct of a bingo occasion, except by

resolution of a majority of the membership, recorded in the official minutes of the organization; non-management assistants who are not active members of the organization; or its auxiliary, or the spouse or surviving spouse of an active member, may be hired to assist members in conducting a bingo occasion. Compensation shall not exceed \$20 for a bingo occasion.

Subd. 2. No Not more than 104 bingo occasions each year or two bingo occasions each week shall may be conducted by any an organization; except that the local unit of government issuing the license may permit additional bingo occasions to be conducted by an organization, except as provided in this subdivision. A bingo occasion shall may not continue for more than four consecutive hours.

The board may permit an organization to conduct more than two bingo occasions in a week and more than 104 bingo occasions in a year if the board determines that the additional occasions are consistent with the purpose of sections 349.11 to 349.22 and if the following procedures are followed:

(1) the organization applies for the additional occasions, stating the number of additional occasions applied for;

(2) the board notifies the governing body of the county or home rule or statutory city in which the applicant is located; and

(3) the governing body fails to adopt a resolution disapproving the additional occasions within 30 days of the notification.

Subd. 3 2. [BINGO ON LEASED PREMISES.] (4) Any A person or corporation, other than an organization, which leases any premises that it owns to two or more organizations for purposes including the conduct of bingo occasions, shall may not allow more than four bingo occasions to be conducted on the premises in any week. The board may waive this restriction and permit a person or corporation to allow a specified member of bingo occasions on the premises in excess of four per week if it finds that the waiver is consistent with the purpose of sections 349.11 to 349.22 and if the following procedures are followed:

(1) the person or corporation applies for the waiver, stating the number of additional occasions sought per week;

(2) the board notifies the governing body of the county or home rule or statutory city in which the premises are located; and

(3) the governing body fails to adopt a resolution disapproving the waiver within 30 days of the notification.

(2) Any organization which leases any premises to one or more other organizations for purposes including the conduct of bingo occasions shall use the proceeds of the rental, less reasonable sums for maintenance, furnishings and other necessary expenses, only for lawful purposes as defined in section 349.12. Not less than once each year the organization shall report to the licensing authority the disposition of all receipts which it has received during the reporting period from the rental of its facilities to other organizations for purposes including the conduct of bingo occasions.

(3) No organization shall conduct bingo on any leased premises without a written lease for a term at least equal to the remainder of the term of the bingo

license of the organization. Lease payments shall be at a fixed monthly rate, or rate per bingo occasion, not subject to change during the term of the lease. No such lease shall provide that rental payments be based on a percentage of receipts or profits from bingo occasions.

Subd. 4. Prizes for a single bingo game shall not exceed \$100 except prizes for a game of the type commonly known as a "cover-all" game. "Cover-all" prizes may exceed \$100 provided that the aggregate value of such prizes for a bingo occasion shall not exceed \$500. The aggregate value of prizes for a bingo occasion shall not exceed \$2,500 except that in the case of a bingo occasion during which a "cover-all" game is played for a maximum prize of more than \$100 but not more than \$500, the aggregate value of prizes for the bingo occasion shall not exceed \$3,000. Merchandise prizes shall be valued at fair market retail value.

Subd. 5. No expense shall be incurred or amounts paid in connection with the conduct of bingo, except those reasonably expended for bingo supplies and equipment, prizes, rent, or utilities used during the bingo occasion, bingo license fees, taxes related to bingo, and compensation to active members who conduct the game.

Subd. 6 3. Each bingo winner shall *must* be determined and every prize shall be awarded and delivered the same day on which the bingo occasion is conducted.

Subd. 7. All bingo occasions shall be under the supervision of a bingo manager designated by the organization who shall be responsible for gross receipts and profits from bingo and for the conduct of the bingo occasion in compliance with all applicable laws and ordinances. The bingo manager shall give a fidelity bond in the sum of \$10,000 in favor of the organization conditioned on the faithful performance of his duties. Terms of the bond shall provide that notice shall be given in writing to the licensing authority not less than 30 days prior to its cancellation. The governing body of a local unit of government may waive this bond requirement by including a waiver provision in the bingo license issued to an organization, provided that a license containing such a provision shall be granted only by unanimous vote.

Subd. 8. No person shall act as a bingo manager for more than one organization.

Subd. 4. [CHECKERS.] *One or more checkers must be engaged for each bingo occasion. The checker or checkers must record, on a form the board provides, the number of cards played in each game and the prizes awarded to recorded cards. The form must provide for the inclusion of the registration number of each card and must include a checker's certification that the figures recorded are correct to the best of the checker's knowledge.*

Sec. 12. Minnesota Statutes 1982, section 349.18, is amended to read:

349.18 [RECORDS; PLAYERS, CARDS AND PRIZES PREMISES USED FOR GAMBLING.]

One or more checkers shall be engaged for each bingo occasion. The checker or checkers shall record the number of cards played in each game prior to the completion of each game and record the prizes awarded to the recorded cards. Each checker shall certify all figures which he has recorded as accurate and

correct to the best of his knowledge. A local unit of government may require the records to be on forms which it provides

Subdivision 1. [LEASE OR OWNERSHIP REQUIRED.] An organization may conduct lawful gambling only on premises it owns or leases. Leases must be for a period of at least one year and must be in writing. Copies of all leases must be made available to employees of the board on request. A lease may not provide for rental payments based on a percentage of receipts or profits from lawful gambling.

Subd. 2. [EXCEPTIONS.] (a) A licensed organization may conduct raffles on a premise it does not own or lease.

(b) A licensed organization may with the permission of the board, conduct bingo on premises it does not own or lease for up to six days in a calendar year, in connection with a county fair or civil celebration.

Subd. 3. [PROCEEDS FROM RENTAL.] A licensed organization which leases premises it owns to one or more other licensed organizations for purposes including the conduct of lawful gambling may expend the rental proceeds, less reasonable deductions for maintenance, furnishings, and utilities, only for lawful purposes. The rental proceeds must be recorded and reported as proceeds from gambling under section 349.19.

Sec. 13. Minnesota Statutes 1982, section 349.19, is amended to read:

349.19 [EXEMPTION RECORDS AND REPORTS.]

Bingo may be conducted without complying with the requirements of sections 349.14 and 349.17, subdivisions 2 and 3, if conducted: (a) in connection with a county fair conducted by a county agricultural society or association, the state fair conducted by the state agricultural society or a civic celebration recognized by resolution or other similar official action of the local governing body provided that the bingo is conducted for no more than 12 consecutive days in any one calendar year; or, (b) by an organization that conducts less than five bingo occasions in any calendar year

Subdivision 1. [REQUIRED RECORD OF RECEIPTS.] A licensed organization must keep a record of each occasion on which it conducts gambling, including each bingo occasion and each day on which other forms of lawful gambling are conducted. The record must include gross receipts, quantities of free plays if any, expenses, and profits. The board may by rule provide for the methods by which expenses are documented. In the case of bingo, gross receipts must be compared to the checkers' records for the occasion by a person who did not sell cards for the occasion. Separate records must be kept for bingo and all other forms of lawful gambling.

Subd. 2. [ACCOUNTS.] Gross receipts from lawful gambling must be segregated from all other revenues of the conducting organization and placed in a separate account. The person who accounts for gambling gross receipts and profits may not be the same person who accounts for other revenues of the organization.

Subd. 3. [EXPENDITURES.] All expenditures of bingo profits must be itemized as to payee, purpose, amount, and date of payment.

Subd. 4. [DISCREPANCIES.] If at a bingo occasion a discrepancy of

more than \$20 is found between the gross receipts as reported by the checkers and the gross receipts determined by adding the cash receipts, the discrepancy must be reported to the board within five days of the bingo occasion.

Subd. 5. [REPORTS.] A licensed organization must report to the board and to its membership monthly on its gross receipts, expenses, profits, and expenditure of profits from lawful gambling. If the organization conducts both bingo and other forms of lawful gambling, the figures for both must be reported separately. In addition, a licensed organization must report to the board monthly on its purchases of gambling equipment and must include the type, quantity, and dollar amount from each supplier separately. The reports must be on a form the board prescribes.

Subd. 6. [PRESERVATION OF RECORDS.] Records required to be kept by this section must be preserved for at least three years and may be inspected by employees of the board at any reasonable time without notice or a search warrant.

Subd. 7. [TAX RECORDS.] The board may by rule require each licensed organization to provide copies of forms it files with the United States department of the treasury which are required for organizations exempt from income tax.

Sec. 14. Minnesota Statutes 1982, section 349.20, is amended to read:

349.20 [RECORDS; RECEIPTS AND PROFITS MANAGERS.]

Each organization shall keep records of its gross receipts and profits for each bingo occasion. Gross receipts shall be compared to the checker's records for the bingo occasion by a person who did not sell cards for the bingo occasion. All deductions from gross receipts from a bingo occasion shall be documented with receipts or other records. The distribution of profits shall be itemized as to payee, amount and date of payment.

Bingo gross receipts shall be segregated from other revenues of an organization and placed in a separate account. Each organization shall maintain separate records of its bingo operations. The person who accounts for bingo gross receipts and profits shall not be the same person who accounts for other revenues of the organization. Records required by Laws 1976, Chapter 264 shall be preserved for three years. The law enforcement agency of the licensing authority shall have the authority to investigate the bingo records of an organization at any reasonable time. Organizations shall make available their bingo records for investigation upon proper notice

All lawful gambling conducted by a licensed organization must be under the supervision of one or more gambling managers. A gambling manager designated by an organization to supervise a gambling occasion is responsible for the gross receipts from the occasion and for its conduct in compliance with all laws and rules. An organization may designate a different person to act as manager for each type of lawful gambling conducted. Each person designated as a gambling manager must give a fidelity bond in the sum of \$10,000 in favor of the organization conditioned on the faithful performance of the manager's duties, and the terms of the bond must provide that notice be given to the board in writing not less than 30 days before its cancellation.

A person may not act as a gambling manager for more than one organiza-

tion.

Sec. 15. Minnesota Statutes 1982, section 349.21, is amended to read:

349.21 [REPORTS; DISCREPANCIES; REPORTING AGENCIES COMPENSATION.]

Subdivision 1. If any discrepancy is found between the amount of gross receipts for a bingo occasion as determined by the checker's records and the amount of gross receipts as determined by totaling the cash receipts and the discrepancy exceeds \$20, the discrepancy shall be reported to and investigated by the licensing authority of the place where the bingo occasion was held.

Subd. 2. An organization shall report monthly to its membership its gross receipts from bingo, its profits from bingo and the distribution of those profits itemized as required by section 349.20.

Subd. 3. At least 30 days prior to conducting its first bingo occasion of the year and on an annual basis thereafter, an organization shall file with the local government unit which regulates its conduct copies of the following:

(a) Department of the treasury, internal revenue service, "Return of Organization Exempt from Income Tax," Form 990, or a comparable form if the organization is required to file the form with the department of the treasury;

(b) Department of the treasury, internal revenue service, "Exempt Organization Business Income Tax," Form 990-T, or a comparable form if the organization is required to file the form with the department of the treasury;

(c) A "Statement of Bingo Operations" in the form prescribed by the local governmental unit. All information contained in the statement shall be true, correct, and complete to the best of the knowledge of the person or persons signing the statement. Any person who shall knowingly make a false statement or knowingly conceal a material fact in the statement shall be subject to the penalties provided in section 349.22;

(d) Any lease agreements required by Laws 1976, Chapter 261, executed by the organization in regard to premises leased for the conduct of bingo

Compensation to persons who participate in the conduct of lawful gambling may be paid only to active members of the conducting organization or its auxiliary, or the spouse or surviving spouse of an active member, except that nonmanagement assistants who are not active members or spouses may be hired to assist in the conduct of lawful gambling in nonmanagement positions if approved by a majority of the organization's members.

The amounts of compensation which may be paid under this section must be provided for in a schedule of compensation adopted by the board by rule. In adopting the schedule the board must consider the nature of the participation and the types of lawful gambling participated in.

A licensed organization may pay a percentage of the gross receipts from raffle ticket sales to a nonprofit organization which sells tickets for the licensed organization.

Sec. 16. [349.211] [PRIZE LIMITS.]

Subdivision 1. [BINGO.] Prizes for a single bingo game may not exceed \$100 except prizes for a cover-all game, which may exceed \$100 if the ag-

gregate value of all cover-all prizes in a bingo occasion does not exceed \$500. Total prizes awarded at a bingo occasion may not exceed \$2,500, unless a cover-all game is played in which case the limit is \$3,000. For purposes of this subdivision, a cover-all game is one in which a player must cover all spaces except a single free space to win.

Subd. 2. [BINGO CUMULATIVE PRIZES.] A prize of up to \$1,000 may be awarded for a single bingo game if the prize is an accumulation of prizes not won in games in previous bingo occasions. The total amount awarded in cumulative prizes in any calendar year may not exceed \$12,000. For bingo occasions in which a cumulative prize is awarded the aggregate value of prizes which may be awarded for the occasion is increased by the amount of the cumulative prize so awarded less \$100.

Subd. 3. [OTHER GAMBLING.] The board by rule shall establish a schedule of prize limits for all other forms of gambling consistent with the purposes set out in section 349.11. The schedule may include daily and annual prize limits and prize limits for each game, raffle or operation of a gambling device.

Subd. 4. [PRIZE VALUE.] Merchandise prizes must be valued at their fair market value. For purposes of sections 349.11 to 349.22 "prizes" do not include free plays awarded.

Sec. 17. [349.212] [TAX IMPOSED.]

Subdivision 1. [RATE.] There is hereby imposed a tax on all lawful gambling conducted by licensed organizations at the rate specified in this subdivision. The tax imposed by this section is in lieu of the tax imposed by section 297A.02 and of all local taxes and license fees.

On all lawful gambling the tax is ten percent of the gross receipts of a licensed organization from lawful gambling less prizes actually paid out, payable by the organization.

Subd. 2. [COLLECTION; DISPOSITION.] The tax must be paid to the board at times and in a manner the board prescribes by rule. The proceeds, along with the revenue received from all license fees and other fees under sections 349.11 to 349.21 and sections 16, 17, and 18 of this article, must be paid to the state treasurer for deposit in the general fund.

Subd. 3. [ANNUAL APPROPRIATION.] At the end of each fiscal year, the commissioner of finance shall certify to the state treasurer the total revenues collected by the board from taxes and fees imposed by this article minus the amount appropriated by law from the general fund to the board for its expenses and operations. The net revenue so certified shall be expended by legislative appropriation to the department of education for expenditure, in consultation with the state arts board, as grants for programs, construction, maintenance, and operation of one or more schools for the arts located within the state, or the purposes recommended by the Minnesota school for the arts planning task force except that any part of the amount so certified which is not appropriated for the purposes set forth in this subdivision may be appropriated for any other purpose.

Sec. 18. [349.213] [LOCAL AUTHORITY.]

Subdivision 1. [LOCAL REGULATION.] A statutory or home rule city or

county has the authority to adopt more stringent regulation of any form of lawful gambling within its jurisdiction, including the prohibition of any form of lawful gambling, and may require a permit for the conduct of gambling exempt from licensing under section 349.214. The authority granted by this subdivision does not include the authority to require a license or permit to conduct gambling by organizations licensed by the board.

Subd. 2. [LOCAL APPROVAL.] Before issuing or renewing an organization license, the board must notify the city council of the statutory or home rule city in which the organization's premises are located or, if the premises are located outside a city, by the county board of the county where the premises are located. If the city council or county board adopts a resolution disapproving the license and so informs the board within 30 days of receiving notice of the license, the license may not be issued or renewed.

Sec. 19. [349.214] [EXEMPTIONS.]

Subdivision 1. [BINGO.] Bingo may be conducted without a license and without complying with sections 349.17, subdivision 1, and 349.18 if it is conducted:

(1) in connection with a county fair, the state fair, or a civic celebration if it is not conducted for more than 12 consecutive days in a calendar year; or

(2) by an organization which conducts four or fewer bingo occasions in a calendar year.

Subd. 2. [RAFFLES.] Raffles may be conducted by an organization as defined in section 349.12, subdivision 13, without complying with sections 349.11 to 349.213 if the value of all raffle prizes awarded by the organization in a calendar year does not exceed \$750. Merchandise prizes must be valued at their fair market value.

Subd. 3. [RAFFLES, CERTAIN ORGANIZATIONS.] The provisions of sections 349.21 and 349.211, subdivision 3, and the membership requirements of sections 349.14 and 349.20 do not apply to raffles conducted by an organization which directly or under contract to the state or a political subdivision delivers health or social services and which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1983, if the prizes awarded in the raffles are real or personal property donated by an individual, firm, or other organization. The person who accounts for the gross receipts, expenses, and profits of the raffles may be the same person who accounts for other funds of the organization.

Sec. 20. Minnesota Statutes 1982, section 349.22, is amended to read:

349.22 [PENALTY.]

Violation of any provision of Laws 1976, Chapter 264 is a gross misdemeanor.

Subdivision 1. [GROSS MISDEMEANOR.] Any other violation of sections 349.11 to 349.214 is a gross misdemeanor.

Subd. 2. [OTHER ACTION.] This section shall does not preclude civil or criminal actions under other applicable law or preclude any agency of government from investigating or prosecuting violations of the provisions of

Laws 1976, Chapter 261 sections 349.11 to 349.214. County attorneys have primary responsibility for prosecuting violations of sections 349.11 to 349.214, but the attorney general may prosecute any violation of those sections.

Sec. 21. Minnesota Statutes 1982, section 349.31, subdivision 1, is amended to read:

Subdivision 1. [INTENTIONAL POSSESSION; WILFUL KEEPING.] The intentional possession or wilful keeping of a gambling device ~~upon any on a~~ licensed premises is cause for the revocation of any license under which the licensed business is carried on upon the premises where the gambling device is found, provided that possession of gambling devices ~~commonly known as "paddlewheels" or "tipboards" or "pull tabs" (or "ticket jars") or apparatus used in conducting raffles on the premises of a nonprofit organization and operated by organizations licensed for such operation pursuant to section 349.26~~ equipment as defined in section 349.12, subdivision 17, which is used for gambling licensed by the charitable gambling control board and the manufacture of gambling devices for use in jurisdictions where use of the gambling device is legal as provided for by section 349.40 shall not be cause for revocation of a license.

Sec. 22. Minnesota Statutes 1983 Supplement, section 609.75, subdivision 3, is amended to read:

Subd. 3. [WHAT ARE NOT BETS.] The following are not bets:

(1) A contract to insure, indemnify, guarantee or otherwise compensate another for a harm or loss sustained, even though the loss depends upon chance.

(2) A contract for the purchase or sale at a future date of securities or other commodities.

(3) Offers of purses, prizes or premiums to the actual contestants in any bona fide contest for the determination of skill, speed, strength, endurance, or quality or to the bona fide owners of animals or other property entered in such a contest.

(4) The game of bingo when conducted in compliance with sections 349.11 to 349.23.

(5) A private social bet not part of or incidental to organized, commercialized, or systematic gambling.

(6) The operation of a ~~gambling device~~ equipment or the conduct of a raffle as defined in section 349.26 ~~under sections 349.11 to 349.22, by an organization licensed for such operation by a local unit of government pursuant to section 349.26 by the charitable gambling control board.~~

(7) Pari-mutuel betting on horse racing when the betting is conducted under chapter 240.

Sec. 23. Minnesota Statutes 1983 Supplement, section 609.761, is amended to read:

609.761 [OPERATIONS PERMITTED.]

Notwithstanding sections 609.755 and 609.76, a fraternal, religious, veter-

ans or other nonprofit an organization may set up or operate a gambling device or conduct a raffle conduct lawful gambling as defined in section 349.26 349.12, if licensed by the local unit of government charitable gambling control board and conducted under section 349.26 sections 349.11 to 349.22, and a person may manufacture, sell or offer for sale a gambling device to the organization, and pari-mutuel betting on horse racing may be conducted under chapter 240.

Sec. 24. [APPROPRIATION.]

There is appropriated from the general fund to the charitable gambling control board for the period beginning the day following final enactment of this article and ending June 30, 1985, the sum of \$556,000, or so much thereof as is necessary to carry out the purposes of this article.

Sec. 25. [REPEALER.]

Minnesota Statutes 1982, section 349.26, is repealed.

Sec. 26. [EFFECTIVE DATE.]

Sections 7 and 24 are effective the day following final enactment. All other sections of this article are effective March 1, 1985. All licenses issued by local units of government under Minnesota Statutes 1982, sections 349.16 and 349.26 expire on February 28, 1985.

ARTICLE 13

LOCAL PROVISIONS

Section 1. Minnesota Statutes 1982, section 458.14, is amended to read:

458.14 [RIGHT TO LEVY TAXES OR ASSESSMENTS FORBIDDEN.]

Subdivision 1. [TAX LEVY BY CITY.] The port authority shall have no right or authority to levy any tax or special assessment, nor to pledge the credit of the state, or any other subdivision or municipal corporation thereof; nor to incur any obligation enforceable upon any property, either within or without the port district, other than property owned by the port authority. Annually, at such time as may be fixed by charter, resolution, or ordinance of the city in and for which any such port authority is created, the port authority shall transmit to the council of such city a detailed estimate, in writing, of the amount of money which in its opinion will be required for the business and proper conduct of its affairs during the next ensuing fiscal year, in excess of any expected receipts from the conduct of its business, or other sources, and any such city, in addition to all other powers now possessed thereby, and in addition to, and in excess of any limitation upon the amount it is otherwise permitted by law to levy as taxes, is hereby granted the power and authority, in its discretion, to shall, at the request of the port authority, levy taxes for the benefit of, and for expenditure by, such port authority, not exceeding in any one year an amount equal to a tax of five one-hundredths of one mill .75 mill upon the dollar of the assessed valuation thereof, upon all the taxable property in such city, excluding money and credits, and any amount so levied for such purposes shall be paid over by the city treasurer to the treasurer of the port authority, for expenditure by it, as above provided. The fiscal year of such port authority shall be identical with the fiscal year of such city; provided that any seaway port authority may, by resolution, adopt a fiscal year

based on the international shipping season through the St. Lawrence Seaway, independent of the fiscal year of the city in which the seaway port authority is located. The board of county commissioners of any county in which any such city is located, is also hereby authorized to appropriate for the use of such port authority, and to include therefor in its levy for general revenue purposes, such amount as it may deem proper; provided, that the total amount permitted by law to be levied by any county for general revenue purposes shall not be deemed increased by this provision; the board of county commissioners in any county entitled to appoint members of a seaway port authority, may annually, upon receipt of a budget as specified above from such port authority, in its discretion levy a tax sufficient to produce a sum not exceeding \$50,000 for the benefit of and for expenditure by such port authority to defray the costs of its current operations in the next ensuing fiscal year which levy shall not be included in computing the amount of levies subject to tax limitations under chapter 275 or any other provision of law. The appropriation to a port authority of moneys derived from any of the county taxes herein authorized shall not be subject to any budgetary law applicable to said county. Any amounts so appropriated or levied by the county shall be paid over by the county treasurer to the port authority for expenditure by it as herein provided, at such times and in such manner as the county board may provide. When any city entitled to appoint members of a seaway port authority has secured the approval of two-thirds of the members of the city council of such city to issue its general obligation bonds, the proceeds of which are to be appropriated to such seaway port authority, the board of county commissioners of any county entitled to appoint members of such seaway port authority may by five-sevenths vote issue general obligation bonds of the county in an amount not to exceed \$4,000,000, and appropriate the proceeds thereof to be used by such port authority for any or all of the purposes specified in section 458.15, if the county board by resolution determines that the conservation, development, reclamation, protection and improvement of lands under the jurisdiction of such port authority and the construction of port facilities thereon will promote the public welfare of the county at large and the economic well-being of its people, industries and commerce, and is an essential governmental function of the county, and can best be performed through the medium of such port authority. Any such bonds shall be issued, sold and secured as provided in sections 475.60 to 475.753; an election shall not be necessary to the validity of such bonds.

Subd. 2. [REVERSE REFERENDUM.] If a city proposes to increase the levy of the city for port authority purposes 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 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 of the year for which the levy increase is proposed.

Sec. 2. Laws 1979, chapter 189, section 2, is amended to read:

Sec. 2. For the purposes of this act, "residential customer" means a customer classified by the public utility as a residential heating or residential non-heating customer of the public utility within the city of St. Paul and "gross operating revenue" means all sums received by the public utility from the sale of gas, *hot water heating* or electricity, excluding any amounts received which result from a surcharge on the public utility's rate schedule for the purpose of collecting the franchise fee.

Sec. 3. [RAMSEY-WASHINGTON METRO WATERSHED DISTRICT; WATER MAINTENANCE AND REPAIR FUND; CREATION OF FUNDS; TAX LEVY.]

The Ramsey-Washington metro watershed district may, in addition to its other powers, establish a water maintenance and repair fund which shall be kept distinct from all other funds of the district. The fund shall be maintained by an annual ad valorem tax levy on each dollar of assessed valuation of all taxable property within the Ramsey-Washington metro watershed district sufficient to raise not more than \$30,000 in 1985, and in subsequent years not more than \$15,000. The board of managers of the district shall adopt each year, by resolution, the amount to be raised by mill levy for the fund for the ensuing year, which shall be levied, collected, and distributed to the district in accordance with Minnesota Statutes, section 112.611, in addition to any other money levied, collected, and distributed to the district.

Sec. 4. [PURPOSE OF FUND.]

The water maintenance and repair fund may be used for any maintenance, repair, restoration, upkeep, and rehabilitation of any public ditch, drain, dams, sewer, river, stream, watercourse, and waterbody, natural or artificial, lying wholly or partly within the district. Works performed in accordance with the purposes of sections 3 to 5 may include, but are not limited to, stream and watercourse clean up and maintenance and stream and watercourse bank and bed repair and stabilization.

Sec. 5. [WORKS; MUNICIPALITIES.]

Any works to be undertaken and paid for from the water maintenance and repair fund shall be ordered by the board of managers of the district. Before the commencement of any works ordered, any affected municipality shall be notified in writing by the district about the proposed works and estimated costs. Within 30 days following receipt of the written notice, any affected municipality may notify the district in writing that it will perform the works ordered by the district. If the municipality undertakes the works, it shall be paid as previously prescribed by the district from the water maintenance and repair fund. If any affected municipality fails to perform any works ordered by the board of managers, the district may have the works performed in any other manner authorized by law.

Sec. 6. [CROFT HISTORICAL PARK TAX.]

The Croft Historical Park Board, hereafter referred to in sections 6 and 7 as the "board," is created. The Croft Historical Park District, hereafter referred to in sections 6 and 7 as the "district", consists of the cities of Crosby, Cuyuna, Deerwood, Ironton, Riverton, and Trommald and the towns of Deerwood, Irondale, Rabbit Lake and Wolford. All of the cities and towns are located in Crow Wing county. The board shall consist of three members who are residents of the district, each of whom shall be elected at large in the district. The county board shall make arrangements for the holding of a special election within the district. For the initial election, the terms of the board members shall be as follows: one two year term, one three year term and one four year term. Thereafter, each board member shall be elected for a four year term.

If approved by referendum as provided in section 7, the board may levy a tax not to exceed 1.0 mills on the taxable value of all real and personal property located within the district. The amount of tax levied is in addition to all other taxes on the property and must be disregarded in the calculation of all other mill rate or per capita levy limitations imposed by law or charter upon the cities or towns located within the district. The tax shall be collected by the Crow Wing county treasurer and paid directly to the board. The proceeds of the tax levy shall be used by the board in conjunction with money received from the Iron Range Resources and Rehabilitation Board for operation of the Croft Historical Park.

Sec. 7. [REFERENDUM.]

The board shall make special arrangements with the Crow Wing county auditor for a referendum. The board shall submit the proposed levy to the eligible voters in the district at a general or special election. The date of the referendum shall be determined by the board. The question submitted shall read substantially as follows:

"Shall the Croft Historical Park Board be allowed to impose an annual levy of up to one mill upon all taxable property located within the boundaries of the district?"

Yes
No"

If a majority of those voting on the question approve the proposed levy, the board may certify a levy to the Crow Wing county auditor as soon as practical following the referendum and in each subsequent year thereafter.

Sec. 8. [CLOQUET; PUBLIC TRANSPORTATION.]

Upon conditions mutually agreed, the city of Cloquet may contract with a privately owned public transportation system to provide transportation services to the people of the city. The city may disburse money to discharge the terms of the contract. The city may annually levy a property tax not to exceed one mill for the purpose of discharging the contract obligations. The amount of tax levied is in addition to all others permitted by law and must be disregarded in the calculation of statutory or other limitations on property tax levies.

Sec. 9. [ST. LOUIS COUNTY LAND CONVEYANCE.]

*The state of Minnesota shall convey to Laila A. Furchner, Box 161, Ma-
kinson, Minnesota 55763, land in St. Louis County which forfeited for unpaid
property taxes on February 4, 1980, and which is identified by parcel code
number 676-10-2220 and legal description SE 1/4 or NW 1/4, Section 12,
Township 56, Range 16, (Government Lot 3). The attorney general shall
prepare an appropriate instrument of conveyance. The price for the land shall
be the same as that provided for a redemption under Minnesota Statutes,
section 281.02.*

Sec. 10. [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 resolu-
tion 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 resolu-
tion are in the affirmative. The commissioner of revenue shall prepare a
suggested form of question to be presented at the referendum. The referen-
dum must be held at a special or general election prior to October 1, 1984.*

Sec. 11. [APPLICABILITY.]

On its effective date, section 10 applies to the city of Breezy Point.

Sec. 12. [CITY OF OAKDALE; LEVY LIMIT INCREASE.]

*The limitation imposed upon the levy of the city of Oakdale by Minnesota
Statutes, sections 275.50 to 275.56 is increased by \$100,000 for taxes levied
in 1984, 1985, and 1986. This amount is not subject to the penalty provisions
of section 275.51, subdivision 4. In computing the levy limit base for taxes
levied in 1987, \$100,000 shall be subtracted from the adjusted levy limit base
for taxes levied in 1986.*

Sec. 13. [REVERSE REFERENDUM.]

*If the Oakdale city council proposes to increase the levy limit base of the
city pursuant to section 12, it shall pass a resolution stating the amount by
which the levy limit base is proposed to be increased. Thereafter, the resolu-*

tion 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 ten 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. 14. [APPLICABILITY.]

On its effective date, sections 12 and 13 apply to the city of Oakdale.

Sec. 15. [MORRISON COUNTY LAND CONVEYANCE.]

The state of Minnesota shall convey to Richard T. Peterson, Route #6, Little Falls, 56345, any land in Morrison County owned by him in 1977 which became forfeited for unpaid property taxes after 1977. The attorney general shall prepare appropriate instruments of conveyance with a precise description of all land subject to this section. The price for the land shall be the same as that provided for a redemption under Minnesota Statutes, section 281.02.

Sec. 16. [EFFECTIVE DATE.]

Section 2 is effective for sales after June 30, 1984. Sections 3 to 5 are effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the board of managers of the Ramsey-Washington metro watershed district. Sections 6 and 7 are effective May 1, 1984. Section 8 is effective upon the day after the filing of its approval by the governing body of the city of Cloquet in accordance with Minnesota Statutes, section 645.021, subdivision 3. Pursuant to Minnesota Statutes, section 645.023, subdivision 1, clause (a), sections 10 and 11 are effective without local approval the day after final enactment. Pursuant to Minnesota Statutes, section 645.023, subdivision 1, clause (a), sections 12, 13, and 14 are effective without local approval the day after final enactment.

ARTICLE 14

MISCELLANEOUS

Section 1. [16A.124] [PROMPT PAYMENT OF STATE AGENCY BILLS REQUIRED.]

Subdivision 1. [DEFINITIONS.] For the purposes of section 1, the following terms have the meanings here given them.

(a) "Commissioner" means the commissioner of finance.

(b) "State agency" has the meaning assigned to it in section 16.011.

Subd. 2. [COMMISSIONER SUPERVISION.] *The commissioner shall exercise constant supervision over state agencies to insure the prompt payment of vendor obligations.*

Subd. 3. [PAYMENT REQUIRED.] *State agencies must pay each valid vendor obligation so that the vendor receives payment within the vendor's early payment discount period. If there is no early payment discount period, the state agency must pay the vendor within 30 days following the receipt of the invoice for the completed delivery of the product or service.*

Subd. 4. [INVOICE ERRORS.] *If an invoice is incorrect, defective, or otherwise improper, the agency must notify the vendor within ten days of discovering the error. Upon receiving a corrected invoice, the agency must pay the bill within the time limitation contained in subdivision 3.*

Subd. 5. [PAYMENT OF INTEREST ON LATE PAYMENTS REQUIRED.] (a) *A state agency shall pay interest to a vendor for undisputed billings when the agency has not paid the billing within 30 days following receipt of the invoice, merchandise, or service whichever is later. A negotiated contract or agreement between a vendor and a state agency which requires an audit by the state agency prior to acceptance and payment of the vendor's invoice shall not be considered past due until 30 days after the completion of the audit by the state agency. Before any interest payment is made, the vendor must invoice the state agency for such interest.*

(b) *The rate of interest paid by the agency on undisputed bills not paid within 30 days shall be one percent per month or any part thereof.*

(c) *All interest penalties and collection costs must be paid from the agency's current operating budget. No agency may seek to increase its appropriation for the purpose of obtaining funds to pay interest penalties or collection costs.*

(d) *Any vendor who prevails in a civil action to collect interest penalties from a state agency shall be awarded its costs and disbursements, including attorney's fees, incurred in bringing the actions.*

(e) *No interest penalties may accrue against an agency that delays payment of a bill due to a disagreement with the vendor; provided, that the dispute must be settled within 30 days after the bill became overdue. Upon the resolution of the dispute, the agency must pay the vendor accrued interest on all proper invoices for which payment was not received within the applicable time limit contained in subdivision 3.*

(f) *The minimum monthly interest penalty payment that a state agency shall pay a vendor for the unpaid balance for any one overdue bill equal to or in excess of \$100 is \$10. For unpaid balances of less than \$100, the state agency shall pay the actual penalty due to the vendor.*

Subd. 6. [AUTHORITY TO REDUCE AGENCY ALLOTMENT.] *The commissioner shall have the authority to reduce the allotment of any state agency by the amount of any vendor obligations that are paid later than 30 days following the receipt of the invoice for completed delivery of the prod-*

ucts or services.

Subd. 7. [REPORT TO LEGISLATURE.] The commissioner shall report to the legislature each year summarizing the state's payment record for the preceding year. The report shall include the number and dollar amount of late payments made by each agency, the amount of interest penalties and collection costs paid, and the specific steps being taken to reduce the incidence of late payments in the future.

Subd. 8. [APPLICABILITY.] Subdivisions 1 to 7 apply to all agency purchases, leases, rentals, and contracts for services, including construction and remodeling contracts.

Sec. 2. Minnesota Statutes 1983 Supplement, section 240.18, is amended to read:

240.18 [BREEDERS FUND.]

The commission shall establish a Minnesota breeders fund with the money paid to it under section 240.15, subdivision 1. The commission, after paying the *current* costs of administering the fund, shall distribute the *available* net proceeds as follows:

(1) Twenty percent of the ~~remaining~~ *available* money in the fund must be expended as grants for equine research and related education at public institutions of post-secondary learning within the state.

(2) After deducting the amount for (1), the balance of the ~~fund~~ *available proceeds* shall be apportioned into categories corresponding with the various breeds of horses which ~~race~~ *are racing* at licensed Minnesota racetracks ~~in the previous year~~, in proportion to each category's contribution to the fund. The *available* funds in each category may be expended by the commission to:

(a) supplement purses for races held exclusively for Minnesota-bred, Minnesota-foaled or Minnesota-owned horses until January 1, ~~1986~~ 1988, and for Minnesota-bred and Minnesota-foaled horses after that date;

(b) pay breeders or owners awards to the breeders or owners of Minnesota-bred horses which win money at licensed racetracks in the state; and

(c) provide other financial incentives to encourage the horse breeding industry in Minnesota.

The commission shall adopt rules governing the distribution of the fund. The commission may establish advisory committees to advise it on the distribution of money under this section, provided that the members of an advisory committee shall serve without compensation.

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 assis-

tance grant, or (2) any legal obligation to pay a claimant agency for medical care, including hospitalization if the debtor qualified for a low income credit equal to tax liability pursuant to section 290.06, subdivision 3d, clause (1), 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. 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. 8. 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 interests, and legal expenses and attorneys' fees.

Sec. 9. 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, 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. 10. Minnesota Statutes 1983 Supplement, section 296.14, subdivision 4, is amended to read:

Subd. 4. [PAYMENT AND TRANSFER OF TAX ON GASOLINE SOLD FOR STORAGE IN ON-FARM BULK STORAGE AND ETHYL ALCOHOL FOR PERSONAL USE.] Notwithstanding the provisions of this section, the producer of ethyl alcohol which is produced for personal use and not for sale in the usual course of business and a farmer who uses gasoline on which a tax has not been paid shall report and pay the tax on all ethyl alcohol or gasoline delivered into the supply tank of a licensed motor vehicle during the preceding calendar year. The tax shall be reported and paid together with the income tax return of any refund claim filed by the taxpayer under section 296.18. If no refund claim is filed, the tax shall be reported and paid annually by March 15 or more frequently, as the commissioner may prescribe. The commissioner of revenue shall transfer the amount collected in each calendar year to the highway user tax distribution fund by March 30 of the following taxable year. Any producer, qualifying under this subdivision, shall be exempt from the licensing requirements contained in section 296.01, subdivision 1.

Sec. 11. Minnesota Statutes 1983 Supplement, section 296.18, subdivision 1, is amended to read:

Subdivision 1. [GASOLINE OR SPECIAL FUEL USED IN OTHER THAN MOTOR VEHICLES.] Any person who shall buy and use gasoline for any a qualifying purpose other than use in motor vehicles, snowmobiles, or motorboats, or special fuel for any a qualifying purpose other than use in licensed motor vehicles, and who shall have paid the Minnesota excise tax directly or indirectly through the amount of the tax being included in the price of the gasoline or special fuel, or otherwise, shall be eligible to receive the credit provided in section 290.06, subdivision 13, in reimbursed and repaid the amount of the tax paid by him upon filing with the commissioner a signed claim in writing in the form and containing the information the commissioner shall require and accompanied by the original invoice thereof. The taxpayer claiming this credit shall include with his income tax return information including By signing any such claim which is false or fraudulent, the applicant shall be subject to the penalties provided in this section for knowingly mak-

ing a false claim. The claim shall set forth the total amount of the gasoline so purchased and used by him other than in motor vehicles, or special fuel so purchased and used by him other than in licensed motor vehicles, and shall state when and for what purpose it was used. When a claim contains an error in computation or preparation, the commissioner is authorized to adjust the claim in accordance with the evidence shown on the claim or other information available to him. If the commissioner is satisfied that the claimant is entitled to the payments, he shall approve the claim and transmit it to the commissioner of finance. No repayment shall be made unless the claim and invoice shall be filed with the commissioner within one year from the date of the purchase. The postmark on the envelope in which the claim is mailed shall determine the date of filing. The words "gasoline" or "special fuel" as used in this subdivision do not include aviation gasoline or special fuel for aircraft. Gasoline or special fuel bought and used for a "qualifying purpose" means:

(1) Gasoline or special fuel used in carrying on a trade or business, used on a farm situated in Minnesota, and used for a farming purpose. "Farm" and "farming purpose" have the meanings given them in section 6420(c)(2), (3), and (4) of the Internal Revenue Code of 1954, as amended through December 31, 1983.

(2) Gasoline or special fuel used for off-highway business use. "Off-highway business use" means any use by a person in that person's trade, business, or activity for the production of income. "Off-highway business use" does not include use as a fuel in a motor vehicle which, at the time of use, is registered or is required to be registered for highway use under the laws of any state or foreign country.

Sec. 12. Minnesota Statutes 1982, section 296.18, subdivision 3, is amended to read:

Subd. 3. [PENALTIES FOR FILING FALSE CLAIMS.] Every person who shall make any false statement in any claim or invoice filed with the commissioner, or knowingly file with the commissioner any claim or invoice containing any false statement or collect or cause to be paid to him or to any other person a refund without being entitled thereto, when acting pursuant to the provisions of subdivision 1 or 2, clause 3, shall forfeit the full amount of the claim and be guilty of a misdemeanor. Every person who is convicted under the provisions of this subdivision shall be prohibited from filing with the commissioner any claim for refund upon gasoline purchased within six months after such conviction.

Sec. 13. Minnesota Statutes 1982, section 296.18, subdivision 8, is amended to read:

Subd. 8. [APPROPRIATION.] There is hereby appropriated to the persons entitled to such refund under this section, from the fund or account in the state treasury to which the money was credited, an amount sufficient to make the refund and payment. ~~There is annually appropriated from the highway user tax distribution fund to the general fund the amount required to make the refunds required to be paid as income tax credits pursuant to sections 290.06, subdivision 13 and 296.18, subdivision 1.~~

Sec. 14. 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. 15. Minnesota Statutes 1982, section 473.595, subdivision 1, is amended to read:

Subdivision 1. [ADMISSION TAX.] Effective January 1, 1978, the commission shall by resolution impose a three percent admission tax upon the granting, sale, or distribution, by any private or public person, association, or corporation, of the privilege of admission to activities; except for those activities sponsored at the indoor public assembly facility at the metropolitan

sports area known as the metropolitan sports center. Commencing with the operation of sports facilities constructed or remodeled by the commission pursuant to sections 473.551 to 473.595, the commission shall impose an additional seven percent admission tax upon activities conducted at such sports facilities. Effective January 1, 1978, no other tax, except the taxes imposed by chapter 297A, may be levied by any other unit of government upon any such sale or distribution. The admission tax shall be stated and charged separately from the sales price so far as practicable and shall be collected by the grantor, seller, or distributor from the person admitted and shall be a debt from that person to the grantor, seller, or distributor, and the tax required to be collected shall constitute a debt owed by the grantor, seller, or distributor to the commission, which shall be recoverable at law in the same manner as other debts. Every person granting, selling, or distributing tickets for such admissions may be required, as provided in resolutions of the commission, to secure a permit, to file returns, to deposit security for the payment of the tax, and to pay such penalties for nonpayment and interest on late payments, as shall be deemed necessary or expedient to assure the prompt and uniform collection of the tax.

Notwithstanding any other provisions of this subdivision, the imposition of an admission tax upon a national superbowl football game conducted at the commission's facilities is discretionary with the commission.

Sec. 16. [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. 17. [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. 18. [APPROPRIATION.]

There is appropriated from the general fund to the finance department for fiscal year 1985 the sum of \$240,000 for the operating expenses of the tax study commission. The approved complement of the tax study commission for fiscal year 1985 is seven. This appropriation is available until February 28, 1985.

Sec. 19. H.F. No. 1393, article 9, section 9, if enacted during the 1984 regular session, is amended to read:

Sec. 9. [EDUCATION AIDS INCREASE ACCOUNT.]

Subdivision 1. [ESTABLISHMENT.] There is established an education aids increase account in the general fund of the state treasury for the deposit of funds to insure adequate funding for increases in aids to school districts for the biennium beginning July 1, 1985.

Subd. 2. [INITIAL TRANSFER.] The commissioner of finance shall transfer ~~\$23,000,000~~ \$21,700,000 to the education aids increase account on July 1, 1984.

Subd. 3. [CONTINGENT TRANSFERS.] If forecasts of general fund revenues and expenditures prepared by the commissioner of finance pursuant to chapter 16A prior to December 1, 1984, indicate a projected general fund balance for the biennium ending June 30, 1985, the commissioner shall transfer the amount of the balance to the education aids increase account; however, in no case shall the cumulative total of all transfers according to this subdivision exceed ~~\$27,000,000~~ \$28,300,000. Transfers to the education aids increase account shall remain in the account until expended.

Subd. 4. [EXPIRATION OF ACCOUNT.] The education aids increase account shall expire on June 30, 1987. Any unexpended moneys in the education aids increase account on June 30, 1987, shall be transferred to the general fund.

Sec. 20. [REPEALER.]

(a) *Minnesota Statutes 1982, section 290.06, subdivision 13, is repealed.*

(b) *Minnesota Statutes 1982, section 270.051, is repealed.*

Sec. 21. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1984, and applies to all payments due on or after that date. Section 3 is effective for amounts remitted or transferred to a claimant agency after the day of final enactment. Sections 10 to 13 and 20, paragraph (a), are effective for taxable years beginning after December 31, 1984. Sections 14 and 20, paragraph (b), are effective July 1, 1984. Section 19 is effective the day after final enactment."

Delete the title and insert:

"A bill for an act relating to financing and operation of government in this state; increasing the budget reserve account; repealing the income tax surtax; providing a tax amnesty; increasing the school agricultural credit; providing for distribution of proceeds from Minnesota breeders fund; changing notice provisions and qualifying debts under the revenue recapture capture act; clarifying the application of the mortgage registry tax to revolving lines of credit; changing refund procedure of motor fuels tax; abolishing the excise tax on boxing; changing the maximum property tax levy of Duluth port authority; exempting hot water heating from St. Paul franchise tax; giving certain powers to the Ramsey-Washington metro watershed district; creating the Croft Historical Park board; giving the city of Cloquet power to contract and levy for public transportation; providing for the conveyance of certain lands in St. Louis County and Morrison County; authorizing levy limit increases for the cities of Breezy Point and Oakdale; abolishing rent capitalization and providing for study by the department of revenue; imposing requirements for disaster relief property tax credits; changing certain assessment ratios; changing eligibility for certain assessment ratios; changing homestead clas-

sification treatment; changing property tax statement requirements; delaying imposition of a property tax penalty; providing for notice of sale of certain tax forfeited lands; changing computation of payments in lieu; requiring tax clearance prior to issuance of certain licenses; restoring local government aid payments for 1984; modifying the computation formula for local government aids; providing for a local government aids study commission; changing designation and funding for enterprise zones; changing procedures and eligibility for certain business income tax credits; allowing or increasing income tax deductions for certain dividends and royalties; restricting tax exemptions for redevelopment companies; providing grants for plant expansions; adjusting the computation of taxes on taconite and iron ore and authorizing certain refunds and credits; modifying distributions from the proceeds of the taconite tax; changing computation of agricultural, homestead, and taconite homestead credits; allowing taxing districts to levy for certain purposes; changing the definition of political party for purposes of the political contribution credit; changing the income tax pension exclusion; altering certain gross income modifications; increasing the tuition deduction; providing for the adjustment of income under the farm loss modification; providing for the determination of sales within the state for income tax purposes; changing or eliminating withholding on parimutuel winnings and purses; reenacting rental registration provisions; establishing an agricultural resource loan guaranty program; regulating charitable gambling; requiring prompt payment by state agencies; providing that certain admission taxes are discretionary with the metropolitan sports facilities commission; changing certain transfers to the education aids increase account; exempting sales of candy by nonprofit youth organizations from the sales tax; changing certain provisions relating to sales ratios and property tax appeals; including logging equipment in the definition of farm machinery; providing a reduced sales tax rate on capital equipment and special tooling; exempting hot water and certain manufactured homes from the sales tax; exempting certain vehicles used in interstate commerce; providing that sales of certain leased vehicles are not exempt; simplifying hydropower lease procedures; clarifying certain exempt land; modifying the definition of wetlands; extending availability of confession of judgment procedures to certain nonhomestead property; modifying and extending the targeting credit for certain years; providing property tax reimbursement for certain transit levies; changing certain procedures for valuing railroad property; providing certain refunds for railroad abatements; appropriating money; amending Minnesota Statutes 1982, sections 10A.31, subdivisions 3a and 5; 105.482, subdivisions 8 and 9; 124.2131, subdivision 1; 270.04, subdivision 2; 270.80, subdivision 4; 270.84, subdivision 1; 270.86; 270.87; 270A.03, subdivision 5; 270A.08, subdivisions 1 and 2; 271.01, subdivision 5; 271.06, subdivision 6; 272.02, by adding a subdivision; 273.123, by adding subdivisions; 273.13, subdivision 19; 273.135, subdivisions 2 and 5; 273.1391, subdivisions 2 and 4; 273.19, by adding a subdivision; 279.37, subdivisions 1 and 3; 287.05, by adding subdivisions; 290.06, by adding a subdivision; 290.08, by adding a subdivision; 290.19, subdivision 1a; 290.21, by adding a subdivision; 290.61; 290A.04, by adding a subdivision; 295.44, subdivision 1; 296.18, subdivisions 3 and 8; 297A.01, subdivision 15, and by adding subdivisions; 297A.15, by adding a subdivision; 297A.44, subdivision 1; 297B.035, subdivision 3; 298.01; 298.02, subdivision 1; 298.031, subdivision 2; 298.225; 298.24, subdivision 1, and by adding a subdivision; 298.40, by adding a subdivision; 299.012, subdivision 1; 341.05; 349.11; 349.12; 349.13; 349.14; 349.15; 349.16; 349.17; 349.18; 349.19; 349.20; 349.21; 349.22; 349.31, subdivision 1; 362A.01, subdivision 1; 362A.05; 458.14; 462.651, subdivision 1, and by adding a subdivision; 473.595, subdivision 1;

sion; 473.595, subdivision 1; 477A.13, Minnesota Statutes 1983 Supplement, sections 16A.15, subdivision 6; 124.2137, subdivision 1; 240.18; 272.02, subdivision 1; 273.11, subdivision 1; 273.13, subdivisions 6, 7, 9, 17, 17b, 17c, and 21; 273.1312, subdivision 4; 273.1314, subdivisions 6, 8, and 15; 275.125, subdivisions 11a, 11b, and 12a; 276.04; 278.01, subdivision 1; 278.05, subdivision 4; 279.01, subdivision 1; 290.01, subdivisions 20a and 20b; 290.06, subdivision 11; 290.069, subdivisions 1, 2, 4, 5, and by adding subdivisions; 290.089, subdivision 2; 290.09, subdivision 29; 290.18, subdivision 2; 290.21, subdivision 4; 290.92, subdivisions 27 and 28; 290A.04, subdivisions 2e and 2f; 296.14, subdivision 4; 296.18, subdivision 1; 297A.02, subdivision 2, and by adding a subdivision; 297A.14; 297A.25, subdivision 1; 297B.03; 298.28, subdivision 1; 340.14, subdivision 2; 473.446, subdivision 1; 477A.013, subdivisions 1 and 2; 477A.0131, subdivision 1; 609.75, subdivision 3; 609.761; amending Laws 1979, chapter 189, section 2; Laws 1982, Second Special Session, chapter 2, sections 12, as amended, and 14, as amended; Laws 1983, chapter 342, article 1, section 44; 1984 Regular Session, H.F. No. 1393, article 9, section 9; proposing new law coded as Minnesota Statutes, chapter 41A; proposing new law coded in Minnesota Statutes, chapters 16A; 270; 282; 349; 362A; 507; 508; repealing Minnesota Statutes 1982, sections 270.051; 290.06, subdivision 13; 295.44, subdivisions 2, 3, and 4; 349.26; 462.651, subdivision 2; Minnesota Statutes 1983 Supplement, sections 273.11, subdivision 7; 290.06, subdivision 2e; 462.651, subdivision 3; 477A.0131, subdivision 2; and 477A.03, subdivision 2; Laws 1983, chapter 342, article 1, section 8."

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

House Conferees: (Signed) John D. Tomlinson, Randy C. Kelly, Willis Eken, Elton R. Redalen, Harry A. Sieben, Jr.

Senate Conferees: (Signed) Douglas J. Johnson, Collin C. Peterson, Linda Berglin, Steven G. Novak, John Bernhagen

Mr. Johnson, D.J. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2016 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2016 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 65 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knaak	Nelson	Renneke
Anderson	Diessner	Knutson	Novak	Samuelson
Belanger	Dieterich	Kroening	Olson	Schmitz
Benson	Frank	Kronebusch	Pehler	Sieloff
Berg	Frederick	Laidig	Peterson, C.C.	Solon
Berglin	Frederickson	Langseth	Peterson, D.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	Johnson, D.J.	Mehrkens	Purfeerst	Waldorf
Davis	Jude	Merriam	Ramstad	Wegscheid
DeCramer	Kamrath	Moe, R. D.	Reichgott	Willet

Messrs. Moe, D.M. and Spear voted in the negative.

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

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Chmielewski moved that the following members be excused for a Conference Committee on H.F. No. 1621 at 5:20 p.m.:

Messrs. Chmielewski, Schmitz and Mehrkens. The motion prevailed.

SPECIAL ORDER

H.F. No. 1903: A bill for an act relating to local government; permitting refunding of certain bonds; clarifying powers of municipalities with respect to sale of air rights; amending Minnesota Statutes 1982, sections 472A.03; and 472A.06.

SUSPENSION OF RULES

Mr. Petty moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1903 and that the rules of the Senate be so far suspended as to give H.F. No. 1903, now on Special Orders, its third reading and place it on its final passage. The motion prevailed.

Mr. Petty moved to amend H.F. No. 1903, as amended pursuant to Rule 49, adopted by the Senate April 19, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 2146.)

Page 2, line 27, after "rights" insert "*provided that the deed, lease, or other related instrument shall set forth the obligations of the parties with respect to the maintenance of structural support for the improvements constructed on or within the air rights and shall specify the duration of any easements upon public buildings, including any easement for structural support*".

Mr. Knaak questioned whether the amendment was germane. The President ruled the amendment was germane.

The question recurred on the adoption of the amendment.

The motion prevailed. So the amendment was adopted.

H.F. No. 1903 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 45 and nays 10, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Laidig	Olson	Schmitz
Benson	Frederickson	Langseth	Pehler	Sieloff
Berglin	Hughes	Lantry	Peterson, C.C.	Spear
Bernhagen	Isackson	Luther	Peterson, D.C.	Taylor
Bertram	Johnson, D.E.	McQuaid	Peterson, D.L.	Ulland
Dahl	Jude	Moe, D. M.	Petty	Vega
Davis	Kamrath	Moe, R. D.	Pogemiller	Waldorf
DeCramer	Kroening	Nelson	Ramstad	Wegscheid
Dicklich	Kronebusch	Novak	Renneke	Willet

Those who voted in the negative were:

Anderson	Brataas	Frederick	Knutson	Peterson, R. W.
Belanger	Dieterich	Knaak	Merriam	Stumpf

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

RECONSIDERATION

Mr. Petty moved that the vote whereby H.F. No. 1903 was passed by the Senate on April 19, 1984, be now reconsidered. The motion prevailed.

Ms. Olson moved to amend H.F. No. 1903, as amended pursuant to Rule 49, adopted by the Senate April 19, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 2146.)

Page 1, after line 6, insert:

“Section 1. [465.76] [LEGAL COUNSEL; REIMBURSEMENT.]

If reimbursement is requested by the officer or employee, the governing body of a home rule charter or statutory city or county may, after consultation with its legal counsel, reimburse a city or county officer or employee for any costs and reasonable attorney's fees incurred by the person to defend charges of a criminal nature brought against the person that arose out of the reasonable and lawful performance of duties for the city or county, provided if less than a quorum of the governing body is disinterested, that such reimbursement shall be approved by a judge of the district court.”

Page 3, line 8, delete “This act is” and insert “Sections 2 and 3 are”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, before the period, insert “; proposing new law coded in Minnesota Statutes, chapter 465”

The motion prevailed. So the amendment was adopted.

H.F. No. 1903 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 43 and nays 12, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Lantry	Peterson, C. C.	Solon
Benson	Frank	Lessard	Peterson, D. C.	Spear
Berglin	Frederickson	Luther	Petty	Taylor
Bernhagen	Hughes	McQuaid	Pogemiller	Ulland
Bertram	Johnson, D. E.	Moe, R. D.	Ramstad	Vega
Dahl	Jude	Nelson	Renneke	Wegscheid
Davis	Kamrath	Novak	Samuelson	Willett
DeCramer	Kroening	Olson	Schmitz	
Dicklich	Kronebusch	Pehler	Sieloff	

Those who voted in the negative were:

Anderson	Frederick	Knutson	Peterson, D. L.	Stumpf
Belanger	Isackson	Merriam	Peterson, R. W.	Waldorf
Brataas	Knaak			

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

SPECIAL ORDER

S.F. No. 1662: A bill for an act relating to solid waste; reducing the number of proposed sites in metropolitan counties having a population of less than 300,000 for mixed municipal solid waste disposal facilities; amending Minnesota Statutes 1983 Supplement, section 473.803, subdivision 1a.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Knaak	Nelson	Renneke
Anderson	Dicklich	Knutson	Novak	Samuelson
Belanger	Diessner	Kroening	Olson	Schmitz
Benson	Dieterich	Kronebusch	Pehler	Sieloff
Berglin	Frank	Lantry	Peterson, D.C.	Spear
Bernhagen	Frederickson	Lessard	Peterson, R.W.	Ulland
Bertram	Hughes	McQuaid	Petty	Vega
Brataas	Isackson	Mehrkens	Pogemiller	Waldorf
Chmielewski	Jude	Merriam	Purfeerst	Wegscheid
Dahl	Kamrath	Moe, D. M.	Ramstad	Willet

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 229: A bill for an act relating to health; allowing any interested person to seek enforcement of certain patient rights; amending Minnesota Statutes 1982, section 144.651, by adding a subdivision; and Minnesota Statutes 1983 Supplement, section 144.651, subdivision 1.

SUSPENSION OF RULES

Mr. Spear moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 229 and that the rules of the Senate be so far suspended as to give H.F. No. 229, now on Special Orders, its third reading and place it on its final passage. The motion prevailed.

Mr. Sieloff moved to amend H.F. No. 229, as amended pursuant to Rule 49, adopted by the Senate April 19, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 21.)

Page 2, line 1, after "*resident*" insert "*, or his guardian or conservator, or a person holding the patient's power of attorney*"

Page 2, line 3, delete "*a*" and insert "*where the patient is subject to a guardianship or conservatorship, any*"

Page 2, line 6, before the period, insert "*in probate court or other court having jurisdiction of guardianships and conservatorships*"

Page 2, after line 18, insert:

"Sec. 3. [CITY OF ST. PAUL; LIQUOR LICENSES.]

Notwithstanding any law to the contrary enacted in the 1984 legislative

session, the city of St. Paul may not issue retail intoxicating liquor licenses within the territory where sale of liquor was prohibited by Special Laws 1885, chapter 281, section 6. Regardless of the order of final enactment of this section and any law which conflicts with this section, this section shall be given effect. Notwithstanding Minnesota Statutes, sections 645.26, subdivision 3, 645.33, or other law, this section shall prevail over any other act to the contrary which is irreconcilable with this section."

Amend the title accordingly

Mr. Spear requested division of the amendment as follows:

First portion:

Page 2, line 1, after "resident" insert "or his guardian or conservator, or a person holding the patient's power of attorney"

Page 2, line 3, delete "a" and insert "where the patient is subject to a guardianship or conservatorship, any"

Page 2, line 6, before the period, insert "in probate court or other court having jurisdiction of guardianships and conservatorships"

Second portion:

Page 2, after line 18, insert:

"Sec. 3. [CITY OF ST. PAUL; LIQUOR LICENSES.]

Notwithstanding any law to the contrary enacted in the 1984 legislative session, the city of St. Paul may not issue retail intoxicating liquor licenses within the territory where sale of liquor was prohibited by Special Laws 1885, chapter 281, section 6. Regardless of the order of final enactment of this section and any law which conflicts with this section, this section shall be given effect. Notwithstanding Minnesota Statutes, sections 645.26, subdivision 3, 645.33, or other law, this section shall prevail over any other act to the contrary which is irreconcilable with this section."

Amend the title accordingly

The question was taken on the adoption of the first portion of the amendment.

The roll was called, and there were yeas 28 and nays 23, as follows:

Those who voted in the affirmative were:

Benson	Diessner	Laidig	Peterson, R. W.	Taylor
Berg	Dieterich	Lessard	Ramstad	Ulland
Bernhagen	Frederickson	McQuaid	Renneke	Waldorf
Brataas	Kamrath	Moe, R. D.	Samuelson	Wegscheid
Chmielewski	Knutson	Olson	Sieloff	
DeCramer	Kronebusch	Peterson, D. L.	Storm	

Those who voted in the negative were:

Adkins	Frank	Lantry	Petty	Stumpf
Berglin	Freeman	Luther	Pogemiller	Vega
Bertram	Jude	Merriam	Purfeerst	Willet
Dahl	Knaak	Novak	Solon	
Davis	Langseth	Peterson, D. C.	Spear	

The motion prevailed. So the first portion of the amendment was adopted.

Mr. Sieloff withdrew the second portion of his amendment.

H.F. No. 229 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 52 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Laidig	Peterson, D.C.	Spear
Anderson	Diessner	Langseth	Peterson, D.L.	Storm
Benson	Dieterich	Lantry	Peterson, R.W.	Stumpf
Berg	Frank	Lessard	Petty	Ulland
Berglin	Frederickson	Luther	Purfeerst	Vega
Bernhagen	Freeman	McQuaid	Ramstad	Waldorf
Bertram	Jude	Merriam	Reichgott	Wegscheid
Brataas	Kamrath	Moe, D. M.	Renneke	Willet
Chmielewski	Knaak	Moe, R. D.	Samuelson	
Dahl	Knutson	Novak	Sieloff	
Davis	Kronebusch	Olson	Solon	

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

SPECIAL ORDER

H.F. No. 1509: A bill for an act relating to motor vehicles; prohibiting fees for the return of number plates; amending Minnesota Statutes 1982, section 168.15.

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 47 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Laidig	Olson	Spear
Anderson	Diessner	Langseth	Peterson, D.C.	Storm
Benson	Dieterich	Lantry	Peterson, D.L.	Stumpf
Berg	Frank	Lessard	Peterson, R.W.	Ulland
Bernhagen	Frederickson	Luther	Petty	Vega
Bertram	Jude	McQuaid	Purfeerst	Waldorf
Brataas	Kamrath	Merriam	Ramstad	Wegscheid
Chmielewski	Knaak	Moe, D. M.	Renneke	
Dahl	Knutson	Moe, R. D.	Samuelson	
Davis	Kronebusch	Novak	Sieloff	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Purfeerst moved that H.F. No. 1315 be taken from the table. The motion prevailed.

H.F. No. 1315: A bill for an act relating to bicycles; allowing bicycle registrants to donate in excess of the registration fee to pay for costs of administering and publicizing the bicycle registration program and for developing bicycle education programs and recreational facilities and trails; providing criteria for fund allocation to political subdivisions; providing for reports to the legislature; providing for appointment of deputy registrars of

bicycles; continuing the bicycle study review commission as the advisory committee on bikeways and bikeway safety; amending Minnesota Statutes 1982, sections 168C.04; 168C.11; Laws 1976, chapter 199, section 14, subdivision 1.

SUSPENSION OF RULES

Mr. Purfeerst moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1315 and that the rules of the Senate be so far suspended as to give H.F. No. 1315 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1315 was read the second time.

H.F. No. 1315 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 42 and nays 4, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Knaak	Moe, R. D.	Storm
Anderson	Davis	Kronebusch	Nelson	Stumpf
Belanger	DeCramer	Laidig	Novak	Taylor
Benson	Dicklich	Langseth	Peterson, D.C.	Vega
Berg	Diessner	Lantry	Peterson, D.L.	Waldorf
Berglin	Frank	Lessard	Petty	Wegscheid
Bernhagen	Frederickson	Luther	Ramstad	
Bertram	Freeman	Merriam	Reichgott	
Chmielewski	Jude	Moe, D. M.	Schmitz	

Messrs. Kamrath, Knutson, Renneke and Samuelson voted in the negative.

So the bill passed and its title was agreed to.

Mr. Purfeerst moved that S.F. No. 1293, No. 25 on Special Orders, be stricken and laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Purfeerst moved that H.F. No. 1695 be taken from the table. The motion prevailed.

H.F. No. 1695: A bill for an act relating to courts; accelerating the effective date of judicial reorganization in the third and seventh judicial districts; amending Minnesota Statutes 1982, section 487.191.

SUSPENSION OF RULES

Mr. Purfeerst moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1695 and that the rules of the Senate be so far suspended as to give H.F. No. 1695 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1695 was read the second time.

H.F. No. 1695 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	Davis	Knutson	Moe, R. D.	Samuelson
Anderson	DeCramer	Kroening	Nelson	Schmitz
Belanger	Dicklich	Kronebusch	Novak	Sieloff
Benson	Diessner	Laidig	Peterson, D.C.	Storm
Berg	Frank	Langseth	Peterson, D.L.	Stumpf
Berglin	Frederickson	Lantry	Peterson, R.W.	Ulland
Bernhagen	Freeman	Lessard	Petty	Vega
Bertram	Isackson	Luther	Purfeerst	Waldorf
Brataas	Jude	Mehrkens	Ramstad	Wegscheid
Chmielewski	Kamrath	Merriam	Reichgott	Willet
Dahl	Knaak	Moe, D. M.	Renneke	

So the bill passed and its title was agreed to.

Mr. Purfeerst moved that S.F. No. 2123, No. 33 on Special Orders, be stricken and laid on the table. The motion prevailed.

SPECIAL ORDER

H.F. No. 1974: A bill for an act relating to energy; defining residence; establishing energy efficiency standards for public housing; amending Minnesota Statutes 1982, sections 116J.27, subdivisions 1 and 4; and 116J.30, by adding a subdivision.

Ms. Peterson, D.C. moved to amend H.F. No. 1974, as amended pursuant to Rule 49, adopted by the Senate April 16, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1681.)

Page 2, line 23, before the period, insert “, or to otherwise enforce the provisions of subdivision 3”

Page 2, line 24, after “inspections” insert “or other enforcement” and strike “in”

Page 2, line 25, strike everything before “shall”

Page 2, line 27, strike “50” and insert “100”

Page 2, line 28, strike “to be paid to the state treasury”

Page 3, after line 17, insert:

“Sec. 3. Minnesota Statutes 1982, section 116J.27, is amended by adding a subdivision to read:

Subd. 4a. [ENFORCEMENT AFTER INSPECTION.] If the commissioner determines, after an inspection conducted by or on behalf of the department, that a renter-occupied residence is not in compliance with the standards prescribed pursuant to subdivision 1, the commissioner may issue to the owner of the renter-occupied residence or the owner's agent a determination of noncompliance and may commence a contested case proceeding under sections 14.57 to 14.62. The determination shall (1) specify the reasons for the determination, (2) include a copy of the inspection report, (3) state the actions that must be taken to bring the residence into compliance

with the standards, (4) state that if the residence is not brought into compliance with the standards within 90 days following the date of the determination, a contested case proceeding will be commenced, and (5) specify a fine that will be assessed upon the conclusion of the contested case proceeding in the absence of a showing of good cause in that proceeding. The contested case proceeding hearing shall be held in the county in which the renter-occupied residence is located. Notwithstanding the provisions of sections 14.50 and 14.61, the hearing examiner in the contested case proceeding shall make findings of fact and conclusions of law and issue a decision, and if the hearing examiner decides that the residence is not in compliance with the standards, the hearing examiner shall enter an order directing the owner to take such affirmative action as in the judgment of the hearing examiner will effectuate the purposes of section 116J.27.

Sec. 4. Minnesota Statutes 1982, section 116J.27, is amended by adding a subdivision to read:

Subd. 4b. [FINES FOR NONCOMPLIANCE; EXCEPTION.] If the hearing examiner issues a decision, following a contested case proceeding commenced pursuant to subdivision 4a, that a renter-occupied residence is not in compliance with the standards prescribed pursuant to subdivision 1 and that the owner of the renter-occupied residence has not proven a good cause, as defined by rule or temporary rule adopted by the commissioner, for his failure to comply with the standards prescribed pursuant to subdivision 1, the hearing examiner shall assess a fine against the owner in accordance with a schedule of fines adopted by the commissioner by rule or temporary rule. This subdivision shall not apply in the case of low-rent housing owned by a public housing authority or a housing and redevelopment authority as defined in section 462.421, subdivision 2.

Sec. 5. Minnesota Statutes 1983 Supplement, section 116J.27, subdivision 6, is amended to read:

Subd. 6. [BUILDING EVALUATORS.] The commissioner shall certify evaluators in each county of the state who are qualified to determine the compliance of a residence with applicable energy efficiency standards. The commissioner shall, by rule pursuant to chapter 14, adopt standards for the certification and performance of evaluators and set a fee for the certification of evaluators which is sufficient to cover the ongoing costs of the program once it is established. The commissioner shall encourage the certification of existing groups of trained municipal personnel and qualified individuals from community-based organizations and public service organizations. Each certified evaluator shall, on request of the owner, inspect any residence and report the degree to which it complies with applicable energy efficiency standards established pursuant to subdivision 1. The inspections shall be made within 30 days of the request. Evaluators shall be certified only if they also meet all requirements for conducting residential energy audits pursuant to 42 U.S.C. 8211 et seq. The commissioner shall enter into an agreement with the department of education for the provision of evaluator training through the area vocational technical institutes. The commissioner may contract with the area vocational technical institutes to reduce the training costs to the students. The commissioner may eliminate the examination fee for persons seeking upgraded certificates. The commissioner may also establish requirements for continuing education, periodic recertification, and revocation

of certification for evaluators.”

Page 3, after line 24, insert:

“Sec. 7. Minnesota Statutes 1982, section 116J.30, is amended by adding a subdivision to read:

Subd. 5. For purposes of sections 504.18 and 566.18 to 566.33, the weatherstripping, caulking, storm window, and storm door energy efficiency standards for renter-occupied residences prescribed by section 116J.27, subdivisions 1 and 3, are health and safety standards and the penalties and remedies provided in this section are in addition to and do not limit remedies otherwise available to tenants of renter-occupied residences.

Sec. 8. Minnesota Statutes 1983 Supplement, section 290A.19, is amended to read:

290A.19 [OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE; PENALTY.]

(a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead shall furnish a certificate of rent constituting property tax to each person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves prior to December 31, the owner or managing agent shall at his option either provide the certificate to the renter at the time he moves, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate shall be made available to the renter not later than January 31 of the year following the year in which the rent was paid. Any owner or managing agent who willfully fails to furnish a certificate as provided herein shall be liable to the commissioner for a penalty of \$20 for each act or failure to act. The penalty shall be assessed and collected in the manner provided in chapter 290 for the assessment and collection of income tax.

(b) If the owner or managing agent elects to provide the renter with the certificate at the time he moves, rather than after December 31, the amount of rent constituting property taxes shall be computed as follows:

(i) The net tax shall be reduced by 1/12th for each month remaining in the calendar year.

(ii) In calculating the denominator of the fraction pursuant to section 290A.03, subdivision 11, the gross rent paid through the last month of claimant's occupancy shall be substituted for “the gross rent paid for the calendar year for the property in which the unit is located.”

(c) The certificate of rent constituting property taxes shall include the address of the property, including the county, and the property tax parcel identification number and any additional information which the commissioner determines is appropriate.

(d) If the owner or managing agent fails to provide the renter with a certificate of rent constituting property taxes, the commissioner shall allocate the net tax on the building to the unit on a square footage basis or other appropriate basis as the commissioner determines. The renter shall supply the commissioner with a statement from the county treasurer which gives the amount of property tax on the parcel, the address and property tax parcel

identification number of the property, and the number of units in the building.

(e) Effective January 1, 1986, the commissioner shall provide to the commissioner of the department of energy and economic development a copy of all certificates of rent constituting property taxes that have been filed with the department. The copies of the certificates shall be provided by June 1 of each year."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "providing remedies for non-compliance with the minimum energy efficiency standards for renter-occupied residences; making other changes;"

Page 1, line 5, before the semicolon, insert ", and by adding subdivisions" and delete "and" and delete "a"

Page 1, line 6, delete "subdivision" and insert "subdivisions; Minnesota Statutes 1983 Supplement, sections 116J.27, subdivision 6; and 290A.19"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 33 and nays 28, as follows:

Those who voted in the affirmative were:

Adkins	Dieterich	Langseth	Peterson, C. C.	Spear
Berglin	Frank	Lantry	Peterson, D. C.	Stumpf
Bertram	Freeman	Luther	Peterson, R. W.	Vega
Dahl	Hughes	Merriam	Petty	Wegscheid
Davis	Johnson, D. J.	Moe, R. D.	Pogemiller	Willett
DeCramer	Jude	Novak	Reichgott	
Dicklich	Kroening	Pehler	Solon	

Those who voted in the negative were:

Anderson	Diessner	Knaak	Olson	Sieloff
Belanger	Frederick	Knutson	Peterson, D. L.	Storm
Benson	Frederickson	Kronebusch	Ramstad	Ulland
Berg	Isackson	Lessard	Renneke	Waldorf
Bernhagen	Johnson, D. E.	McQuaid	Samuelson	
Brataas	Kamrath	Mehrkens	Schmitz	

The motion prevailed. So the amendment was adopted.

H.F. No. 1974 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 35 and nays 25, as follows:

Those who voted in the affirmative were:

Berglin	Diessner	Kroening	Moe, R. D.	Reichgott
Bertram	Dieterich	Langseth	Novak	Solon
Chmielewski	Frank	Lantry	Pehler	Spear
Dahl	Freeman	Lessard	Peterson, C. C.	Stumpf
Davis	Hughes	Luther	Peterson, D. C.	Vega
DeCramer	Johnson, D. J.	Merriam	Peterson, R. W.	Wegscheid
Dicklich	Jude	Moe, D. M.	Petty	Willett

Those who voted in the negative were:

Anderson	Frederick	Knaak	Mehrkens	Samuelson
Belanger	Frederickson	Knutson	Olson	Schmitz
Benson	Isackson	Kronebusch	Peterson, D.L.	Sieloff
Bernhagen	Johnson, D.E.	Laidig	Ramstad	Storm
Brataas	Kamrath	McQuaid	Renneke	Ulland

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

Remaining on the Order of Business of Motions and Resolutions, without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2182:

H.F. No. 2182: A bill for an act relating to agriculture; changing certain duties of the commissioner; changing certain reporting requirements concerning agricultural land ownership; refining procedures and deadlines for investment reimbursement; authorizing the commissioner to use certain funds for short-term loans to help participants meet their family farm security loan obligations; exempting certain corporations and persons from the definition of warehouseman; exempting the family farm security program from certain loan commitment approval requirements; amending Minnesota Statutes 1982, sections 21.118; 29.27; 31.11; 31A.08; 41.56, subdivision 3; 231.01, subdivision 5; 500.221, subdivision 2a; 500.24, subdivision 4; and Minnesota Statutes 1983 Supplement, sections 16A.80, subdivision 2; 32.417; 38.02, subdivisions 1 and 3; and 500.221, subdivision 4.

The House respectfully requests that a Conference Committee of five members be appointed thereon.

Wenzel, Metzen, Uphus, Krueger and Jensen have been appointed as such committee on the part of the House.

House File No. 2182 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1984

Mr. Bertram moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2182, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

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

S.F. No. 1336: A bill for an act relating to crime; providing for criminal

penalties and a one year driver's license revocation upon refusal by a driver suspected of driving under the influence of alcohol or a controlled substance to take a test; authorizing testing of a suspect who is unconscious or in a condition rendering the suspect incapable of refusal; restricting issuance of limited licenses for work purposes; clarifying provisions of the hit and run law; clarifying penalties imposed on certain persons convicted of driving while under the influence of alcohol or a controlled substance; clarifying provisions of the driving after revocation, suspension, or cancellation law; prescribing penalties for causing death or injury of another while operating a vehicle in a certain manner; providing for admission into evidence of certain convictions for driving offenses for impeachment purposes; authorizing issuance of limited licenses in certain circumstances; amending Minnesota Statutes 1982, sections 169.09, subdivision 4; 169.123, subdivisions 4, 5a, and 9, and by adding a subdivision; 171.24; and 171.30, subdivision 1; and Minnesota Statutes 1983 Supplement, sections 169.09, subdivisions 1, 14, and 15; 169.121, subdivision 3; 169.123, subdivisions 2 and 6; and 609.21, subdivisions 1 and 2; proposing new law coded in Minnesota Statutes, chapters 171 and 634; repealing Minnesota Statutes 1982, section 169.123, subdivision 9.

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

Vellenga, Vanasek, Staten, McKasy and Bishop.

Senate File No. 1336 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1984

Mr. President:

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

S.F. No. 1762: A bill for an act relating to the human rights department; prohibiting waiver of legal rights; changing the statute of limitations; providing sanctions for intentional delays; permitting award of attorney fees in administrative hearings; changing damage awards; amending Minnesota Statutes 1982, sections 363.06, subdivision 3; 363.071, by adding a subdivision; 363.116; 363.14, subdivisions 1 and 2; Minnesota Statutes 1983 Supplement, sections 363.06, subdivision 4; 363.071, subdivision 2; and 363.072, subdivision 1; proposing new law coded in chapter 363.

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

Clark, K.; Dempsey and Cohen.

Senate File No. 1762 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1984

Mr. President:

I have the honor to announce that the House has acceded to the request of

the Senate for the appointment of a Conference Committee, consisting of five members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1349: A bill for an act relating to liquor; abolishing prohibition on furnishing liquor to certain persons and exclusion of certain persons from liquor establishments after notice; amending Minnesota Statutes 1982, section 340.601; repealing Minnesota Statutes 1982, sections 340.73, subdivision 2; 340.78; and 340.81.

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

Jacobs, O'Connor, Sarna, Metzen and Wigley.

Senate File No. 1349 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1984

SPECIAL ORDER

H.F. No. 1425: A bill for an act relating to agriculture; providing for alternative methods for establishing the value of milk purchased from producers; amending Minnesota Statutes 1982, section 32.25, subdivision 1.

Mr. Wegscheid moved that the amendment made to H.F. No. 1425 by the Committee on Rules and Administration in the report adopted April 11, 1984, pursuant to Rule 49, be stricken.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 10 and nays 37, as follows:

Those who voted in the affirmative were:

Belanger	Isackson	Mehrkins	Schmitz	Ulland
Frederickson	Kronebusch	Olson	Sieloff	Wegscheid

Those who voted in the negative were:

Adkins	Diessner	Laidig	Peterson, D.C.	Spear
Benson	Frank	Lantry	Peterson, D.L.	Storm
Berg	Freeman	Luther	Peterson, R.W.	Stumpf
Berglin	Hughes	Merriam	Petty	Vega
Chmielewski	Jude	Moe, R. D.	Pogemiller	Willet
Dahl	Kamrath	Novak	Purfeerst	
Davis	Knaak	Pehler	Renneke	
Dicklich	Kroening	Peterson, C.C.	Samuelson	

The motion did not prevail.

Mr. Wegscheid then moved to amend H.F. No. 1425, as amended pursuant to Rule 49, adopted by the Senate April 11, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1450.)

Page 2, line 31, delete "8.5" and insert "8.6"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 32, as follows:

Those who voted in the affirmative were:

Adkins	Brataas	Kamrath	Lessard	Schmitz
Anderson	Frederickson	Knaak	McQuaid	Sieloff
Belanger	Isackson	Knutson	Mehrkens	Storm
Benson	Johnson, D.E.	Kronebusch	Olson	Ulland
Bernhagen	Jude	Laidig	Renneke	Wegscheid

Those who voted in the negative were:

Berglin	Frank	Merriam	Peterson, D.C.	Stumpf
Chmielewski	Freeman	Moe, D. M.	Peterson, R.W.	Vega
Dahl	Hughes	Moe, R. D.	Petty	Waldorf
Davis	Johnson, D.J.	Nelson	Purfeerst	Willet
Dicklich	Langseth	Novak	Reichgott	
Diessner	Lantry	Pehler	Solon	
Dieterich	Luther	Peterson, C.C.	Spear	

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

H.F. No. 1425 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	Dieterich	Knutson	Moe, R. D.	Schmitz
Anderson	Frank	Kroening	Novak	Sieloff
Belanger	Frederickson	Kronebusch	Pehler	Solon
Benson	Freeman	Laidig	Peterson, C.C.	Spear
Berglin	Hughes	Langseth	Peterson, D.C.	Storm
Bernhagen	Isackson	Lantry	Peterson, D.L.	Stumpf
Brataas	Johnson, D.E.	Luther	Peterson, R.W.	Taylor
Chmielewski	Johnson, D.J.	McQuaid	Petty	Ulland
Davis	Jude	Mehrkens	Ramstad	Vega
Dicklich	Kamrath	Merriam	Reichgott	Wegscheid
Diessner	Knaak	Moe, D. M.	Renneke	Willet

So the bill passed and its title was agreed to.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Freeman moved that the following members be excused for a Conference Committee on S.F. No. 1762 at 6:45 p.m.:

Messrs. Freeman, Storm and Ms. Reichgott. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1577:

H.F. No. 1577: A bill for an act relating to solid and hazardous waste management; amending various provisions of the waste management act; prescribing various powers and duties of the waste management board and the pollution control agency relating to hazardous waste management plan-

ning and the development of hazardous waste facilities; establishing programs for public education, technical and research assistance to generators, and grants for hazardous waste reduction and processing and collection facilities; requiring requests for proposals for hazardous waste processing and collection facilities; authorizing hazardous waste processing facility loans; prescribing procedures for the designation of solid waste facilities by counties and waste management districts; reducing the number of proposed sites in certain metropolitan counties for mixed municipal solid waste disposal facilities; amending various provisions relating to county and metropolitan solid waste management; appropriating money; amending Minnesota Statutes 1982, sections 115A.03, subdivisions 15 and 28; 115A.06, by adding a subdivision; 115A.08, by adding a subdivision; 115A.09, by adding a subdivision; 115A.11; 115A.18; 115A.24; 115A.241; 115A.46, subdivisions 1 and 2; 115A.70, by adding a subdivision; 116.07, by adding subdivisions; 116J.88, by adding a subdivision; 400.04, subdivision 3; 400.162; 473.181, subdivision 4; 473.801, subdivisions 1 and 4; 473.803, subdivisions 2, 3, and by adding a subdivision; 473.811, subdivision 10; 473.833, subdivision 4; Minnesota Statutes 1983 Supplement, sections 115A.08, subdivision 5; 115A.21, subdivision 1, and by adding a subdivision; 115A.22, subdivisions 1 and 4; 115A.241; 115A.25, subdivisions 1, 1a, and 1b; 115A.26; 115A.27, subdivision 2; 115A.28, subdivision 1; 115A.291; 115B.22, subdivision 1; 116J.90, by adding a subdivision; 473.149, subdivisions 2d and 2e; 473.803, subdivisions 1a and 1b; and 473.823, subdivision 6; proposing new law coded in Minnesota Statutes, chapters 115A and 473; repealing Minnesota Statutes 1982, sections 115A.071; 115A.46, subdivision 3; 115A.70, subdivisions 1, 2, 4, 5, and 6; 473.827; and Minnesota Statutes 1983 Supplement, section 115A.70, subdivisions 3 and 7.

The House respectfully requests that a Conference Committee of five members be appointed thereon.

Long; Vanasek; Nelson, D.; Rose and Munger have been appointed as such committee on the part of the House.

House File No. 1577 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1984

Mr. Merriam moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1577, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1655:

H.F. No. 1655: A bill for an act relating to financial institutions; providing an expedited procedure for certain bank applications; providing a uniform examination cycle for all supervised institutions; extending the temporary removal of mortgage usury limits; providing a time period within which no-

tices of the filing of applications for detached facilities must be published; providing prior notice to the commissioner of a change in the ownership of a state bank; bringing state law into conformity with federal law regarding limitations on loans to bank directors, officers, or employees; providing prior notification to the commissioner of the termination or cancellation of a fidelity bond to a bank; authorizing the commissioner, after notification, to order the bank to take action; clarifying the exclusion of bankers' acceptances from the restrictions upon total liabilities to a bank; extending the time period imposed on a bank for the filing of proof of publication of its quarterly report; modifying the definition of "demand deposits" in light of federal deregulation of interest rates; removing the photo identification requirement from the provisions regulating the opening of checking accounts; clarifying service charges on dishonored checks; making various technical changes; amending Minnesota Statutes 1982, sections 45.071, by adding a subdivision; 46.04, subdivision 1; 47.204, subdivision 1; 48.03, subdivision 4; 48.08; 48.13; 48.14; 48.24, subdivision 6; 48.48, subdivisions 1 and 2; 48.51; 51A.50; 52.06, subdivision 1; 53.03, subdivision 4; 53.09, subdivision 1; and 56.12; Minnesota Statutes 1983 Supplement, sections 45.04; 47.54, subdivision 1; 48.512, subdivision 2; 52.203; 53.01; 53.03, subdivisions 1 and 5; 53.04, subdivision 3a; 168.67; and 332.50, subdivision 2; repealing Minnesota Statutes 1982, sections 47.75, subdivision 2; and 51A.44, subdivision 3.

The House respectfully requests that a Conference Committee of three members be appointed thereon.

Brinkman, Osthoff and Heinitz have been appointed as such committee on the part of the House.

House File No. 1655 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1984

Mr. Solon moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1655, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

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

H.F. No. 1257: Messrs. Solon, Vega and Ms. Olson.

H.F. No. 2182: Messrs. Bertram, Davis, Berg, DeCramer and Merriam.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

SPECIAL ORDER

S.F. No. 433: A bill for an act relating to labor; regulating the minimum wage by phasing out the tip credit; amending Minnesota Statutes 1982, section 177.28, subdivision 4.

CALL OF THE SENATE

Mr. Vega imposed a call of the Senate for the proceedings on S.F. No. 433. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Chmielewski moved to amend S.F. No. 433 as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1982, section 177.27, subdivision 4, is amended to read:

Subd. 4. The commissioner may investigate, ~~mediate, and settle a wage claims claim~~ by an employee against an employer if the failure to pay any wage may violate Minnesota laws or any order or rule of the department thereunder. *If upon investigation the commissioner determines that a violation has occurred, the commissioner shall require the employer to pay to the department within 30 days the appropriate amount of the wage claim, as determined by the commissioner, plus simple interest at a rate of 8 percent per annum calculated from the time the wages constituting the wage claim were due and payable. The commissioner shall then pay the amount of the wage claim plus interest to the employee.*

Sec. 2. Minnesota Statutes 1982, section 177.27, subdivision 5, is amended to read:

Subd. 5. The commissioner may commence a civil action in any court of competent jurisdiction for the benefit of any employee for appropriate relief with respect to any wage claim which the commissioner ~~deems~~ *considers* to be valid; upon:

(1) the employer's failure to pay a wage claim plus interest as provided under subdivision 4; or

(2) a written request being filed with the commissioner by the employee, provided: (1) the failure to pay the wage would constitute a violation of Minnesota laws or any order or rule of the department thereunder; and (2) the wage claim does not exceed \$300.

The employer shall pay all costs and disbursements as may be allowed by the court, and shall further pay an assessment of ten percent of the amount of any awarded wage claim to the treasurer of the state of Minnesota. In any action herein no security for payment of costs shall be required.

Nothing herein shall be construed to prevent an employee from prosecuting his own claim for wages.

Sec. 3. Minnesota Statutes 1983 Supplement, section 177.30, is amended to read:

177.30 [KEEPING RECORDS.]

Every employer subject to sections 177.21 to 177.35 or any rule adopted pursuant to those sections shall make and keep, for a period of not less than three years in or about the premises in which any employee is employed, a record of the name, address and occupation of each employee, the rate of pay, and the amount paid each pay period to each employee, the hours worked each day and each workweek by the employee, and other information as deemed necessary and appropriate by the commissioner for the enforcement of sections 177.21 to 177.35.

~~The commissioner may impose a penalty of up to \$100 on an employer for each failure of the employer to maintain records as required by this section. The penalty imposed by this section is in addition to any penalties provided under section 177.32, subdivision 1.~~

Sec. 4. Minnesota Statutes 1983 Supplement, section 177.32, subdivision 1, is amended to read:

Subdivision 1. An employer who does any of the following is guilty of a misdemeanor and subject to a civil fine of \$500 for each violation: (a) hinders or delays the commissioner or an authorized representative in the performance of duties required under sections 177.21 to 177.35; (b) refuses to admit the commissioner or an authorized representative to the place of business or employment of the employer, as required by section 177.27, subdivision 1; (c) consistently and repeatedly fails to make, keep, and preserve records as required by section 177.30; (d) falsifies any record; (e) refuses to make any record available, or to furnish a sworn statement of the record or any other information as required by section 177.27; (f) consistently and repeatedly fails to post a summary of sections 177.21 to 177.35 or a copy or summary of the applicable rules as required by section 177.31; (g) pays or agrees to pay wages at a rate less than the rate required under sections 177.21 to 177.35; or (h) otherwise violates any provision of sections 177.21 to 177.35 or any rule adopted pursuant to those sections.

Sec. 5. [REPORT TO LEGISLATURE.]

The commissioner of labor and industry shall report to the legislature by January 1, 1985 concerning recommendations for improving enforcement of the Minnesota Fair Labor Standards Act."

Delete the title and insert:

"A bill for an act relating to labor; requiring an employer to pay certain wage claims to the department of labor and industry; providing for a civil fine of \$500 for certain violations of the minimum wage law; removing a certain limitation on commencing civil actions for minimum wage law violations; eliminating a penalty; requiring the commissioner of labor and industry to report to the legislature on recommendations to improve enforcement of the minimum wage law; amending Minnesota Statutes 1982, section 177.27, subdivisions 4 and 5; and Minnesota Statutes 1983 Supplement, sections 177.30; and 177.32, subdivision 1."

Mr. Vega questioned whether the amendment was germane. The President ruled the amendment was germane.

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 31 and nays 36, as follows:

Those who voted in the affirmative were:

Anderson	Chmielewski	Knaak	Olson	Storm
Belanger	Frederick	Knutson	Pehler	Taylor
Benson	Frederickson	Kronebusch	Peterson, D.L.	Ulland
Berg	Isackson	Laidig	Ramstad	
Bernhagen	Johnson, D.E.	Lessard	Renneke	
Bertram	Jude	McQuaid	Sieloff	
Brataas	Kamrath	Mehrkens	Solon	

Those who voted in the negative were:

Adkins	Frank	Merriam	Petty	Vega
Berglin	Freeman	Moe, D. M.	Pogemiller	Waldorf
Dahl	Hughes	Moe, R. D.	Purfeerst	Wegscheid
Davis	Johnson, D.J.	Nelson	Reichgott	Willet
DeCramer	Kroening	Novak	Samuelson	
Dicklich	Langseth	Peterson, C.C.	Schmitz	
Diessner	Lantry	Peterson, D.C.	Spear	
Dieterich	Luther	Peterson, R.W.	Stumpf	

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

S.F. No. 433 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 25, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Langseth	Pehler	Schmitz
Berg	Dieterich	Lantry	Peterson, D.C.	Solon
Berglin	Frank	Luther	Peterson, R.W.	Spear
Chmielewski	Freeman	Merriam	Petty	Stumpf
Dahl	Hughes	Moe, D. M.	Pogemiller	Vega
Davis	Johnson, D.J.	Moe, R. D.	Purfeerst	Waldorf
DeCramer	Jude	Nelson	Reichgott	Wegscheid
Dicklich	Kroening	Novak	Samuelson	Willet

Those who voted in the negative were:

Anderson	Brataas	Kamrath	McQuaid	Renneke
Belanger	Frederick	Knaak	Mehrkens	Sieloff
Benson	Frederickson	Knutson	Olson	Storm
Bernhagen	Isackson	Kronebusch	Peterson, D.L.	Taylor
Bertram	Johnson, D.E.	Laidig	Ramstad	Ulland

So the bill passed and its title was agreed to.

Remaining on the Order of Business of Motions and Resolutions, without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

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

S.F. No. 1880: A bill for an act relating to local government; providing for

financing of county and county regional jails; providing for a special allocation of mortgage revenue bonds for calendar year 1985; authorizing the levy of special assessments or service charges for fire protection and pedestrian skyway systems; allowing the town of Blue Hill to exercise certain powers; letting municipal housing contracts; increasing the amount of expenditures for construction and other work that requires an award by contract; amending Minnesota Statutes 1982, sections 429.021, subdivision 1; 429.031, subdivision 3; 429.091, subdivision 2; 429.101, subdivision 1; 462.461, subdivisions 1, 2, and 3; 462C.09, by adding a subdivision; 641.24; and 641.264, subdivision 1.

Senate File No. 1880 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1984

Mr. Wegscheid moved that the Senate do not concur in the amendments by the House to S.F. No. 1880, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

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

H.F. No. 1577: Messrs. Merriam; Berg; Wegscheid; Peterson, R.W. and Dicklich.

H.F. No. 1655: Messrs. Solon, Dicklich and Mrs. Kronebusch.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Peterson, R.W. moved that H.F. No. 1982 be taken from the table. The motion prevailed.

H.F. No. 1982: A bill for an act relating to towns; authorizing contracts with nonprofit organizations; amending Minnesota Statutes 1982, section 365.10.

SUSPENSION OF RULES

Mr. Peterson, R.W. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to

H.F. No. 1982 and that the rules of the Senate be so far suspended as to give H.F. No. 1982 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1982 was read the second time.

Mr. Peterson, R.W. moved to amend H.F. No. 1982 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 1982, and insert the language after the enacting clause, and the title, of S.F. No. 2187, the first engrossment. The motion prevailed. So the amendment was adopted.

H.F. No. 1982 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 57 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dieterich	Knutson	Pehler	Sieloff
Anderson	Frank	Kronebusch	Peterson, C.C.	Solon
Belanger	Frederick	Langseth	Peterson, D.C.	Spear
Benson	Frederickson	Lantry	Peterson, D.L.	Storm
Berglin	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.	Moe, D. M.	Ramstad	Waldorf
Davis	Jude	Moe, R. D.	Reichgott	
DeCramer	Kamrath	Novak	Renneke	
Diessner	Knaak	Olson	Schmitz	

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

Mr. Peterson, R.W. moved that S.F. No. 2187, No. 32 on Special Orders, be stricken and laid on the table. The motion prevailed.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Merriam moved that the following members be excused for a Conference Committee on H.F. No. 1577 at 8:45 p.m.:

Messrs. Merriam; Berg; Peterson, R.W.; Dicklich and Wegscheid. The motion prevailed.

SPECIAL ORDER

H.F. No. 1422: A bill for an act relating to corporations; regulating corporate take-overs; requiring certain disclosures; providing certain limitations on offerors; prescribing suspension powers of the commissioner; providing a hearing; regulating control share acquisitions of Minnesota business corporations; defining terms; prescribing penalties; amending Minnesota Statutes 1982, sections 80B.01; 80B.03, subdivisions 1, 2, and 5, and by adding subdivisions; 80B.05; 80B.06; 80B.07; 80B.08; 80B.10; 302A.011, by adding subdivisions; 302A.449, by adding a subdivision; proposing new law coded in Minnesota Statutes, chapter 302A; repealing Minnesota Statutes 1982, sections 80B.02; 80B.03, subdivisions 3 and 4; and 80B.12, subdivisions 1 and 3.

Mr. Moe, R.D. moved that the amendment made to H.F. No. 1422 by the Committee on Rules and Administration in the report adopted April 18, 1984, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate for the proceedings on H.F. No. 1422. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Frederick moved to amend H.F. No. 1422 as follows:

Page 2, line 16, delete "18" and insert "13"

Pages 14 to 17, delete sections 14 to 18

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete everything after the semicolon

Page 1, delete line 7

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

Page 1, line 11, delete everything after the second semicolon

Page 1, delete lines 12 and 13

Page 1, line 14, delete everything before "repealing"

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

Mr. Benson moved to amend H.F. No. 1422 as follows:

Page 2, after line 29, insert:

"Sec. 2. Minnesota Statutes 1983 Supplement, section 45.023, is amended to read:

45.023 [RULES.]

The commissioner of commerce may adopt, amend, suspend, or repeal rules, ~~including temporary rules~~, in accordance with chapter 14, and as otherwise provided by law, whenever necessary or proper in discharging the commissioner's official responsibilities."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 13, after the semicolon, insert "Minnesota Statutes 1983 Supplement, section 45.023;"

The question was taken on the adoption of the amendment.

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

The roll was called, and there were yeas 28 and nays 34, as follows:

Those who voted in the affirmative were:

Anderson	Frank	Knaak	Olson	Sieloff
Belanger	Frederick	Knutson	Peterson, D.L.	Storm
Benson	Frederickson	Kronebusch	Peterson, R.W.	Taylor
Berg	Isackson	Laidig	Petty	Ulland
Bernhagen	Johnson, D.E.	McQuaid	Ramstad	
Brataas	Kamrath	Mehrkens	Rennecke	

Those who voted in the negative were:

Adkins	Dieterich	Lantry	Peterson, C. C.	Spear
Berglin	Freeman	Lessard	Peterson, D. C.	Stumpf
Bertram	Hughes	Luther	Pogemiller	Vega
Dahl	Johnson, D. J.	Moe, R. D.	Purfeerst	Waldorf
Davis	Jude	Nelson	Reichgott	Wegscheid
DeCramer	Kroening	Novak	Samuelson	Willet
Diessner	Langseth	Pehler	Schmitz	

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

Mr. Knaak moved to amend H.F. No. 1422 as follows:

Page 8, line 11, delete "*Chapter 14 does not apply to the hearing*" and insert "*The commissioner shall adopt rules under the provisions of chapter 14 that will apply to the procedure to be followed in the hearing provided by this section*"

Page 12, line 36, strike "or order"

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

Mr. Benson moved that H.F. No. 1422, No. 7 on Special Orders, be stricken and re-referred to the Committee on Judiciary.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 25 and nays 34, as follows:

Those who voted in the affirmative were:

Anderson	Dieterich	Karrath	McQuaid	Renneke
Belanger	Frederick	Knaak	Olson	Sieloff
Benson	Frederickson	Knutson	Peterson, D. L.	Storm
Bernhagen	Isackson	Kronebusch	Peterson, R. W.	Taylor
Brataas	Johnson, D. E.	Laidig	Ramstad	Ulland

Those who voted in the negative were:

Adkins	Frank	Lantry	Peterson, C. C.	Solon
Berglin	Freeman	Lessard	Peterson, D. C.	Spear
Bertram	Hughes	Luther	Pogemiller	Stumpf
Dahl	Johnson, D. J.	Moe, D. M.	Purfeerst	Vega
Davis	Jude	Moe, R. D.	Reichgott	Waldorf
DeCramer	Kroening	Nelson	Samuelson	Willet
Diessner	Langseth	Pehler	Schmitz	

The motion did not prevail.

H.F. No. 1422 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 39 and nays 27, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Lantry	Pehler	Solon
Berglin	Freeman	Lessard	Peterson, C. C.	Spear
Bertram	Hughes	Luther	Peterson, D. C.	Stumpf
Chmielewski	Johnson, D. J.	Merriam	Pogemiller	Vega
Dahl	Jude	Moe, D. M.	Purfeerst	Waldorf
Davis	Kroening	Moe, R. D.	Reichgott	Wegscheid
DeCramer	Kronebusch	Nelson	Samuelson	Willet
Dicklich	Langseth	Novak	Schmitz	

Those who voted in the negative were:

Anderson	Dieterich	Kamrath	Olson	Storm
Belanger	Frank	Knaak	Peterson, D.L.	Taylor
Benson	Frederick	Knutson	Peterson, R.W.	Ulland
Berg	Frederickson	Laidig	Ramstad	
Bernhagen	Isackson	McQuaid	Renneke	
Brataas	Johnson, D.E.	Mehrkens	Sieloff	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 2006: A bill for an act relating to game and fish; authorizing reciprocity with Wisconsin in the purchase and sale of annual hunting and fishing licenses; proposing new law coded in Minnesota Statutes, chapter 98.

Mr. Moe, R.D. moved that the amendment made to H.F. No. 2006 by the Committee on Rules and Administration in the report adopted April 18, 1984, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 2006 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	Frank	Knutson	Nelson	Renneke
Anderson	Frederick	Kronebusch	Novak	Samuelson
Belanger	Frederickson	Laidig	Olson	Schmitz
Benson	Freeman	Langseth	Pehler	Sieloff
Berglin	Hughes	Lantry	Peterson, D.C.	Solon
Bernhagen	Isackson	Lessard	Peterson, D.L.	Spear
Brataas	Johnson, D.E.	Luther	Petty	Storm
Chmielewski	Johnson, D.J.	McQuaid	Pogemiller	Stumpf
Dahl	Jude	Mehrkens	Purfeerst	Ulland
Diessner	Kamrath	Moe, D. M.	Ramstad	Vega
Dieterich	Knaak	Moe, R. D.	Reichgott	Waldorf

Messrs. Peterson, C.C. and Willet voted in the negative.

So the bill passed and its title was agreed to.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Freeman moved that the following members be excused for a Conference Committee on S.F. No. 1843 at 11:00 p.m.:

Messrs. Freeman, Sieloff and Luther. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1386.

H.F. No. 1386: A bill for an act relating to children; authorizing intervention by the juvenile court to protect children from abuse committed by family or household members; prohibiting public inspection of certain court records relating to the identity of criminal sexual conduct victims; clarifying a term in the child abuse reporting law; amending Minnesota Statutes 1982, sections 260.015, by adding subdivisions; 260.111, by adding a subdivision; and 260.191, by adding a subdivision; Minnesota Statutes 1983 Supplement, section 626.556, subdivision 2; proposing new law coded in Minnesota Statutes, chapters 260 and 609.

The House respectfully requests that a Conference Committee of three members be appointed thereon.

Clark, J.; Greenfield and Levi have been appointed as such committee on the part of the House.

House File No. 1386 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1984

Mr. Petty moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1386, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

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

S.F. No. 1843: A bill for an act relating to courts; providing for the appointment of chief judge and assistant chief judge for each judicial district; clarifying the administrative authority of the chief judge; amending Minnesota Statutes 1982, section 484.69, subdivisions 1 and 3.

Senate File No. 1843 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1984

Mr. Freeman moved that the Senate do not concur in the amendments by the House to S.F. No. 1843, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

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. 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, and 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.

Senate File No. 1628 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1984

Ms. Berglin moved that the Senate do not concur in the amendments by the House to S.F. No. 1628, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1686, 1766, 2186 and 2207.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1984

FIRST READING OF HOUSE BILLS

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

H.F. No. 1686: A bill for an act relating to animals; protecting leader dogs; imposing penalties; proposing new law coded in Minnesota Statutes, chapter 347.

Referred to the Committee on Agriculture and Natural Resources.

H.F. No. 1766: A bill for an act relating to local government; requiring every political subdivision to establish equitable compensation relationships among its employees; proposing new law coded in Minnesota Statutes, chapter 471.

Ms. Berglin moved that H.F. No. 1766 be laid on the table. The motion prevailed.

H.F. No. 2186: A bill for an act relating to public finance; providing for allocation of federal authority to issue certain state and local obligations; amending Minnesota Statutes 1982, sections 116J.42, by adding a subdivision; 273.77; 429.091, by adding a subdivision; 430.12; and 472.09, by adding a subdivision; proposing new law coded in Minnesota Statutes, chapters 458; 459; 462; 474; and 475.

Mr. Pogemiller moved that H.F. No. 2186 be laid on the table. The motion prevailed.

H.F. No. 2207: A bill for an act relating to Minnesota Statutes; correcting

erroneous, ambiguous, omitted, and obsolete references and text; eliminating certain redundant, conflicting, and superseded provisions; reenacting certain laws; amending Minnesota Statutes 1982, sections 14.40; 97.433, subdivision 3; 116C.73; 116D.06, subdivision 1; 123.78, subdivision 1; 156A.04; 161.16, subdivision 4; 169.45; 256C.02; 302A.115, subdivision 3; 327C.02, subdivision 3; 356.23; 356.25; 383A.09, subdivision 5; 412.022, subdivision 1; 501.78, subdivision 4; 524.3-1201; 609.346, subdivision 2; 609.487, subdivision 4; Minnesota Statutes 1983 Supplement, sections 3.9222, subdivision 6; 14.115, subdivisions 5 and 6; 16.872, subdivision 4; 38.04; 41.61, subdivision 1; 51A.51, subdivisions 2 and 3a; 53.03, subdivision 6; 53.04, subdivision 3a; 60A.17, subdivision 6c; 88.644; 102.26, subdivision 3c; 115.071, subdivision 2b; 116J.28, subdivision 3; 124.195, subdivision 10; 124.272, subdivision 3; 124A.14, subdivision 1; 144A.071, subdivision 5; 168.126, subdivision 1; 176.111, subdivision 18; 240.08, subdivision 2; 241.64, subdivisions 1 and 3; 256B.431, subdivisions 2 and 3; 260.185, subdivision 1; 268.04, subdivision 25; 272.02, subdivision 1; 273.118; 290.01, subdivision 19; 290.09, subdivision 5; 290.10; 290.17, subdivision 2; 290A.03, subdivision 3; 297A.01, subdivision 3; 297A.02, subdivision 3; 297A.25, subdivision 1; 325F.09; 393.07, subdivision 1; 420.13; 505.04; 507.235, subdivision 2; 508.421, subdivision 1; 514.221, subdivision 3; 515A.1-102; 518.17, subdivision 5; 543.20, subdivision 2; 558.215; 629.341, subdivision 1; Laws 1980, chapter 451, section 2; Laws 1983, chapters 128, section 36; 289, section 114, subdivision 1; reenacting Minnesota Statutes 1983 Supplement, sections 45.04, subdivision 1; 116J.28; 256.482, subdivision 2; repealing Minnesota Statutes 1982, sections 156A.031, subdivision 2; 377.06; and 480.059, subdivision 3; repealing Minnesota Statutes 1983 Supplement, section 116D.05; Laws 1982, chapter 501, section 20; Laws 1983, chapters 142, sections 5 and 8; 207, sections 6 and 42; 248, section 3; 253, section 22; 259, section 6; 260, sections 15, 47, and 56, subdivision 2; 277, section 2, subdivision 2; 289, section 16; 293, sections 66, 80, and 83; 301, section 66; 312, article 8, section 6.

Mr. Jude moved that H.F. No. 2207 be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Pogemiller moved that H.F. No. 2186 be taken from the table. The motion prevailed.

H.F. No. 2186: A bill for an act relating to public finance; providing for allocation of federal authority to issue certain state and local obligations; amending Minnesota Statutes 1982, sections 116J.42, by adding a subdivision; 273.77; 429.091, by adding a subdivision; 430.12; and 472.09, by adding a subdivision; proposing new law coded in Minnesota Statutes, chapters 458; 459; 462; 474; and 475.

SUSPENSION OF RULES

Mr. Pogemiller moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 2186 and that the rules of the Senate be so far suspended as to give H.F.

No. 2186 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 2186 was read the second time.

Mr. Pogemiller moved to amend H.F. No. 2186 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 2186, and insert the language after the enacting clause, and the title, of S.F. No. 2100, the second engrossment.

The motion prevailed. So the amendment was adopted.

H.F. No. 2186 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Adkins	Frederickson	Kronebusch	Pehler	Schmitz
Anderson	Freeman	Laidig	Peterson, C.C.	Sieloff
Belanger	Hughes	Langseth	Peterson, D.C.	Solon
Berglin	Isackson	Lantry	Peterson, D.L.	Storm
Brataas	Johnson, D.E.	Luther	Petty	Taylor
Chmielewski	Johnson, D.J.	McQuaid	Pogemiller	Ulland
Dahl	Jude	Mehrken	Purfeerst	Vega
Diessner	Kamrath	Moe, D. M.	Ramstad	Waldorf
Dieterich	Knaak	Moe, R. D.	Reichgott	Willet
Frank	Knutson	Novak	Renneke	
Frederick	Kroening	Olson	Samuelson	

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

SPECIAL ORDER

H.F. No. 1878: A bill for an act relating to building officials; providing for continuing education; amending Minnesota Statutes 1982, section 16.861, by adding a subdivision.

Mr. Petty moved to amend H.F. No. 1878 as follows:

Page 2, after line 2, insert:

"Sec. 2. [AGENT EDUCATION.]

Subdivision 1. A law styled as S.F. No. 1750, if enacted at the 1984 regular session, is amended by deleting section 3.

Subd. 2. Notwithstanding the provisions of Minnesota Statutes, sections 645.26, subdivision 3, 645.33, or any other law, this section takes precedence over the provisions of S. F. No. 1750.

Sec. 3. [EFFECTIVE DATE.]

Section 2 is effective upon final enactment."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 1878 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 47 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Dieterich	Kronebusch	Novak	Sietloff
Anderson	Frank	Laidig	Olson	Spear
Belanger	Frederickson	Langseth	Pehler	Storm
Benson	Freeman	Lantry	Peterson, C. C.	Stumpf
Berglin	Hughes	Lessard	Peterson, D. C.	Ulland
Bernhagen	Johnson, D.E.	Luther	Peterson, D. L.	Waldorf
Brataas	Jude	McQuaid	Petty	Willet
Chmielewski	Knaak	Mehrkins	Purfeerst	
Dahl	Knutson	Moe, D. M.	Ramstad	
Diessner	Kroening	Moe, R. D.	Renneke	

Messrs. Isackson and Kamrath voted in the negative.

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

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Frederickson moved that H.F. No. 1735 be taken from the table. The motion prevailed.

H.F. No. 1735: A bill for an act relating to crimes; requiring the court to impose a stay of execution of sentence with a 90-day period of incarceration as a condition of probation for certain offenders convicted of a first offense of burglary of a dwelling; amending Minnesota Statutes 1983 Supplement, section 609.583.

SUSPENSION OF RULES

Mr. Frederickson moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1735 and that the rules of the Senate be so far suspended as to give H.F. No. 1735 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1735 was read the second time.

H.F. No. 1735 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 43 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Knutson	Novak	Samuelson
Anderson	Frederickson	Kroening	Pehler	Schmitz
Belanger	Freeman	Kronebusch	Peterson, C. C.	Storm
Berglin	Hughes	Langseth	Peterson, D. C.	Stumpf
Bernhagen	Isackson	Lantry	Peterson, D. L.	Ulland
Brataas	Johnson, D.E.	Luther	Purfeerst	Waldorf
Chmielewski	Jude	McQuaid	Ramstad	Willet
Dahl	Kamrath	Mehrkins	Reichgott	
Dieterich	Knaak	Moe, D. M.	Renneke	

So the bill passed and its title was agreed to.

Mr. Frederickson moved that S.F. No. 2190, No. 34 on Special Orders, be stricken and laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 147 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 147

A bill for an act relating to retirement; employee and employer contributions to the Minnesota state retirement system; amending Minnesota Statutes 1982, section 352.92, subdivisions 1 and 2.

April 19, 1984

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S.F. No. 147, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 147 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1982, section 3.85, is amended by adding a subdivision to read:

Subd. 11. [RULES FOR PENSION VALUATIONS AND COST ESTIMATES.] The commission shall by June 30, 1985, adopt rules prescribing specific detailed methods of calculating, evaluating, and displaying current and proposed law liabilities, costs, and actuarial equivalents of all public employee pension plans in Minnesota. These rules shall be consistent with the general direction prescribed in chapter 356.

There is appropriated from the general fund to the commission not to exceed \$75,000 in fiscal year 1985, and \$25,000 in each fiscal year thereafter for developing, implementing, and annually updating the rules adopted pursuant to this section.

Sec. 2. Minnesota Statutes 1982, section 3.85, is amended by adding a subdivision to read:

Subd. 12. [LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT TO PREPARE VALUATIONS AND MAKE REPORTS TO LEGISLATURE.] (a) The legislative commission on pensions and retirement shall annually contract with an established actuarial consulting firm to conduct valuations and finance adequacy studies for the funds specified in (b). The contract shall also include provisions for performing cost analyses of proposals for changes in benefit and funding policies.

(b) The plans which the legislative commission on pension and retirement shall include in the contract for valuation and analysis are:

(1) the Statewide Teachers Retirement Association;

- (2) *the General Plan, Minnesota State Retirement System;*
- (3) *the Correctional Plan, Minnesota State Retirement System;*
- (4) *the State Patrol Plan, Minnesota State Retirement System;*
- (5) *the Judges Plan, Minnesota State Retirement System;*
- (6) *the Minneapolis Employees Retirement Fund;*
- (7) *the General Plan, Public Employees Retirement Association;*
- (8) *the Police and Fire Plan, Public Employees Retirement Association;*
- (9) *the Duluth Teachers Retirement Association;*
- (10) *the Minneapolis Teachers Retirement Association;*
- (11) *the St. Paul Teachers Retirement Association; and*
- (12) *the Legislator's Retirement Plan.*

(c) *The annual contracts shall include the following objectives:*

(1) *Every year beginning in fiscal year 1986, the contract shall specify completion of standard valuations for the period ending June 30 of the preceding fiscal year with contents as described in section 356.215, subdivision 4; and cash flow forecasts through the amortization target date.*

(2) *Every four years, beginning in fiscal year 1986, the contract shall specify completion of an experience study for the four-year period ending June 30 of the preceding fiscal year. The experience study shall evaluate the appropriateness of continuing to use for future valuations the assumptions relating to: individual salary progression; rate of return on investments; payroll growth; mortality; withdrawal; disability; retirement; and any other experience-related factor that could impact the future financial condition of the retirement funds.*

(d) *The commission shall annually prepare a report to the legislature summarizing the results of the valuations and cash flow projections and shall include with its report recommendations concerning the appropriateness of the support rates to achieve proper funding of the retirement funds by the required funding dates. It shall also, within two months of the completion of the quadrennial experience studies, prepare a report to the legislature on the appropriateness of the valuation assumptions listed in paragraph (c), clause (2).*

(e) *Beginning with the fiscal year commencing July 1, 1985, there is annually appropriated to the commission \$400,000 for the purchase of actuarial consulting services to prepare annual valuations, cash flow forecasts, and cost analyses of benefit or funding proposals.*

(f) *There is appropriated quadrennially, beginning in fiscal year 1986, \$100,000 for the purchase of actuarial consulting services to perform the experience study described in paragraph (c), clause (2).*

Sec. 3. Minnesota Statutes 1983 Supplement, section 3A.03, subdivision 2, is amended to read:

Subd. 2. [REFUND.] (1) Any person who has made contributions pursuant to subdivision 1 who is no longer a member of the legislature is entitled to

receive upon application to the director a refund of all contributions credited to the member's account with interest at the rate of ~~3-1/2~~ five percent per annum compounded annually ~~after the third year of service.~~

(2) The refund of contributions as provided in clause (1) above terminates all rights of a former member of the legislature or his or her survivors under this chapter. Should the former member of the legislature again be a member of the legislature after having taken a refund as provided above, he or she shall be considered a new member. However, a new member may reinstate the rights and credit for service forfeited, provided the new member repays all refunds taken plus interest thereon at six percent per annum compounded annually.

(3) No person shall be required to apply for or accept a refund.

Sec. 4. Minnesota Statutes 1982, section 352.04, subdivision 2, is amended to read:

Subd. 2. [EMPLOYEE CONTRIBUTIONS.] The employee contribution to the fund shall be an amount equal to ~~3-46~~ 3.73 percent of salary, beginning with the first full pay period after ~~December 31, 1981~~ June 30, 1984. These contributions shall be made by deduction from salary in the manner provided in subdivision 4.

Sec. 5. Minnesota Statutes 1982, section 352.04, subdivision 3, is amended to read:

Subd. 3. [EMPLOYER CONTRIBUTIONS.] The employer contribution to the fund shall be an amount equal to ~~the total amount deducted from the salaries of employees on each payroll abstract, plus an additional 1.58 percent of salary beginning with the first full pay period after July 1, 1982. For the period beginning with the first full pay period after December 31, 1981, and ending with the last full pay period before July 1, 1982, the contribution shall be an amount equal to 3.46 percent of salary plus an additional 1.74 percent of salary. The employer contribution shall be made in the manner provided in subdivisions 5 and 6~~ 3.90 percent of salary beginning with the first full pay period after June 30, 1984.

Sec. 6. Minnesota Statutes 1983 Supplement, section 352.113, subdivision 2, is amended to read:

Subd. 2. [APPLICATION; ACCRUAL OF BENEFITS.] An employee making claim for a total and permanent disability benefit shall file a written application therefor in the office of the system in a form and manner prescribed by the executive director. The benefit shall begin to accrue ~~90 days~~ the day following the commencement of disability or the day following the last day paid whichever is later but in no event earlier than 60 days prior to the date the application is filed with the director.

Sec. 7. Minnesota Statutes 1982, section 352.113, subdivision 3, is amended to read:

Subd. 3. [COMPUTATION OF BENEFITS.] The total and permanent disability benefit shall be computed in the manner provided in section 352.115. The disability benefit shall be the normal annuity without reduction for each month the employee is under age 65 at the time of becoming disabled. A disabled employee may elect to receive the normal disability benefit

or an optional annuity as provided in section 352.116, subdivision 3. The election of an optional annuity shall be made prior to the commencement of payment of the disability benefit and shall be effective ~~30 days after receipt of the election or the date on which the disability begins to accrue as provided in subdivision 2; whichever occurs later.~~ Upon becoming effective, the optional annuity shall begin to accrue on the same date as provided for the disability benefit.

Sec. 8. Minnesota Statutes 1982, section 352.115, subdivision 1, is amended to read:

Subdivision 1. [AGE AND SERVICE REQUIREMENTS.] After separation from state service any employee (a) who has attained the age of at least 62 55 years and who is entitled to credit for not less than ten years allowable service or (b) who has ~~attained the age of at least 58 years and who is entitled to received credit for not less than 20~~ 30 years allowable service *regardless of age* is entitled upon application to a retirement annuity.

Sec. 9. Minnesota Statutes 1983 Supplement, section 352.115, subdivision 8, is amended to read:

Subd. 8. [ACCRUAL OF ANNUITY.] State employees shall make application for an annuity but such application shall not be made more than 60 days prior to the time the employee is eligible to retire by reason of both age and service requirements. If the director determines an applicant for annuity has fulfilled all the requirements of the law to entitle him to an annuity, he shall authorize payment thereof in accordance with the provisions of this chapter and payment shall be made pursuant to this authorization. An annuity shall begin to accrue no earlier than 60 days prior to the date the application is filed with the director ~~except that if an optional annuity as provided in section 352.116, subdivision 3 is selected the annuity shall begin to accrue 30 days after the application is filed with the director,~~ but in no event prior to the day following the termination of state service or prior to the day the employee is eligible to retire by reason of both age and service requirements. The retirement annuity shall cease with the last payment which had accrued to the retired employee during his lifetime unless he elected an optional annuity provided in section 352.116, subdivision 3, and he had become entitled to payment thereof. The joint and last survivor annuity shall cease with the last payment received by the survivor in his or her lifetime. If a retired employee had not selected an optional annuity, or a survivor annuity is not payable under the option, and a spouse survives, such spouse shall be entitled only to the annuity for the calendar month in which the retired employee died. If an optional annuity is payable after the death of the retired employee, the survivor shall be entitled to the annuity for the calendar month in which the retired employee died.

Sec. 10. Minnesota Statutes 1982, section 352.12, subdivision 1, is amended to read:

Subdivision 1. [DEATH BEFORE TERMINATION OF SERVICE.] If an employee dies before his state service has terminated and neither a survivor annuity nor a reversionary annuity is payable or if a former employee who has sufficient service credit to be entitled to an annuity dies before the benefit has become payable, the director shall make a refundment to his last designated beneficiary or, if there be none, to his surviving spouse or, if none, to

the employee's surviving children in equal shares or, if none, to the employee's surviving parents in equal shares or, if none, to the representative of his estate in an amount equal to his accumulated contributions plus interest thereon to the date of death at the rate of ~~three and one-half~~ *three and one-half* five percent per annum compounded annually. In the event an employee dies who has received a refundment which he had subsequently repaid in full, interest shall be paid on such repaid refundment only from the date of repayment. If the repayment was made in installments, interest shall be paid only from the date installment payments began. The designated beneficiary, surviving spouse or representative of the estate of an employee who had received a disability benefit shall not be entitled to interest upon any balance remaining to his credit in the fund at the time of death.

Sec. 11. Minnesota Statutes 1982, section 352.12, subdivision 2, is amended to read:

Subd. 2. [SURVIVING SPOUSE BENEFIT.] If an employee *or former employee* who has attained the age of at least ~~62~~ *55* years and has credit for not less than ten years allowable service ~~or who has attained the age of at least 58 years and has credit for not less than 20 years allowable service~~ dies before his state service has terminated ~~or if an employee who has filed a valid application for an annuity or disability benefit prior to the termination of his state service or who has credit for not less than 30 years of allowable service, regardless of age attained, dies before the an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, his or her surviving spouse may elect to receive, in lieu of the refundment refund~~ with interest provided in subdivision 1, an annuity equal to the joint and ~~50~~ *100* percent survivor annuity which the employee could have qualified for had he ~~retired or she terminated service~~ on the date of death. *The annuity shall be computed as provided in section 352.115, subdivisions 1, 2, and 3, and section 352.116, subdivisions 1 and 3. The annuity shall cease with the last payment received by the surviving spouse in his or her lifetime. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the benefits paid and payable to the surviving spouse shall be paid to the deceased employee's last designated beneficiary or, if none, to the surviving children of the deceased spouse in equal shares or, if none, to the surviving parents of the deceased spouse or, if none, to the representative of the estate of such deceased spouse. Any employee may request in writing that this subdivision not apply and that payment be made only to his designated beneficiary as otherwise provided by this chapter.*

Sec. 12. Minnesota Statutes 1982, section 352.22, subdivision 2, is amended to read:

Subd. 2. [AMOUNT OF REFUNDMENT.] Except as provided in subdivision 3, any person who ceased to be a state employee after June 30, 1973, by reason of termination of state service shall receive a refundment in an amount equal to his accumulated contributions plus interest at the rate of ~~three and one-half~~ *three and one-half* five percent per annum compounded annually ~~on deductions taken after the third year of coverage except that if the employee, due to age, could not qualify for an annuity upon reaching compulsory retirement age had he continued in covered employment, he shall be paid interest from the date of coverage.~~ Such interest shall be computed to the first day of the month

in which the refund is processed and shall be based on fiscal year balances.

Sec. 13. Minnesota Statutes 1982, section 352.92, is amended to read:

352.92 [CORRECTIONAL EMPLOYEE CONTRIBUTIONS.]

Subdivision 1. [EMPLOYEE CONTRIBUTIONS.] Beginning with the first full pay period after July 1, 1982 1984, in lieu of employee contributions payable under section 352.04, subdivision 2, contributions by covered correctional employees shall be in an amount equal to ~~4.50~~ 4.90 percent of salary. ~~For the period beginning with the first full pay period after December 31, 1981, and ending with the last full pay period before July 1, 1982, the contribution shall be in an amount equal to 3.78 percent of salary.~~

Subd. 2. [EMPLOYER CONTRIBUTIONS.] Beginning with the first full pay period after July 1, 1982 1984, in lieu of employer contributions payable under section 352.04, subdivision 3, the employer shall contribute for covered correctional employees (1) an amount equal to ~~1-1/2 times the deduction from salaries of covered correctional employees on each payroll abstract, plus~~ (2) an additional amount of 1.32 percent of salaries of covered correctional employees on each payroll abstract. ~~For the period beginning with the first full pay period after December 31, 1981, and ending with the last full pay period before July 1, 1982, the contribution shall be an amount equal to 5.66 percent of salaries of covered correctional employees on each payroll abstract plus an additional amount equal to 3.16 percent of salaries of covered correctional employees on each payroll abstract 8.70 percent of salary.~~

Sec. 14. Minnesota Statutes 1982, section 352.93, subdivision 2, is amended to read:

Subd. 2. The monthly annuity under this section shall be determined by multiplying the average monthly salary by the number of years, or completed months, of covered correctional service by 2.5 percent for the first 20 25 years of correctional service and two percent for each year thereafter; provided however, the monthly annuity shall not exceed 75 percent of the average monthly salary.

Sec. 15. Minnesota Statutes 1982, section 352.93, subdivision 3, is amended to read:

Subd. 3. The annuity under this section shall begin to accrue as provided in section 352.115, subdivision 8, and shall be paid for an additional 84 full calendar months or to the first of the month following the month in ~~he~~ *the employee* becomes age 65, whichever occurs first, *except that in no event shall payment cease prior to the first of the month following the month in which the employee becomes 62,* and then be reduced to the amount as calculated under section 352.115, except that if this amount, when added to the social security benefit based on state service the employee is eligible to receive at such time, is less than the benefit payable under subdivision 2, the retired employee shall receive an amount that when added to such social security benefit will equal the amount payable under subdivision 2. When an annuity is reduced under this subdivision, the percentage adjustments, if any, that have been applied to the original annuity under section 11A.18, prior to the reduction, shall be compounded and applied to the reduced annuity. A former correctional employee employed by the state in a position covered by the regular plan between the ages of 58 and 65 shall receive a partial return of

his correctional contributions at retirement with five percent interest based on the following formula:

Employee contributions contributed as a correctional employee in excess of the contributions such employee would have contributed as a regular employee	X	Years and complete months of regular service between ages 58 and 65 7
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Sec. 16. Minnesota Statutes 1982, section 352.95, subdivision 1a, is amended to read:

Subd. 1a. [OPTIONAL ANNUITY ELECTION.] A disabled correctional employee may elect the normal disability benefit or an optional annuity as provided in section 352.116, subdivision 3. The election of an optional annuity shall be made prior to commencement of payment of the disability benefit and shall be effective ~~30 days after receipt of the election or~~ the date on which the disability benefit begins to accrue as provided in subdivision 3, ~~whichever occurs later~~. Upon becoming effective, the optional annuity shall begin to accrue on the same date as provided for the disability benefit.

Sec. 17. Minnesota Statutes 1983 Supplement, section 352B.02, subdivision 1, is amended to read:

Subdivision 1. There is hereby established a state patrol retirement fund, the membership of which shall consist of all persons defined in section 352B.01, subdivision 2. Each member shall pay a sum equal to 8.5 percent of the member's salary. Member contribution amounts shall be deducted each pay period by the department head, who shall cause the total amount of the deductions to be paid to the state treasurer, and shall cause a detailed report of all deductions to be made each pay period to the executive director of the Minnesota state retirement system. In addition thereto, there shall be paid out of money appropriated to the departments for this purpose, by the department heads, a sum equal to ~~42 18.9~~ percent of the salary upon which deductions were made; ~~and a sum equal to nine percent of the salaries upon which deductions were made for the purpose of amortizing the actuarial deficit of the fund.~~

These amounts shall be credited to the state patrol retirement fund. All moneys received shall be deposited by the state treasurer in the state patrol retirement fund. Out of the fund shall be paid the administrative expenses of the retirement fund, and the benefits and annuities as hereinafter provided. The legislative auditor shall audit the fund and the executive director shall procure an actuarial study of the fund in accordance with chapter 356, the cost of which shall be borne by the fund.

Sec. 18. Minnesota Statutes 1983 Supplement, section 352B.11, subdivision 1, is amended to read:

Subdivision 1. [REFUND OF PAYMENTS.] Should any member who has not received other benefits under this chapter become separated, either voluntarily or involuntarily, from state service that entitled him or her to be a member, the member, or in the event of the member's death, the member's estate, shall be entitled to receive a refund of all payments which have been

made by salary deductions *plus interest at the rate of five percent per annum compounded annually* upon application on a form prescribed by the executive director.

Sec. 19. Minnesota Statutes 1982, section 352B.11, subdivision 2, is amended to read:

Subd. 2. [DEATH; PAYMENT TO SPOUSE AND CHILDREN.] In the event any member serving actively as a member, a member receiving the disability benefit provided by section 352B.10, clause (1), or a former member receiving a disability benefit as provided by section 352B.10, clause (3) dies from any cause, the surviving spouse and dependent child or dependent children shall be entitled to benefit payments as follows:

(a) A member with at least ten years of allowable service or a former member with at least 20 years of allowable service is deemed to have elected a 100 percent joint and survivor annuity payable to a surviving spouse only on or after the date the member or former member attained or would have attained the age of 55.

(b) The surviving spouse of a member who had credit for less than ten years of service shall receive, for life, a monthly annuity equal to 20 percent of that portion of the average monthly salary of the member from which deductions were made for retirement. If the surviving spouse remarries, the annuity shall cease as of the date of the remarriage.

(c) The surviving spouse of a member who had credit for at least ten years of service and who dies after attaining 55 years of age, may elect to receive a 100 percent joint and survivor annuity, for life, notwithstanding a subsequent remarriage, in lieu of the annuity prescribed in clause (b).

(d) The surviving spouse of any member who had credit for ten years or more and who was not 55 years of age at death, shall receive the benefit equal to 20 percent of the average monthly salary as described in clause (b) until the deceased member would have reached his or her 55th birthday, and beginning the first of the month following that date, may elect to receive the 100 percent joint and survivor annuity. If the surviving spouse remarries prior to the deceased member's 55th birthdate, all benefits or annuities shall cease as of the date of remarriage. Remarriage subsequent to the deceased member's 55th birthday shall not affect the payment of the benefit.

(e) Each dependent child shall receive a monthly annuity equal to ten percent of that portion of the average monthly salary of the former member from which deductions were made for retirement. A dependent child over the age of 18 years and under the age of 22 years also may receive the monthly benefit provided herein, if the child is continuously attending an accredited school as a full time student during the normal school year as determined by the director. If the child does not continuously attend school but separates from full time attendance during any portion of a school year, the annuity shall cease at the end of the month of separation. In addition, a payment of \$20 per month shall be prorated equally to surviving dependent children when the former member is survived by one or more dependent children. Payments for the benefit of any qualified dependent child shall be made to the surviving spouse, or if there be none, to the legal guardian of the child. The maximum monthly benefit shall not exceed 40 percent of the average

monthly salary for any number of children.

(f) If the member shall die under circumstances which entitle the surviving spouse and dependent children to receive benefits under the workers' compensation law, amounts equal to the workers' compensation benefits received by them shall not be deducted from the benefits payable pursuant to this section.

(g) The surviving spouse of a deceased former member who had credit for ten or more years of allowable service, but excluding the spouse of a former member receiving a disability benefit under the provisions of section 352B.10, clause (3), shall be entitled to receive the 100 percent joint and survivor annuity at such time as the deceased member would have reached his or her 55th birthdate, provided the surviving spouse has not remarried prior to that date. In the event of the death of a former member who does not qualify for other benefits under this chapter, the surviving spouse or, if none, the children or heirs shall be entitled to receive a refund of the accumulated deductions left in the fund *plus interest at the rate of five percent per annum compounded annually*.

Sec. 20. Minnesota Statutes 1983 Supplement, section 352C.09, subdivision 2, is amended to read:

Subd. 2. (1) Any person who has made contributions pursuant to subdivision 1 who is no longer a constitutional officer or commissioner is entitled to receive upon application to the director a refund of all contributions credited to his or her account with interest at the rate of ~~3-1/2~~ *five* percent per annum compounded annually ~~after the third year of service~~.

(2) The refund of contributions as provided in clause (1) above terminates all rights of a former constitutional officer or commissioner or his or her survivors under the provisions of this chapter. Should the former constitutional officer or commissioner again hold such office after having taken a refund as provided above, he or she shall be considered a new member and may reinstate the rights and credit for service forfeited provided he or she repays all refunds previously taken plus interest at six percent per annum compounded annually.

(3) No person shall be required to apply for or accept a refund.

Sec. 21. Minnesota Statutes 1982, section 353.27, subdivision 3a, is amended to read:

Subd. 3a. [ADDITIONAL EMPLOYER CONTRIBUTION.] An additional employer contribution shall be made equal to (a) two and one-half percent of the total salary of each "basic member"; and (b) ~~one and one-half~~ *one-quarter of one* percent of the total salary of each "coordinated member." These contributions shall be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

Sec. 22. Minnesota Statutes 1982, section 353.30, subdivision 1c, is amended to read:

Subd. 1c. Any person *who has received credit for at least 30 years of allowable service or any person* who has attained the age of at least 62 55 years but not more than 65 years, and who received credit for at least ten years of allowable service is entitled upon application to a retirement annuity

in an amount equal to the normal annuity provided in section 353.29, subdivisions 2 and 3, reduced by one-quarter of one percent for each month that the member is under age 65 at the time of retirement, *except that for any member who has 30 or more years of allowable service the reduction shall be applied only for each month that the member is under age 62 at the time of retirement.*

Sec. 23. Minnesota Statutes 1982, section 353.31, subdivision 1, is amended to read:

Subdivision 1. [BENEFITS FOR SURVIVING SPOUSE AND DEPENDENT CHILDREN; BEFORE RETIREMENT.] Upon the death of a "basic member" before retirement or upon the death of a "basic member" who was disabled and receiving disability benefits pursuant to section 353.33 at the time of death who has had at least 18 months of credited allowable service, the surviving spouse and dependent children of the member, as defined in section 353.01, subdivisions 15 and 20, shall be entitled to receive the monthly benefit provided below:

- | | |
|--------------------------|--|
| (a) Surviving spouse | 30 50 percent of the member's monthly average salary in effect over the last full six months of allowable service preceding the month in which death occurred |
| (b) Each dependent child | 10 percent of the member's monthly average salary in effect over the last full six months of allowable service preceding the month in which death occurred |

Payments for the benefit of any dependent child, as defined in section 353.01, subdivision 15, shall be made to the surviving parent, or if there be none, to the legal guardian of the child. The maximum monthly benefit for a family shall not exceed ~~\$700~~ \$1,000, and the minimum benefit per family shall not be less than ~~30~~ 50 percent of the "basic member's" specified average monthly salary, subject to the aforementioned maximum. The surviving spouse benefit shall terminate upon the remarriage of the spouse, and the dependent children's benefit shall be reduced pro tanto when any child is no longer dependent.

Any survivor of a "basic member" whose average salary was less than \$75 per month shall not be entitled to the benefits provided in this subdivision. *Prior to payment of any survivor benefit pursuant to this subdivision, in lieu of that benefit, the surviving dependent spouse may elect to receive the joint and survivor annuity provided pursuant to section 353.32, subdivision 1a.*

Except for any benefits provided pursuant to section 353.32, subdivisions 1 and 1a, there are no survivor benefits payable to the surviving spouse or dependent children of a deceased "coordinated member".

Sec. 24. Minnesota Statutes 1983 Supplement, section 353.32, subdivision 1, is amended to read:

Subdivision 1. [BEFORE RETIREMENT.] If a member or former member who terminated public service dies before retirement or before he has re-

ceived any retirement annuity and no other payment of any kind is or may become payable to any person, a refund shall be paid to his designated beneficiary or, if there be none, to his surviving spouse, or, if none, to the legal representative of his estate. Such refund shall be in an amount equal to his accumulated deductions plus interest thereon at the rate of ~~3-1/2~~ five percent per annum compounded annually less the sum of any disability or survivor benefits, if any, that may have been paid by the fund; provided that a survivor who has a right to benefits pursuant to section 353.31 may waive such benefits in writing, except such benefits for a dependent child under the age of 18 years may only be waived pursuant to an order of the district court.

Sec. 25. Minnesota Statutes 1982, section 353.32, subdivision 1a, is amended to read:

Subd. 1a. [SURVIVING SPOUSE OPTIONAL ANNUITY.] If a member or former member who has attained the age of at least ~~58~~ 55 years and has credit for not less than ~~20~~ ten years of allowable service, or ~~has attained the age of at least 62 years and~~ who has credit for not less than ~~40~~ 30 years of allowable service, ~~dies before public service has terminated, or if an employee who has filed a valid application for an annuity or disability benefit prior to termination of public service, regardless of age attained,~~ dies before the annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, in lieu of a refund with interest provided in subdivision 1, or survivor benefits otherwise payable pursuant to section 353.31, an annuity equal to the ~~50~~ 100 percent joint and survivor annuity which the member could have qualified for ~~had the member terminated service on the date of death. The annuity shall be~~ computed as provided in sections 353.29, subdivisions 2 and 3; and 353.30, subdivisions 1, 1a, 1b and 1c. No payment shall accrue beyond the end of the month in which entitlement to the annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse shall be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of the deceased member. Any member may specify in writing that this subdivision shall not apply and that payment shall be made only to the designated beneficiary, as otherwise provided by this chapter.

Sec. 26. Minnesota Statutes 1982, section 353.33, subdivision 2, is amended to read:

Subd. 2. [APPLICATIONS; ACCRUAL OF BENEFITS.] Every claim or demand for a total and permanent disability benefit shall be initiated by written application in the manner and form prescribed by the executive director, filed in the office of the retirement association, showing compliance with the statutory conditions qualifying the applicant for a total and permanent disability benefit. A member or former member who became totally and permanently disabled during his period of membership may file his application for total and permanent disability benefits within three years next following termination of public service, but not thereafter. This benefit shall begin to accrue ~~90 days the day~~ following the commencement of disability, 90 days preceding the filing of the application, or, if annual or sick leave is paid for more than the said 90 day period, from the date salary ceased whichever is

later. No payment shall accrue beyond the end of the month in which entitlement has terminated. If the disablitant dies prior to negotiating the check for the month in which death occurs, payment will be made to the surviving spouse, or if none, to the designated beneficiary, or if none, to the estate.

Sec. 27. Minnesota Statutes 1983 Supplement, section 353.34, subdivision 2, is amended to read:

Subd. 2. [REFUND ~~WITHOUT~~ WITH INTEREST.] Except as provided in subdivision 1, any person who ceases to be a public employee shall receive a refund in an amount equal to his accumulated deductions ~~without interest for the first three years of membership and thereafter accumulated deductions with interest~~ to the first day of the month in which the refund is processed at the rate of ~~three and one-half~~ five percent per annum compounded annually ~~after the third year of membership~~ based on fiscal year balances.

Sec. 28. Minnesota Statutes 1982, section 353.651, subdivision 3, is amended to read:

Subd. 3. [RETIREMENT ANNUITY FORMULA.] The average salary as defined in subdivision 2, multiplied by two and one-half percent per year of allowable service for the first 20 25 years and two percent per year of allowable service thereafter, shall determine the amount of the "normal" retirement annuity. If the member has earned allowable service for performing services other than those of a police officer or fire fighter, the annuity representing such service shall be computed in accordance with sections 353.29 and 353.30.

Sec. 29. Minnesota Statutes 1982, section 354.42, subdivision 5, is amended to read:

Subd. 5. *For the purpose of amortizing the unfunded entry-age normal liability* an additional employer contribution shall be made in the amount of ~~3.05~~ 4.48 percent of the salary of each member ~~for the purpose of amortizing the deficit in the fund. For the fiscal year ending June 30, 1985, the commissioner of finance shall increase allotments to state agencies having members covered by the teachers retirement association in an amount equal to 1.43 percent of the salaries of basic and coordinated plan members of the teachers' retirement fund.~~

This contribution shall be made in the manner provided in section 354.43.

Sec. 30. Minnesota Statutes 1982, section 354.44, subdivision 6, is amended to read:

Subd. 6. [COMPUTATION OF FORMULA PROGRAM RETIREMENT ANNUITY.] (1) The formula retirement annuity hereunder shall be computed in accordance with the applicable provisions of the formula stated in clause (2) hereof on the basis of each member's average salary for the period of his formula service credit. For the purposes of computing the formula benefits under the formula and variable program, if a combination of these formulas is used, the formula percentages used will be those percentages in each formula as continued for the respective years of service from one formula to the next.

For all years of formula service credit "average salary" for the purpose of determining the member's retirement annuity means the average salary upon

which contributions were made and upon which payments were made to increase the salary limitation provided in Minnesota Statutes 1971, Section 354.511 for the highest five successive years of formula service credit provided however that such "average salary" shall not include any more than the equivalent of 60 monthly salary payments.

(2) The average salary as defined in clause (1), multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled:

	Coordinated Member	Basic Member
Each year of service during first ten	1.0 percent per year	2.0 percent per year
Each year of service thereafter	1.5 percent per year	2.5 percent per year

(3) Where any member retires prior to age 65 under a formula annuity, ~~he~~ *the member* shall be paid a retirement annuity in an amount equal to the normal annuity provided in this subdivision and subdivision 7, reduced by one-half of one percent for each month that the member is under age 65 to and including age 60 and reduced by one-fourth of one percent for each month under age ~~60~~ 65 at the time of retirement except that for any member who has 30 or more years of allowable service credit, the reduction shall be applied only for each month which the member is under age 62.

Sec. 31. Minnesota Statutes 1982, section 354.46, subdivision 1, is amended to read:

Subdivision 1. [BASIC PROGRAM; BENEFITS FOR SPOUSE AND CHILDREN OF TEACHER.] If a basic member who has at least 18 months of allowable service credit and who has an average salary as defined in section 354.44, subdivision 6 equal to or greater than \$75 dies prior to retirement or if a former basic member who, at the time of death, was totally and permanently disabled and receiving disability benefits pursuant to section 354.48 dies prior to attaining the age of 65 years, the surviving dependent spouse and dependent children of the basic member or former basic member shall be entitled to receive a monthly benefit as follows:

(a) Surviving dependent

spouse ~~30~~ 50 percent of the basic member's monthly average salary paid in the last full fiscal year preceding death

(b) Each dependent

child ten percent of the basic member's monthly average salary paid in the last full fiscal year preceding death

Payments for the benefit of any dependent child under the age of 22 years shall be made to the surviving parent, or if there be none, to the legal guardian of the child. The maximum monthly benefit shall not exceed ~~\$700~~ \$1,000 for any one family, and the minimum benefit per family shall not be less than ~~30~~ 50 percent of the basic member's average salary, subject to the foregoing maximum. The surviving dependent spouse benefit shall terminate upon re-

marriage, and the surviving dependent children's benefit shall be reduced pro tanto when any surviving child is no longer dependent.

If the basic member and the surviving dependent spouse are killed in a common disaster and if the total of all survivors benefits payable pursuant to this subdivision is less than the accumulated deductions plus interest payable, the surviving dependent children shall receive the difference in a lump sum payment.

If the survivor benefits provided in this subdivision exceed in total the monthly average salary of the deceased basic member, these benefits shall be reduced to an amount equal to the deceased basic member's monthly average salary.

Prior to payment of any survivor benefit pursuant to this subdivision, in lieu of that benefit, the surviving dependent spouse may elect to receive the joint and survivor annuity provided pursuant to subdivision 2, or may elect to receive a refund of accumulated deductions with interest in a lump sum as provided pursuant to sections 354.47, subdivision 1 or 354.62, subdivision 5, clause (3). If there are any surviving dependent children, the surviving dependent spouse may elect to receive the refund of accumulated deductions only with the consent of the district court of the district in which the surviving dependent child or children reside.

Sec. 32. Minnesota Statutes 1982, section 354.46, subdivision 2, is amended to read:

Subd. 2. [DEATH WHILE ELIGIBLE DESIGNATED BENEFICIARY BENEFIT.] The surviving spouse of any member *or former member* who has attained the age of at least 55 years and has credit for at least 20 *ten* years of allowable service or who has credit for at least 30 years of allowable service irrespective of age shall be entitled to joint and survivor annuity coverage in the event of death of the member prior to retirement. If the surviving spouse does not elect to receive a surviving spouse benefit provided pursuant to subdivision 1, if applicable, or does not elect to receive a refund of accumulated member contributions provided pursuant to sections 354.47, subdivision 1, or 354.62, subdivision 5, clause (3), whichever is applicable, the surviving spouse shall be entitled to receive, upon written application on a form prescribed by the executive director, a benefit equal to the second portion of a 100 percent joint and survivor annuity as provided pursuant to section 354.45 and computed pursuant to section 354.44, subdivisions 2, 6 or 7, whichever is applicable. If the member was a participant in the variable annuity division, the applicable portion of the benefit shall be computed pursuant to section 354.62, subdivision 5, clause (1). The benefit shall be payable for life.

Sec. 33. Minnesota Statutes 1982, section 354.47, subdivision 1, is amended to read:

Subdivision 1. [DEATH BEFORE RETIREMENT.] (1) If a member dies before retirement and is covered pursuant to the provisions of section 354.44, subdivision 2, and neither an optional annuity, nor a reversionary annuity, nor a benefit pursuant to section 354.46, subdivision 1 is payable to the survivors if the member was a basic member, the surviving spouse, or if there is no surviving spouse, the designated beneficiary shall be entitled to an

amount equal to the member's accumulated deductions with interest credited to the account of the member to the date of death.

(2) If a member dies before retirement and is covered pursuant to the provisions of section 354.44, subdivisions 6 and 7, and neither an optional annuity, nor reversionary annuity, nor the benefit described in section 354.46, subdivision 1 is payable to the survivors if the member was a basic member, the surviving spouse, or if there is no surviving spouse, the designated beneficiary shall be entitled to an amount equal to the member's accumulated deductions credited to the account of the member as of June 30, 1957 and from July 1, 1957 to the date of death the member's accumulated deductions plus interest at the rate of ~~3-1/2~~ *five* percent per annum compounded annually.

(3) The amounts payable in clause (1) or clause (2) are in addition to the amount payable in section 354.62, subdivision 5, for the member's variable annuity account.

Sec. 34. Minnesota Statutes 1982, section 354.48, subdivision 2, is amended to read:

Subd. 2. [APPLICATIONS.] Any person described in subdivision 1 may make application for a total and permanent disability benefit within 18 months following termination of teaching service but not thereafter. This benefit shall begin to accrue ~~90 days~~ *the day* following the commencement of disability or the day following the date on which salary ceases, whichever is later, but shall not begin to accrue more than 90 days prior to the date the application is filed with the board. If salary is being received for either annual or sick leave during the period, payments shall accrue from the date salary ceases.

Sec. 35. Minnesota Statutes 1982, section 354.48, subdivision 3a, is amended to read:

Subd. 3a. [OPTIONAL ANNUITY ELECTION.] A disabled member may elect to receive the normal disability benefit or an optional annuity as provided in section 354.45, subdivision 1. The election of an optional annuity shall be made prior to commencement of payment of the disability benefit and shall be effective ~~30 days after receipt of the election or and shall begin to accrue on the same date on which the disability benefit begins to accrue, whichever occurs later. Upon becoming effective, the optional annuity shall begin to accrue on the same date as provided for the disability benefit.~~

Sec. 36. Minnesota Statutes 1982, section 354.49, subdivision 2, is amended to read:

Subd. 2. Except as provided in section 354.44, subdivision 1, any person who ceases to be a member by reason of termination of teaching service, shall receive a refundment in an amount equal to his accumulated deductions ~~without~~ *with interest at the rate of five percent per annum compounded annually* plus any variable annuity account accumulations payable pursuant to section 354.62, subdivision 5, clause (4).

Sec. 37. Minnesota Statutes 1982, section 354.49, subdivision 3, is amended to read:

Subd. 3. Any person who has attained the age of at least 65 with less than

ten years of credited allowable service shall be entitled to receive a refund in an amount equal to his accumulated deductions plus interest in lieu of a proportionate annuity pursuant to section 356.32 except those covered under the provisions of section 354.44, subdivisions 6 or 7 in which case the refund shall be an amount equal to his accumulated deductions credited to his account as of June 30, 1957 and after July 1, 1957 his accumulated deductions plus interest at the rate of ~~three and one-half~~ five percent compounded annually.

Sec. 38. Minnesota Statutes 1982, section 354.62, subdivision 5, is amended to read:

Subd. 5. [VARIABLE RETIREMENT ANNUITY.] (1) At retirement the amount of the member's variable account accumulation in the employee variable annuity contribution account, based on the valuation at the previous fiscal year end plus any contributions made by the person since the end of the previous fiscal year, and an equal amount from the employer variable annuity contribution account shall be transferred to the variable annuity reserve account, and the variable retirement annuity for the member shall be determined by the member's age, and sex, and the amount transferred for the member to the variable annuity reserve account at the date of retirement. The amount of the annuity shall be calculated on the basis of an appropriate annuity table of mortality with an interest assumption ~~as provided in section 354.07, subdivision 4 of eight percent, except that if the member elects to have the accumulation transferred to the Minnesota postretirement investment fund as authorized by clause (8), the annuity shall be calculated with an interest assumption of five percent.~~

(2) Whenever the admitted value of the annuity reserve account of the variable annuity division, as of June 30 of any year, exceeds or is less than the then present value of all variable annuities in force, determined in accordance with the rate of interest and approved actuarial tables then in effect, by at least two percent of the present value, the amount of each variable annuity payment shall be proportionately increased or decreased for the following year.

(3) The death benefit payable in the event of a member's death prior to retirement shall be a lump sum refund of a member's variable account accumulation, based on the valuation at the previous fiscal year end plus any contributions made by the person since the end of the previous fiscal year, to the surviving spouse, or if there is no surviving spouse to the designated beneficiary. Except that if a member has made an election in accordance with section 354.46, then the surviving spouse shall receive a joint and survivor annuity as described in section 354.44 and computed as provided in clause (1). An amount equal to the lump sum refund made in this clause shall be transferred from the employer contribution account to the variable annuity turnover account.

(4) Except as provided in section 354.44, subdivision 7, any person who ceases to be a member by reason of termination of teaching service, shall be entitled to a lump sum refundment of the member's variable account accumulations, based on the valuation at the previous fiscal year end plus any contributions made by the person since the end of the previous fiscal year. Application for a refundment may be made no sooner than 30 days after

termination of teaching service if the applicant has not again become a teacher. Repayment of a refundment upon resumption of teaching is not permitted under this section. An amount equal to the refundment to the member shall be transferred from the employer contribution account to the variable annuity turnover account.

(5) If a member is determined to be totally and permanently disabled as provided in sections 354.05, subdivision 14; and 354.48, the member shall be entitled to the annuity provided in this subdivision.

(6) Those members eligible for retirement as provided in section 354.44, subdivision 1 shall upon application for the annuity provided therein be entitled to the annuity provided in this subdivision. The annuity elected in accordance with sections 354.44, and 354.45 shall be the annuity applicable to this subdivision.

(7) Notwithstanding section 356.18, increases in annuity payments pursuant to this section shall be made automatically unless written notice is filed by the annuitant with the teachers retirement association board requesting that the increase not be made.

(8) At retirement, a member may elect to have the amount of the member's variable annuity accumulation in the employee variable annuity contribution account and an equal amount from the employer variable annuity contribution account transferred to the Minnesota post-retirement investment fund as provided in section 354.63, subdivision 2, clause (2). This election may also be made by a surviving spouse who receives an annuity under clause (3) of this subdivision. The election shall be made on a form provided by the executive secretary.

Sec. 39. Minnesota Statutes 1982, section 354A.23, is amended by adding a subdivision to read:

Subd. 3. Notwithstanding anything to the contrary in the articles and bylaws of the basic programs enumerated in chapter 354A, the payment of interest on refunds and interest on repayment of refunds shall be computed in the same manner as for the coordinated programs covered by chapter 354A.

Sec. 40. Minnesota Statutes 1982, section 354A.37, subdivision 3, is amended to read:

Subd. 3. [COMPUTATION OF REFUND AMOUNT.] A former coordinated member who qualifies for a refund pursuant to subdivision 1 shall receive a refund equal to the amount of the former coordinated member's accumulated contributions ~~without~~ with interest at the rate of five percent per annum compounded annually.

Sec. 41. Minnesota Statutes 1982, section 354A.37, subdivision 4, is amended to read:

Subd. 4. [CERTAIN REFUNDS AT AGE 65.] Any coordinated member who has attained the age of at least 65 with less than ten years of allowable service credit and has terminated active teaching service shall be entitled to a refund in lieu of a proportionate annuity pursuant to section 356.32. The refund shall be equal to the coordinated member's accumulated employee contributions plus interest at the rate of $3\frac{1}{2}$ five percent compounded annually.

Sec. 42. Minnesota Statutes 1982, section 356.20, subdivision 4, is amended to read:

Subd. 4. [CONTENTS OF FINANCIAL REPORT.] Each financial report required by this section shall include:

(1) An exhibit prepared according to applicable actuarial standards enumerated in section 356.215, *and specified in rules adopted by the legislative commission on pensions and retirement* by an approved actuary as defined in section 356.215, subdivision 6 showing the accrued assets of the fund, the accrued liabilities, including accrued reserves, and the accrued unfunded liability of the fund. The exhibit shall contain the certificate of an approved actuary certifying that the required reserves for any benefits provided under a benefit formula are computed in accordance with the Entry Age Normal Cost (Level Normal Cost) actuarial method *and rules adopted by the legislative commission on pensions and retirement*.

(a) Assets shown in the exhibit shall include the following items of actual assets:

- Cash in office
- Deposits in banks
- Accounts receivable:
- Accrued members' contributions
- Accrued employer contributions
- Other
- Accrued interest on investments
- Dividends on stocks, declared but not yet received
- Investment in bonds at amortized cost
- Investment in stocks at cost
- Investment in real estate
- Equipment at cost, less depreciation
- Other
- Total assets

(b) The exhibit shall include a statement of the unfunded accrued liability of the fund. If the assets of the fund exceed the liabilities, the excess shall be listed as surplus and indicated in the exhibit following the item of reserves.

(c) The exhibit shall include a footnote showing accumulated member contributions without interest.

(d) Current liabilities shown in the exhibit shall include the following items:

Current:

- Accounts payable
- Annuity payments
- Survivor benefit payments
- Refund to members
- Accrued expenses
- Suspense items
- Total current liabilities

(e) The exhibit shall include an item for accrued necessary reserves which shall be listed as "total reserves required as per attached schedule." The

attached schedule shall contain the owing information on the reserves required:

1. For active members
 - a. Retirement benefits
 - b. Disability benefits
 - c. Refund liability due to death or withdrawal
 - d. Survivors' benefits
2. For deferred annuitants
3. For former members without vested rights
4. For annuitants
 - a. Retirement
 - b. Disability annuities
 - c. Surviving spouses' annuities
 - d. Surviving children's annuities

5. In addition to the foregoing, if there are additional benefits not appropriately covered by the foregoing four items of reserves required, they shall be listed separately.

(2) An income statement on an accrual basis showing all income and all deductions from income for the fiscal year. The statement shall show separate items for employee contributions, employer regular contributions, employer additional contributions if provided by law, investment income, profit on the sale of investments, and other income, if any.

(3) A statement of deductions from income, which shall include separate items for benefit payments, retirement benefits, disability benefits, surviving spouse benefits, surviving children's benefits, refunds to members terminating employment, refunds due to death of members and due to death of annuitants, the increase in total reserves required, general administrative expense incurred, loss on sale of investments, and any other deductions.

(4) A statement showing appropriate statistics as to membership and beneficiaries of the fund, with indications of changes in the statistical data which may result from the current year's operation.

(5) Any additional statements or exhibits which will enable the management of the fund to portray a true interpretation of the fund's financial condition, except that the term "surplus" or the term "excess of assets" shall not be used except as otherwise specifically provided for in this section, nor shall any representation of assets and liabilities other than as provided for in this section be included in the additional statements or exhibits.

(6) A more detailed or subdivided itemization of any of the items required by this section, if the management of the fund so desires.

Sec. 43. Minnesota Statutes 1982, section 356.215, subdivision 4, is amended to read:

Subd. 4. [ACTUARIAL VALUATIONS; CONTENTS.] Actuarial valuations shall be made in conformity with the requirements of the definition contained in subdivision 1 *and rules adopted by the legislative commission on pensions and retirement*. Each actuarial valuation shall measure all aspects of the fund in accordance with changes in benefit plans, if any, and salaries as will be in force during the ensuing fiscal year. Each actuarial

valuation shall be in accordance with the entry age normal cost (level normal cost) method.

Each actuarial valuation required under this section shall include:

(1) For each fund providing any benefits under a benefit formula, the level normal cost of the benefits provided by the laws governing the fund as of the date of the valuation, computed in accordance with the entry age normal cost (level normal cost) method. The normal cost shall be expressed as a level percentage of the future payroll of the active participants of the fund as of the date of the valuation.

(2) The accrued liabilities of the fund which shall be equal to the present value of all benefits minus the present value of future normal costs calculated in accordance with the entry age normal cost method.

(3) For each fund providing benefits under the money purchase or defined contribution method, the member contributions accumulated at interest, as apportioned to members accounts, to the date of the valuation. These accumulations shall be separately tabulated in such manner as to reflect properly any differences in money purchase or defined contribution annuity rates which may apply.

(4) *For funds governed by chapters 3A, 352, 352B, 352C, 353, 354, 354A, and 490, a preretirement interest assumption of five percent, a post-retirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.035 multiplied by the salary for the preceding year. For all other funds, a preretirement interest assumption of five percent, a post-retirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.035 multiplied by the salary for the preceding year.*

(5) Other assumptions as to mortality, disability, retirement, withdrawal, entry age and retirement age ~~that are appropriate to the fund, which shall be set forth in the valuation report~~ at levels consistent with those determined in the most recent experience study completed pursuant to section 356.215, subdivision 5, and set forth in the valuation report.

(6) An actuarial balance sheet showing ~~accrued assets, accrued liabilities, and the deficit from full funding of liabilities (unfunded accrued liability).~~ The accrued liabilities shall include the following required reserves:

- (a) For active members
 - 1. Retirement benefits
 - 2. Disability benefits
 - 3. Refund liability due to death or withdrawal
 - 4. Survivors' benefits
- (b) For deferred annuitants' benefits
- (c) For former members without vested rights
- (d) For annuitants
 - 1. Retirement annuities
 - 2. Disability annuities
 - 3. Surviving spouses' annuities
 - 4. Surviving children's annuities

current and expected future benefit obligations, current and expected future

assets, and the current and expected future unfunded liabilities. Specifically, the balance sheet shall be organized in the following manner:

[CURRENT AND EXPECTED FUTURE ASSETS]

Current Assets		
Cash and equivalents	\$. . .	
Fixed income investments	. . .	
Equity investments	. . .	
Total Current Assets		\$. . .
Expected Future Assets		
Present value of expected future supplemental contributions	. . .	
Present value of future normal costs	. . .	
Total Expected Future Assets		\$. . .
Total Current and Expected Future Assets		\$. . .

[CURRENT AND EXPECTED FUTURE BENEFIT OBLIGATIONS]

Current Benefit Obligations		
Actuarial value of benefit obligations on account of service rendered to date:		
For annuitants		
Retirement annuities	\$. . .	
Disability annuities	. . .	
Surviving spouses' annuities	. . .	
Surviving children's annuities	. . .	
For former members without vested rights	. . .	
For deferred annuitants' benefits	. . .	
For active employees		
Retirement benefits	. . .	
Disability benefits	. . .	
Refund liability due to death or withdrawal	. . .	
Survivors' benefits	. . .	
Total Current Benefit Obligations	\$. . .	
Expected Future Benefit Obligations		
Actuarial value of benefit obligations on account of future service for active employees	. . .	
Total Current and Expected Future Benefit Obligations	\$. . .	
Current Unfunded Liability		
(Total Current Benefit Obligations less Total Current Assets):	\$. . .	
Current and Future Unfunded Liability		
(Total Current and Expected Future Benefit Obligations less Total Current and Expected Future Assets):	\$. . .	

For the purpose of this subdivision, the terms

(a) "expected future statutory supplemental contributions" means the sum of future employee and employer contributions at the rates specified in statute at the time the valuation is completed reduced by the present value of future normal costs; and

(b) "current assets" means the value of all assets at cost, plus one-third of any unrealized capital gains or losses, plus realized income, including realized capital gains or losses.

In addition to the above ~~required reserves~~ itemization of benefit obligations, separate items shall be shown for additional benefits, if any, which may not be appropriately included in the ~~reserves listed~~ list shown above.

(7) In addition to the level normal cost, the additional annual contribution which would be required to retire the current unfunded accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 354, 354A, and 490, the additional contribution shall be calculated on a level dollar basis by the established date for full funding which is in effect at the time of the valuation percent basis by the established date for full funding which is in effect at the time of the valuation. The level percent additional contribution shall be calculated assuming annual payroll growth of 6.5 percent. For all other funds, the additional annual contribution shall be calculated on a level dollar basis.

If, after the first actuarial valuation date occurring after June 1, 1979, there has not been a change in any or all of the actuarial assumptions used for calculating the accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded accrued liability of the fund, the established date for full funding for the first actuarial valuation made after June 1, 1979 and each successive actuarial valuation shall be the first actuarial valuation date which occurs after June 1, 2009.

If after the first actuarial valuation date occurring after June 1, 1979, there has been a change in any or all of the actuarial assumptions used for calculating the accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded accrued liability in the fund, the established date for full funding shall be determined using the following procedure:

(i) The unfunded accrued liability of the fund shall be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect prior to an applicable change;

(ii) The level annual dollar contribution or level percentage, whichever is applicable, which is needed to amortize the unfunded accrued liability amount determined pursuant to subclause (i) by the established date for full funding in effect prior to the change shall be calculated using the interest assumption specified in clause (4) in effect prior to the change;

(iii) The unfunded accrued liability of the fund shall be determined in ac-

cordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect prior to the change;

(iv) The level annual dollar contribution *or level percentage, whichever is applicable, which is needed to amortize the difference between the unfunded accrued liability amount calculated pursuant to subclause (i) and the unfunded accrued liability amount calculated pursuant to subclause (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective shall be calculated using the interest assumption specified in clause (4) in effect subsequent to any applicable change;*

(v) The level annual dollar *or level percentage* amortization contribution pursuant to subclause (iv) shall be added to the level annual dollar amortization contribution *or level percentage* calculated pursuant to subclause (ii);

(vi) The period in which the unfunded accrued liability amount determined in subclause (iii) will be amortized by the total level annual dollar *or level percentage* amortization contribution computed pursuant to subclause (v) shall be calculated using the interest assumption specified in clause (4) in effect subsequent to any applicable change, rounded to the nearest integral number of years, but which shall not exceed a period of 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and which shall not be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect prior to the change; and

(vii) The period determined pursuant to subclause (vi) shall be added to the date as of which the actuarial valuation was prepared and the date obtained shall be the new established date for full funding.

~~(8) An actuarial balance sheet shall not include as an asset the present value of the contributions required under clause (7).~~

~~(9)~~ (8) An analysis by the actuary explaining the increase or decrease in the unfunded accrued liability since the last valuation. The explanation shall subdivide the increase or decrease in unfunded accrued liability into at least the following parts:

(a) Increases or decreases in unfunded accrued liability because of changes in benefits;

(b) Increases and decreases in unfunded accrued liability because of each change, if any, in actuarial assumptions;

(c) Actuarial gains or losses resulting from any deviations of actual investment earnings, actual mortality rates, actual salary increase rates, actual disability rates, actual withdrawal rates and actual retirement rates from the assumptions on which the valuations are based;

(d) Increases or decreases in unfunded accrued liability because of other reasons, including the effect of the amortization contribution required under clause (7); and

(e) Increases or decreases in unfunded accrued liability because of changes

in eligibility requirements or groups included in the membership of the fund.

~~(10)~~ (9) A tabulation of active membership and annuitants in the fund. If the membership of a fund is under more than one general benefit program, a separate tabulation shall be made for each general benefit program. The tabulations shall be submitted in the following form:

Annual

(a) Active members	Number	Payroll
As of last valuation date		
new entrants		
Total		
Separations from active service		
Refund of contributions		
Separation with deferred annuity		
Separation with neither refund nor deferred annuity		
Disability		
Death		
Retirement with service annuity		

Total separations

As of current valuation date

(b) Annuitants	Annual	Annuity
	Number	Benefit
As of last valuation date		
New entrants		
Total		
Terminations		
Deaths		
Other		
Total terminations		
As of current valuation date		

The tabulation required under subclause (b) shall be made separately for each of the following classes of annuitants:

- (a) Service retirement annuitants
- (b) Disabled annuitants
- (c) Surviving spouse annuitants
- (d) Surviving children annuitants
- (e) Deferred annuitants

~~(11)~~ (10) A statement of the administrative expenses in dollars and also as a percentage of covered payroll.

~~(12)~~ (11) A summary of the principal provisions of the plan upon which the valuation is based.

Sec. 44. [356.70] [EARLY RETIREMENT.]

Subdivision 1. [COMBINED AGE AND SERVICE REQUIREMENT.] Any member of a retirement plan established pursuant to chapters 352, 353, 354, or 354A who has attained the age of at least 55 years and whose attained age plus credited allowable service totals 85, is entitled, upon application prior to December 31, 1986, to the normal retirement annuity provided in

these chapters without any reduction in annuity by reason of such early retirement.

Subd. 2. [REPORTS.] The retirement associations to which this section applies shall request and the employing units of members retiring under the provisions of this section shall provide to the retirement association information on the salary, retirement contributions, and social security contributions paid by the employing unit to individuals filling the position vacated by the retiree. The employing unit shall also provide information on net savings, if any, made possible by the provisions of this section.

The retirement associations shall prepare reports to the legislature summarizing this information and other information in its possession relating to characteristics of retirees retiring under the provisions of this section including:

- (a) age at time of retirement;*
- (b) years of service;*
- (c) salary at time of retirement;*
- (d) high-five average salary used to determine the retirement annuity; and*
- (e) monthly benefit.*

The reports shall be made to the legislature within 30 days following the end of calendar years 1984, 1985, and 1986 and shall cover all retirees retiring under the provisions of this section.

Sec. 45. Laws 1983, chapter 301, section 225, subdivision 1, is amended to read:

Subdivision 1. [REIMBURSEMENT REQUIRED.] Any public employee or official who retires from January 1, 1983 to June 30, 1985, and whose pension contributions were increased by Laws 1982, Third Special Session chapter 1, article 2, section 2, subdivision 1, paragraph (v) and who has not previously received a refund of those contributions, must, upon application, be reimbursed for the amount of increased contributions paid by the official or employee because of that law. Reimbursement must be in a lump sum to the employee or official, or his or her survivor, at the same time as the first annuity payment between October 1 and October 15, 1984, except that refunds to employees or officials retiring or terminating service prior to October 1, 1984, shall be paid at the same time as the first annuity payment or within 90 days after termination, as the case may be. The amount of the reimbursement is the amount that the employee's or official's contributions increased because of Laws 1982, Third Special Session chapter 1, article 2, section 2, subdivision 1, paragraph (v) plus interest at the then current rate paid on refunds by the relief or retirement association. Reimbursement shall be paid by the retirement or relief association to which the employee belongs. Reimbursement may be made without application if the governing board of the appropriate retirement system or association determines that this method is feasible.

Sec. 46. Laws 1983, chapter 301, section 225, is amended by adding a subdivision to read:

Subd. 1a. [CREDIT REQUIRED.] The executive director of the Minne-

sota state retirement system shall credit to the share account in the supplemental retirement fund of any participant in the unclassified employees program established by Minnesota Statutes, chapter 352D, an amount equal to the amount by which employer contributions on behalf of that participant were reduced by reason of the law cited in subdivision 1. Funds sufficient to make the credits required by this subdivision are appropriated from the general fund to the executive director.

Sec. 47. [COMMISSIONER OF FINANCE TO REDUCE ALLOTMENTS.]

The commissioner of finance shall reduce the fiscal year 1985 allotments to any agencies or institutions receiving a state appropriation pursuant to Laws 1983, chapters 258, 293, 301, or 312 and having employees contributing to the public employees retirement association, state employees retirement fund, the correctional employees retirement fund, and the highway patrol retirement fund. The reduction shall be in an amount equal to the estimated fiscal year 1985 salaries of members of these plans multiplied by the differences between the employer contribution rate in effect prior to July 1, 1984, and the employer rate in effect after June 30, 1984.

Sec. 48. [ANNUAL APPROPRIATION.]

There is appropriated and transferred from the general fund to the commissioner of finance, \$1,000,000 annually for distribution among those local police and salaried firefighters relief associations that receive amortization state aid according to Minnesota Statutes, section 423A.02. Distribution shall be made according to that proportion the unfunded accrued liability of each relief association bears to the total unfunded accrued liabilities of all relief associations as reported in the most recent actuarial valuations of the relief associations that receive amortization state aid according to section 423A.02. Moneys shall be distributed to the relief associations at the same time fire and police department state aid is distributed according to section 69.021.

Sec. 49. Laws 1983, chapter 314, article 12, section 1, subdivision 2, is amended to read:

Subd. 2. [TEACHERS RETIREMENT ASSOCIATION: TEACHERS STATEWIDE.] To the teachers retirement association, to meet the state's obligation prescribed in Minnesota Statutes, section 354.43, there is appropriated:

\$87,508,200.....1984,

~~\$92,137,200~~ 104,476,000.....1985.

Sec. 50. [TEACHERS RETIREMENT ASSOCIATION FUNDING.]

There is appropriated to the commissioner of finance from the general fund \$1,965,000 for the purpose of meeting the increased contribution requirements for the teacher's retirement fund necessitated by the passage of section 29, during the fiscal year commencing July 1, 1984.

Sec. 51. [REPEALER.]

Minnesota Statutes 1982, sections 352.022; 353.38; and 354.07, subdivision 8; and Laws 1983, chapter 301, section 225, subdivision 2, are repealed.

Sec. 52. [EFFECTIVE DATES.]

Sections 1 through 5, 10, 12, 13, 17 through 21, 24, 27, 29, 33, 36, 37, 39 through 41, and 47 through 50 are effective July 1, 1984. The remaining sections are effective the day following final enactment. The provisions of section 43 are applicable to all valuations performed beginning with the valuations for the fiscal year ending June 30, 1984."

Delete the title and insert:

"A bill for an act relating to retirement; making various changes in benefits, contributions, and financing in laws governing various public pension funds; directing reimbursement or credit of certain public pension contributions; appropriating funds; amending Minnesota Statutes 1982, sections 3.85, by adding subdivisions; 352.04, subdivisions 2 and 3; 352.113, subdivision 3; 352.115, subdivision 1; 352.12, subdivisions 1 and 2; 352.22, subdivision 2; 352.92; 352.93, subdivisions 2 and 3; 352.95, subdivision 1a; 352B.11, subdivision 2; 353.27, subdivision 3a; 353.30, subdivision 1c; 353.31, subdivision 1; 353.32, subdivision 1a; 353.33, subdivision 2; 353.651, subdivision 3; 354.42, subdivision 5; 354.44, subdivision 6; 354.46, subdivisions 1 and 2; 354.47, subdivision 1; 354.48, subdivisions 2 and 3a; 354.49, subdivisions 2 and 3; 354.62, subdivision 5; 354A.23, by adding a subdivision; 354A.37, subdivisions 3 and 4; 356.20, subdivision 4; and 356.215, subdivision 4; Minnesota Statutes 1983 Supplement, sections 3A.03, subdivision 2; 352.113, subdivision 2; 352.115, subdivision 8; 352B.02, subdivision 1; 352B.11, subdivision 1; 352C.09, subdivision 2; 353.32, subdivision 1; and 353.34, subdivision 2; Laws 1983, chapters 301, section 225, subdivision 1, and by adding a subdivision; and 314, article 12, section 1, subdivision 2; proposing new law coded in Minnesota Statutes, chapter 356; repealing Minnesota Statutes 1982, sections 352.022; 353.38; 354.07, subdivision 8; and Laws 1983, chapter 301, section 225, subdivision 2."

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

Senate Conferees: (Signed) Collin C. Peterson, Randolph W. Peterson, Earl W. Renneke, Allan H. Spear

House Conferees: (Signed) John Sarna, John T. Clawson, Frank J. Rodriguez, Richard E. Wigley, James Metzen

Mr. Peterson, C.C. moved that the foregoing recommendations and Conference Committee Report on S.F. No. 147 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Moe, D.M. moved that the recommendations and Conference Committee Report on S.F. No. 147 be rejected, the Conference Committee discharged, and that a new Conference Committee be appointed by the Subcommittee on Committees to act with a like Conference Committee appointed on the part of the House.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 8 and nays 49, as follows:

Those who voted in the affirmative were:

Anderson
Benson

Dieterich
Frank

Isackson
Kamrath

Moe, D. M.

Waldorf

Those who voted in the negative were:

Adkins	Frederick	Laidig	Pehler	Renneke
Belanger	Frederickson	Langseth	Peterson, C.C.	Samuelson
Berg	Hughes	Lantry	Peterson, D.C.	Schmitz
Berglin	Johnson, D.E.	Lessard	Peterson, D.L.	Solon
Bernhagen	Johnson, D.J.	McQuaid	Peterson, R.W.	Spear
Brataas	Jude	Mehrkins	Petty	Stumpf
Chmielewski	Knaak	Moe, R. D.	Pogemiller	Ulland
Dahl	Knutson	Nelson	Purfeerst	Vega
Dicklich	Kroening	Novak	Ramstad	Willet
Diessner	Kronebusch	Olson	Reichgott	

The motion did not prevail.

The question recurred on the motion of Mr. Peterson, C.C. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 147 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 64 and nays 3, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kroening	Olson	Schmitz
Anderson	Dieterich	Kronebusch	Pehler	Sieloff
Belanger	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, R. D.	Reichgott	Wegscheid
DeCramer	Knaak	Nelson	Renneke	Willet
Dicklich	Knutson	Novak	Samuelson	

Messrs. Benson, Kamrath and Moe, D.M. voted in the negative.

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

MOTIONS AND RESOLUTIONS - CONTINUED

Ms. Berglin moved that H.F. No. 2098 be taken from the table. The motion prevailed.

H.F. No. 2098: A bill for an act relating to public welfare; revising procedures for determining operating cost payment rates for nursing homes; amending Minnesota Statutes 1982, sections 144.072; 256B.25; 256D.06, by adding a subdivision; Minnesota Statutes 1983 Supplement, sections 144A.31, subdivision 4; 256B.421, subdivisions 2, 5, and 8; 256B.431, subdivisions 1, 2, 4, 5, and by adding a subdivision; 256.48, subdivision 1; and 256B.50; proposing new law coded in Minnesota Statutes, chapter 144.

SUSPENSION OF RULES

Ms. Berglin moved that an urgency be declared within the meaning of

Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 2098 and that the rules of the Senate be so far suspended as to give H.F. No. 2098 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 2098 was read the second time.

Ms. Berglin moved to amend H.F. No. 2098 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 2098, and insert the language after the enacting clause, and the title, of S.F. No. 1985, the second engrossment.

The motion prevailed. So the amendment was adopted.

Ms. Berglin then moved to amend H.F. No. 2098, as amended by the Senate April 19, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1985.)

Page 5, line 28, after the second semicolon, insert "*medical directors; licenses and permits;*"

Page 20, after line 36, insert:

"Certified beds in facilities which do not allow medical assistance intake on July 1, 1984, or after shall be deemed to be decertified for purposes of section 144A.071 only."

The motion prevailed. So the amendment was adopted.

Ms. Berglin moved that H.F. No. 2098 be laid on the table. The motion prevailed.

SPECIAL ORDER

H.F. No. 1966: A bill for an act relating to public welfare; limiting medical assistance and providing appeal rights for former recipients of public assistance; limiting medical assistance and general assistance reimbursements for chemical dependency treatment; extending temporary rulemaking authority for prospective payments for inpatient hospital services; expanding medical assistance eligibility for certain persons; eliminating the requirement that the commissioner seek a co-payment waiver for HMO enrollees under medical assistance; clarifying existing language; changing standards for the contribution of a non-institutionalized spouse; amending Minnesota Statutes 1982, sections 256.045, subdivisions 2, 4, 5, and 7; 256B.17, subdivisions 1 and 3; 256B.19, subdivision 1; Minnesota Statutes 1983 Supplement, sections 256.045, subdivision 3; 256.968; 256.969, subdivisions 2 and 6; 256B.06, subdivision 1; and 256B.17, subdivisions 4 and 5; repealing Minnesota Statutes 1983 Supplement, section 256B.17, subdivision 8.

Ms. Berglin moved that the amendment made to H.F. No. 1966 by the Committee on Rules and Administration in the report adopted April 18, 1984, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

Ms. Berglin then moved to amend H.F. No. 1966 as follows:

Page 27, line 33, delete "\$1,026,000" and insert "\$776,000"

The motion prevailed. So the amendment was adopted.

Ms. Berglin then moved to amend H.F. No. 1966 as follows:

Page 26, after line 28, insert:

“Sec. 29 [STATE ADMINISTRATIVE AIDS.]

Subdivision 1. [SUSPENSION.] Notwithstanding Laws 1983, chapter 312, article 1, section 2, subdivision 3, the provisions of section 256D.22 are suspended until December 31, 1984.

Subd. 2. [APPROPRIATIONS.] The sum of \$2,000,000 is appropriated from the general fund to the commissioner of public welfare for purposes of section 256D.22.”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 13, after the semicolon, insert “extending administrative aid to counties;”

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 44 and nays 16, as follows:

Those who voted in the affirmative were:

Anderson	DeCramer	Jude	Moe, D. M.	Pogemiller
Belanger	Dicklich	Kamrath	Moe, R. D.	Ramstad
Benson	Diessner	Knaak	Olson	Renneke
Berg	Dieterich	Knutson	Pehler	Sieloff
Berglin	Frank	Kronebusch	Peterson, C.C.	Spear
Bernhagen	Frederick	Lantry	Peterson, D.C.	Storm
Bertram	Isackson	McQuaid	Peterson, D.L.	Taylor
Brataas	Johnson, D.E.	Mehrkins	Peterson, R.W.	Wegscheid
Davis	Johnson, D.J.	Merriam	Petty	

Those who voted in the negative were:

Adkins	Kroening	Luther	Samuelson	Stumpf
Chmielewski	Laidig	Purfeerst	Schmitz	Waldorf
Dahl	Langseth	Reichgott	Solon	Willet
Hughes				

The motion prevailed. So the amendment was adopted.

Ms. Berglin then moved to amend H.F. No. 1966 as follows:

Page 28, line 15, delete “25,”

Page 28, line 21, after the period, insert “Section 25 is effective October 1, 1984.”

The motion prevailed. So the amendment was adopted.

Ms. Berglin then moved to amend H.F. 1966 as follows:

Page 3, delete line 5 and insert “these words which suggest, offer, or imply the”

Page 9, lines 16 and 17, reinstate the stricken language

Page 9, delete lines 19 to 30 and insert:

"By January 15, 1985, the commissioner of health shall, in consultation with the state planning agency, conduct a study and prepare a report to the legislature describing recommendations for an integrated, comprehensive cost containment program for acute care health services. At a minimum the commissioner shall consider:

(a) a proposal for a mechanism that would constrain expansion in the service capacity of the acute care health system by means of specific and quantifiable prospectively determined limits;

(b) a proposal for mechanisms that would prospectively control increases in charges for acute care health services;

(c) a proposal detailing appropriate competitive initiatives to achieve cost containment for acute care health services;

(d) a proposal that would ensure appropriate financial and geographic access to acute care health services; and

(e) any other related proposals and alternatives the commissioner deems prudent."

Page 10, line 18, delete "10 21"

Page 14, line 34, after the periods insert *"Prior to implementation of the diagnostic classification system, the commissioner shall report the proposed grouping of hospitals to the senate health and human services committee and the house health and welfare committee."*

Page 15, line 9, delete "216, Article 1, section 39" and insert " 312, Article 5, section 9, subdivision 6"

Pages 23 to 25, delete sections 26 and 27

Page 26, line 13, after "recipient" insert *"in those instances where an interim assistance agreement has been executed"*

Page 27, line 26, after "increases" insert *"using the RSD1 cost of living charge"*

Page 27, after line 26, insert:

"Sec. 31. [CITIZEN REVIEW BOARD PILOT PROJECT.]

Subdivision 1. [PURPOSE.] The purpose of a citizen review board pilot project is to determine (1) the need for and feasibility of establishing a statewide system of citizen review boards for children placed in substitute care for more than six months; (2) the optimal methods of achieving statewide compliance with the requirements of Public Law 96-272, Sections 427 and 475; (3) a comparison of the citizen review board concept with local social service agency administrative review panels; (4) whether a citizen review facilitates the timely return of children to their birth parents, placement for adoption, or other permanency plans; and (5) whether the citizen review process provides benefits to children that are comparable to those provided by the juvenile court.

Subd. 2. [PILOT PROJECT; ESTABLISHMENT.] The commissioner of public welfare, hereinafter the commissioner, shall establish a citizen review board pilot project in at least one judicial district to be determined by the

commissioner. The citizen review boards shall review one-half of the cases of children in substitute care for more than six months in each project district. The other one-half will be reviewed under existing administrative review procedures.

Subd. 3. [CITIZEN REVIEW BOARD.] *There shall be one citizen review board for every 75 children eligible for review by a citizen board in each project area. Each board shall consist of five members who are residents of the judicial district and have shown an interest in the welfare of children. Each board shall, to the extent feasible, represent the various socio-economic, racial, and ethnic groups of the district in which it serves. At least one member shall be a foster parent. No more than one person may be employed by the department of public welfare, by a child welfare agency, or by the juvenile court. Board members shall be appointed by the commissioner in consultation with the administrator of the local social services agency and the presiding judge of the juvenile court. Board members shall be required to attend in-service training sessions sponsored by the commissioner. Board members shall be appointed to serve a term that expires June 30, 1987. Appointments to fill vacancies on the board shall be made in the same manner and subject to the same conditions as the initial appointments to the board. Members shall continue to serve until a successor is appointed. Members of the board shall not receive compensation but shall be reimbursed for expenses.*

Subd. 4. [REVIEW.] *For purposes of determining what efforts have been made by the supervising agency or child caring institution to carry out the plan for permanent placement of each child subject to review under the project, citizen review boards shall, every six months from the date of the child's initial placement, review the cases of participating children who have resided in public or private foster care for a period of more than six months and who are under the jurisdiction of (1) the commissioner of corrections; (2) the designated social service agency; (3) the commissioner of public welfare pursuant to Minnesota Statutes, section 260.242; or (4) a child placing agency, a facility licensed pursuant to Minnesota Statutes, sections 245.781 to 245.812, a county home school, or a licensed group foster home. All children in care who are subject to citizen board review shall be reviewed within a year and every six months thereafter until the project expires. The review procedure established by this subdivision shall replace administrative reviews required by Minnesota Statutes, section 257.071, subdivision 2, for children reviewed under the pilot project.*

Subd. 5. [RETURN OF CHILDREN TO PARENTS; ADOPTION.] *Citizen review boards shall encourage and facilitate the timely return to their birth parents of foster children reviewed under this program or, where appropriate, shall encourage the appropriate agency to initiate procedures to make the child free for adoption and to exert maximum effort to place the child for adoption.*

Subd. 6. [RECOMMENDATIONS TO JUVENILE COURT AND THE LOCAL SOCIAL SERVICES AGENCY.] *The citizen review board shall submit to the juvenile court and the local social services agency, within ten days following review of any placement, findings and recommendations regarding the efforts and progress made by the designated local social services agency to carry out the case placement plan established pursuant to Minne-*

sota Statutes, section 257.071, together with any other recommendations regarding the child. The findings and recommendations shall include the date of the next review; the signature of all persons attending the review; documentation of the procedural safeguards as required in Public Law 96-272, Section 475; and any comments the birth parents or the child wish to communicate to the agency or the court.

Subd. 7. [UNNECESSARY CHANGES IN PLACEMENT.] Citizen review boards shall promote and encourage the department of public welfare and all agencies involved in placing children in foster care to maximize stability and family continuity for children in foster care by discouraging unnecessary changes in the placement of foster children.

Subd. 8. [APPROPRIATENESS OF PLACEMENT.] Citizen review boards shall review foster care placements and family recruitment policies of agencies involved in placing children for adoption to ensure that the best interests of minority children are met by having due consideration given to their racial and ethnic heritage.

Subd. 9. [INFORMATION ON RIGHTS.] Citizen review boards shall assist the local social services agencies in informing birth parents, foster parents, and other interested parties of their rights and responsibilities with respect to any child in foster care. Birth parents, foster parents, the child, and other interested parties shall be allowed to participate in the review process.

Subd. 10. [DEFICIENCY REPORTS.] Citizen review boards shall report to the department of public welfare, the local social services agency, and other adoptive or foster care agencies deficiencies in the agencies' efforts to secure permanent homes for children whose cases have been reviewed by the board.

Subd. 11. [AGENCY COOPERATION; DATA PRIVACY REQUIREMENTS.] All public and private agencies and institutions that provide or arrange foster care services for children shall cooperate with the citizen review boards by furnishing information required for effective implementation of this section. Information in the possession of a public agency or institution shall be provided pursuant to Minnesota Statutes, section 13.05, subdivision 9, and shall retain the same classification in the possession of a citizen review board as it had in the possession of the public agency or institution. Information supplied by a private agency or institution that identifies an individual shall not be disclosed or disseminated by a citizen review board for any purpose except as required to implement this section.

Subd. 12. [LIMITATIONS.] This section shall not be construed to limit or delay actions by agencies or institutions to arrange for adoptions, foster care, termination of parental rights, or other related matters on their own initiative; or to alter or restrict the duties and authority of those agencies and institutions in those matters.

Subd. 13. [REVIEW; REPORT.] The commissioner shall monitor each pilot project. The commissioner, the local social services agency, and the presiding judge of the juvenile court in each project area shall review the quality, efficiency, and effectiveness of the pilot project. The commissioner shall evaluate the projects and report to the legislature by November 15, 1986. The report shall include: (1) a comparison of the citizen review board

process and the local social services agency administrative review panels; (2) the cost-effectiveness of the citizen review board; (3) the effect upon the numbers of children in substitute care for longer than six months; (4) the number of children served; (5) the extent of compliance with federal requirements; (6) the quality and efficiency of the citizen review board pilot projects; and (7) recommendations regarding establishment of citizen review boards statewide in order to maximize achievement of statewide compliance with requirements of Public Law 96-272, Sections 427 and 475.

Sec. 32. [RULES OF THE DEPARTMENT.]

For purposes of the pilot projects the department of public welfare shall promulgate permanent rules necessary to implement section 1."

Renumber the sections in sequence

Page 28, delete lines 1 to 9 and renumber the subsequent subdivision

Page 28, line 15, delete "26, 27,"

Page 28, line 17, delete everything after "act" and insert a period

Page 28, delete line 18

Page 28, line 19, delete "act."

Amend the title as follows:

Page 1, line 19, delete "allowing"

Page 1, line 21, delete "recoupment" and insert "recovery"

Page 1, delete line 22

Page 1, line 23, delete "programs"

Page 1, lines 31 and 32, delete "256D.06, by adding a subdivision;"

Page 1, line 35, delete "256D.03, subdivision 4;"

The motion prevailed. So the amendment was adopted.

H.F. No. 1966 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 6, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Davis	Purfeerst	Samuelson	Stumpf	Willet
Kroening				

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

Remaining on the Order of Business of Motions and Resolutions, without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1814, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1814 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1984

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1814

A bill for an act relating to taxation; clarifying certain property tax credit provisions; providing that amounts to pay certain certificates are a special levy; providing for deduction of taconite aids from levy limit base; simplifying iron ore valuation hearing requirements; altering the process for determining flexible homestead brackets; allowing for the rounding of amounts of special assessments on tax statements; changing the date for the issuance of warrants for delinquent personal property taxes; providing for additional administrative procedures for cigarette tax collection; requiring annual payment of occupation taxes; changing payment method for production taxes; adopting certain procedures relating to liquor tax collections; authorizing county treasurers to charge for dishonored checks; amending Minnesota Statutes 1982, sections 273.1104, subdivision 2; 277.03; 298.09, subdivision 2; 298.27; 298.282, subdivision 3; 340.601; Minnesota Statutes 1983 Supplement, sections 124.2137, subdivision 1; 273.13, subdivision 7; 273.1311; 273.1315; 275.50, subdivision 5; 275.51, subdivision 3i; and 276.04; proposing new law coded in Minnesota Statutes, chapters 297; 340; and 385; repealing Minnesota Statutes 1982, sections 298.045; 298.046; 298.047; and 298.048.

April 19, 1984

The Honorable Harry A. Sieben, Jr.
Speaker of the House of Representatives
The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H.F. No. 1814, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 1814 be further amended as follows:

Page 1, delete lines 29 to 36

Page 2, delete lines 1 to 36

Page 3, delete line 1

Page 15, after line 9, insert:

"Sec. 9. Minnesota Statutes 1983 Supplement, section 290A.03, subdivision 8, is amended to read:

Subd. 8. [CLAIMANT.] (a) "Claimant" means a person, other than a dependent, who filed a claim authorized by sections 290A.01 to 290A.20 and who was domiciled in this state during the calendar year for which the claim for relief was filed.

(b) In the case of a claim relating to rent constituting property taxes, the claimant shall have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem taxes, are payable at some time during the calendar year covered by the claim.

(c) "Claimant" shall not include a resident of a nursing home, intermediate care facility, or long term residential facility whose rent constituting property taxes is paid pursuant to the supplemental security income program under title XVI of the Social Security Act, the Minnesota supplemental aid program under sections 256D.35 to 256D.41, the medical assistance program pursuant to title XIX of the Social Security Act, or the general assistance medical care program pursuant to section 256D.03, subdivision 3. If only a portion of the rent constituting property taxes is paid by these programs, the resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as defined in subdivision 3 reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program or the general assistance medical care program and the denominator of which is income as defined in subdivision 3 plus vendor payments under the medical assistance program or the general assistance medical care program, to determine the allowable refund pursuant to this chapter.

(d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home, intermediate care facility or long term residential facility for only a portion of the calendar year covered by the claim, the claimant may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home, intermediate care facility, or long term residential facility and use only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the claimant was not in the facility. The claimant's household income is his income for the entire calendar year covered by the claim.

(e) In the case of a claim for rent constituting property taxes of a part year Minnesota resident, the income and rental reflected in this computation shall be for the period of Minnesota residency only. Any rental expenses paid which may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation. *When two individuals of a household are able to meet the qualifications for a claimant, they may determine among them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the commissioner of revenue and his decision shall be final.* If a homestead property owner was a part year Minnesota resident, the income reflected in the computation made pursuant to section 290A.04 shall be for the entire calendar year, including income not assignable to Minnesota.

(f) ~~Except as provided in section 290A.05, If a homestead is occupied by two or more renters or joint tenants or tenants in common, who are not husband and wife, the rent or property taxes shall be deemed to be paid equally~~

by each, and separate claims shall be filed by each. The income of each shall be his household income for purposes of computing the amount of credit to be allowed.

Sec. 10. Minnesota Statutes 1983 Supplement, section 290A.03, subdivision 13, is amended to read:

Subd. 13. [PROPERTY TAXES PAYABLE.] "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead before reductions made pursuant to section 273.13, subdivisions 6, 7 and 14a, but after deductions made pursuant to sections 124.2137, 273.115, 273.116, 273.135, 273.139, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section 168.011, subdivision 8, "property taxes payable" shall also include the amount of the gross rent paid in the preceding year for the site on which the homestead is located, which is attributable to the net tax paid on the site. The amount attributable to property taxes shall be determined by multiplying the net tax on the parcel by a fraction, the numerator of which is the gross rent paid for the calendar year for the site and the denominator of which is the gross rent paid for the calendar year for the parcel. *When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue and his decision shall be final.* Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.13, subdivisions 6, 7, or 14a on or before June 1 of the year in which the "property taxes payable" were levied; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made prior to October 1 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

Sec. 11. Minnesota Statutes 1983 Supplement, section 290A.05, is amended to read:

290A.05 [COMBINED HOUSEHOLD INCOME; ~~RENTERS AND LESSEES.~~]

If a person occupies a homestead with another person or persons not related to the person as husband and wife, excluding dependents, ~~joint tenants or tenants in common who are also claimants~~, roomers or boarders on contract, and has property tax payable with respect to the homestead, the household income of the claimant or claimants for the purpose of computing the refund

allowed by section 290A.04 shall include the total income received by the other persons residing in the homestead. If a person occupies a homestead with another person or persons not related as husband and wife or as dependents, ~~and who are residing at the homestead under rental or lease agreement,~~ the property tax payable or rent constituting property tax shall be *reduced as follows*.

If the other person or persons are residing at the homestead under rental or lease agreement, the amount of property tax payable or rent constituting property tax shall be that portion not covered by the rental agreement."

Page 18, after line 7, insert:

"Sec. 15. 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, com-

puted 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, 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. 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 cents per taxable ton, less any amount required to be distributed under part (b), to the taconite property tax relief account in the apportionment fund in the state treasury, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, .75 cent per taxable ton of the tax imposed and collected from such taxpayer shall be distributed by the commissioner of revenue to the county and school district in which the power plant is located as follows: 25 percent to the county and 75 percent to the school district.

(6) 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 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1. The amount distributed pursuant to this clause shall be expended within or for the benefit of a tax relief area defined in section 273.134. No part of the fund provided in this clause may be used to provide loans for the operation of private business unless the loan is approved by the governor and the legislative advisory commission.

(8) .20 cent per taxable ton shall be paid in 1979 and each year thereafter, to the range association of municipalities and schools, for the purpose of providing an area wide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns and school districts within the iron range area of northeast Minnesota.

(9) the amounts determined under clauses (4)(a), (4)(c), and (5) shall be increased in 1979 and subsequent years in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1.

(10) the proceeds of the tax imposed by section 298.24 which remain after the distributions in clauses (1) to (9) and parts (a) and (b) 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 improper, notice of such correction being given by him to the taxpayer and the public officers receiving such estimate. The commissioner of revenue shall annually on or before October 10 report an estimated distribution amount to each taxing district and 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, or 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, or city or school district are greater than the amount estimated by the commissioner to be paid to any such county, or city or school district in such year, the excess of such distribution shall be held in a special fund by the county, or 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, or city or school district payable in such year. If the amounts distributable to any such county, or city or school district, after final determination by the commissioner of revenue under this section are less than the amounts indicated by such estimates by which a taxing district's levies were reduced pursuant to this section, such county, or 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."

Page 22, delete lines 8 to 12

Page 22, delete lines 17 to 21 and insert:

"Sections 1, 4, 7, 8, 12, 13, and 17 to 20 are effective the day following final enactment. Sections 2, 5, 6, and 16 are effective for taxes levied in 1984 and thereafter, payable in 1985 and thereafter. Sections 9 to 11 are effective for claims based on property taxes payable in 1985 and thereafter. Sections 14 and 15 are effective for taconite produced in 1984 and thereafter, taxes payable in 1985 and thereafter."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 16, delete everything after the semicolon

Page 1, line 17, delete "for dishonored checks;"

Page 1, line 21, delete "124.2137, subdivision 1;"

Page 1, line 23, after "3i;" delete "and" and after "276.04;" insert "290A.03, subdivisions 8 and 13; 290A.05; and 298.28, subdivision 1;"

Page 1, line 24, after "297" delete the semicolon and insert "and" and after "340;" delete "and 385;"

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

House Conferees: (Signed) Tom Osthoff, Linda Scheid, Randy C. Kelly

Senate Conferees: (Signed) Douglas J. Johnson, Conrad M. Vega, Charles A. Berg

Mr. Johnson, D.J. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1814 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1814 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 60 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Nelson voted in the negative.

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

MESSAGES FROM THE HOUSE-CONTINUED

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1425:

H.F. No. 1425: A bill for an act relating to agriculture; providing for alternative methods for establishing the value of milk purchased from producers; amending Minnesota Statutes 1982, section 32.25, subdivision 1.

The House respectfully requests that a Conference Committee of three members be appointed thereon.

Krueger, Wenzel and Graba have been appointed as such committee on the part of the House.

House File No. 1425 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1984

Mr. Wegscheid moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1425, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on

the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

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

S.F. No. 1880: Messrs. Benson, Wegscheid and Pogemiller.

H.F. No. 1386: Mr. Petty, Ms. Reichgott and Mr. Ramstad.

S.F. No. 1843: Messrs. Freeman, Luther and Sieloff.

S.F. No. 1628: Ms. Berglin, Messrs. Petty and Sieloff.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 989, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 989: A bill for an act relating to collection and dissemination of data; classifying government data as public, private, and nonpublic; clarifying issues relating to classifications of data, access to data, the effect of death of individuals on classifications, and the temporary classification of data; refining provisions of the data practice act; amending Minnesota Statutes 1982, sections 13.02, subdivision 8, and by adding a subdivision; 13.03, subdivisions 3 and 4, and by adding subdivisions; 13.04, subdivision 2; 13.05, subdivisions 3, 7, 9, and 10, and by adding a subdivision; 13.06, subdivisions 1 and 6; 13.31, subdivision 2; 13.41, by adding a subdivision; 13.43, subdivision 2; 13.44; 13.46, subdivision 2, and by adding subdivisions; 13.67; 144.335, subdivision 2; and 253B.03, subdivision 8; proposing new law coded in Minnesota Statutes, chapter 13.

Senate File No. 989 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1984

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1466, and

repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1466 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1984

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1466

A bill for an act relating to courts; providing procedures for collection of conciliation court judgments; requiring conciliation court clerks to explain procedures of conciliation court to litigants and to assist them in filling out forms; amending Minnesota Statutes 1982, sections 488A.13, subdivision 2; 488A.16, subdivision 8; 487.30, by adding subdivisions; 488A.30, subdivision 2; and 488A.33, subdivision 7.

April 18, 1984

The Honorable Harry A. Sieben, Jr.
Speaker of the House of Representatives
The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H.F. No. 1466, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendment.

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

House Conferees: (Signed) John T. Clawson, Charles C. Halberg, Richard J. Cohen

Senate Conferees: (Signed) Gene Merriam, Michael O. Freeman, Dean E. Johnson

Mr. Merriam moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1466 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. 1466 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knutson	Olson	Schmitz
Anderson	Diessner	Kronebusch	Pehler	Sieloff
Belanger	Dieterich	Langseth	Peterson, C.C.	Solon
Benson	Frank	Lantry	Peterson, D.C.	Spear
Berglin	Frederick	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.J.	Merriam	Purfeerst	Waldorf
Dahl	Jude	Moe, D. M.	Ramstad	Wegscheid
Davis	Kamrath	Moe, R. D.	Reichgott	Willett
DeCramer	Knaak	Novak	Samuelson	

So the bill, as amended by the Conference Committee, was repassed and

its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 756, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 756 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1984

CONFERENCE COMMITTEE REPORT ON H.F. NO. 756

A bill for an act relating to notaries public; changing the term of office; increasing the required bond amount; authorizing appointment of out-of-state notaries; requiring designation of the clerk of district court of the county in which appointment is sought as agent for out-of-state notaries; amending Minnesota Statutes 1982, sections 359.01; and 359.02.

April 19, 1984

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H.F. No. 756, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 756 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1982, section 359.01, is amended to read:

359.01 [COMMISSION.]

Subdivision 1. [RESIDENT NOTARIES.] The governor may appoint and commission as notaries public, by and with the advice and consent of the senate, as many citizens of this state, over the age of 18 years, resident in the county for which appointed, as ~~he~~ the governor deems necessary.

Subd. 2. [NONRESIDENT NOTARIES.] Notwithstanding the provisions of subdivision 1, the governor may appoint as notary public, by and with the advice and consent of the senate, a person who is not a resident of this state and who is not a resident of the county for which appointment is sought if:

(1) the person is a resident of Wisconsin, Iowa, North Dakota, or South Dakota, and of a county that shares a boundary with this state;

(2) the person designates the clerk of the district court of a county of this state that shares a boundary with the county of residence as agent for the service of process for all purposes relating to notarial acts and for receipt of

all correspondence relating to notarial acts.

Subd. 3. [FEES.] The fee for each commission shall not exceed \$10, and shall be paid to the governor's private secretary.

Sec. 2. Minnesota Statutes 1982, section 359.02, is amended to read:

359.02 [TERM, BOND, OATH, REAPPOINTMENT.]

Every notary so commissioned shall hold office for ~~seven~~ six years, unless sooner removed by the governor or the district court; and, before entering upon the duties of his office, he shall give a bond to the state in the sum of ~~\$2,000~~ \$10,000, to be approved by the governor, conditioned for the faithful discharge of the duties of his office, which, with his oath of office, shall be filed with the secretary of state. Within ten days before the expiration of his commission he may be reappointed for a new term to commence and to be designated in his new commission as beginning upon the day immediately following such expiration. The reappointment so made shall go into effect and be valid although the appointing governor may not be in the office of governor on said day.

Sec. 3. [359.071] [CHANGE OF RESIDENCE.]

A notary public who, during his term of office, establishes residency in a county of this state other than the county for which he was appointed, may file with the secretary of state an affidavit identifying the county of current residency, the county for which he is appointed as notary public, and the date of change of residency. If the affidavit is properly filed, the notary shall continue to have the same powers during the unexpired term of his appointment as if he had not changed residence. No new bond is required to be given to the state and the existing bond shall remain valid until the expiration of the commission. The notary public shall be entitled to use his official seal for the remainder of his term.

Sec. 4. [APPLICATION.]

The reduction in the term of a notary and the increase in the bond provided by section 2 do not apply to a notary whose current commission is dated prior to August 1, 1984, but shall apply to all commissions dated on and after that date."

Delete the title and insert:

"A bill for an act relating to notarial acts; authorizing appointment of out-of-state notaries; requiring designation of the clerk of district court of the county in which appointment is sought as agent for out-of-state notaries; changing the term of office for notaries public; increasing the bond amount; providing for transfer of notary public commissions; amending Minnesota Statutes 1982, sections 359.01; and 359.02; proposing new law coded in Minnesota Statutes, chapter 359."

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

House Conferees: (Signed) Fred C. Norton, Bert J. McKasy, Sharon Coleman

Senate Conferees: (Signed) Tad Jude, Ron Sieloff

Mr. Jude moved that the foregoing recommendations and Conference

Committee Report on H.F. No. 756 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 756 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 50 and nays 4, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Kamrath	Olson	Samuelson
Anderson	Diessner	Kroening	Pehler	Schmitz
Belanger	Dieterich	Kronebusch	Peterson, C.C.	Sieloff
Berglin	Frank	Langseth	Peterson, D.C.	Solon
Bernhagen	Frederick	Lantry	Peterson, D.L.	Storm
Bertram	Freeman	Luther	Petty	Stumpf
Brataas	Hughes	McQuaid	Pogemiller	Taylor
Chmielewski	Isackson	Mehrkens	Purfeerst	Ulland
Dahl	Johnson, D.J.	Moe, R. D.	Ramstad	Wegscheid
Davis	Jude	Novak	Reichgott	Willet

Messrs. Knaak; Merriam; Peterson, R.W. and Spear voted in the negative.

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1760 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1760

A bill for an act relating to governmental operations; requesting the regents of the University of Minnesota to conduct a job evaluation study and report to the legislature.

April 18, 1984

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S.F. No. 1760, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendment adopted April 13, 1984, and that S.F. No. 1760 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [COMPENSATION COMPARABILITY STUDY.]

The legislature requests the regents of the University of Minnesota to conduct an objective job evaluation study to determine the extent to which comparability of the value of work is reflected in the salaries of its nonacademic

employees, including hospital employees. The study is to include an analysis of compensation comparability for male-dominated, female-dominated, and balanced classes of employees as those classes are defined in Minnesota Statutes, section 43A.02.

Sec. 2. [REPORT OF STUDY.]

The regents of the University of Minnesota are requested to compile and submit to the legislative commission on employee relations by April 1, 1985, a list showing those female-dominated classes for which a compensation inequity exists based on comparability of the value of the work, an estimate of the cost to provide comparability adjustments, and the steps taken to achieve pay equity."

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

Senate Conferees: (Signed) Ember D. Reichgott, Donna C. Peterson, Nancy Brataas

House Conferees: (Signed) Lyndon R. Carlson, James C. Swanson, David T. Bishop

Ms. Reichgott moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1760 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1760 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 311 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 311

A bill for an act relating to public welfare; requiring licensure for adult day

care facilities; amending Minnesota Statutes 1982, sections 245.782, subdivisions 2, 5, and by adding a subdivision; 245.783, by adding a subdivision; 245.791; 245.802, by adding a subdivision.

April 18, 1984

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S.F. No. 311, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 311 be further amended as follows:

Page 1, line 14, delete the second "and" and insert a comma

Page 1, line 15, after the comma insert "*and supportive living residences,*"

Page 2, after line 1, insert:

"Sec. 3. Minnesota Statutes 1982, section 245.782, subdivision 6, is amended to read:

Subd. 6. "Residential facility" means any facility, public or private, which for gain or otherwise regularly provides one or more persons with a 24 hour per day substitute for care, food, lodging, training, education, supervision, habilitation, rehabilitation, and treatment they need, but which for any reason cannot be furnished in the person's own home. Residential facilities include, but are not limited to: state institutions under the control of the commissioner of public welfare, foster homes, residential treatment centers, maternity shelters, group homes, residential programs, *supportive living residences for functionally impaired adults*, or schools for handicapped children."

Page 3, delete lines 31 to 34 and insert:

"*Subd. 1a. [STANDARDS FOR SUPPORTIVE LIVING RESIDENCES.] Standards for licensing supportive living residences shall include provisions concerning the referral of adults needing treatment to appropriate programs and the prevention of inappropriate placements in supportive living residences, a maximum bed limit of 40, and provisions discouraging the concentration of supportive living residences in any one region or neighborhood.*"

Page 4, line 5, delete "6" and insert "7"

ReNUMBER the sections in sequence

Amend the title as follows:

Page 1, line 3, after "facilities" insert "*and supportive living residences*"

Page 1, line 4, after "5," insert "6,"

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

Senate Conferees: (Signed) Linda Berglin, Marilyn M. Lantry, Duane D.

Benson

House Conferees: (Signed) John E. Brandl, Lee Greenfield, Tony Onnen

Mr. Berglin moved that the foregoing recommendations and Conference Committee Report on S.F. No. 311 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 311 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

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

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1750 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1750

A bill for an act relating to commerce; providing for the classification of crime reports of the department of commerce; including certain financial institutions within the definition of broker-dealer of securities; broadening the securities transaction exemption for corporate transactions; providing for the receipt of applications for renewal of real estate broker and salesperson licenses; establishing certain fees relating to the regulation of real estate brokers and salespersons; providing for real estate salesperson licensing requirements after examination; clarifying a certain definition relating to recovery from the real estate education, research, and recovery fund; limiting recovery to cases involving judgments against licensed individuals; providing for the depositing of funds under the unclaimed property statutes; regulating sales of unclaimed property; appropriating money; amending Minnesota Statutes 1982, sections 13.81, subdivision 1; 13.82, subdivision 1; 80A.14, subdivision 4; 80A.15, subdivision 2; 80A.30, subdivision 2; 82.17, subdivision 3; 82.20, subdivisions 8 and 9; 82.21, subdivision 1; 82.22, subdivisions 2 and 5; 345.32; 345.47, subdivision 1; 345.48; 345.49;

Minnesota Statutes 1983 Supplement, sections 82.22, subdivisions 6 and 13; and 82.34, subdivision 7; proposing new law coded in Minnesota Statutes, chapter 345.

April 18, 1984

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S.F. No. 1750, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1750 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1982, section 13.81, subdivision 1, is amended to read:

Subdivision 1. [CRIME REPORTS.] When collected, created, or maintained by law enforcement agencies including municipal police departments, county sheriff departments, fire departments, the bureau of criminal apprehension, the Minnesota state patrol, *department of commerce*, or the peace officers standards and training board:

(a) Data contained on incident complaint reports, variously called logs or dockets, comprising a chronological record of events, shall be public; provided that data on individuals which could reasonably be used to determine the identity of an undercover agent, informant, or victim of criminal sexual conduct or intrafamilial sexual abuse shall be private data on individuals; provided further that any other data classified by law as private or confidential contained in incident complaint reports shall remain private or confidential data.

(b) Data in arrest warrant indices are classified as confidential pursuant to section 13.02, subdivision 3, until the defendant has been taken into custody, served with a warrant, or appears before the court except when the law enforcement agency determines that the public purpose is served by making the information public.

(c) Data which uniquely describes stolen, lost, confiscated, or recovered property or property described in pawn shop transaction records are classified as either private or nonpublic depending on the content of the specific data.

(d) To the extent that the release of program data would reveal the identity of an informant or adversely affect the integrity of the fund, financial records of a program which pays rewards to informants shall be protected nonpublic data in the case of data not on individuals or confidential data in the case of data on individuals.

Sec. 2. Minnesota Statutes 1982, section 13.82, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] This section shall apply to agencies

which carry on a law enforcement function, including but not limited to municipal police departments, county sheriff departments, fire departments, the bureau of criminal apprehension, the Minnesota state patrol, and the securities and real estate division of the department of commerce.

Sec. 3. Minnesota Statutes 1983 Supplement, section 60A.1701, subdivision 8, is amended to read:

Subd. 8. [MINIMUM EDUCATION REQUIREMENT.] Each person subject to this section shall complete annually a minimum of 20 credit hours of courses accredited by the commissioner. *No person shall be granted more than ten credit hours per year toward the annual requirement as a result of attending accredited courses developed or offered by an insurer employing that person.* Any person teaching or lecturing at an accredited course qualifies for 1-1/2 times the number of credit hours that would be granted to a person completing the accredited course. Credit hours over 20 earned in any one year may be carried forward for the following two years. The commissioner may recognize accredited courses completed in 1983, 1984, or 1985 for the minimum education requirement for 1985.

Sec. 4. Minnesota Statutes 1982, section 80A.14, subdivision 4, is amended to read:

Subd. 4. [BROKER-DEALER.] "Broker-dealer" means any person engaged in the business of effecting transactions in securities for the account of others or for his own account. "Broker-dealer" does not include:

- (1) an agent;
- (2) an issuer;
- (3) a ~~bank, savings institution or trust company;~~ or
- (4) a bank, savings institution, savings and loan association

(i) acting for the account of others, provided that such activities are conducted in compliance with such rules and regulations as may be adopted by the commissioner;

(ii) acting for its own account; or

(iii) acting in a fiduciary capacity pursuant to the powers and privileges described by sections 48.36 to 48.49 or United States Code, title 12, section 92(a);

(4) (5) a person who has no place of business in this state if he effects transactions in this state exclusively with or through (i) the issuers of the securities involved in the transactions, (ii) other broker-dealers, or (iii) banks, savings institutions, trust companies, insurance companies, investment companies as defined in the Investment Company Act of 1940, pension or profit sharing trusts, or other financial institutions or institutional buyers, or to broker-dealers, whether the purchaser is acting for itself or in some fiduciary capacity; or

(5) (6) other persons not within the intent of this subsection whom the commissioner by rule or order designates.

Sec. 5. Minnesota Statutes 1982, section 80A.15, subdivision 2, is amended to read:

Subd. 2. The following transactions are exempted from sections 80A.08 and 80A.16:

Any isolated sales, whether or not effected through a broker-dealer, provided that no person shall make more than five sales of securities of the same issuer pursuant to this exemption during any period of 12 consecutive months; provided further, that in the case of sales by an issuer, except sales of securities registered under the Securities Act of 1933 or exempted by section 3(b) of that act, (1) the seller reasonably believes that all buyers are purchasing for investment, and (2) the securities are not advertised for sale to the general public in newspapers or other publications of general circulation or otherwise, or by radio, television, or direct mailing.

(b) Any nonissuer distribution of an outstanding security if (1) either Moody's, Fitch's, or Standard & Poor's Securities Manuals, or other recognized manuals approved by the commissioner contains the names of the issuer's officers and directors, a balance sheet of the issuer as of a date not more than 18 months prior to the date of the sale, and a profit and loss statement for the fiscal year preceding the date of the balance sheet, and (2) the issuer or its predecessor has been in active, continuous business operation for the five-year period next preceding the date of sale, and (3) if the security has a fixed maturity or fixed interest or dividend provision, the issuer has not, within the three preceding fiscal years, defaulted in payment of principal, interest, or dividends on the securities.

(c) The execution of any orders by a licensed broker-dealer for the purchase or sale of any security, pursuant to an unsolicited offer to purchase or sell; provided that the broker-dealer acts as agent for the purchaser or seller, and has no direct material interest in the sale or distribution of the security, receives no commission, profit, or other compensation from any source other than the purchaser and seller and delivers to the purchaser and seller written confirmation of the transaction which clearly itemizes his commission, or other compensation.

(d) Any nonissuer sale of notes or bonds secured by a mortgage lien if the entire mortgage, together with all notes or bonds secured thereby, is sold to a single purchaser at a single sale.

(e) Any judicial sale, exchange, or issuance of securities made pursuant to an order of a court of competent jurisdiction.

(f) The sale, by a pledge holder, of a security pledged with him in good faith as collateral for a bona fide debt.

(g) Any offer or sale to a bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit sharing trust, or other financial institution or institutional buyer, or to a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

(h) Any sales by an issuer to the number of persons as, when aggregated with the number of persons to whom sales have been made pursuant to ~~clauses~~ clause (a) or (k), shall not exceed 25 persons in this state (other than those designated in clause (g)) during any period of 12 consecutive months, whether or not any of the purchasers is then present in this state, if (1) the issuer reasonably believes that all of the buyers in this state (other than those

designated in clause (g)) are purchasing for investment, and (2) no commission or other remuneration is paid or given directly or indirectly for soliciting any prospective buyer in this state (other than those designated in clause (g)), except reasonable and customary commissions paid by the issuer to a broker-dealer licensed under this chapter, and (3) the issuer has, ten days prior to any sale pursuant to this paragraph, supplied the commissioner with a statement of issuer on forms prescribed by the commissioner, containing the following information: (i) the name and address of the issuer, and the date and state of its organization; (ii) the number of units, price per unit, and a description of the securities to be sold; (iii) the amount of commissions to be paid and the persons to whom they will be paid; (iv) the names of all officers, directors and persons owning five percent or more of the equity of the issuer; (v) a brief description of the intended use of proceeds; (vi) a description of all sales of securities made by the issuer within the 12-month period next preceding the date of filing; and (vii) a copy of the investment letter, if any, intended to be used in connection with any sale. The commissioner may by rule or order as to any security or transaction or any type of security or transaction, withdraw or further condition this exemption, or increase the number of offers and sales permitted, or waive the conditions in ~~clauses clause~~ (1), (2), or (3) with or without the substitution of a limitation or remuneration.

(i) Any offer (but not a sale) of a security for which a registration statement has been filed under sections 80A.01 to 80A.31, if no stop order or refusal order is in effect and no public proceeding or examination looking toward an order is pending; and any offer of a security if the sale of the security is or would be exempt under this section. The commissioner may by rule exempt offers (but not sales) of securities for which a registration statement has been filed as he deems appropriate, consistent with the purposes of sections 80A.01 to 80A.31.

(j) The offer and sale by a cooperative association organized under chapter 308, of its securities when the securities are offered and sold only to its members, or when the purchase of the securities is necessary or incidental to establishing membership in such association, or when such securities are issued as patronage dividends.

(k) Any offer or sale of securities, including offers and sales pursuant to preorganization subscriptions for the securities of an issuer to be formed, by a corporation having its principal office in this state if, after giving effect thereto, the aggregate number of holders of all of the issuer's securities, all of whom shall have purchased for investment, does not exceed ten, exclusive of persons designated in clause (g), provided that no commission or other remuneration has been paid and no advertising has been published or circulated in connection with the sale, and all sales are consummated within 30 days after commencement of business by the issuer. The commissioner may by rule or order increase the number of persons to whom sales may be made under this exemption.

(l) The issuance and delivery of any securities of one corporation to another corporation or its security holders ~~in exchange for the acquisition by the issuer or a subsidiary of the issuer of all or substantially all of the assets of the other corporation, or in connection with a consolidation or merger of the corporation, exchange of shares, or transfer of assets whereby the approval of stockholders of the other corporation is required to be obtained,~~ provided, that the commissioner of securities and real estate has been furnished with a general description of the transaction and with other information as he by rule

prescribes not less than ten days prior to the issuance and delivery.

(m) Any transaction between the issuer or other person on whose behalf the offering is made and an underwriter or among underwriters.

(n) The distribution by a corporation of its or other securities to its own security holders as a stock dividend or as a dividend from earnings or surplus or as a liquidating distribution; or upon conversion of an outstanding convertible security; or pursuant to a stock split or reverse stock split.

(o) Any offer or sale of securities by an affiliate of the issuer thereof if: (1) a registration statement is in effect with respect to securities of the same class of the issuer and (2) the offer or sale has been exempted from registration by rule or order of the commissioner.

Sec. 6. Minnesota Statutes 1982, section 80A.30, subdivision 2, is amended to read:

Subd. 2. This section shall not apply to any isolated sale not made or occurring in the course of repeated or successive sale; nor to any judicial sale or any transaction lawfully ordered, authorized, or approved by a court of competent jurisdiction in this state; nor to any sale to a bank or financial institution under the supervision of any instrumentality or officer of the United States or of the commissioner of ~~banks or of the commissioner of insurance~~ *commerce* of this state, or a licensed broker-dealer; nor to any sale made in compliance with the provisions of section 80A.15, subdivision 2, clause (g) or (h). In any complaint, information or indictment charging a sale in violation of this section, it shall not be necessary to specifically name or identify persons other than the complainant to whom like sales have been made.

Sec. 7. Minnesota Statutes 1982, section 82.17, subdivision 3, is amended to read:

Subd. 3. "Commissioner" means the commissioner of ~~securities and real estate~~ *commerce* or his designee.

Sec. 8. Minnesota Statutes 1982, section 82.20, subdivision 8, is amended to read:

Subd. 8. [RENEWALS.] (a) Persons whose applications have been properly and timely filed who have not received notice of denial of renewal are deemed to have been approved for renewal and may continue to transact business either as a real estate broker or salesperson whether or not the renewed license has been received on or before July 1. Application for renewal of a license shall be deemed to have been timely filed if received by the commissioner ~~on or before by, or mailed with proper postage and postmarked by, June 15 in each year.~~ Applications for renewal shall be deemed properly filed if made upon forms duly executed and sworn to, accompanied by fees prescribed by this chapter and contain any information which the commissioner may require. ~~An application mailed shall be deemed proper and timely received if addressed to the commissioner and postmarked prior to 12:01 A.M. on June 14;~~

(b) Persons who have failed to make a timely application for renewal of a license and who have not received the renewal license as of July 1, shall be unlicensed until such time as the license has been issued by the commissioner and is received.

Sec. 9. Minnesota Statutes 1982, section 82.20, subdivision 9, is amended to read:

Subd. 9. [TERMINATIONS; TRANSFERS.] (a) Except as provided in paragraph (b), when a salesperson terminates his activity on behalf of a broker, the salesperson's license shall be ineffective. Within ten days of the termination the broker shall notify the commissioner in writing, and shall return to the commissioner the license of the salesperson. The salesperson may apply for transfer of the license to another broker at any time during the remainder of the license period, on forms provided by the commissioner. If the application for transfer qualifies, the commissioner shall grant the application. Upon receipt of a transfer application and payment of the transfer fee, the commissioner may issue a 45 day temporary license. If an application for transfer is not made within the license period, the commissioner shall require that an application for a new license be filed.

(b) When a salesperson terminates his activity on behalf of a broker in order to begin association immediately with another broker, the commissioner shall permit the automatic transfer of the salesperson's license. The transfer shall be effective either upon the mailing of the required fee and the executed documents by certified mail or upon personal delivery of the fee and documents to the commissioner's office. The commissioner may adopt rules and prescribe forms as necessary to implement this paragraph.

(c) When a broker terminates his activity in order to begin association with another broker, the commissioner shall permit the automatic transfer of the broker's license to a salesperson's license. If there are licensed salespersons working for the broker he shall certify that a broker will remain in the company he is leaving prior to issuance of the transfer. The transfer shall be effective either upon the mailing of the required fee and the executed documents by certified mail or upon personal delivery of the fee and documents to the commissioner's office.

Sec. 10. Minnesota Statutes 1982, section 82.21, subdivision 1, is amended to read:

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

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

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

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

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

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

(f) A fee of \$25 for a corporation or partnership name change;

(g) A fee of \$5 for an agent name change;

(h) A fee of \$10 for a license history;

(i) A fee of \$15 for a NSF check;

- (j) *A fee of \$50 for an initial course approval;*
- (k) *A fee of \$10 for notices of repeat course offerings;*
- (l) *A fee of \$50 for instructor or coordinator approval; and*
- (m) *A fee of \$5 for a duplicate license.*

Sec. 11. Minnesota Statutes 1982, section 82.22, subdivision 2, is amended to read:

Subd. 2. [BROKER'S EXAMINATION.] (a) The examination for a real estate broker's license shall be more exacting than that for a real estate salesperson, and shall require a higher degree of knowledge of the fundamentals of real estate practice and law.

(b) Every application for a broker's examination shall be accompanied by proof that the applicant has had a minimum of two years of actual experience *within the previous five-year period prior to application* as a licensed real estate salesperson in this or in another state having comparable requirements or is, in the opinion of the commissioner, otherwise or similarly qualified by reason of education or practical experience. *The applicant shall have completed educational requirements in accordance with section 82.22, subdivision 6.* An applicant for a limited broker's license pursuant to section 82.20, subdivision 13, shall not be required to have a minimum of two years of actual experience as a real estate person in order to obtain a limited broker's license to act as principal only.

Sec. 12. Minnesota Statutes 1982, section 82.22, subdivision 5, is amended to read:

Subd. 5. [PERIOD FOR APPLICATION.] An applicant who obtains an acceptable score on a salesperson's examination must file an application ~~for~~ and obtain the license within one year of the date of successful completion of the examination or a second examination must be taken to qualify for the license. *If a new examination is required, prelicense education must be completed in accordance with section 82.22, subdivision 6.*

Sec. 13. Minnesota Statutes 1983 Supplement, section 82.22, subdivision 6, is amended to read:

Subd. 6. [INSTRUCTION; NEW LICENSES.] (a) Every salesperson, licensed after July 1, 1973 and before July 1, 1976 shall, within two years of the date his license was first granted be required to successfully complete a course of study in the real estate field consisting of not less than 60 hours of instruction, approved by the commissioner. Upon appropriate showing of hardship by the licensee, or for persons licensed pursuant to section 82.20, subdivision 1, clause (b), the commissioner may waive or modify the requirements of this subdivision. Every salesperson licensed after July 1, 1976 and before July 1, 1978 shall, within three years of the date his license was first issued, be required to successfully complete a course of study in the real estate field consisting of not less than 90 hours of instruction, approved by the commissioner;

(b) After July 1, 1978, and before January 1, 1984, every applicant for a salesperson's license shall be required to successfully complete a course of study in the real estate field consisting of 30 hours of instruction approved by the commissioner before taking the examination specified in subdivision 1. Every salesperson licensed after July 1, 1978, and before January 1, 1984,

shall, within one year of the date his license was first issued, be required to successfully complete a course of study in the real estate field consisting of 60 hours of instruction approved by the commissioner.

(c) After December 31, 1983, every applicant for a salesperson's license shall be required to successfully complete a course of study in the real estate field consisting of 30 hours of instruction approved by the commissioner before taking the examination specified in subdivision 1. After December 31, 1983, every applicant for a salesperson's license shall be required to successfully complete an additional course of study in the real estate field consisting of 30 hours of instruction approved by the commissioner before filing an application for the license. Every salesperson licensed after December 31, 1983, shall, within one year of the date his license was first issued, be required to successfully complete a course of study in the real estate field consisting of 30 hours of instruction approved by the commissioner.

(d) The commissioner may approve courses of study in the real estate field offered in educational institutions of higher learning in this state or courses of study in the real estate field developed by and offered under the auspices of the national association of realtors, its affiliates, or private real estate schools licensed by the state department of education. The commissioner may by rule prescribe the curriculum and qualification of those employed as instructors.

Sec. 14. Minnesota Statutes 1983 Supplement, section 82.22, subdivision 13, is amended to read:

Subd. 13. [CONTINUING EDUCATION.] (a) After July 1, 1978, all real estate salespersons not subject to or who have completed the educational requirements contained in subdivision 6 and all real estate brokers shall be required to successfully complete 45 hours of real estate education, either as a student or a lecturer, in courses of study approved by the commissioner, within three years after their annual renewal date.

(b) For the purposes of administration, the commissioner shall classify by lot, the real estate brokers and salespersons subject to (a) above, in three classifications of substantially equal size. The first class shall complete 15 hours of approved real estate study between July 1, 1978 and June 30, 1979 inclusive. The second class shall complete 30 hours of approved real estate study between the dates of July 1, 1978 and June 30, 1980 inclusive. The third class shall complete 45 hours of approved real estate study between the dates of July 1, 1978 and June 30, 1981. After the first period, each class shall complete the prescribed educational requirements during successive three year periods.

(c) The commissioner shall adopt rules defining the standards for course and instructor approval, and may adopt rules for the proper administration of this subdivision.

(d) Any program approved by Minnesota Continuing Legal Education shall be approved by the commissioner of securities and real estate commerce for continuing education for real estate brokers and salespeople if the program or any part thereof relates to real estate.

Sec. 15. Minnesota Statutes 1983 Supplement, section 82.34, subdivision 7, is amended to read:

Subd. 7. When any aggrieved person obtains a final judgment in any court of competent jurisdiction against ~~any person~~ *an individual* licensed under this chapter, on grounds of fraudulent, deceptive or dishonest practices, or conversion of trust funds arising directly out of any transaction when the judgment debtor was licensed and performed acts for which a license is required under this chapter, or performed acts permitted by section 327.55, subdivision 1a, and which cause of action occurred on or after July 1, 1973, the aggrieved person may, upon the judgment becoming final, and upon termination of all proceedings, including reviews and appeals, file a verified application in the court in which the judgment was entered for an order directing payment out of the recovery portion of the fund of the amount of actual and direct out of pocket loss in the transaction, but excluding any attorney's fees, interest on the loss and on any judgment obtained as a result of the loss, up to the sum of \$20,000 of the amount unpaid upon the judgment, provided that nothing in this chapter shall be construed to obligate the fund for more than \$20,000 per transaction, subject to the limitations set forth in subdivisions 12 and 14, regardless of the number of persons aggrieved or parcels of real estate involved in the transaction. A copy of the verified application shall be served upon the commissioner and upon the judgment debtor, and a certificate or affidavit of service filed with the court. For the purpose of this section "aggrieved person" shall not include a real estate licensee ~~who is seeking to recover a commission~~ *unless (1) the licensee is acting in the capacity of principal in the sale of interests in real property owned by the licensee; or (2) the licensee is acting in the capacity of principal in the purchase of interests in real property to be owned by the licensee. Under no circumstances shall a real estate licensee be entitled to payment under this section for the loss of a commission.*

Sec. 16. [345.25] [BONDS ISSUED BY RELIGIOUS ORGANIZATIONS.]

Bonds issued by religious organizations are exempt from sections 345.31 to 345.60 and are not otherwise subject to escheat.

Sec. 17. Minnesota Statutes 1982, section 345.32, is amended to read:

345.32 [PROPERTY HELD BY BANKING OR FINANCIAL ORGANIZATIONS OR BY BUSINESS ASSOCIATIONS.]

The following property held or owing by a banking or financial organization or by a business association is presumed abandoned:

(a) Any demand, savings or matured time deposit made in this state with a banking organization, together with any interest or dividend thereon, excluding contracted service charges which may be deducted for a period not to exceed one year, unless the owner has, within five years:

(1) increased or decreased the amount of the deposit, or presented the passbook or other similar evidence of the deposit for the crediting of interest; or

(2) corresponded in writing with the banking organization concerning the deposit; or

(3) otherwise indicated an interest in the deposit as evidenced by a memorandum on file with the banking organization; or

(4) received tax reports or regular statements of the deposit by mail from the banking or financial organization regarding the deposit. Receipt of the statement by the owner should be presumed if the statement is mailed first class by the banking or financial organization and not returned; or

(5) acted as provided in paragraphs (1), (2), (3) and (4) of this subsection in regard to another demand, savings or time deposit made with the banking or financial organization.

(b) Any funds or dividends deposited or paid in this state toward the purchase of shares or other interest in a business association where the stock certificates or other evidence of interest in the business have not been issued, or in a financial organization, and any interest or dividends thereon, excluding contracted service charges which may be deducted for a period not to exceed one year, unless the owner has within five years:

(1) increased or decreased the amount of the funds or deposit, or presented an appropriate record for the crediting of interest or dividends; or

(2) corresponded in writing with the financial organization concerning the funds or deposit; or

(3) otherwise indicated an interest in the funds or deposit as evidenced by a memorandum on file with the financial organization; or

(4) received tax reports or regular statements of the deposit or accounting by mail from the financial organization or business association regarding the deposit. Receipt of the statement by the owner should be presumed if the statement is mailed first class by the financial organization or business association and not returned.

(c) Any sum, excluding contracted service charges which may be deducted for a period not to exceed one year, payable on checks certified in this state or on written instruments issued in this state, or issued in any other state the law in which for any reason does not apply to the abandonment of sums payable on checks certified in that state or written instruments issued in that state, on which a banking or financial organization or business association is directly liable, including, by way of illustration but not of limitation, drafts, money orders and traveler's checks, that has been outstanding for more than five years from the date it was payable, or from the date of its issuance if payable on demand, or, in the case of traveler's checks, has been outstanding for more than 15 years from the date of its issuance, or, in the case of money orders, has been outstanding for more than seven years from the date of its issuance, unless the owner has within five years, or within 15 years in the case of traveler's checks, or within seven years in the case of money orders, corresponded in writing with the banking or financial organization or business association concerning it, or otherwise indicated an interest as evidenced by a memorandum on file with the banking or financial organization or business association.

(d) Any funds or other personal property, tangible or intangible, removed from a safe deposit box or any other safekeeping repository in this state on which the lease or rental period has expired due to nonpayment of rental charges or other reason, that have been unclaimed by the owner for more than five years from the date on which the lease or rental period expired.

(1) If the amount due for the use or rental of a safe deposit box has remained

unpaid for a period of six months, the bank, savings bank, trust company, savings and loan, or safe deposit company shall, within 60 days of the expiration of that period, send by certified mail, addressed to the renter or lessee of the safe deposit box, directed to the address standing on its books, a written notice that, if the amount due for the use or rental of the safe deposit box is not paid within 60 days after the date of the mailing of the notice, it will cause the safe deposit box to be opened and its contents placed in one of its general safe deposit boxes.

(2) Upon the expiration of 60 days from the date of mailing the notice, and in default of payment within the 60 days of the amount due for the use or rental of the safe deposit box, the bank, savings bank, trust company, savings and loan, or safe deposit company, in the presence of its president, vice-president, secretary, treasurer, assistant secretary, assistant treasurer or superintendent, or such other person as specifically designated by its board of directors, and of a notary public not in its employ, shall cause the safe deposit box to be opened and the contents thereof, to be removed and sealed by the notary public in a package, *in which he shall enclose a detailed description of the contents of the safe deposit box and upon which he shall mark the name of the renter or lessee and also the estimated value of the contents of the safe deposit box* and, in the presence of one of the bank officers listed above, the notary public shall place the package in one of the bank's general safe deposit boxes and set out the proceedings in a certificate under his official seal, which shall be delivered to the bank, savings bank, trust company, savings and loan, or safe deposit company.

(3) The bank, savings bank, trust company, savings and loan, or safe deposit company shall hold the contents of abandoned safe deposit boxes until they are claimed by the owner or the bank turns them over to the state treasurer pursuant to chapter 345.

Sec. 18. Minnesota Statutes 1982, section 345.47, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3, all abandoned property other than money delivered to the ~~state treasurer~~ *commissioner* under sections 345.31 to 345.60 shall ~~within one year after the delivery~~ be sold by him to the highest bidder at public sale in whatever city in the state affords in his judgment the most favorable market for the property involved. *The commissioner shall hold the sale whenever he deems necessary but at least once every ten years.* The ~~state treasurer~~ *commissioner* may decline the highest bid and reoffer the property for sale if he considers the price bid insufficient. He need not offer any property for sale if, in his opinion, the probable cost of sale exceeds the value of the property.

Sec. 19. Minnesota Statutes 1982, section 345.48, is amended to read:

345.48 [DEPOSIT OF FUNDS.]

Subdivision 1. All funds received under sections 345.31 to 345.60, including the proceeds from the sale of abandoned property pursuant to section 345.47, shall forthwith be deposited by the state treasurer in the general fund of the state; ~~except that he shall retain in a separate trust fund an amount not exceeding \$25,000 from which he shall make prompt payment of claims duly allowed by him as hereinafter provided.~~ Before making the deposit he shall

record the name and last known address of each person appearing from the holders' reports to be entitled to the abandoned property and of the name and last known address of each policyholder, insured person, or annuitant, and with respect to each policy or contract listed in the report of a life insurance corporation, its number, the name of the corporation, and the amount due. The record shall be available for public inspection at all reasonable business hours.

Sec. 20. Minnesota Statutes 1982, section 345.49, is amended to read:

345.49 [CLAIM FOR ABANDONED PROPERTY PAID OR DELIVERED.]

Subdivision 1. [FILING.] Any person claiming an interest in any property delivered to the state under sections 345.31 to 345.60 may file a claim thereto or to the proceeds from the sale thereof on the form prescribed by the state treasurer commissioner.

Subd. 2. [APPROPRIATION.] There is hereby appropriated to the persons entitled to a refund, from the fund in the state treasury to which the money was credited, an amount sufficient to make the refund and payment.

Sec. 21. [EFFECTIVE DATE.]

Section 3 is effective July 1, 1985."

Delete the title and insert:

"A bill for an act relating to commerce; providing for the classification of crime reports of the department of commerce; providing a certain limitation on insurance agent continuing education requirements; including certain financial institutions within the definition of broker-dealer of securities; broadening the securities transaction exemption for corporate transactions; providing for the receipt of applications for renewal of real estate broker and salesperson licenses; establishing certain fees relating to the regulation of real estate brokers and salespersons; providing for real estate salesperson licensing requirements after examination; clarifying a certain definition relating to recovery from the real estate education, research, and recovery fund; limiting recovery to cases involving judgments against licensed individuals; providing for the depositing of funds under the unclaimed property statutes; regulating sales of unclaimed property; appropriating money; amending Minnesota Statutes 1982, sections 13.81, subdivision 1; 13.82, subdivision 1; 80A.14, subdivision 4; 80A.15, subdivision 2; 80A.30, subdivision 2; 82.17, subdivision 3; 82.20, subdivisions 8 and 9; 82.21, subdivision 1; 82.22, subdivisions 2 and 5; 345.32; 345.47, subdivision 1; 345.48; 345.49; Minnesota Statutes 1983 Supplement, sections 60A.1701, subdivision 8; 82.22, subdivisions 6 and 13; and 82.34, subdivision 7; proposing new law coded in Minnesota Statutes, chapter 345."

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

Senate Conferees: (Signed) Darril Wegscheid, Michael O. Freeman, Ron Sieloff

House Conferees: (Signed) Gloria Segal, James Metzen, John Sarna

Mr. Wegscheid moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1750 be now adopted, and that the bill

be repassed as amended by the Conference Committee.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 47 and nays 14, as follows:

Those who voted in the affirmative were:

Adkins	Dieterich	Kroening	Peterson, C. C.	Spear
Anderson	Frederick	Kronebusch	Peterson, D. C.	Storm
Belanger	Frederickson	Lantry	Petty	Taylor
Berg	Freeman	Luther	Pogemiller	Ulland
Bernhagen	Hughes	McQuaid	Ramstad	Vega
Brataas	Johnson, D. E.	Mehrkens	Reichgott	Waldorf
Dahl	Johnson, D. J.	Moe, D. M.	Renneke	Wegscheid
Davis	Jude	Moe, R. D.	Schmitz	
Dicklich	Knaak	Novak	Sieloff	
Diessner	Knutson	Olson	Solon	

Those who voted in the negative were:

Benson	Frank	Merriam	Peterson, R. W.	Stumpf
Bertram	Isackson	Pehler	Purfeerst	Willet
DeCramer	Kamrath	Peterson, D. L.	Samuelson	

The motion prevailed. So the recommendations and Conference Committee report were adopted.

S.F. No. 1750 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 52 and nays 11, as follows:

Those who voted in the affirmative were:

Adkins	Frederickson	Laidig	Peterson, D. C.	Spear
Anderson	Freeman	Langseth	Peterson, D. L.	Storm
Belanger	Hughes	Lantry	Petty	Stumpf
Berg	Isackson	Luther	Pogemiller	Taylor
Berglin	Johnson, D. E.	McQuaid	Purfeerst	Ulland
Bernhagen	Johnson, D. J.	Mehrkens	Ramstad	Vega
Brataas	Jude	Moe, D. M.	Reichgott	Waldorf
Dahl	Knaak	Moe, R. D.	Renneke	Wegscheid
Davis	Knutson	Novak	Schmitz	
Diessner	Kroening	Olson	Sieloff	
Frederick	Kronebusch	Peterson, C. C.	Solon	

Those who voted in the negative were:

Benson	Dicklich	Frank	Merriam	Peterson, R. W.
Bertram	Dieterich	Kamrath	Pehler	Samuelson
DeCramer				

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1349 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1349

A bill for an act relating to liquor; abolishing prohibition on furnishing

liquor to certain persons and exclusion of certain persons from liquor establishments after notice; amending Minnesota Statutes 1982, section 340.601; repealing Minnesota Statutes 1982, sections 340.73, subdivision 2; 340.78; and 340.81.

April 19, 1984

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S.F. No. 1349, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1349 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1983 Supplement, section 182.651, subdivision 18, is amended to read:

Subd. 18. The following substances or mixtures are not hazardous substances if they are:

(a) products intended for personal consumption by employees in the workplace;

(b) consumer products packaged for distribution to, and used by, the general public, including any product used by an employer or the employer's employees in the same form, concentration, and manner as it is sold to consumers, and to the employer's knowledge, employee exposure is not significantly greater than the consumer exposure occurring during principal consumer use of the product;

(c) any article, including but not limited to, an item of equipment or hardware, which contains a hazardous substance, if the substance is present in a solid form which does not create a health hazard as a result of being handled by an employee;

(d) any hazardous substance that is bound and not released under normal conditions of work or in a reasonably foreseeable occurrence resulting from workplace operations;

(e) products sold or used in retail food sale establishments and all other retail trade establishments, exclusive of processing and repair work areas; or

(f) "liquor" as defined in section 340.07, subdivision 2 or "non-intoxicating malt liquor" as defined in section 340.001, subdivision 2;

(g) "food" as defined in the Federal Food, Drug, and Cosmetic Act, United States Code, title 27, section 321, et seq.; or

(h) any waste material regulated pursuant to the federal Resource Conservation and Recovery Act, Public Law 94-580, but only with respect to any employer in a business which provides a service of collection, processing, or disposal of such waste.

The commissioner may, by inclusion in the standards adopted pursuant to

section 182.655, determine whether any of the following may be excluded from the definitions of hazardous substance or harmful physical agent:

(a) waste products labeled pursuant to the Resource Conservation and Recovery Act;

(b) any substance received by an employee in a sealed package and subsequently sold or transferred in that package, if the seal remains intact while the substance is in the employer's workplace; or

(c) any substance, mixture, or product if present in a physical state, volume, or concentration for which there is no valid and substantial evidence that a significant risk to human health may occur from exposure.

Sec. 2. Minnesota Statutes 1982, section 340.07, subdivision 14, is amended to read:

Subd. 14. "Restaurant" means any establishment, other than a hotel, under the control of a single proprietor or manager, having appropriate facilities for the serving of meals, and where, in consideration of payment therefor, meals are regularly served at tables to the general public, and which employs an adequate staff to provide the usual and suitable service to its guests. In cities of the first class such establishment shall have facilities for seating not less than 50 guests at one time; in cities of the second and third class and statutory cities of over 10,000 population, such establishment shall have facilities for seating not less than 30 guests at one time, or such greater number as the municipality may determine; and in cities of the fourth class and statutory cities of 10,000 population or less, in such manner as the municipality shall determine; ~~and in an unincorporated or unorganized area of a county other than St. Louis, Cook, and Lake counties such establishment shall have facilities for seating not less than 100 guests at one time or such greater number as the county board may determine; and in an unincorporated or unorganized area of St. Louis, Cook, and Lake counties the establishment must have facilities for seating not less than 50 guests at one time.~~

Sec. 3. Minnesota Statutes 1982, section 340.14, is amended by adding a subdivision to read:

Subd. 5. This section does not apply to intoxicating liquor which is:

(1) further distilled, refined, rectified, or blended within the state; and

(2) bottled within the state and labeled with the importer's own labels after importation into the state.

Sec. 4. Minnesota Statutes 1982, section 340.15, subdivision 1, is amended to read:

Subdivision 1. The unrestricted advertising of intoxicating liquor is hereby declared to be contrary to public policy. Reasonable rules and regulations restricting advertising to prevent it from counteracting temperance education shall be made by the commissioner of public safety. *No regulation shall be construed as prohibiting the advertising of wines by off-sale licensees or municipal liquor stores by means of catalogs distributed by direct mail listing not less than 25 varieties of wine and the price of each.*

Sec. 5. Minnesota Statutes 1982, section 340.601, is amended to read:

340.601 [IMPORT; TAX EVASION, MISDEMEANOR.]

~~Any~~ A person, excluding persons of minor age and other disqualified persons as provided by ~~sections~~ section 340.73 and 340.78, who enters the state of Minnesota from another state may have in his personal possession one quart (32 ounces) of intoxicating liquor or fermented malt beverages or who enters the state of Minnesota from a foreign country may have in his possession one gallon (128 ounces) of intoxicating liquor or ten quarts (320 ounces) of fermented malt beverages without the required payment of the Minnesota excise tax. ~~Any~~ A collector of commemorative bottles as defined in section 340.44, clauses (6) and (7), excluding persons of minor age and other disqualified persons as provided by ~~sections~~ section 340.73 and 340.78, who enters the state of Minnesota from another state may have in his personal possession 12 or fewer commemorative bottles without the required payment of the Minnesota excise tax. ~~Any~~ A person who ~~shall import imports or have~~ has in his possession any ~~such~~ untaxed intoxicating liquor or fermented malt beverages in excess of the quantities provided for in this section is guilty of a misdemeanor. ~~The foregoing~~ These provisions do not apply to the consignments of alcoholic beverages shipped into this state by holders of Minnesota import licenses or Minnesota manufacturers and wholesalers of ~~such~~ alcoholic beverages when duly licensed by the commissioner or to common carriers with licenses to sell intoxicating liquor in more than one state. ~~Any~~ A peace officer, the commissioner, or ~~his~~ the commissioner's authorized agents, may seize such untaxed liquor.

Sec. 6. [MORATORIUM ON CERTAIN LICENSES.]

Notwithstanding the provisions of Minnesota Statutes, section 340.11, subdivision 10b, town boards of towns exercising powers under Minnesota Statutes, section 368.01, subdivision 1, may not issue any new off-sale intoxicating liquor licenses for a period of one year beginning with the effective date of this section. Licenses previously issued under section 340.11, subdivision 10b, may be renewed.

Sec. 7. [ROSEVILLE LICENSES.]

Notwithstanding any law to the contrary, the city of Roseville may issue six on-sale intoxicating liquor licenses in addition to those authorized by law. The licenses are subject to all other provisions of Minnesota Statutes, chapter 340.

Sec. 8. [WEST ST. PAUL LICENSES.]

Notwithstanding any law to the contrary, the city of West St. Paul may issue one on-sale intoxicating liquor license in addition to those authorized by law. The license is subject to all other provisions of Minnesota Statutes, chapter 340.

Sec. 9. [ST. PAUL, CITY OF, ORDWAY MUSIC THEATRE; LIQUOR LICENSE.]

In addition to the licenses now authorized by law and notwithstanding any law or ordinance to the contrary, the city of St. Paul may issue an on-sale liquor license to the governing body of the Ordway Music Theatre for the premises known as the Ordway Music Theatre. The license may, with the prior approval of the governing body of the Ordway Music Theatre, be used any place on the premises of the music theatre by a person, firm, or corporation that has contracted for the use of the premises for an event or by a caterer

of the person, firm, or corporation approved by the governing body of the Ordway Music Theatre. The license may be used by the person, firm, corporation, or caterer notwithstanding that the person, firm, corporation, or caterer may hold on-sale licenses in their own right.

Sec. 10. [ST. PAUL LICENSES.]

Notwithstanding any law or charter provision to the contrary, the city of Saint Paul may issue retail intoxicating liquor licenses within the territory where sale of intoxicating liquor was prohibited by Special Laws 1885, chapter 281, section 6, in excess of the number authorized by Minnesota Statutes 1982, sections 340.57 to 340.59, subject to the limitations of section 340.11, subdivision 5a.

Sec. 11. [SALE OF LIQUOR AT ST. LOUIS COUNTY HERITAGE AND ARTS CENTER.]

Notwithstanding any law to the contrary, the Duluth city council may by ordinance authorize on-sale intoxicating liquor license holders in the city to sell intoxicating liquor at any convention, banquet, conference, meeting, or social affair conducted on the premises of the St. Louis County Heritage and Arts Center when the licensee has been engaged by a person or organization authorized by the board of directors of the center to use said premises for the event. Sales shall be made only to persons attending the event and shall be subject to all laws and ordinances governing the sale of intoxicating liquor not inconsistent with this act. The city council may impose any additional restrictions on sales it deems appropriate and may fix and assess a fee to be paid by the licensee for each event at which sales are made. The authority granted herein shall not be construed to be the granting of an additional on-sale intoxicating liquor license in Duluth.

Sec. 12. [TOWN OF GREENWOOD; OFF-SALE LICENSE.]

Notwithstanding any law to the contrary, the town board of the town of Greenwood in St. Louis County may issue one off-sale liquor license to an establishment located within the town, with the approval of the commissioner of public safety. The license shall not be issued to a premises located within three miles of a municipality operating a municipal liquor store. The fee for the license shall be fixed by the town board in an amount not to exceed \$500 per year. A license issued pursuant to this section shall otherwise be governed by Minnesota Statutes, chapter 340.

Sec. 13. [ST. PAUL, CITY OF; MINNESOTA MUSEUM OF ART.]

In addition to the licenses now authorized by law, and notwithstanding any law or ordinance to the contrary, the city of St. Paul may issue an on-sale liquor license to the governing body of the Minnesota Museum of Art for the premises known as the Jemne Building. The license may, with the prior approval of the governing body of the Minnesota Museum of Art, be used any place on the premises of the Jemne Building by a person, firm, or corporation that has contracted for the use of the premises for an event or by a caterer of the person, firm, or corporation approved by the governing body of the Minnesota Museum of Art. The license may be used by the person, firm, corporation, or caterer notwithstanding that the person, firm, corporation, or caterer may hold on-sale licenses in their own right.

Sec. 14. [ST. PAUL LICENSES.]

The number of on-sale intoxicating liquor licenses which may be issued in the city of St. Paul shall be determined by the St. Paul city council and is not subject to the limitations in Minnesota Statutes, section 340.11, subdivision 5a.

Sec. 15. [REPEALER.]

Minnesota Statutes 1982, sections 340.73, subdivision 2; 340.78; and 340.81, are repealed. Minnesota Statutes 1982, sections 340.57; 340.58; and 340.59, and Special Laws 1885, chapter 281, section 6, are repealed effective August 1, 1985, contingent upon the approval of section 10 by the St. Paul city council.

Sec. 16. [EFFECTIVE DATE.]

Section 2 is effective the day following final enactment. Sections 7, 8, 9, 11, 13, and 14 are effective on approval by the appropriate governing body and compliance with Minnesota Statutes, section 645.021, subdivision 3. Section 10 is effective August 1, 1985, following approval by the St. Paul city council and compliance with Minnesota Statutes, section 645.021, subdivision 3. Section 12 is effective on approval by the Greenwood town board and compliance with Minnesota Statutes, section 645.021, subdivision 3."

Delete the title and insert:

"A bill for an act relating to liquor; adding liquor, nonintoxicating malt liquor and food to the list of substances exempted from classification as hazardous substances; redefining restaurants for purposes of licensing in St. Louis, Lake, and Cook counties; permitting exclusive sale of certain liquors by Minnesota wholesalers, distillers, rectifiers, or bottlers; authorizing the use of wine catalogs by off-sale dealers; imposing a moratorium on new off-sale intoxicating liquor licenses issued by towns; allowing the cities of Roseville, West St. Paul, and St. Paul to issue on-sale intoxicating liquor licenses in excess of the number authorized by law; allowing the city of St. Paul to issue on-sale intoxicating liquor licenses to the Minnesota Museum of Art and the Ordway Music Theatre; authorizing the Duluth city council to permit the on-sale of liquor at the St. Louis County Heritage and Arts Center by on-sale licensees in the city of Duluth; authorizing the town of Greenwood in St. Louis County to issue one off-sale intoxicating liquor license; repealing certain restrictions on territory in the city of St. Paul where licenses may be issued; amending Minnesota Statutes 1982, sections 340.07, subdivision 14; 340.114, by adding a subdivision; 340.15, subdivision 1; and 340.601; Minnesota Statutes 1983 Supplement, section 182.651, subdivision 18; repealing Minnesota Statutes 1982, sections 340.57; 340.58; 340.59; 340.73, subdivision 2; 340.78; and 340.81; and Special Laws 1885, chapter 281, section 6."

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

Senate Conferees: (Signed) Allen H. Spear, Marilyn M. Lantry, Steven G. Novak, Donald A. Storm

House Conferees: (Signed) Joel Jacobs, Rich O'Connor, John Sarna, James Metzen, Richard E. Wigley

Mr. Spear moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1349 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Sieloff moved that the recommendations and Conference Committee Report on S.F. No. 1349 be rejected, the Conference Committee discharged, and that a new Conference Committee be appointed by the Subcommittee on Committees to act with a like Conference Committee appointed on the part of the House.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 36 and nays 25, as follows:

Those who voted in the affirmative were:

Adkins	Dieterich	Kamrath	Olson	Stumpf
Anderson	Frank	Knaak	Peterson, C.C.	Taylor
Belanger	Frederick	Knutson	Peterson, D.L.	Ulland
Bernhagen	Frederickson	Kronebusch	Peterson, R.W.	Waldorf
Brataas	Freeman	Lessard	Ramstad	
Chmielewski	Isackson	McQuaid	Reichgott	
Dahl	Johnson, D.E.	Mehrkens	Renneke	
Diessner	Jude	Merriam	Sieloff	

Those who voted in the negative were:

Berglin	Johnson, D.J.	Moe, D. M.	Peterson, D.C.	Solon
Bertram	Kroening	Moe, R. D.	Petty	Spear
Davis	Langseth	Nelson	Pogemiller	Storm
DeCramer	Lantry	Novak	Purfeerst	Vega
Dicklich	Luther	Pehler	Schmitz	Wegscheid

The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, without objection, the Senate reverted to the to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 229:

H.F. No. 229: A bill for an act relating to health; allowing any interested person to seek enforcement of certain patient rights; requiring disclosure of certain medical data or medical information for purposes of a lawful investigation; amending Minnesota Statutes 1982, sections 13.42, subdivision 2; 144.335; 254A.09; and Minnesota Statutes 1983 Supplement, section 144.651, subdivision 1.

The House respectfully requests that a Conference Committee of three members be appointed thereon.

Clark, K.; Reif and Swanson have been appointed as such committee on the part of the House.

House File No. 229 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1984

Mr. Spear moved that the Senate accede to the request of the House for a

Conference Committee on H.F. No. 229, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 432, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 432 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1984

CONFERENCE COMMITTEE REPORT ON H.F. NO. 432

A bill for an act relating to soil and water conservation; prohibiting in certain counties practices which cause accelerated erosion or sedimentation; prescribing penalties; proposing new law coded in Minnesota Statutes, chapter 40.

April 19, 1984

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H.F. No. 432, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 432 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [PURPOSE.]

It is the purpose of this act to encourage and guide the use of land in accordance with its capabilities, to treat it according to its needs, to prevent the degradation of lands, streams, and rivers, and to protect and promote the health, safety, and general welfare of the people.

Sec. 2. [40.19] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purposes of sections 3 to 11, the terms defined in this section have the meanings given them.

Subd. 2. [EXCESSIVE SOIL LOSS.] “Excessive soil loss” means soil loss resulting from erosion that is more rapid than the gradual erosion of land used by man when all reasonable soil and water conservation practices have been applied. “Excessive soil loss” may be evidenced by sedimentation on adjoining land or in any body of water. Soil loss is excessive if it is greater than the soil loss tolerance for each soil type described in the United States Soil Conservation Service Field Office technical guide.

Subd. 3. [ADMINISTRATIVE ORDER.] “Administrative order” means

an order issued by the governing body of a statutory or home rule charter city, town, or county to notify an offending landowner of record that soil erosion is occurring in excess of limits specified in local regulations. The order shall contain the precise location of the offending party's property where erosion is taking place, state as nearly as possible the extent to which soil erosion thereon exceeds the limits established by the regulations, and specify time requirements by which measures to control the problem must be initiated and completed.

Subd. 4. [ANNUAL PLAN.] "Annual plan" means an annual program of work prepared by the soil and water conservation district according to the guidelines for annual planning published by the state board.

Subd. 5. [CONSERVATION PRACTICES, STANDARDS AND SPECIFICATIONS.] "Conservation practices, standards and specifications" means standards containing a definition, purpose, and conditions under which the practice applies including design requirements, and specifications containing a statement of details required for installing a conservation practice, including kinds, quality, and quantity of work and materials needed to meet the standards.

Subd. 6. [DEVELOPMENT ACTIVITY.] "Development activity" means any physical disturbance by man of the land associated with development activities which may result in sedimentation of adjacent lands or waters. These activities include, but are not limited to, clearing, grading, excavating, transporting, and filling lands. Federal, state, county, and municipal road construction designed according to department of transportation standard specifications for construction are exempt from this act.

Subd. 7. [EROSION.] "Erosion" means the process by which the surface of the land is worn away by the action of water, wind, or gravity.

Subd. 8. [GOVERNING BODY.] "Governing body" means the elected governing body of a county, city, or town or their designated officials or agents. Agents may include soil and water conservation districts, water management organizations, joint powers boards, watershed districts, or other governmental entities responsible for resource management within the affected jurisdiction.

Subd. 9. [LAND OCCUPIER.] "Land occupier" means a person, firm, corporation, municipality, or other legal entity who holds title to, or is in possession of any lands, whether as owner, lessee, renter, tenant, or otherwise. The term includes both the owner and the occupier of the land when they are not the same.

Subd. 10. [LONG-RANGE PLAN.] "Long-range plan" means a multi-year program of work prepared by the soil and water conservation district pursuant to Minnesota Statutes, section 40.07, subdivision 9.

Subd. 11. [SEDIMENT.] "Sediment" means solid material, both mineral and organic, that is in suspension, is being transported, or has been moved from its site of origin by air, water, gravity, or ice, and has come to rest on the earth's surface.

Subd. 12. [SEDIMENTATION.] "Sedimentation" means the process or action of depositing sediment that, upon inspection, is determined to have been caused by accelerated erosion as provided in section 7.

Subd. 13. [SOIL LOSS LIMIT.] "Soil loss limit" means the maximum amount of soil loss from water or wind erosion, expressed in tons per acre per year, that will be permitted by local regulations on a given soil.

Subd. 14. [SOIL AND WATER CONSERVATION PRACTICE.] "Soil and water conservation practice" or "practice" means a permanent or temporary vegetative or structural measure that when applied to the land will contribute to the control of wind and water erosion. Permanent practices include but are not limited to grassed waterways, terraces, field windbreaks, water control structures, grade stabilization structures, sediment retention structures, strip-cropping, and other permanent practices approved by the state soil and water conservation board. A permanent practice is deemed to have an effective life in excess of ten years. Temporary practices include conservation tillage, contour farming, grasses and legumes in rotation, emergency tillage, and any other cultural practices approved by the state soil and water conservation board.

Subd. 15. [SUPPLEMENTAL ORDER.] "Supplemental order" means an order supplemental to an administrative order and issued by the governing body to notify an offending party that cost sharing for the required soil and water conservation practices has been approved. A supplemental order shall state time requirements by which measures to control the erosion problem must be initiated and completed. These time limits supersede the dates specified in an administrative order.

Subd. 16. [TECHNICAL GUIDE.] "Technical guide" means the guide developed by USDA Soil Conservation Service adopted by soil and water conservation districts containing technical information including methods and procedures by which the various types of erosion can be measured, and conservation practice standards and specifications required in the application of soil and water conservation practices.

Sec. 3. [40.20] [SOIL LOSS CONTROL.]

Each statutory or home rule charter city, town, or county that has planning and zoning authority under sections 366.10 to 366.19, 394.21 to 394.37, or 462.351 to 462.365 is encouraged to adopt a soil loss ordinance as provided in section 4. Ordinances adopted by local units within the metropolitan area defined in section 473.121 must be consistent with local water management plans adopted under section 473.879.

Sec. 4. [40.21] [PROMULGATION OF RULES BY THE COMMISSIONER OF AGRICULTURE; PERIODIC REVIEW.]

The commissioner of agriculture, in consultation with counties, soil and water conservation districts, and other appropriate agencies, shall promulgate rules which shall serve as a guide to enable local governments to carry out the provisions of this act. The rules developed by the commissioner of agriculture shall include:

(a) A model ordinance which specifies the technical and administrative procedures required to implement this act. The model ordinance shall be considered to be the minimum regulation to be adopted.

(b) Administrative procedures required of the state soil and water conservation board for carrying out the provisions of this act.

At least once every two years the commissioner of agriculture shall review the rules in cooperation with counties, soil and water conservation districts, and appropriate agencies to ensure their continued applicability and relevance. The rules may be revised if deemed necessary by the commissioner of agriculture.

Sec. 5. [40.22] [EXCESSIVE SOIL LOSS PROHIBITED.]

Subdivision 1. [PROHIBITED ACTIVITIES.] A person may not cause, conduct, contract for, or authorize an activity which causes excessive soil loss.

Subd. 2. [AGRICULTURAL LAND.] A land occupier of agricultural land is not violating subdivision 1 if he is using farming methods which do not create excessive soil loss.

Subd. 3. [WOODLAND.] A land occupier who uses wooded land for pasture must ensure that proper management is used to prevent excessive soil loss due to overgrazing or cattle paths.

Sec. 6. [40.23] [ENFORCEMENT.]

Subdivision 1. [COMPLAINT.] A land occupier adversely affected by the effects of excessive soil loss, or an elected local government official, may submit a verbal or written complaint against a land occupier alleging that excessive soil loss has occurred or is occurring. The complaint must be made to the governing body of the local government unit that has adopted an ordinance as provided in section 4. If the complaint is verbal, it must be followed by a written complaint within 72 hours. The complaint shall include the approximate dates and location of the alleged violation and describe the source, nature, and extent of the excessive soil loss alleged to have occurred or which is occurring. The complaint must be made to the governing body of the local government unit that has adopted a soil loss ordinance as provided in section 4.

Sec. 7. [40.24] [INSPECTION OF LAND UPON COMPLAINT.]

The governing body of the local government unit shall inspect or cause to be inspected any land within its jurisdiction, upon receipt of a complaint that soil loss is occurring there in excess of the limits established by the local unit's soil loss regulations. The burden of proof shall be on the local government unit to prove that an alleged violation exists. The person against whom the complaint is made must be notified of the time of the investigation and will be given the opportunity to be present when the investigation is made. If the governing body of the local unit finds that excessive soil loss is occurring on the land inspected, they shall issue an administrative order to the landowner of record, and to the occupant of the land if possible, describing the land and stating the extent to which soil loss on the land exceeds the limits established by the regulations. The order shall be delivered either by personal service or by certified mail to each of the persons to whom it is directed, and shall state a time, not more than 90 days after service or mailing of the notice of the order, by which work needed to establish specific soil and water conservation practices to stop the excessive soil loss must be commenced, and a time not more than one year after the service or mailing of the notice of the order by which the work must be satisfactorily completed.

Sec. 8. [40.25] [EROSION CONTROL PLAN FOR DEVELOPMENT]

ACTIVITIES.]

A person engaged in a development activity that will disturb over one acre of land must submit to the governing body a sedimentation control plan that will prevent excessive soil loss before the development activity is to begin.

Sec. 9. [40.26] [APPLICATION FOR COST-SHARING FUNDS.]

Except in the case of a development activity, a land occupier may not be required to establish soil conservation practices unless state cost-sharing funds have been specifically approved for that land and have been made available to the land occupier in an amount equal to at least 75 percent of the cost of the permanent conservation practices on a voluntary basis, and a 50 percent cost share if implementation is not commenced following the issuance of an administrative order as provided in this section. The state soil and water conservation board shall review these requirements at least once each year, and may authorize districts in any particular case to provide a higher percentage of public cost sharing than is required by this section. To aid in this determination, the state board may consider the location of the affected area in relation to the priority areas as established in the district annual and long-range plans. Evidence that an application for state cost-sharing funds has been submitted to the soil and water conservation district shall constitute commencement of the work within the meaning of section 7. When notified of the approval of the application, the local unit shall issue to the same parties who received the original administrative order, or their successors in interest, a supplemental order, to be delivered in the same manner as provided by section 7. The supplemental order shall state a time, not more than 90 days after approval of the application for state cost-sharing funds, by which the work needed to comply with the original administrative order shall actually be commenced, and a time not more than one year thereafter when the work is to be satisfactorily completed.

Sec. 10. [40.27] [APPLICABILITY.]

The provisions of sections 5 to 9 are not applicable without the adoption of an ordinance by the county or local government unit.

Sec. 11. [40.28] [PENALTY.]

A violation of an administrative order issued under section 7 or a supplemental order issued under section 9 is a misdemeanor.

Sec. 12. Laws 1979, chapter 315, section 2, as amended by Laws 1981, chapter 78, section 1, and Laws 1982, chapter 512, section 10, is amended to read:

Sec. 2. [JOINT LEGISLATIVE COMMITTEE.]

A joint legislative committee on agricultural land preservation and conservation shall be established by July 1, 1979, and shall expire by June 30, 1994, unless extended by legislative action. The committee shall be composed of eight members of the house of representatives from the transportation, agriculture, environment and natural resources, local and urban affairs, and tax committees appointed by the speaker and the chairman of the committee on rules and legislative administration; and eight members of the senate from the transportation, agriculture and natural resources, local government, tax, and governmental operations committees appointed by the

subcommittee on committees. The committee shall elect a chairman from among its members. The expenses of and per diem payments to committee members shall be paid from the legislative expense fund of their respective body upon approval of the chairman of the joint committee. Other expenses of the committee shall be evenly divided between the house of representatives and the senate.

Sec. 13. [APPROPRIATION.]

The sum of \$10,000 is appropriated from the general fund to the commissioner of agriculture to adopt rules under section 4."

Delete the title and insert:

"A bill for an act relating to soil and water conservation; prohibiting in certain counties practices which cause accelerated erosion or sedimentation; extending the joint legislative committee on agricultural land preservation and conservation; prescribing penalties; appropriating money; amending Laws 1979, chapter 315, section 2, as amended; proposing new law coded in Minnesota Statutes, chapter 40."

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

House Conferees: (Signed) Elton R. Redalen, William Schreiber, Daniel J. Knuth

Senate Conferees: (Signed) Charles R. Davis, Gary M. DeCramer, Charles A. Berg

Mr. Davis moved that the foregoing recommendations and Conference Committee Report on H.F. No. 432 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 432 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 55 and nays 4, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knutson	Moe, R. D.	Reichgott
Anderson	Diessner	Kroening	Nelson	Schmitz
Belanger	Dieterich	Laidig	Novak	Sieloff
Berghin	Frank	Langseth	Olson	Solon
Bernhagen	Freeman	Lantry	Pehler	Spear
Bertram	Hughes	Lessard	Peterson, C.C.	Storm
Brataas	Isackson	Luther	Peterson, D.C.	Stumpf
Chmielewski	Johnson, D.E.	McQuaid	Peterson, R.W.	Taylor
Dahl	Johnson, D.J.	Mehrkens	Pogemiller	Waldorf
Davis	Jude	Merriam	Purfeerst	Wegscheid
DeCramer	Knaak	Moe, D. M.	Ramstad	Willit

Mr. Kamrath, Mrs. Kronebusch, Messrs. Peterson, D.L. and Renneke voted in the negative.

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1655, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1655 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1984

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1655

A bill for an act relating to financial institutions; providing an expedited procedure for certain bank applications; providing a uniform examination cycle for all supervised institutions; extending the temporary removal of mortgage usury limits; providing a time period within which notices of the filing of applications for detached facilities must be published; providing prior notice to the commissioner of a change in the ownership of a state bank; bringing state law into conformity with federal law regarding limitations on loans to bank directors, officers, or employees; providing prior notification to the commissioner of the termination or cancellation of a fidelity bond to a bank; authorizing the commissioner, after notification, to order the bank to take action; clarifying the exclusion of bankers' acceptances from the restrictions upon total liabilities to a bank; extending the time period imposed on a bank for the filing of proof of publication of its quarterly report; modifying the definition of "demand deposits" in light of federal deregulation of interest rates; removing the photo identification requirement from the provisions regulating the opening of checking accounts; clarifying service charges on dishonored checks; making various technical changes; amending Minnesota Statutes 1982, sections 45.071, by adding a subdivision; 46.04, subdivision 1; 47.204, subdivision 1; 48.03, subdivision 4; 48.08; 48.13; 48.14; 48.24, subdivision 6; 48.48, subdivisions 1 and 2; 48.51; 51A.50; 52.06, subdivision 1; 53.03, subdivision 4; 53.09, subdivision 1; and 56.12; Minnesota Statutes 1983 Supplement, sections 45.04; 47.54, subdivision 1; 48.512, subdivision 2; 52.203; 53.01; 53.03, subdivisions 1 and 5; 53.04, subdivision 3a; 168.67; and 332.50, subdivision 2; repealing Minnesota Statutes 1982, sections 47.75, subdivision 2; and 51A.44, subdivision 3.

April 19, 1984

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H.F. No. 1655, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments.

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

House Conferees: (Signed) Bernard J. Brinkman, Tom Osthoff, O.J.

Heinitz

Senate Conferees: (Signed) Sam. G. Solon, Ronald R. Dicklich, Patricia Louise Kronebusch

Mr. Solon moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1655 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1655 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1279, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1279 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1984

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1279

A bill for an act relating to crimes; clarifying the crime of contributing to the delinquency of a minor; providing for the admissibility of certain statements as evidence; expanding the definitions of sexual contact and coercion; increasing the age limit of minor victims protected under criminal sexual conduct offenses; clarifying certain terms; amending Minnesota Statutes 1982, sections 595.02; 609.341, subdivisions 11 and 14; 609.346; 609.347, subdivision 3; 609.364, subdivision 9; and 626.556, subdivision 8; Minne-

sota Statutes 1983 Supplement, sections 260.315; 609.342; and 609.343; proposing new law coded in Minnesota Statutes, chapter 260.

April 19, 1984

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H.F. No. 1279, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 1279 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1982, section 147.01, subdivision 4, is amended to read:

Subd. 4. [DISCLOSURE.] All communications or information received by or disclosed to the board relating to any person or matter subject to its regulatory jurisdiction, and all records of any action or proceedings thereon, except only a final decision of the board, which shall state the specific reason therefor shall be confidential and privileged within the meaning of section 595.02, ~~clause 5 subdivision 1, paragraph (e)~~, and shall not be public records within the meaning of section 15.17, subdivision 4; provided that upon application of a party in a proceeding before the board pursuant to section 147.021, the board shall produce and permit the inspection and copying, by or on behalf of the moving party, of any designated documents or papers relevant to the proceedings, in accordance with the provisions of rule 34, Minnesota rules of civil procedure.

Sec. 2. [260.156] [CERTAIN OUT-OF-COURT STATEMENTS ADMISSIBLE.]

An out-of-court statement made by a child under the age of ten years alleging, explaining, denying, or describing any act of sexual contact or penetration performed with or on the child by another, not otherwise admissible by statute or rule of evidence, is admissible in evidence in any dependency or neglect proceeding or any proceeding for termination of parental rights if:

(a) The court finds that the time, content, and circumstances of the statement and the reliability of the person to whom the statement is made provide sufficient indicia of reliability; and

(b) The proponent of the statement notifies other parties of his intention to offer the statement and the particulars of the statement sufficiently in advance of the proceeding at which he intends to offer the statement into evidence, to provide the parties with a fair opportunity to meet the statement.

Sec. 3. Minnesota Statutes 1983 Supplement, section 260.315, is amended to read:

260.315 [CONTRIBUTING TO NEGLECT OR DELINQUENCY.]

Any person who by act, word or omission encourages, causes or contrib-

utes to the neglect or delinquency of a child, or to a child's status as a habitual truant, runaway, juvenile petty offender, juvenile alcohol offender, or juvenile controlled substance offender, is guilty of a misdemeanor.

Sec. 4. Minnesota Statutes 1982, section 595.02, is amended to read:

595.02 [TESTIMONY OF WITNESSES.]

Subdivision 1. [COMPETENCY OF WITNESSES.]

Every person of sufficient understanding, including a party, may testify in any action or proceeding, civil or criminal, in court or before any person who has authority to receive evidence, except as follows provided in this subdivision:

(1) (a) A husband cannot be examined for or against his wife without her consent, nor a wife for or against her husband without his consent, nor can either, during the marriage or afterwards, without the consent of the other, be examined as to any communication made by one to the other during the marriage. This exception does not apply to a civil action or proceeding by one against the other, nor to a criminal action or proceeding for a crime committed by one against the other or against a child of either, nor to a criminal action or proceeding in which one is charged with homicide or an attempt to commit homicide and the date of the marriage of the defendant is subsequent to the date of the offense, nor to an action or proceeding for non-support, neglect, dependency, or termination of parental rights.

(2) (b) An attorney cannot, without the consent of his client, be examined as to any communication made by the client to him or his advice given thereon in the course of professional duty; nor can any employee of the attorney be examined as to the communication or advice, without the client's consent.

(3) (c) A clergyman or other minister of any religion shall not, without the consent of the party making the confession, be allowed to disclose a confession made to him in his professional character, in the course of discipline enjoined by the rules or practice of the religious body to which he belongs; nor shall a clergyman or other minister of any religion be examined as to any communication made to him by any person seeking religious or spiritual advice, aid, or comfort or his advice given thereon in the course of his professional character, without the consent of the person.

(4) (d) A licensed physician or surgeon, dentist, or chiropractor shall not, without the consent of his patient, be allowed to disclose any information or any opinion based thereon which he acquired in attending the patient in a professional capacity, and which was necessary to enable him to act in that capacity; after the decease of the patient, in an action to recover insurance benefits, where the insurance has been in existence two years or more, the beneficiaries shall be deemed to be the personal representatives of the deceased person for the purpose of waiving this privilege, and no oral or written waiver of the privilege shall have any binding force or effect except when made upon the trial or examination where the evidence is offered or received.

(5) (e) A public officer shall not be allowed to disclose communications made to him in official confidence when the public interest would suffer by

the disclosure;.

(6) (f) Persons of unsound mind; persons intoxicated at the time of their production for examination, and children under ten years of age, ~~who appear incapable of receiving just impressions of the if any of them lack capacity to remember or to relate truthfully facts respecting which they are examined, or of relating them truly;~~ are not competent witnesses. This exception does not apply to A child under ten years of age, in a criminal proceeding for intrafamilial sexual abuse as defined in section 609.364, subdivision 10, or in a criminal proceeding under sections 609.342 clause (a); 609.343 clause (a); 609.344 clause (a); or 609.345 clause (a); who is able to describe or relate in describing any act of sexual contact or penetration performed on or with the child by another may use language appropriate for a child of that age the events or facts respecting which the child is examined;.

(7) (g) A registered nurse, psychologist or consulting psychologist shall not, without the consent of his client, be allowed to disclose any information or opinion based thereon which he acquired in attending the client in a professional capacity, and which was necessary to enable him to act in that capacity;.

(8) (h) An interpreter for a person handicapped in communication shall not, without the consent of the person, be allowed to disclose any communication if the communication would, if the interpreter were not present, be privileged. For purposes of this section, a "person handicapped in communication" means a person who, because of a hearing, speech or other communication disorder, or because of the inability to speak or comprehend the English language, is unable to understand the proceedings in which he is required to participate. The presence of an interpreter as an aid to communication does not destroy an otherwise existing privilege;.

(9) (i) A parent or his minor child may not be examined as to any communication made in confidence by the minor to his parent. A communication is confidential if made out of the presence of persons not members of the child's immediate family living in the same household. This exception may be waived by express consent to disclosure by a parent entitled to claim the privilege or by the child who made the communication, or by failure of the child or parent to object when the contents of a communication are demanded. This exception does not apply to a civil action or proceeding by one spouse against the other or by a parent or child against the other, nor to a proceeding to commit either the child or parent to whom the communication was made or to place the person or property or either under the control of another because of his alleged mental or physical condition, nor to a criminal action or proceeding in which the parent is charged with a crime committed against the person or property of the communicating child, the parent's spouse, or a child of either the parent or the parent's spouse, or in which a child is charged with a crime or act of delinquency committed against the person or property of a parent or a child of a parent, nor to an action or proceeding for termination of parental rights, nor any other action or proceeding on a petition alleging child abuse, child neglect, abandonment or nonsupport by a parent;.

(10) (j) Sexual assault counselors may not be compelled to testify about any opinion or information received from or about the victim without the consent

of the victim. However, a counselor may be compelled to identify or disclose information in investigations or proceedings related to neglect or termination of parental rights if the court determines good cause exists. In determining whether to compel disclosure, the court shall weigh the public interest and need for disclosure against the effect on the victim, the treatment relationship, and the treatment services if disclosure occurs. Nothing in this clause exempts sexual assault counselors from compliance with the provisions of sections 626.556 and 626.557.

"Sexual assault counselor" for the purpose of this section means a person who has undergone at least 40 hours of crisis counseling training and works under the direction of a supervisor in a crisis center, whose primary purpose is to render advice, counseling or assistance to victims of sexual assault.

Subd. 2. [EXCEPTIONS.] (a) The exception provided by paragraphs (d) and (g) of subdivision 1 shall not apply to any testimony, records, or other evidence relating to the abuse or neglect of a minor in any proceeding under chapter 260 or any proceeding under section 245.801, to revoke a day care or foster care license, arising out of the neglect or physical or sexual abuse of a minor, as defined in section 626.556, subdivision 2.

(b) The exception provided by paragraphs (d) and (g) of subdivision 1 shall not apply to criminal proceedings arising out of the neglect or physical or sexual abuse of a minor, as defined in section 626.556, subdivision 2, if the court finds that:

(1) there is a reasonable likelihood that the records in question will disclose material information or evidence of substantial value in connection with the investigation or prosecution; and

(2) there is no other practicable way of obtaining the information or evidence. This clause shall not be construed to prohibit disclosure of the patient record when it supports the otherwise uncorroborated statements of any material fact by a minor alleged to have been abused or neglected by the patient; and

(3) the actual or potential injury to the patient-health professional relationship in the treatment program affected, and the actual or potential harm to the ability of the program to attract and retain patients, is outweighed by the public interest in authorizing the disclosure sought.

No records may be disclosed under this paragraph other than the records of the specific patient suspected of the neglect or abuse of a minor. Disclosure and dissemination of any information from a patient record shall be limited under the terms of the order to assure that no information will be disclosed unnecessarily and that dissemination will be no wider than necessary for purposes of the investigation or prosecution.

Subd. 3. [CERTAIN OUT-OF-COURT STATEMENTS ADMISSIBLE.] An out-of-court statement made by a child under the age of ten years alleging, explaining, denying, or describing any act of sexual contact or penetration performed with or on the child by another, not otherwise admissible by statute or rule of evidence, is admissible in evidence if:

(a) the court or person authorized to receive evidence finds, in a hearing conducted outside of the presence of the jury, that the time, content, and

circumstances of the statement and the reliability of the person to whom the statement is made provide sufficient indicia of reliability; and

(b) the child either:

(i) testifies at the proceedings; or

(ii) is unavailable as a witness and there is corroborative evidence of the act; and

(c) the proponent of the statement notifies the adverse party of his intention to offer the statement and the particulars of the statement sufficiently in advance of the proceeding at which he intends to offer the statement into evidence to provide the adverse party with a fair opportunity to prepare to meet the statement.

Sec. 5. Minnesota Statutes 1982, section 609.341, subdivision 11, is amended to read:

Subd. 11. "Sexual contact" includes any of the following acts committed without the complainant's consent, if the acts can reasonably be construed as being for the purpose of satisfying the actor's sexual or aggressive impulses, except in those cases where consent is not a defense:

(i) The intentional touching by the actor of the complainant's intimate parts, or

(ii) The touching by the complainant of the actor's, the complainant's, or another's intimate parts effected by coercion or the use of a position of authority, or by inducement if the complainant is under 13 years of age or mentally defective, or

(iii) The touching by another of the complainant's intimate parts effected by coercion or the use of a position of authority, or

(iv) In any of the cases above, of the clothing covering the immediate area of the intimate parts.

Sec. 6. Minnesota Statutes 1982, section 609.341, subdivision 14, is amended to read:

Subd. 14. "Coercion" means a ~~threat to unlawfully~~ words or circumstances that cause the complainant reasonably to fear that the actor will inflict bodily harm upon, or hold in confinement, the ~~person threatened~~ complainant or another.

Sec. 7. Minnesota Statutes 1983 Supplement, section 609.344, is amended to read:

609.344 [CRIMINAL SEXUAL CONDUCT IN THE THIRD DEGREE.]

A person is guilty of criminal sexual conduct in the third degree and may be sentenced to imprisonment for not more than ten years, or to payment of a fine of not more than \$10,000, or both, if he engages in sexual penetration with another person and any of the following circumstances exists:

(a) The complainant is under 13 years of age and the actor is no more than 36 months older than the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant shall be a defense; or

(b) The complainant is at least 13 but less than 16 years of age and the actor

is more than 24 months older than the complainant. In any such case it shall be an affirmative defense, which must be proved by a preponderance of the evidence, that the actor believes the complainant to be 16 years of age or older. If the actor in such a case is no more than 48 months but more than 24 months older than the complainant, he may be sentenced to imprisonment for not more than five years. Consent by the complainant is not a defense; or

(c) The actor uses force or coercion to accomplish the penetration; or

(d) The actor knows or has reason to know that the complainant is mentally defective, mentally incapacitated, or physically helpless; or

(e) The complainant is at least 16 but less than 18 years of age and the actor is more than 48 months older than the complainant and in a position of authority over the complainant, and uses this authority to cause the complainant to submit. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense.

Sec. 8. Minnesota Statutes 1983 Supplement, section 609.345, is amended to read:

609.345 [CRIMINAL SEXUAL CONDUCT IN THE FOURTH DEGREE.]

A person is guilty of criminal sexual conduct in the fourth degree and may be sentenced to imprisonment for not more than five years, or to payment of a fine of not more than \$5,000, or both, if he engages in sexual contact with another person and if any of the following circumstances exists:

(a) The complainant is under 13 years of age and the actor is no more than 36 months older than the complainant. Neither mistake as to the complainant's age or consent to the act by the complainant is a defense. In a prosecution under this clause, the state is not required to prove that the sexual contact was coerced; or

(b) The complainant is at least 13 but less than 16 years of age and the actor is more than 48 months older than the complainant or in a position of authority over the complainant and uses this authority to cause the complainant to submit. In any such case, it shall be an affirmative defense which must be proved by a preponderance of the evidence that the actor believes the complainant to be 16 years of age or older; or

(c) The actor uses force or coercion to accomplish the sexual contact; or

(d) The actor knows or has reason to know that the complainant is mentally defective, mentally incapacitated, or physically helpless; or

(e) The complainant is at least 16 but less than 18 years of age and the actor is more than 48 months older than the complainant and in a position of authority over the complainant, and uses this authority to cause the complainant to submit. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense.

Sec. 9. Minnesota Statutes 1982, section 609.346, is amended to read:

609.346 [SUBSEQUENT OFFENSES.]

Subdivision 1. [DEFINITION; CONVICTION OF OFFENSE.] *For purposes of this section, the term "offense" means a completed offense or an*

attempt to commit an offense.

Subd. 2. [SUBSEQUENT OFFENSE; PENALTY.] If a person is convicted of a second or subsequent offense under sections 609.342 to 609.345 or sections 609.364 to 609.3644 within 15 years of the prior conviction, the court shall commit the defendant to the commissioner of corrections for imprisonment for a term of not less than three years, nor more than the maximum sentence provided by law for the offense for which convicted, notwithstanding the provisions of sections 242.19, 243.05, 609.11, 609.12 and 609.135.

Subd. 2 3. [PRIOR CONVICTIONS UNDER SIMILAR STATUTES.] For the purposes of this section, an offense is considered a second or subsequent offense if, prior to conviction of the second or subsequent offense, the actor has been at any time convicted under sections 609.342 to 609.346 or sections 609.364 to 609.3644 or under any similar statute of the United States, or this or any other state.

Sec. 10. Minnesota Statutes 1982, section 609.347, subdivision 3, is amended to read:

Subd. 3. In a prosecution under sections 609.342 to 609.346 or 609.3641 to 609.365, evidence of the complainant's previous sexual conduct shall not be admitted nor shall any reference to such conduct be made in the presence of the jury, except by court order under the procedure provided in subdivision 4, and only to the extent that the court finds that any of the following proposed evidence is material to the fact at issue in the case and that its inflammatory or prejudicial nature does not outweigh its probative value:

(a) When consent or fabrication by the complainant is the defense in the case, evidence of such conduct tending to establish a common scheme or plan of similar sexual conduct under circumstances similar to the case at issue on the part of the complainant, relevant and material to the issue of consent or fabrication. Evidence of such conduct engaged in more than one year prior to the date of alleged offense is inadmissible;

(b) Evidence of specific instances of sexual activity showing the source of semen, pregnancy, or disease at the time of the incident or, in the case of pregnancy, between the time of the incident and trial;

(c) Evidence of the complainant's past sexual conduct with the defendant;

(d) For purposes of impeachment, when such evidence is offered to rebut specific testimony of the complainant.

Sec. 11. Minnesota Statutes 1982, section 609.364, subdivision 9, is amended to read:

Subd. 9. [FAMILIAL RELATIONSHIP.] "Familial relationship" means a situation in which the actor is:

(a) The complainant's parent, stepparent, or guardian;

(b) Nearer of kin to the complainant than first cousin, computed by rules of the civil law, whether of the half or the whole blood;

(c) Any of the following persons related to the complainant by blood, marriage, or adoption: brother, sister, stepbrother, stepsister, first cousin, aunt,

uncle, nephew, niece, grandparent, great-grandparent, great-uncle, great-aunt; or

(d) (c) An adult who jointly resides intermittently or regularly in the same dwelling as the complainant and who is not the complainant's spouse.

Sec. 12. Minnesota Statutes 1982, section 626.556, subdivision 8, is amended to read:

Subd. 8. [EVIDENCE NOT PRIVILEGED.] No evidence ~~regarding the child's injuries~~ relating to the neglect or abuse of a child or to any prior incidents of neglect or abuse involving any of the same persons accused of neglect or abuse shall be excluded in any proceeding arising out of the alleged neglect or physical or sexual abuse on the grounds of ~~either a physician-patient or husband-wife~~ privilege set forth in section 595.02, subdivision 1, paragraphs (a), (d), or (g).

Sec. 13. [EFFECTIVE DATE.]

Sections 3, 7, and 8 are effective August 1, 1984, and apply to crimes committed on or after that date. Sections 2, 4, and 12 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to crimes; clarifying the crime of contributing to the delinquency of a minor; providing for the admissibility of certain statements as evidence; expanding the definitions of sexual contact and coercion; increasing the age limit of minor victims protected under criminal sexual conduct offenses; clarifying certain terms; amending Minnesota Statutes 1982, sections 147.01, subdivision 4; 595.02; 609.341, subdivisions 11 and 14; 609.346; 609.347, subdivision 3; 609.364, subdivision 9; 626.556, subdivision 8; Minnesota Statutes 1983 Supplement, sections 260.315; 609.344; and 609.345; proposing new law coded in Minnesota Statutes, chapter 260."

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

House Conferees: (Signed) Connie Levi, Robert E. Vanasek, Janet Clark

Senate Conferees: (Signed) Eric D. Petty, Gene Merriam, Ron Sieloff

Mr. Petty moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1279 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1279 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

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

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1427 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1427 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1984

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1427

A bill for an act relating to retirement; altering the investment authority for police and firefighter's relief associations; making various changes in the benefits for various retirement funds and plans; making conforming changes in benefit calculations; amending Minnesota Statutes 1982, sections 3.082; 69.775; 352.113, subdivision 3; 352.95, subdivision 1a; 353.34, by adding a subdivision; 354.62, subdivision 2; 422A.18, subdivision 3; 424.24, subdivision 2; and 490.129; Minnesota Statutes 1983 Supplement, sections 69.77, subdivision 2; 352.113, subdivision 2; 352.115, subdivision 8; and 356.61; Laws 1947, chapter 43, section 23, as amended; Laws 1963, chapter 643, section 20; Laws 1973, chapters 359, section 5, subdivision 2; and 432, section 4; Laws 1977, chapter 275, section 1; and Laws 1981, chapter 68, section 43; proposing new law coded in Minnesota Statutes, chapter 423A; repealing Laws 1971, chapter 184; Laws 1973, chapter 283; Laws 1978, chapter 617; Laws 1981, chapter 224, sections 255 and 256; Laws 1982, chapter 578, article II, section 1, subdivision 7, and section 3.

April 19, 1984

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H.F. No. 1427, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 1427 be

further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1982, section 3.082, is amended to read:

3.082 [MEMBERS' EMPLOYMENT; CONTINUATION.]

Any member of the legislature of the state of Minnesota who held a position, other than a temporary position, in the employ of any private employer in Minnesota at the commencement of his service in any legislative session, who makes application for reemployment not later than 30 days after the last legislative day in each calendar year, shall be continued in or restored to such position, or to a position of like seniority, status and pay. *Retirement benefits under an employer-sponsored pension or retirement plan shall not be reduced by reason of time spent in legislative service.*

Sec. 2. Minnesota Statutes 1983 Supplement, section 69.77, subdivision 2, is amended to read:

Subd. 2. The penalty provided for in subdivision 1 shall not apply to a relief association enumerated in subdivision 1a if the following requirements are met:

(1) Each member of the relief association pays into the special fund of the association during a year of covered service, a contribution for retirement coverage including survivorship benefits of not less than eight percent of the maximum rate of salary upon which retirement coverage is credited and service pension and retirement benefit amounts are determined. The member contributions shall be made by payroll deduction from the salary of the member by the municipality, and shall be transmitted by the municipality to the relief association as soon as practical. The relief association shall deposit the member contribution to the credit of the special fund of the relief association. The member contribution requirement specified in this clause shall not apply to any members who are volunteer firefighters.

(2) The officers of the relief association determine the financial requirements of the relief association and minimum obligation of the municipality for the following calendar year in accordance with the requirements of this clause. The financial requirements of the relief association and the minimum obligation of the municipality shall be determined on or before the submission date established by the municipality pursuant to clause (3).

The financial requirements of the relief association for the following calendar year shall be based on the most recent actuarial valuation or survey prepared in accordance with sections 356.215, subdivision 4 and 356.216, as required pursuant to clause (8). In the event that an actuarial estimate is prepared by the actuary of the relief association as part of obtaining a modification of the benefit plan of the relief association and the modification is implemented, the actuarial estimate shall be used in calculating the financial requirements of the relief association.

If the relief association has an unfunded accrued liability as reported in the most recent actuarial valuation or survey, the total of the amounts calculated pursuant to clauses (a) and (b) shall constitute the financial requirements of the relief association for the following year. If the relief association does not have an unfunded accrued liability as reported in the most recent actuarial

valuation or survey the amount calculated pursuant to subclause (a) shall constitute the financial requirements of the relief association for the following year.

(a) The normal level cost requirement for the following year, expressed as a dollar amount, which shall be determined by applying the normal level cost of the relief association as reported in the actuarial valuation or survey and expressed as a percentage of covered payroll to the estimated covered payroll of the active membership of the relief association, including any projected increase in the active membership, for the following year.

(b) To the dollar amount of normal cost thus determined shall be added an amount equal to the level annual dollar amount which is sufficient to amortize the unfunded accrued liability by December 31, 2010, as determined from the actuarial valuation or survey of the fund, using an interest assumption set at the rate specified in section 356.215, subdivision 4, clause (4). The amortization date specified in this subclause shall apply to all local police or salaried firefighters relief associations and shall supersede any amortization date specified in any applicable special law.

The minimum obligation of the municipality shall be an amount equal to the financial requirements of the relief association reduced by the estimated amount of member contributions from covered salary anticipated for the following calendar year and the estimated amounts from the applicable state aid program established pursuant to sections 69.011 to 69.051 anticipated as receivable by the relief association after any allocation pursuant to section 69.031, subdivision 5, clause (2), subclause (c) or 423A.01, subdivision 2, clause (6), and from the local police and salaried firefighters' relief association amortization aid program established pursuant to section 423A.02 anticipated for the following calendar year.

(3) The officers of the relief association shall submit determination of the financial requirements of the relief association and of the minimum obligation of the municipality to the governing body on or before the date established by the municipality which shall not be earlier than August 1 and shall not be later than September 1 of each year. The governing body of the municipality shall ascertain whether or not the determinations were prepared in accordance with law.

(4) The municipality shall provide for and shall pay each year at least the amount of the minimum obligation of the municipality to the relief association. If there is any deficiency in the municipal payment to meet the minimum obligation of the municipality as of the end of any calendar year, the amount of the deficiency shall be added to the minimum obligation of the municipality for the following year calculated pursuant to clause (2) and shall include interest at the rate of six percent per annum compounded from the date that the municipality was required to make payment pursuant to this clause until the date that the municipality actually makes the required payment.

(5) The municipality shall provide in the annual municipal budget for at least the minimum obligation of the municipality calculated pursuant to clause (2). The municipality may levy taxes for the payment of the minimum obligation of the municipality without any limitation as to rate or amount and irrespective of limitations imposed by other provisions of law upon the rate or amount of taxation when the balance of the special fund or any fund of the

relief association has attained a specified minimum asset level. In addition, any taxes levied pursuant to this section shall not cause the amount or rate of other taxes levied in that year or to be levied in a subsequent year by the municipality which are subject to a limitation as to rate or amount to be reduced. If the municipality does not include the full amount of the minimum obligation of the municipality in the levy that the municipality certified to the county auditor in any year, the officers of the relief association shall certify the amount of any deficiency to the county auditor. Upon verifying the existence of any deficiency in the levy certified by the municipality, the county auditor shall spread a levy over the taxable property of the municipality in the amount of the deficiency certified to by the officers of the relief association.

(6) Any sums of money paid by the municipality to the relief association in excess of the minimum obligation of the municipality in any year shall be used to amortize any unfunded liabilities of the relief association.

(7) The funds of the association shall be invested in securities which are proper investments pursuant to section 11A.24, except that up to \$10,000 may be invested in the stock of any one corporation in any account of such small size that the ~~three~~ five percent stock limitation specified in section 11A.24, subdivision 5 would necessitate a lesser investment. *Notwithstanding the foregoing, up to 75 percent of the market value of the assets of the fund may be invested in open-end investment companies registered under the federal Investment Company Act of 1940, if the portfolio investments of the investment companies comply with the type of securities authorized for investment by section 11A.24, subdivisions 2 to 5.* The association may also invest funds in Minnesota situs nonfarm real estate ownership interests or loans secured by mortgages or deeds of trust, provided that the amount of all investments in real property shall not exceed ten percent of the market value of the association's fund. Securities held by the association before July 1, 1971, which do not meet the requirements of this paragraph may be retained after that date if they were proper investments for the association on April 28, 1969. The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board under the provisions of section 11A.17, provided that there be no limit to the amount which may be invested in the income share account, in the bond account, or in the fixed-return account, and that up to 20 percent of that portion of the assets of the association invested in the Minnesota supplemental investment fund may be invested in the growth share account.

(8) The association shall procure an actuarial valuation showing the condition of the special fund of the relief association pursuant to sections 356.215 and 356.216 as of December 31 of every year. A copy of the actuarial survey shall be filed with the director of the legislative reference library, the governing body of the municipality in which the association is organized, the executive secretary of the legislative commission on pensions and retirement, and the commissioner of insurance, not later than June 1 of the following year.

Sec. 3. Minnesota Statutes 1982, section 69.775, is amended to read:

69.775 [INVESTMENTS.]

The special fund assets of the relief associations governed by sections 69.771 to 69.776 shall be invested in securities which are proper investments

pursuant to section 11A.24, except that up to five percent of the special fund assets, or a minimum of \$10,000, may be invested in the stock of any one corporation. *Notwithstanding the foregoing, up to 75 percent of the market value of the assets of the fund may be invested in open-end investment companies registered under the federal Investment Company Act of 1940, if the portfolio investments of the investment companies comply with the type of securities authorized for investment by section 11A.24, subdivisions 2 to 5.* Securities held by the associations before January 1, 1972, which do not meet the requirements of this section may be retained after that date if they were proper investments for the association on May 14, 1971. The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board under the provisions of section 11A.17, provided that there be no limit to the amount which may be invested in the income share account, in the bond account, or in the fixed-return account, and that up to 20 percent of that portion of the assets of the association invested in the Minnesota supplemental investment fund may be invested in the growth share account.

Sec. 4. Minnesota Statutes 1982, section 136.82, subdivision 1, is amended to read:

Subdivision 1. The executive director of the teachers retirement fund shall redeem shares in the accounts of the Minnesota supplemental retirement investment fund standing in an employee's share account record under the following circumstances, but always in accordance with the laws and regulations governing the Minnesota supplemental retirement investment fund:

(1) When requested to do so in writing on forms provided by the executive director of the teachers retirement fund by a person having shares to the credit of the employee's share account record, if the person is ~~65~~ 60 years of age or older and is no longer employed by the state university board or state board for community colleges. In such case the person shall receive the cash realized on the redemption of the shares. The person may direct the redemption of not more than 20 percent of the person's shares in the employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board in the case of a person employed by the state university board, and the state board for community colleges in the case of a person employed by the state board for community colleges, may, upon application, in their sole discretion, permit greater withdrawals in any one year.

(2) When requested to do so in writing on forms provided by the executive director of the teachers retirement fund by a person having shares to the credit of the employee's share account record, if the person has left employment by the state university board or state board for community colleges because of a total and permanent disability as defined in section 354.05, subdivision 14, and if the executive director of the teachers retirement fund finds that the person is totally and permanently disabled and will as a result be unable to return to similar employment, the person shall receive the cash realized on the redemption of the shares. The person may direct the redemption of not more than 20 percent of the shares in the employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board in the case of a person employed by the state university board, and the state board for com-

munity colleges in the case of a person employed by the state board for community colleges, may, upon application, in their sole discretion, permit greater withdrawals in any one year. If the person returns to good health, the person shall owe no restitution to the state or any fund created by its laws for a redemption directed pursuant to this paragraph.

(3) In the event of the death of a person having shares to the credit of the employee's share account record and leaving a surviving spouse, then when requested to do so in writing on forms provided by the executive director of the teachers retirement fund by the surviving spouse. The surviving spouse shall receive the cash realized on the redemption of the shares. The surviving spouse may direct the redemption of not more than 20 percent of the shares in the deceased spouse's employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board in the case of a person employed by the state university board, and the state board for community colleges in the case of a person employed by the state board for community colleges, may, upon application, in their sole discretion, permit greater withdrawals in any one year. In that case the surviving spouse shall receive the cash realized from the redemption of the shares. Upon the death of the surviving spouse any shares remaining in the employee's share account record shall be redeemed by the executive director of the teachers retirement fund and the cash realized therefrom distributed to the estate of the surviving spouse.

(4) In the event of the death of a person having shares to the credit of the employee's share account record and leaving no surviving spouse, then the executive director of the teachers retirement fund shall redeem all shares to the credit of the employee's share account record and pay the cash realized therefrom to the estate of the deceased person.

(5) When requested to do so in writing on forms provided by the executive director of the teachers retirement fund by a person having shares to the credit of the employee's share account record, if the person is no longer employed by the state university board or state board for community colleges, but does not qualify under the provisions of paragraphs (1) to (4). In that case one-half of the cash realized on the redemption of shares shall be received by the person and one-half shall become the property of the supplemental retirement plan account of the teachers retirement fund. Annually on July 1 the cancellations of the previous 12 months shall be prorated among the employees share accounts in proportion to the value which each account bears to the total value of all share accounts.

Sec. 5. Minnesota Statutes 1983 Supplement, section 352.113, subdivision 2, is amended to read:

Subd. 2. [APPLICATION; ACCRUAL OF BENEFITS.] An employee making claim for a total and permanent disability benefit shall file a written application therefor in the office of the system in a form and manner prescribed by the executive director. The benefit shall begin to accrue ~~90 days~~ *the day* following the commencement of disability or the day following the last day paid whichever is later but in no event earlier than 60 days prior to the date the application is filed with the director.

Sec. 6. Minnesota Statutes 1982, section 352.113, subdivision 3, is

amended to read:

Subd. 3. [COMPUTATION OF BENEFITS.] The total and permanent disability benefit shall be computed in the manner provided in section 352.115. The disability benefit shall be the normal annuity without reduction for each month the employee is under age 65 at the time of becoming disabled. A disabled employee may elect to receive the normal disability benefit or an optional annuity as provided in section 352.116, subdivision 3. The election of an optional annuity shall be made prior to the commencement of payment of the disability benefit and shall be effective 30 days after receipt of the election or the date on which the disability begins to accrue as provided in subdivision 2, ~~whichever occurs later. Upon becoming effective, the optional annuity shall begin to accrue on the same date as provided for the disability benefit.~~

Sec. 7. Minnesota Statutes 1983 Supplement, section 352.115, subdivision 8, is amended to read:

Subd. 8. [ACCRUAL OF ANNUITY.] State employees shall make application for an annuity but such application shall not be made more than 60 days prior to the time the employee is eligible to retire by reason of both age and service requirements. If the director determines an applicant for annuity has fulfilled all the requirements of the law to entitle him to an annuity, he shall authorize payment thereof in accordance with the provisions of this chapter and payment shall be made pursuant to this authorization. An annuity shall begin to accrue no earlier than 60 days prior to the date the application is filed with the director ~~except that if an optional annuity as provided in section 352.116, subdivision 3 is selected the annuity shall begin to accrue 30 days after the application is filed with the director,~~ but in no event prior to the day following the termination of state service or prior to the day the employee is eligible to retire by reason of both age and service requirements. The retirement annuity shall cease with the last payment which had accrued to the retired employee during his lifetime unless he elected an optional annuity provided in section 352.116, subdivision 3, and he had become entitled to payment thereof. The joint and last survivor annuity shall cease with the last payment received by the survivor in his or her lifetime. If a retired employee had not selected an optional annuity, or a survivor annuity is not payable under the option, and a spouse survives, such spouse shall be entitled only to the annuity for the calendar month in which the retired employee died. If an optional annuity is payable after the death of the retired employee, the survivor shall be entitled to the annuity for the calendar month in which the retired employee died.

Sec. 8. Minnesota Statutes 1982, section 352D.02, is amended by adding a subdivision to read:

Subd. 1b. An employee covered by the regular plan who is subsequently employed as a permanent, full-time unclassified employee of the legislature or any commission or agency of the legislature may elect to transfer accumulated employee and matching employer contributions, as provided in section 352D.03.

Sec. 9. Minnesota Statutes 1982, section 352.95, subdivision 1a, is amended to read:

Subd. 1a. [OPTIONAL ANNUITY ELECTION.] A disabled correctional

employee may elect the normal disability benefit or an optional annuity as provided in section 352.116, subdivision 3. The election of an optional annuity shall be made prior to commencement of payment of the disability benefit and shall be effective ~~30 days after receipt of the election or~~ the date on which the disability benefit begins to accrue as provided in subdivision 3, ~~whichever occurs later~~. Upon becoming effective, the optional annuity shall begin to accrue on the same date as provided for the disability benefit.

Sec. 10. Minnesota Statutes 1982, section 353.34, is amended by adding a subdivision to read:

Subd. 3a. [DEFERRED ANNUITY; CERTAIN HOSPITAL EMPLOYEES.] Any member employed by a public hospital, as defined in section 355.71, subdivision 3, who has at least five years of allowable service credit on the date the public hospital is taken over by a private corporation or organization, may elect to receive a deferred annuity pursuant to subdivision 3 notwithstanding the length of service requirement contained therein.

Sec. 11. Minnesota Statutes 1982, section 354.62, subdivision 2, is amended to read:

Subd. 2. [INDIVIDUAL ELECTION.] Each member of the teachers retirement association may elect to participate in the variable annuity division by filing a written notice with the board of trustees on forms provided by the board.

(1) Employee variable annuity contributions to the variable annuity division shall be pursuant to the option available in section 354.44, subdivision 7, the employee variable annuity contributions shall be an amount equal to ~~two percent of the salary of every coordinated member and four percent of the salary of every basic member one-half of the employee rates specified in~~ section 354.42, subdivision 2.

(2) Employer variable annuity contributions shall be an amount equal to the employee variable annuity contributions provided in clause (1). The deficiency in equal employer variable annuity contributions which shall exist prior to July 1, 1975 shall be recovered from the additional employer contributions made prior to July 1, 1975 pursuant to section 354.42, subdivision 5.

(3) There shall be provided for members participating in the variable annuity division a separate account for each member which will show his variable account accumulations as defined in section 354.05, subdivision 23. The board shall establish such other accounts in the variable annuity division as it deems necessary for the operation of this provision.

(4) After June 30, 1974 there shall be no new participants in this program.

(5) Effective July 1, 1978, no future employee and employer contributions shall be credited to any accounts in the variable annuity division unless the member elects continued participation in the variable annuity division pursuant to section 354.621.

Sec. 12. Minnesota Statutes 1983 Supplement, section 356.61, is amended to read:

356.61 [LIMITATION ON PUBLIC EMPLOYEE RETIREMENT AN-

NUITIES.]

Notwithstanding any provision of law, bylaws, articles of incorporation, retirement and disability allowance plan agreements or retirement plan contracts to the contrary, no person who has pension or retirement coverage by a public pension plan shall be entitled to receive a monthly retirement annuity or disability benefit which, at the time of commencement of the retirement annuity or disability benefit, exceeds the lesser of:

(a) the amount of the final monthly salary of the person; or

(b) one-twelfth of the amount of the annual benefit permitted by the terms of section 415 of the Internal Revenue Code with respect to a participant in a plan qualified under section 401(a) of the Internal Revenue Code, as amended through December 31, 1982.

The benefit limitation of clause (b) is to be determined on the date the benefit is initially payable or on the date the employee terminated employment, if earlier. The benefit limitation on any date is the benefit limitation for the limitation year in which the date occurs. The limitations apply only to the annual benefit which is derived from employer contributions. Mandatory and voluntary employee contributions, if any, are treated as a separate defined contribution plan maintained by the employer which is subject to the limitations placed on annual additions to defined contribution plans.

The maximum annual benefit of clause (b) for any limitation year is the lesser of (1) or (2) below:

(1) A dollar limitation of \$90,000, adjusted as of January 1 of each calendar year to the dollar limitation as determined for that year by the commissioner of Internal Revenue. The amount determined for any year will apply to limitation years ending with or within that calendar year.

(2) A compensation limitation of 100 percent of the average of compensation paid or made available to the participant by the employer during those three consecutive calendar years of employment, or actual number of consecutive calendar years of employment if employed less than three consecutive years, which give the highest average. Compensation means any compensation which is includable in the employee's gross income.

A benefit shall be deemed not to exceed the maximum benefit limitation of clause (b) if:

(1) the retirement benefits payable under the plan and under any other defined benefit plans of the employer do not exceed the \$10,000 limit set in section 415(b)(4) of the Internal Revenue Code for the plan year, or for any prior plan year, and

(2) the employer has not at any time maintained a defined contribution plan in which the employee participated.

A public pension plan is any Minnesota public pension plan or fund which provides pension or retirement coverage for public employees other than volunteer firefighters, including any plan or fund enumerated in sections 356.20, subdivision 2, or 356.30, subdivision 3, any local police or firefighter's relief association to which section 69.77 applies, or any retirement or pension plan or fund, including a supplemental retirement plan or fund.

established, maintained or supported by any governmental subdivision or public body whose revenues are derived from taxation, fees, assessments or from other public sources. Final monthly salary is the hourly rate of compensation received by the person on account of the most recent public employment for the final pay period occurring prior to retirement multiplied by 174.

The figure for the monthly retirement annuity or disability benefit to be used for the calculation of this limitation shall not include any reduction or adjustment required for retirement prior to the normal retirement age or required for the election of an optional annuity.

If the figure for the monthly retirement annuity or disability benefit exceeds the limit contained in this section, the annuity or benefit payable shall be reduced appropriately.

The managing board of each public pension plan from which a retirement annuity or disability benefit is payable shall, at the time that the retirement annuity or disability benefit commences, contact all other public pension plans to determine whether or not the recipient of the retirement annuity or disability benefit is also receiving or is entitled to receive a retirement annuity or disability benefit from any other public pension plan. If a person is entitled to receive or is receiving a retirement annuity or disability benefit from more than one public pension plan, all retirement annuities or disability benefits from all public pension plans shall be totalled in determining whether or not the limitation shall apply; provided however, that the limitation shall be based on the highest final monthly salary received by the individual from any plan. Any reduction in the amount of the retirement annuity or disability benefit required pursuant to this section shall be made by the public pension plan which provided retirement coverage for the most recent period of service.

Sec. 13. Minnesota Statutes 1982, section 422A.18, subdivision 3, is amended to read:

Subd. 3. Payment of any disability allowance authorized by sections 422A.01 to 422A.25, shall commence ~~five~~ *three* months after date of application provided that the applicant has not been restored to duty. Such payment shall be retroactive to date of application and shall continue throughout the full period of the disability subject to the same optional selections as are provided for service allowances; provided that when a disability beneficiary shall have attained the minimum age for retirement on a service allowance the disability allowance shall be discontinued only as provided by the terms of the option selected. Any employee eligible for a disability allowance who is also entitled to an allowance under a workers' compensation act and/or resumes a gainful occupation shall be entitled to receive during the period of such compensation only that portion of the retirement allowance provided by this act which when added to such additional compensation does not exceed the salary of the employee at the time of disability.

Sec. 14. [423A.20] [VESTING UPON LAYOFF.]

Notwithstanding any general or special law to the contrary, if a member of a salaried firefighters relief association with ten or more years of service is laid off and replaced with a volunteer firefighter, the member shall be entitled

to receive a pro rata monthly benefit. For purposes of this section, "laid off" means terminated from employment with the fire department because of a shortage of funds or curtailment of service or for any other reason not reflecting discredit on the member beyond the member's control.

The retirement benefit is to commence at the later of either the minimum age for retirement or the date at which the member would have accumulated the minimum number of years of service for retirement if the member had remained on duty.

The pro rata benefit shall be calculated by multiplying the amount of the benefit payable to a member who met the minimum age and years of service requirements for a normal pension by the ratio of the laid off member's actual years of service to the minimum years of service required for retirement. The initial benefit payable shall be subject to the same post retirement adjustments as other benefits payable from the relief association.

Sec. 15. Minnesota Statutes 1982, section 424.24, subdivision 2, is amended to read:

Subd. 2. (a) "Surviving spouse" means a person who became the member's legally married spouse during or prior to the time the member was on the payroll of any such fire department as a firefighter, and remained such continuously after their marriage until the member's death, without having been granted a marriage dissolution or legal separation, and who, in case the deceased member was a service or deferred pensioner, was legally married to the member for at least ~~three years~~ one year prior to the member's retirement from the fire department; and who, in any case, was residing with the member at the time of the member's death. No temporary absence for purposes of business, health or pleasure shall constitute a change of residence for purposes of this clause.

(b) "Surviving child" means any child of the member living while the deceased member was on the payroll of the fire department, or who were born within nine months after the deceased member was withdrawn from the payroll of the fire department.

Sec. 16. Minnesota Statutes 1982, section 490.124, subdivision 3, is amended to read:

Subd. 3. [EARLY RETIREMENT.] The retirement annuity provided by subdivision 1 of any judge electing to retire at an early retirement date shall be reduced by ~~4 1/5th for each full year or fraction thereof~~ one-half of one percent per month from his retirement date to normal retirement date.

Sec. 17. Minnesota Statutes 1982, section 490.129, is amended to read:

490.129 [BENEFITS OFFSET.]

Upon any event of maturity of benefits for any judge referred to in section 355.392, subdivision 1, clause (b), ~~or for the judge's surviving spouse or dependent children,~~ the amount payable from the judges' retirement fund shall be reduced by 75 percent of the amount of the judge's primary benefit payable upon the event of maturity of benefits under the social security act.

Upon any event of maturity of benefits for the judge's surviving spouse or dependent children under section 490.124, subdivision 9, the amount pay-

able from the judges' retirement fund shall be based (a) on the judge's normal retirement annuity or (b) upon the event of maturity of benefits under the social security act, on the judge's normal retirement annuity after reduction by 75 percent of the amount of the judge's primary benefit under the social security act; provided that the surviving spouse or dependent children shall receive an annuity of not less than 25 percent of the judge's final average compensation.

Sec. 18. [BUHL POLICE RETIREMENT BENEFITS.]

Notwithstanding the limitation contained in Minnesota Statutes, section 423.55 or any other law, the bylaws of the Buhl police relief association may be amended to provide for the payment of a service pension equal to 65 percent of the monthly base pay of a member at the time of retirement from the police department. All other provisions of section 423.55 shall apply to the extent not inconsistent with this section.

Sec. 19. Laws 1980, chapter 600, section 17, is amended to read:

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

shall be granted until all conditions of this section have been fulfilled and all required payments have been made.

Sec. 20. Laws 1981, chapter 68, section 43, is amended to read:

Sec. 43. [BUHL POLICE SURVIVOR BENEFITS.]

Notwithstanding any provision of any general or special law to the contrary, the Buhl police relief association may provide in its bylaws or articles of incorporation for the payment of survivor benefits to the surviving spouse of a deceased member, or the surviving dependent children equally if there be no surviving spouse, in an amount equal to ~~50~~ 65 percent of the pension the deceased member was receiving on the date of death. The service pension is to be based on one-half of the total pay of the previous 12 month period. Payment shall continue until the surviving spouse remarries or until the dependent children reach the age of 18 years, or 22 years if a full-time student. In the event of the death of a member prior to retirement, dependent children shall receive survivor benefits in the amount of \$125 per month per child, payable until age 18 or age 22 if a full-time student.

Sec. 21. [EVELETH POLICE AND FIREFIGHTERS; BENEFIT INCREASE.]

Notwithstanding any general or special law to the contrary, in addition to other benefits payable, retirement benefits payable to retired police officers and firefighters and the surviving spouses thereof by the Eveleth police and fire trust fund may be increased by \$10 per month. Increases may be made retroactive to January 1, 1984.

Sec. 22. Laws 1947, chapter 43, section 23, as amended by Laws 1949, chapter 154, section 5, Laws 1951, chapter 43, section 4, Laws 1967, chapter 807, section 2, and Laws 1975, chapter 389, section 1, is amended to read:

Sec. 23. [FARIBAULT, CITY OF; FIREMEN'S RELIEF; RETIREMENT AND PENSIONS; PAYMENTS UPON DEATH OF MEMBER.]
When a service pensioner, disability pensioner, or deferred pensioner, or an active member of such relief association dies, leaving:

(a) A widow who became his legally married wife while or prior to the time he was on the payroll of the fire department and remained such continuously after such marriage until his death without having applied for any divorce or legal separation, and who, in case the deceased member was a service or deferred pensioner, was legally married to such member at least ~~three years~~ one year before his retirement from said fire department; and who, in any case, was residing with him at the time of his death. No temporary absence for purposes of business, health, or pleasure shall constitute a change of residence for the purposes of this section.

(b) A child or children, who were living while the deceased was on the payroll of the fire department, or who were born within nine months after said decedent was withdrawn from the payroll of said fire department, such widow and said child or children shall be entitled to a pension as follows:

(1) To such widow a monthly pension equal to 30 percent of the current monthly salary of a firefighter per month for her natural life, and a pension equal to ten percent of the current monthly salary of a firefighter per month

for each child under eighteen years of age, or under the age of 21 years if unmarried and a full-time student. If such widow shall remarry, then her pension shall cease and terminate as of the date of her said marriage.

(2) To such child or children of a deceased member, after the death of the widow of such member, a monthly pension, or pensions, in such amount as the board of trustees of such association shall deem necessary to properly support such child or children until they reach the age of eighteen years or, if unmarried and a full-time student, the age of 21 years.

(3) In no event shall the survivor's pension or pensions exceed 50 percent of the current monthly salary of a firefighter per month.

(c) The amendments to subsection (b) adopted by the 1975 session of the legislature shall not apply to widows and children who began drawing pensions before July 1, 1975, although such widows and children shall continue to draw the pensions to which they are entitled under the law as it existed before the adoption of said amendments.

Sec. 23. Laws 1963, chapter 643, section 20, is amended to read:

Sec. 20. When a service pensioner, disability pensioner, or deferred pensioner, or an active member of the firemen's relief association in Albert Lea dies leaving:

(a) A widow who became his legally married wife while or prior to the time he was on the payroll of the fire department and remained such continuously after such marriage until his death without having applied for any divorce or legal separation, and who, in case the deceased member was a service or deferred pensioner, was legally married to such member at least ~~three years~~ *one year* before his retirement from said fire department; and who, in any case, was residing with him at the time of his death. No temporary absence for purposes of business, health, or pleasure shall constitute a change of residence for purposes of this section.

(b) A child or children, who were living while the deceased was on the payroll of the fire department, or who were born within nine months after said decedent was withdrawn from the payroll of said fire department, such widow and such child or children shall be entitled to a pension as follows:

(1) To such widow a monthly pension equal to 30 percent of the monthly wages or salary of the deceased member as of the date of death for her natural life and an additional monthly pension equal to ten percent of said monthly wages or salary for each child of such member under 18 years of age, all thereafter adjusted according to wage increases or decreases granted to active firemen. However, the total amount of the pension payable per month to the widow and children shall not exceed fifty percent of the monthly wages or salary of such member at the time of death. If the widow shall remarry, then her pension, excluding the amounts paid for children, shall cease and terminate as of the date of her remarriage. Such amounts paid for a child or children may be increased after remarriage of the widow providing such increased amounts shall be based upon need of the children upon written findings signed by the board of trustees, and shall not in any event exceed for the total amount paid for the children a sum equal to 50 percent of the monthly wages or salary of such member at the time of death, all thereafter adjusted to wage increases or decreases granted to active firemen.

(2) To such child or children of a deceased member, after the death of the widow of such member, a monthly pension or pensions equal to, but not to exceed for the children of any one deceased member, the sum of 50 percent of the monthly wages or salary of such member at the time of death, all thereafter adjusted to wage increases or decreases granted to active firemen.

Sec. 24. Laws 1973, chapter 359, section 5, subdivision 2, is amended to read:

Subd. 2. A widow must have been the fireman's legally married wife living with him at the time of his death and must have been married to him for a period of at least one year while or prior to the time he was an active member of the fire department. In the case the deceased fireman is retired, the widow must have been married to him at least ~~three years~~ *one year* before his retirement.

Sec. 25. Laws 1973, chapter 432, section 4, is amended to read:

Sec. 4. [USES OF PENSION FUND.] The policemen's pension fund shall be used only for the payment of:

- (a) service, disability, or dependency pensions; *and*
- (b) ~~salaries, in an amount not in excess of \$1,000 per year;~~
- (c) ~~expenses of officers and employees of the association in connection with the protection of the fund; and~~
- (d) ~~all expenses of operating and maintaining the association administrative expenses authorized by Minnesota Statutes, section 69.80.~~

Sec. 26. Laws 1977, chapter 275, section 1, is amended by adding a subdivision to read:

Subd. 1a. [POSTRETIREMENT ADJUSTMENT.] A member who retires or who has retired from the Crookston police department and who receives or will receive a service pension from the relief association shall receive an annual automatic postretirement adjustment upon attaining the age of 55 years or on January 1 following the effective date of this subdivision, whichever occurs later. The adjustment shall be determined by the board of trustees on or before December 1 annually and shall accrue each year as of the January 1 following determination. The adjustment shall be first payable with the service pension payment made for January. Each adjustment shall be based on the percentage increase in the salary payable to a top grade patrol officer during the prior year. The percentage increase in the salary shall be applied to the amount of service pension payable to the member for the month immediately prior to the month in which the determination is made. The percentage increase shall not exceed 3.5 percent in any year and any increase in the salary of a top grade patrol officer in excess of 3.5 percent shall not carry over to or be used to calculate the increase for a retired member in any succeeding year.

Sec. 27. [RAMSEY COUNTY; PUBLIC EMPLOYEES' RETIREMENT BENEFITS FOR SHERIFF'S PERSONNEL.]

An employee of the Ramsey County sheriff's department in the position of radio dispatcher, who is a member of the public employees police and fire fund and who was employed by the department before January 1, 1970 in a

position that becomes covered by the police and fire fund membership after December 31, 1969 may receive allowable service credit in the police and fire fund for prior service by paying into the fund before December 31, 1984, the difference between the employee, employer and employer additional contributions actually paid, and the employee, employer and employer additional contributions that would have been paid under applicable law if the employee had been in the police and fire fund before January 1, 1970, together with six percent compound interest from the time the deductions would have been made to time of payment. If an employee makes payment in accord with this section, allowable service credit in the general fund with respect to this prior service is eliminated and the executive director shall transfer the employee's account with respect to this service from the general to the police and fire fund. Ramsey County may assume the obligation for additional payments, with interest, with respect to each employee who elects to pay the employee contributions and interest authorized by this section.

Sec. 28. [PURCHASE OF SERVICE CREDIT.]

Notwithstanding any law to the contrary, a former employee of the senate, who was also employed by the city of Saint Paul, may purchase prior service credit from the Minnesota state retirement system for the periods of employment by the senate between January 1, 1971, and December 31, 1974.

The provisions of Laws 1982, chapter 578, article II, section 2, shall govern the amounts and manner of payment for the purchase of service credit.

Sec. 29. [DISABILITY OPTION BENEFIT.]

Notwithstanding the requirements of Minnesota Statutes, chapter 352, the surviving spouse of a deceased member of the Minnesota state retirement system who filed an application for a survivor's disability option benefit, but who died before the date the disability benefit became payable and who has not taken a refund of the retirement contributions shall be paid the joint and survivor's disability option benefit selected, computed according to Minnesota Statutes, section 352.113, subdivision 3, commencing within 60 days of the effective date of this act and retroactive to the date of death.

Sec. 30. [PURCHASE OF PRIOR SERVICE CREDIT.]

Subdivision 1. Notwithstanding any law to the contrary, a person who was employed by the St. Paul bureau of health from October 1948 to June 1955, including time spent on leave of absence for military service, and who contributed to the bureau of health retirement plan from April 1949 to April 1953, and who was reemployed by the city of St. Paul in the department of community services, division of public health on October 18, 1971, may purchase service credit for the period from October 1948 to June 1955 from the public employees retirement association for which that person has not previously received service credit.

Subd. 2. The provisions of Laws 1982, chapter 578, article II, section 2, shall govern the amount and manner of payment for the purchase of service credit authorized by subdivision 1, except that the authority to make a lump sum payment or to make an agreement to make installments expires July 1, 1984.

Sec. 31. [OWATONNA CITY HOSPITAL EMPLOYEES.]

Subdivision 1. [REFUND OF CONTRIBUTIONS.] A member of the public employees retirement association who was employed by the Owatonna city hospital on the date the hospital was taken over by a private corporation or organization shall be paid a refund of accumulated employee and employer contributions made by or on behalf of the employee to the association, plus interest thereon at the rate of six percent per annum. If an employee has previously received a refund of employee contributions, only the employer contributions plus the total interest shall be refunded.

Subd. 2. [DEFERRED ANNUITY.] If an employee described in subdivision 1 had at least five years of allowable service credit, the employee may elect to receive, in lieu of the refund, a deferred annuity pursuant to Minnesota Statutes, section 353.34, subdivision 3, notwithstanding the length of service requirements contained therein. An employee eligible for a deferred annuity who has previously received a refund of employee contributions may reinstate his or her eligibility for a deferred annuity by repaying the amount refunded, including any interest received, to the association.

Sec. 32. [ST. PAUL BUREAU OF HEALTH PERSONNEL.]

An employee of the St. Paul bureau of health who exercised the option to retire with benefits calculated pursuant to the law governing bureau of health pensions as authorized by Laws 1973, chapter 767, section 4, may, within 60 days after the effective date of this section, revoke the option by giving notice of revocation to the executive director of the public employees retirement association. Effective upon the giving of notice, the employee shall receive service credit in the basic plan of the public employees retirement association as if the employee had been a member of the association during the employee's entire period of service with the bureau of health.

Sec. 33. [WEST ST. PAUL FIREFIGHTER'S BYLAW AMENDMENT.]

The West St. Paul firefighter's relief association may amend article XIX of their bylaws to reduce from three years to one year the period of marriage required in order to qualify a surviving spouse for survivor benefits.

Sec. 34. [AMENDMENT OF ARTICLES.]

In accordance with the provisions of Minnesota Statutes, section 354A.12, subdivision 4, approval is hereby granted for an amendment to the articles of incorporation of the Minneapolis teachers' retirement fund association with respect to lump sum postretirement adjustments payable to retirees or beneficiaries. The amendment may reduce from five to three years the minimum period during which a recipient must have been receiving an annuity or benefits in order to be eligible for an adjustment, increase from one-half of one percent to one percent the percentage of the asset value of the fund available for distribution, and to give the board of trustees discretion to reduce or eliminate the postretirement adjustment in any fiscal year or set an eligibility period longer than three years as a prerequisite to eligibility for an adjustment.

Sec. 35. [TRANSFER OF FUNDS.]

An amount equal to one-fourth of one percent of the salary of each member electing to participate in the variable annuity division pursuant to Minnesota Statutes, section 354.62, subdivision 2, which salary was paid during the

period from July 1, 1979, through June 30, 1984, plus interest which would have been earned if the contributions would have been credited to the member's variable account, shall be transferred to the variable annuity division and credited to the appropriate participating member's account on June 30, 1984.

Sec. 36. [REPEALER.]

Laws 1971, chapter 184; Laws 1973, chapter 283; Laws 1978, chapter 617; Laws 1981, chapter 224, sections 255 and 256; Laws 1982, chapter 578, article II, section 1, subdivision 7, and section 3, are repealed.

Sec. 37. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment and applies to benefits that accrue or would have accrued prior or subsequent to that date. Section 14 is effective retroactively to July 1, 1981. Section 29 is effective for deaths occurring after July 1, 1982. Section 10 is effective retroactively to June 30, 1983. Sections 11 and 35 are effective July 1, 1984. Sections 18 to 27, and 33 are effective upon approval by the appropriate governing body and compliance with Minnesota Statutes, section 645.021. In the case of section 24, the appropriate governing body is the Red Wing city council. The remaining sections are effective the day following final enactment. Refunds shall be paid or options exercised and repayments of refunds made pursuant to section 32 prior to July 1, 1984. The repeal of Laws 1982, chapter 578, article II, section 1, subdivision 1, and section 3, is effective July 1, 1984. The change in calculations of survivors' benefits under the judges retirement and survivors' annuities law is retroactive to January 1, 1983."

Delete the title and insert:

"A bill for an act relating to retirement; altering the investment authority for police and firefighter's relief associations; making various changes in the benefits for various retirement funds and plans; making conforming changes in benefit calculations; amending Minnesota Statutes 1982, sections 3.082; 69.775; 136.82, subdivision 1; 352.113, subdivision 3; 352.95, subdivision 1a; 352D.02, by adding a subdivision; 353.34, by adding a subdivision; 354.62, subdivision 2; 422A.18, subdivision 3; 424.24, subdivision 2; 490.124, subdivision 3; and 490.129; Minnesota Statutes 1983 Supplement, sections 69.77, subdivision 2; 352.113, subdivision 2; 352.115, subdivision 8; and 356.61; Laws 1947, chapter 43, section 23, as amended; Laws 1963, chapter 643, section 20; Laws 1973, chapters 359, section 5, subdivision 2; and 432, section 4; Laws 1977, chapter 275, section 1; Laws 1980, chapter 600, section 17; and Laws 1981, chapter 68, section 43; proposing new law coded in Minnesota Statutes, chapter 423A; repealing Laws 1971, chapter 184; Laws 1973, chapter 283; Laws 1978, chapter 617; Laws 1981, chapter 224, sections 255 and 256; Laws 1982, chapter 578, article II, section 1, subdivision 7, and section 3."

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

House Conferees: (Signed) John Sarna, James Metzen, Richard E. (Dick) Wigley

Senate Conferees: (Signed) Don Frank, Donald M. Moe, Earl W. Renneke

Mr. Frank moved that the foregoing recommendations and Conference

Committee Report on H.F. No. 1427 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1427 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

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

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1347, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1347 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1984

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1347

A bill for an act relating to crimes; prohibiting the concealing, obtaining, or retaining of a child in violation of the parental, custodial, or visitation rights of another; imposing penalties; providing for notification in custody or visitation orders of the child abduction laws; requiring violations of the child abduction law to be reported under the child abuse reporting law; amending Minnesota Statutes 1982, section 609.26; proposing new law coded in Minnesota Statutes, chapter 518.

April 19, 1984

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H.F. No. 1347, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 1347 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [518.177] [NOTIFICATION REGARDING DEPRIVATION OF PARENTAL RIGHTS LAW.]

Every court order and judgment and decree concerning custody of or visitation with a minor child shall restate the provisions of section 609.26.

Sec. 2. Minnesota Statutes 1982, section 609.26, is amended to read:

609.26 [OBTAINING OR RETAINING A CHILD DEPRIVING ANOTHER OF CUSTODIAL OR PARENTAL RIGHTS.]

Subdivision 1. Whoever intentionally ~~takes, detains or fails to return~~ *does any of the following acts may be charged with a felony and, upon conviction, may be sentenced as provided in subdivision 6:*

(1) conceals his own a minor child under the age of 18 years in violation of an existing court order which grants another person rights of custody may be sentenced as provided in subdivision 5 from the child's parent or other person having the right to visitation or custody, where the action manifests an intent substantially to deprive that parent or other person of his rights to visitation or custody;

(2) takes, obtains, retains, or fails to return a minor child in violation of a court order which has transferred legal custody under chapter 260 to the commissioner of public welfare, a child placing agency, or the county welfare board;

(3) takes, obtains, retains, or fails to return a minor child from or to the parent or other person having the right to visitation or custody under a court order, where the action manifests an intent substantially to deprive that parent or other person having the right to visitation or custody of his rights to visitation or custody; or

(4) takes, obtains, retains, or fails to return a minor child from or to a parent or other person having the right to visitation or custody after commencement of an action relating to child visitation or custody but prior to the issuance of an order determining custody or visitation rights, where the action manifests an intent substantially to deprive that parent or other person having the right to visitation or custody of his rights to visitation or custody.

Subd. 2. [DEFENSES.] ~~Whoever detains or fails to return a child under the age of 18 years knowing that the physical custody of the child has been obtained or retained by another in violation of subdivision 1 may be sentenced as provided in subdivision 5. No person violates subdivision 1 if the action:~~

(1) is taken to protect the child or the person taking the action from physical or emotional harm or sexual assault;

(2) is consented to by the parent, stepparent, or legal custodian seeking prosecution; or

(3) is otherwise authorized by a court order.

The defenses provided in this subdivision are in addition to and do not limit other defenses available under this chapter or chapter 611.

Subd. 3. [VENUE.] A person who violates this section may be prosecuted and tried either in the county in which the child was taken, concealed, or detained or in the county of lawful residence of the child.

Subd. 4. [RETURN OF CHILD; COSTS.] A child who has been *concealed*, obtained, or retained in violation of this section shall be returned to the person having lawful custody of the child or *shall be taken into custody pursuant to section 260.165, subdivision 1, paragraph (c), clause (2).* In addition to any sentence imposed, the court may assess any expense incurred in returning the child against any person convicted of violating this section. *The court may direct the appropriate county welfare agency to provide counseling services to a child who has been returned pursuant to this subdivision.*

Subd. 5. [DISMISSAL OF CHARGE.] A felony charge brought under this section shall be dismissed if:

(a) *the person voluntarily returns the child within 14 days after he takes, detains, or fails to return the child in violation of this section; or*

(b)(1) *the person taking the action and the child have not left the state of Minnesota; and (2) within a period of 14 days after taking the action, (i) a motion or proceeding under chapters 518, 518A, 518B, or 518C is commenced by the person taking the action, or (ii) the attorney representing the person taking the action has consented to service of process by the party whose rights are being deprived, for any motion or action pursuant to chapters 518, 518A, 518B, or 518C.*

Subd. 5 6. [PENALTY.] Except as otherwise provided in subdivision 5, whoever violates this section may be sentenced as follows:

(1) ~~To imprisonment for not more than 90 days or to payment of a fine of not more than \$500, or both, if he voluntarily returns the child within 14 days after he takes, detains, or fails to return the child in violation of this section; or~~

(2) ~~Otherwise~~ to imprisonment for not more than one year and one day or to payment of a fine of ~~\$1,000~~ \$3,000, or both.

Subd. 7. [REPORTING OF DEPRIVATION OF PARENTAL RIGHTS.] Any violation of this section shall be reported pursuant to section 3.

Sec. 3. Minnesota Statutes 1982, section 626.556, is amended by adding a subdivision to read:

Subd. 3a. [REPORT OF DEPRIVATION OF PARENTAL RIGHTS.] A person mandated to report under subdivision 3, who knows or has reason to know of a violation of section 609.26, shall report the information to the local police department or the county sheriff. Receipt by a local welfare agency of a report or notification of a report of a violation of section 609.26 shall not be construed to invoke the duties of subdivisions 10, 10a, or 10b of this section.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 and 3 are effective August 1, 1984. Section 2 is effective August 1, 1984, and applies to crimes committed on or after that date.

Delete the title and insert:

"A bill for an act relating to crimes; prohibiting a person from depriving another of parental, custodial, or visitation rights; imposing penalties; providing for notification in custody or visitation orders of the deprivation of parental rights laws; requiring violations of the parental rights law to be reported under the child abuse reporting law; imposing a penalty; amending Minnesota Statutes 1982, sections 609.26; and 626.556, by adding a subdivision; proposing new law coded in Minnesota Statutes, chapter 518."

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

House Conferees: (Signed) Gloria Segal, Janet Clark, David T. Bishop

Senate Conferees: (Signed) Lawrence J. Pogemiller, Ember D. Reichgott, Ron Sieloff

Mr. Pogemiller moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1347 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1347 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

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

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1743, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1743 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1984

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1743

A bill for an act relating to occupations and professions; removing an auctioneer's exemption from real estate brokers and salespersons licensing; amending Minnesota Statutes 1983 Supplement, section 82.18.

April 18, 1984

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H.F. No. 1743, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 1743 be further amended as follows:

Page 2, line 12, delete everything after "when" and insert "*the transaction is conducted by either a licensed practicing attorney or by*"

Amend the title as follows:

Page 1, line 2, delete "removing" and insert "modifying"

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

House Conferees: (Signed) Wally Sparby, John Sarna, O. J. Heinitz

Senate Conferees: (Signed) Gene Merriam, Dean E. Johnson

Mr. Merriam moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1743 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Stumpf moved that the recommendations and Conference Committee Report on H.F. No. 1743 be rejected, the Conference Committee discharged, and that a new Conference Committee be appointed by the Subcommittee on Committees to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

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

H.F. No. 1425: Messrs. Wegscheid, Bernhagen and Stumpf.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, without

objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

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

S.F. No. 1880: A bill for an act relating to local government; providing for financing of county and county regional jails; providing for a special allocation of mortgage revenue bonds for calendar year 1985; authorizing the levy of special assessments or service charges for fire protection and pedestrian skyway systems; allowing the town of Blue Hill to exercise certain powers; letting municipal housing contracts; increasing the amount of expenditures for construction and other work that requires an award by contract; amending Minnesota Statutes 1982, sections 429.021, subdivision 1; 429.031, subdivision 3; 429.091, subdivision 2; 429.101, subdivision 1; 462.461, subdivisions 1, 2, and 3; 462C.09, by adding a subdivision; 641.24; and 641.264, subdivision 1.

There has been appointed as such committee on the part of the House: Ellingson; Rodriguez, C. and Schreiber.

Senate File 1880 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1984

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Bertram moved that the following members be excused for a Conference Committee on H.F. No. 2182 from 8:12 to 11:45 p.m.

Messrs. Bertram, Davis and DeCramer. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Renneke moved that S.F. No. 1343, No. 8 on Special Orders, be stricken and returned to its author. The motion prevailed.

Mr. Wegscheid moved that S.F. No. 1918, No. 54 on Special Orders, be stricken and returned to its author. The motion prevailed.

Mr. Jude moved that H.F. No. 404, No. 44 on Special Orders, be stricken and re-referred to the Committee on Taxes and Tax Laws. The motion prevailed.

Ms. Berglin moved that S.F. No. 1686, No. 46 on Special Orders, be stricken and returned to its author. The motion prevailed.

Mr. Dicklich moved that S.F. No. 1743, No. 3 on Special Orders, be stricken and returned to its author. The motion prevailed.

Mr. Merriam moved that S.F. No. 1514, No. 59 on Special Orders, be stricken and laid on the table. The motion prevailed.

MEMBERS EXCUSED

Mrs. Lantry, Mr. Benson and Ms. Berglin were excused from the Session of today from 10:00 to 10:30 a.m. Mr. Lessard was excused from the Session of today from 10:00 to 10:15 a.m. and 11:00 to 11:30 a.m. Mr. Knaak was excused from the Session of today from 10:00 to 10:45 a.m. Mr. Pogemiller was excused from the Session of today from 10:00 to 11:00 a.m. Ms. Berglin, Messrs. Spear and Knutson were excused from the Session of today from 10:30 to 11:40 a.m. Mr. Stumpf was excused from the Session of today from 11:00 a.m. to 12:00 noon. Mr. Bertram was excused from the Session of today from 11:15 to 11:35 a.m. Mr. Novak was excused from the Session of today at 12:00 noon. Mr. Dahl was excused from the Session of today from 2:00 to 2:15 p.m. and 8:20 to 8:30 p.m. Ms. Reichgott was excused from the Session of today from 3:15 to 5:00 p.m. and 8:00 to 8:30 p.m. Mr. Willet was excused from the Session of today from 4:10 to 6:00 p.m. Mrs. Adkins was excused from the Session of today from 5:00 to 5:45 p.m. Mr. Hughes was excused from the Session of today from 6:50 to 7:30 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:00 a.m., Friday, April 20, 1984. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate