

SIXTY-EIGHTH DAY

St. Paul, Minnesota, Monday, February 10, 1986

The Senate met at 2:00 p.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Moe, R.D. 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. Paul Romstad.

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

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

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 and referred to the committees indicated.

August 1, 1985

The Honorable Jerome M. Hughes
President of the Senate

Dear Sir:

The following appointment as Chair of the Regional Transit Board is hereby respectfully submitted to the Senate for confirmation as required by law:

Elliott Perovich, 863 River Ln., Anoka, Anoka County, has been

appointed by me, effective August 1, 1985, for a term expiring the first Monday in January, 1987.

(Referred to the Committee on Transportation.)

September 13, 1985

The Honorable Jerome M. Hughes
President of the Senate

Dear Sir:

The following appointment to the Workers' Compensation Court of Appeals is hereby respectfully submitted to the Senate for confirmation as required by law:

Leslie Miller Altman, 15221 Knob Hill Curve, Minnetonka, Hennepin County, has been appointed by me, effective September 17, 1985, for a term expiring the first Monday in January, 1991.

(Referred to the Committee on Employment.)

October 2, 1985

The Honorable Jerome M. Hughes
President of the Senate

Dear Sir:

The following appointment to the Hazardous Substance Injury Compensation Board is hereby respectfully submitted to the Senate for confirmation as required by law:

David R. Miller, 1309 Jonquil Ln., White Bear Lake, Ramsey County, has been appointed by me, effective September 23, 1985, for a term expiring the first Monday in January, 1987.

(Referred to the Committee on Judiciary.)

November 19, 1985

The Honorable Jerome M. Hughes
President of the Senate

Dear Sir:

The following appointment to the Workers' Compensation Court of Appeals is hereby respectfully submitted to the Senate for confirmation as required by law:

Karen Shimon, 842 Jackson, St. Paul, Ramsey County, has been appointed by me, effective December 16, 1985, for a term expiring the first Monday in January, 1991.

(Referred to the Committee on Employment.)

December 10, 1985

The Honorable Jerome M. Hughes
President of the Senate

Dear Sir:

The following appointments to the Board of the Arts are hereby respect-

fully submitted to the Senate for confirmation as required by law:

Allegra W. Parker, 785 N. Ferndale Rd., Wayzata, Hennepin County, has been appointed by me, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

Dee Knaak, 4243 Oakmede Ln., White Bear Lake, Ramsey County, has been appointed by me, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

(Referred to the Committee on Veterans and General Legislation.)

December 23, 1985

The Honorable Jerome M. Hughes
President of the Senate

Dear Sir:

The following appointment to the State Board for Community Colleges is hereby respectfully submitted to the Senate for confirmation as required by law:

Pierre Mattei, 823 - 5th Ave. S.W., Grand Rapids, Itasca County, has been appointed by me, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

(Referred to the Committee on Education.)

December 31, 1985

The Honorable Jerome M. Hughes
President of the Senate

Dear Sir:

The following appointments to the Minnesota Pollution Control Agency are hereby respectfully submitted to the Senate for confirmation as required by law:

Russell W. Domino, 23 West Rd., Circle Pines, Anoka County, has been appointed by me, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

Keith H. Langmo, 618 W. Crescent Ln., Litchfield, Meeker County, has been appointed by me, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

(Referred to the Committee on Agriculture and Natural Resources.)

January 8, 1986

The Honorable Jerome M. Hughes
President of the Senate

Dear Sir:

The following appointment to the Minnesota Higher Education Facilities Authority is hereby respectfully submitted to the Senate for confirmation as required by law:

John Amundson, 2005 S. 14th St., St. Cloud, Stearns County, has been

appointed by me, effective January 17, 1986, for a term expiring the first Monday in January, 1990.

(Referred to the Committee on Education.)

Sincerely,
Rudy Perpich, Governor

REPORTS OF COMMITTEES

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

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

S.F. No. 1574: A bill for an act relating to counties; making optional a county building commission law; amending Minnesota Statutes 1984, section 394.01.

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

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

S.F. No. 1587: A bill for an act relating to public indebtedness; permitting home rule charter and statutory cities to incur debt for warning systems; amending Minnesota Statutes 1984, section 475.52, subdivision 1.

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

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

S.F. No. 1588: A bill for an act relating to metropolitan government; permitting the metropolitan mosquito control commission to issue certificates of indebtedness; amending Minnesota Statutes 1984, section 473.711, by adding a subdivision.

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

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

S.F. No. 1547: A bill for an act relating to local government; regulating contracts for the purchase of fuel by a municipality required for generation of municipal power; amending Minnesota Statutes 1984, section 471.345, by adding a subdivision.

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

Page 1, line 11, delete "10" and insert "11"

Page 1, line 14, delete "municipal" and after "power" insert "from municipal power plants"

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

adopted.

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

S.F. No. 1575: A bill for an act relating to local improvements; permitting counties to make certain improvements anywhere within their territory; amending Minnesota Statutes 1984, section 429.011, subdivision 5.

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

Page 1, after line 15, insert:

"Sec. 2. Minnesota Statutes 1985 Supplement, section 429.061, subdivision 1, is amended to read:

Subdivision 1. [CALCULATION, NOTICE.] At any time after the expense incurred or to be incurred in making an improvement shall be calculated under the direction of the council, the council shall determine by resolution the amount of the total expense the municipality will pay, other than the amount, if any, which it will pay as a property owner, and the amount to be assessed. If a county proposes to assess within the boundaries of a city for a county state-aid highway or county highway, *including curbs, gutters, and storm sewers*, the resolution must include the portion of the cost proposed to be assessed within the city. The county shall forward the resolution to the city and it may not proceed with the assessment procedure under this section for property within the city unless the city council adopts a resolution approving the assessment. Thereupon the clerk, with the assistance of the engineer or other qualified person selected by the council, shall calculate the proper amount to be specially assessed for the improvement against every assessable lot, piece or parcel of land, without regard to cash valuation, in accordance with the provisions of section 429.051. The proposed assessment roll shall be filed with the clerk and be open to public inspection. The clerk shall thereupon, under the council's direction, publish notice that the council will meet to consider the proposed assessment. Such notice shall be published in the newspaper at least once and shall be mailed to the owner of each parcel described in the assessment roll. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be such on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. Such publication and mailing shall be no less than two weeks prior to such meeting of the council. Except as to the owners of tax exempt property or property taxes on a gross earnings basis, every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived such mailed notice unless he has requested in writing that the county auditor or county treasurer, as the case may be, include his name on the records for such purpose. Such notice shall state the date, time, and place of such meeting, the general nature of the improvement, the area proposed to be assessed, the amount to be specially assessed against that particular lot, piece, or parcel of land, that the proposed assessment roll is on the file with the clerk, and that written or oral objections thereto by any property owner will be considered. No appeal may be taken as to the amount of any assess-

ment adopted pursuant to subdivision 2, unless a written objection signed by the affected property owner is filed with the municipal clerk prior to the assessment hearing or presented to the presiding officer at the hearing. The notice shall also state that an owner may appeal an assessment to district court pursuant to section 429.081 by serving notice of the appeal upon the mayor or clerk of the municipality within 30 days after the adoption of the assessment and filing such notice with the district court within ten days after service upon the mayor or clerk. The notice shall also inform property owners of the provisions of sections 435.193 to 435.195 and the existence of any deferment procedure established pursuant thereto in the municipality."

Amend the title as follows:

Page 1, line 5, after "5" insert "; Minnesota Statutes 1985 Supplement, section 429.061, subdivision 1"

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1579: A bill for an act relating to human services; extending the deadline for permanent rules for nursing home reimbursement under the medical assistance program; amending Minnesota Statutes 1984, section 256B.431, subdivision 6.

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

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1984, section 144.072, subdivision 2, is amended to read:

Subd. 2. [EXISTING PROCEDURES.] The policies and procedures, including survey forms, reporting forms, and other documents developed by the commissioner of health for the purpose of conducting the inspections of care required under Code of Federal Regulations, title 42, sections 456.600 to 456.614, in effect on March 1, 1984, have the force and effect of law and shall remain in effect and govern inspections of care until June 30, 1986 1987, unless otherwise superseded by rules adopted by the commissioner of health."

Page 1, line 8, delete "Section 1" and insert "Sec. 2"

Page 2, line 12, delete "2" and insert "3"

Page 2, line 13, delete "Section" and insert "Sections" and delete "is" and insert "and 2 are"

Amend the title as follows:

Page 1, line 5, delete "section" and insert "sections 144.072, subdivision 2; and"

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 641: A bill for an act relating to taxation; changing the date by which the second installment of property taxes on agricultural property must be paid; amending Minnesota Statutes 1984, section 279.01, subdivision 1, and by adding a subdivision.

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

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1984, section 276.09, is amended to read:

276.09 [SETTLEMENT BETWEEN AUDITOR AND TREASURER.]

On the fifth day of March, and the 20th day of May, ~~and~~ October, *and November* of each year, the county treasurer shall make full settlement with the county auditor of all receipts collected by him for all purposes, from the date of the last settlement up to and including each day mentioned. The county auditor shall, within 30 days after each settlement, send an abstract of same to the state auditor in the form prescribed by the state auditor. At each settlement the treasurer shall make complete returns of the receipts on the current tax list, showing the amount collected on account of the several funds included in the list.

For purposes of this section, “receipts” shall include all tax payments received by the county treasurer on or before the settlement date.

Sec. 2. Minnesota Statutes 1984, section 276.10, is amended to read:

276.10 [APPORTIONMENT AND DISTRIBUTION OF FUNDS.]

On the settlement day in March, May, ~~and~~ October, *and November* of each year, the county auditor and county treasurer shall distribute all undistributed funds in the treasury, apportioning them, as provided by law, and placing them to the credit of the state, town, city, school district, special district and each county fund. Within 20 days after the distribution is completed, the county auditor shall make a report of it to the state auditor in the form prescribed by the state auditor. The county auditor shall issue his warrant for the payment of moneys in the county treasury to the credit of the state, town, city, school district, or special districts on application of the persons entitled to receive them. The county auditor may apply the mill rate from the year previous to the year of distribution when apportioning and distributing delinquent tax proceeds, provided that the composition of the previous year's mill rate between taxing districts is not significantly different than that which existed for the year of the delinquency.

Sec. 3. Minnesota Statutes 1984, section 278.03, is amended to read:

278.03 [PAYMENT OF TAX.]

If the proceedings instituted by the filing of the petition have not been completed before the 16th day of May next following the filing, the petitioner shall pay to the county treasurer 50 percent of the tax levied for such year against the property involved, unless permission to continue prosecution of the petition without such payment is obtained as herein provided. If the pro-

ceedings instituted by the filing of the petition have not been completed by the next October 16, *or, in the case of class 3, class 3b, or class 3cc agricultural property, November 16*, the petitioner shall pay to the county treasurer 50 percent of the unpaid balance of the taxes levied for the year against the property involved if the unpaid balance is \$2,000 or less and 80 percent of the unpaid balance if the unpaid balance is over \$2,000, unless permission to continue prosecution of the petition without payment is obtained as herein provided. The petitioner, upon ten days notice to the county attorney and to the county auditor, given at least ten days prior to the 16th day of May or the 16th day of October, *or, in the case of class 3, class 3b, or class 3cc agricultural property, the 16th day of November*, may apply to the court for permission to continue prosecution of the petition without payment; and, if it is made to appear

(1) That the proposed review is to be taken in good faith;

(2) That there is probable cause to believe that the property may be held exempt from the tax levied or that the tax may be determined to be less than 50 percent of the amount levied; and

(3) That it would work a hardship upon petitioner to pay the taxes due,

the court may permit the petitioner to continue prosecution of the petition without payment, or may fix a lesser amount to be paid as a condition of continuing the prosecution of the petition.

Failure to make payment of the amount required when due shall operate automatically to dismiss the petition and all proceedings thereunder unless the payment is waived by an order of the court permitting the petitioner to continue prosecution of the petition without payment. The county treasurer shall, upon request of the petitioner, issue duplicate receipts for the tax payment, one of which shall be filed by the petitioner in the proceeding.

Sec. 4. Minnesota Statutes 1985 Supplement, section 278.05, subdivision 5, is amended to read:

Subd. 5. Any time after the filing of the petition and before the trial of the issues raised thereby, when the defense or claim presented is that the property has been partially, unfairly, or unequally assessed, or that the parcel has been assessed at a valuation greater than its real or actual value, or that a parcel which is classified as homestead under the provisions of section 273.13, subdivision 22 or 23, has been assessed at a valuation which exceeds by ten percent or more the valuation which the parcel would have if it were valued at the average assessment/sales ratio for real property in the same class in that portion of the county in which the parcel is located, for which the commissioner is able to establish and publish a sales ratio study, the attorney representing the state, county, city or town in the proceedings may serve on the petitioner, or his attorney, and file with the clerk of the district court, an offer to reduce the valuation of any tract or tracts to a valuation set forth in the offer. If, within ten days thereafter, the petitioner, or his attorney, gives notice in writing to the county attorney, or the attorney for the city or town, that the offer is accepted, he may file the offer with proof of notice, and the clerk shall enter judgment accordingly. Otherwise, the offer shall be deemed withdrawn and evidence thereof shall not be given; and, unless a lower valuation than specified in the offer is found by the court, no costs or disburse-

ments shall be allowed to the petitioner, but the costs and disbursements of the state, county, city or town, including interest at six percent on the tax based on the amount of the offer from and after the 16th day of October, *or, in the case of class 3, class 3b, or class 3cc agricultural property, the 16th day of November*, of the year the taxes are payable, shall be taxed in its favor and included in the judgment and when collected shall be credited to the county revenue fund, unless the taxes were paid in full before the 16th day of October, *or, in the case of class 3, class 3b, or class 3cc agricultural property, the 16th day of November*, of the year in which the taxes were payable, in which event interest shall not be taxable.

Sec. 5. Minnesota Statutes 1985 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 1c, 2c, or 6a, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. Any property owner of such class 3a 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, *or, in the case of class 3, class 3b, or class 3cc agricultural property, up to and including November 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 \$50, 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, *or, in the case of class 3, class 3b, or class 3cc agricultural property, November 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, *or, in the case of class 3, class 3b, or class 3cc agricultural property, November 16*, with accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until October 16, *or, in the case of class 3, class 3b, or class 3cc agricultural property, November 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, *or, in the case of class 3, class 3b, or class 3cc agricultural property, November 16*, subject to the aforesaid penalties. Where the taxes delinquent after October 16, *or, in the case of class 3, class 3b, or class 3cc agricultural property, November 16*, against any tract or

parcel exceed \$100, upon resolution of the county board, 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. *If the owner of class 3, class 3b, or class 3cc agricultural property receives a consolidated property tax statement that shows only an aggregate of the taxes and special assessments due on that property and on other property not classified as class 3, class 3b, or class 3cc agricultural property, the aggregate tax and special assessments shown due on the property by the consolidated statement will be due by November 15.* 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. 6. [INSTRUCTION TO THE REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall change "class 3" to "class 2c," "class 3b" to "class 2a," and "class 3cc" to "class 1b" wherever they appear in sections 278.03, 278.05, subdivision 5, and 279.01, subdivision 1.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 5 are effective for taxes levied in 1985, payable in 1986, and thereafter."

Amend the title as follows:

Page 1, line 5, delete "section" and insert "sections 276.09; 276.10; and 278.03; Minnesota Statutes 1985 Supplement, sections 278.05, subdivision 5; and" and delete ", and by adding a" and insert a period

Page 1, delete line 6

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

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

S.F. No. 1319: A bill for an act relating to motor vehicles; establishing a special account to reimburse municipalities with unpaid citations for traffic violations committed by operators of leased or rented motor vehicles; imposing a surcharge; proposing coding for new law in Minnesota Statutes, chapter 168.

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

Page 1, delete lines 10 to 16 and insert:

"Section 1. [168.2701] [LIABILITY OF LESSORS FOR UNPAID TRAFFIC VIOLATIONS.]"

Page 1, line 17, delete "ACCOUNTABILITY.]" and after "lessor" insert ", licensed under section 168.27, subdivision 2, 3, or 4,"

Page 1, line 26, after "fine," insert "penalty assessment,"

Page 2, delete lines 5 to 29 and insert:

“Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.”

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon and insert “removing liability of motor vehicle lessors for”

Page 1, line 3, delete everything before “unpaid”

Page 1, lines 5 and 6, delete “imposing a surcharge;”

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

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

S.F. No. 1604: A bill for an act relating to agriculture; providing a method for the division of crops on land subject to foreclosure or execution; proposing coding for new law in Minnesota Statutes, chapter 561.

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

Delete everything after the enacting clause and insert:

“Section 1. [557.10] [OWNERSHIP OF CROPS.]

Planted and growing crops are personal property of the person or entity that has the property right to plant the crops.

Sec. 2. [557.11] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to this section and section 3.

Subd. 2. [PLANTING CROP OWNER.] “Planting crop owner” means the person or entity that has a property right to plant crops, including a leasehold interest, the interest of a contract for deed vendee, and the redemption interest of a foreclosed mortgagor.

Subd. 3. [CROP VALUE.] “Crop value” means the value of the crop and crop inputs, including the real property fair market rental value, up to the time the planting crop owner’s property right to harvest the crop is terminated.

Sec. 3. [557.12] [HARVESTING CROPS AFTER TERMINATION OF PROPERTY INTERESTS.]

Subdivision 1. [TERMINATION OF PROPERTY INTEREST AFTER CROPS ARE PLANTED.] If the planting crop owner’s property right to harvest crops is involuntarily terminated before the crops are harvested, the person or entity with the property right to harvest the crops is liable to the planting crop owner for the crop value.

Subd. 2. [PLANTING CROP OWNER’S LIEN.] A planting crop owner has a lien for the crop value that attaches to the crop, crop products, and if the

lien is not satisfied under subdivision 3 a lien for the crop value that attaches to the real property where the crop was planted.

Subd. 3. [SATISFACTION OF CROP OWNER'S LIEN.] (a) A person with the right to harvest a crop that is subject to a planting crop owner's lien may satisfy the lien by:

(1) compensating the planting crop owner for the crop value; or

(2) allowing the planting crop owner to enter the property to grow and harvest the crops, and charging the planting crop owner the fair market rental value of the property where the crop was grown for the period when the planting crop owner's right to harvest the crops was terminated until the crops are harvested.

(b) If the person with the right to harvest the crop does not notify the planting crop owner within 30 days after termination of the planting crop owner's right to harvest the crops that the lien will be satisfied under paragraph (a), clause (2), the person with the right to harvest the crop must satisfy the lien under clause (1) unless otherwise agreed by the planting crop owner.

Subd. 4. [LIEN ON CROPS HARVESTED BY PLANTING CROP OWNER; PRIORITY.] If the person with the right to harvest the crop satisfies the planting crop owner's lien by allowing the planting crop owner to harvest the crops, the person with the right to harvest the crops has a lien for the fair market rental value of the property where the crop was grown that attaches to the crops and crop products. The perfected lien has priority over all other liens and security interests in the crop and crop products.

Subd. 5. [FILING AND ENFORCEMENT OF LIENS.] (a) A planting crop owner's lien under subdivision 2 and a lien for the fair market rental value where the crop was grown under subdivision 4 are perfected against the crop and crop products by attaching and filing a financing statement covering the crop and crop products as provided under sections 336.9-401 to 336.9-410 by 90 days after the planting crop owner's right to harvest the crop is terminated. The financing statement must include a statement indicating whether it is a planting crop owner's lien or a lien for a crop harvested by a planting crop owner. A perfected lien may be enforced in the same manner as a security interest under sections 336.9-501 to 336.9-508.

(b) A lien against the real property under subdivision 2 must be recorded and foreclosed in the same manner as a mechanics lien under sections 514.08 to 514.15 if the planting crop owner was a contractor. For purposes of this paragraph, the lien statement must be filed and served under section 514.08, subdivision 1, by 120 days after the crop was harvested, or if the crop was not harvested, by 12 months after the crop was planted.

Sec. 4. [REPEALER.]

Minnesota Statutes 1984, sections 561.11; 561.12; 561.13; 561.14; 561.15; and 561.16 are repealed.

Sec. 5. [EFFECTIVE DATE.]

This act is effective the day after final enactment."

Delete the title and insert:

"A bill for an act relating to agriculture; declaring crop ownership; pre-

scribing a procedure for planting crop owners to recover crop values; providing liens on crops and property; prescribing satisfaction and enforcement of liens; proposing coding for new law in Minnesota Statutes, chapter 557; repealing Minnesota Statutes 1984, sections 561.11; 561.12; 561.13; 561.14; 561.15; and 561.16."

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

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

S.F. No. 1531: A bill for an act relating to agriculture; ratifying the Interstate Compact on Agricultural Grain Marketing; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 236A.

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

Page 6, line 9, delete "1987" and insert "1988"

Page 6, delete section 2

Renumber the sections in sequence

Amend the title as follows:

Page 1, lines 3 and 4, delete "appropriating money;"

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

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 1692: A bill for an act relating to taxation; updating income tax and property tax refund provisions to the Internal Revenue Code; making technical corrections and administrative changes to income tax and property tax refund laws; amending Minnesota Statutes 1984, sections 271.06, subdivision 6; 290.06, subdivision 1; 290.067, subdivision 2; 290.281, subdivision 5; 290.36; 290.50, subdivision 3; 290.56, subdivision 3; and 290A.03, subdivision 8; Minnesota Statutes 1985 Supplement, sections 270.77; 290.01, subdivision 20; 290.06, subdivision 3g; 290.068, subdivision 3; 290.079, subdivision 1; 290.089, subdivision 3; 290.09, subdivision 7; 290.091, subdivision 2; 290.095, subdivisions 9 and 11; 290.10; 290.12, subdivision 2; 290.13, subdivision 1; 290.132, subdivision 1; 290.14; 290.16, subdivisions 7 and 15; 290.21, subdivision 4; 290.41, subdivision 1; 290.92, subdivision 2a; 290.93, subdivision 10; and 290A.03, subdivision 3; repealing Minnesota Statutes 1984, sections 290.06, subdivision 15; 290.39, subdivision 1a; and 290A.04, subdivision 2f; and Laws 1985, first special session chapter 14, article 21, sections 16 and 17.

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

Pages 13 and 14, delete sections 1 and 2 of article 2

Page 14, line 28, after "its" insert "adjusted"

Page 15, line 25; after "its" insert "adjusted"

Page 16, line 27, after "as" insert "a"

Page 20, delete lines 4 to 7

Page 20, line 8, delete "5" and insert "Sections 1 and 3"

Page 20, line 9, delete "4" and insert "2"

Page 20, line 10, delete "6" and insert "4"

Renumber the sections of article 2 in sequence

Page 31, line 16, after "its" insert "adjusted"

Page 31, line 17, reinstate the stricken "exceptions" and delete "exception"

Page 33, after line 27, insert:

"(1) Corporations, partnerships or individuals subject to the occupation tax under Minnesota Statutes, chapter 298, shall use the occupation tax basis;"

Page 33, line 28, before "The" insert "(2)"

Page 33, after line 36, insert:

"Sec. 12. Minnesota Statutes 1985 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 the other corporation.

(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 the other corporation.

(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, 1984.

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, 1984.

The dividend deduction provided in this subdivision shall not be allowed with respect to any dividend for which a deduction is not allowed under the provisions of section 246(c) of the Internal Revenue Code of 1954, as amended through December 31, 1984.

(d) If dividends received by a corporation that does not have nexus with Minnesota under the provisions of Public Law Number 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, *or if the dividends are paid by a FSC as defined in section 922(a) of the Internal Revenue Code of 1954, as amended through December 31, 1985*. No dividend may be deducted under this clause if it is deducted under clause (a).

Sec. 13. Minnesota Statutes 1985 Supplement, section 290.21, subdivision 8, is amended 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. A corporation's gross income for purposes of paragraphs (b) and (c) 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, or a FSC as defined in section 922(a) of the Internal Revenue Code of 1954, as amended through December 31, 1985.

(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."

Page 34, after line 11, insert:

"Sec. 15. Minnesota Statutes 1984, section 290.34, subdivision 2, is amended to read:

Subd. 2. [AFFILIATED OR RELATED CORPORATIONS, COMBINED REPORT.] When a corporation which is required to file an income tax return is affiliated with or related to any other corporation through stock ownership by the same interests or as parent or subsidiary corporations, or has its income regulated through contract or other arrangement, the commissioner of revenue may permit or require such combined report as, in his opinion, is necessary in order to determine the taxable net income of any one of the affiliated or related corporations. For purposes of computing either the arithmetic average or weighted apportionment formulas under section 290.19, subdivision 1 for each corporation involved, the numerator of the fraction shall be that corporation's sales, property, and payroll in Minnesota and the denominator shall be the total sales, payroll, and property of all the corporations shown on the combined report. The combined report shall reflect the income of the entire unitary business as provided in section 290.17, subdivision 2, clause (4). The combined report shall reflect income only from corporations created or organized in the United States or under the laws of the United States or of any state, the District of Columbia, the commonwealth of Puerto Rico, any possession of the United States, or any political subdivision of any of the foregoing and from FSCs qualifying under subchapter N, part III, subpart C of the Internal Revenue Code of 1954, as amended through December 31, 1985. All intercompany transactions between companies which are contained on the combined report shall be eliminated. This subdivision shall not apply to insurance companies whose income is determined under section 290.35 or to investment companies whose income is determined under section 290.36."

Page 43, line 16, delete "12, 13, 16" and insert "14, 16, 19"

Page 43, line 17, delete "18" and insert "21"

Page 43, line 18, delete "14, and 15" and insert "17, and 18"

Page 43, line 21, delete "18" and insert "21" and after "(a)" insert a comma

Page 43, line 22, after the period, insert "Sections 12, 13, and 15 are effective for transactions after December 31, 1984, in tax years ending after such date."

Page 43, line 22, delete "17" and insert "20"

Page 43, line 24, delete "18" and insert "21" and after "(c)" insert a comma

Renumber the sections of article 3 in sequence

Amend the title as follows:

Page 1, lines 6 and 7, delete "271.06, subdivision 6; 290.06, subdivision 1;"

Page 1, line 8, after "5;" insert "290.34, subdivision 2;"

Page 1, line 17, delete "subdivision 4" and insert "subdivisions 4 and 8"

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

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

S.F. No. 1616: A bill for an act relating to agriculture; increasing the amount of an agricultural or business loan subject to usury limits; modifying exemptions; requiring notices; providing remedies for failing to notify; exempting family farm corporations from usurious defense prohibitions; extending program to provide a mechanism to aid restructuring of existing farm loans and to provide for partial payment of interest on loans to farmers; amending Minnesota Statutes 1984, sections 334.01, subdivision 2; and 334.011; Minnesota Statutes 1985 Supplement, section 334.021; Laws 1985, chapter 4, sections 2; 6, subdivisions 2, 3, and 4, as amended; 8; 10; and 11.

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

Page 1, after line 16, insert:

"Section 1. Minnesota Statutes 1984, section 48.195, is amended to read:

48.195 [INTEREST RATES; USURY LIMIT FOR DEPOSITORY INSTITUTIONS.]

Notwithstanding any law to the contrary, a bank, savings bank, savings association, savings and loan association, or credit union organized under the laws of this state, or a national bank or federally chartered savings bank, savings and loan association, or credit union, doing business in this state, may charge on any loan or discount made or upon any note, bill or other evidence of debt, except an extension of credit made pursuant to section 48.185 or subject to section 334.011, interest at a rate of not more than four and one-half percent in excess of the discount rate, including any surcharge thereon, on 90 day commercial paper in effect at the federal reserve bank located in the Ninth Federal Reserve District.

Sec. 2. Minnesota Statutes 1985 Supplement, section 53.04, subdivision 3a, is amended to read:

Subd. 3a. (a) The right to make loans, secured or unsecured, at the rates and on the terms and other conditions permitted licensees under chapter 56. Loans made under the authority of section 56.125 must be in amounts in compliance with section 53.05, clause (7). All other loans made under the

authority of chapter 56 must be in amounts in compliance with section 53.05, clause (7), or 56.131, subdivision 1, paragraph (a), whichever is less. *Except for loans subject to the usury rates and procedures under section 334.011*, the right to extend credit or lend money and to collect and receive charges therefor as ~~provided by chapter 334, or in lieu thereof~~, to charge, collect, and receive interest at the rate of 21.75 percent per annum, including the right to contract for, charge, and collect all other charges including discount points, fees, late payment charges, and insurance premiums on the loans to the same extent permitted on loans made under the authority of chapter 56, regardless of the amount of the loan. The provisions of sections 47.20 and 47.21 do not apply to loans made under this subdivision, except as specifically provided in this subdivision. Nothing in this subdivision is deemed to supersede, repeal, or amend any provision of section 53.05. A licensee making a loan under this chapter secured by a lien on real estate shall comply with the requirements of section 47.20, subdivision 8.

(b) Loans made under this subdivision at a rate of interest not in excess of that provided for in paragraph (a) may be secured by real or personal property, or both. If the proceeds of a loan made after August 1, 1987 are used in whole or in part to satisfy the balance owed on a contract for deed, the rate of interest charged on the loan must not exceed the rate provided in section 47.20, subdivision 4a. If the proceeds of a loan secured by a first lien on the borrower's primary residence are used to finance the purchase of the borrower's primary residence, the loan must comply with the provisions of section 47.20.

(c) A loan made under this subdivision that is secured by real estate and that is in a principal amount of \$7,500 or more and a maturity of 60 months or more may contain a provision permitting discount points, if the loan does not provide a loan yield in excess of the maximum rate of interest permitted by this subdivision. Loan yield means the annual rate of return obtained by a licensee computed as the annual percentage rate is computed under Federal Regulation Z. If the loan is prepaid in full, the licensee must make a refund to the borrower to the extent that the loan yield will exceed the maximum rate of interest provided by this subdivision when the prepayment is taken into account.

(d) An agency or instrumentality of the United States government or a corporation otherwise created by an act of the United States Congress or a lender approved or certified by the secretary of housing and urban development, or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the farmers home administration, or approved or certified by the federal home loan mortgage corporation, or approved or certified by the federal national mortgage association, that engages in the business of purchasing or taking assignments of mortgage loans and undertakes direct collection of payments from or enforcement of rights against borrowers arising from mortgage loans, is not required to obtain a certificate of authorization under this chapter in order to purchase or take assignments of mortgage loans from persons holding a certificate of authorization under this chapter.

Sec. 3. Minnesota Statutes 1985 Supplement, section 56.131, subdivision 1, is amended to read:

Subdivision 1. [INTEREST RATES AND CHARGES.] (a) *Except for a*

loan subject to the usury rates under section 334.011, on any loan in a principal amount not exceeding \$35,000 or ten percent of a corporate licensee's contributed capital and appropriated reserves as defined in section 53.015, if greater, a licensee may contract for and receive interest, calculated according to the actuarial method, not exceeding the equivalent of the greater of any of the following:

(1) the total of: (i) 33 percent per year on that part of the unpaid balance of the principal amount not exceeding \$350; and (ii) 19 percent per year on that part of the unpaid balance of the principal amount exceeding \$350; or

(2) 21.75 percent per year on the unpaid balance of the principal amount.

(b) On any loan where interest has been calculated according to the method provided for in paragraph (a), clause (1), interest must be contracted for and earned as provided in that provision or at the single annual percentage rate computed to the nearest one hundredth of one percent that would earn the same total interest at maturity of the contract as would be earned by the application of the graduated rates provided in paragraph (a), clause (1), when the debt is paid according to the agreed terms and the calculations are made according to the actuarial method.

(c) Loans may be interest-bearing or precomputed.

(d) To compute time on interest-bearing and precomputed loans, including, but not limited to the calculation of interest, a day is considered $1/30$ of a month when calculation is made for a fraction of a calendar month. A year is 12 calendar months. A calendar month is that period from a given date in one month to the same numbered date in the following month, and if there is no same numbered date, to the last day of the following month. When a period of time includes a whole month and a fraction of a month, the fraction of a month is considered to follow the whole month.

In the alternative, for interest-bearing loans, a licensee may charge interest at the rate of $1/365$ of the agreed annual rate for each actual day elapsed.

(e) With respect to interest-bearing loans:

(1) Interest must be computed on unpaid principal balances outstanding from time to time, for the time outstanding. Each payment must be applied first to the accumulated interest and the remainder of the payment applied to the unpaid principal balance; provided however, that if the amount of the payment is insufficient to pay the accumulated interest, the unpaid interest continues to accumulate to be paid from the proceeds of subsequent payments and is not added to the principal balance.

(2) Interest must not be payable in advance or compounded. However, if part or all of the consideration for a new loan contract is the unpaid principal balance of a prior loan, then the principal amount payable under the new loan contract may include any unpaid interest which has accrued. The unpaid principal balance of a precomputed loan is the balance due after refund or credit of unearned interest as provided in paragraph (f), clause (3). The resulting loan contract is deemed a new and separate loan transaction for all purposes.

(f) With respect to precomputed loans:

(1) Loans must be repayable in substantially equal and consecutive

monthly installments of principal and interest combined, except that the first installment period may be more or less than one month by not more than 15 days, and the first installment payment amount may be larger than the remaining payments by the amount of interest charged for the extra days and must be reduced by the amount of interest for the number of days less than one month to the first installment payment; and monthly installment payment dates may be omitted to accommodate borrowers with seasonal income.

(2) Payments may be applied to the combined total of principal and pre-computed interest until the loan is fully paid. Payments must be applied in the order in which they become due.

(3) When any loan contract is paid in full by cash, renewal or refinancing, or a new loan, one month or more before the final installment due date, a licensee shall refund or credit the borrower with the total of the applicable charges for all fully unexpired installment periods, as originally scheduled or as deferred, which follow the day of prepayment; if the prepayment is made other than on a scheduled payment date, the nearest scheduled installment payment date must be used in the computation; provided further, if the prepayment occurs prior to the first installment due date, the licensee may retain 1/30 of the applicable charge for a first installment period of one month for each day from the date of the loan to the date of prepayment, and shall refund or credit the borrower with the balance of the total interest contracted for. If the maturity of the loan is accelerated for any reason and judgment is entered, the licensee shall credit the borrower with the same refund as if prepayment in full had been made on the date the judgment is entered.

(4) If an installment, other than the final installment, is not paid in full within ten days of its scheduled due date, a licensee may contract for and receive a default charge not exceeding five percent of the amount of the installment, but not less than \$4.

A default charge under this subdivision may not be collected on an installment paid in full within ten days of its scheduled due date, or deferred installment due date with respect to deferred installments, even though a default or deferral charge on an earlier installment has not been paid in full. A default charge may be collected at the time it accrues or at any time thereafter.

(5) If the parties agree in writing, either in the loan contract or in a subsequent agreement, to a deferment of wholly unpaid installments, a licensee may grant a deferment and may collect a deferment charge as provided in this section. A deferment postpones the scheduled due date of the earliest unpaid installment and all subsequent installments as originally scheduled, or as previously deferred, for a period equal to the deferment period. The deferment period is that period during which no installment is scheduled to be paid by reason of the deferment. The deferment charge for a one-month period may not exceed the applicable charge for the installment period immediately following the due date of the last undeferred payment. A proportionate charge may be made for deferment for periods of more or less than one month. A deferment charge is earned pro rata during the deferment period and is fully earned on the last day of the deferment period. Should a loan be prepaid in full during a deferment period, the licensee shall make or credit to the borrower a refund of the unearned deferment charge in addition to any

other refund or credit made for prepayment of the loan in full.

(6) If two or more installments are delinquent one full month or more on any due date, and if the contract so provides, the licensee may reduce the unpaid balance by the refund credit which would be required for prepayment in full on the due date of the most recent maturing installment in default. Thereafter, and in lieu of any other default or deferment charges, the single annual percentage rate permitted by this subdivision may be charged on the unpaid balance until fully paid.

(7) Following the final installment as originally scheduled or deferred, the licensee, for any loan contract which has not previously been converted to interest-bearing under paragraph (f), clause (6), may charge interest on any balance remaining unpaid, including unpaid default or deferment charges, at the single annual percentage rate permitted by this subdivision until fully paid."

Page 1, line 23, after the comma, insert "*and open end credit sales under section 334.16,*"

Page 2, line 2, after "of" insert "*chapters 48, 53, or 56, or*" and after "any" insert "*other*" and after "contrary" insert a comma

Page 2, line 32, before the period, insert "*, but does not include an open end credit sale under section 334.16*"

Page 3, line 23, delete "*and*" and insert "*or*"

Page 3, line 30, delete "*RATES*" and insert "*RATE*"

Page 4, line 3, delete "*under Minnesota Statutes, section 334.011*"

Page 6, line 12, strike "*1985*" and insert "*1986*"

Page 8, line 1, delete "*, 3, 4 to 10*" and insert "*to 4, 6 to 13*" and delete "*2*" and insert "*5*"

Page 8, line 2, delete "*2*" and insert "*5*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 10, after "sections" insert "*48.195,*"

Page 1, line 12, delete "*section*" and insert "*sections 53.04, subdivision 3a; 56.131, subdivision 1;*"

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

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 1693: A bill for an act relating to taxation; authorizing the commissioner of revenue to make payments of police and fire aids directly to qualified recipients; clarifying the business license clearance requirements and removing the sunset; changing the dates for payments of property tax credits to the counties; clarifying the use of mortgage registration and deed

tax receipts; clarifying the power of the counties to print deed tax stamps; and authorizing the commissioner of public safety to enter into reciprocal fuel tax compacts; amending Minnesota Statutes 1984, sections 69.021, subdivisions 4, 5, 7, and 9; 69.031, subdivision 3; 270.72, subdivisions 1, 2, and 3; 273.1391, subdivision 3; and 296.17, subdivision 6, and by adding a subdivision; and Minnesota Statutes 1985 Supplement, sections 69.031, subdivision 1; 273.136; 287.12; and 287.29, subdivision 1; and Laws 1985, first special session chapter 14, article 11, section 13; repealing Minnesota Statutes 1984, sections 69.031, subdivision 4; and 270.72, subdivision 5.

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

Page 6, line 22, reinstate the stricken "to the"

Page 6, line 23, after the stricken language, insert "*commissioner of revenue*"

Page 6, after line 25, insert:

"Sec. 7. Minnesota Statutes 1985 Supplement, section 116C.63, subdivision 4, is amended to read:

Subd. 4. When private real property defined as class 1a, 1b, 1c, 2a, 2c, 4a, 5a, or 6a pursuant to section 273.13 is proposed to be acquired for the construction of a site or route by eminent domain proceedings, the fee owner, or when applicable, the fee owner with the written consent of the contract for deed vendee, or the contract for deed vendee with the written consent of the fee owner, shall have the option to require the utility to condemn a fee interest in any amount of contiguous, commercially viable land which he wholly owns or has contracted to own in undivided fee and elects in writing to transfer to the utility within 60 days after his receipt of the notice of the objects of the petition filed pursuant to section 117.055. Commercial viability shall be determined without regard to the presence of the utility route or site. The owner or, when applicable, the contract vendee shall have only one such option and may not expand or otherwise modify his election without the consent of the utility. The required acquisition of land pursuant to this subdivision shall be considered an acquisition for a public purpose and for use in the utility's business, for purposes of chapter 117 and section 500.24, respectively; provided that a utility shall divest itself completely of all such lands used for farming or capable of being used for farming not later than the time it can receive the market value paid at the time of acquisition of lands less any diminution in value by reason of the presence of the utility route or site. Upon the owner's election made under this subdivision, the easement interest over and adjacent to the lands designated by the owner to be acquired in fee, sought in the condemnation petition for a high voltage transmission line right-of-way shall automatically be converted into a fee taking.

Sec. 8. Minnesota Statutes 1985 Supplement, section 124.2131, subdivision 3, is amended to read:

Subd. 3. [DECREASE IN IRON ORE ASSESSED VALUE.] If in any year the assessed value of class 9a and 9b property, as defined in sections section 273.13, subdivision 30, and ~~273.165, subdivision 2~~, in any district is less than the assessed value of such property in the immediately preceding year, the equalization aid review committee shall redetermine for all pur-

poses the adjusted assessed value of the immediately preceding year taking into account only the decrease in assessed value of class 9a and 9b property. If subdivision 2, clause (a) is applicable to such a district, the decrease in class 9a and 9b property shall be applied to the adjusted assessed value as limited therein. In all other respects, the provisions of clause (1) shall be applicable."

Page 7, line 27, after "taxes" insert "*pursuant to section 270.10, subdivision 4, either for the entity for which the license is at issue or for another entity for which the liability was incurred, or for himself as a licensee*"

Page 8, after line 7, insert:

"Sec. 12. Minnesota Statutes 1985 Supplement, section 273.13, subdivision 26, is amended to read:

Subd. 26. [CLASS 5.] (a) Residential real estate containing less than four units, other than seasonal residential, recreational, and homesteads, is class 5a. Class 5a shall also include post-secondary student housing not to exceed one acre of land which is owned by a nonprofit corporation organized under chapter 317 and is used exclusively by a sorority or fraternity organization for housing. Class 5a property is assessed at 28 percent of market value.

(b) Structures of five stories or more and constructed with materials meeting the requirements for type I or II construction as defined in the state building code, if at least 90 percent of the structure is used or to be used as apartment housing, is class 5b. Class 5b property is assessed at 25 percent of market value. The 25 percent assessment ratio applies to these structures for a period of 40 years from the date of completion of original construction, or the date of initial though partial use, whichever is earlier.

(c) *Manufactured homes not classified under any other provision constitute class 5c. Class 5c property is assessed at 28 percent of market value."*

Page 9, after line 12, insert:

"Sec. 15. Minnesota Statutes 1985 Supplement, section 273.42, subdivision 2, is amended to read:

Subd. 2. Owners of land defined as class 1a, 1b, 1c, 2a, 2c, 4a, 5a, or 6a, pursuant to section 273.13 listed on records of the county auditor or county treasurer over which runs a high voltage transmission line as defined in section 116C.52, subdivision 3, except a high voltage transmission line the construction of which was commenced prior to July 1, 1974, shall receive a property tax credit in an amount determined by multiplying a fraction, the numerator of which is the length of high voltage transmission line which runs over that parcel and the denominator of which is the total length of that particular line running over all property within the city or township by ten percent of the transmission line tax revenue derived from the tax on that portion of the line within the city or township pursuant to section 273.36. In the case of property owners in unorganized townships, the property tax credit shall be determined by multiplying a fraction, the numerator of which is the length of the qualifying high voltage transmission line which runs over the parcel and the denominator of which is the total length of the qualifying high voltage transmission line running over all property within all the unorganized townships within the county, by the total utility property tax credit fund amount

available within the county for that year pursuant to subdivision 1. Where a right-of-way width is shared by more than one property owner, the numerator shall be adjusted by multiplying the length of line on the parcel by the proportion of the total width on the parcel owned by that property owner. The amount of credit for which the property qualifies shall not exceed 20 percent of the total gross tax on the parcel prior to deduction of the state paid agricultural credit and the state paid homestead credit, provided that, if the property containing the right-of-way is included in a parcel which exceeds 40 acres, the total gross tax on the parcel shall be multiplied by a fraction, the numerator of which is the sum of the number of acres in each quarter-quarter section or portion thereof which contains a right-of-way and the denominator of which is the total number of acres in the parcel set forth on the tax statement, and the maximum credit shall be 20 percent of the product of that computation, prior to deduction of those credits. The auditor of the county in which the affected parcel is located shall calculate the amount of the credit due for each parcel and transmit that information to the county treasurer. The county auditor, in computing the credits received pursuant to sections 273.13 and 273.135, shall reduce the gross tax by the amount of the credit received pursuant to this section, unless the amount of the credit would be less than \$10.

If, after the county auditor has computed the credit to those qualifying property owners in unorganized townships, there is money remaining in the utility property tax credit fund, then that excess amount in the fund shall be returned to the general school fund of the county.

Sec. 16. Minnesota Statutes 1985 Supplement, section 274.19, subdivision 1, is amended to read:

Subdivision 1. *The provisions of subdivisions 1 to 7 apply to manufactured homes that are assessed under subdivision 8, clause (c).* Each manufactured home shall be valued each year by the assessor and be assessed with reference to its value on January 2 of that year. Notice of the value shall be mailed to the person to be assessed at least ten days before the meeting of the local board of review or equalization. The notice shall contain the amount of valuation in terms of market value, the assessor's office address, and the date, place, and time set for the meeting of the local board of review or equalization and the county board of equalization.

Sec. 17. Minnesota Statutes 1985 Supplement, section 274.19, subdivision 8, is amended to read:

Subd. 8. [MANUFACTURED HOMES; SECTIONAL STRUCTURES.]

(a) For purposes of this section, a "manufactured home" means a structure transportable in one or more sections, which is built on a permanent chassis, and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and contains the plumbing, heating, air-conditioning, and electrical systems therein, including any accessory structure which is an addition or supplement to the manufactured home and, when installed, becomes a part of the manufactured home.

(b) A manufactured home which meets each of the following criteria must be valued and assessed as an improvement to real property, the appropriate real property classification shall apply and the valuation is subject to review and the taxes payable in the manner provided for real property:

(i) the owner of the unit holds title to the land upon which it is situated;

(ii) the unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the manufactured home building code contained in sections 327.31 to 327.34, and the rules adopted thereto, or is affixed to the land in a manner comparable to other real property in the taxing district; and

(iii) the unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(c) A manufactured home which meets each of the following criteria must be assessed at the rate provided by the appropriate real property classification but must be ~~classified~~ *treated as a manufactured home personal property*, and the valuation is subject to review and the taxes payable thereon in the manner provided in this section:

(i) the owner of the unit is a lessee of the land pursuant to the terms of a lease;

(ii) the unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the manufactured homes building code contained in sections 327.31 to 327.34, and the rules adopted thereto, or is affixed to the land in a manner comparable to other real property in the taxing district; and

(iii) the unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(d) Sectional structures must be valued and assessed as an improvement to real property if the owner of the structure holds title to the land upon which it is located or is a qualifying lessee of the land under the provisions of this section 273.19. For purposes of this paragraph "sectional structure" means a building or structural unit which has been in whole or substantial part manufactured or constructed at an off site location to be wholly or partially assembled on site alone or with other units and attached to a permanent foundation.

(e) The commissioner of revenue may adopt rules pursuant to the administrative procedure act for the purpose of establishing additional criteria for the classification of manufactured homes and sectional structures under this subdivision.

Sec. 18. Minnesota Statutes 1984, section 275.125, subdivision 9, is amended to read:

Subd. 9. [LEVY REDUCTIONS; TACONITE.] (1) Reductions in levies pursuant to subdivision 10 of this section, and section 273.138, shall be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 294.21 to 294.26; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; 477A.15; and any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or

nickel properties, or recognized revenue pursuant to section 477A.15; shall not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall reduce the permissible levies authorized by this section and sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, and 124A.14, subdivision 5a by the greater of the following:

(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year; or

(b) an amount equal to the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year less the product of the same dollar amount of payments or revenue times the ratio of the maximum levy allowed the district under section 124A.03, subdivision 1, to the total levy allowed the district under this section and sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, and 124A.14, subdivision 5a in the year in which the levy is certified.

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to section 124A.03, subdivision 1, to an amount less than the amount raised by a levy of 12.5 mills times the adjusted assessed valuation of that district for the preceding year as determined by the equalization aid review committee. The amount of any increased levy authorized by referendum pursuant to section 124A.03, subdivision 2 shall not be reduced pursuant to this subdivision. The amount of any levy authorized by subdivision 4, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision.

(4) Before computing the reduction pursuant to this subdivision of the capital expenditure levy authorized by subdivision 11a, and the community service levy authorized by subdivision 8, the commissioner shall ascertain from each affected school district the amount it proposes to levy for capital expenditures pursuant to subdivision 11a and for community services pursuant to subdivision 8. The reduction of the capital expenditure levy and the community services levy shall be computed on the basis of the amount so ascertained.

(5) Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year pursuant to sections 294.21 to 294.26; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; or any law imposing a tax on severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; and not deducted from foundation aid pursuant to section 124A.035, subdivision 5, clause (2), and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the ~~commissioner of finance~~ *St. Louis county auditor* in the following amount by March 15 of each year, the amount required to be subtracted from the previous fiscal year's foundation aid pursuant to section 124A.035, subdivision 5, which is in excess of the foundation aid earned for that fiscal year. The ~~commissioner of finance~~ *county auditor* shall deposit any amounts received pursuant to this clause in the ~~taconite property tax relief fund in the state treasury, established pursuant to section 46A.70~~ *St. Louis county treasury* for purposes of paying

the taconite homestead credit as provided in section 273.135.

Sec. 19. Minnesota Statutes 1985 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 1c, 2e, or 6a, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. Any property owner of such class 3a 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 \$50, 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 \$100, upon resolution of the county board, 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. 20. Minnesota Statutes 1985 Supplement, section 279.06, is amended to read:

279.06 [COPY OF LIST AND NOTICE.]

Within five days after the filing of such list, the clerk shall return a copy

thereof to the county auditor, with a notice prepared and signed by him, and attached thereto, which may be substantially in the following form:

State of Minnesota)

) ss.

County of _____)

_____ District Court
Judicial District.

The state of Minnesota, to all persons, companies, or corporations who have or claim any estate, right, title, or interest in, claim to, or lien upon, any of the several parcels of land described in the list hereto attached:

The list of taxes and penalties on real property for the county of _____ remaining delinquent on the first Monday in January, 19_____, has been filed in the office of the clerk of the district court of said county, of which that hereto attached is a copy. Therefore, you, and each of you, are hereby required to file in the office of said clerk, on or before the 20th day after the publication of this notice and list, your answer, in writing, setting forth any objection or defense you may have to the taxes, or any part thereof, upon any parcel of land described in the list, in, to, or on which you have or claim any estate, right, title, interest, claim, or lien, and, in default thereof, judgment will be entered against such parcel of land for the taxes on such list appearing against it, and for all penalties, interest, and costs. Based upon said judgment, the land shall be sold to the state of Minnesota on the second Monday in May, 19_____. The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota if the land is within an incorporated area unless it is: (a) *nonagricultural* homesteaded land as defined in section 273.13, subdivision 22; (b) homesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (a); or (c) seasonal recreational land as defined in section 273.13, subdivision 22, paragraph (c) or subdivision 27, paragraph (a), in which event the period of redemption is five years from the date of sale to the state of Minnesota.

The period of redemption for all other lands sold to the state at a tax judgment sale shall be five years from the date of sale.

Inquiries as to the proceedings set forth above can be made to the county auditor of _____ county whose address is _____.

(Signed) _____,
Clerk of the District Court of the
County of _____
(Here insert list.)

The list referred to in the notice shall be substantially in the following form:

List of real property for the county of _____, on which taxes remain delinquent on the first Monday in January, 19_____:

Town of (Fairfield),

Township (40), Range (20),

Names (and
Current Filed
Addresses) for
the Taxpayers
and Fee Owners
and in Addition
Those Parties
Who Have Filed
Their Addresses
Pursuant to
section 276.041

	Subdivision of Section	Section	Tax Parcel Number	Total Tax and Penalty \$ cts.
John Jones (825 Fremont Fairfield, MN 55000)	S.E. 1/4 of S.W. 1/4	10	23101	2.20
Bruce Smith (2059 Hand Fairfield, MN 55000) and Fairfield State Bank (100 Main Street Fairfield, MN 55000)	That part of N.E. 1/4 of S.W. 1/4 desc. as follows: Beg. at the S.E. corner of said N.E. 1/4 of S.W. 1/4; thence N. along the E. line of said N.E. 1/4 of S.W. 1/4 a distance of 600 ft.; thence W. parallel with the S. line of said N.E. 1/4 of S.W. 1/4 a distance of 600 ft.; thence S. parallel with said E. line a distance of 600 ft. to S. line of said N.E. 1/4 of S.W. 1/4; thence E. along said S. line a distance of 600 ft. to the point of beg. _____	21	33211	3.15

As to platted property, the form of heading shall conform to circumstances and be substantially in the following form:

City of (Smithtown)

Brown's Addition, or Subdivision

Names (and
Current Filed
Addresses) for
the Taxpayers
and Fee Owners
and in Addition
Those Parties
Who have Filed
Their Addresses
Pursuant to
section 276.041

	Lot	Block	Tax Parcel Number	Total Tax and Penalty \$ cts
John Jones (825 Fremont Fairfield, MN 55000)	15	9	58243	2.20
Bruce Smith (2059 Hand Fairfield, MN 55000) and Fairfield State Bank (100 Main Street Fairfield, MN 55000)	16	9	58244	3.15

The names, descriptions, and figures employed in parentheses in the above forms are merely for purposes of illustration.

The name of the town, township, range or city, and addition or subdivision, as the case may be, shall be repeated at the head of each column of the printed lists as brought forward from the preceding column.

Errors in the list shall not be deemed to be a material defect to affect the validity of the judgment and sale."

Page 10, after line 4, insert:

"Sec. 23. Minnesota Statutes 1985 Supplement, section 290A.03, subdivision 6, is amended to read:

Subd. 6. [HOMESTEAD.] "Homestead" means the dwelling occupied by a claimant as his principal residence and so much of the land surrounding it, not exceeding ten acres, as is reasonably necessary for use of the dwelling as a home and any other property used for purposes of a homestead as defined in section 273.13, subdivision 22, except for agricultural land assessed as part of a homestead pursuant to section 273.13, subdivision 23, "homestead" is limited to 320 acres or, where the farm homestead is rented, one acre. The homestead may be owned or rented and may be a part of a multidwelling or multipurpose building and the land on which it is built. A manufactured home, as defined in section ~~168.01~~ 274.19, subdivision 8, assessed as personal property may be a dwelling for purposes of this subdivision.

Sec. 24. Minnesota Statutes 1985 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 22 and 23, but after deductions made pursuant to sections 124.2137, 273.115, 273.116, 273.135, 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 ~~468.011~~ 274.19, 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, subdivision 22 or 23 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. 25. Minnesota Statutes 1984, section 296.16, subdivision 1, is amended to read:

Subdivision 1. [INTENT.] All gasoline received in this state and all gasoline produced in or brought into this state except aviation gasoline and marine gasoline shall be determined to be intended for use in motor vehicles in this state. Approximately three-fourths of one percent of all gasoline received in this state and three-fourths of one percent of all gasoline produced or brought into this state, except gasoline used for aviation purposes, is being used as fuel for the operation of motor boats on the waters of this state and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than ~~in motor boats for aviation purposes~~, three-fourths of one percent of such revenues is the amount of tax on fuel used in motor boats operated on the waters of this state. Approximately three-fourths of one percent of all gasoline received in and produced or brought into this state, except gasoline used for aviation purposes, is being used as fuel for the operation of snowmobiles in this state, and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than ~~in snowmobiles for aviation purposes~~, three-fourths of one percent of such revenues is the amount of tax on fuel used in snowmobiles operated in this state."

Page 11, after line 5, insert:

"Sec. 28. Minnesota Statutes 1984, 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 for the gross national product prepared by the bureau of economic analysis of the United States department of commerce.

(b) On concentrates produced in 1984, an additional tax is imposed equal to 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. 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. The rate of the tax imposed will be the current year's tax rate. 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. 29. Minnesota Statutes 1985 Supplement, section 298.28, subdivision 1, is amended to read:

Subdivision 1. [DISTRIBUTION.] The proceeds of the taxes collected under section 298.24, except the tax collected under section 298.24, subdivision 2, shall, upon certification of the commissioner of revenue, be allocated 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 the county 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) (a) 12.5 cents per taxable ton, less any amount distributed under clause (7), paragraph (a), and paragraph (b) of this clause, to be distributed as provided in section 298.282.

(b) An amount annually certified by the county auditor of a county containing a taconite tax relief area within which there is an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore. The amount will be the portion of a township's certified levy equal to the proportion of (1) the difference between 50 percent of the township's January 2, 1982, assessed value and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1). The county auditor shall extend the township's levy against the sum of the township's current assessed value plus the difference between 50 percent of its January 2, 1982, assessed value and its current assessed value. If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, this clause shall not apply.

(3) 29 cents per taxable ton plus the increase provided in paragraph (c) to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, 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 distribution must be based on 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 sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125, comprises of the sum of certified levies for the prior year for all qualifying districts, computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. For purposes of distributions pursuant to this part, certified levies for the prior year computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125 shall not include the amount of any increased levy authorized by referendum pursuant to section 124A.03, subdivision 2.

(c) On July 15, 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 124A.03, subdivision 2, 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 second previous year or the 1983-1984 school year, whichever is greater, less the product of 1-3/4 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 124A.03, subdivision 2, in the previous year, to the product of 1-3/4 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 section 124A.02 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in clause (9).

(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, based upon certification by the commissioner of revenue, 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 apportionment formula prescribed in clause (1) is the basis for the distribution.

(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 paid 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) 17.75 cents per taxable ton, less any amount required to be distributed under part (b), to St. Louis county acting as the counties' fiscal agent, 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 paid 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) Three cents per taxable ton shall be paid to the iron range resources and rehabilitation board 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.

(7) (a) .20 cent per taxable ton shall be paid to the range association of municipalities and schools, for the purpose of providing an areawide 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.

(8) the amounts determined under clauses (4)(a), (4)(c), (5), and (7)(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.

(9) the proceeds of the tax imposed by section 298.24 which remain after the distributions and payments in clauses (1) to (8), as certified by the commissioner of revenue, and parts (a) and (b) of this clause have been made, together with interest earned on all money distributed under this subdivision prior to distribution, 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: 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.

(a) 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) There shall be distributed to the iron range resources and rehabilitation board the amounts it received in 1977 under section 298.22. *The amount distributed under this subclause (b) shall be expended within or for the benefit of the tax relief area defined in section 273.134.*

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 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. 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 in the year in which such estimate is made, and payable in the next ensuing calendar year, except that one cent per taxable ton of the amount distributed under clause (4)(c) shall not be deducted in calculating the permissible levy. In any calendar year in which a general property tax levy subject to sections 275.50 to ~~275.59~~ 275.58 has been made, if the taxes distributable to any such county or city are greater than the amount estimated by the commissioner to be paid to any such county or city in such year, the excess of such distribution shall be held in a special fund by the county or city and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.50 to ~~275.59~~ 275.58, of such county or city payable in such year. If the amounts distributable to any such county or city after final determination by the commissioner of revenue under this section are less than the amounts by which a taxing district's levies were reduced pursuant to this section, such county or city 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 275.50 to ~~275.59~~ 275.58 an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

Sec. 30. Laws 1985, chapter 289, section 5, subdivision 2, is amended to read:

Subd. 2. [REVERSE REFERENDUM.] If the Clearwater county board proposes to increase the levy of the county pursuant to subdivision 1, it shall pass a resolution stating that fact. Thereafter, the resolution shall be published for two successive weeks in the official newspaper of the county or if there is no official newspaper, in a newspaper of general circulation in the

county, together with a notice fixing a date for a public hearing on the matter. 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 county may determine to take no further action or, in the alternative, adopt a resolution confirming its intention to exercise the authority. That resolution shall also be published in the official newspaper of the county or if there is no official newspaper, in a newspaper of general circulation in the county. If within 30 days thereafter a petition signed by voters equal in number to five percent of the votes cast in the county in the last general election requesting a referendum on the proposed resolution is filed with the county auditor 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, 1985 of the year when a tax is initially proposed to be levied pursuant to this section.

Sec. 31. Laws 1985, chapter 289, section 7, is amended to read:

Sec. 7. [LOCAL APPROVAL.]

Sections 1, 2, 3, and 4 are effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the Hubbard county board. Section 5 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the Clearwater county board for taxes levied in 1985, 1986, 1987, and 1988 and subsequent years. Section 6 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the Cass county board."

Page 11, line 25, delete "16" and insert "32" and after "(b)" insert a comma

Page 11, line 26, delete "1987" and insert "1986"

Page 11, line 27, delete "7 to 19 and 16" and insert "9 to 11, 25, 28, 29, and 32" and after "(a)" insert a comma

Page 11, line 28, delete "10 and 11" and insert "7, 8, 12 to 17, 19, 20, 23, and 24"

Page 11, line 30, delete "12 to 15" and insert "21, 22, 26, and 27"

Page 11, line 31, delete "17 and 18" and insert "33 and 34"

Page 11, after line 31, insert:

"Sections 30, 31, and 32, paragraph (c), are effective the day after final enactment."

ReNUMBER the sections in sequence

Amend the title as follows:

Page 1, line 11, after the semicolon, insert "removing time restrictions on imposition of a special levy in Clearwater county; making technical changes;"

Page 1, line 15, after the semicolon, delete "and" and insert "275.125,

subdivision 9; 296.16, subdivision 1;"

Page 1, line 16, after "subdivision" insert "; and 298.24, subdivision 1"

Page 1, line 17, after "1;" insert "116C.63, subdivision 4; 124.2131, subdivision 3; 273.13, subdivision 26;" and after "273.136;" insert "273.42, subdivision 2; 274.19, subdivisions 1 and 8; 279.01, subdivision 1; 279.06;"

Page 1, line 18, delete the first "and" and after "1;" insert "290A.03, subdivisions 6 and 13; and 298.28, subdivision 1;" and after "1985," insert "chapter 289, section 5, subdivision 2, and section 7; and"

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

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

S.F. No. 1591: A bill for an act relating to crimes; making it a felony to assault or injure a pregnant woman; expanding the crime of criminal vehicular operation; imposing penalties; amending Minnesota Statutes 1984, sections 609.035; and 609.21, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 609.

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

Page 3, lines 19 and 20, delete "*other than criminal vehicular operation,*"

Page 3, lines 20 and 27, after the second comma, insert "609.23, or 609.231,"

Page 3, lines 24 and 31, before the period, insert "; except that, for purposes of this subdivision, the term 'felony' does not include a violation of section 609.21"

Page 3, lines 26 and 27, delete "*other than criminal vehicular operation,*"

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

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

S.F. No. 1636: A bill for an act relating to agriculture; providing for mediation before debt collection practices are initiated against agricultural property; prohibiting foreclosure by advertisement of property used in agricultural production and homesteads; establishing a farm mediation commission and prescribing powers and duties; establishing farm mediation boards; prescribing mediation notices and certain conditions before debt collection is started; providing for voluntary mediation; prescribing procedures for mandatory mediation; authorizing debt restructuring; authorizing postponement orders and requiring farm financial plans under certain conditions; classifying certain data; authorizing closed meetings; authorizing rules; providing for appeals; appropriating money; amending Minnesota Statutes 1984, sections 336.9-501; 580.01; proposing coding for new law in Minnesota Statutes, chapters 550; 559; 581; and 583.

Reports the same back with the recommendation that the bill be amended

as follows:

Page 3, lines 10 and 13, delete "6" and insert "5" and delete "25" and insert "24"

Page 4, lines 6 and 9, delete "6" and insert "5" and delete "25" and insert "24"

Page 5, lines 1 and 5, delete "6" and insert "5" and delete "25" and insert "24"

Pages 5 and 6, delete section 4

Page 6, lines 7, 11 and 36, delete "6" and insert "5" and delete "25" and insert "24"

Page 7, line 20, delete "8" and insert "7" and delete "25" and insert "24"

Page 7, line 27, delete everything after the period

Page 7, delete line 28

Page 9, line 16, after the semicolon, insert "and"

Page 9, line 18, delete "and" and insert a period

Page 9, delete line 19

Page 10, line 6, delete "14" and insert "13"

Page 10, line 15, delete "5" and insert "4"

Page 10, line 16, delete "6" and insert "5" and delete "25" and insert "24"

Page 12, line 17, delete "13" and insert "12"

Page 15, line 3, delete "14" and insert "13"

Page 16, line 13, delete "19" and insert "18"

Page 16, line 25, delete "14" and insert "13" and delete "18" and insert "17"

Page 16, line 30, delete "3 or 5" and insert "4"

Page 17, line 13, delete "14" and insert "13"

Page 18, line 17, delete "5" and insert "4" and delete "26" and insert "25"

Page 18, line 20, delete "27" and insert "26"

Page 18, line 21, delete everything after "enactment" and insert a period

Page 18, delete line 22

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, delete "prohibiting foreclosure by"

Page 1, delete line 5

Page 1, line 6, delete "production and homesteads;"

Page 1, line 17, delete "sections" and insert "section" and delete "580.01;"

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

Mr. Lessard from the Committee on Veterans and General Legislation, to which was referred

S.F. No. 1716: A resolution memorializing the governments of the United States and the Socialist Republic of Vietnam to take all possible actions to determine the fate of persons missing in action in Southeast Asia; joining with the families of those who are missing in the hope that their long wait will soon be over.

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

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

S.F. No. 1595: A bill for an act relating to agriculture; providing a milk marketing and price stabilization plan; declaring state policy relating to milk; creating a milk stabilization board; authorizing the board to prescribe milk stabilization plans and maximum and minimum prices for marketing milk; requiring licenses for persons involved in milk marketing; prescribing milk marketing violations; authorizing enforcement of disruptive trade practices; authorizing entry, inspection, and investigation of milk marketing practices; requiring records and reports; providing remedies and penalties for milk marketing violations; prescribing judicial review of board decisions and rulemaking actions; authorizing local advisory boards; authorizing assessments on milk processors; establishing a milk stabilization fund; authorizing a referendum on continuance of stabilized prices; proposing coding for new law as Minnesota Statutes, chapter 32C.

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

Delete everything after the enacting clause and insert:

"CHAPTER 32C

DAIRY MARKETING

Section 1. [32C.005] [FINDINGS.]

The legislature finds it is necessary to provide a fair pricing and marketing program in the state for dairy products and to assure availability of high quality dairy products to consumers of this state at reasonable prices. Producers of milk and dairy products must be paid adequate prices to assure a fresh supply of dairy products in the state. To enable the dairy industry to maintain the highest quality of dairy products and to protect consumers of dairy products, unfair trade practices, unfair methods of competition, conditions of monopoly, or combinations in restraint of trade must be prevented. Milk and dairy price stabilization are necessary for the health and welfare of

the state.

Sec. 2. [32C.01] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to this chapter.

Subd. 2. [AGRICULTURAL MARKETING AGREEMENT ACT.] "Agricultural Marketing Agreement Act" means the Agricultural Marketing Agreement Act of 1937 as amended, United States Code, title 7, section 601, et seq.

Subd. 3. [BOARD.] "Board" means the milk stabilization board.

Subd. 4. [BULK MILK.] "Bulk milk" means milk that is purchased by a processor from a person other than a dairy farmer in a container other than the one in which the milk will be resold to a retailer or to a consumer.

Subd. 5. [CLASSIFIED PRICING SYSTEM.] "Classified pricing system" means the classified pricing system described under United States Code, title 7, section 608c(5).

Subd. 6. [COMMISSIONER.] "Commissioner" means the commissioner of agriculture.

Subd. 7. [DAIRY FARMER.] "Dairy farmer" means a person who produces grade A raw milk for sale to a processor.

Subd. 8. [DAIRY FARMER-PROCESSOR.] "Dairy farmer-processor" means a person who is both a dairy farmer and a processor and does not purchase raw milk from other dairy farmers. A dairy farmer-processor is a dairy farmer in a sale to a processor of raw milk produced by the dairy farmer-processor and is a processor in processing, manufacturing, or selling dairy products, or in receiving bulk milk from another person.

Subd. 9. [DAIRY MARKETER.] "Dairy marketer" means a processor or distributor, including the subsidiaries, affiliate corporations, agents, and representatives.

Subd. 10. [DAIRY MARKETING LICENSE.] "Dairy marketing license" means a license required under section 11.

Subd. 11. [DAIRY MARKETING LICENSEE.] "Dairy marketing licensee" means a person who holds a valid dairy marketing license.

Subd. 12. [DAIRY PRODUCTS.] "Dairy products" means milk products and frozen dairy products.

Subd. 13. [DIRECTOR.] "Director" means director of the milk stabilization board.

Subd. 14. [DISTRIBUTOR.] "Distributor" means a person, other than a processor, who sells to retailers or consumers at retail on home delivery routes or fixed places of business.

Subd. 15. [DISTRIBUTOR PRICE.] "Distributor price" means the price that a milk product or frozen dairy product is purchased by a retailer.

Subd. 16. [FROZEN DAIRY PRODUCT.] "Frozen dairy product" means:

(1) ice cream, fruit ice cream, nut ice cream, frozen malt ice cream, frosted malt ice cream, frozen custard, French ice cream, ice milk, mellorine, olarine, sherine, fruit sherbets, fruit sherbines;

(2) the mix from which a product in clause (1) is made;

(3) frozen products that contain milk solids not fat, or butterfat, and are commonly referred to in the dairy industry as "novelties"; or

(4) a frozen product, except baked goods, containing a milk derivative.

Subd. 17. [HANDLER POOLING ARRANGEMENT.] "Handler pooling arrangement" means the handler pooling arrangement described under United States Code, title 7, section 608c(5).

Subd. 18. [HANDLING.] "Handling" means the activities of a dairy marketer in bottling, processing, packaging, or manufacturing dairy products, or in purchasing processed or manufactured dairy products that are resold to another dairy marketer or retailer.

Subd. 19. [MARKETING AREA.] "Marketing area" means an area with uniform stabilized prices.

Subd. 20. [MARKETWIDE POOLING ARRANGEMENT.] "Marketwide pooling arrangement" means the marketwide pooling arrangement described under United States Code, title 7, section 608c(5).

Subd. 21. [MILK.] "Milk" means the lacteal secretion of a cow that meets the grade A requirements established in section 32.394, including lacteal secretions that are raw, cooled, pasteurized, standardized, homogenized, recombined, or concentrated.

Subd. 22. [MILK PRODUCT.] "Milk product" means:

(1) raw milk, regular or creamline milk, standardized milk, whole pasteurized milk, special milk, homogenized milk, fortified milk, plain or creamed buttermilk, cottage cheese, creamed cottage cheese, flavored milk, flavored skim milk, sour cream, half and half, whipping cream, whipped cream, skim milk, low fat milk, fluid cream, concentrated milk, yogurt, and eggnog; or

(2) a product that contains milk solids not fat, butterfat, or a milk derivative, and is manufactured to resemble a milk product as defined in clause (1).

"Milk products" does not include butter, cheese other than cottage cheese or cream cottage cheese, nonfat dry milk, skim condensed milk, whole condensed milk, whole dry milk, dried cream, evaporated milk, sweetened condensed milk, or baked goods.

Subd. 23. [PERSON.] "Person" means an individual, partnership, corporation, cooperative corporation or association, governmental agency, or other business entity.

Subd. 24. [PROCESSOR.] "Processor" means a person who:

(1) processes or manufactures dairy products;

(2) purchases raw milk from a grade A dairy farmer for resale to a person who processes or manufactures dairy products; or

(3) purchases bulk milk from anyone for resale to a person who processes

or manufactures dairy products.

A "processor" does not include a person who purchases ice cream mix, ice milk mix, or other frozen dairy products mix and whose processing activities are limited to converting the mix into a frozen dairy product, if more than half of the sales of the frozen dairy product are made by the person to consumers at retail on the premises where the frozen dairy product is processed.

Subd. 25. [RETAILER.] "Retailer" means a person who sells dairy products to consumers at fixed places of business located in this state.

Subd. 26. [RETAIL PRICE.] "Retail price" means the price that a dairy product is purchased for when purchased for a purpose other than resale.

Subd. 27. [RULE.] "Rule" means a rule adopted by the board under chapter 14.

Subd. 28. [STABILIZATION PLAN.] "Stabilization plan" means the plan adopted by the board under section 5 to set stabilized prices for marketing areas.

Subd. 29. [STABILIZED PRICES.] "Stabilized prices" means minimum or maximum prices, or both, established by the board under a stabilization plan for dairy products.

DAIRY PRICE STABILIZATION

Sec. 3. [32C.02] [MILK STABILIZATION BOARD.]

Subdivision 1. [ESTABLISHMENT.] *The milk stabilization board is established and consists of seven members.*

Subd. 2. [MEMBERSHIP.] (a) *The governor shall appoint the following persons to the board:*

(1) *one person from the northern district and one person from the southern district under paragraph (b) who are dairy farmers selling to a processor, who may be selected from names nominated by state dairy farmer organizations as provided in paragraph (c) and one dairy farmer at large;*

(2) *one person who is a processor, who may be selected from a list of licensed processors;*

(3) *one person who is a retailer, who may be selected from a list of licensed retailers; and*

(4) *two persons who are consumers and are not otherwise engaged in the milk business.*

(b) *The northern district consists of the counties of Big Stone, Swift, Pope, Stearns, Sherburne, Anoka, Chisago, and counties north of the northern boundary of those counties. The southern district consists of counties not in the northern district.*

(c) *A dairy farmer organization that desires to participate in nominating a dairy farmer to the board must notify the commissioner. The commissioner of agriculture shall notify the state dairy farmer organizations if there is a dairy farmer vacancy on the board. Within 30 days after the notification, the commissioner shall hold a meeting in the district with the vacancy to nomi-*

nate two persons.

(d) *One of the consumers on the board must be a resident of congressional district 1, 2, 3, or 4; one must be a resident of congressional district 5, 6, 7, or 8.*

(e) *A member of the board may not hold an elected state office while a member.*

(f) *The membership terms, compensation, and removal of the board members shall be governed by section 15.0575.*

Subd. 3. [QUORUM, CHAIRPERSON.] Four members of the board constitute a quorum to transact business. The board shall elect one of its members as the chair. The chair shall be elected each year and when the position is vacated.

Subd. 4. [MEETINGS.] Meetings of the board shall be held at least every 60 days at the call of the chair or a majority of the board. Notwithstanding chapter 14, the board meetings shall be conducted without a hearing officer.

Subd. 5. [DIRECTOR.] The board must employ a director to serve the board. The director's qualifications and duties shall be determined by the board.

Subd. 6. [EMPLOYEES.] The board may employ persons for permanent and temporary employment to carry out the duties and responsibilities of the board.

Subd. 7. [CONTRACT SERVICES.] The board may contract for auditing, economic research, and other technical services.

Sec. 4. [32C.03] [GENERAL POWERS OF THE BOARD.]

Subdivision 1. [GENERAL AUTHORITY.] The board has the authority to establish stabilized prices under stabilization plans to cause the orderly marketing of dairy products in this state.

Subd. 2. [MEDIATOR.] The board may act as a mediator or arbitrator for any controversy or issue among dairy farmers, processors, distributors, retailers, or consumers if the controversy or issue is related to the production, transportation, processing, storage, distribution, or sale of dairy products.

Subd. 3. [RULEMAKING.] The board may promulgate and adopt permanent and emergency rules under chapter 14 to implement this chapter.

Subd. 4. [ADMINISTRATION BY COMMISSIONER OF AGRICULTURE.] The commissioner shall provide offices and staff necessary for the board and cooperate with the board by providing information, inspections, and enforcement at the request of the board.

Subd. 5. [COOPERATION WITH OTHER GOVERNMENTAL AGENCIES.] The board may cooperate with stabilization agencies in other states and with the secretary of agriculture of the United States in the manner provided in the Agricultural Marketing Agreement Act to carry out the purposes of this chapter.

Subd. 6. [AUTHORITY OF OTHER AGENCIES NOT AFFECTED.] The provisions of this chapter do not limit the health and sanitation authority

of the commissioner of agriculture, commissioner of health, county boards of health, or municipal health officials.

Sec. 5. [32C.04] [STABILIZATION PLANS.]

Subdivision 1. [GENERAL CONTENTS.] (a) A stabilization plan must designate marketing areas and establish stabilized prices. The stabilized prices must include minimum prices for raw milk to be paid to dairy farmers, minimum prices for milk products to be paid by retailers, and minimum prices to be paid by consumers, and may include other stabilized prices.

(b) A stabilization plan may provide for a classified pricing system based upon utilization, a handler pooling arrangement, or a marketwide pooling arrangement. A stabilization plan with a marketwide pooling arrangement may require raw milk produced by dairy farmer-processors to be included in the pooling arrangement.

Subd. 2. [INDUCEMENT FOR PURCHASE.] A dairy marketer may not furnish, give, lend, lease, or sell furniture, fixtures, fittings, or equipment to a retailer as an incentive or inducement for the retailer to purchase, handle, store, display, sell, or trade in a dairy product of a dairy marketer.

Subd. 3. [APPLICABILITY TO PROCESSORS PURCHASING IN MULTIPLE MARKETING AREAS.] A stabilization plan must provide a method to determine how the plan is applicable to the raw milk purchases of a processor engaged in selling milk products in two or more marketing areas. The applicability of a stabilization plan to raw milk purchased by a processor from a particular dairy farmer must not be dependent upon where the seller's dairy farm is located or the location where the title passes.

Subd. 4. [AREAS UNDER FEDERAL MILK MARKETING ORDER.] A stabilization plan for a marketing area that includes an area of a federal milk marketing order may require licensed processors subject to both the state stabilization plan and to the federal milk marketing order to pay:

(1) minimum raw milk class prices that exceed the minimum raw milk class prices established by the federal order; and

(2) the difference between the federal and state minimum prices directly to dairy farmers on the basis of a handler pooling arrangement basis.

Subd. 5. [ADOPTION:] (a) The stabilization plan may be adopted by:

(1) permanent or emergency rule under chapter 14; or

(2) notwithstanding chapter 14, the board may mail a proposed plan to the dairy marketing licensees, hold a public meeting for comment within seven to 12 days after the mailing, and mail a copy of the final stabilization plan to the dairy marketing licensees.

(b) A stabilization plan adopted under clause (2) is effective as provided in the plan, but not earlier than seven days after the final stabilization plan is mailed to the dairy marketing licensees. An effective stabilization plan has the same force and effect as an adopted rule.

Subd. 6. [STAY OF STABILIZATION PLAN.] If a stabilization plan is appealed, the stay of a stabilization plan or rule properly adopted may not be granted prior to final determination of the matter by the court having

jurisdiction.

Sec. 6. [32C.05] [STABILIZED PRICES.]

Subdivision 1. [MINIMUM PRICES FOR RAW MILK.] (a) The board shall establish uniform minimum prices for raw milk for each marketing area to be paid by processors to dairy farmers.

(b) The minimum prices must be beneficial to the public interest, protect the dairy farmers, and ensure an adequate supply of pure and wholesome milk to the inhabitants of the state.

(c) In establishing or changing minimum prices to be paid by processors to dairy farmers for raw milk in each marketing area, the board must consider:

- (1) the available supply of raw milk;*
- (2) the adequacy of the reserve supply of raw milk available to processors;*
- (3) the balance between production and consumption;*
- (4) the cost of dairy feed, farm wage rates; and*
- (5) other factors to effectuate sections 1 to 8.*

Subd. 2. [CONSIDERATIONS IN ESTABLISHING PROCESSOR, DISTRIBUTOR, AND RETAILER PRICES.] *In establishing minimum prices for a marketing area, other than the price paid to a dairy farmer for raw milk, the board must consider the operative economic factors in a marketing area including:*

- (1) the prevailing raw milk prices in the marketing area regardless of whether the prices are state established, federally established, or negotiated;*
- (2) the reasonable costs of processing and distribution incurred by representative processors, distributors, and retailers, including a reasonable return upon necessary investment;*
- (3) the quantities of dairy products consumed in the area; and*
- (4) all other economic factors that substantially and directly affect market supply and demand for dairy products in the area.*

Subd. 3. [MINIMUM PRICES FOR MILK PRODUCTS TO RETAILERS AND CONSUMERS.] *(a) For each marketing area, the board shall establish minimum prices for:*

- (1) sales of milk products by processors or distributors to retailers; and*
- (2) sales of milk products to consumers.*

(b) The minimum price for each milk product item sold by processors or distributors to retailers is applicable regardless of the location where the retailer accepts delivery.

Subd. 4. [AUTHORIZED MINIMUM PRICES.] *For a marketing area, the board may establish the minimum prices for:*

- (1) milk products sold by processors to distributors;*
- (2) frozen dairy products sold by a processor, distributor, or retailer;*
- (3) milk products sold by a processor to another processor;*

(4) milk products sold by a distributor to another distributor; and

(5) dairy products that are sold and not otherwise provided for in this section.

Subd. 5. [MINIMUM PRICES FOR MILK FROM NONDAIRY FARMER SOURCES.] The board may establish the prices to be paid by a processor for raw milk purchased from sources other than dairy farmers and prescribe conditions to ensure prices paid for butterfat and milk solids not fat, whether in the form of raw milk or otherwise, are uniform for all processors regulated by the same stabilization plan.

Subd. 6. [PRICES ESTABLISHED FOR SOME ITEMS ONLY.] The board may establish minimum prices for some items in a category without establishing minimum prices for the other items in the category and may establish one type of minimum price without establishing the other types of minimum prices applicable to a product.

Subd. 7. [AUTHORIZED MAXIMUM PRICES.] For a marketing area, the board may establish the maximum prices for milk products to be sold to any person by a processor, a distributor, or a retailer. The board must consider the economic factors that apply to the establishment of minimum prices under subdivision 3.

Subd. 8. [STABILIZED PRICE DIFFERENCE.] (a) The stabilized prices established by the board for products other than raw milk may reflect packaging cost differences and stabilized prices for home-delivered products may vary from stabilized prices applicable to products sold to consumers by retailers.

(b) The stabilized prices established by the board may reflect cost differences for a processor or distributor selling products directly to consumers.

Subd. 9. [QUANTITY DISCOUNTS.] (a) The stabilization plan for a marketing area may authorize processors and distributors to give quantity discounts to retailers for sales of dairy products.

(b) To ensure the availability of a sufficient variety of brands to consumers purchasing from retailers having sufficient display space, and to avoid injury to small independent processors and distributors, the board must, if quantity discounts are authorized, establish for each eligible retailer a quantity discount rate for purchases of milk products and a quantity discount rate for purchases of frozen dairy products. The discount rates must be based on the retailer's total purchases of milk products from all suppliers and the total purchases of frozen dairy products from all suppliers.

(c) All processors and distributors delivering dairy products to a quantity discount retailer may give quantity discounts in accordance with the rates regardless of the quantities of the products actually purchased by the retailer from each individual processor or distributor.

(d) The board shall establish schedules of quantity discount rates based upon a graduated scale of discounts proportionate to purchases made by retailers during a designated base period of one month, one quarter, six months, or one year. If a retailer operates two or more separate places of business, the board shall base the quantity discount rate for each place of business upon the quantity of dairy products purchased for resale at that place

of business alone.

Sec. 7. [32C.06] [STABILIZED PRICE ADJUSTMENTS.]

Subdivision 1. [ADJUSTMENT FACTORS.] Stabilized prices may be adjusted based on:

- (1) the butterfat content or other components of the raw milk;*
- (2) the location where the raw milk is received;*
- (3) the location of the plant where a portion of the raw milk purchased is transferred or diverted by the processor from the plant where the raw milk is normally utilized; and*
- (4) other factors provided for price adjustments provided under the Agricultural Marketing Agreement Act of 1937.*

Subd. 2. [SIMULTANEOUS PRICE CHANGES.] The board must ensure that changes in minimum dairy farmer prices are accompanied by simultaneous changes in the other stabilized prices as established by the board.

Subd. 3. [MINIMUM PRICE FORMULA.] A formula may be used to compute minimum prices for raw milk to be paid to dairy farmers. The formula may be used by the board to automatically change minimum prices paid to a dairy farmer that are justified on the basis of changes in production costs, supply conditions, and in the other factors established by the board.

Sec. 8. [32C.07] [MARKETING AREAS.]

Subdivision 1. [DESIGNATION.] The board shall designate marketing areas with uniform stabilized prices for the entire state. The board may change the number and alter the boundaries of the marketing areas.

Subd. 2. [CONSIDERATIONS.] (a) In designating marketing areas the board shall consider:

- (1) the conditions affecting the production, distribution, and sale of dairy products in the marketing areas;*
 - (2) the need for establishing area boundaries that will facilitate cooperation between the board and federal authorities engaged in regulating prices paid by processors for raw milk; and*
 - (3) all other factors necessary to effectuate the purposes of sections 1 to 8.*
- (b) The stabilized prices established by the board may vary from one marketing area to another.*

Sec. 9. [32C.08] [LOCAL ADVISORY BOARDS.]

Subdivision 1. [FUNCTION.] If a public hearing is scheduled by the board in a marketing area to establish prices, the board may, at least ten days prior to the date set for the hearing, appoint a local advisory board. The function of the local advisory board is to assist and advise the board in matters pertaining to the production and marketing of milk in the marketing area.

Subd. 2. [MEMBERSHIP, MEETINGS, COMPENSATION.] If a local advisory board is appointed, the local advisory board shall consist of two producers, two processors, and two retailers who are actively engaged in milk production, processing, and marketing in the area and to consumers in

the area. The local advisory board shall meet with the board at the call of the board before, during, or after the public hearing to establish prices. There may not be more than three meetings or conferences between the board and the local advisory board. The members of the local advisory board shall receive a per diem for each day actually spent in the performance of their duties, plus mileage and expenses as provided under chapter 15.

Subd. 3. [TERMINATION.] The local advisory board shall cease to exist when the board promulgates its stabilization plan that establishes prices.

Sec. 10. [32C.09] [REFERENDUM ON CONTINUANCE OF STABILIZED PRICES.]

If a petition is presented to the commissioner of agriculture containing at least 25 percent of the total grade A dairy farmers in the state subject to sections 1 to 8, with the signature of at least one dairy farmer in every county where a dairy farmer resides, the commissioner of agriculture shall conduct a referendum on continuing stabilized prices by a mailed secret ballot in accordance with rules established by the commissioner of agriculture, and shall report the results of the referendum to the legislature the next time it convenes.

DAIRY MARKETING LICENSES

Sec. 11. [32C.10] [DAIRY MARKETING LICENSES REQUIRED.]

Subdivision 1. [SEPARATE BUSINESS LOCATIONS.] A dairy marketing license under this section is required for each separate place of business.

Subd. 2. [AGRICULTURE DEPARTMENT LICENSE REQUIRED.] A processor or distributor may not obtain a dairy marketing license without first having obtained a license under chapter 32 from the commissioner of agriculture.

Subd. 3. [PROCESSOR LICENSE REQUIRED.] A processor may not buy milk or sell dairy products without a processor license if the processor:

(1) operates a processing plant located within the state;

(2) sells dairy products to a retailer for resale at a retail establishment located in the state regardless of the location of the processor's plant or where the retailer takes title to or possession of the products; or

(3) sells dairy products to a distributor for resale to consumers in the state on home delivery or for resale to a retail establishment that is required to have a "retailer" license.

Subd. 4. [DAIRY FARMER-PROCESSOR.] A dairy farmer-processor must obtain a processor license.

Subd. 5. [DISTRIBUTOR.] A distributor may not sell dairy products without a distributor license if the distributor sells dairy products to consumers in the state on one or more retail home delivery routes or to a retailer for resale at a retail establishment that is required to have a retailer license.

Subd. 6. [RETAILER LICENSE.] A retailer may not buy or sell dairy products without a retailer license. A dairy farmer, processor, or distributor may not sell dairy products to consumers at a fixed place of business within this state without obtaining a retailer license for each place of business.

Subd. 7. [INSTITUTIONAL RETAILER.] Schools, hospitals, state institutions, and charitable institutions may obtain retailer licenses by meeting the requirements of a retailer.

Subd. 8. [VENDING LICENSE.] A person may not supply dairy products to consumers through the use of vending machines without a vending license. The board shall prescribe, by rule, requirements for obtaining and operating under a vending license.

Sec. 12. [32C.11] [LICENSE APPLICATIONS.]

Applications for licenses must be made on forms prepared and furnished by the commissioner with the approval of the milk stabilization board. The commissioner may require information on the application about the applicant and the nature of the business that the applicant proposes to conduct necessary for the administration of this chapter. Applications must require applicants to affirm that for:

(1) processor and distributor license applicants, the applicant will not make sales of dairy products to persons required to have a license required by section 11 unless the persons have the license;

(2) distributor and retailer license applicants, the applicant will not make purchases of dairy products from persons not licensed by the commissioner;

(3) processor or distributor license applicants, the applicant will sell dairy products as are customarily handled by the person to any retailer who desires to purchase the products from the dealer if the retailer has a place of business in a community where the dealer processes, distributes, or sells dairy products; and

(4) processor or distributor license applicants, each retailer will be offered the same frequency of delivery and the same in-store services as are customary in the community.

Sec. 13. [32C.12] [LICENSE ISSUANCE, DENIAL, AND VALIDITY.]

Subdivision 1. [LICENSE HEARING.] (a) Within ten days after the commissioner receives an application for license, the commissioner shall notify the milk stabilization board and within 20 days after being notified the board shall make a recommendation for issuance of the license or notify the applicant of the date when a hearing will be held to receive evidence relative to the applicant's eligibility.

(b) A hearing under paragraph (a) should be held not less than 20 days after the date the notice is given, unless the hearing is fixed for an earlier date by mutual agreement of the milk stabilization board and the applicant. Within a reasonable time after the close of the eligibility hearing, the milk stabilization board must notify the applicant and the commissioner of its recommendation to issue or deny a license.

(c) The commissioner must issue or deny a license within ten days after receiving the recommendation. A dairy marketing license is issued without a fee. The milk stabilization board may recommend to deny a license if it finds that the applicant has violated sections 15 to 21, a rule of the board or commissioner, or the stabilization plan.

Subd. 2. [VALIDITY.] Dairy marketing licenses are valid unless:

- (1) the ownership or location of the licensed business is changed;
- (2) the license is suspended or revoked; or
- (3) the licensed business is discontinued or is inactive for a period of more than 30 days.

Sec. 14. [32C.13] [RECORDS AND REPORTS.]

Subdivision 1. [RECORD CONSOLIDATION.] The commissioner and the milk stabilization board shall accommodate dairy marketing licensees by allowing all records required under this section and chapter 32 to be consolidated.

Subd. 2. [REQUIRED RECORDS.] (a) A dairy marketing licensee must maintain in a manner prescribed by the commissioner:

(1) a record of all raw milk received or purchased by the licensee, showing the names and addresses of the dairy farmers and others from whom the raw milk was purchased, the quantity, price paid, butterfat test, and any deductions made;

(2) a record of all dairy products sold or used; classified as to grade, use, location, market outlet, size and type of container, the composition of the product in terms of butterfat and solids, the quantity sold, and the prices received;

(3) a record of the quantity of each dairy product manufactured by a licensee, together with the composition of the product, the quantity sold, and the prices received; and

(4) other records necessary to implement sections 1 to 25.

(b) The commissioner may, by rule, specify which records must be maintained by each type of license.

Subd. 3. [RECORDKEEPING.] The commissioner may require dairy marketing licensees to maintain a record of:

(1) the shrinkage, wastage, or loss of raw milk and butterfat, and of skim milk and butterfat destroyed or used for special purposes such as livestock feed;

(2) the inventory of raw milk and other dairy products on hand at the end of a designated accounting period; and

(3) all items of expense incurred by the licensee in procuring raw milk and other ingredients, and in processing, manufacturing, storing, distributing, and selling dairy products, including overhead and general and administrative costs, and all other items of cost incurred by each licensee in the conducting of its business.

Subd. 4. [RECORDS OF PROFIT OR LOSS NOT REQUIRED.] A dairy marketing licensee may not be required to reveal profit or loss. The commissioner shall require records to be in a form that will allow the milk stabilization board to make statistical studies.

Subd. 5. [RECORD MAINTENANCE.] Required records under this section must be preserved for three years.

PROHIBITED ACTS AND UNFAIR DAIRY TRADE PRACTICES

Sec. 15. [32C.14] [BUYING, SELLING, AND PRICING

VIOLATIONS.]

Subdivision 1. [BUYING OR SELLING WITHOUT A LICENSE.] A person may not buy or sell dairy products without a required dairy marketing license.

Subd. 2. [BUYING OR SELLING AT PRICES OTHER THAN STABILIZED PRICES.] A dairy marketing licensee may not buy or sell dairy products with a stabilized price for less than a minimum price or more than an applicable maximum distributor or retail price.

Subd. 3. [VIOLATION OF LICENSE APPLICATION COMMITMENT.] A dairy marketing licensee may not take an action contrary to commitments made by the person in the filed license application.

Subd. 4. [CIRCUMVENTING STABILIZED PRICING.] A person with a dairy marketing license may not use or attempt to use a method, device, or transaction:

(1) intended to accomplish, or having the effect of accomplishing, the sale or attempted sale or the purchase or attempted purchase of dairy products at less than the minimum prices established by the board;

(2) designed to circumvent the price requirements of the board; or

(3) that has the effect of substantially undermining the effectiveness of the stabilized pricing.

Subd. 5. [SELLING PRODUCTS OF DIFFERENT BRANDS AT DIFFERENT PRICES.] A retailer may not sell or offer to sell dairy products of one brand at a price that is different from the price charged by the retailer for an equal quantity of a product that is of the same type, quality, or grade, but of a different brand, unless the price differential is equal to the difference in the prices paid by the retailer for the products.

Subd. 6. [DAIRY PRODUCTS PRICED WITH OTHER PRODUCTS.] A dairy marketer may not charge a combined price for a product together with another commodity or a service that is less or is represented to be less than the aggregate of the price of the particular dairy product and the price or value of such other commodity or service when sold or offered for sale separately.

Subd. 7. [SELLING BELOW COST.] If a stabilized price has not been established for a dairy product, a dairy marketer may not sell, offer for sale, or advertise for sale the dairy product below cost, or give, offer to give, or advertise the intent to give away the dairy product, to damage a competitor or destroy competition. This section does not apply to a sale made in conformance with section 325D.06, clauses (1) to (4). An enforcement action may not be commenced under this section if the retail price is 15 percent or more above the list price of the processor.

Subd. 8. [PRIMA FACIE EVIDENCE OF SALE BELOW COST.] (a) In an action for an injunction or to impose civil penalties from a violation of subdivision 7, evidence that a dairy product was sold, offered for sale, or advertised for sale at a price as provided in paragraph (b), is prima facie evidence that the product was sold, offered for sale, or advertised for sale below cost to damage a competitor or to destroy competition.

(b) A price is presumed to damage or destroy competition if:

(1) a retail price is less than eight percent above the current net delivered price of the processor including a rebate, discount, refund, and price differential; or

(2) a price charged to a retailer by a distributor that is less than five percent above the current net delivered price of the processor including any rebate, discount, refund, and price differential.

Sec. 16. [32C.15] [UNFAIR DAIRY MARKETING PRACTICES.]

Subdivision 1. [DAMAGING A COMPETITOR.] A dairy marketer may not:

(1) restrain, lessen, or destroy competition;

(2) damage a competitor;

(3) damage a person dealing in dairy products;

(4) impair or prevent fair competition in the sale of dairy products to retailers in this state; or

(5) engage in or threaten to engage in a prohibited practice or method of doing business.

Subd. 2. [METHOD TO DEFEAT DAIRY UNFAIR TRADE PRACTICES.] A dairy marketer may not apply or attempt to apply a method or device in the sale or distribution of dairy products intending to defeat the policy or to evade a provision of sections 15 to 21 or an order or rule adopted by the commissioner.

Subd. 3. [INDUCING PROHIBITED ACTS.] A person doing business in this state in the course of the business may not knowingly induce an act or knowingly receive a benefit from an act prohibited by sections 15 to 21.

Subd. 4. [FINANCIAL INTEREST IN RETAILER.] A dairy marketer may not own, control, or have more than a five percent financial interest greater in a retail business selling or offering for sale dairy products in this state, unless the business name, address, nature, and extent of the dairy marketer's ownership or control of the retail business is prominently displayed at the main public entrance to the premises where the business is being conducted. The information displayed must be in capitalized type not less than 24-point.

Sec. 17. [32C.16] [SALE AND LEASEBACK OF PROPERTY.]

Subdivision 1. [GENERAL PROHIBITION.] A dairy marketer may not purchase real or personal property from a retailer and leaseback or resell the property to the retailer under a deferred payment contract except as allowed in this section.

Subd. 2. [RENTAL AGREEMENT.] A dairy marketer and a retailer may enter a written lease signed by both parties that specifies:

(1) a rental rate that is consistent with the value of similar property in the area where the retailer is located at the time the lease is executed; and

(2) other terms and conditions consistent with leases of similar property in that locality made at or about the same time by persons not having the relationship existing between the retailer, as the purchaser, and the lessor, as the

seller, of dairy products.

Subd. 3. [CONTRACTS TO SELL PROPERTY.] (a) A dairy marketer and a retailer may enter a written contract for the sale of property signed by both parties specifying:

(1) a purchase price that is consistent with the fair market value of similar property in the area where the retailer is located at the time the contract is executed;

(2) the down payment on the purchase price;

(3) the periodic payments on the unpaid balance of the purchase price; and

(4) other terms and conditions consistent with sale contracts of similar property in that locality made at or about the same time by persons not having the relationship existing between the retailer, as the purchaser, and the dairy marketer, as the seller, of dairy products.

(b) A contract or agreement for the leaseback or resale to a retailer of property purchased from the retailer by the dairy marketer may not contain a requirement that the retailer must purchase dairy products from a specified dairy marketer.

Sec. 18. [32C.17] [FURNITURE, TRADE FIXTURES, AND EQUIPMENT.]

Subdivision 1. [INDUCEMENT FOR PURCHASE.] A dairy marketer may not furnish, give, lend, lease, or sell furniture, fixtures, fittings, or equipment to a retailer as an incentive or inducement for the retailer to purchase, handle, store, display, sell, or trade in a dairy product of a dairy marketer.

Subd. 2. [RESTRICTION ON SALES TO RETAILERS.] To maintain fair, open, and free competition for the trade and custom of the retailers purchasing dairy products for resale, a dairy marketer may not sell or offer to sell to a retailer furniture, trade fixtures, or equipment except as allowed in this section.

Subd. 3. [TIME PAYMENT SALES.] (a) A dairy marketer may not sell furniture, trade fixtures, or equipment at less than their cost to a retailer that purchases dairy products from the dairy marketer. A sale made by a dairy marketer at less than 15 percent above the actual current invoice or replacement cost, less depreciation in the case of used furniture, trade fixtures, or equipment computed at the annual rate of 15 percent of the seller's cost, is prima facie evidence that the sale was made below the dairy marketer's cost.

(b) If the full purchase price of the furniture, trade fixtures, or equipment sold to the retailer is not paid to the dairy marketer by the retailer by 40 days after delivery, the retailer must pay at least ten percent of the purchase price within the 40 days and provide the dairy marketer a conditional sales contract or a promissory note with a purchase money security interest in the furniture, trade fixtures, or equipment.

(c) The conditional sales contract or purchase money security agreement must specifically describe each item of the sale. The dairy marketer, by ten days after the contract or security agreement is entered into, must file the conditional sales contract, or purchase money security agreement and

financing statement, as required to enforce the purchase money secured debt. The conditional sales contract or purchase money security agreement must specify:

(1) the cash payment made by the retailer to the dairy marketer or the value of the trade-in accepted to apply on the purchase price, but the trade-in credit may not exceed the depreciated value of the items representing the trade-in credit as carried on the business records of the purchaser, or if records are not available, at an annual depreciation rate of 15 percent of the purchaser's cost; and

(2) the amount of the unpaid purchase price must be paid by the retailer in 60 equal monthly installments with the last installment of principal and interest maturing not later than 60 months from the execution of the conditional sales contract or purchase money security agreement given to the dairy marketer by the retailer.

(d) The rate of interest on the purchases may not be less than the prevailing market rate, and the rates of interest charged for various sales agreements on any given day must be the same for all retailers.

Subd. 4. [SERVICING.] The mechanical, electrical, and other servicing of furniture, trade fixtures, or equipment sold to a retailer by a dairy marketer is the sole responsibility of the retailer unless at the time of the sale, the dairy marketer and the retailer agree in writing that the dairy marketer is responsible for the servicing. The contract must require the dairy marketer to charge the retailer for the servicing at the same price charged by third persons rendering the service in the area or community where the retailer is located. The charge for the servicing, including the full cost of all repair and replacement parts, must be paid by the retailer to the dairy marketer by 40 days after the performance of the work.

Sec. 19. [32C.18] [PROHIBITED GIFTS, LOANS, CREDIT, AND COMPENSATION.]

Subdivision 1. [GIFTS AND LOANS.] A dairy marketer may not give, lend, or advance money, credit, or another thing of value to a retailer, or to a person for the benefit or relief of a retailer.

Subd. 2. [FINANCIAL OBLIGATIONS.] A dairy marketer may not become obligated for the repayment of a loan of money or financial commitment of a retailer.

Subd. 3. [EXTEND CREDIT WHEN DELIVERY DEBTS ARE DUE.] A dairy marketer may not extend or give an additional credit to a retailer if there is indebtedness attributable to the delivery of dairy products from the retailer on the 15th day of the next calendar month after delivery.

Subd. 4. [CREDIT FOR UNSALEABLE PRODUCTS.] A dairy marketer may not credit an account of or pay a retailer for a dairy product that the retailer claims has become stale, spoiled, or otherwise unsaleable, unless the particular product is in fact spoiled or otherwise unsaleable.

Subd. 5. [COMPENSATION IN CONNECTION WITH SALE.] A dairy marketer may not make or offer to make any gift of money, merchandise, trading stamps, coupons, service, supplies, or anything of value, or to grant or offer to grant any rebate, discount, or advertising allowance in connection

with any sale to a distributor or retailer in this state of a dairy product except as expressly allowed under sections 15 to 21.

Subd. 6. [RETAILER LICENSES.] (a) A dairy marketer may not:

- (1) have an interest in or pay for a license for a retailer; or*
- (2) advance, furnish, lend, or give money for the payment of a license fee and expense incident to the obtaining a license for a retailer.*

(b) A dairy marketer may purchase a required license in the dairy marketer's name to sell the dairy marketer's dairy products in this state.

Sec. 20. [32C.19] [PROHIBITED SIGNS AND ADVERTISING.]

Subdivision 1. [ADVERTISING.] (a) A dairy marketer may not:

(1) provide, pay for, guarantee, or in any other manner assume, satisfy, or discharge the cost or obligation of a retailer for painting, decorating, improving, repairing, or rebuilding an existing billboard, outdoor sign, display area, wall, fence, building, or structure, or other type of outdoor display advertising having a fixed location; or

(2) build, construct, erect, or purchase a new billboard, outdoor sign, or other outdoor advertising having a fixed location, or a structure or facility for use as an outdoor display for the direct benefit of a retailer.

(b) A dairy marketer may engage in all forms of outdoor advertising to promote dairy products manufactured, processed, or distributed by the dairy marketer if a reference is not made to a retailer.

Subd. 2. [INDOOR SIGNS:] (a) A dairy marketer may not furnish or maintain inside signs of a permanent nature unless the signs are used only for advertising or promoting:

(1) dairy products manufactured, distributed, or sold by the person furnishing the sign; or

(2) items of food made principally from the dairy product advertised or the brand name of the dairy product advertised.

(b) A dairy marketer may furnish point of sale advertising material made of paper or other similar materials to a retailer without charge to only promote the sale of a dairy product of the person furnishing the material.

Subd. 3. [MEDIA ADVERTISING.] (a) A dairy marketer may not furnish, give, lend, finance, pay for, contribute to, or by other means, scheme, or device, participate in cooperative advertising using newspapers, radio, television, or other advertising media if a retailer selling, handling, or offering for sale a dairy product of the dairy marketer is named or otherwise identified or referred to in the advertising.

(b) A dairy marketer may purchase and pay for the lines or space actually used in advertising one or more of its dairy products in a newspaper advertisement, handbill, or other form of printed advertising put out by a retailer or for the time actually so used in any radio or television program sponsored by a retailer.

Subd. 4. [ADVERTISING ON RETAILER'S PREMISES.] A dairy marketer may not pay, loan, or give money, credit, compensation, or anything of

value to a retailer for:

(1) the privilege of placing a sign, advertisement, or other sales promotion material in or upon the premises of the retailer; or

(2) storing, advertising, or displaying a dairy product in connection with its sale or promotion.

(b) A dairy marketer may furnish paint and maintain an insulated truck body used exclusively in the sale and delivery of its dairy products by the person making retail sales.

Sec. 21. [32C.20] [DAIRY MARKETERS AS HANDLERS OR HAULERS.]

A dairy marketer may not engage in the business of a processor or distributor selling or offering dairy products for sale at wholesale to retailers while at the same time engaging in the business of hauling, handling, or delivering dairy products to a retailer for a fee, or for itself, or another processor or distributor if the business results in a sale of a dairy product at wholesale to a retailer at a price lower than the retailer could obtain from the processor or distributor without the hauling, handling, or delivering.

ENFORCEMENT

Sec. 22. [32C.21] [ENFORCEMENT.]

The commissioner shall enforce this chapter as provided in sections 23 to 25. The commissioner may adopt permanent and emergency rules to administer and enforce this chapter.

Sec. 23. [32C.22] [ENTRY, INSPECTION, AND INVESTIGATION.]

Subdivision 1. [ENTRY.] The commissioner may enter, at reasonable hours:

(1) all places of business operated by dairy marketing licensees where raw milk, milk products, or frozen dairy products are produced, stored, processed, manufactured, or sold; and

(2) places where the dairy marketing licensee maintains books, papers, accounts, records, or other documents related to the license.

Subd. 2. [SUBPOENA AND INSPECTION.] (a) The commissioner may subpoena, and inspect, audit, and make copies of books, papers, records, accounts, or documents to determine whether the provisions of sections 11 to 21, rules of the board, and stabilization plans are being complied with.

(b) The commissioner may subpoena, and may inspect, audit, and make copies of, relevant books, papers, records, accounts, or other documents of persons doing business with persons with dairy marketing licenses.

(c) The commissioner may subpoena and take the testimony, under oath, of persons believed to have information needed to administer and enforce the provisions of sections 11 to 21.

Subd. 3. [INVESTIGATIONS.] The commissioner may call together dairy marketers, retailers, and dairy farmers to investigate and hold hearings on trade practices and make findings relative to a trade practice involving the manufacture, sale, or distribution of dairy products.

Subd. 4. [CONFIDENTIALITY OF INFORMATION.] (a) Information acquired by the commissioner under this section is private data under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9, and may only be used by the commissioner and the milk stabilization board for the administration of sections 1 to 21.

(b) A person who divulges confidential information that is private data on individuals or nonpublic data under this subdivision to an unauthorized person is guilty of a misdemeanor.

Sec. 24. [32C.23] [REMEDIES.]

Subdivision 1. [REVOCATION OR SUSPENSION OF LICENSE.] (a) If the commissioner or director has reason to believe that a dairy marketing licensee has violated sections 11 to 21, a rule of the board or commissioner, or the stabilization plan, the commissioner or director may file a complaint with the board against the licensee and must serve a copy of the complaint on the licensee. The complaint must state the nature of the alleged violation.

(b) The board, after a hearing and finding that a dairy marketing licensee has violated a provision of sections 11 to 21, a stabilization plan, or a rule of the board or commissioner, may suspend or revoke the license.

Subd. 2. [ENFORCEMENT BY COMMISSIONER OF VIOLATIONS RECOGNIZED BY BOARD.] If the board is aware of a violation or potential violation of this chapter, the board shall notify the commissioner of the violation. The commissioner must investigate the alleged violation and begin the appropriate enforcement action.

Subd. 3. [CIVIL PENALTY.] The commissioner may, upon recommendation of the board, assess a civil penalty not to exceed \$500 per day for each violation or continuing violation, and may collect the civil penalty by a civil proceeding in an appropriate court. Penalties collected by the commissioner shall be deposited in the state treasury and credited to the dairy marketing account.

Subd. 4. [COMPLIANCE ENFORCEMENT.] The commissioner may bring an action at law or in equity to enforce compliance with a provision of this chapter or rule of the board or commissioner, or to obtain a declaratory judgment.

Subd. 5. [INJUNCTIVE RELIEF.] (a) The commissioner may bring an action for injunctive relief and have the relief, against any person violating or threatening to violate provisions of this chapter. The action does not require:

(1) alleging or proving actual damages or injury or that an adequate remedy of law does not exist, so that injunctive relief can be obtained promptly without awaiting injury or actual damage; or

(2) showing of the intent or the effect of restraining, lessening or destroying competition, injuring one or more competitors or injuring one or more persons dealing in dairy products, or impairing or preventing fair competition in the sale of dairy products in the state.

(b) The court shall grant injunctive relief unless the person objecting proves that the granting of the injunctive relief will permanently or irreparably, and substantially injure or damage the person. The proof must be offered by ten

days after the injunctive action is filed, as time is of essence in granting the injunctive relief.

(c) The injunctive relief must be temporary and may not extend beyond a violation of this chapter. The injunctive relief may not abridge or be in lieu of any other civil remedy provided in this chapter, except that temporary injunctive relief may be made permanent upon a showing by the board that the violation:

- (1) has caused injury to competitors or competition;
- (2) has restrained or lessened competition;
- (3) has impaired fair competition in the sale of dairy products; or
- (4) is reasonably expected to cause the effects stated in clause (1), (2), or (3).

(d) This subdivision may not be construed as allowing the commissioner to bring an action for damages that will benefit the commissioner or members of the milk stabilization board.

Sec. 25. [32C.24] [CEASE AND DESIST ORDER.]

Subdivision 1. [HEARING.] If the commissioner has reason to believe that a person is violating provisions of sections 15 to 21, or a rule of the board or commissioner, the commissioner may serve a complaint upon the person stating the alleged violation. The complaint must contain a notice of hearing with the time and place at least 20 days after the service of the complaint. The person receiving the complaint has the right to appear at the hearing to show cause why an order should not be entered by the commissioner requiring the person to cease and desist from the violation charged in the complaint. A person may apply and, upon good cause, be allowed by the commissioner to intervene and appear in the proceeding by counsel or in person. The testimony in the proceeding must be reduced to writing and filed in the office of the commissioner. If, upon hearing, the commissioner determines that there has been a violation of provisions of sections 15 to 21, or rule of the board or commissioner, the commissioner shall make a report in writing stating the findings. The commissioner shall issue and serve an order upon the person requiring the person to cease and desist from the violation. The commissioner may at any time after notice and opportunity for hearing, reopen and alter, modify or set aside, in whole or in part, an order issued under this section.

Subd. 2. [REVIEW BY DISTRICT COURT.] (a) A person required by an order of the commissioner to cease and desist from an act or practice may obtain a review of the order in district court by filing with the court within 20 days after the date of service of the order a written petition requesting that the order of the commissioner be set aside. A copy of the petition shall be served upon the commissioner. The commissioner shall certify and file in the court a transcript of the entire record and order of the commissioner. Upon the filing of the petition and transcript, the court has jurisdiction of the proceeding and of the question determined.

(b) The court may:

- (1) make and enter upon the pleadings, evidence and proceedings in the

transcript a decree, affirming, modifying, or setting aside the order of the commissioner or enforcing it to the extent that the order is affirmed; and

(2) issue writs ancillary to its jurisdiction or necessary in its judgment to prevent injury to the public or to competitors *pendente lite*.

(c) The findings of the commissioner relating to the facts, if supported by the evidence in the proceeding before the commissioner, are conclusive. To the extent that the order of the commissioner is affirmed, the court shall issue its own order commanding obedience to the terms of the order of the commissioner. If either party applies to the court for leave to acquire and offer additional evidence, and shows to the satisfaction of the court that the additional evidence is material and that there were reasonable grounds for the failure to acquire and offer the evidence in the proceeding before the commissioner, the court may order that the additional evidence be taken before the commissioner. The evidence shall be offered upon the hearing in the manner and upon the terms and conditions determined by the court. The commissioner may modify findings as to the facts, or make new findings, by reason of the additional evidence taken. The commissioner shall file the modified or new findings which, if supported by the evidence, are conclusive and the commissioner's recommendation, if any, for the modification or setting aside of the commissioner's original order with the return of the additional evidence. The judgment and decree of the court is final, except that it is subject to review by the court of appeals.

Subd. 3. [ENFORCEMENT.] Violations of a cease and desist order of the commissioner must be punished by the district court under the laws of contempt. Each day of failure to obey a cease and desist order of the commissioner is a separate violation and each violation of a particular act enjoined by the court is a separate violation.

Sec. 26. [32C.25] [CIVIL ACTIONS.]

Subdivision 1. [DAMAGES.] A person that has business or property damaged resulting from a violation of sections 15 to 21 is entitled to an action in district court to recover three times the damages plus costs, including reasonable attorneys fees.

Subd. 2. [INJUNCTIVE RELIEF.] A person that is damaged or is threatened with damage or loss from a violation of sections 15 to 21 is entitled to have injunctive relief against all persons involved in a violation or threatened violation of sections 15 to 21. The injunctive relief must be to prevent and restrain violations or threatened violations and the person does not have to allege or prove actual damages or that an adequate remedy at law does not exist, that injunctive relief can be obtained promptly without waiting. The injunctive relief may not abridge or be in lieu of other civil remedies allowed.

Subd. 3. [TORT ACTION WITH INJUNCTIVE RELIEF.] A person entitled to an action may sue both in tort and for injunctive relief and may recover for all loss, damage, or injury arising from the continued violation to the time of trial or hearing of the action.

Sec. 27. [32C.26] [DAIRY PROCESSOR ASSESSMENTS.]

Subdivision 1. [FEES.] (a) To administer and enforce this chapter, the commissioner may charge each processor the following maximum fees:

(1) 1.00 cent per hundredweight on all milk processed or used in the manufacture of a dairy product sold in this state or manufactured in this state for sale in this state;

(2) 0.75 cents per gallon of frozen foods sold in this state or manufactured in this state for sale in this state;

(3) 1.05 cents per gallon of ice milk mix; and

(4) 1.425 cents per gallon of ice cream mix.

(b) The commissioner may fix the fees at a lesser amount and may adjust the fees if the cost of administering and enforcing this chapter can be paid with less than the maximum fees.

Subd. 2. [COLLECTION.] (a) If the amount of the fees is:

(1) less than \$60 annually, the fees shall be paid within 30 days following the end of the calendar year;

(2) less than \$240 annually, payment must be made quarterly within 30 days following the end of the quarter; or

(3) equal to or more than \$240 annually, payment must be made monthly within 30 days following the end of the month when due.

(b) A penalty amounting to ten percent of the fees due shall be imposed by the commissioner for each month the fees are delinquent.

Subd. 3. [DAIRY MARKETING ACCOUNT.] The dairy marketing account is established in the state treasury. The fees collected by the commissioner under this section shall be deposited in the state treasury and credited to the dairy marketing account. The money in the dairy marketing account is continuously appropriated to the commissioner to be used as a revolving fund for administering and enforcing this chapter.

Sec. 28. [ORGANIZATION REPORT.]

The milk stabilization board shall prepare a report on the operation of the board and its functions. The report must cover the location of the board, the board's relation with the department of agriculture, and if the board could operate more effectively separate from the administration of the commissioner of agriculture. The report must be submitted to the legislature by January 15, 1988.

Sec. 29. [INITIAL TERMS OF MILK STABILIZATION BOARD MEMBERS.]

Notwithstanding section 4, subdivision 2, paragraph (d), the initial terms of members on the milk stabilization board are for:

(1) the dairy farmer from the northern district, four years;

(2) the dairy farmer from the southern district, two years;

(3) the dairy farmer at large, three years;

(4) the processor, four years;

(5) the retailer, three years;

(6) the consumer from congressional district 1, 2, 3, or 4, one year;

(7) the consumer from congressional district 5, 6, 7, or 8, two years.

Sec. 30. [APPROPRIATION.]

\$_____ is appropriated from the general fund to the commissioner of agriculture to administer and enforce sections 1 to 25 and to provide for the operation of the milk stabilization board to be available until June 30, 1987.

Sec. 31. [REIMBURSEMENT.]

The amount appropriated under section 30 shall be reimbursed to the general fund from the dairy marketing account.

Sec. 32. [ACCOUNT TRANSFER.]

The commissioner of finance shall transfer the remaining balance in the dairy industry unfair trade practices account to the dairy marketing account.

Sec. 33. [REPEALER.]

Minnesota Statutes, chapter 32A, is repealed.

Sec. 34. [EFFECTIVE DATE.]

This act is effective the day following final enactment but a stabilization plan may not be adopted until September 1, 1986."

Amend the title as follows:

Page 1, line 13, delete everything after the semicolon

Page 1, line 14, delete everything before "authorizing"

Page 1, line 16, delete everything after "processors;"

Page 1, line 18, after "prices;" insert "appropriating money;"

Page 1, line 19, before the period, insert "; repealing Minnesota Statutes 1984, chapter 32A"

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

SECOND READING OF SENATE BILLS

S.F. Nos. 1574, 1587, 1588, 1547, 1575, 1579, 641, 1319, 1531, 1692, 1693 and 1591 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Langseth moved that the name of Mr. Stumpf be added as a co-author to S.F. No. 641. The motion prevailed.

Mr. Davis moved that the name of Mr. Pehler be added as a co-author to S.F. No. 1531. The motion prevailed.

Mr. DeCramer moved that the names of Messrs. Benson and Peterson, C.C. be added as co-authors to S.F. No. 1546. The motion prevailed.

Mr. Wegscheid moved that the name of Mr. Stumpf be added as a co-author to S.F. No. 1562. The motion prevailed.

Mr. Luther moved that the name of Ms. Peterson, D.C. be added as a co-author to S.F. No. 1593. The motion prevailed.

Mr. Peterson, C.C. moved that the names of Messrs. Stumpf and DeCramer be added as co-authors to S.F. No. 1595. The motion prevailed.

Mr. Berg moved that the name of Mr. Freeman be added as a co-author to S.F. No. 1598. The motion prevailed.

Mr. Wegscheid moved that the names of Messrs. Petty and Laidig be added as co-authors to S.F. No. 1612. The motion prevailed.

Mr. Davis moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1617. The motion prevailed.

Mr. Frederickson moved that the name of Mr. Renneke be added as a co-author to S.F. No. 1622. The motion prevailed.

Mrs. Brataas moved that the names of Mr. Ramstad, Mrs. Kronebusch, Ms. Olson and Mr. Storm be added as co-authors to S.F. No. 1652. The motion prevailed.

Mr. Benson moved that the name of Mr. Solon be added as a co-author to S.F. No. 1657. The motion prevailed.

Mr. Davis moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1662. The motion prevailed.

Mr. Frank moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1665. The motion prevailed.

Mr. Frank moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1666. The motion prevailed.

Mr. Frank moved that the names of Mr. Wegscheid, Mrs. McQuaid and Mr. Davis be added as co-authors to S.F. No. 1667. The motion prevailed.

Mr. Davis moved that the names of Messrs. Frederickson and Johnson, D.E. be added as co-authors to S.F. No. 1672. The motion prevailed.

Mr. Chmielewski moved that the name of Mr. Merriam be added as a co-author to S.F. No. 1673. The motion prevailed.

Mr. Wegscheid moved that the names of Messrs. Dahl and Renneke be added as co-authors to S.F. No. 1683. The motion prevailed.

Mr. Peterson, D.L. moved that his name be stricken as a co-author to S.F. No. 1689. The motion prevailed.

Mr. Dicklich moved that the name of Mr. Frank be added as a co-author to S.F. No. 1729. The motion prevailed.

Mr. Merriam moved that the name of Mr. Novak be added as a co-author to S.F. No. 1731. The motion prevailed.

Mr. Bertram moved that the names of Mr. Dahl and Mrs. McQuaid be added as co-authors to S.F. No. 1746. The motion prevailed.

Ms. Reichgott moved that the name of Mr. Pogemiller be added as a co-author to S.F. No. 1752. The motion prevailed.

Ms. Peterson, D.C. moved that the name of Mr. Freeman be added as a

co-author to S.F. No. 1755. The motion prevailed.

Mr. Vega moved that the names of Messrs. Dahl, Frank, Merriam and Wegscheid be added as co-authors to S.F. No. 1758. The motion prevailed.

Mr. Luther moved that the names of Messrs. Freeman and Pogemiller be added as co-authors to S.F. No. 1761. The motion prevailed.

Mr. Samuelson moved that the name of Mr. Solon be added as a co-author to S.F. No. 1762. The motion prevailed.

Mr. Waldorf moved that the name of Mrs. Kronebusch be added as a co-author to S.F. No. 1773. The motion prevailed.

Ms. Peterson, D.C. moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1775. The motion prevailed.

Mr. Ramstad moved that the name of Mr. Merriam be added as a co-author to S.F. No. 1784. The motion prevailed.

Ms. Peterson, D.C. moved that the names of Messrs. Mehrkens and Wegscheid be added as co-authors to S.F. No. 1788. The motion prevailed.

Mr. Merriam moved that the appointments of Corrin John Hodgson, Richard A. Mergens and Byron E. Starns to the Hazardous Substance Injury Compensation Board be withdrawn from the Committee on Agriculture and Natural Resources and re-referred to the Committee on Judiciary. The motion prevailed.

Mrs. Lantry moved that S.F. No. 1509 be withdrawn from the Committee on Local and Urban Government and returned to its author. The motion prevailed.

Mr. Wegscheid moved that S.F. No. 1703 be withdrawn from the Committee on Agriculture and Natural Resources and re-referred to the Committee on Economic Development and Commerce. The motion prevailed.

GENERAL ORDERS

The Senate resolved itself into a Committee of the Whole, with Mr. Hughes in the chair.

After some time spent therein, the committee arose, and Mr. Hughes reported that the committee had considered the following:

S.F. No. 1562, which the committee recommends to pass.

S.F. No. 1349, which the committee recommends to pass with the following amendment offered by Mr. Peterson, R.W.:

Page 2, line 20, after the period, insert "*An insurer, health maintenance organization, or company issuing the policy or contract may require a retired officer or a retired employee to pay all or any part of the premiums or charges.*"

The motion prevailed. So the amendment was adopted.

On motion of Mr. Moe, R.D., the report of the Committee of the Whole, as kept by the Secretary, was adopted.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

indicated.

Messrs. Isackson; Peterson, D.L.; Kamrath; Frederickson and Mrs. Kronebusch introduced—

S.F. No. 1791: A bill for an act relating to agriculture; establishing a family farm advocate program; providing for "buy-down" of interest rates on certain farm loans; re-allocating certain wage subsidy money; providing for mediation of certain agricultural loan disputes; changing certain income and property tax provisions; appropriating money; amending Minnesota Statutes 1984, sections 41.57, by adding a subdivision; 279.01, as amended; 290.08, by adding a subdivision; 290.09, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 268.6751, subdivision 1; 268.676, subdivision 1; 290.01, subdivisions 20a and 20b; 290.491; proposing coding for new law in Minnesota Statutes, chapter 17.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Chmielewski introduced—

S.F. No. 1792: A bill for an act relating to agriculture; state agricultural society; removing the time and geographical restrictions on the society's ability to impose certain restrictions on performers at the state fairgrounds; amending Minnesota Statutes 1985 Supplement, section 37.17, subdivision 1.

Referred to the Committee on Veterans and General Legislation.

Mr. Chmielewski introduced—

S.F. No. 1793: A bill for an act relating to local government; permitting an agreement to finance library construction in McGregor.

Referred to the Committee on Local and Urban Government.

Mr. Laidig introduced—

S.F. No. 1794: A bill for an act relating to Washington county; permitting the negotiated sale of certain property.

Referred to the Committee on Local and Urban Government.

Messrs. Moe, D.M.; Spear; Wegscheid; Pogemiller and Renneke introduced—

S.F. No. 1795: A bill for an act relating to education; placing the state council on vocational education director in the unclassified service; amending Minnesota Statutes 1985 Supplement, section 136C.50, subdivision 7.

Referred to the Committee on Governmental Operations.

Messrs. Moe, D.M.; Spear; Wegscheid; Pogemiller and Renneke introduced—

S.F. No. 1796: A bill for an act relating to state investments; establishing various accounts within the supplemental investment fund; providing for the

administration of the accounts and for the investment and valuation of shares within each account; amending Minnesota Statutes 1984, sections 11A.17, subdivisions 1, 4, 9, and by adding a subdivision; 69.77, subdivision 2; 69.775; 352.96, subdivision 4; 352D.04, subdivision 1; Minnesota Statutes 1985 Supplement, section 11A.17, subdivision 13; and Laws 1969, chapter 950, section 3, as amended.

Referred to the Committee on Governmental Operations.

Mrs. Adkins, Messrs. Moe, R.D.; Bernhagen; Stumpf and Isackson introduced—

S.F. No. 1797: A bill for an act relating to public administration; providing for various town powers; permitting certain sales of public property; providing conditions for contractor's bonds; amending Minnesota Statutes 1984, sections 366.01, subdivision 1; 367.05, subdivision 1; 367.31, subdivision 4; 471.64, subdivision 1; and 624.44; and Minnesota Statutes 1985 Supplement, sections 365.10; and 574.26.

Referred to the Committee on Local and Urban Government.

Mr. Pehler introduced—

S.F. No. 1798: A bill for an act relating to education; making technical changes to the definition of a school; establishing a task force to make recommendations about compulsory attendance laws; amending Minnesota Statutes 1984, section 120.10, subdivision 2.

Referred to the Committee on Education.

Mr. Petty introduced—

S.F. No. 1799: A bill for an act relating to the city of Minneapolis; permitting the city to establish a consolidated city personnel system.

Referred to the Committee on Local and Urban Government.

Messrs. Langseth and Moe, R.D. introduced—

S.F. No. 1800: A bill for an act relating to education; making certain changes in the post-secondary enrollment options act; requiring certification that pupils are academically prepared for enrollment; providing limitations on granting credit for certain courses; authorizing secondary schools to grant transferable post-secondary credits; authorizing tuition reimbursement for courses taken for secondary credit only; authorizing certain charges for courses taken for post-secondary credit; limiting school district liability for student participation in this program; establishing an aid for test fees; appropriating money; amending Minnesota Statutes 1985 Supplement, section 123.3514, subdivisions 4, 5, 6, 7, 8, and by adding subdivisions.

Referred to the Committee on Education.

Mses. Peterson, D.C.; Reichgott and Mr. Spear introduced—

S.F. No. 1801: A bill for an act relating to criminal procedure; providing for in camera hearings on certain evidentiary issues in criminal sexual con-

duct cases; amending Minnesota Statutes 1984, section 609.347, subdivision 4.

Referred to the Committee on Judiciary.

Messrs. Novak, Purfeerst and Frank introduced—

S.F. No. 1802: A bill for an act relating to appropriations; allowing appropriation to department of public safety for fingerprint identification network to be available for second year of biennium; amending Laws 1985, first special session chapter 13, section 53.

Referred to the Committee on Finance.

Mr. Dahl introduced—

S.F. No. 1803: A bill for an act relating to insurance; providing flexibility in the amount of coverage for structures other than the dwelling under a homeowner's policy; proposing coding for new law in Minnesota Statutes, chapter 65A.

Referred to the Committee on Economic Development and Commerce.

Mr. Lessard introduced—

S.F. No. 1804: A bill for an act relating to taxation; individual income; eliminating the age restrictions on the pension income exclusion; modifying the income offset; amending Minnesota Statutes 1985 Supplement, section 290.08, subdivision 26.

Referred to the Committee on Taxes and Tax Laws.

Mr. Pogemiller, Ms. Peterson, D.C.; Messrs. Vega and Knutson introduced—

S.F. No. 1805: A bill for an act relating to housing; making permanent the interest reduction program; repealing Minnesota Statutes 1985 Supplement, section 462.445, subdivision 13.

Referred to the Committee on Energy and Housing.

Messrs. Dahl; Laidig; Moe, R.D.; Taylor and Johnson, D.J. introduced—

S.F. No. 1806: A bill for an act relating to commerce; motor fuel franchises; extending the temporary prohibition on certain building alterations that eliminate service bays; amending Laws 1984, chapter 444, section 4.

Referred to the Committee on Economic Development and Commerce.

Ms. Peterson, D.C. introduced—

S.F. No. 1807: A bill for an act relating to education; authorizing revenue for certain full-day kindergarten programs; requiring program approval by the commissioner of education; amending Minnesota Statutes 1985 Supplement, section 124.17, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 120.

Referred to the Committee on Education.

Ms. Peterson, D.C. introduced—

S.F. No. 1808: A bill for an act relating to labor; regulating grants to area labor-management committees; amending Minnesota Statutes 1985 Supplement, sections 179.81, subdivision 2, and by adding a subdivision; 179.84; and 179.85.

Referred to the Committee on Employment.

Mr. Freeman introduced—

S.F. No. 1809: A bill for an act relating to driver licensing; defining bus; amending Minnesota Statutes 1984, section 171.01, subdivision 19.

Referred to the Committee on Transportation.

Ms. Berglin introduced—

S.F. No. 1810: A bill for an act relating to human services; providing for conditions requiring monthly reporting by recipients of aid to families with dependent children; amending Minnesota Statutes 1985 Supplement, section 256.73, subdivision 6.

Referred to the Committee on Health and Human Services.

Mr. Dahl introduced—

S.F. No. 1811: A bill for an act relating to taxation; eliminating requirement that assessments be paid before conveyances or plats are recorded; amending Minnesota Statutes 1984, section 272.12.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Benson and Isackson introduced—

S.F. No. 1812: A bill for an act relating to health; authorizing use of swing beds by patients transferred from hospitals located outside of the patient's community; amending Minnesota Statutes 1985 Supplement, section 144.562, subdivision 3.

Referred to the Committee on Health and Human Services.

Mr. Belanger introduced—

S.F. No. 1813: A bill for an act relating to crimes; requiring health professionals to report certain burn injuries; amending Minnesota Statutes 1984, section 626.53; and Minnesota Statutes 1985 Supplement, section 626.52, by adding a subdivision.

Referred to the Committee on Judiciary.

Ms. Berglin introduced—

S.F. No. 1814: A bill for an act relating to human services; modifying the preadmission screening program; establishing requirements for medical

assistance rate appeals procedures for intermediate care facilities; amending Minnesota Statutes 1985 Supplement, sections 256B.091, subdivisions 2, 4, 5, and 8; and 256B.501, subdivision 3.

Referred to the Committee on Health and Human Services.

Mr. Wegscheid introduced—

S.F. No. 1815: A bill for an act relating to securities; enacting the Uniform Securities Act of 1985; providing for the general regulation of the securities business; providing penalties; amending Minnesota Statutes 1984, sections 144A.01, subdivision 4; 302A.011, subdivision 26; 308.06, subdivision 3; Minnesota Statutes 1985 Supplement, section 60A.03, subdivision 2; repealing Minnesota Statutes 1984, chapter 80A, as amended; proposing coding for new law in Minnesota Statutes, chapter 80.

Referred to the Committee on Economic Development and Commerce.

Mrs. McQuaid, Messrs. Petty, Anderson, Isackson and Mrs. Kronebusch introduced—

S.F. No. 1816: A bill for an act relating to civil actions; setting conditions of local government and state liability in certain actions; providing exclusions from liability; setting procedural and regulatory requirements; limiting indemnification; defining other conditions of liability; amending Minnesota Statutes 1984, sections 466.01, subdivision 1; 466.03, subdivision 4, and by adding subdivisions; 466.05; 466.07, by adding a subdivision; and 471.982, subdivision 3; amending Minnesota Statutes 1985 Supplement, section 3.736, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 466.

Referred to the Committee on Local and Urban Government.

Ms. Berglin introduced—

S.F. No. 1817: A bill for an act relating to insurance; authorizing the commissioner to adopt an assigned risk plan for licensed day care providers; regulating the creation and operation of the plan; amending Minnesota Statutes 1984, section 70A.09.

Referred to the Committee on Health and Human Services.

Messrs. Taylor; Moe, R.D.; Peterson, C.C.; Johnson, D.J. and Renneke introduced—

S.F. No. 1818: A bill for an act relating to public safety; barring traffic citation quotas; proposing coding for new law in Minnesota Statutes, chapter 299D.

Referred to the Committee on Transportation.

Messrs. Waldorf, Sieloff, Novak, Frank and Spear introduced—

S.F. No. 1819: A bill for an act relating to liquor; prohibiting joint purchases by retailers; removing limitations on volume discounts by wholesalers, and suggested retail prices; authorizing combination purchases;

amending Minnesota Statutes 1985 Supplement, section 340A.312, subdivision 1; repealing Minnesota Statutes 1985 Supplement, sections 340A.312, subdivision 2, and 340A.314.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Luther introduced—

S.F. No. 1820: A bill for an act relating to the attorney general; authorizing an increase in the number of assistant attorneys general; amending Minnesota Statutes 1984, section 8.02.

Referred to the Committee on Governmental Operations.

Mr. Pehler introduced—

S.F. No. 1821: A bill for an act relating to environment; transferring certain duties of the pollution control agency under the waste management act to the waste management board; amending Minnesota Statutes 1984, sections 115A.42; 115A.44; 115A.45; 115A.46, subdivision 1; 115A.51; 115A.53; and 115A.917; Minnesota Statutes 1985 Supplement, sections 115A.49 and 115A.52.

Referred to the Committee on Agriculture and Natural Resources.

Mrs. Lantry, Messrs. Frank, Knutson, Ms. Berglin and Mr. Dicklich introduced—

S.F. No. 1822: A bill for an act relating to human services; creating a grant program of caregiver support services; appropriating money.

Referred to the Committee on Health and Human Services.

Mr. Peterson, R.W. introduced—

S.F. No. 1823: A bill for an act relating to financial institutions; providing for open end loan account arrangements; modifying permissible finance charges and annual charges; eliminating alternative credit card plan requirements; amending Minnesota Statutes 1984, section 48.185, subdivisions 1, 3, and 4; repealing Minnesota Statutes 1984, section 48.185, subdivision 4a.

Referred to the Committee on Economic Development and Commerce.

Mr. Anderson introduced—

S.F. No. 1824: A bill for an act relating to independent school district No. 820, Sebeka; allowing a fund transfer.

Referred to the Committee on Education.

Mr. Johnson, D.J. introduced—

S.F. No. 1825: A bill for an act relating to taxation; authorizing the commissioner of revenue to pay the cost of collection agencies; changing the payment of fees for recording certain liens; removing the homestead exemp-

tion from liens; authorizing the renewal of liens; limiting the enforcement of liens on homesteads; changing the interest rate paid on refunds; increasing penalties for failure to file income tax returns; requiring tax clearance certificates prior to issuing or renewing business or professional licenses and removing the sunset; providing for the furnishing of certain information to the supreme court or certain professional bodies; requiring social security numbers on homestead applications; providing penalties; providing a sales tax on intoxicating liquor at the wholesale level; appropriating money; amending Minnesota Statutes 1984, sections 60.17, by adding a subdivision; 82.27, by adding a subdivision; 148.10, by adding a subdivision; 150A.08, by adding a subdivision; 270.69, by adding a subdivision; 270.72, subdivisions 1, 2, and 3; 290.53, subdivision 2; 290.61; 297A.01, subdivision 9; 297A.02, by adding a subdivision; 297A.03, subdivision 2; 297A.04; 297A.08; 297A.18; 297A.27, subdivision 1; 297A.275; 297A.28; 297A.43; and 326.20, by adding a subdivision; amending Minnesota Statutes 1985 Supplement, sections 147.021, by adding a subdivision; 270.063; 270.69, subdivisions 2, 3, and 4; 270.76; and 273.124, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 297A; repealing Minnesota Statutes 1984, sections 270.72, subdivision 5; and 297A.02, subdivision 3.

Referred to the Committee on Taxes and Tax Laws.

Mr. Novak introduced—

S.F. No. 1826: A bill for an act relating to drivers' licenses; providing for motorized bicycle instruction permits; setting a fee; amending Minnesota Statutes 1984, sections 171.02, subdivision 3; and 171.05, by adding a subdivision.

Referred to the Committee on Transportation.

Mr. Novak, by request, introduced—

S.F. No. 1827: A bill for an act relating to traffic regulations; requiring damage vehicle release sticker on motor vehicle damaged in accident; amending Minnesota Statutes 1984, section 169.09, subdivisions 9, 12, and by adding a subdivision.

Referred to the Committee on Transportation.

Mr. Novak, by request, introduced—

S.F. No. 1828: A bill for an act relating to real property; expanding class of persons who may receive duplicate certificate of title to registered land at direction of examiner of titles; providing that size of registered land drawings conform to uniform size for other plats; amending Minnesota Statutes 1984, section 508.44, subdivision 2; and Minnesota Statutes 1985 Supplement, section 508.47, subdivision 4.

Referred to the Committee on Judiciary.

Messrs. Bernhagen, Waldorf, Pogemiller and Mrs. Kronebusch introduced—

S.F. No. 1829: A resolution memorializing the President and Congress of the United States to enact the Mississippi River National Heritage Corridor Act of 1986.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Peterson, C.C.; Pehler and Stumpf introduced—

S.F. No. 1830: A bill for an act relating to retirement; early retirement; extending the time for retirement under the Rule of 85; amending Minnesota Statutes 1985 Supplement, section 356.70, subdivision 1.

Referred to the Committee on Governmental Operations.

Mr. Dicklich introduced—

S.F. No. 1831: A bill for an act relating to insurance; accident and health; extending group benefits for ambulatory mental health services to cover services of licensed psychologists; amending Minnesota Statutes 1985 Supplement, section 62A.152, subdivision 2.

Referred to the Committee on Economic Development and Commerce.

Mr. Dicklich introduced—

S.F. No. 1832: A bill for an act relating to natural resources; allocating a portion of cross country license fees issued by political subdivisions to be used for maintenance of cross country ski trails; amending Minnesota Statutes 1984, section 85.41, subdivision 5.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Dahl introduced—

S.F. No. 1833: A bill for an act relating to insurance; providing flexibility in the amount of coverages other than for the dwelling under a homeowner's policy; proposing coding for new law in Minnesota Statutes, chapter 65A.

Referred to the Committee on Economic Development and Commerce.

Messrs. Bertram, Anderson, DeCramer and Wegscheid introduced—

S.F. No. 1834: A bill for an act relating to agriculture; defining "milk," "skim milk," and "lowfat milk"; amending Minnesota Statutes 1984, section 32.391, subdivision 1, and by adding subdivisions.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Kamrath, Renneke, Dicklich and Hughes introduced—

S.F. No. 1835: A bill for an act relating to education; requiring a pupil to opt and pay for post-secondary credit; allowing financial aid to the pupil; amending Minnesota Statutes 1985 Supplement, section 123.3514, subdivisions 4, 6, and by adding a subdivision.

Referred to the Committee on Education.

Messrs. Storm and Laidig introduced—

S.F. No. 1836: A bill for an act relating to political subdivisions; stating

tort liability for certain property and services; amending Minnesota Statutes 1984, section 466.03, by adding a subdivision.

Referred to the Committee on Local and Urban Government.

Messrs. Chmielewski and Bertram introduced—

S.F. No. 1837: A bill for an act relating to public safety; barring traffic citation quotas; proposing coding for new law in Minnesota Statutes, chapter 299D.

Referred to the Committee on Transportation.

Mr. Hughes, Ms. Peterson, D.C.; Messrs. Peterson, D.L.; Storm and Pogemiller introduced—

S.F. No. 1838: A bill for an act relating to elections; making changes in registration, caucuses, ballots, affidavits of candidacy and withdrawal, nominations, election certificates, and election judge qualifications; amending Minnesota Statutes 1984, sections 201.018, subdivision 2; 201.095; 201.12, subdivision 2; 201.15, subdivision 1; 202A.11, subdivision 2; 202A.16, subdivision 1; 204B.03; 204B.06, subdivision 1; 204B.07, subdivision 4; 204B.09, subdivision 1; 204B.10, by adding a subdivision; 204B.12, subdivision 3; 204B.35, subdivision 2; 204C.40, subdivision 1; 204D.11, subdivisions 3, 5, and 6; 206.71, by adding a subdivision; and 208.03.

Referred to the Committee on Elections and Ethics.

Mr. Hughes, Ms. Peterson, D.C.; Messrs. Johnson, D.E.; Samuelson and Luther introduced—

S.F. No. 1839: A bill for an act relating to elections; recodifying and clarifying the laws on election contests; amending Minnesota Statutes 1984, sections 209.01; 209.02; 209.03; 209.05; 209.06; 209.07; 209.09; 209.10; and 209.12; proposing coding for new law in Minnesota Statutes, chapter 209; repealing Minnesota Statutes 1984, sections 209.02, subdivisions 2, 3, 4, 4a, 5, 6, 7, and 8; 209.04; and 209.11.

Referred to the Committee on Elections and Ethics.

Ms. Peterson, D.C.; Messrs. Hughes; Johnson, D.E.; Samuelson and Luther introduced—

S.F. No. 1840: A bill for an act relating to elections; requiring fair campaign practices; imposing penalties; amending Minnesota Statutes 1984, sections 123.015; 200.015; 201.275; 204C.04; proposing coding for new law as Minnesota Statutes, chapters 211A and 211B; repealing Minnesota Statutes 1984, sections 210A.01 to 210A.44.

Referred to the Committee on Elections and Ethics.

Messrs. Frank and Purfeerst introduced—

S.F. No. 1841: A bill for an act relating to compacts; enacting enabling language for Minnesota to join driver license compact; allowing exchange of

driver license information with other states; promoting consolidated, complete driver record; proposing coding for new law in Minnesota Statutes, chapter 171.

Referred to the Committee on Transportation.

Messrs. Frank and Purfeerst introduced—

S.F. No. 1842: A bill for an act relating to public safety; motor vehicles; eliminating redundant and surplus language; correcting inconsistent provisions in statutes; requiring certain information on petition for judicial review of license revocation determination; changing fee for motorized bicycle permit renewal for persons 18 years of age; permitting donor designation on minor donor's driver's license or identification card; abolishing automatic reinstatement of revoked or suspended driving privilege of nonresident in certain circumstances; extending effective period for provisional drivers' licenses by one year; amending Minnesota Statutes 1984, sections 168.28; 169.123, subdivision 5c; 171.02, subdivision 3; and 171.07, subdivision 5; and Minnesota Statutes 1985 Supplement, sections 168.013, subdivisions 1c and 1e; and 171.27; repealing Minnesota Statutes 1984, section 171.15, subdivision 2.

Referred to the Committee on Transportation.

Messrs. Lessard, Dicklich, Nelson and Langseth introduced—

S.F. No. 1843: A bill for an act relating to public safety; barring traffic citation quotas; proposing coding for new law in Minnesota Statutes, chapter 299D.

Referred to the Committee on Transportation.

Mr. Diessner introduced—

S.F. No. 1844: A bill for an act relating to human services; requiring chemical dependency facilities to report data; proposing coding for new law in Minnesota Statutes, chapter 254A.

Referred to the Committee on Health and Human Services.

Mr. Diessner introduced—

S.F. No. 1845: A bill for an act relating to health; requiring the commissioner of health to monitor and evaluate mental health programs; proposing coding for new law in Minnesota Statutes, chapter 144.

Referred to the Committee on Health and Human Services.

Mr. Diessner introduced—

S.F. No. 1846: A bill for an act relating to health; requiring the commissioner of health to develop a system of monitoring the costs and outcomes of organ transplant procedures; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 144.

Referred to the Committee on Health and Human Services.

Mr. Pogemiller introduced—

S.F. No. 1847: A bill for an act relating to state and local government obligations; providing for a method of determining compliance with the volume cap limitations of proposed federal tax law.

Referred to the Committee on Local and Urban Government.

Messrs. Willet, Ramstad, Petty, Jude and Peterson, R.W. introduced—

S.F. No. 1848: A bill for an act relating to costs and attorney fees; providing for recovery of costs and attorney fees by prevailing parties in civil actions and contested case proceedings involving the state; amending Minnesota Statutes 1984, section 14.62, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 3.

Referred to the Committee on Judiciary.

Messrs. Dahl, Merriam, Frank and Peterson, R.W. introduced—

S.F. No. 1849: A bill for an act relating to appropriations; designating Anoka county as an operating agency in the administration and expenditure of an appropriation for the Mississippi Regional Park.

Referred to the Committee on Local and Urban Government.

Messrs. Waldorf, Merriam, Peterson, R.W.; Taylor and Frederickson introduced—

S.F. No. 1850: A bill for an act relating to state government; regulating fees for state agency services; amending Minnesota Statutes 1985 Supplement, sections 16A.128 and 16A.1281.

Referred to the Committee on Governmental Operations.

Messrs. DeCramer, Storm and Wegscheid introduced—

S.F. No. 1851: A bill for an act relating to state government; changing certain procedures related to the state archaeologist and archaeologic sites; amending Minnesota Statutes 1984, sections 138.35, subdivision 1; and 138.40, subdivision 3.

Referred to the Committee on Veterans and General Legislation.

Ms. Berglin, Messrs. Wegscheid, Spear and DeCramer introduced—

S.F. No. 1852: A bill for an act relating to cemeteries; changing procedures for dealing with certain burial sites; increasing a penalty; amending Minnesota Statutes 1984, section 307.08.

Referred to the Committee on Veterans and General Legislation.

Ms. Berglin, Messrs. DeCramer and Wegscheid introduced—

S.F. No. 1853: A bill for an act relating to state government; authorizing the Indian affairs council to accept grants and gifts; amending Minnesota Statutes 1984, section 3.922, subdivision 5.

Referred to the Committee on Veterans and General Legislation.

Messrs. Peterson, R.W.; Petty and Laidig introduced—

S.F. No. 1854: A bill for an act relating to commerce; regulating securities; regulating the assignment of certain real property loans and the administration of certain escrow accounts; providing certain exemptions; regulating real estate brokers and salespersons; modifying re-examination requirements; providing trust account requirements for licensees acting as principals; granting certain enforcement powers to the commissioner; providing certain remedies; amending Minnesota Statutes 1984, sections 47.20, subdivision 9; 80A.14, subdivision 18; 80A.15, subdivision 1; 82.17, subdivision 4; 82.22, subdivisions 3, 6, and 13; 82.24, subdivision 2; 82.26; 82.27, subdivision 1; 82.33, subdivision 2; and Minnesota Statutes 1985 Supplement, section 80A.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 47.

Referred to the Committee on Economic Development and Commerce.

Messrs. Peterson, C.C.; Bertram; Novak and Merriam introduced—

S.F. No. 1855: A bill for an act relating to taxation; exempting from income taxation federal employees' retirement benefits paid to persons under age 65; amending Minnesota Statutes 1985 Supplement, section 290.08, subdivision 26.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Stumpf and Wegscheid introduced—

S.F. No. 1856: A bill for an act relating to education; making modifications in the post-secondary enrollment options act; amending Minnesota Statutes 1985 Supplement, section 123.3514, subdivisions 2, 4, and 5, and by adding subdivisions.

Referred to the Committee on Education.

Messrs. Solon; Freeman; Johnson, D.E. and Luther introduced—

S.F. No. 1857: A bill for an act relating to courts; increasing fees to be collected; clarifying existing fee statutes; amending Minnesota Statutes 1984, section 176.451, subdivision 3; 487.31, subdivisions 1 and 4; 487.33; 514.70; 525.031; and 525.033; Minnesota Statutes 1985 Supplement, section 357.021, subdivision 2.

Referred to the Committee on Judiciary.

Mr. Berg introduced—

S.F. No. 1858: A bill for an act relating to elections; regulating lobbyist and candidate activities and contributions; proposing coding for new law in Minnesota Statutes, chapter 10A.

Referred to the Committee on Elections and Ethics.

Messrs. Johnson, D.J.; Sieloff; Novak; Frank and Storm introduced—

S.F. No. 1859: A bill for an act relating to liquor; regulating the extension

of credit to retail licensees; proposing coding for new law in Minnesota Statutes, chapter 340A.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Bertram introduced—

S.F. No. 1860: A bill for an act relating to health; providing for county registrars of vital statistics; amending Minnesota Statutes 1984, section 144.214, subdivision 1.

Referred to the Committee on Local and Urban Government.

Messrs. Bernhagen and Renneke introduced—

S.F. No. 1861: A bill for an act relating to education; appropriating money to the department of education for grants to the Little Crow Regional Tele-Network.

Referred to the Committee on Education.

Mr. Petty, Mrs. Adkins, Messrs. Bertram and Johnson, D.E. introduced—

S.F. No. 1862: A bill for an act relating to crimes; making certain videotaped statements admissible in proceedings involving physical or sexual abuse against a child; amending Minnesota Statutes 1984, section 595.02, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 260.156; and 595.02, subdivision 3.

Referred to the Committee on Judiciary.

Ms. Peterson, D.C. introduced—

S.F. No. 1863: A bill for an act relating to housing; authorizing the Minnesota housing finance agency to make grants to municipalities for the provision of housing for very low income persons; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 462A.

Referred to the Committee on Energy and Housing.

Ms. Peterson, D.C. introduced—

S.F. No. 1864: A bill for an act relating to education; requiring special instruction and services for handicapped children from birth to age three; requiring district plans to include special instruction and services for children under age five; amending Minnesota Statutes 1984, section 120.17, by adding a subdivision; Minnesota Statutes 1985 Supplement, section 120.17, subdivisions 1, 3, 3a, and 13.

Referred to the Committee on Education.

Mr. Johnson, D.J. introduced—

S.F. No. 1865: A bill for an act relating to the financing of government in this state; abolishing certain levy limits; changing the schedule for certain

payments to school districts; changing computation of school agricultural and homestead property tax credits and capping the appropriation for reimbursements; prescribing requirements for certain sales ratio studies; changing eligibility for agricultural land tax deferment; abolishing supplementary homestead property tax relief; changing definition of agricultural land for property tax purposes; extending the due date for the second installment of agricultural property taxes; reducing homestead credit reimbursements for 1986; changing the property tax refund payment schedules; changing the filing date for property tax refund claims; setting local government aids for 1987 and changing the payment dates; limiting the appropriation for local government aid for 1986; authorizing counties to impose mortgage registry and deed taxes; authorizing counties to impose service fees; changing the maximum balance in budget reserve account; providing for the deposit of certain motor vehicle excise tax proceeds in the general fund; transferring funds from the highway user tax distribution fund and the transit assistance fund to the general fund; transferring funds from the northeast Minnesota economic protection trust fund to the general fund; abolishing the suspension of income tax indexing; abolishing the tax reduction for agricultural alcohol gasoline; providing for the allocation of additional receipts; appropriating money; amending Minnesota Statutes 1984, sections 38.27, subdivision 3; 115.34, subdivision 1; 124.195, subdivision 3; 129A.06, subdivision 2; 164.041; 270.12, subdivision 2; 273.111, subdivision 3; 273.123, subdivision 7; 275.125, subdivision 10; 287.05, by adding a subdivision; 287.21, by adding a subdivision; 290A.04, by adding a subdivision; 297B.09, subdivision 2; 298.282, subdivisions 2 and 3; 298.39; 298.396; 360.037, subdivision 2; 375.167, subdivision 1; 383C.55; 423.376, subdivision 3; 444.075, subdivision 4; 447.34, subdivision 1; 447.35; 465.73; 471.1921; 471.74, subdivision 2; 473.882, subdivision 3; and 477A.015; and Minnesota Statutes 1985 Supplement, sections 16A.15, subdivision 6; 273.124, subdivision 11; 273.13, subdivisions 15a, 22, and 23; 273.1392; 273.1393; 275.14; 279.01; 287.12; 287.29, subdivision 1; 290A.03, subdivision 13; 290A.04, subdivision 2; 290A.06; 298.28, subdivision 1; 298.293; 475.754; 477A.011, subdivision 12; 477A.012; and 477A.013; proposing new law coded in Minnesota Statutes, chapters 124, 275, and 375; repealing Minnesota Statutes 1984, sections 124.2137; 273.1391; 275.11; 275.15; 275.16; 275.50; 275.51; 275.54; 275.55; 275.56; 275.561; 275.58; 290A.04, subdivisions 2e and 2f; 383C.552; 414.01, subdivision 15; 473.87, subdivision 1; and Minnesota Statutes 1985 Supplement, sections 16A.154; 290.06, subdivision 2f; 296.01, subdivision 24; and 296.02, subdivisions 7 and 8.

Referred to the Committee on Taxes and Tax Laws.

Mr. Dahl introduced—

S.F. No. 1866: A bill for an act relating to economic development; authorizing the energy and economic development authority to make grants for the creation of seed capital funds; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 116M.

Referred to the Committee on Economic Development and Commerce.

Mr. Pogemiller introduced—

S.F. No. 1867: A bill for an act relating to public safety; drivers' licenses;

providing conditions for requiring physician reports for driver's license applicants who are subject to periods of unconsciousness; proposing coding for new law in Minnesota Statutes, chapter 171.

Referred to the Committee on Transportation.

Messrs. Pogemiller, Luther and Moe, R.D. introduced—

S.F. No. 1868: A bill for an act relating to human services; establishing demonstration projects to centralize application for all food assistance programs and to promote full participation in food assistance programs; establishing a nutrition council; establishing a coordinated nutrition data bank; requiring the full expenditure of federal funds by agencies administering the special supplemental food program for women, infants, and children; establishing a centralized unit to supervise the food stamp program; requiring food stamps to be provided within 24 hours to persons eligible for expedited issuance; requiring that waivers be obtained, if possible, from the United States government to allow certain individuals to obtain food stamps and medical assistance, to permit reimbursement of costs of home-delivered meals to the elderly, and to implement a pilot school breakfast program; appropriating money; amending Minnesota Statutes 1984, sections 145.892, subdivision 2; 145.894; and 393.07, subdivision 10, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 124; 144; 245; and 256B.

Referred to the Committee on Health and Human Services.

Mr. Dieterich introduced—

S.F. No. 1869: A bill for an act relating to utilities; changing the powers and responsibilities of the chair of the public utilities commission; requiring commissioners to file certain financial information before taking office; prohibiting commissioners and certain employees from engaging in certain activity after leaving the commission; requiring the commission to adopt a code of conduct; amending Minnesota Statutes 1984, sections 216A.035; and 216A.04; proposing coding for new law in Minnesota Statutes, chapter 216A.

Referred to the Committee on Public Utilities and State Regulated Industries.

Messrs. Hughes; Pehler; Dicklich; Peterson, R.W. and Peterson, D.L. introduced—

S.F. No. 1870: A bill for an act relating to education; establishing aid and levy for adult literacy programs; amending Minnesota Statutes 1984, section 275.125, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 124.

Referred to the Committee on Education.

MEMBERS EXCUSED

Messrs. Johnson, D.J; Petty and Storm were excused from the Session of today.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 3:00 p.m., Wednesday, February 12, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate