

SEVENTY-SEVENTH DAY

St. Paul, Minnesota, Monday, March 3, 1986

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

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rabbi Stephen Pinsky.

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

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

The President declared a quorum present.

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 1575 and 1587.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned February 27, 1986

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a new Conference Committee on:

S.F. No. 5: A bill for an act relating to alcoholic beverages; increasing the

age for licensing, sale, purchase, consumption, possession, and furnishing of alcoholic beverages; establishing programs for education on avoidable health risks related to alcohol and other drugs; increasing the fee for the reinstatement of drivers licenses revoked for alcohol-related violations; appropriating money; amending Minnesota Statutes 1984, sections 171.29, subdivision 2; 340.02, subdivision 8; 340.035, subdivision 1; 340.039; 340.119, subdivision 2; 340.13, subdivision 12; 340.403, subdivision 3; 340.73, subdivision 1; 340.731; 340.732; 340.79; and 340.80.

The House has appointed to such committee:

Schafer, Gutknecht and Kelly.

Senate File No. 5 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned February 27, 1986

Mr. President:

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

S.F. No. 1600: A bill for an act relating to courts; altering the responsibility for the procedure to be followed when filing a change of name with the county recorder; eliminating the limits on the amount of bond to be posted by the clerk of court; prohibiting employees of the clerk's office from practicing law in the court in which they are employed; amending Minnesota Statutes 1984, section 259.11; and Minnesota Statutes 1985 Supplement, section 485.01.

Senate File No. 1600 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned February 27, 1986

CONCURRENCE AND REPASSAGE

Mr. Sieloff moved that the Senate concur in the amendments by the House to S.F. No. 1600 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1600: A bill for an act relating to courts; reducing the statutory time of residency required for a change of name; altering the responsibility for the procedure to be followed when filing a change of name with the county recorder; eliminating the limits on the amount of bond to be posted by the clerk of court; prohibiting employees of the clerk's office from practicing law in the court in which they are employed; amending Minnesota Statutes 1984, sections 259.10; and 259.11; and Minnesota Statutes 1985 Supplement, section 485.01.

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

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

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

Those who voted in the affirmative were:

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

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1730, 1850, 1969, 2014, 1807, 1926, 1928, 1991 and 1886.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted February 27, 1986

FIRST READING OF HOUSE BILLS

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

H.F. No. 1730: A bill for an act relating to crime; correcting certain erroneous, omitted and obsolete references in and to the criminal sexual conduct statutes; amending Minnesota Statutes 1984, sections 253B.02, subdivision 4a; 260.015, subdivision 24; 494.03; 518B.01, subdivision 2; 609.11, subdivision 9; 609.341, subdivision 3; 609.347, subdivision 3; 609.348; 609.349; 609.35; 611A.03, subdivision 3; and 628.26; and Minnesota Statutes 1985 Supplement, sections 609.341, subdivision 11; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivisions 2 and 3; 609.347; 609.531, subdivision 1; 626.556, subdivision 2; and 631.045.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1751, now on General Orders.

H.F. No. 1850: A bill for an act relating to intoxicating liquor; authorizing the city of Rochester to issue an on-sale license to a concessionaire at the Mayo civic center.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2006.

H.F. No. 1969: A bill for an act relating to mediation; providing for mediation between debtors and creditors; authorizing mediator training grants to nonprofit regional alternative dispute resolution centers; amending Minnesota Statutes 1984, sections 480.24, by adding a subdivision; and 480.242, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter

572.

Referred to the Committee on Judiciary.

H.F. No. 2014: 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; 201.12, 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 Rules and Administration for comparison with S.F. No. 1838, now on General Orders.

H.F. No. 1807: A bill for an act relating to local government; providing for the coordination of various development authorities in the city of Moorhead and Clay county.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1760, now on General Orders.

H.F. No. 1926: 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 Rules and Administration for comparison with S.F. No. 1796.

H.F. No. 1928: 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.

H.F. No. 1991: A bill for an act relating to metropolitan government; providing for appointments, administration, reports, and duties of metropolitan agencies; amending Minnesota Statutes 1984, sections 473.121, subdivision 6, and by adding subdivisions; 473.123, subdivisions 2a, 3, and 3a; 473.141, subdivisions 2, 3, and 4a; 473.146, subdivisions 1, 2, and 3; 473.161; 473.163, subdivisions 1 and 2; and 473.303, subdivisions 2 and 4a; Minnesota Statutes 1985 Supplement, section 473.38, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1984, sections 473.121, subdivision 7; 473.163, subdivisions 3 and 4; 473.373, subdivision 3; 473.377; and 473.38, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. 1913.

H.F. No. 1886: A bill for an act relating to local government; changing the notice requirements for special assessments; amending Minnesota Statutes

1984, section 429.061, subdivision 2; Minnesota Statutes 1985 Supplement, section 429.061, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1955.

REPORTS OF COMMITTEES

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

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

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 the governor to appoint the chair of the commission; changing qualification for commissioners; 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; providing penalties; amending Minnesota Statutes 1984, sections 216A.03, subdivisions 1 and 3; and 216A.035; proposing coding for new law in Minnesota Statutes, chapter 216A.

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

Page 2, lines 32 and 33, delete "*the jurisdiction of*" and insert "*rate regulation by*"

Page 3, line 18, after "*commission*" insert "*or to the director of the department, respectively,*"

Page 4, line 8, after "*prescribing*" insert "*permissible and*"

Page 4, line 9, delete everything after the period

Page 4, delete lines 10 to 16.

Page 4, line 17, delete everything before "A" and insert:

"*Subd. 2. [COMMUNICATIONS PROHIBITED.]*"

Page 4, line 21, after the period, insert "*The commission may dismiss a proceeding if an applicant, petitioner, or complainant violates this subdivision.*"

Renumber the subdivisions in sequence

Page 4, line 25, delete "*similar*"

Page 4, delete line 26, and insert "*to preserve the quasi-judicial function of the commission.*"

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

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

S.F. No. 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.

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

Page 1, line 13, delete everything after the period

Page 1, delete lines 14 to 18

Page 2, line 5, delete the new language

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. 1961: A bill for an act relating to the collection and dissemination of data; classifying data; proposing classifications of data as private, non-public, and protected nonpublic; clarifying issues relating to the administration of data; amending Minnesota Statutes 1984, sections 13.38, by adding a subdivision; 13.46, by adding a subdivision; 13.84, by adding subdivisions; and 13.85, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 13.03, subdivision 3; 13.04, subdivision 2; 13.39, subdivision 3; 13.46, subdivisions 1, 2, and 7; 13.76; and 13.82, subdivision 5; repealing Minnesota Statutes 1985 Supplement, section 13.89.

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

Page 3, line 25, delete "*this chapter or*" and strike "other"

Page 4, delete section 5 and insert:

"Sec. 5. Minnesota Statutes 1984, section 13.41, subdivision 4, is amended to read:

Subd. 4. [PUBLIC DATA.] Licensing agency minutes, application data on licensees, orders for hearing, findings of fact, conclusions of law and specification of the final disciplinary action contained in the record of the disciplinary action are classified as public, pursuant to section 13.02, subdivision 15. The entire record concerning the disciplinary proceeding is public data pursuant to section 13.02, subdivision 15, in those instances where there is a public hearing concerning the disciplinary action. *The license numbers, the license status, and continuing education records issued or maintained by the board of peace officer standards and training are classified as public data, pursuant to section 13.02, subdivision 15.*"

Page 5, lines 10, 11, and 13, reinstate the stricken language

Page 5, line 12, reinstate everything before the stricken "upon" and after the stricken "by" insert "*may be released to*" and reinstate the stricken "the department of"

Page 5, line 14, reinstate the stricken language and before the semicolon, insert "*unless federal law prohibits the release*"

Page 5, line 15, reinstate the stricken "(9)"

Page 5, lines 20 and 24, reinstate the stricken language and delete the new language

Page 7, delete lines 6 to 11

Pages 8 and 9, delete sections 11 to 13 and insert:

“Sec. 11. Minnesota Statutes 1985 Supplement, section 144.335, subdivision 2, is amended to read:

Subd. 2. [PATIENT ACCESS.] (a) Upon request a provider shall supply to a patient complete and current information possessed by that provider concerning any diagnosis, treatment and prognosis of the patient in terms and language the patient can reasonably be expected to understand.

(b) Upon a patient's written request, a provider at a reasonable cost to the patient shall furnish to the patient (1) copies of the patient's health record, including but not limited to laboratory reports, X-rays, prescriptions, and other technical information used in assessing the patient's health condition; or (2) the pertinent portion of the record relating to a specific condition; ~~or (3) specified by the patient. With the consent of the patient, the provider may instead furnish only a summary of the record.~~

(c) If a provider, as defined in subdivision 1, clause (b) (1), reasonably determines that the information is detrimental to the physical or mental health of the patient, or is likely to cause the patient to harm himself or another, he may withhold the information from the patient and may supply the information to an appropriate third party or to another provider, as defined in subdivision 1, clause (b) (1). The other provider or third party may release the information to the patient.

(d) A provider as defined in subdivision 1, clause (b) (2), shall release information upon written request unless, prior to the request, a provider as defined in subdivision 1, clause (b) (1), has designated and described a specific basis for withholding the information as authorized by paragraph (c).

Sec. 12. Minnesota Statutes 1984, section 169.09, subdivision 13, is amended to read:

Subd. 13. [ACCIDENT REPORTS CONFIDENTIAL.] All written reports and supplemental reports required under this section to be provided to the department of public safety shall be without prejudice to the individual so reporting and shall be for the confidential use of the department of public safety and other appropriate state, federal, county and municipal governmental agencies for accident analysis purposes, except that the department of public safety or any law enforcement department of any municipality or county in this state shall, upon written request of any person involved in an accident or upon written request of the representative of his or her estate, surviving spouse, or one or more surviving next of kin, or a trustee appointed pursuant to section 573.02, disclose to the requester, his or her legal counsel or a representative of his or her insurer any information contained therein except the parties' version of the accident as set out in the written report filed by the parties or may disclose identity of a person involved in an accident when the identity is not otherwise known or when the person denies presence at the accident. No report shall be used as evidence in any trial, civil or criminal, arising out of an accident, except that the department of public

safety shall furnish upon the demand of any person who has, or claims to have, made a report, or, upon demand of any court, a certificate showing that a specified accident report has or has not been made to the department of public safety solely to prove a compliance or a failure to comply with the requirements that the report be made to the department of public safety. Disclosing any information contained in any accident report, except as provided herein, is unlawful and a misdemeanor.

Nothing herein shall be construed to prevent any person who has made a report pursuant to this chapter from providing information to any persons involved in an accident or their representatives or from testifying in any trial, civil or criminal, arising out of an accident, as to facts within the person's knowledge. It is intended by this subdivision to render privileged the reports required but it is not intended to prohibit proof of the facts to which the reports relate. Legally qualified newspaper publications and licensed radio and television stations shall upon request to a law enforcement agency be given an oral statement covering only the time and place of the accident, the names ~~and~~, addresses, *and dates of birth* of the parties involved, and a general statement as to how the accident happened without attempting to fix liability upon anyone, but said legally qualified newspaper publications and licensed radio and television stations shall not be given access to the hereinbefore mentioned confidential reports, nor shall any such statements or information so orally given be used as evidence in any court proceeding, but shall merely be used for the purpose of a proper publication or broadcast of the news.

When these reports are released for accident analysis purposes the identity of any involved person shall not be revealed. Data contained in these reports shall only be used for accident analysis purposes, except as otherwise provided by this subdivision. Accident reports and data contained therein which may be in the possession or control of departments or agencies other than the department of public safety shall not be discoverable under any provision of law or rule of court.

The department may charge authorized persons a \$5 fee for a copy of an accident report.

Sec. 13. Minnesota Statutes 1984, section 241.42, is amended by adding a subdivision to read:

Subd. 5. "Confidential data on individuals" has the meaning given in section 13.02, subdivision 3.

Sec. 14. Minnesota Statutes 1984, section 241.42, is amended by adding a subdivision to read:

Subd. 6. "Corrections and detention data" has the meaning given in section 13.85, subdivision 1.

Sec. 15. Minnesota Statutes 1984, section 241.42, is amended by adding a subdivision to read:

Subd. 7. "Personnel data" has the meaning given in section 13.43, subdivision 1.

Sec. 16. Minnesota Statutes 1984, section 241.42, is amended by adding a subdivision to read:

Subd. 8. "Private data on individuals" has the meaning given in section 13.02, subdivision 12.

Sec. 17. [241.441] [ACCESS BY OMBUDSMAN TO PERSONNEL AND CORRECTIONS AND DETENTION DATA.]

Subdivision 1. [GENERAL PROVISION.] Notwithstanding section 13.43 or 13.85 or any other provision of chapter 13 to the contrary, the availability of personnel data and corrections and detention data to the ombudsman is governed by this section.

Subd. 2. [ACCESS BY OMBUDSMAN.] When access to personnel data or corrections and detention data is necessary for the ombudsman to discharge the ombudsman's powers under section 241.44, subdivision 1, the ombudsman has access to personnel data and corrections and detention data classified as private or confidential data on individuals. An administrative agency shall make this data available to the ombudsman.

Sec. 18. Minnesota Statutes 1984, section 259.27, is amended by adding a subdivision to read:

Subd. 3a. [DATA ON PROPOSED ADOPTIVE PARENTS.] All data held by the commissioner of human services, county welfare board, or child placing agency that relate only to the suitability of the proposed adoptive parents, but do not relate to a child, are private data on individuals as defined in section 13.02, subdivision 12."

Page 9, after line 8, insert:

"Sec. 20. [EFFECTIVE DATE.]

Section 18 is effective the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, after the semicolon, insert "13.41, subdivision 4;"

Page 1, line 8, delete everything after the first semicolon

Page 1, line 9, delete everything before the semicolon and insert "169.09, subdivision 13; 241.42, by adding subdivisions; and 259.27, by adding a subdivision"

Page 1, line 12, delete "1," and after "2" delete the comma and delete the second "and"

Page 1, line 13, after the semicolon, insert "and 144.335, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 241;"

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. 1974: A bill for an act relating to probate; providing for the exclusion of the homestead from the augmented estate; providing for the inclusion of certain insurance and other items in the augmented estate; amending Minnesota Statutes 1985 Supplement, section 524.2-202.

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

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 524.2-109, is amended to read:

524.2-109 [MEANING OF CHILD AND RELATED TERMS.]

If, for purposes of intestate succession, a relationship of parent and child must be established to determine succession by, through, or from a person:

(1) An adopted person is the child of an adopting parent and not of the natural parents except that adoption of a child by the spouse of a natural parent has no effect on the relationship between the child and that natural parent. If a parent dies and a child is subsequently adopted by a stepparent who is the spouse of a surviving parent, any rights of inheritance of the child or the child's issue from or through the deceased parent of the child which exist at the time of the death of that parent shall not be affected by the adoption.

(2) In cases not covered by clause (1), a person ~~born out of wedlock is a child of the mother. That person is also a child of the father, if:~~

(i) ~~the natural parents participated in a marriage ceremony before or after the birth of the child, even though the attempted marriage is void; or~~

(ii) ~~the paternity is established by an adjudication or by acknowledgment, consent, or agreement pursuant to sections 257.51 to 257.74 before the death of the father or is established thereafter by clear and convincing proof, except that the paternity established under this clause is ineffective to qualify the father or his kindred to inherit from or through the child unless the father has openly treated the child as his, and has not refused to support the child is the child of the person's parents regardless of the marital status of the parents and the parent and child relationship may be established under the parentage act, sections 257.51 to 257.74."~~

Page 2, line 30, strike the comma and insert a semicolon

Page 2, line 33, strike the first comma and insert a semicolon

Page 2, line 35, delete the comma and insert a semicolon

Page 3, line 2, delete the comma and insert a semicolon

Page 3, line 5, delete "*exclusive of*" and insert "*excluding*"

Page 3, line 7, delete the second comma and insert a semicolon

Page 3, lines 9 and 11, strike the comma and insert a semicolon

Page 3, line 34, after "*to*" insert a comma

Page 3, line 34, delete "*any*" and insert "*, a*"

Page 4, line 1, delete "*any*"

Page 4, line 5, delete "*and*" and insert "*, or*"

Page 4, line 11, delete "*exclusive*" and insert "*excluding*"

Page 4, line 12, delete the first "*of*"

Page 4, line 16, delete "any"

Page 4, line 25, delete "*The protection here given*" and insert "*This*"

Page 4, line 29, delete "*if the payer is*" and insert a period

Page 4, delete line 30

Page 4, line 33, delete "*must be*"

Page 5, lines 1, 4 and 12, delete "*into*" and insert "*to*"

Page 5, lines 7, 9 and 11, delete "*clause*" and insert "*subsection*"

Page 5, after line 17, insert:

"Sec. 3. Minnesota Statutes 1985 Supplement, section 524.2-205, is amended to read:

524.2-205 [PROCEEDING FOR ELECTIVE SHARE; TIME LIMIT.]

(a) The surviving spouse may elect to take an elective share in the augmented ~~net~~ estate by filing in the court and mailing or delivering to the personal representative, if any, a petition for the elective share within nine months after the date of death, or within six months after the probate of the decedent's will, whichever limitation last expires. However, nonprobate transfers, described in section 524.2-202, clauses (1) and (3), shall not be included within the augmented estate for the purpose of computing the elective share, if the petition is filed later than nine months after death. The court may extend the time for election as it sees fit for cause shown by the surviving spouse before the time for election has expired.

(b) The surviving spouse shall give notice of the time and place set for hearing to persons interested in the estate and to the distributees and recipients of portions of the augmented net estate whose interests will be affected by the taking of the elective share.

(c) The surviving spouse may withdraw his demand for an elective share at any time before entry of an order by the court determining the elective share.

(d) After notice and hearing, the court shall determine the amount of the elective share and shall order its payment from the assets of the augmented net estate or by contribution as appears appropriate under section 524.2-207. If it appears that a fund or property included in the augmented net estate has not come into the possession of the personal representative, or has been distributed by the personal representative, the court nevertheless shall fix the liability of any person who has any interest in the fund or property or who has possession thereof, whether as trustee or otherwise. The proceeding may be maintained against fewer than all persons against whom relief could be sought, but no person is subject to contribution in any greater amount than he would have been if relief had been secured against all persons subject to contribution.

(e) The order or judgment of the court may be enforced as necessary in suit for contribution or payment in other courts of this state or other jurisdictions.

(f) *Whether or not an election has been made under subsection (a), the surviving spouse may elect statutory rights in the homestead by filing in the manner provided in this section a petition in which the spouse asserts the*

rights provided in section 525.145, provided that:

(1) when the homestead is subject to a testamentary disposition, the filing must be within nine months after the date of death, or within six months after the probate of the decedent's will, whichever limitation last expires; or

(2) where the homestead is subject to other disposition, the filing must be within nine months after the date of death.

The court may extend the time for election for cause shown by the surviving spouse before the time for filing has expired.

Sec. 4. Minnesota Statutes 1985 Supplement, section 525.145, is amended to read:

525.145 [DESCENT OF HOMESTEAD.]

(1) Where there is a surviving spouse the homestead, including a manufactured home which is the family residence, shall descend free from any testamentary or other disposition thereof to which the spouse has not consented in writing ~~or by election to take under the will~~ as provided by law, as follows:

(a) if there be no surviving child or issue of any deceased child, to the spouse;

(b) if there be children or issue of deceased children surviving, then to the spouse for the term of the spouse's natural life and the remainder in equal shares to the children and the issue of deceased children by right of representation.

(2) Where there is no surviving spouse and the homestead has not been disposed of by will it shall descend as other real estate.

(3) Where the homestead passes by descent or will to the spouse or children or issue of deceased children, it shall be exempt from all debts which were not valid charges thereon at the time of decedent's death except that the homestead shall be subject to a claim filed pursuant to section 246.53 for state hospital care or 256B.15 for medical assistance benefits. If the homestead passes to a person other than a spouse or child or issue of a deceased child, it shall be subject to the payment of the items mentioned in section 524.2-101. No lien or other charge against any homestead which is so exempted shall be enforced in the probate court, but the claimant may enforce the lien or charge by an appropriate action in the district court.

(4) For purposes of this section, except as provided in section 524.2-301, the surviving spouse is deemed to consent to any testamentary or other disposition of the homestead to which the spouse has not previously consented in writing unless the spouse files in the manner provided in section 524.2-205, subsection (f), a petition that asserts the homestead rights provided to the spouse by this section."

Page 5, line 19, delete "Section 1" and insert "This act"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "section" and insert "sections 524.2-109;" and

before the period, insert “; 524.2-205; and 525.145”

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. 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.

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

Delete everything after the enacting clause and insert:

“Section 1. [3.761] [DEFINITIONS.]

Subdivision 1. [TERMS DEFINED.] For purposes of this section and sections 2 to 5, the terms defined in this section have the meanings given them.

Subd. 2. [ADMINISTRATIVE LAW JUDGE.] “Administrative law judge” means the official assigned to conduct a contested case hearing under chapter 14.

Subd. 3. [CONTESTED CASE.] “Contested case” means a proceeding defined in section 14.02, subdivision 3, in which the position of the state is represented by counsel, but excludes a contested case for the purpose of establishing or fixing a rate or for granting or renewing a license.

Subd. 4. [EXPENSES.] “Expenses” means the costs incurred by the party in the litigation, including:

- (1) filing fees;*
- (2) subpoena fees and mileage;*
- (3) transcript costs and court reporter fees;*
- (4) expert witness fees;*
- (5) photocopying and printing costs;*
- (6) postage and delivery costs; and*
- (7) service of process fees.*

Subd. 5. [FEES.] “Fees” means the reasonable attorney fees or reasonable fees by a person not an attorney who is authorized by law or rule to represent the party and may include reasonable charges by the party, the party's employee, or agent. The amount of fees must be based upon prevailing market rates for the kind and quality of the services furnished, subject to the following limitations:

(a) In a court action, an expert witness may not be compensated at a rate in excess of the highest rate of compensation for expert witnesses paid by the United States.

(b) In a contested case proceeding, an expert witness may not be compen-

sated at a rate in excess of the highest rate of compensation for expert witnesses paid by the state agency involved.

(c) Attorney or agent fees may not be awarded in excess of \$100 per hour unless the court or administrative law judge determines that an increase in the cost of living or a special factor, such as the limited availability of qualified attorneys or agents for the proceedings involved, justifies a higher fee.

Subd. 6. [PARTY.] (a) Except as modified by paragraph (b), "party" means a person named or admitted as a party, or seeking and entitled as of right to be admitted as a party, in a court action or contested case proceeding, or a person admitted by an administrative law judge for limited purposes, and who is:

(1) an unincorporated business, partnership, corporation, association, or organization, having not more than 50 employees at the time the civil action was filed or the contested case proceeding was initiated; and

(2) an unincorporated business, partnership, corporation, association, or organization whose annual revenues did not exceed \$4,000,000 at the time the civil action was filed or the contested case proceeding was initiated.

(b) "Party" also includes a partner, officer, shareholder, member, or owner of an entity described in paragraph (a), clauses 1 and 2.

Subd. 7. [STATE.] "State" means the state of Minnesota or an agency or official of the state of Minnesota acting in an official capacity.

Subd. 8. [SUBSTANTIALLY JUSTIFIED.] "Substantially justified" means that the state's position had a reasonable basis in law and fact, based on the totality of the circumstances prior to and during the litigation or contested case proceeding.

Sec. 2. [3.762] [FEES AND EXPENSES; CIVIL ACTION OR CONTESTED CASE PROCEEDING INVOLVING STATE.]

(a) A court or administrative law judge may award fees and expenses to a prevailing party other than the state in a civil action or contested case proceeding, other than a tort action, brought by or against the state, if the court or administrative law judge finds that the position of the state was not substantially justified.

(b) The court or administrative law judge may reduce the amount to be awarded under this section, or deny an award, to the extent that the prevailing party during the course of the proceedings engaged in conduct that unduly and unreasonably protracted the final resolution of the matter in controversy. The decision of an administrative law judge under this section must be made a part of the record containing the final decision of the agency and must include written findings and conclusions.

(c) This section does not preclude a party from recovering costs, disbursements, fees, and expenses under other applicable law.

Sec. 3. [3.763] [PAYMENT OF COSTS AND FEES.]

Subdivision 1. [CIVIL ACTION.] A judgment against the state in a civil action for fees and expenses under section 2 must be paid from funds of the agency.

Subd. 2. [CONTESTED CASE PROCEEDING.] Fees and other expenses awarded in a contested case proceeding under section 2 must be paid by the agency over which the party prevails from funds of the agency.

Sec. 4. [3.764] [PROCEDURE FOR AWARD OF FEES; CONTESTED CASE.]

Subdivision 1. [APPLICATIONS.] The chief administrative law judge shall by rule establish uniform procedures for the submission and consideration of applications for an award of fees and expenses in a contested case proceeding. If a court reviews the underlying decision of the contested case under sections 14.63 to 14.68, an award for fees and expenses may be made only pursuant to subdivision 3.

Subd. 2. [APPEAL.] A party dissatisfied with the fee determination made under subdivision 1 may petition for leave to appeal to the court having jurisdiction to review the merits of the underlying decision of the contested case. If the court denies the petition for leave to appeal, no appeal may be taken from the denial. If the court grants the petition, it may modify the determination only if it finds that the failure to make an award, or the calculation of the amount of the award, was an abuse of discretion.

Subd. 3. [JUDICIAL REVIEW.] (a) In awarding fees and expenses under subdivision 1 to a prevailing party in an action for judicial review of a contested case under sections 14.63 to 14.68, the court may include in that award fees and expenses to the extent authorized in section 2.

(b) Fees and expenses awarded under this subdivision may be paid in accordance with section 3, subdivision 2.

Sec. 5. [3.765] [REPORTS ON AWARDS.]

The state court administrator and the chief administrative law judge shall report annually to the legislature on the amount of fees and expenses awarded under section 2 during the preceding fiscal year in court actions and contested case proceedings. The reports shall describe the number, nature, and amount of the awards, the claims involved in the controversy, and any other relevant information that may aid the legislature in evaluating the scope and impact of the awards. State agencies shall provide the chief administrative law judge with information needed to comply with the requirements of this section.

Sec. 6. Minnesota Statutes 1984, section 14.62, is amended by adding a subdivision to read:

Subd. 3. [AWARD OF FEES AND OTHER EXPENSES.] Fees and expenses must be awarded as provided in sections 1 to 5.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective August 1, 1986, and apply to any civil action or contested case which is pending on, or commenced on or after, that date."

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

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

S.F. No. 1980: A bill for an act relating to human services; providing for exhaustion of benefits from other programs before payment of adoption subsidies; amending Minnesota Statutes 1984, section 259.40, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 259.

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

Pages 1 and 2, delete sections 1 and 2 and insert:

"Section 1. Minnesota Statutes 1984, section 259.40, subdivision 1, is amended to read:

Subdivision 1. [SUBSIDY PAYMENTS.] The commissioner of human services may make subsidy payments as ~~he deems~~ necessary to ~~families an adoptive parent or parents who adopt a child who is a Minnesota resident and is under state guardianship of the commissioner or of a Minnesota resident from~~ a licensed child placing agency after the ~~adoptive placement of the child final decree of adoption is issued.~~ The subsidy payments and any subsequent modifications to the subsidy payments shall be based on the needs of the child that the commissioner has determined cannot be met using other resources including programs available to the child and the child's adoptive parent or parents.

Sec. 2. Minnesota Statutes 1984, section 259.40, subdivision 2, is amended to read:

Subd. 2. [SUBSIDY AGREEMENT.] The placing agency shall certify a child as eligible for a subsidy according to rules promulgated by the commissioner. When a parent or parents are found and approved for adoptive placement of a child certified as eligible for a subsidy, and before the final decree of adoption is issued, ~~there must be a written agreement in accordance with the rules promulgated by must be entered into by the commissioner, between the adoptive parent or parents entering into the subsidized adoption, and the placing agency. The written agreement must be in the form prescribed by the commissioner and must clearly setting set forth the responsibilities of all parties and, the anticipated duration of the subsidy payments, and the payment terms of the subsidy agreement.~~ The subsidy agreement shall be subject to the commissioner's approval.

The commissioner shall provide adoption subsidies to the adoptive parent or parents according to the terms of the subsidy agreement. The subsidy may include payment for ~~medical, dental, and surgical expenses, psychiatric and psychological expenses, maintenance costs, and other costs necessary for the child's care and well-being.~~ The anticipated duration of the subsidy shall ~~be specified in the agreement~~ basic maintenance expenses of food, clothing, and shelter; ongoing supplemental maintenance expenses related to the child's special needs; nonmedical expenses periodically necessary for purchase of services, items or equipment related to the child's special needs; and medical expenses. The placing agency or the adoptive parent or parents shall provide written documentation to support requests for subsidy payments. The commissioner may require periodic reevaluation of subsidy payments. The amount of the subsidy payment may in no case exceed that which would be allowable for the child under foster family care."

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

adopted.

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

S.F. No. 2111: A bill for an act relating to labor; creating the labor interpretative center; establishing an advisory council governing policies and program purposes; appropriating money.

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

Page 2, delete section 2

Amend the title as follows:

Page 1, line 4, delete “; appropriating money”

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

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

S.F. No. 1744: A bill for an act relating to motor vehicles; providing for special license plates for Vietnam era veterans; amending Minnesota Statutes 1984, section 168.12, by adding a subdivision.

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

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

S.F. No. 1940: A bill for an act relating to local government; regulating payment of severance pay; amending Minnesota Statutes 1984, section 465.72.

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

Page 2, delete lines 6 to 15 and insert “*requiring that severance pay be paid within five years of retirement or termination of employment and the provisions of Minnesota Statutes, section 465.72, limiting severance pay to an amount equal to one year of pay do not apply to severance pay to governmental subdivision employees in the form of payment of accumulated sick leave that is used to make contributions on behalf of the former employee toward premiums for group insurance policies provided by the governmental subdivision.*”

This subdivision applies only to payments made prior to the effective date of this act or to payments under contracts in existence on the effective date of this act. Any payments of severance pay made by governmental subdivisions according to this subdivision before the effective date of this act are validated.”

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. 1701: A bill for an act relating to cemeteries; providing for maintenance of certain cemeteries; amending Minnesota Statutes 1984, section 306.245.

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 1985 Supplement, section 365.10, is amended to read:

365.10 [TOWN MEETINGS, POWERS.]

The electors of each town have power, at their annual town meeting:

(1) to determine the locations of pounds, and number of poundmasters, and to discontinue any such pounds;

(2) to select such town officers as are to be chosen;

(3) to make lawful orders and bylaws as they deem proper for restraining horses, cattle, sheep, swine, and other domestic animals from going at large on the highways, provide for impounding those animals so going at large, and to fix penalties for violations of the orders or bylaws;

(4) to vote money for the repair and construction of roads and bridges, and to vote such sums as they deem expedient for other town expenses, including the construction and maintenance of docks and breakwaters;

(5) when they deem it for the interest of the town to direct that a specified amount of the road tax be expended, under the direction of their town board, on the roads of an adjoining town;

(6) to authorize the town board to purchase or build a town hall or other building for the use of the town, and to determine, by ballot, the amount of money to be raised for that purpose; but, if a site for a town hall is once obtained, it shall not be changed for another site, except by vote therefor designating a new site by two-thirds of the votes cast at such election of the legal voters of the town;

(7) to authorize the town board, by vote, to purchase grounds for a town cemetery, and limit the price to be paid, and to vote a tax for the payment thereof;

(8) to authorize the town, either by itself or in conjunction with one or more other towns, to purchase grounds for a public park and to limit the price to be paid therefor, to authorize the town, alone or in conjunction with such other town or towns, to care for, improve, and beautify such parks, and to determine, by ballot, the amount of money to be raised for that purpose, and to vote a tax for the payment thereof;

(9) to vote money to aid in the construction of community halls, to be erected by farm bureaus, farmers clubs, or other like organizations;

(10) to vote a tax to purchase and maintain a public dumping ground;

(11) to authorize the town board, by resolution, to determine whether to

open or maintain town roads or town cartways under the jurisdiction of the town board upon which no maintenance or construction has been conducted for 25 years or more. For purposes of this clause the provisions of section 163.16 shall not apply to town roads described in this clause. Nothing in this clause shall be construed to abridge the right of town voters or land owners to petition for the establishment of a cartway as provided in section 164.08;

(12) to authorize the town board to spend money in an amount as determined by the electors for the purpose of commemorating an event of historical significance to the town;

(13) to authorize the town board to provide, by ordinance, for licensing and regulating the presence or keeping of dogs and cats and their running at large within the town; ~~and~~

(14) to authorize the town board to contract with nonprofit organizations for health, social, or recreational services in an amount not to exceed a total of \$5,000 in any year when deemed in the public interest and of benefit to the town; *and*

(15) to authorize the town board to establish a perpetual care program for the administration and maintenance of any cemetery located in the town, if the town receives sufficient funds for this purpose. Cemetery administration may include the sale of burial plots and the supervision of burials. The town may accept gifts of money and other assistance from individuals to establish the perpetual care program."

Delete the title and insert:

"A bill for an act relating to town powers; authorizing the establishment of a perpetual care program for certain cemeteries; amending Minnesota Statutes 1985 Supplement, section 365.10."

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. 2011: A bill for an act relating to industrial development bonds; requiring the refund of application deposits to the city of Hastings.

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

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

S.F. No. 2035: A bill for an act relating to motor vehicles; designating category of collector military vehicle for registration purposes; exempting certain collector military vehicles and trailers from requirement to display license plates under certain conditions; amending Minnesota Statutes 1984, sections 168.10, subdivisions 1, 1e, 1f, and by adding a subdivision; and 169.73, subdivision 1.

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

Pages 3 to 5, delete section 4 and insert:

"Sec. 4. Minnesota Statutes 1984, section 168.10, is amended by adding a subdivision to read:

Subd. 1h. [COLLECTOR MILITARY VEHICLES.] (a) A motor vehicle, including a truck, shall be listed and registered under this section if it meets the following conditions:

(1) it is at least 20 years old;

(2) its first owner following its manufacture was a branch of the armed forces of the United States and it presently conforms to the vehicle specifications required during the time of military ownership, or it has been restored and presently conforms to the specifications required by a branch of the armed forces for the model year that the restored vehicle could have been owned by that branch of the armed forces; and

(3) it is owned by a nonprofit organization and operated solely as a collector's vehicle. For purposes of this subdivision, "nonprofit organization" means a corporation, society, association, foundation, or institution organized and operated exclusively for historical or educational purposes, no part of the net earnings of which inures to the benefit of a private individual.

(b) The owner of the vehicle shall execute an affidavit stating the name and address of the person from whom purchased and of the new owner; the make, year, and model number of the motor vehicle; the manufacturer's identification number; and the collector military vehicle identification number, if any, located on the exterior of the vehicle. The affidavit must affirm that the vehicle is owned by a nonprofit organization and is operated solely as a collector's item and not for general transportation purposes. If the registrar is satisfied that the affidavit is true and correct and the owner pays a \$25 tax, the registrar shall list the vehicle for taxation and registration and shall issue number plates. The number plates shall bear the inscriptions "Collector" and "Minnesota" and the registration number, but no date. The number plates are valid without renewal as long as the vehicle is in existence and may not be transferred to another vehicle. The registrar may revoke the plates for failure to comply with this subdivision.

(c) Notwithstanding section 168.09, 168.12, or other law to the contrary, the owner of a registered collector military vehicle is not required to display registration plates on the exterior of the vehicle if the vehicle has an exterior number identification that conforms to the identifying system for military vehicles in effect when the vehicle was last owned by the branch of the armed forces of the United States or in effect in the year to which the collector military vehicle has been restored. However, the state registration plates must be carried in or on the collector military vehicle at all times.

(d) The owner of a registered collector military vehicle that is not required to display registration plates under paragraph (c) may tow a registered trailer behind it. The trailer is not required to display registration plates if the trailer:

(1) does not exceed a gross weight of 15,000 pounds;

(2) otherwise conforms to registration, licensing, and safety laws and specifications;

(3) conforms to military specifications for appearance and identification;

(4) *is intended to represent and does represent a military trailer; and*
(5) *carries registration plates on or in the trailer or the collector military vehicle towing the trailer."*

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

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

S.F. No. 1935: A bill for an act relating to state lands; prescribing appraisal for conveyance of surplus state land in Dakota county to city of Hastings; amending Laws 1985, chapter 61, section 1.

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

Delete everything after the enacting clause and insert:

"Section 1. Laws 1985, chapter 61, section 1, is amended to read:

Section 1. [SALE OF CERTAIN DEPARTMENT OF VETERANS AFFAIRS LAND.]

Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, or any other law to the contrary, the commissioner of administration may sell certain property to the city of Hastings in accordance with this section before January 1, 1986 1987.

The property referred to in this section must be sold for a consideration of the commissioner of administration's appraised value, plus the cost of ~~survey~~ and appraisal incurred as a result of Laws 1985, chapter 61, section 1, and this act. The commissioner shall have the property surveyed and appraised, in the manner provided in Minnesota Statutes, section 94.10, to determine its value and exact legal description. *The appraisal must be based on the property being agricultural property and being continued in agricultural use rather than being used for industrial development.* The conveyance must be by quitclaim deed in a form approved by the attorney general.

The property is approximately ~~67.8~~ 74.3 acres of land located in the northeast quarter of section 34, and the northwest quarter of section 35, township 115, range 17, in Dakota county.

The property *has always been used for agricultural purposes and was surplus farm land at the Minnesota veterans home in Hastings. The property was originally conveyed by the city of Hastings to the state for the use of the veterans home.* The city of Hastings has immediate industrial use for the land.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

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 re-referred

S.F. No. 1873: A bill for an act relating to the University of Minnesota; appropriating money for agricultural extension service and experiment station projects.

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

Delete everything after the enacting clause and insert:

“Section 1. [AGRICULTURAL EXTENSION SERVICE PROJECTS.]

\$1,485,000 is appropriated from the general fund to the board of regents of the University of Minnesota to be available until June 30, 1987, for the following agricultural extension service projects: project support program, farm financial management program, family financial and stress management education, community economy development education, an information exchange for sustainable farming methods including methods that decrease per unit cost of production and increase net income, and forest products marketing.

Sec. 2. [AGRICULTURAL EXPERIMENT STATION RESEARCH PROJECTS.]

\$1,280,000 is appropriated from the general fund to the board of regents of the University of Minnesota to be available until June 30, 1987, for the following agricultural experiment station research projects: agricultural practices that are directed towards family farm operations, rather than agribusiness, including integrated pest management, soil microbiology, manure management and cultivation of perennial crops and grasses, molecular biology in agriculture, water quality research, rural life and farming systems, forestry and natural resources, and animal health.

Sec. 3. [MINNESOTA DEPARTMENT OF AGRICULTURE FARM ADVOCATE PROGRAM.]

\$356,200 is appropriated from the general fund to the commissioner of agriculture for the farm advocate program. \$56,200 is available until June 30, 1987, and \$300,000 shall be made available on July 1, 1986, to be expended until June 30, 1987.

Sec. 4. [FARM BUSINESS MANAGEMENT APPROPRIATIONS.]

\$1,020,000 is appropriated from the general fund to the state board of vocational technical education for services as follows, to be available until June 30, 1987:

- | | |
|---|------------------|
| (a) <i>reduced tuition costs for existing farm business management and small business management programs</i> | <i>\$600,000</i> |
| (b) <i>additional farm business management programs</i> | <i>\$270,000</i> |
| (c) <i>economic crisis workshops in agricultural crisis issues, including marketing, cost control, and financial planning</i> | <i>\$150,000</i> |

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective the day after final enactment."

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

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

S.F. No. 1721: A bill for an act relating to human services; providing for health and dental coverage as child support; regulating withholding for purposes of child support; amending Minnesota Statutes 1984, section 518C.02, subdivision 3; Minnesota Statutes 1985 Supplement, section 518.611, subdivisions 4 and 6; proposing coding for new law in Minnesota Statutes, chapter 518; repealing Minnesota Statutes 1984, section 518.551, subdivision 8.

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

Page 1, line 14, delete "*As and for additional support*" and insert "*Unless the obligee has group dependent health insurance coverage available*"

Page 1, line 18, delete everything after "*union*" and insert a period

Page 1, delete lines 19 to 28

Page 2, delete lines 1 to 9

Page 2, line 35, after "*the*" insert "*group*"

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. 2102: A bill for an act relating to marriage dissolution and legal separation; requiring appointment of guardians ad litem in certain child custody proceedings; amending Minnesota Statutes 1984, section 518.165.

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

Page 2, line 1, before "*minor*" insert "*court has reason to believe that the*" and delete "*alleged by a party to the*"

Page 2, line 2, delete "*proceeding or any other person to be*" and after "*of*" insert "*physical or sexual*"

Page 2, line 3, after the second comma, insert "*perpetrated by a party to the proceeding,*"

Page 2, line 6, delete the second comma and insert "*and*"

Page 2, line 6, delete "*, or mental health or medical*" and insert "*. No guardian ad litem need be appointed by the family court if the alleged physical or sexual abuse or neglect is reported to the juvenile court.*"

Page 2, delete lines 7 to 20

Renumber the subdivisions in sequence

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

adopted.

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

S.F. No. 1970: A bill for an act relating to education; making certain technical changes to transportation aid; amending Minnesota Statutes 1985 Supplement, section 124.255, subdivision 10.

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 120.05, subdivision 6, is amended to read:

Subd. 6. [LIMITED PROVISIONAL LICENSES.] The board of teaching ~~may~~ shall grant provisional licenses, ~~which shall be that are~~ valid for two years, in fields in which licenses were not issued previously or in fields in which a shortage of licensed teachers exists. A shortage ~~shall be defined as is~~ a lack of or an inadequate supply of licensed personnel within a ~~given particular~~ licensure area in a school district that has notified the board of ~~teaching~~ of the shortage and has applied to the board of ~~teaching~~ for provisional licenses for that district's licensed staff.

Sec. 2. Minnesota Statutes 1985 Supplement, section 120.17, subdivision 1, is amended to read:

Subdivision 1. [SPECIAL INSTRUCTION FOR HANDICAPPED CHILDREN.] Every district shall provide special instruction and services, either within the district or in another district, for handicapped children of school age who are residents of the district and who are handicapped as set forth in section 120.03. School age means ~~the ages of three birth~~ to 21 years for children who are handicapped as defined in section 120.03 and shall not extend beyond secondary school or its equivalent. For purposes of this subdivision, the age of a handicapped child shall be the age as of September 1 of the calendar year in which the school year for which the child seeks special instruction and services commences. ~~Every district may provide special instruction and services for handicapped children who have not attained school age.~~ Local health, education, and social service agencies shall refer children ~~from under age three to five~~ who are suspected of needing special instruction and services to the school district. ~~For the 1986-1987 and 1987-1988 school years, a school district is encouraged to~~ shall contract with a developmental achievement center ~~when for individual children for up to two years if the interagency early learning committee recommends to the district that the center services are appropriate,~~ the center is cost efficient for the district, and ~~when that the center provides is able to provide~~ continuity of special instruction and services for individual handicapped children under the age of five and their families. Districts with less than the minimum number of eligible handicapped children as determined by the state board shall cooperate with other districts to maintain a full range of programs for ~~education special instruction and services for handicapped children.~~ This subdivision does not alter the compulsory attendance requirements of section 120.10.

Sec. 3. Minnesota Statutes 1985 Supplement, section 120.17, subdivision

3, is amended to read:

Subd. 3. [RULES OF THE STATE BOARD.] The state board shall promulgate rules relative to qualifications of essential personnel, courses of study, methods of instruction, pupil eligibility, size of classes, rooms, equipment, supervision, parent consultation, and any other rules it deems necessary for instruction of handicapped children. These rules shall provide standards and procedures appropriate for the implementation of and within the limitations of subdivisions 3a and 3b. These rules shall also provide standards for the discipline, control, management and protection of handicapped children. The state board shall not adopt rules for pupils served in level 1, 2, or 3, as defined in Minnesota Rules, part 3525.2340, establishing either case loads or the maximum number of pupils that may be assigned to special education teachers. The state board, in consultation with the departments of health and human services, may adopt emergency rules and shall adopt permanent rules for instruction and services for children ~~from~~ under age ~~three to~~ five and their families. A developmental achievement center contracting with a school district to provide special instruction and services is eligible for variance from rules relating to personnel licensure. The licensure variance for a developmental achievement center shall be granted according to the same procedures and criteria used for granting a variance to a school district. The state board shall, according to section 14.05, subdivision 4, notify a district applying for a variance from the rules within 45 calendar days of receiving the request whether the request for the variance has been granted or denied. If a request is denied, the board shall specify the program standards used to evaluate the request and the reasons for denying the request.

Sec. 4. Minnesota Statutes 1985 Supplement, section 120.17, subdivision 3a, is amended to read:

Subd. 3a. [SCHOOL DISTRICT OBLIGATIONS.] Every district shall ensure that:

(a) all handicapped children are provided the special instruction and services which are appropriate to their needs;

(b) handicapped children ~~from~~ under age ~~three to~~ five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(c) handicapped children and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment and educational placement of handicapped children;

(d) to the maximum extent appropriate, handicapped children, including those in public or private institutions or other care facilities, are educated with children who are not handicapped, and that special classes, separate schooling, or other removal of handicapped children from the regular educational environment occurs only when and to the extent that the nature or severity of the handicap is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(e) in accordance with recognized professional standards, testing and evaluation materials and procedures utilized for the purposes of classification and placement of handicapped children are selected and administered so

as not to be racially or culturally discriminatory; and

(f) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

Sec. 5. Minnesota Statutes 1985 Supplement, section 120.17, subdivision 12, is amended to read:

Subd. 12. [INTERAGENCY EARLY LEARNING COMMITTEE.] A district, group of districts, or special education cooperative, in cooperation with the county or counties in which the district or cooperative is located, shall establish an interagency early learning committee for handicapped children under age five and their families. Members of the committee shall be representatives of local and regional health, education, *including representatives of early childhood family education programs*, and county human service agencies; developmental achievement centers; current service providers; parents of young handicapped children; and other private or public agencies as appropriate. The committee shall elect a chair from among its members and shall meet regularly. The committee shall perform the following ongoing duties:

(1) identify current services and funding being provided within the community for handicapped children under the age of five and their families;

(2) establish and evaluate the identification, referral, and community learning systems to recommend, where necessary, alterations and improvements;

(3) facilitate the development of interagency individual education plans when necessary to appropriately serve handicapped children under the age of five and their families;

(4) *implement a process for assuring that services to handicapped children under age five involve the cooperating agencies at all steps leading to individualized programming;*

(5) review and comment on the early learning section of the total special education system for the district; and

~~(5) review and comment on the funding sources that currently exist for the services being provided to handicapped children under the age of five and their families in the area~~

(6) review the funding sources that currently exist for services being provided, reduce duplication of services and related costs and promote a coordinated comprehensive service delivery system in each community;

(7) evaluate costs and services provided by a school district, developmental achievement center, and other service providers, and develop recommendations for contracting based on cost effectiveness and appropriateness; and

(8) develop a transition plan if a service provider is not recommended to continue to provide services.

The departments of education, health, and human services are encouraged to provide assistance to the local agencies in developing cooperative plans for providing services.

Sec. 6. Minnesota Statutes 1985 Supplement, section 120.17, subdivision 13, is amended to read:

Subd. 13. [MAINTENANCE OF EFFORT.] For fiscal year 1986 the departments of education, health, and human services shall not reduce the level of funding for services for handicapped children under age five and their families below the level of funding provided in fiscal year 1985. For the period from July 1, 1985 to June 30, 1986 a local or regional health or human services agency or county board currently providing services to handicapped children under age five and their families through a developmental achievement center or other delivery system shall not decrease the level of services or the dollar amount provided for the services below the level of services or the dollar amount provided by it for the period from July 1, 1984 to June 30, 1985. For the 1985-1986 school year a school district currently providing services to handicapped children under age five and their families shall not decrease the level of services or the expenditure level below the level of services or the dollar amount provided by it in the 1984-1985 school year.

~~Beginning with the period from July 1, 1986 to June 30, 1987,~~ a local or regional health or human services agency or county board shall not decrease the level of services or the dollar amount provided for those services below the level of services or the dollar amount provided by it for the period from July 1, 1984 to June 30, 1985 unless the county and school district have entered into an agreement for continued funding of services to handicapped children and their families and a copy of the agreement has been filed with the departments of education, health, and human services. This prohibition applies to all funding levels regardless of the source.

From July 1, 1986 until the county and school district have entered into an agreement, local and regional health and human services agencies, county boards, school districts, and the departments of education, health, and human services shall increase the level of services and the dollar amount provided for those services at least in proportion to the increase in the number of handicapped children under age five and their families who are served.

If a school district enters into an agreement with a county board according to this subdivision and if the district contracts with a service provider that is funded by a county board on the effective date of this act, the county board, for two years after the agreement, shall maintain at least the same level of services and dollar amount provided by the county board from July 1, 1984, to June 30, 1985, for services for handicapped children under the age of five and their families.

From July 1, 1986, until two years after an agreement between the county and a school district, the county board's payment may be reduced if and to the extent that state payments for programs related to handicapped children under the age of five and their families are reduced.

If a local, regional, or state health or human services agency or county board is authorized to charge a fee or other charges for services to handicapped children under the age of five and their families, it may annually increase the fee or other charges over the amount charged during the previous year only by the rate of the increase in the revised consumer price index for the Minneapolis-St. Paul metropolitan area prepared by the United States department of labor.

This subdivision applies only to services that are special instruction and services, within the meaning of this section, and that reasonably would be the responsibility of a school district.

Sec. 7. Minnesota Statutes 1984, section 120.17, is amended by adding a subdivision to read:

Subd. 14. [DISTRICT PLAN FOR CHILDREN UNDER AGE FIVE.] Every district's total special education services plan shall include a plan for the delivery of special instruction and services to handicapped children under age five in accordance with applicable rules of the state board. This plan shall be developed only after receiving the report and recommendations of the interagency early learning committee, as specified in subdivision 12. The district's plan shall document the findings and recommendations of the committee. The plan shall include procedures for:

(1) processing of all referrals for special instruction and services for handicapped children under the age of five;

(2) assuring that formal and informal assessments are given by appropriate personnel trained in the area of the suspected handicap;

(3) assuring that special instruction and services are available to all eligible handicapped children under age five and their families; and

(4) assuring that, where county funding has existed in the past for handicapped children under the age of five and their families, a county and school district collaborative funding program will be considered.

Sec. 8. Minnesota Statutes 1984, section 121.496, is amended to read:

121.496 [STATE DEPARTMENT OF EDUCATION TO FURNISH LIST OF BOOKS LIBRARY AND INFORMATION SERVICES DUTIES.]

Subdivision 1. [BOOKLISTS.] The state department of education shall from time to time prepare and amend a list of books suitable for school libraries, including dictionaries and other books of reference, histories and works of biography, literature, political economy, agriculture, travel, and science.

Subd. 2. [PROVIDING OTHER INFORMATION.] The department may provide library information services it considers appropriate and necessary to any state agency, governmental unit, nonprofit organization, or private entity. The department may collect reasonable fees not to exceed its actual costs for providing the information services. The department may also accept money from any public or private source to defray the cost of providing the information services.

Subd. 3. [OPEN APPROPRIATION.] The fees charged and money accepted by the department under subdivision 2 shall be deposited in the state treasury and credited to a special account. Money in the account is appropriated to the department to defray the costs of providing the information services.

Sec. 9. [121.508] [CENTERS FOR LEARNING OPPORTUNITIES.]

Subdivision 1. [LEGISLATIVE FINDINGS AND PURPOSE.]

The legislature finds that there is a need to improve and strengthen educa-

tional opportunities for unique pupils who have not experienced success in traditional high school programs. A coordinated approach by various public and private agencies and organizations can develop programs to meet pupil needs. The legislature intends to assist all school districts in the state by demonstrating various ways to cooperatively serve the unique needs of all pupils.

Subd. 2. [EXEMPLARY PROGRAMS.] The state board of education shall select five exemplary programs that serve pupils who have not experienced success in traditional school programs. These programs shall be designated as centers for learning opportunities.

Subd. 3. [SELECTION FACTORS.] The state board shall base selection of exemplary programs on one or more of the following factors when it reviews program applications:

(a) The program uses formal partnerships with business, industry, community organizations, and other agencies to provide support and learning opportunities for pupils in the program.

(b) The program is supported by private foundations and agencies without restrictions.

(c) The program serves adults who do not have a high school diploma, or the equivalent, as well as secondary school pupils.

(d) The program is sponsored by school districts, agencies supported by state and federal funds, local private industry councils, and special demonstrations under the job training partnership act.

(e) The program has been developed with the involvement of cooperating school districts and regional educational organizations such as educational cooperative service units, receives funding from interdistrict cooperation revenues, and exhibits cooperative sharing of facilities, staff, and other resources.

(f) The school board and appropriate exclusive representatives have negotiated agreements to modify certain unrequested leave of absence provisions, to use guest or special expert instructors, and to receive assistance from employees of noneducational agencies. The state board of education and the board of teaching have granted, to the extent necessary, variances for programs and personnel according to their rules and procedures.

(g) The program uses opportunities available under the post-secondary enrollment options act to provide appropriate post-secondary education for pupils with assessed needs.

(h) The school districts with pupils participating in the program have entered into agreements allowing foundation revenue to follow participating pupils.

Subd. 4. [PROGRAM LOCATION.] No more than two programs may be located in the seven-county metropolitan area.

Subd. 5. [TIMING.] The state board shall determine its criteria for selection by August 1, 1986. Applications may be made until January 1, 1987. Final selection shall be made by March 1, 1987.

Subd. 6. [ADDITIONAL FUNDING.] A center for learning opportunities

may use money and services received from foundations, private organizations, and state and federal programs.

Subd. 7. [DISSEMINATION.] All programs that are selected must conduct state and regional workshops to promote the awareness of unique pupil needs and to assist districts in developing alternative ways to meet the needs.

Sec. 10. Minnesota Statutes 1984, section 121.612, subdivision 5, is amended to read:

Subd. 5. [REPORT.] By February 1, 1984, and February 1, 1985 of each year, the board of directors of the foundation shall report to the education committees of the legislature on about the progress of its activities made pursuant to the provisions of this section.

Sec. 11. Minnesota Statutes 1984, section 121.612, is amended by adding a subdivision to read:

Subd. 6. [CONTRACTS.] The board of directors may contract for professional, consulting, technical, or clerical services.

Sec. 12. Minnesota Statutes 1984, section 121.612, is amended by adding a subdivision to read:

Subd. 7. [REVENUE.] State or private money received by the foundation must be deposited in the state treasury and credited to a special account for the foundation. The foundation has sole authority to spend its money and may make reasonable expenditures to carry out the functions of the foundation. A portion of the annual amount appropriated for the foundation may be used by the board of directors for an expense allowance. The amount of and procedures for the expense allowance are as provided in section 15A.081, subdivision 8. The foundation may carry forward any unexpended balance from the first year of the biennium to the second year.

Sec. 13. Minnesota Statutes 1985 Supplement, section 121.882, subdivision 2, is amended to read:

Subd. 2. [PROGRAM CHARACTERISTICS.] Early childhood family education programs are programs for children in the period of life from birth to kindergarten, for the parents of such children, and for expectant parents. Principals shall have a major leadership role in developing these programs. The programs may include the following:

(1) programs to educate parents about the physical, mental, and emotional development of children;

(2) programs to enhance the skills of parents in providing for their children's learning and development;

(3) learning experiences for children and parents;

(4) activities designed to detect children's physical, mental, emotional, or behavioral problems that may cause learning problems;

(5) educational materials which may be borrowed for home use;

(6) information on related community resources; or

(7) other programs or activities.

The programs shall not include activities for children that do not require

substantial involvement of the children's parents. The programs shall be reviewed periodically to assure the instruction and materials are not racially, culturally, or sexually biased. The programs shall encourage parents to be aware of practices that may affect equitable development of children.

Sec. 14. Minnesota Statutes 1984, section 122.535, subdivision 2, is amended to read:

Subd. 2. [AGREEMENT.] The school board may enter into one or more agreements providing for instruction of its secondary pupils in one or more districts. The agreement shall be effective on July 1 and shall be for a specified or indefinite number of years. The agreement shall set forth the obligations of transportation, the tuition to be paid to the providing district, and all additional charges and fees to be paid to the providing district. The amount of tuition shall not be subject to the provisions of section 124.18, subdivision 2. The agreement may provide for negotiation of a plan for the assignment or employment in a providing district ~~as an exchange teacher according to section 125.13,~~ or placement on unrequested leave of absence of teachers whose positions are discontinued as a result of the agreement. *When no plan has been negotiated, a providing district that is filling a position resulting from implementation during the first 12 months of implementation of the agreement shall first offer the position to an available teacher. If no available teacher accepts the position, the board may fill the position with another teacher. For purposes of this subdivision, "available teacher" means a teacher who (1) is currently employed by a district that has entered into an agreement under this section, (2) was placed on unrequested leave of absence according to section 125.12 by a district that has entered into an agreement under this section not more than one year before implementation of the agreement, and (3) has been notified of being placed on unrequested leave of absence according to section 125.12 by a district that has entered into an agreement under this section. "Teacher" has the meaning given it in section 125.12, subdivision 1.*

Sec. 15. Minnesota Statutes 1984, section 123.39, subdivision 4, is amended to read:

Subd. 4. [ATTENDING OTHER DISTRICTS; TUITION PAID.] The board may provide for the instruction of any resident pupil in another district when inadequate room, distance to school, unfavorable road conditions, or other facts or conditions make attendance in his own district unreasonably difficult or impractical; ~~in which case such.~~ *The district of residence shall pay to the district so attended of attendance the amount of tuition agreed upon or charged, pursuant to section 124.18, subdivision 2, and may provide transportation; provided, that such.* The pupil shall continue to be a pupil of the district of his residence for the payment of apportionment and other state aids. *The board and the exclusive representative may negotiate a plan for assigning or employing teachers, as an exchange teacher according to section 125.13, in the district of attendance or for placing teachers on unrequested leave of absence if their positions are discontinued as a result of pupils attending nonresident districts under this subdivision. If no plan is negotiated, a board filling a teaching position resulting from an agreement under this subdivision shall first offer the position to an available teacher. If no available teacher accepts the position, the board may fill the position with another teacher. For purposes of this subdivision, "available teacher"*

means a teacher (1) who is currently employed by the district of residence, and (2) as a result of an agreement under this subdivision, is on or has been notified of being placed on unrequested leave of absence according to section 125.12.

Sec. 16. [123.59] [EDUCATION DISTRICTS.]

Subdivision 1. [PURPOSE.] The purpose of an education district is to increase options for learning and access to educational opportunities by facilitating cooperation and coordination among school districts and between school districts and post-secondary institutions.

Subd. 2. [CRITERIA.] An education district may be formed by a group of school districts that, at the time of formation, meets one of the following criteria:

(1) two or more districts with a combined total enrollment of more than 20,000 pupils in average daily membership; or

(2) a group of districts that has at least 5,000 pupils in average daily membership or at least five districts and, in either case, has cooperated for at least one school year under sections 122.541, 123.351, 471.59, or other formal agreements recognized by the department of education; or

(3) a group of districts that has at least 10,000 pupils in average daily membership or at least ten districts or 7,500 square miles and, in any case, has an agreement to cooperatively provide educational services.

Subd. 3. [EDUCATION DISTRICT BOARD.] Based on needs of member districts, an education district board shall coordinate the programs and services of the education district. The board shall consist of one representative appointed by the school board of each district forming the education district, except that the boards of the districts forming the education district may designate a board already established under sections 123.33, 123.351, 123.51, 123.58, chapter 136D, or section 471.59 to be the education district board. The board shall select its officers from among its members and shall specify the terms of officers.

Subd. 4. [JOINER AND WITHDRAWAL.] A process for additional districts to join the education district and for districts to withdraw from the education district shall be determined at the time of the education district formation.

Subd. 5. [DUTIES AND POWERS OF THE EDUCATION DISTRICT BOARD.] (a) The education district board shall develop and maintain a plan as specified in subdivision 7 for delivering educational services needed in the education district.

(b) The board may employ teachers and other staff as necessary to provide and support the programs and services of the education district. The board may discharge teachers according to section 125.12. Education district staff shall participate in retirement programs and may participate in any other programs available to school district staff.

(c) The board may enter into contracts with school districts and other public and private agencies to provide services needed in the education district.

(d) The board shall be governed, unless otherwise provided, by laws

applicable to independent school districts.

(e) The board shall submit a report each year about the activities of the education district to member districts on a date agreed to by the districts and by October 1 to the state board of education.

(f) The board is encouraged to publish and make available information about education district programs to the residents of an education district.

Subd. 6. [ADVISORY COUNCIL.] An advisory council, consisting of representatives from the program areas covered by the education district plan, shall be appointed by the education district board.

Subd. 7. [EDUCATION DISTRICT PLAN.] An education district board shall develop a comprehensive plan for continuous learning. The plan must address methods to improve the educational opportunities available in the education district.

The plan must be submitted for review to all educational cooperative service units serving the area in which the school districts forming the education district are located. After review by the ECSU, the plan must be submitted to the state board of education for its review and comment. The education district board shall review the plan annually and make appropriate changes.

Subd. 8. [MANDATORY PLAN COMPONENTS.] The education district plan must provide for the following:

(1) coordination of member district and education district programs for handicapped pupils, gifted and talented pupils, secondary vocational education, improved learning, community education, early childhood family education, and low incidence programs;

(2) research, planning and development functions, such as educational effectiveness programs, within the education district; and

(3) methods to meet needs for pupil health services and library services for professional staff within the educational district.

Subd. 9. [OPTIONAL PLAN COMPONENTS.] The education district plan may also include the following:

(1) methods for secondary pupils to enroll in courses in other school districts and in post-secondary institutions;

(2) methods for sharing administrative support and management services;

(3) professional development programs, including implementation of excellence in teaching and curriculum programs according to sections 126.70 to 126.72;

(4) programs that use learning time available during the summer; or

(5) use of technology to deliver education programs and provide management assistance.

Subd. 10. [ATTENDANCE IN OTHER DISTRICTS.] An education district board may provide for a pupil who is a resident of a member district to attend programs or courses offered by another district that is a member of the education district. A pupil and parent shall consult with a career teacher, counselor, or principal about attending the nonresident district. The board

may develop procedures to reimburse a district for the cost of providing instruction to a nonresident pupil or the board may follow section 124.18, subdivision 2. The resident district shall count its resident pupils attending programs or courses in another district for the purpose of state aid and levy limitations. A resident district may provide transportation and receive transportation aid for its resident pupils attending programs or courses in another district.

Subd. 11. [ATTENDANCE AT POST-SECONDARY INSTITUTIONS.] An education district board may provide for a secondary pupil who is a resident of a member district to enroll in courses offered by or in conjunction with post-secondary institutions. A pupil and parent shall consult with a career teacher, counselor, or principal about attending post-secondary courses. Credit shall be determined according to sections 123.3512 and 123.3513. Reimbursement for instruction offered by the post-secondary institution may be determined according to an agreement between the post-secondary institution and the education district board. A resident and nonresident district may provide transportation on a regular school bus route for any pupil enrolled in a course offered by a post-secondary institution. This subdivision does not prevent a pupil from attending a post-secondary institution under section 123.3514.

Subd. 12. [FILLING TEACHING POSITIONS.] When an education district board or a school board of a district that is a member of the education district is filling a position resulting from implementation of the education district plan, the board shall first offer the position, as an exchange teacher according to section 125.13, to an available teacher. If no available teacher accepts the position, the board may fill the position with another teacher. For purposes of this subdivision, "available teacher" means a teacher who (1) is currently employed by a district that is a member of an education district, (2) was placed on unrequested leave of absence according to section 125.12 or 125.17 not more than one year before the formation of the education district by a district that is a member of the education district, (3) was placed on unrequested leave of absence according to section 125.12 or 125.17 after the formation of the education district by a district that is a member of the education district, or (4) has been notified of being placed on unrequested leave of absence according to section 125.12 or 125.17 by a district that is a member of an education district. "Teacher" has the meaning given it in section 125.12, subdivision 1.

Subd. 13. [EDUCATIONAL COOPERATIVE SERVICE UNITS.] If requested, educational cooperative service units shall provide assistance to districts in establishing education districts. The assistance may include determination of appropriate boundaries of the education district and development of the comprehensive plan for learning. The educational cooperative service units may provide any other services requested by the education district.

Subd. 14. [REPORT TO LEGISLATURE.] By January 15 of each year the state board of education shall report to the education committees of the legislature about the education districts that are established and the programs offered.

amended to read:

Subdivision 1. ~~The Each~~ school board ~~of each school district in the state~~ shall adopt a written planning, evaluation, and reporting policy ~~which that~~ establishes: (1) instructional goals and measurable learner objectives for the district; (2) a process for achieving these goals; ~~that assures consistency between the goals and the learner expectations;~~ (3) a process to provide pupils with guidance in educational planning; and (4) procedures for evaluating and reporting progress toward the goals. These goals shall include meeting the curriculum requirements adopted by the state board of education. The school board shall review this policy each year and identify annual instructional goals and measurable learner objectives to be addressed during the current school year. School boards are encouraged to develop this ~~school district~~ policy and any revisions after consultation with the staff of each school building. In formulating the policy, the school board ~~of a district~~ is encouraged to consider: (a) the number of dropouts of school age in the district and the reasons for the dropouts; (b) existing programs within the district for dropouts and potential dropouts and (c) program needs of dropouts and potential dropouts.

Sec. 18. Minnesota Statutes 1985 Supplement, section 123.741, subdivision 6, is amended to read:

Subd. 6. [REPORT.] By ~~September~~ October 1 of each even-numbered year, the school board shall adopt a report which shall include the following:

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

(b) appropriate evaluation of the annual instructional goals;

(c) the results of the professional staff evaluation including local assessment data obtained pursuant to section 123.742, subdivision 2, and any additional appropriate test data;

(d) the results of the consumer evaluation;

(e) the annual school district improvement plans; and

(f) a plan for implementing an assurance of mastery program.

Every other year the report shall include an evaluation of the assessment programs pursuant to subdivision 7.

The school board shall disseminate the report to all residents of the district by publication in the local newspaper with the largest circulation in the district, by newsletter, or through the United States postal service. The report shall be on file and available for inspection by the public. A copy of the report which is disseminated to the community shall be sent to the commissioner of education by ~~September~~ October 1 of each even-numbered year. The school board shall provide a copy of the commissioner's response to the report to the curriculum advisory committee. All activities and reports pursuant to this section shall comply with chapter 13, and any other law governing data on individuals in school districts.

Sec. 19. Minnesota Statutes 1985 Supplement, section 123.742, subdivision 1a, is amended to read:

Subd. 1a. [STATE CURRICULUM ADVISORY COMMITTEE; LEGIS-

LATIVE REPORT.] The commissioner shall appoint an 11-member state curriculum advisory committee to advise the state board and the department on the planning, evaluation, and reporting process. The committee shall consist of nine members, one appointed from each educational cooperative service unit, and two at-large members. The committee shall include representation from the state board of education, parents, teachers, administrators, and school board members. Each member shall be a present or past member of a school district curriculum advisory committee. The committee shall provide information and recommendations on at least the following:

- (1) department procedures for approving reports and disseminating information;
- (2) exemplary planning, evaluation, and reporting processes; and
- (3) recommendations for improving the planning, evaluation, and reporting process.

By ~~January~~ February 1 of each year, the commissioner shall prepare a report for the education committees of the legislature on the planning, evaluation, and reporting program, which shall include the recommendations of the state curriculum advisory committee.

Sec. 20. [124.261] [ADULT LITERACY PROGRAM.]

Subdivision 1. [PURPOSE OF THE PROGRAM.] To provide adults who are without the fundamental skills needed to be self-sufficient, to participate fully in society, to improve learning, and to improve the quality of life, state aid shall be paid. Adult literacy programs are designed for motivated adults to achieve education above the minimum levels. A district with a program approved by the commissioner of education may levy and receive aid according to this section. Reasonable fees may be charged to participate in the program.

Subd. 2. [ADDITIONAL FUNDING.] Money from public or private organizations may be used by a district to supplement the revenue available under this section.

Subd. 3. [LIMITATION:] A district may receive revenue under this section or section 124.26 but not both.

Subd. 4. [MAXIMUM REVENUE.] The maximum revenue a district may receive under this section is an amount equal to the product of .002 times the foundation aid formula allowance for the current school year, multiplied by the population of the district. The district population, for the purposes of this section, is as provided in section 275.14 or as certified by the commissioner of education from the most recent federal census if that is requested by the district.

Subd. 5. [AID.] If a district levies for its adult literacy program according to section 39, it shall receive adult literacy aid equal to:

- (1) the difference between the maximum revenue, as set forth in subdivision 4, and the permitted levy attributable to the same school year, times*
- (2) the ratio of the district's actual levy to its permitted levy attributable to the same school year.*

Subd. 6. [USE OF REVENUE.] Adult literacy revenue shall be used only

for adult literacy programs.

Sec. 21. Minnesota Statutes 1984, section 124.272, subdivision 1, is amended to read:

Subdivision 1. [LIMITATION.] This section shall not apply to ~~Special School District No. 1, Independent School Districts Nos. 11, 625, and 709, or to school districts which are members of Intermediate School Districts Nos. 287, 916, and 917. Special school district No. 1 and independent school districts Nos. 11, 625, and 709 shall be eligible only if they are implementing an education district plan according to section 16.~~

Sec. 22. Minnesota Statutes 1984, section 124.272, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE DISTRICTS.] A district shall be eligible for inter-district cooperation aid if it has entered into a cooperation agreement and if it has a cooperation plan approved by the commissioner of education *or if it is implementing an education district plan according to section 16.*

Sec. 23. Minnesota Statutes 1985 Supplement, section 124.272, subdivision 3, is amended to read:

Subd. 3. [COOPERATION PLAN.] To receive aid or to levy pursuant to section 275.125, subdivision 8a a district shall submit to the commissioner of education an application for aid by August 15. The application shall *certify that the district intends to implement an education district plan according to section 16* or contain the following:

(a) a three-year plan to improve the district curriculum, which gives priority to offering of any of the following: a three-year mathematics sequence in grades 10 to 12, a three-year science sequence in grades 10 to 12, a two-year foreign language sequence, elementary and secondary courses in computer usage, or other programs recommended by the state board;

(b) an assurance that the proposed curriculum in clause (a) has been developed in conjunction with the planning, evaluation, and reporting process of section 123.741;

(c) a copy of the cooperation agreement;

(d) a description of the proposed increase in curriculum offerings resulting from the agreement;

(e) the estimated instructional cost of the cooperation plan for the following fiscal year;

(f) the attributable administrative cost, that may not exceed five percent of the instructional costs, of the cooperation plan for the following fiscal year; and

(g) other information required by the commissioner.

Sec. 24. Minnesota Statutes 1984, section 124.272, subdivision 4, is amended to read:

Subd. 4. [DEFINITION.] (a) A district's "interdistrict cooperation revenue" shall equal the lesser of:

(1) \$50 times the actual pupil units for that school year;

(2) the estimated cost to the district of the interdistrict cooperation program for the school year to which the levy is attributable; or

(3) \$50,000.

Beginning in the 1987-1988 school year, the interdistrict cooperation revenue for a district that has entered into an education district may be increased by the lesser of \$25 times the actual pupil units for that school year or \$25,000.

(b) A district's "interdistrict cooperation levy limitation" means its levy limitation computed according to section 275.125, subdivision 8a.

Sec. 25. Minnesota Statutes 1984, section 124.272, is amended by adding a subdivision to read:

Subd. 4a. [LIMITATION ON USE OF REVENUE.] The proceeds of the interdistrict cooperation revenue may only be used to pay for instructional costs and administrative costs, that may not exceed five percent of the instructional costs, incurred in providing the program offerings resulting from the cooperation plan. However, the five percent limitation on administrative costs does not apply to the increased revenue for a district that has entered into an education district.

Sec. 26. Minnesota Statutes 1984, section 124A.03, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM LEVY.] (1) The levy authorized by subdivision 1 may be increased in any amount which is approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum shall be held on a date set by the school board. Only two elections may be held to approve a levy increase which will commence in a specific school year. The ballot shall state the maximum amount of the increased levy in mills, the amount that will be raised by that millage in the first year it is to be levied, and that the millage shall be used to finance school operations. The ballot may designate a specific number of years for which the referendum authorization shall apply. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the levy proposed by (petition to) the board of _____, School District No. _____, be approved?"

If approved, the amount provided by the approved millage applied to each year's taxable valuation shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(2) A referendum on the question of revoking or reducing the increased levy amount authorized pursuant to clause (1) of this subdivision may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. A levy approved by the voters of the district pursuant to clause (1) of this subdivision must be made at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one such revocation or reduction election may be held to revoke or reduce a levy for any specific year and for years thereafter.

(3) A petition authorized by clause (1) shall be effective if signed by a number of qualified voters in excess of 15 percent, or ten percent if the school board election is held in conjunction with a general election, of the average number of voters at the two most recent district wide school elections. A referendum invoked by petition shall be held within three months of submission of the petition to the school board.

(4) A petition authorized by clause (2) shall be effective if signed by a number of qualified voters in excess of five percent of the residents of the school district as determined by the most recent census. *In a district that has held an election to reduce or revoke a specific levy authority, any petition for a later election to reduce or revoke that authority is effective only if signed by a number of qualified voters in excess of ten percent of the residents of the school district as determined by the most recent census.* A revocation or reduction referendum invoked by petition shall be held within three months of submission of the petition to the school board.

(5) Notwithstanding any law to the contrary, the approval of 50 percent plus one of those voting on the question is required to pass a referendum.

(6) Within 30 days after the district holds a referendum pursuant to this clause, the district shall notify the commissioner of education of the results of the referendum.

Sec. 27. Minnesota Statutes 1984, section 124A.03, is amended by adding a subdivision to read:

Subd. 4a. [SUMMER EDUCATIONAL IMPROVEMENT LEVY.] Each year a district may levy for summer educational improvement an amount equal to the following product:

(a) the district's summer educational improvement revenue allowance, as defined in section 28, for the summer in the next calendar year, times

(b) the lesser of

(1) one, or

(2) the ratio of the quotient derived by dividing the adjusted assessed valuation of the district in the second preceding year by the total pupil units in the district in the current regular school year, to the equalizing factor for the current school year.

Sec. 28. Minnesota Statutes 1985 Supplement, section 124A.033, subdivision 2, is amended to read:

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

(1) "Summer program pupil units" means full-time equivalent pupil units, computed under section 124.17, for summer programs and intersession classes of flexible school year programs.

(2) "Summer program revenue allowance" means an amount equal to the product of the number of summer program pupil units in a district, times the

foundation aid formula allowance as defined in section 124A.02 for the preceding regular school year.

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

(4) "Summer educational improvement revenue allowance" means an amount equal to the product of 0.005 times the number of actual pupil units in the preceding school year, times the formula allowance for the preceding school year.

Sec. 29. Minnesota Statutes 1984, section 124A.033, is amended by adding a subdivision to read:

Subd. 6. [SUMMER EDUCATIONAL IMPROVEMENT AID.] Summer educational improvement aid for each summer shall be paid in the fiscal year during which the summer ends. For the summer of 1987 and each summer thereafter, a district shall receive summer educational improvement aid equal to:

(1) the difference between the district's summer educational improvement revenue allowance and the permitted levy, according to section 27, times

(2) the ratio of the district's actual levy to its permitted levy, certified in the calendar year prior to the summer.

Sec. 30. Minnesota Statutes 1984, section 124A.033, is amended by adding a subdivision to read:

Subd. 7. [USES OF AID AND LEVY.] Summer educational improvement aid and levy may be used for expenditures during the summer for curriculum development, staff development, parent or community involvement, experimental educational delivery systems, and other measures designed for improved learning.

Sec. 31. [125.033] [LICENSURE EXCEPTION.]

Notwithstanding any law to the contrary, a teacher holding at least one secondary license in English language arts, mathematics, social studies, developmental reading, or remedial reading may teach any of the listed subject areas even if not licensed during the time the teacher is teaching at a center for learning opportunities according to section 9.

Sec. 32. Minnesota Statutes 1984, section 134.31, subdivision 2, is amended to read:

Subd. 2. The department of education shall give advice and instruction to the managers of any public library or to any governing body maintaining a library or empowered to do so by law upon any matter pertaining to the organization, maintenance, or administration of libraries. The department may also give advice and instruction, as requested, to the managers of any library in a post-secondary educational institution institutions, state agencies, governmental units, nonprofit organizations, or private entities. It shall assist, to the extent possible, in the establishment and organization of library service in those areas where adequate services do not exist, and may aid in improving previously established library services.

Sec. 33. Minnesota Statutes 1984, section 134.31, subdivision 3, is

amended to read:

Subd. 3. The department may provide, for any library in the state, books, journals, audiovisual items, ~~reference~~ *information* services or resource materials it deems appropriate and necessary and shall encourage the sharing of library resources and the development of interlibrary cooperation.

Sec. 34. [135A.10] [CREDIT FOR ADVANCED PLACEMENT PROGRAM.]

Subdivision 1. [POLICY AND PROCEDURES TO AWARD CREDIT.] The board of regents of the University of Minnesota, the state university board, and the state board for community colleges shall each develop a clear and uniform policy for its system for awarding post-secondary credit toward a degree for a student who earns an acceptable score on an advanced placement program examination. Each policy must include procedures to inform students and prospective students about credit award and procedures to assure implementation on each campus. The higher education coordinating board shall assist in developing the policy.

Subd. 2. [DATA ABOUT CREDIT AWARD.] Each year the University of Minnesota, state universities, and community colleges must provide the higher education coordinating board information and data about credit awarded for advanced placement program examinations.

Sec. 35. Minnesota Statutes 1984, section 136D.27, is amended to read:

136D.27 [TAX LEVIES, CERTIFICATES OF INDEBTEDNESS.]

Each year the joint school board ~~may each year~~, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred for ~~area vocational technical schools~~, may certify to each participating school district the ~~tax levy specified in section 275.125, subdivision 13, clause (2).~~ Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for special education and .7 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. However, if an intermediate district is implementing an education district plan according to section 16, the proceeds of these additional levies may be used for any expenses of implementation. Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any district under 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. The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.

Sec. 36. Minnesota Statutes 1984, section 136D.74, subdivision 2, is amended to read:

Subd. 2. [TAX LEVY.] The intermediate school board may in each year for the purpose of paying any administrative, planning, operating, or capital

expenses incurred or to be incurred certify to each county auditor of each county in which said intermediate school district shall lie, as a single taxing district, ~~the tax levy specified in section 275.125, subdivision 13, clause (2).~~ Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and .5 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. *However, if an intermediate district is implementing an education district plan according to section 16, the proceeds of these additional levies may be used for any expenses of implementation.* Said annual tax levies shall be certified pursuant to section 124.02. Upon such certification the county auditor or auditors and other appropriate county officials shall levy and collect such levies and remit the proceeds of collection thereof to the intermediate school district as in the case with independent school districts. Such levies shall not be included in computing the limitations, if any, upon the levy of the intermediate district or any of the participating districts under 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.

Sec. 37. Minnesota Statutes 1984, section 136D.87, is amended to read:

136D.87 [TAX LEVIES, CERTIFICATES OF INDEBTEDNESS.]

Each year the joint school board may each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred for area vocational technical schools, may certify to each participating school district the tax levy specified in section 275.125, subdivision 13, clause (2). Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and .5 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. *However, if an intermediate district is implementing an education district plan according to section 16, the proceeds of these additional levies may be used for any expenses of implementation.* Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any district under 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. The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.

Sec. 38. Minnesota Statutes 1985 Supplement, section 275.125, subdivision 8a, is amended to read:

Subd. 8a. [INTERDISTRICT COOPERATION LEVY.] Each year, a district which is eligible for aid pursuant to section 124.272, subdivision 2, may levy the amount of the estimated instructional and administrative costs of the interdistrict cooperation plan for the year to which the levy is attributable, but the levy shall not exceed the lesser of: (1) \$50 times the actual pupil units for that school year; (2) \$50,000; or (3) one mill times the adjusted assessed

valuation of the district for the preceding year. The proceeds of the levy may only be used to pay for instructional costs and administrative costs, that may not exceed five percent of the instructional costs, incurred in providing the program offerings resulting from the cooperation plan. For a district that has entered into an education district, the levy may be increased by the lesser of \$25 times the actual pupil units or \$25,000. The total amount levied under this subdivision may not exceed one mill.

Sec. 39. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 8d. [ADULT LITERACY LEVY.] A district may levy for its adult literacy program. The amount levied shall not exceed the lesser of:

(1) .2 mill times the adjusted assessed valuation of the district for the year preceding the year the levy is certified; or

(2) the maximum revenue, as set forth in section 20, subdivision 4, for the year for which the levy is attributable.

Sec. 40. Minnesota Statutes 1984, section 298.24, subdivision 3, is amended to read:

Subd. 3. (a) A credit in the amount of not to exceed four cents per gross ton of taxable iron ore concentrate produced shall be allowed against the tax imposed by subdivision 1, with respect to the production of iron ore concentrate from taconite plants which, together with the lands upon which they are located and lands used in connection with the mining, quarrying and concentration of taconite and buildings, machinery, equipment and other fixtures used in the production of taconite, and notwithstanding the provisions of section 298.25, have by law been made subject to direct taxes for the payment of principal and interest on bonds issued by a school district or city.

(b) Notwithstanding clause (a), a credit of not to exceed seven cents shall be allowed a producer for the payment of taxes for bonds, and interest on them, issued by Independent School District 703, for which the producer's property has been made subject to direct taxes.

(c) Notwithstanding clause (a), a credit of not to exceed four cents shall be allowed a producer for the payment of taxes for bonds, and interest on them, issued by independent school district No. 701, for which the producer's property has been made subject to direct taxes.

(d) The credit allowed in this subdivision shall be allowed against taxes payable in the calendar years following the issuance and sale of the bonds until the total credit allowed in all years equals the total liability of the producer for direct taxes for the payment of the bonds and interest. If necessary to equal the total liability of the producer, the credit may be taken in years after the years when the taxes for the bond principal and interest were paid.

The amount of credit allowable hereunder in any year with respect to production from any plant subjected to direct taxes shall not exceed the amount of the direct taxes levied in the prior year against the plant for the bonds and interest and the indebtedness secured thereby, except if the credit allowed does not equal the amount levied in the prior year, then the unused credits of prior years may be used for the deficiency.

Sec. 41. Minnesota Statutes 1984, section 465.72, is amended to read:

465.72 [SEVERANCE PAY.]

Subdivision 1. [GENERALLY.] Except as may otherwise be provided in subdivision 2 and in Laws 1959, Chapter 690, as amended, any county, city, township, school district or other governmental subdivision may pay severance pay to its employees and promulgate rules for the payment of severance pay to an employee who leaves employment on or before or subsequent to the normal retirement date. Severance pay shall also include the payment of accumulated vacation leave, accumulated sick leave or a combination thereof. The severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits. It shall be paid in a manner mutually agreeable to the employee and employer over a period not to exceed five years from retirement or termination of employment. If a retired or terminated employee dies before all or a portion of the severance pay has been disbursed, that balance due shall be paid to a named beneficiary or, lacking same, to the deceased's estate. In no event shall severance pay provided for an employee leaving employment exceed an amount equivalent to one year of pay.

Subd. 2. [EXCEPTION TO LIMITATIONS.]

The provisions of subdivision 1 requiring that severance pay be paid over a period not to exceed five years from retirement or termination of employment and that severance pay not exceed an amount equivalent to one year of pay do not apply to severance pay to school district employees in the form of payment of accumulated sick leave that is used to make contributions on behalf of the employee or former employee toward premiums for group insurance policies provided by the school district.

This subdivision applies only to payments made prior to July 1, 1986, and to payments made under contracts executed, ratified, and in effect on July 1, 1986. Any payments of severance pay made by school districts according to this subdivision before July 1, 1986, are validated.

Sec. 42. [SECONDARY VOCATIONAL RULE CHANGE.]

According to its authority in Minnesota Statutes, section 121.11, the state board of education shall amend Minnesota Rules, part 3505.5300, subpart 3, to allow two hours of preparation time to be eligible for secondary vocational aid when the vocational education teaching assignment is five instructional contact hours. Minnesota Statutes, sections 14.26 to 14.28, shall apply to this rule amendment. Other sections of chapter 14 shall not apply. Notwithstanding any law to the contrary, the rule shall be effective for aid paid for the 1985-1986 school year and thereafter.

Sec. 43. Laws 1985, First Special Session chapter 12, article 8, section 63, subdivision 2, is amended to read:

Subd. 2. [TEACHER EXAMINATIONS.] For duties related to teacher examinations there is appropriated:

\$105,000_____1986,

\$ 75,000_____1987.

\$30,000 of the fiscal year 1986 appropriation is to evaluate teaching skills of beginning teachers and \$75,000 each year is for development of teacher

examinations. *Any unexpended balance of this appropriation for fiscal year 1986 shall not cancel but shall be available for fiscal year 1987.*

Sec. 44. Laws 1985, First Special Session chapter 12, article 8, section 62, subdivision 3, is amended to read:

Subd. 3. [ACADEMIC EXCELLENCE FOUNDATION.] For support of the academic excellence foundation according to Minnesota Statutes, section 121.612, there is appropriated:

\$89,000 _____ 1986,

\$84,000 _____ 1987.

\$5,000 of the fiscal year 1986 appropriation shall be used for expenses related to the operation of the task force established in section 60, subdivision 1.

Any unexpended balance from the appropriation for the academic excellence foundation for fiscal year 1986 shall not cancel but shall be available until June 30, 1987.

Sec. 45. [AUTHORIZATION OF HIBBING BONDS AND TAX LEVIES.]

Subdivision 1. [AMOUNT; PROCEDURE.] *Independent school district No. 701, Hibbing, may issue bonds in an aggregate principal amount not exceeding \$2,000,000, in addition to any bonds already issued or authorized, to finance the acquisition and betterment of school buildings and facilities. Except as permitted by this section, the bonds shall be authorized, sold, and issued in accordance with Minnesota Statutes, chapter 475, except that no election shall be required to authorize their issuance except as provided in subdivision 2, and the bonds shall not constitute net debt within the meaning of Minnesota Statutes, section 475.53.*

Subd. 2. [NOTICE; ELECTION.] *Prior to the issuance of the bonds, the school board shall publish in the official newspaper of the district a resolution authorizing their issuance, and if within ten days after such publication there is filed with the school district clerk a petition requesting an election on the proposition of issuing the bonds signed by qualified voters in number equal to ten percent of the number of qualified voters voting at the last general election in the district, the bonds shall not be issued unless and until such proposition has been approved by a majority of the votes cast thereon at a regular or special election.*

Subd. 3. [LEVY.] *After the sale and before the delivery of any bonds under authority of this section, the school board shall, by resolution, levy upon all taxable property in the school district, a direct, general ad valorem tax for each year of the term of the bonds in amounts which, if collected in full and added to the minimum amounts required to be paid to the district under subdivision 7 are sufficient to pay when due the principal of and interest on the bonds. A copy of the resolution shall be filed and the taxes levied shall be collected as specified in Minnesota Statutes, section 475.61. A resolution of the board levying taxes for the payment of the bonds and interest on them as authorized by this section and pledging the proceeds of the levies for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475 with respect to*

the levying of taxes for their payment.

Subd. 4. [DEFICIENCIES.] Bonds issued under authority of this section shall be general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the collections of the taxes levied pursuant to subdivision 2 or in the amounts required to be paid to the district under subdivision 7 they shall be made good by general levies, not subject to limit, on all taxable property in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.

Subd. 5. [EFFECT ON OTHER LEVIES.] Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.

Subd. 6. [INDEBTEDNESS LIMITATIONS.] Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.

Subd. 7. [PAYMENTS TO DISTRICT; APPROPRIATIONS.] Commencing with taxes payable in 1987, the commissioner of revenue shall deduct and pay to independent school district No. 701 on or before October 1 of each year, an amount equal to four cents per gross ton of taxable iron concentrate produced or to 90 percent of the debt service coming due on or before the second following January 1 on all bonds issued by the district pursuant to subdivision 1, whichever is greater, from the taxes paid pursuant to sections 298.23 to 298.28 by a person, corporation, partnership, operator, joint venture, or other owner of a taconite plant and taconite properties located in the school district. The deduction shall be made from the amount which would otherwise have been distributed to northeast Minnesota economic protection fund in the apportionment fund in the state treasury under section 298.28, subdivision 1. A sum is annually appropriated to the commissioner from the proceeds of the taxes sufficient to make the payments required by this section.

Subd. 8. [PAYMENTS WHEN PRODUCTION DECREASES OR STOPS.] If the producer described in subdivision 7 ceases operations or decreases its operations so that the amount of the deduction of four cents per gross ton of concentrate produced is insufficient to raise the minimum amount required to be paid annually under subdivision 7, then the difference between the deduction of four cents per gross ton of concentrate produced and such minimum amount shall be paid as provided in section 298.225.

Subd. 9. [DEPOSIT AND USE OF FUNDS.] The revenue received pursuant to this section by independent school district No. 701 shall be deposited in the bond redemption fund of the district and shall be used only to pay debt service on bonds issued pursuant to subdivision 1.

Subd. 10. [TERMINATION.] The deduction and payment of taxes authorized in subdivisions 7 and 8 shall terminate upon the payment in full, or

the discharge of the district's obligation to pay in full, the principal of and interest on all bonds issued pursuant to subdivision 1.

Subd. 11. [COMPLIANCE.] This section is effective the day after the school board of independent school district No. 701 complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 46. [AUTHORIZATION OF VIRGINIA BONDS AND TAX LEVIES.]

Subdivision 1. [AMOUNT; PROCEDURE.] Independent school district No. 706, Virginia, may issue bonds in an aggregate principal amount not exceeding \$2,000,000, in addition to any bonds already issued or authorized, to finance the acquisition and betterment of school buildings and facilities. Except as permitted by this section, the bonds shall be authorized, sold, and issued in accordance with Minnesota Statutes, chapter 475, except that no election shall be required to authorize their issuance except as provided in subdivision 2, and the bonds shall not constitute net debt within the meaning of Minnesota Statutes, section 475.53.

Subd. 2. [NOTICE; ELECTION.] Prior to the issuance of the bonds, the school board shall publish in the official newspaper of the district a resolution authorizing their issuance, and if within ten days after such publication there is filed with the school district clerk a petition requesting an election on the proposition of issuing the bonds signed by qualified voters in number equal to ten percent of the number of qualified voters voting at the last general election in the district, the bonds shall not be issued unless and until such proposition has been approved by a majority of the votes cast thereon at a regular or special election.

Subd. 3. [LEVY.] After the sale and before the delivery of any bonds under authority of this section, the school board shall, by resolution, levy upon all taxable property in the school district, a direct, general ad valorem tax for each year of the term of the bonds in amounts which, if collected in full and added to the minimum amounts required to be paid to the district under subdivision 7 are sufficient to pay when due the principal of and interest on the bonds. A copy of the resolution shall be filed and the taxes levied shall be collected as specified in Minnesota Statutes, section 475.61. A resolution of the board levying taxes for the payment of the bonds and interest on them as authorized by this section and pledging the proceeds of the levies for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475 with respect to the levying of taxes for their payment.

Subd. 4. [DEFICIENCIES.] Bonds issued under authority of this section shall be general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the collections of the taxes levied pursuant to subdivision 2 or in the amounts required to be paid to the district under subdivision 7 they shall be made good by general levies, not subject to limit, on all taxable property in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.

Subd. 5. [EFFECT ON OTHER LEVIES.] Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.

Subd. 6. [INDEBTEDNESS LIMITATIONS.] Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.

Subd. 7. [PAYMENTS TO DISTRICT; APPROPRIATIONS.] Commencing with taxes payable in 1987, the commissioner of revenue shall deduct and pay to independent school district No. 706 on or before October 1 of each year, an amount equal to four cents per gross ton of taxable iron concentrate produced or to 90 percent of the debt service coming due on or before the second following January 1 on all bonds issued by the district pursuant to subdivision 1, whichever is greater, from the taxes paid pursuant to sections 298.23 to 298.28 by a person, corporation, partnership, operator, joint venture, or other owner of a taconite plant and taconite properties located in the school district. The deduction shall be made from the amount which would otherwise have been distributed to northeast Minnesota economic protection fund in the apportionment fund in the state treasury under section 298.28, subdivision 1. A sum is annually appropriated to the commissioner from the proceeds of the taxes sufficient to make the payments required by this section.

Subd. 8. [PAYMENTS WHEN PRODUCTION DECREASES OR STOPS.] If the producer described in subdivision 7 ceases operations or decreases its operations so that the amount of the deduction of four cents per gross ton of concentrate produced is insufficient to raise the minimum amount required to be paid annually under subdivision 7, then the difference between the deduction of four cents per gross ton of concentrate produced and such minimum amount shall be paid as provided in section 298.225.

Subd. 9. [DEPOSIT AND USE OF FUNDS.] The revenue received pursuant to this section by independent school district No. 706 shall be deposited in the bond redemption fund of the district and shall be used only to pay debt service on bonds issued pursuant to subdivision 1.

Subd. 10. [TERMINATION.] The deduction and payment of taxes authorized in subdivisions 7 and 8 shall terminate upon the payment in full, or the discharge of the district's obligation to pay in full, the principal of and interest on all bonds issued pursuant to subdivision 1.

Subd. 11. [COMPLIANCE.] This section is effective the day after the school board of independent school district No. 706 complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 47. [AUTHORIZATION OF EVELETH BONDS AND TAX LEVIES.]

Subdivision 1. [AMOUNT; PROCEDURE.] Independent school district No. 697, Eveleth, may issue bonds in an aggregate principal amount not exceeding \$1,500,000, in addition to any bonds already issued or authorized, to finance the acquisition and betterment of school buildings and facilities. Except as permitted by this section, the bonds shall be authorized, sold, and

issued in accordance with Minnesota Statutes, chapter 475, except that no election shall be required to authorize their issuance except as provided in subdivision 2, and the bonds shall not constitute net debt within the meaning of Minnesota Statutes, section 475.53.

Subd. 2. [NOTICE; ELECTION.] Prior to the issuance of the bonds, the school board shall publish in the official newspaper of the district a resolution authorizing their issuance, and if within ten days after such publication there is filed with the school district clerk a petition requesting an election on the proposition of issuing the bonds signed by qualified voters in number equal to ten percent of the number of qualified voters voting at the last general election in the district, the bonds shall not be issued unless and until such proposition has been approved by a majority of the votes cast thereon at a regular or special election.

Subd. 3. [LEVY.] After the sale and before the delivery of any bonds under authority of this section, the school board shall, by resolution, levy upon all taxable property in the school district, a direct, general ad valorem tax for each year of the term of the bonds in amounts which, if collected in full and added to the minimum amounts required to be paid to the district under subdivision 7 are sufficient to pay when due the principal of and interest on the bonds. A copy of the resolution shall be filed and the taxes levied shall be collected as specified in Minnesota Statutes, section 475.61. A resolution of the board levying taxes for the payment of the bonds and interest on them as authorized by this section and pledging the proceeds of the levies for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475 with respect to the levying of taxes for their payment.

Subd. 4. [DEFICIENCIES.] Bonds issued under authority of this section shall be general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the collections of the taxes levied pursuant to subdivision 2 or in the amounts required to be paid to the district under subdivision 7 they shall be made good by general levies, not subject to limit, on all taxable property in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.

Subd. 5. [EFFECT ON OTHER LEVIES.] Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.

Subd. 6. [INDEBTEDNESS LIMITATIONS.] Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.

Subd. 7. [PAYMENTS TO DISTRICT; APPROPRIATIONS.] Commencing with taxes payable in 1986, the commissioner of revenue shall deduct and pay to independent school district No. 697 on or before October 1 of each year, an amount equal to five cents per gross ton of taxable iron

concentrate produced or to 75 percent of the debt service coming due on or before the second following January 1 on all bonds issued by the district pursuant to subdivision 1, whichever is greater, from the taxes paid pursuant to sections 298.23 to 298.28 by a person, corporation, partnership, operator, joint venture, or other owner of a taconite plant and taconite properties located in the school district. The deduction shall be made from the amount which would otherwise have been distributed to northeast Minnesota economic protection fund in the apportionment fund in the state treasury under section 298.28, subdivision 1. A sum is annually appropriated to the commissioner from the proceeds of the taxes sufficient to make the payments required by this section.

Subd. 8. [PAYMENTS WHEN PRODUCTION DECREASES OR STOPS.] If the producer described in subdivision 7 ceases operations or decreases its operations so that the amount of the deduction of five cents per gross ton of concentrate produced is insufficient to raise the minimum amount required to be paid annually under subdivision 7, then the difference between the deduction of five cents per gross ton of concentrate produced and such minimum amount shall be paid as provided in section 298.225.

Subd. 9. [DEPOSIT AND USE OF FUNDS.] The revenue received pursuant to this section by independent school district No. 697 shall be deposited in the debt redemption fund of the district and shall be used only to pay debt service on bonds issued pursuant to subdivision 1.

Subd. 10. [TERMINATION.] The deduction and payment of taxes authorized in subdivisions 7 and 8 shall terminate upon the payment in full, or the discharge of the district's obligation to pay in full, the principal of and interest on all bonds issued pursuant to subdivision 1.

Subd. 11. [COMPLIANCE.] This section is effective the day after the school board of independent school district No. 697 complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 48. [EXCESS CAPITAL EXPENDITURE LEVY.]

Subdivision 1. [1986.] Independent school district No. 97, Moose Lake, may levy up to \$75,000 in 1986 for capital expenditure purposes in addition to all other levies for capital expenditure and other purposes.

Subd. 2: [1987.] Independent school district No. 97, Moose Lake, may levy up to \$70,000 in 1987 for capital expenditure purposes in addition to all other levies for capital expenditure and other purposes.

Subd. 3. [REFERENDUM.] The authorization for the levy in subdivision 1 or 2 may be revoked or reduced as provided in this subdivision. A referendum on the question of revoking or reducing the authorized amount shall be called on the written petition of a number of qualified voters in excess of 15 percent of the average number of voters of the two most recent district-wide school elections. A petition to revoke or reduce the levy authorized by subdivision 1 must be received by September 1, 1986, and the referendum must be held by October 10, 1986. A petition to revoke or reduce the levy authorized by subdivision 2 must be received by September 1, 1987, and the referendum must be held by October 10, 1987. The ballot must state the number of mills required to raise the authorized amount. The ballot question must read substantially as follows:

"Shall the authority to make an extra levy for capital expenditures in (year) granted to independent school district No. 97 in (this act) be (revoked/reduced from \$_____ to \$_____)?"

In other respects, the referendum shall be conducted as other elections are conducted under sections 134A.03 and 123.32.

Sec. 49. [PLAN FOR AUTOMATION OF STATE LIBRARIES.]

The commissioner of education shall develop a plan to address automation needs of state agency libraries. The plan shall include methods to:

- (1) strengthen government information services available to agencies and the public;
- (2) improve coordination and cooperation among state agency libraries; and
- (3) eliminate unnecessary duplication.

Other state agencies and the legislative reference library shall cooperate with the commissioner in developing this plan. The state law library may cooperate in developing this plan. By August 15, 1986, the plan shall be reported to the governor, education committees of the legislature, and senate finance and house appropriations committees.

Sec. 50. [SCHOOL HEALTH SERVICES STUDY.]

By February 1, 1987, the commissioner of education shall make recommendations about school health services to the education committees of the legislature, senate finance committee, and house appropriations committee. The study shall focus on minimizing the interference to learning of acute and chronic health problems and on developing healthy lifestyles for learners of all ages. The study must include:

- (1) a description of the range of health services provided to and by school districts, state activities relating to school health programs, including current school health requirements;
- (2) evaluation of the existing programs, including licensed school nurse staffing patterns and the relationship of staffing and services provided for the health needs of the school population;
- (3) evaluation of medication administration policies, procedures, and related liability issues;
- (4) alternative model programs;
- (5) existing and potential alternative funding sources; and
- (6) recommendations for improving existing programs or establishing new programs.

The commissioner of education shall collaborate with the commissioner of health and the commissioner of human services for aspects of the study.

Sec. 51. [REPORT TO LEGISLATURE.]

The policy required under section 34 must be developed and reported by each system to the education committees of the legislature by February 1, 1987.

Sec. 52. [REPEALER.]

Section 42 is repealed.

Sec. 53. [EFFECTIVE DATE.]

Sections 26 and 42 are effective the day following final enactment. Section 52 is effective June 30, 1987. Sections 7, 20, 35, 36, and 37 are effective July 1, 1987. Sections 2, 3, and 4 are effective for the 1988-1989 school year and thereafter."

Delete the title and insert:

"A bill for an act relating to education; requiring special education for children and their families from birth through age two; establishing centers for learning opportunities; establishing education districts with additional interdistrict cooperation revenue; establishing aid and levy for adult literacy programs; establishing aid and levy for summer educational improvement programs; requiring post-secondary policies for advanced placement programs; allowing additional uses for intermediate school district levies; establishing certain exceptions for school district employees for severance pay; authorizing certain bonds and tax levies for certain school districts; amending Minnesota Statutes 1984, sections 120.05, subdivision 6; 120.17, by adding a subdivision; 121.496; 121.612, subdivision 5; and by adding subdivisions; 122.535, subdivision 2; 123.39, subdivision 4; 123.741, subdivision 1; 124.272, subdivisions 1, 2, and 4, and by adding a subdivision; 124A.03, subdivision 2, and by adding a subdivision; 124A.033, by adding subdivisions; 134.31, subdivisions 2 and 3; 136D.27; 136D.74, subdivision 2; 136D.87; 275.125, by adding a subdivision; 298.24, subdivision 3; and 465.72; Minnesota Statutes 1985 Supplement, sections 120.17, subdivisions 1, 3, 3a, 12, and 13; 121.882, subdivision 2; 123.741, subdivision 6; 123.742, subdivision 1a; 124.272, subdivision 3; 124A.033, subdivision 2; and 275.125, subdivision 8a; Laws 1985, First Special Session chapter 12, article 8, sections 62, subdivision 3; and 63, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 121; 123; 124; 125; and 135A."

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

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

S.F. No. 1403: A bill for an act relating to taxation; exempting certain nonprofit nursing homes from taxation; amending Minnesota Statutes 1984, section 272.02, subdivision 1.

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

Page 1, lines 13 and 14, delete the new language

Page 1, after line 14, insert:

"(4) All licensed and medical assistance-certified nursing homes that are operated by a nonprofit corporation organized under chapter 317 or an organization that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1985;"

Renumber the clauses in sequence

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

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

S.F. No. 1774: A bill for an act relating to state departments and agencies; providing for inspections of certain facilities and imposition of fines; amending Minnesota Statutes 1984, sections 144.55, subdivision 4; and 245.805.

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

Page 2, lines 1 to 4, reinstate the stricken language

Page 3, line 9, delete "no later than 30 days" and insert "within a reasonable time"

Page 3, line 12, delete everything after the comma and insert "the commissioner shall notify the operator of the commissioner's proposed fines for failure to comply with the correction order."

Page 3, delete line 13

Page 3, line 16, delete everything before the comma and insert "the commissioner's notification of proposed fines"

Page 3, line 23, before "The" insert "In each rule adopted or amended after the effective date of this section,"

Page 3, line 24, delete "promulgate by rule" and insert "adopt"

Page 3, line 25, after the period insert "Until the commissioner has adopted a schedule of fines in a rule, the schedule of fines in this subdivision applies."

(a) For deficiencies that the commissioner determines are administrative in nature and do not directly have adverse effects on the health, safety, or welfare of individuals, the commissioner shall assess a fine of \$250 for each uncorrected deficiency and may assess the fine for each day the deficiency remains uncorrected.

(b) For deficiencies that the commissioner determines have an undesirable effect on the quality or quantity of services provided to individuals but do not adversely affect the health or safety of individuals, the commissioner shall assess a fine of \$500 for each uncorrected deficiency and may assess the fine for each day the deficiency remains uncorrected.

(c) For deficiencies that the commissioner determines adversely affect the health or safety of individuals or are violations of section 626.556, subdivisions 9 and 12, or section 626.557, subdivisions 14 and 15; the commissioner shall assess a fine of \$1,000 for each uncorrected deficiency and may assess the fine for each day the deficiency remains uncorrected."

Page 4, line 12, after "3" insert "and shall order the operator to pay all costs associated with the contested case proceeding, including reasonable

attorney's fees."

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. 2086: A bill for an act relating to tax-forfeited lands; requiring a conveyance of tax-forfeited land in St. Louis county.

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

Delete everything after the enacting clause and insert:

"Section 1. [ST. LOUIS COUNTY LAND CONVEYANCE.]

(a) Notwithstanding any law to the contrary, the state of Minnesota and St. Louis County may convey to Clyde E. Arnberg and Lilah E. Arnberg, Box 2345, Star Route, Virginia, Minnesota 55792, land in St. Louis county identified as Lot C, Plat Da Bi Na Wa that forfeited for unpaid property taxes. The price for the land must be the same as that provided under Minnesota Statutes, section 281.02.

(b) The attorney general shall prepare the instrument of conveyance.

(c) The property to be sold was forfeited to the state for unpaid taxes as a result of a recording error. The Arnbergs were unaware that the taxes were not paid and were not notified of the proceeding that forfeited the property.

Sec. 2. [EFFECTIVE DATE.]

This act is effective the day after final enactment."

Amend the title as follows:

Page 1, line 2, delete "requiring" and insert "providing"

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

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

S.F. No. 2130: A bill for an act relating to labor; independent school district No. 709, Duluth; removing certain educational assistants from civil service; amending Laws 1967, chapter 252, section 2, as amended.

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

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

S.F. No. 1903: A bill for an act relating to workers' compensation; regulating the obligations and administration of the special compensation fund; regulating the payment and right to benefits; compensation court of appeals; regulating attorneys' fees; providing for the administration of claims; pro-

viding penalties; amending Minnesota Statutes 1984, sections 176.041, subdivision 4; 176.081, subdivision 1; 176.101, subdivisions 2, 3f, and 3v; 176.104, subdivision 1; 176.105, subdivision 4; 176.111, subdivisions 6, 12, 15, and 20; 176.129, subdivision 8; 176.131, subdivisions 1a and 3; 176.135, subdivision 1a; 176.138; 176.179; 176.225, subdivision 1; 176.231, subdivisions 1 and 10; 176.242, subdivision 2; 176.243, subdivision 3; 176.361, subdivision 1; 176.421, subdivision 6; 176.461; 176.521, subdivision 3; 176.603; 176.611, subdivision 2; Minnesota Statutes 1985 Supplement, section 176.101, subdivision 3e; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; repealing Minnesota Statutes 1984, sections 176.265; 176.431; 176.441; and 176.611, subdivisions 3 and 4.

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

Pages 1 and 2, delete sections 2 and 3 and insert:

“Sec. 2. Minnesota Statutes 1984, section 79.251, subdivision 3, is amended to read:

Subd. 3. [RATES.] Insureds served by the assigned risk plan shall be charged premiums based upon a rating plan, including a merit rating plan adopted by the commissioner by rule. The commissioner shall annually, not later than January 1 of each year, establish the schedule of rates applicable to assigned risk plan business. Assigned risk premiums shall not be lower than rates generally charged by insurers for the business. The commissioner shall fix the compensation received by the agent of record. The establishment of the assigned risk plan rates and agent fees are not subject to chapter 14. The commissioner shall adopt a schedule of workers' compensation insurance rates for use in this state for each classification under which assigned risk plan insurance is written. The schedule of rates shall not be excessive, inadequate, or unfairly discriminatory. In adopting a schedule of rates, the commissioner may act on the written petition of any insurer writing contracts of insurance under the assigned risk plan, or an insured subject to the assigned risk plan, or other interested party requesting that a hearing be held for modification of the schedule of rates. The commissioner may include the expense of a reasonable charge for the services of an agent of record.

Upon receipt of a petition for an increase in the existing schedule of rates, the commissioner shall determine whether the petition sets forth facts that show the existing schedule of rates is inadequate and in need of modification so as to indicate a need to hold a hearing. The commissioner may decline to grant a hearing if the insurer petitioner has failed to provide adequate information, as required by the commissioner or as requested upon receipt of a petition. The commissioner rejecting a petition for a hearing shall give notice of that determination to the petitioning party within 30 days of receipt of the petition and state the reasons for the rejection.

If the commissioner accepts the petition, the commissioner shall order a hearing on matters set forth in the petition requesting a modification of the schedule of rates. The hearing shall be held pursuant to the contested case procedures in chapter 14. The burden of proof shall be on the petitioning party.

Sec. 3. Minnesota Statutes 1984, section 79.58, is amended by adding a

subdivision to read:

Subd. 3. [EXPERIENCE RATING PLANS.] The commissioner shall disapprove any experience rating plan of a data service organization or insurer that establishes an annual premium requirement in excess of \$1,000.

Sec. 4. Minnesota Statutes 1984, section 79.60, subdivision 1, is amended to read:

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

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

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

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

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

(e) Keep a record and report losses incurred as the result of claims of injured workers claiming benefits under Minnesota law for which a policy was issued and premiums paid in another state; and

(f) Keep a record and report investment income earned on premiums and reserves attributable to Minnesota business.

"Loss experience data" for the purpose of clause (a) are incurred losses less an insurer's claims for reimbursement from the reinsurance association, second injury fund, and subrogation.

Sec. 5. Minnesota Statutes 1984, section 79.61, subdivision 1, is amended to read:

79.61 [DATA SERVICE ORGANIZATIONS; REQUIRED AND PERMITTED ACTIVITY.]

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

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

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

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

(i) development factors and alternative derivations;

(ii) trend factors and alternative derivations and applications;

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

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

The report shall also include explicit discussion and explanation of methodology, alternatives examined, assumptions adopted, and areas of judgment and reasoning supporting judgments entered into, and the effect of various combinations of these elements on indications for modification of an overall pure premium rate level change. The pure premium relativities *shall be based on verified reports of insurer's premiums and losses*, and rate level indications shall not include a loading for expenses or profit and no expense or profit data or recommendations relating to expense or profit shall be included in the report or collected by a data service organization. *Losses are net losses after deductions for reimbursable losses from reinsurance, second injury fund, and subrogation;*

(d) Collect, compile, summarize, and distribute data from members or other sources pursuant to a statistical plan approved by the commissioner. *All data collected from members shall be subject to regular and routine audit for accuracy and completeness. All compilations, summaries, or reports shall be issued only when the accuracy has been confirmed and sworn to under oath by the issuing data service organization as accurate and complete;*

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

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

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

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

Sec. 6. Minnesota Statutes 1984, section 176.041, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYMENTS EXCLUDED.] This chapter does not apply to a person employed by a common carrier by railroad engaged in interstate or foreign commerce and who is covered by the Federal Employers' Liability Act, United States Code, title 45, sections 51 to 60, or other comparable federal law; to a person employed by a family farm as defined by section 176.011, subdivision 11a, or the spouse, parent, and child, regardless of age, of a farmer-employer working for the farmer-employer; to a partner engaged in a farm operation or a partner engaged in a business and the spouse, parent, and child, regardless of age, of a partner in the farm operation or business; to an executive officer of a family farm corporation; to an

executive officer of a closely held corporation referred to in section 176.012; to a spouse, parent, or child, regardless of age, of an executive officer of a family farm corporation as defined in section 500.24, subdivision 2, and employed by that family farm corporation; to a spouse, parent, or child, regardless of age, of an executive officer of a closely held corporation referred to in section 176.012; to another farmer or to a member of the other farmer's family exchanging work with the farmer-employer or family farm corporation operator in the same community; to a person whose employment at the time of the injury is casual and not in the usual course of the trade, business, profession, or occupation of the employer; persons who are independent contractors as defined by rules adopted by the commissioner pursuant to section 176.83 except that this exclusion does not apply to an employee of an independent contractor; nor does this chapter apply to an officer or a member of a veterans' organization whose employment relationship arises solely by virtue of attending meetings or conventions of the veterans' organization, unless the veterans' organization elects by resolution to provide coverage under this chapter for the officer or member.

Neither does the chapter apply to a person employed as a household worker in, for, or about a private home or household who earns less than \$500 \$1,000 in cash in a three-month period from a single private home or household provided that a household worker who has earned \$500 \$1,000 or more from the household worker's present employer in a three-month period within the previous year is covered by this chapter regardless of whether or not the household worker has earned \$500 \$1,000 in the present quarter.

This chapter does not apply to those persons employed by a corporation if those persons are related by blood or marriage, within the third degree of kindred according to the rules of civil law, to the officers of the corporation, and if the corporation files a written election with the commissioner to have those persons excluded from this chapter except that a written election is not required for a person who is otherwise excluded from this chapter by this section.

This chapter does not apply to a nonprofit association which does not pay more than \$500 \$1,000 in salary or wages in a year.

This chapter does not apply to persons covered under the Domestic Volunteer Service Act of 1973, as amended, 42 U.S.C. sections 5011, et. seq.

Sec. 7. Minnesota Statutes 1984, section 176.041, subdivision 2, is amended to read:

Subd. 2. [EXTRA-TERRITORIAL APPLICATION.] If an employee who regularly performs the primary duties of his employment within this state, ~~or who is hired within this state,~~ receives an injury while outside of this state in the employ of the same employer, the provisions of this chapter shall apply to such injury ~~unless the transfer is normally considered to be permanent.~~ If a resident of this state is transferred outside the territorial limits of the United States as an employee of a Minnesota employer, he shall be presumed to be temporarily employed outside of this state while so employed.

Sec. 8. Minnesota Statutes 1984, section 176.041, subdivision 3, is amended to read:

Subd. 3. [TEMPORARY OUT-OF-STATE EMPLOYMENT.] If an

employee hired in this state by a Minnesota employer, receives an injury while temporarily employed outside of this state, such injury shall be subject to the provisions of this chapter. ~~If the employer's business is in Minnesota and the employee's residence is in Minnesota, employment outside of this state shall be considered temporary.~~

Sec. 9. Minnesota Statutes 1984, section 176.041, is amended by adding a subdivision to read:

Subd. 5a. [OUT-OF-STATE INJURIES.] Except as specifically provided by subdivisions 2 and 3, injuries occurring outside of this state are not subject to this chapter."

Pages 3 and 4, delete section 5 and insert:

"Sec. 11. Minnesota Statutes 1984, section 176.081, subdivision 7, is amended to read:

Subd. 7. If the employer or insurer files a denial of liability, notice of discontinuance, or fails to make payment of compensation or medical expenses within the statutory period after notice of injury or occupational disease, or otherwise unsuccessfully resists the payment of compensation or medical expenses, or unsuccessfully disputes the payment of rehabilitation benefits or other aspects of a rehabilitation plan, and the injured person has employed an attorney at law, who successfully procures payment on behalf of the employee or who enables the resolution of a dispute with respect to a rehabilitation plan, the compensation judge, commissioner, or the workers' compensation court of appeals upon appeal, upon application, shall award to the employee against the insurer or self-insured employer or uninsured employer, in addition to the compensation benefits paid or awarded to the employee, an amount equal to 25 percent of that portion of the attorney's fee which has been awarded pursuant to this section that is in excess of \$250, *except in cases where the employer or insurer has denied primary liability, 100 percent of reasonable attorney fees may be awarded."*

Pages 6 and 7, delete section 8 and insert:

"Sec. 14. Minnesota Statutes 1984, section 176.103, subdivision 2, is amended to read:

Subd. 2. [SCOPE.] (a) The commissioner shall monitor the medical and surgical treatment provided to injured employees, the services of other health care providers and shall also monitor hospital utilization as it relates to the treatment of injured employees. This monitoring shall include determinations concerning the appropriateness of the service, whether the treatment is necessary and effective, the proper cost of services, the quality of the treatment, the right of providers to receive payment under this chapter for services rendered or the right to receive payment under this chapter for future services. The commissioner may penalize, disqualify, or suspend a provider from receiving payment for services rendered under this chapter, if the commissioner determines that the provider has violated any part of this chapter or rule adopted under this chapter. The commissioner's authority under this section also includes the authority to make determinations regarding any other activity involving the questions of utilization of medical services, and any other determination the commissioner deems necessary for the proper administration of this section.

Except as provided in paragraph (b) of this subdivision, the commissioner has the sole authority to make determinations under this section with a right of appeal to the medical services review board as provided in subdivision 3 and the workers' compensation court of appeals. A compensation judge has no jurisdiction in making determinations under this section.

(b) The commissioner has authority under this section to make determinations regarding medical causation. Objections to these determinations shall be referred to the chief administrative law judge for a de novo hearing before a compensation judge, with a right to review by the workers' compensation court of appeals, as provided in this chapter.

Sec. 15. Minnesota Statutes 1985 Supplement, section 176.103, subdivision 3, is amended to read:

Subd. 3. [MEDICAL SERVICES REVIEW BOARD; SELECTION; POWERS.] (a) There is created a medical services review board *as an independent board* composed of the commissioner or the commissioner's designee as an ex officio member, two persons representing chiropractic, one person representing hospital administrators, and six physicians representing different specialties which the commissioner determines are the most frequently utilized by injured employees. The board shall also have one person representing employees, one person representing employers or insurers, and one person representing the general public. The members shall be appointed by the commissioner *of administration* and shall be governed by section 15.0575. Terms of the board's members may be renewed. The board shall appoint from among its clinical members a clinical advisory subcommittee on clinical quality and a clinical advisory subcommittee on clinical cost containment. Each subcommittee shall consist of at least three members one of whom shall be a member who is not a chiropractor or licensed physician.

The commissioner *of administration* may appoint alternates for one-year terms to serve as a member when a member is unavailable. The number of alternates shall not exceed one chiropractor, one hospital administrator, three physicians, one employee representative, one employer or insurer representative, and one representative of the general public.

The clinical quality subcommittee shall review clinical results for adequacy and recommend to the commissioner scales for disabilities and apportionment.

The clinical cost containment subcommittee shall review and recommend to the commissioner rates for individual clinical procedures and aggregate costs. The subcommittees shall make regular reports to the board and the commissioner which shall evaluate the reports for the purpose of determining whether or not a particular health care provider continues to qualify for payment under this chapter or is subject to any other sanctions or penalties authorized under this section and to determine whether an employee has been off work longer than necessary.

In evaluating the clinical consequences of the services provided to an employee by a clinical health care provider, the board shall consider the following factors in the priority listed:

- (1) the clinical effectiveness of the treatment;
- (2) the clinical cost of the treatment; and

(3) the length of time of treatment.

In its consideration of these factors, the board shall utilize the information and recommendations developed by the subcommittees. In addition, the board shall utilize any other data developed by the subcommittees pursuant to the duties assigned to the subcommittees under this section.

After making a determination, the board shall submit its recommendation in writing to the commissioner. The board shall advise the commissioner on the adoption of rules regarding all aspects of medical care and services provided to injured employees.

(b) The board shall appoint three of its members to hear appeals from decisions of the commissioner regarding quality control and supervision of medical care; any other disputes regarding medical, surgical, and hospital care; decisions regarding the eligibility of medical providers to receive payments; or any other determinations of the commissioner pursuant to subdivision 2. The three-member panel shall be composed of one member who does not represent a health care specialty, one member who represents the same specialty as the specialty at issue or, if the same specialty is not available, one member whose specialty is as close as possible considering the board's composition, and one member representing a different specialty. The three-member panel shall conduct a hearing in the same manner, giving the same notice and following other procedures required of the rehabilitation review panel in section 176.102, subdivision 3a. A majority vote of the three-member panel constitutes the decision of the full board. This decision may be appealed to the workers' compensation court of appeals.

(c) In any situation where a conflict of interest prevents the appointment of a full three-member panel or in any other situation where the commissioner deems it necessary to resolve a conflict of interest, the commissioner may appoint a temporary substitute board member to serve until the situation creating the conflict of interest has been resolved.

(d) The board may adopt rules of procedure. The rules may be joint rules with the rehabilitation review panel.

(e) The board shall, pursuant to the administrative procedure act, adopt rules: (1) requiring health care providers to furnish clinical results data to the board; (2) requiring health care providers to furnish clinical cost data to the board; and (3) requiring insurers, within 30 days after an individual has reached maximum medical improvement, to furnish aggregate cost data to the board. The department shall collect the data the board by rule requires and shall compile and analyze the data in the manner the board by rule directs."

Page 12, after line 21, insert:

"Sec. 25. Minnesota Statutes 1984, section 176.135, subdivision 1, is amended to read:

Subdivision 1. [MEDICAL, CHIROPRACTIC, PODIATRIC, SURGICAL, HOSPITAL.] (a) The employer shall furnish any medical, chiropractic, podiatric, surgical and hospital treatment, including nursing, medicines, medical, chiropractic, podiatric, and surgical supplies, crutches and apparatus, including artificial members, or, at the option of the employee, if the

employer has not filed notice as hereinafter provided, Christian Science treatment in lieu of medical treatment, chiropractic medicine and medical supplies, as may reasonably be required at the time of the injury and any time thereafter to cure and relieve from the effects of the injury. This treatment shall include treatments necessary to physical rehabilitation. The employer shall furnish replacement or repair for artificial members, glasses, or spectacles, artificial eyes, podiatric orthotics, dental bridge work, dentures or artificial teeth, hearing aids, canes, crutches or wheel chairs damaged by reason of an injury arising out of and in the course of the employment. In case of the employer's inability or refusal seasonably to do so the employer is liable for the reasonable expense incurred by or on behalf of the employee in providing the same. The employer shall pay for the reasonable value of nursing services by a member of the employee's family in cases of permanent total disability. *Except as provided in paragraph (b) of this subdivision,* orders of the commissioner with respect to this subdivision may be reviewed by the medical services review board pursuant to section 176.103. Orders of the medical services review board with respect to this subdivision may be reviewed by the workers' compensation court of appeals on petition of an aggrieved party pursuant to section 176.103. Orders of the court of appeals may be reviewed by writ of certiorari to the supreme court.

(b) The commissioner has authority to make determinations regarding medical causation and regarding the question whether the medical condition, which required the furnished treatment or supplies, is a consequence of the injury. Objections to any order of the commissioner with respect to this paragraph shall be referred to the chief administrative law judge for a de novo hearing before a compensation judge, with a right to review by the workers' compensation court of appeals, as provided in this chapter."

Page 14, after line 23, insert:

"Sec. 29. Minnesota Statutes 1984, section 176.181, subdivision 2, is amended to read:

Subd. 2. [COMPULSORY INSURANCE; SELF-INSURERS.] (1) Every employer, except the state and its municipal subdivisions, liable under this chapter to pay compensation shall insure payment of compensation with some insurance carrier authorized to insure workers' compensation liability in this state, or obtain a written order from the commissioner of commerce exempting the employer from insuring his liability for compensation and permitting him to self-insure the liability. The terms, conditions and requirements governing self-insurance shall be established by the commissioner pursuant to chapter 14. The commissioner of commerce shall also adopt, pursuant to clause (2)(c), rules permitting two or more employers, whether or not they are in the same industry, to enter into agreements to pool their liabilities under this chapter for the purpose of qualifying as group self-insurers. With the approval of the commissioner of commerce, any employer may exclude medical, chiropractic and hospital benefits as required by this chapter. An employer conducting distinct operations at different locations may either insure or self-insure the other portion of his operations as a distinct and separate risk. An employer desiring to be exempted from insuring his liability for compensation shall make application to the commissioner of commerce, showing his financial ability to pay the compensation, whereupon by written order the commissioner of commerce may make an exemption

as he deems proper. The commissioner of commerce may require further statements of financial ability of the employer to pay compensation. Upon ten days written notice the commissioner of commerce may revoke his order granting an exemption, in which event the employer shall immediately insure his liability. As a condition for the granting of an exemption the commissioner of commerce may require the employer to furnish security the commissioner of commerce considers sufficient to insure payment of all claims under this chapter. If the required security is in the form of currency or negotiable bonds, the commissioner of commerce shall deposit it with the state treasurer. In the event of any default upon the part of a self-insurer to abide by any final order or decision of the commissioner of labor and industry directing and awarding payment of compensation and benefits to any employee or the dependents of any deceased employee, then upon at least ten days notice to the self-insurer, the commissioner of commerce may by written order to the state treasurer require him to sell the pledged and assigned securities or a part thereof necessary to pay the full amount of any such claim or award with interest thereon. This authority to sell may be exercised from time to time to satisfy any order or award of the commissioner of labor and industry or any judgment obtained thereon. When securities are sold the money obtained shall be deposited in the state treasury to the credit of the commissioner of commerce and awards made against any such self-insurer by the commissioner of commerce shall be paid to the persons entitled thereto by the state treasurer upon warrants prepared by the commissioner of commerce and approved by the commissioner of finance out of the proceeds of the sale of securities. Where the security is in the form of a surety bond or personal guaranty the commissioner of commerce, at any time, upon at least ten days notice and opportunity to be heard, may require the surety to pay the amount of the award, the payments to be enforced in like manner as the award may be enforced.

(2)(a) No association, corporation, partnership, sole proprietorship, trust or other business entity shall provide services in the design, establishment or administration of a group self-insurance plan under rules adopted pursuant to this subdivision unless it is licensed to do so by the commissioner of commerce. An applicant for a license shall state in writing the type of activities it seeks authorization to engage in and the type of services it seeks authorization to provide. The license shall be granted only when the commissioner of commerce is satisfied that the entity possesses the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered. The commissioner of commerce may issue a license subject to restrictions or limitations, including restrictions or limitations on the type of services which may be supplied or the activities which may be engaged in. The license is for a two year period.

(b) To assure that group self-insurance plans are financially solvent, administered in a fair and capable fashion, and able to process claims and pay benefits in a prompt, fair and equitable manner, entities licensed to engage in such business are subject to supervision and examination by the commissioner of commerce.

(c) To carry out the purposes of this subdivision, the commissioner of commerce may promulgate administrative rules, including emergency rules, pursuant to sections 14.01 to 14.70. These rules may:

(i) establish reporting requirements for administrators of group self-insurance plans;

(ii) establish standards and guidelines to assure the adequacy of the financing and administration of group self-insurance plans;

(iii) establish bonding requirements or other provisions assuring the financial integrity of entities administering group self-insurance plans;

(iv) establish standards, including but not limited to minimum terms of membership in self-insurance plans, as necessary to provide stability for those plans;

(v) establish standards or guidelines governing the formation, operation, administration and dissolution of self-insurance plans; and

(vi) establish other reasonable requirements to further the purposes of this subdivision.

(d) To provide small businesses with the opportunity to self-insure on a group basis, the commissioner of commerce shall promulgate group self-insurance plan rules for groups of employers whose total earned premium prior to entering into a group self-insurance plan is not less than \$100,000. The rules shall provide:

(i) a waiver of joint and several liability requirements of the employers in the group of self-insurance plan where adequate alternative insurance or security is provided to insure payment of all claims;

(ii) a method to assist small business group self-insurance plans to obtain alternative insurance or security;

(iii) procedures by which the workers' compensation reinsurance association shall provide alternative insurance or security and the rates and charges for the insurance or security. No application for alternative insurance or security coverage shall be accepted for coverage unless the group self-insurance plan has been refused by at least two reinsurance or excess insurance insurers; and

(iv) for midterm termination of existing workers compensation insurance contracts without penalty in order to expedite creation of a group self-insurance plan."

Page 14, line 35, delete the new language

Page 15, line 2, before the period, insert "; or

(e) unreasonably or vexatiously discontinued compensation in violation of section 176.242"

Page 17, line 4, before the period, insert "for the purpose of obtaining a medical report"

Page 18, after line 3, insert:

"Sec. 36. Minnesota Statutes 1984, section 176.271, subdivision 2, is amended to read:

Subd. 2. Before a proceeding is initiated pursuant to subdivision 1 the party contemplating initiation of a proceeding shall notify the party against whom the proceeding will be directed including an employer who has an interest in

the matter and shall state the relief that will be sought in the proceeding. If the party to whom the notice is directed does not respond to the satisfaction of the party supplying the notice within 15 days of the receipt of the notice a proceeding may be initiated pursuant to subdivision 1.

A party that intends to deny a claim on the basis that the injury did not arise out of or in the course of employment or that the injury was not caused by a previously admitted work-related personal injury must, in addition to filing an answer under section 176.321, make the denial in writing, to the party serving notice under this subdivision within 15 days of the serving of the notice.

This notification is not required in cases where compliance with this subdivision would result in the claim being barred by section 176.151 or other sections or a proceeding under section 176.103, 176.242 or 176.243 or other proceeding for which the commissioner determines this notice is not necessary.

Sec. 37. Minnesota Statutes 1984, section 176.275, is amended to read:

176.275 [FILING OF PAPERS.]

The workers' compensation division, the office of administrative hearings, and the workers' compensation court of appeals shall file any paper which has been delivered to it for filing immediately upon its receipt in the office of the commissioner of the department of labor and industry. The commissioner of the department of labor and industry shall file any paper which has been delivered to him for filing immediately upon its receipt if the paper to be filed complies with all requirements of law and rule.

Sec. 38. Minnesota Statutes 1984, section 176.291, is amended to read:

176.291 [DISPUTES AND DEFAULTS; PROCEDURE.]

Where there is a dispute as to a question of law or fact in connection with a claim for compensation, or where there has been a default in the payment of compensation for a period of ten days, *and there has been full compliance with section 176.271*, a party may ~~present~~ serve on all other parties and file a verified petition ~~to~~ with the commissioner stating the matter in dispute or the fact of default.

The petition shall also state and include:

- (1) names and residence *or business address* of parties;
- (2) facts relating to the employment at the time of *personal injury*, including amount of wages received;
- (3) extent and character of *personal injury*;
- (4) notice to or knowledge by employer of *personal injury* including a copy of any notice required by section 176.271;
- (5) *copies of written medical reports necessary to support the claim of personal injury, if appropriate*;
- (6) facts which the commissioner by rule requires; and,
- ~~(6)~~ (7) such other facts as are necessary for the information of the commissioner, a compensation judge or the workers' compensation court of appeals.

Sec. 39. Minnesota Statutes 1984, section 176.301, subdivision 1, is amended to read:

Subdivision 1. [TRIAL BY COURT; REFERENCE TO COMMISSIONER.] When issue has been joined in the district court action, the court may try the action itself without a jury, or refer the matter to the commissioner. ~~In the latter case, the commissioner shall refer the matter to the chief administrative law judge for assignment to a compensation judge. The compensation judge shall report his findings and decisions to the district court. The court may approve or disapprove such decision in the same manner as it approves or disapproves the report of a referee. The court shall enter judgment upon such decision.~~

Sec. 40. Minnesota Statutes 1984, section 176.305, is amended to read:

Subdivision 1. [HEARINGS ON PETITIONS.] The petitioner shall serve a copy of the petition on each adverse party personally or by first class mail. The original petition shall then be filed with the commissioner together with an appropriate affidavit of service. When ~~any~~ the petition has been filed with the ~~workers' compensation division~~ commissioner alleges only a claim for permanent partial disability or permanent total disability, the commissioner shall, within ten days, refer the matter presented by the petition to a settlement judge. The settlement judge shall schedule a settlement conference if appropriate within 60 days. If a settlement conference is not appropriate, or if such a conference or conferences do not result in progress toward a settlement, the settlement judge shall certify the matter for a hearing before a compensation judge and shall refer the matter to the chief administrative law judge to be heard by a compensation judge.

Subd. 2. [REHABILITATION BENEFITS.] *If the petition filed with the commissioner alleges only a claim for rehabilitation benefits, the commissioner shall proceed pursuant to section 176.102.*

Subd. 3. [MEDICAL ISSUES.] *If the petition filed with the commissioner alleges only claims relating to medical and surgical treatment, the appropriateness of the treatment or service, whether the treatment is necessary and effective, the proper cost of services, the quality of the treatment, the right of providers to receive payment under this chapter for services rendered or the right to receive payment under this chapter for future services, the commissioner shall proceed pursuant to section 176.103.*

Subd. 4. [PRIMARY LIABILITY OR CAUSATION DENIAL.] *If the petition filed with the commissioner alleges a claim for the initial payment of workers' compensation benefits, for which the employer or insurer has under section 176.271, subdivision 2, denied liability either on the basis that the personal injury did not arise out of and in the course of employment or that the personal injury now claimed was not caused by a previously admitted work related personal injury, the commissioner shall proceed under this subdivision.*

If upon a review of the petition, the commissioner determines that medical evidence is necessary to prove or disprove the claim and the medical reports on file with the workers' compensation division are insufficient, the commissioner shall immediately arrange for the employee to be examined by up to two health care providers. At the same time the commissioner, in consul-

tation with the chief administrative law judge, shall give notice of the date, time, and place for a hearing which shall be no more than 20 days following the filing of the petition. The petition shall then be immediately forwarded to the office of administrative hearings.

For the purpose of interpretation of this subdivision, it is the intent of the legislature to provide for immediate hearings to employees who are being denied workers' compensation benefits so that an early determination of the liability for benefits can be made.

Subd. 5. [COPY OF PETITION.] The commissioner shall deliver the original petition and answer, after certification for a hearing before a compensation judge by a settlement judge pursuant to subdivision 1, to the office of administrative hearings for assignment to a compensation judge.

Subd. 3 6. [TESTIMONY.] Where the chief administrative law judge has substituted a compensation judge originally assigned to hear a matter, the testimony taken before the substitute compensation judge shall be considered as though taken before the judge before whom it was originally assigned.

Sec. 41. Minnesota Statutes 1984, section 176.306, is amended by adding a subdivision to read:

Subd. 3. [EXPEDITED HEARINGS.] Hearings held pursuant to section 176.305, subdivision 4, must be conducted within 20 days following the filing of a petition.

Sec. 42. Minnesota Statutes 1984, section 176.312, is amended to read:

176.312 [AFFIDAVIT AFFIDAVITS OF PREJUDICE AND PETITIONS FOR REASSIGNMENT.]

An affidavit of prejudice for cause may be filed by a party to the claim against a compensation judge, in the same manner as an affidavit of prejudice is filed pursuant to law or rule of district court pursuant to rules adopted by the chief administrative law judge. The filing of an affidavit of prejudice for cause against a compensation judge has the same effect and shall be treated in the same manner as in district court.

A petition for reassignment of a case to a different compensation judge may be filed once, in any case, by a party to the claim within ten days after the filing party has received notice of the assigned judge. Upon receipt of a timely petition for reassignment, the chief administrative law judge shall assign the case to another judge.

An affidavit of prejudice or a petition for reassignment shall be filed with the chief administrative law judge and shall not result in the continuance or delay of hearings scheduled pursuant to section 176.305, subdivision 4.

For the purpose of this section, in the event of multiple employers or insurers, all shall be considered as one party.

Sec. 43. Minnesota Statutes 1984, section 176.341, is amended to read:

176.341 [HEARING ON PETITION.]

Subdivision 1. [TIME.] Except for hearings scheduled pursuant to section 176.305, subdivision 4, upon receipt of a matter from the commissioner, the chief administrative law judge shall fix a time and place for hearing the peti-

tion. The hearing shall be held as soon as practicable and at a time and place determined by the chief administrative law judge to be the most convenient for the parties, keeping in mind the intent of chapter 176 and the requirements of section 176.306.

Subd. 2. [PLACE.] Unless otherwise ordered by the chief administrative law judge, the hearing shall be held in the county where the injury or death occurred.

Subd. 3. [NOTICE MAILED TO EACH PARTY.] *Except for hearings scheduled pursuant to section 176.305, subdivision 4, at least 30 days prior to the date of hearing, the chief administrative law judge shall mail a notice of the time and place of hearing to each interested party. This subdivision does not apply to hearings which have been continued from an earlier date. In those cases, the notice shall be given in a manner deemed appropriate by the chief administrative law judge after considering the particular circumstances in each case.*

Page 18, after line 35, insert:

"Subdivisions 3 to 6 do not apply to matters pending in the mediation or rehabilitation and medical services sections.

Sec. 45. Minnesota Statutes 1984, section 176.361, subdivision 2, is amended to read:

Subd. 2. [WRITTEN APPLICATION.] A person desiring to intervene in a workers' compensation case as a party, including but not limited to a health care provider who has rendered services to an employee or an insurer who has paid benefits under section 176.191, shall submit a timely written application to intervene to the compensation or settlement judge to whom the case has been assigned. If the case has not yet been assigned, the application shall be made to the calendar judge if the case has been certified to the office, or to the division if the case has not been certified to the office *or to the mediation or rehabilitation and medical services section if the matter is pending in that section.*

(a) The application must be served on all parties either personally, by first class mail, or registered mail, return receipt requested. An application to intervene must be served and filed within ~~60~~ 30 days after a person has received notice that a ~~petition claim~~ has been filed ~~as provided in this section or a request for mediation made~~. An untimely ~~motion~~ application is subject to denial under subdivision 7.

(b) In any other situation, timeliness will be determined by the judge *or awarding authority* in each case based on circumstances at the time of filing. The application must show how the ~~moving party's~~ applicant's legal rights, duties, or privileges may be determined or affected by the case; state the grounds and purposes for which intervention is sought; and indicate the ~~moving party's~~ statutory right to intervene. The application must be accompanied by the following, if applicable, *except that if the action is pending in the mediation or rehabilitation and medical services section, clause (6) is not required and the information listed in clauses (1) to (5) may be brought to the conference rather than attached to the application:*

(1) an itemization of disability payments showing the period during which

the payments were or are being made; the weekly or monthly rate of the payments; and the amount of reimbursement claimed;

(2) a summary of the medical or treatment payments, or rehabilitation services provided by the division of vocational rehabilitation, broken down by creditor, showing the total bill submitted, the period of treatment or rehabilitation covered by that bill, the amount of payment on that bill, and to whom the payment was made;

(3) copies of all medical or treatment bills on which some payment was made;

(4) copies of the work sheets or other information stating how the payments on medical or treatment bills were calculated;

(5) a copy of the relevant policy or contract provisions upon which the claim for reimbursement is based;

(6) a proposed order allowing intervention with sufficient copies to serve on all parties;

(7) the name and telephone number of the person representing the intervenor who has authority to reach a settlement of the issues in dispute;

(8) proof of service or copy of the registered mail receipt;

(9) at the option of the intervenor, a proposed stipulation which states that all of the payments for which reimbursement is claimed are related to the injury or condition in dispute in the case and that, if the petitioner is successful in proving the compensability of the claim, it is agreed that the sum be reimbursed to the intervenor; and

(10) if represented by an attorney, the name, address, telephone number, and Minnesota Supreme Court license number of the attorney.

Sec. 46. Minnesota Statutes 1984, section 176.371, is amended to read:

176.371 [AWARD OR DISALLOWANCE OF COMPENSATION.]

Subdivision 1. [NONEXPEDITED HEARINGS.] The compensation judge to whom a petition has been assigned for hearing, shall hear all competent, relevant evidence produced at the hearing. All questions of fact and law submitted to a compensation judge at the hearing shall be disposed of and the judge's decision shall be filed with the commissioner within 60 days after the submission, unless sickness or casualty prevents a timely filing, or the time is extended by written consent of the parties, or the chief administrative law judge extends the time for good cause. The compensation judge's decision shall include a determination of all contested issues of fact and law and an award or disallowance of compensation or other order as the pleadings, evidence, this chapter and rule require. A compensation judge's decision shall include a memorandum only if necessary to delineate the reasons for the decision or to discuss the credibility of witnesses. A memorandum shall not contain a recitation of the evidence presented at the hearing but shall be limited to the compensation judge's basis for the decision.

Subd. 2. [EXPEDITED HEARINGS.] The compensation judge to whom a petition has been assigned for hearing pursuant to section 176.305, subdivision 4, shall hear all competent evidence which is relevant and material to the

issue of liability for the payment of workers' compensation benefits. All medical reports to be used by a party shall be presented to the judge prior to the commencement of the hearing. All questions of fact and law related solely to the issue of liability for the payment of workers' compensation benefits submitted to a compensation judge at the hearing shall be disposed of and the judge's decision shall be served on all parties within 60 days after the filing of the petition and filed with the commissioner within three business days thereafter.

The compensation judge's decision shall include the findings of fact and conclusions of law necessary to a determination of the liability for the payment of workers' compensation benefits and a statement of that determination. The decision shall also contain a brief statement of the reasons for the decision, including citations to applicable statutes, rules, or case law relied upon, but shall not contain a recitation or summary of the evidence presented at the hearing.

An expedited hearing shall not, without consent of the parties and the chief administrative law judge, consider issues other than primary liability or medical causation. Other issues shall be considered by other available procedures.

Subd. 3. [SALARY OF JUDGES.] No part of the salary of a compensation judge shall be paid unless the chief administrative law judge determines that all decisions of that judge have been issued within the time limit prescribed by this section."

Page 19, after line 7, insert:

"(1) grant an oral argument based on the record before the compensation judge;"

Page 19, line 8, strike "(1)" and insert "(2)"

Page 19, line 9, strike "(2)" and insert "(3)"

Page 19, line 11, strike "(3)" and insert "(4) sustain, reverse,"

Page 19, line 13, delete "(4)" and insert "(5)"

Page 21, after line 7, insert:

"Sec. 52. Minnesota Statutes 1984, section 176.83, subdivision 2, is amended to read:

Subd. 2. [REHABILITATION.] Rules necessary to implement and administer section 176.102, including the establishment of qualifications necessary to be a qualified rehabilitation consultant and the requirements to be an approved registered vendor of rehabilitation services.

In this regard, the commissioner shall impose fees under section 16A.428 sufficient to cover the cost of approving, registering and monitoring qualified rehabilitation consultants and approved vendors of rehabilitation services. The rules may also provide for penalties to be imposed by the commissioner against insurers or self-insured employers who fail to provide rehabilitation consultation to employees pursuant to section 176.102.

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

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

Page 21, after line 10, insert:

"Sec. 54. [EFFECTIVE DATE.]

This act is effective the day following its final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after "fund;" insert "restricting liability for out-of-state injuries;" and delete "regulating" and insert "regulating"

Page 1, line 6, after "fees;" insert "relating to jurisdiction of issues of medical causation;"

Page 1, line 8, after "sections" insert "79.251, subdivision 3; 79.58, by adding a subdivision; 79.60, subdivision 1; 79.61, subdivision 1;" and delete "subdivision 4" and insert "subdivisions 1, 2, and 3, and by adding a subdivision"

Page 1, line 9, delete "subdivision" and insert "subdivisions" and after "1" insert "and 7" and delete "subdivisions 2," and insert "subdivision" and after "3f" delete the comma

Page 1, line 10, delete "and 3v" and insert "176.103, subdivision 2"

Page 1, line 13, delete "subdivision" and insert "subdivisions 1 and" and delete "176.138;" and after "176.179;" insert "176.181, subdivision 2;"

Page 1, line 15, after the second semicolon, insert "176.271, subdivision 2; 176.275; 176.291; 176.301, subdivision 1; 176.305; 176.306, by adding a subdivision; 176.312; 176.341;"

Page 1, line 16, delete "subdivision 1" and insert "subdivisions 1 and 2" and after the first semicolon, insert "176.371;"

Page 1, line 18, before the semicolon, insert "176.83, subdivision 2"

Page 1, line 19, delete "section" and insert "sections" and after the semicolon, insert "176.103, subdivision 3; and 176.138;"

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 re-referred

S.F. No. 1671: A bill for an act relating to the city of Minneapolis; authorizing the city to construct and own certain facilities; authorizing the city to levy and collect certain taxes; authorizing the city to issue bonds and expend certain funds including taxes to finance the acquisition and betterment of a convention center and related facilities.

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

Page 1, line 18, after "convention," insert "auditorium,"

Page 1, line 21, delete ", located in"

Page 1, line 22, delete "the city,"

Page 1, line 25, delete "is determined by the city"

Page 1, line 26, delete "to facilitate" and insert "facilitates"

Page 1, line 27, after "to" insert "property for" and delete "meetings" and insert "meeting facilities"

Page 2, line 8, before "I-94," and insert "8th Street South, the portion of 8th Street South between I-35W and Portland Avenue South, the portion of Portland Avenue South between 8th Street South and"

Page 2, line 9, delete "I-35W and Washington Avenue" and insert "Portland Avenue South"

Page 2, line 11, delete "University"

Page 2, line 12, delete "Avenue N.E." and insert "Main Street"

Page 2, delete line 13 and insert "Main Street to Hennepin Avenue and the portion of Hennepin Avenue between Main Street and Prince Street and the portion of Prince Street between Main Street and Bank Street and the portion of Bank Street between Prince Street and University Avenue S.E. and the portion of University Avenue S.E. between Bank Street and"

Page 2, line 14, delete "Railroad tracks to"

Page 2, after line 15, insert:

"(e) "Skyways" means the skyway facilities referred to in the Convention Center Complex Guidelines and Criteria as they were revised October 9, 1985, and adopted October 25, 1985, part C.3.a. and b. except that facilities referred to in C.3.b.(1) must be financed and constructed at times and under other conditions identical or equivalent to skyways referred to in C.3.a."

Page 2, line 20, delete the comma

Page 2, line 23, after "for" insert "construction"

Page 3, line 1, after "posting" insert "of a"

Page 3, line 20, delete the first "or" and insert a comma and after "facilities" insert ", or replacement housing for housing removed from the site of the convention center or any related facilities"

Page 3, line 23, after "bonds" insert "issued pursuant to this act"

Page 4, line 25, before "Notwithstanding" insert "Subdivision 1. [IMPOSITION.]"

Page 4, line 29, delete "and use"

Page 4, line 30, delete "and uses"

Page 4, line 31, before the period, insert ", and may also by ordinance"

impose an additional compensating use tax of up to one-half of one percent on uses of property within the city the sale of which would be subject to the additional sales tax but for the fact such property was sold outside the city. If amendments to Minnesota Statutes, chapter 297A, enacted subsequent to the effective date of this act exempt sales and uses which were taxable under Minnesota Statutes, chapter 297A, on the effective date of this act, the city may by ordinance extend the tax authorized in this section to any such sales and uses, provided that the city council shall have determined that the extension is necessary to provide revenues for application to the uses to which taxes under this section may be applied. Any revenue bonds issued in accordance with this act may, with the consent of the city council, contain a covenant that the tax will be so extended to the extent necessary to pay principal and interest on the bonds when due"

Page 4, line 32, delete "The tax" and insert:

"Subd. 2. [ENFORCEMENT; COLLECTION.] These taxes" and after "interest" insert a comma

Page 4, line 35, delete "the tax" and insert "these taxes"

Page 5, line 2, before "Revenues" insert:

"Subd. 3. [USE OF PROCEEDS.]" and delete "tax" and insert "taxes"

Page 5, line 14, delete "AND" and insert a comma and after "LODGING" insert ", AND RESTAURANT"

Page 5, line 32, after "4" insert ", subdivision 3"

Page 6, line 2, delete "compliance by the" and insert "final enactment"

Page 6, delete line 3

Page 6, line 4, delete "Statutes, section 645.021, subdivision 3"

Page 6, line 5, delete "be imposed" and insert "become effective"

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

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

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.

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

Page 1, delete lines 14 and 15

Page 1, line 16, delete everything before "Coverage"

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

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 1886: A bill for an act relating to the city of Hendrum; authorizing the establishment of a detached banking facility in the city of Moorhead by a state bank located in the city of Hendrum.

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

Page 1, line 8, delete "HENDRUM" and insert "MOORHEAD"

Page 1, line 10, delete "*in the city of Hendrum*" and insert "*within 30 miles of the city of Moorhead*"

Page 1, line 12, delete everything after "*Moorhead*"

Page 1, line 13, delete "*Minnesota Statutes, section 47.52*"

Amend the title as follows:

Page 1, lines 2 and 5, delete "Hendrum" and insert "Moorhead"

Page 1, line 4, delete "in" and insert "within 30 miles of"

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

Mr. Solon from the Committee on Economic Development and Commerce, to which was re-referred

S.F. No. 981: A bill for an act relating to consumer protection; requiring certain information relating to loan and residential real estate closing costs to be provided to buyers; governing the application of hazard insurance proceeds to a mortgage loan; establishing rates for title and mortgage insurance; proposing coding for new law in Minnesota Statutes, chapters 68A, 70A, and 325G.

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

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

S.F. No. 1878: A bill for an act relating to human services; affecting eligibility for medical assistance and general medical assistance care; augmenting the state's power to recover payments from third parties; abolishing the requirement of a separate application for general assistance medical care; amending Minnesota Statutes 1984, sections 256B.042, subdivision 2; 256B.15; 256B.37; and 256D.03, subdivision 3; and Minnesota Statutes 1985 Supplement, section 256B.06, subdivision 1; repealing Minnesota Statutes 1985 Supplement, section 256D.051, subdivision 12.

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

Page 1, after line 14, insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 256.969, subdivision 2, is amended to read:

Subd. 2. [RATES FOR INPATIENT HOSPITALS.] Rates paid to inpa-

tient hospitals shall be based on a rate per admission until the commissioner can begin to reimburse hospitals for services under the medical assistance and general assistance medical care programs based upon a diagnostic classification system appropriate to the service populations. On July 1, 1984, the commissioner shall begin to utilize to the extent possible existing classification systems, including medicare. The commissioner may incorporate the grouping of hospitals with similar characteristics for uniform rates upon the development and implementation of the diagnostic classification system. Prior to implementation of the diagnostic classification system, the commissioner shall report the proposed grouping of hospitals to the senate health and human services committee and the house health and welfare committee. *Effective August 1, 1985, the computation of the base year cost per admission and the computation of the relative values of the diagnostic categories must include identified outlier cases and their weighted costs up to the point that they become outlier cases, but must exclude costs and days beyond that point. Claims paid for care provided on or after August 1, 1985, shall be adjusted to reflect a recomputation of rates. The commissioner may reconstitute the diagnostic categories to reflect actual hospital practices, the specific character of specialty hospitals, or to reduce variances within the diagnostic categories, after notice in the state register and a 30 day comment period.* Medical assistance and general assistance medical care reimbursement for treatment of mental illness shall be reimbursed based upon diagnosis classifications. The commissioner may selectively contract with hospitals for services within the diagnostic classifications relating to mental illness and chemical dependency under competitive bidding when reasonable geographic access by recipients can be assured. No physician shall be denied the privilege of treating a recipient required to utilize a hospital under contract with the commissioner, as long as the physician meets credentialing standards of the individual hospital."

Page 1, line 19, strike "except that it shall have" and delete "two years" and strike "from"

Page 1, strike line 20

Page 1, line 21, strike "which to file" and insert "and" and strike ", and the statement"

Page 2, lines 3 to 5, delete the new language and insert "*The state agency shall not be subject to any limitations period referred to in section 514.69 or 514.71 and shall have one year from the date notice is received, pursuant to subdivision 4 of this section, to file its verified lien statement and may commence its action within six years of filing the lien.*"

Sec. 3. Minnesota Statutes 1984, section 256B.042, subdivision 3, is amended to read:

Subd. 3. To recover under this section the attorney general, or the appropriate county attorney acting at the direction of the attorney general, shall represent the state agency *and may initiate and prosecute any action against a person, firm or corporation who may be liable to the person to whom the care was furnished.*

Sec. 4. Minnesota Statutes 1984, section 256B.042, is amended by adding a subdivision to read:

Subd. 4. The state agency shall be given notice of monetary claims against a person, firm or corporation who may be liable to pay part or all of the cost of medical care when the state agency has paid for or become liable for the cost of that care. Notice shall be given as follows:

(a) Applicants for medical assistance shall notify the agency of any possible claims upon submitting the application. Recipients of medical assistance shall notify the agency of any possible claims when those claims arise.

(b) A person providing medical care services to a person receiving medical assistance shall notify the agency whenever the person has reason to believe that a third party may be liable for payment of the cost of medical care.

(c) An attorney representing an applicant or recipient of medical assistance on a claim to which the state agency has a lien under this section shall notify the agency of the claim prior to filing the claim, commencing an action, or negotiating a settlement offer.

Notice given to the local agency is not sufficient to meet the requirements of paragraph (b) or (c).

Sec. 5. Minnesota Statutes 1984, section 256B.042, is amended by adding a subdivision to read:

Subd. 5. Upon any judgment, award, or settlement of cause of action upon which the state agency has filed its lien, the lien shall be satisfied in full, subject only to a pro rata share of the recipient's attorneys fees and costs incurred in the pursuit of the cause of action. However, any recipient who initiates an action to recover damages or compensation shall receive a net amount of no less than one-third of the total amount recovered."

Page 5, line 26, before the period, insert "*to the provider or agency seeking reimbursement under that coverage*"

Page 6, after line 34, insert:

"Sec. 9. Minnesota Statutes 1984, section 256B.17, is amended by adding a subdivision to read:

Subd. 9. [SETTLEMENTS AS A TRANSFER OF PROPERTY.] Any settlement of a cause of action accruing to an individual or eligible spouse as a result of injuries which necessitated medical care that does not make reasonable provision for the payment of the individual's or eligible spouse's medical bills and future medical needs will be presumed to be a transfer of property for less than fair market value under the provisions of this section."

Page 7, line 10, after the period, insert "*For purposes of this section, assignment of benefits held under section 256B.06, subdivision 1, clause (16), must be honored by the private health care coverage, prepaid health plan, or automobile coverage.*"

Page 7, line 19, delete "*2*" and insert "*1a*"

Page 7, line 28, reinstate the stricken "*2*" and delete "*3*"

Page 7, after line 32, insert:

"*Subd. 3. [COORDINATION OF HMO BENEFITS.] When a parent or a person with an obligation of child support has enrolled in a prepaid health*

care plan under section 518.551, subdivision 8, the commissioner of human services shall limit the recipient to the prepaid health plan chosen by a parent or person with an obligation of child support to the extent that services available under medical assistance are also available under the prepaid health care plan. This limitation does not apply when a primary care physician participating in the health care plan, including but not limited to physicians specializing in family medicine, adult medicine, or general practice medicine, is not located within 15 miles of the recipient's place of residence.

Sec. 11. Minnesota Statutes 1984, section 256B.431, is amended by adding a subdivision to read:

Subd. 2i. [EFFICIENCY INCENTIVES.] For rate years beginning on or after July 1, 1986, all nursing homes in each geographic group are subject to the lowest limit for that operating cost category or combination of operating cost categories for the purpose of determining efficiency incentives."

Page 9, after line 1, insert:

"Sec. 13. Minnesota Statutes 1985 Supplement, section 256D.051, subdivision 6, is amended to read:

Subd. 6. [LOCAL AGENCY OPTIONS ALLOCATION OF MONEY FOR PAYMENT OF ADMINISTRATIVE COSTS AND REGISTRANT EXPENSES.] The local agency may, at its option, provide up to \$100 per registrant for direct expenses incurred by the registrant for transportation, clothes, and tools necessary for employment. The local agency may provide an additional \$100 for direct expenses of registrants remaining in the work readiness program for more than two months. After paying direct expenses as needed by individual registrants, the local agency may use any remaining money to provide additional services as needed by any registrant including education, orientation, placement, other work experience, on-the-job training, and other appropriate activities. The commissioner shall annually allocate money appropriated by the legislature among the local agencies for payment of administrative costs incurred by the provider of work readiness services and for payment of direct expenses incurred by work readiness registrants as follows: each local agency is eligible to receive the proportion of the money available that equals the monthly average number of work readiness registrants in the county divided by the monthly average number of work readiness participants in the state for the applicable period. The applicable period for fiscal year 1987 is the seven-month period beginning September 1, 1985, and ending March 31, 1986. For each fiscal year thereafter, the applicable period is the twelve-month period ending March 31. For purposes of this subdivision and section 256D.051, subdivision 6a, registrants include registrants receiving work readiness payments and services, and general assistance recipients who volunteer or are required to participate in the work readiness program.

Sec. 14. Minnesota Statutes 1985 Supplement, section 256D.051, is amended by adding a subdivision to read:

Subd. 6a. [USE OF FUNDS.] The local agency shall use its allocation to pay direct registrant expenses and administrative costs of providing work readiness services. No more than 25 percent of the allocation may be used for administrative costs, except that money remaining after payment of direct registrant expenses may be used for additional administrative costs. Money

may be used for the following direct registrant expenses: transportation, clothes, tools, and other necessary work-related expenses. Money may be used for the following administrative costs: providing employability assessments and development plans, employment search assistance, education, orientation, placement, on-the-job training, and other appropriate activities."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "authorizing modification and recomputation of hospital rate categories;"

Page 1, line 5, after the semicolon, insert "establishing an allocation formula and requirements for work readiness payments to counties; providing for coordination of HMO benefits with medical assistance; removing special cost limits for nursing homes;"

Page 1, line 8, delete "subdivision" and insert "subdivisions" and after "2" insert "and 3, and by adding subdivisions"

Page 1, line 8, after "256B.15;" insert "256B.17, by adding a subdivision;" and before "and" insert "256B.431, by adding a subdivision;"

Page 1, line 10, delete "section" and insert "sections 256.969, subdivision 2;" and after the semicolon, insert "and 256D.051, subdivision 6, and by adding a subdivision;"

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

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 958: A bill for an act relating to commerce; requiring disclosures in used motor vehicle transactions; proposing coding for new law in Minnesota Statutes, chapter 168.

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

Delete everything after the enacting clause and insert:

"Section 1. [168.79] [USED MOTOR VEHICLE GENERAL CONDITION DISCLOSURE.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(a) "Consumer" means the purchaser, other than for purposes of resale, of a used motor vehicle used for personal, family, or household purposes at least 40 percent of the time.

(b) "Motor vehicle" means (1) a passenger automobile as defined in section 168.011, subdivision 7, including pickup trucks and vans; and (2) recreational equipment as defined in section 168.011, subdivision 25, which is sold to a consumer in this state.

(c) "Dealer" means licensed motor vehicle dealer as defined in section

168.27, subdivisions 1 and 3, or its agent.

Subd. 2. [USED MOTOR VEHICLE GENERAL CONDITION DISCLOSURE.] A dealer of used motor vehicles or its agent shall inform prospective retail purchasers of used motor vehicles in writing before the purchase contract is executed in the manner and on the form prescribed in subdivision 3 of all significant existing mechanical and electrical and structural defects and damage. The dealer must disclose information that can be ascertained as a result of reasonable diligence, which shall consist of, but is not limited to, a walk-around and interior inspection, under-hood inspection, under-vehicle inspection and a test drive. Any sale not meeting the requirements of this subdivision is voidable at the option of the retail purchaser. No dealer may knowingly give false information to a purchaser in making any disclosure required by this section.

Subd. 3. [USED VEHICLE DISCLOSURE LABEL.] Each motor vehicle subject to the provisions of this section, displayed or offered for sale by a dealer, shall include a disclosure label displayed within the motor vehicle and readable from the outside, and it shall become the possession of the purchaser upon delivery. The label shall be signed and completed in duplicate prior to delivery of the vehicle. The dealer shall retain a copy of the signed disclosure label for at least four years. The used motor vehicle disclosure label required by this section shall, without exception, be in the form prescribed by the attorney general. The attorney general is exempt from the rulemaking provisions of chapter 14 in prescribing the form of the used motor vehicle disclosure label, but the attorney general may comply with section 14.38, subdivision 7.

Subd. 4. [EFFECT AS WARRANTIES.] Unless otherwise agreed to by the parties in the purchase contract, the inspection disclosures required in subdivisions 2 and 3 do not create any warranties express or implied and do not affect warranty coverage provided for in the purchase contract.

Subd. 5. [EXCEPTIONS.] Subdivisions 2 and 3 shall not apply to:

(a) A used motor vehicle prior to being displayed or offered for sale, provided a written statement "Not inspected for sale" is conspicuously displayed on each vehicle.

(b) A demonstrator or executive vehicle until removed from executive or demonstrator service and displayed or offered for sale on the sales lot.

(c) A used motor vehicle which is operated between point of wholesale or point of purchase and the licensee's business premises by the licensee or agent if a valid dealer registration plate is affixed to the vehicle.

(d) A business selling a used vehicle to an employee of that business, a lessor selling a used vehicle to an employee of the lessor, a lessor selling a leased vehicle by or to that vehicle's lessee or to an employee of the lessee.

Subd. 6. [SERVICE FEES.] A dealer licensee shall not assess a purchaser an additional service fee or charge for completing any sales-related vehicle inspection or forms which are required by law or rule.

Subd. 7. [CIVIL REMEDY.] Any dealer who is found to have violated this section shall be subject to the penalties and remedies provided in sections 8.31 and 168.27.

Subd. 8. [WAIVER.] Waiver of any requirements of this chapter, except as specifically provided for in this chapter, is prohibited and void.

Sec. 2. Minnesota Statutes 1984, section 168.27, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(1) "Leasing motor vehicles" means furnishing a motor vehicle for a fee under a bailor-bailee relationship where no incidences of ownership are intended to be transferred other than the right to use the vehicle for a stated period of time.

(2) "Brokering motor vehicles" means arranging sales between willing buyers and sellers of motor vehicles and receiving a fee for said service.

(3) "Wholesaling motor vehicles" means selling new or used motor vehicles to dealers for resale to the public.

(4) "Auctioning motor vehicles" means arranging for and handling the sale of motor vehicles, not the property of the auctioneer, to the highest bidder.

(5) "Dealer" includes new motor vehicle dealers, used motor vehicle dealers, brokers, wholesalers, auctioneers and lessors of new or used motor vehicles.

(6) "Commercial building" means a building adapted to commercial use and located in an area zoned for commercial or other less restrictive nonresidential use by the governmental unit in which it is located.

(7) "Isolated or occasional sales or leases" means the sale or lease of not to exceed five vehicles in a 12-month period.

Sec. 3. Minnesota Statutes 1984, section 168.27, subdivision 8, is amended to read:

Subd. 8. [EXEMPTIONS.] (1) Salesmen and other employees of licensed dealers under this section shall not be required to obtain individual licenses.

(2) Isolated or occasional sales or leases of new or used motor vehicles shall be exempt from the provisions of this section. *A person who makes only isolated or occasional sales or leases is not considered to be in the business of selling or leasing motor vehicles and does not qualify to receive dealer plates pursuant to subdivision 16.*

Sec. 4. Minnesota Statutes 1985 Supplement, section 168.27, subdivision 10, is amended to read:

Subd. 10. [PLACE OF DOING BUSINESS.] All licensees under this section shall have an established place of business which shall include as a minimum,

(1) For a new motor vehicle dealer, the following:

(a) a permanent enclosed commercial building on a permanent foundation, owned or under lease by the licensee. The lease shall be for a minimum term of one year. The building shall contain office space where the books, records and files necessary to conduct the business are kept and maintained with

personnel available during normal business hours;

(b) a bona fide contract or franchise (1) in effect with a manufacturer or distributor of the new motor vehicles he proposes to sell, broker, wholesale or auction, or (2) in effect with the first-stage manufacturer or distributor of new motor vehicles purchased from a van converter or modifier which he proposes to sell, broker, wholesale, or auction, or (3) in effect with the final stage manufacturer of the new type A, B or C motor homes which he proposes to sell, broker, wholesale, or auction;

(c) a facility for the repair and servicing of motor vehicles and the storage of parts and accessories, not to exceed ten miles distance from the principal place of business. Such service may be provided through contract with bona fide operators actually engaged in such services.

(2) For a used motor vehicle dealer the following: a permanent enclosed commercial building on a permanent foundation, owned or under lease by the licensee *and an area adjacent to the building of sufficient size to permit the display of at least five vehicles*. The lease shall be for a minimum term of one year. The building shall contain office space for the books, records and files necessary to conduct the business and maintained with personnel available during normal business hours or automatic telephone answering service during normal working hours.

(3) For a motor vehicle lessor, the following: a commercial office space where the books, records and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.

(4) For a motor vehicle broker, the following: a commercial office space where the books, records and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.

(5) For a motor vehicle wholesaler, the following: a commercial office space where the books, records and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.

(6) For a motor vehicle auctioneer, the following: a permanent enclosed commercial building, within or without the state, on a permanent foundation, owned or under lease by the licensee. The lease shall be for a minimum term of one year. The building shall contain office space where the books, records and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.

(7) If a new or used motor vehicle dealer maintains more than one place of doing business in a county, the separate places shall be listed on the application. If additional places of business are maintained outside of one county, separate licenses shall be obtained for each county.

(8) If a motor vehicle lessor, broker or auctioneer maintains more than one permanent place of doing business, either in one or more counties, the separate places shall be listed in the application, but only one license shall be

required.

Sec. 5. Minnesota Statutes 1985 Supplement, section 168.27, subdivision 24, is amended to read:

Subd. 24. [BONDS.] All persons licensed hereunder shall keep in full force and effect a bond with a corporate surety to be approved by the registrar of motor vehicles in amounts as herein provided; in the case of boat, snowmobile trailer, or motorized bicycle dealers in the amount of \$5,000; and as to all other persons in the amount of ~~\$25,000~~ \$50,000. The bond shall be conditioned on the faithful performance by the licensee of the obligations imposed by the laws of this state, including the conduct required of a licensee by this section and other sections governing the sale or transfer of motor vehicles, and the payment of all taxes, license fees and penalties. The bond shall be for the benefit of the state of Minnesota and any transferor, seller, or purchaser of a motor vehicle for any monetary loss caused by failure of the licensee to meet the obligations enumerated above. Proceedings on the forfeiture of the bonds shall be commenced in the district court of the county wherein the business of the licensed person was carried on, or if in more than one county, the county in which the offense occurred.

Sec. 6. [168A.088] [APPLICATIONS.]

No application for certificate of title and no application for registration may be issued for any vehicle which was not manufactured to comply with federal emission standards as provided by the Clean Air Act, United States Code, title 42, sections 7401 through 7642, and regulations adopted pursuant to the act, and safety standards as provided by the National Traffic and Motor Safety Act, United States Code, title 15, sections 1381 through 1431, and regulations adopted pursuant to the act, unless the applicant furnishes:

(1) a bond release letter, with all attachments, issued by the United States Department of Transportation acknowledging receipt of a statement of compliance submitted by the importer of the vehicle and that the statement meets the safety requirements as provided by Code of Federal Regulations, title 19, section 12.80(e);

(2) a bond release letter, with all attachments, issued by the United States Environmental Protection Agency stating that the vehicle has been tested and known to be in conformity with federal emission requirements; and

(3) a receipt or certificate issued by the United States Department of the Treasury showing that any gas-guzzler taxes due on the vehicle as provided by Public Law Number 95-618, title 2, section 201(a), have been fully paid; or

(4) proof satisfactory to the agent that the vehicle was not brought into the United States from outside the country.

The application for certificate of title and the application for registration must be accompanied by

(1) a manufacturer's certificate of origin in the English language issued by the actual vehicle manufacturer,

(2) the original documents constituting valid proof of ownership in the country in which the vehicle was originally purchased, together with a

translation of the documents into the English language verified as to accuracy of the translation by affidavit of the translator, or

(3) with regard to a vehicle imported from a country that cancels the vehicle registration and title for export, the documents assigned to the vehicle after the registration and title have been canceled, together with a translation of the documents into the English language, verified as to accuracy of translation by affidavit of the translator.

Sec. 7. Minnesota Statutes 1985 Supplement, section 325E.0951, is amended by adding a subdivision to read:

Subd. 3a. [DISCLOSURE.] No person may transfer a motor vehicle without certifying in writing to the transferee that the pollution control system and restricted gasoline pipe are functional. The registrar of motor vehicles must prescribe the manner and form in which this written disclosure must be made. No transferor may knowingly give a false statement to a transferee in making any disclosure required by this subdivision."

Delete the title and insert:

"A bill for an act relating to consumer protection; requiring certain disclosures in sales of used motor vehicles; regulating new and used motor vehicle licenses; providing certain standards in applications for certificates of title; amending Minnesota Statutes 1984, section 168.27, subdivisions 1 and 8; Minnesota Statutes 1985 Supplement, sections 168.27, subdivisions 10 and 24; 325E.0951, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 168; and 168A."

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

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

S.F. No. 2097: A bill for an act relating to the Minnesota historical society; defining and establishing control over 1905 Capitol furnishings; amending Minnesota Statutes 1984, sections 138.67, by adding a subdivision; and 138.68.

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

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

S.F. No. 2052: A bill for an act relating to the city of Grand Rapids; permitting the creation of the Central School commission.

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

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred

S.F. No. 1912: A bill for an act relating to intoxicating liquor; authorizing the city of Vadnais Heights to issue up to five additional on-sale licenses.

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

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred

S.F. No. 2100: A bill for an act relating to intoxicating liquor; removing the limit on the number of seasonal on-sale licenses which may be issued by St. Louis county; amending Laws 1973, chapter 663, section 1, as amended.

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

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred

S.F. No. 2006: A bill for an act relating to intoxicating liquor; authorizing the city of Rochester to issue an on-sale license to a concessionaire at the Mayo civic auditorium.

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

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred

S.F. No. 1211: A bill for an act relating to utilities; prescribing fees and assessments relating to certificate of need process; exempting small telephone companies and public utilities from certain assessments by the public utilities commission and department of public service; amending Minnesota Statutes 1984, sections 216B.62, subdivisions 2, 3, 6, and by adding a subdivision; 237.295, subdivision 2; repealing Minnesota Statutes 1984, section 216B.243, subdivision 6.

Reports the same back with the recommendation that the bill be re-referred to the Committee on Finance without recommendation. Report adopted.

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred

S.F. No. 1879: A bill for an act relating to alcoholic beverages; authorizing cities to issue temporary off-sale licenses for the sale of rare wine at auctions; amending Minnesota Statutes 1985 Supplement, section 340A.404, by adding a subdivision.

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

Page 1, line 9, delete "340A.404" and insert "340A.405"

Page 1, line 10, delete "11" and insert "4"

Page 1, line 11, before "The" insert "(a)"

Page 1, line 14, after "only" insert "vintage"

Page 1, after line 23, insert:

“(b) As used in the subdivision, “vintage wine” means bottled white, rose, or sparkling wine which is not less than five years old or bottled red wine which is not less than eight years old.”

Amend the title as follows:

Page 1, line 3, delete “rare” and insert “vintage”

Page 1, line 5, delete “340A.404” and insert “340A.405”

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

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

S.F. No. 1754: A bill for an act relating to education; requiring the state board for community colleges to develop upper division programs at the Arrowhead Community College.

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

Delete everything after the enacting clause and insert:

“Section 1. [ARROWHEAD UPPER DIVISION PROGRAM.]

By January 1, 1987, the state university board in cooperation with the state board for community colleges and the board of regents, University of Minnesota, shall develop a plan for upper division courses and programs at the Arrowhead Community College. The plan shall provide for course offerings that lead to four-year degrees by the University of Minnesota or state university or both. The plan, including dates for implementation, must be reported to the education committees of the legislature and the education subcommittee of the senate finance committee and the education division of the house appropriations committee by February 1, 1987.”

Amend the title as follows:

Page 1, lines 2 and 3, delete “the state board for community colleges” and insert “a plan”

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

Mr. Pehler from the Committee on Education, to which was re-referred

S.F. No. 2023: A bill for an act relating to state lands; providing for a procedure to sell state leased lands; providing for maximum lease rates; proposing coding for new law in Minnesota Statutes, chapter 92.

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

Page 1, after line 7, insert:

“Section 1. Minnesota Statutes 1985 Supplement, section 92.46, subdivision 1, is amended to read:

Subdivision 1. [PUBLIC CAMP GROUNDS.] (a) The director may designate suitable portions of the state lands withdrawn from sale and not

reserved, as provided in section 92.45, as permanent state public camp grounds. The director may have the land surveyed and platted into lots of convenient size, and lease them for cottage and camp purposes under terms and conditions he or she prescribes, subject to the provisions of this section.

(b) A lease may not be made for a term more than 20 years. The lease may allow renewal, from time to time, for additional terms of no longer than 20 years each. The lease may be canceled by the commissioner 90 days after giving the person leasing the land written notice of violation of lease conditions. The lease rate shall be based on the appraised value of leased land as determined by the commissioner of natural resources. The appraised value shall be the value of the leased land without any private improvements and must be comparable to similar land without any improvements within the same county.

(c) By July 1, 1986, the commissioner of natural resources shall adopt rules under chapter 14 to establish procedures for leasing land under this section. The rules shall be subject to review and approval by the commissioner of revenue and administration prior to the initial publication pursuant to chapter 14 and prior to their final adoption. The rules must address at least the following:

- (1) method of appraising the property;
- (2) determination of lease rates; and
- (3) an appeal procedure for both the appraised values and lease rates.

(d) All money received from these leases must be credited to the fund to which the proceeds of the land belong.

Notwithstanding section 16A.125 or any other law to the contrary, 50 percent of the money received from the lease of permanent school fund lands leased pursuant to this subdivision shall be deposited into the permanent school trust fund. *However, in fiscal years 1986, 1987, 1988, and 1989 up to 50 percent of the money received from the lease of permanent school fund lands that would otherwise be deposited into the permanent school trust fund may be used to survey lots as required in section 2, subdivision 3. Any money that is not needed to survey lots shall be deposited in the permanent school trust fund.*

Page 1, line 22, delete "All" and insert "The"

Page 2, line 17, delete everything after "(c)" and insert "The commissioner shall survey a lot prior to offering it for sale"

Page 2, delete lines 18 to 21

Page 2, line 22, delete "lot," and insert a period

Page 2, line 23, delete everything before the period

Page 2, delete lines 24 to 32

Page 3, line 16, after "sale" insert ", excluding survey costs,"

Page 3, line 33, delete "1 and 2" and insert "2 and 3"

Page 3, line 35, delete "3" and insert "4"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon insert "amending Minnesota Statutes 1985 Supplement, section 92.46, subdivision 1;"

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

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

S.F. No. 2204: A bill for an act relating to independent school district No. 750, Cold Spring; authorizing the district to make an equal levy for debt service over the next five years.

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

Page 1, line 18, delete "must" and insert "is" and delete "be considered to be"

Page 1, line 24, delete "must"

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

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

H.F. No. 1727 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
		1727	1578		

and that the above Senate File be indefinitely postponed.

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

Mr. Purfeerst from the Committee on Transportation, to which was referred the following appointment as reported in the Journal for February 20, 1986:

TRANSPORTATION REGULATION BOARD
CHAIRPERSON
Roger Laufenburger

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

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

Mr. Hughes from the Committee on Elections and Ethics, to which was referred the following appointment as reported in the Journal for February 5,

1986:

STATE ETHICAL PRACTICES BOARD

A. J. Eckstein

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

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

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

S.F. No. 1994: A bill for an act relating to the city of Medina; authorizing a payment by the city for utility construction.

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. 1955: A bill for an act relating to local government; changing the notice requirements for proposed special assessments; amending Minnesota Statutes 1984, section 429.061, subdivision 2; Minnesota Statutes 1985 Supplement, section 429.061, 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. 1984: A bill for an act relating to local government; permitting counties to establish public works reserve funds; amending Minnesota Statutes 1984, section 471.57.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Report adopted.

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

S.F. No. 1998: A bill for an act relating to the city of McIntosh; authorizing the city to issue bonds in excess of its net debt limitations.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Report adopted.

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

S.F. No. 1956: A bill for an act relating to local government; providing for city capital improvement reserve funds; amending Minnesota Statutes 1984, section 471.57.

Reports the same back with the recommendation that the bill do pass and be

re-referred to the Committee on Taxes and Tax Laws. Report adopted.

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

S.F. No. 1966: A bill for an act relating to the city of St. Cloud; authorizing the city to impose certain taxes to construct, operate, and promote a convention center facility.

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

Page 1, line 23, delete everything after the period

Page 1, delete lines 24 and 25

Page 2, delete lines 1 and 2

Page 2, line 23, delete everything after "Notwithstanding"

Page 2, line 24, delete "imposed under" and delete "477A.018," and insert "477A.016, or any ordinance, city charter, or other provision of law,"

Page 2, line 25, delete "up to" and delete "five" and insert "two"

Page 2, line 26, delete everything before the period and insert "*in addition to the tax authorized under Laws 1979, chapter 197, on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort other than the renting or leasing of it for a continuous period of 30 days or more*"

Page 2, line 29, delete "477.018, subdivision 3" and insert "477A.016"

Page 2, line 31, delete everything after "I"

Page 2, line 32, delete "subdivision 1,"

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

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

S.F. No. 1725: A bill for an act relating to the city of East Grand Forks; permitting the establishment of a port authority; authorizing the port authority to exercise the powers of a municipal housing and redevelopment authority.

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

Page 1, line 19, after the period, insert "*The port authority commission may issue general obligation bonds in the same manner as provided under Minnesota Statutes, section 458.193, except that no election shall be required to authorize their issuance except as provided in section 2.*"

Sec. 2. [GENERAL OBLIGATION BONDS; REFERENDUM ON PETITION.]

Before the issuance of the bonds, the city council shall publish in the official newspaper of the city an initial resolution authorizing the issuance of the

bonds, and if within ten days after the publication there is filed with the city clerk a petition requesting an election on the proposition of issuing the bonds signed by a number of qualified voters greater than ten percent of the number who voted in the city at the last general election, the bonds must not be issued until the proposition has been approved by a majority of the votes cast on it at a regular or special election."

Renumber the sections in sequence

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

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

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.

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 1985 Supplement, section 462.445, subdivision 13, is amended to read:

Subd. 13. [INTEREST REDUCTION PROGRAM.] The authority to authorize payment of interest reduction assistance pursuant to subdivisions 10, 11 and 12 shall expire on January 1, ~~1987~~ 1993. Interest reduction assistance payments authorized prior to January 1, ~~1987~~ 1993, may be paid after January 1, ~~1987~~ 1993.

Sec. 2. [474A.01] [LEGISLATIVE FINDINGS AND PURPOSE.]

The legislature finds that tax reform legislation adopted by the United States House of Representatives as H.R. 3838, 99th Cong. 1st Sess. (1985) on December 17, 1985, is causing uncertainty in the ability of the state government and local governments to sell obligations, the interest on which is exempt from federal income taxation.

The legislature further finds that this uncertainty is preventing the state government and local governments from financing at a reasonable cost public facilities, economic development projects, health care projects and facilities, housing for persons of low and moderate income, and loans to students, all of which are essential to the operation of state and local governments and for the health, welfare, and benefit of the people and the economy of the entire state.

It is the purpose of this act to provide a mechanism by which the obligations issued by and on behalf of state government and local governments will be allocated and accounted for by providing certificates of registration or certificates of entitlement to issuers in order to ensure that the obligations do not become taxable as a result of exceeding the volume limitation placed on certain obligations by the pending federal tax reform legislation.

It is the purpose and intent of the legislature to have this act prospectively

replace and override any method of allocating the authority to issue certain tax-exempt obligations that may be a part of any federal tax reform legislation.

It is also the purpose of this act to replace existing state laws that allocate the authority to issue certain obligations.

Sec. 3. [474A.02] [DEFINITIONS.]

Subdivision 1. [TERMS DEFINED.] For the purposes of this act, the terms defined in this section shall have the following meanings:

Subd. 2. [CERTIFICATE OF REGISTRATION; CERTIFICATE.] "Certificate of registration" or "certificate" means a document provided to an issuer of obligations by the department.

Subd. 3. [COMMERCIAL REDEVELOPMENT PROJECT.] "Commercial redevelopment project" means a project as defined in section 474.02, if it is not a manufacturing or pollution control project and one of the following conditions is met:

(a) The project site would qualify as a redevelopment district as defined in section 273.73, subdivision 10. To qualify the project need not be included in a tax increment financing district.

(b) Seventy-five percent of the proceeds of the obligations will be used to acquire and rehabilitate or replace an existing structure which is functionally obsolete or contains structural or other defects justifying substantial renovation or clearance.

(c) The project will be undertaken and the obligations issued pursuant to a written program administered by the local issuer and the financing provides for a substantial commitment of local public funds.

(d) Substantially all of the proceeds of the obligations will be used to finance facilities with respect to which an urban development action grant has been made under section 119 of the federal Housing and Community Development Act of 1974.

Subd. 4. [DEPARTMENT.] "Department" means the Minnesota department of finance.

Subd. 5. [DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT.] "Department of energy and economic development" means the department of energy and economic development or its successor agency or agencies.

Subd. 6. [ENTITLEMENT ISSUER.] "Entitlement issuer" means issuer of obligations that are allocated the authority to issue obligations under sections 5 and 8.

Subd. 7. [EXISTING FEDERAL TAX LAW.] "Existing federal tax law" means the provisions of the Internal Revenue Code of 1954 as amended through December 31, 1985.

Subd. 8. [FEDERAL VOLUME LIMITATION ACT.] "Federal volume limitation act" means a bill that was adopted by the United States House of Representatives on December 17, 1985, as H.R. 3838, 99th Cong. 1st Sess. (1985) or any other act that becomes law effective January 1, 1986, or any

time thereafter that does the following:

(1) places an annual limit or volume cap on the aggregate dollar amount of obligations of a specified type or types the interest on which is exempt from inclusion in gross income for the purposes of federal income taxation;

(2) provides for an allocation of the authority to issue obligations that are subject to an annual limit or volume cap among various uses for which the proceeds of the obligations may be used and among various issuers of obligations; and

(3) allows the governor during a specified interim period or the state legislature by law to provide for a different allocation of the authority to issue obligations that are subject to the annual limit or volume cap among uses and among issuers.

Subd. 9. [GOVERNMENTAL VOLUME CAP.] "Governmental volume cap" means the amount of issuance authority available for obligations subject to the annual limit or volume cap of the federal volume limitation act less the amount that the federal volume limitation act requires be held available for "qualified 501(c)(3) bonds" or obligations with a comparable definition in the federal volume limitation act.

Subd. 10. [ISSUER.] "Issuer" means all entitlement issuers as defined in subdivision 6 and other issuers as defined in subdivision 16.

Subd. 11. [LOCAL PUBLIC FUNDS.] "Local public funds" means the funds of a governmental unit except the following:

(1) the proceeds of an obligation subject to existing federal tax law or the federal volume limitation act;

(2) payments or property furnished by a nonexempt person to repay or secure the loan of proceeds of an obligation subject to existing federal tax law or the federal volume limitations act or other payments made in consideration of the issuance of an obligation subject to existing federal tax law or to the federal volume limitation act;

(3) payments furnished by a nonexempt person for its right to use in its trade or business a facility financed with the proceeds of obligations subject to existing federal tax law or the federal volume limitation act;

(4) tax increments, as defined in section 273.76; or

(5) tax reductions provided pursuant to sections 273.1312 to 273.1314.

Subd. 12. [MANUFACTURING PROJECT.] "Manufacturing project" means properties, real or personal, used in connection with a revenue producing enterprise in connection with assembling, fabricating, manufacturing, mixing, or processing any products of agriculture, forestry, mining, or manufacture. Properties used for storing, warehousing, or distributing qualify under this definition (1) if they are used as part of or in connection with an assembly, fabricating, manufacturing, mixing, or processing facility, or (2) if they are used for the storing of agricultural products and are located outside of the metropolitan area, as defined in section 473.121, subdivision 2. Manufacturing project includes properties, real or personal, used in connection with research and development activity to develop or improve products, production processes, or materials. For purposes of this subdivision, "a product

of manufacture" includes information and directions which dictate the functions to be performed by data processing equipment, commonly called computer software, regardless of whether they are embodied in or recorded on tangible personal property. A project qualifies as a manufacturing project only if 75 percent of the proceeds of the proposed obligations will be used for construction, acquisition, installation, or addition of properties described in this subdivision.

Subd. 13. [MULTIFAMILY HOUSING PROJECT.] "Multifamily housing project" means a development defined in Minnesota Statutes, section 462C.02, subdivision 5, or described in Minnesota Statutes, section 462C.02, subdivision 2, 3, or 4, for which the applicable housing plan and program approval requirements of Minnesota Statutes, sections 462C.03, 462C.04, and 462C.05, have been met.

Subd. 14. [NONEXEMPT PERSON.] "Nonexempt person" means a person or entity other than an exempt person as defined in section 103(b)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1985.

Subd. 15. [NOTICE OF ALLOCATION OF ENTITLEMENT.] "Notice of allocation of entitlement" means a document provided to an entitlement issuer.

Subd. 16. [OTHER ISSUER.] "Other issuer" means any entity other than an entitlement issuer authorized by law to issue obligations subject to existing federal tax law or federal volume limitation act, including but not limited to the University of Minnesota, any home rule charter or statutory city, any town, any federally recognized American Indian tribe located in Minnesota, any housing and redevelopment authority referred to in chapter 462, or any body authorized to exercise the powers of a housing and redevelopment authority, any port authority referred to in chapter 458, or any body authorized to exercise the powers of a port authority, any area or municipal redevelopment agency referred to in chapter 472, any county, or any other municipal authority or agency established pursuant to special law other than the iron range resources and rehabilitation board, or any entity issuing on behalf of the foregoing, acting as an issuer of obligations pursuant to law.

Subd. 17. [POLLUTION CONTROL PROJECT.] "Pollution control project" means properties, real or personal, used in the abatement or control of noise, air, or water pollution, or in the disposal of solid waste, in connection with a revenue producing enterprise, engaged in or to be engaged in any business or industry. A project qualifies as a pollution control project only:

(1) if 75 percent of the proceeds of the obligations will be used for the construction, acquisition, installation, or addition of properties described in this subdivision; or

(2) if it is not a manufacturing project and 75 percent of the proceeds of the obligations will be used for the construction, acquisition, installation, or addition of properties described in this subdivision and in subdivision 12.

Subd. 18. [POOL.] "Pool" means the amount of issuance authority for obligations that are to be allocated to issuers.

Subd. 19. [PRELIMINARY RESOLUTION.] "Preliminary resolution"

means a resolution adopted by the governing body of the issuer or in the case of the iron range resources and rehabilitation board by the commissioner of the board. The resolution must express a preliminary intention of the issuer to issue obligations for a specific project and must identify the proposed project, the proposed site for the project, and the proposed amount of the obligations to be issued. The resolution for a waste management project need not include the site for the project if the resolution identifies a specific process and a deadline for site selection.

Subd. 20. [QUALIFIED 501(c)(3) BONDS.] "Qualified 501(c)(3) bonds" mean obligations so defined or obligations with a comparable definition in the federal volume limitation act.

Subd. 21. [SUBSTANTIAL COMMITMENT OF LOCAL PUBLIC FUNDS.] "Substantial commitment of local public funds" means that either of the following two conditions is satisfied:

(a) Under the project financing, the governmental unit appropriates, pledges, guarantees, or otherwise provides local public funds to pay part of the cost of financing the obligations, including bond issuance, debt service, loan origination, and carrying expenses, or of the facility financed with the proceeds of the obligations. This condition is satisfied only if, at the time the obligations are issued, the issuer reasonably expects that the aggregate value of the local public funds will exceed the lesser of \$1,000,000 or one percent of the face amount of the obligations. No provision may be made for a nonexempt person to reimburse the governmental unit for the local public funds.

(b) The governmental unit appropriates, pledges, guarantees, or otherwise provides a program contribution of local public funds or governmental services to the program or a facility financed with the proceeds of the obligations. This condition is satisfied only if the issuer reasonably expects at the time the obligations are issued that the aggregate value of the local public funds will exceed \$5,000,000 or five percent of the aggregate face amount of the obligations. The issuer must value the services at the reasonable cost of delivering them. The program contribution must be used for one or more of the following purposes:

(1) reducing the cost of financing the obligations, as described in clause (a);

(2) securing the payment of debt service on obligations issued pursuant to the program;

(3) financing public improvements under a comprehensive redevelopment or renewal program, if the costs are reasonably allocable to a facility financed with the proceeds of the obligations and if the improvements are made no earlier than three years prior to issuance of the obligations to which the contribution applies or more than one year after issuance; or

(4) other costs reasonably related to the program.

If the governmental unit is reimbursed by a nonexempt person for any part of the program within five years after the contribution was made, the reimbursement must be applied for one or more of the purposes described in this paragraph.

For purposes of this subdivision, "governmental unit" means the issuer

that issues the obligations for the project or the governmental unit that approves the obligations for the purposes of section 103(k)(2) of the Internal Revenue Code of 1954, as amended through December 31, 1985, or both.

Subd. 22. [WASTE MANAGEMENT PROJECT.] "Waste management project" means a project which is authorized by chapter 115A or 400, or sections 473.801 to 473.834.

Subd. 23. [WRITTEN DEVELOPMENT PROGRAM; PROGRAM.] "Written development program" or "program" means a written economic development plan that contains at least substantially all of the following:

(1) a description of the area subject to the plan, which may not exceed 20 percent of the total acreage of the issuer;

(2) a statement of the objectives for the development of the area subject to the plan;

(3) a statement of the development plan for the area subject to the plan, including the property within the area, if any, which is to be acquired by a governmental unit;

(4) a description of the type of specific development reasonably expected to take place within the area subject to the plan; and

(5) a description of the kind and an estimate of the amount of public funds, including local public funds, expected to be spent in connection with the development of the area subject to the plan.

Sec. 4. [474A.03] [DETERMINATION OF VOLUME CAP.]

Subdivision 1. [1986 VOLUME CAP UNDER EXISTING FEDERAL TAX LAW.] No later than five days after enactment of this bill, the department shall determine the following: (1) the aggregate dollar amount of authority to issue obligations under the existing federal tax law that is available for issuance during calendar year 1986; (2) of the amount in clause (1), the amount that is allocated to entitlement issuers; (3) the amount that remains for allocation through the pool; and (4) the amount available for issuance of mortgage revenue bonds.

Subd. 2. [1986 VOLUME CAP UNDER FEDERAL VOLUME LIMITATION ACT.] No later than five days after enactment of this bill the department shall determine the aggregate dollar amount of authority to issue obligations under the federal volume limitation act during calendar year 1986 and of this amount, the department shall determine the following amounts:

(1) the amount, if any, that the federal volume limitation act requires to be reserved for qualified 501(c)(3) bonds;

(2) the amount of the governmental volume cap available to entitlement issuers as calculated under section 7, stating separately the amount available for issuance of "qualified mortgage bonds" or obligations with a comparable definition in the federal volume limitation act; and

(3) the amount available for allocation through the pool.

Subd. 3. [1987 VOLUME CAP UNDER EXISTING FEDERAL TAX LAW.] By no later than January 1, 1987, the department shall determine the aggregate dollar amount of authority to issue obligations under the existing

federal tax law that is available for issuance by issuers during calendar year 1987. Of this amount, the department should determine the amount that is allocated to entitlement issuers, the amount that is available for allocation under the pool, and the amount available for issuance of mortgage revenue bonds; the aggregate dollar amount of authority to issue obligations under the federal volume limitation act during calendar year 1987.

Subd. 4. [1987 VOLUME CAP UNDER THE FEDERAL VOLUME LIMITATION ACT.] *By no later than January 1, 1987, the department shall determine the aggregate dollar amount of authority to issue obligations under the federal volume limitation act during calendar year 1986, and of this amount, the department shall determine the following amounts:*

(1) the amount, if any, that the federal volume limitation act requires to be reserved for qualified 501(c)(3) bonds;

(2) the amount of the governmental volume cap available to entitlement issuers as calculated under section 7, stating separately the amount available for issuance of "qualified mortgage bonds" or obligations with a comparable definition in the federal volume limitation act; and

(3) the amount available for allocation through the pool.

Of the amounts determined under this subdivision, one-half of the amount that is determined to be available for entitlement issuers shall be allocated to entitlement issuers under section 7, one-half shall be allocated through the pool under section 11, and only one-half of the amount that is available to be issued for qualified 501(c)(3) bonds shall be allocated under section 12. Issuance authority for the entitlement granted by section 7, subdivision 1, paragraph (8), shall be determined in accordance with the procedure contained in Minnesota Statutes 1985 Supplement, section 462C.09, subdivision 2a, provided that no more than \$13,750,000 of issuance authority shall be allocated in this manner. The amount of issuance authority not allocated to entitlement issuers under section 7, to the pool for distribution under section 11, or to the qualified 501(c)(3) bond pool for distribution under section 12 shall remain unallocated unless otherwise provided by law.

Subd. 5. [ADJUSTMENTS FOR CHANGES TO VOLUME CAP IN FEDERAL VOLUME LIMITATION ACT.] *If the annual volume cap in the federal volume limitation act as determined under subdivisions 2 and 4 becomes greater than or less than the annual volume cap that existed in the federal volume limitation act in the form that existed as of January 1, 1986, the department shall adjust the calculations made under subdivisions 2 and 4.*

Sec. 5. [473A.04] [ENTITLEMENT ALLOCATIONS UNDER EXISTING FEDERAL TAX LAW.]

Subdivision 1. [HIGHER EDUCATION COORDINATING BOARD ALLOCATION.] *\$25,000,000 for each calendar year of the aggregate limit of bond issuance authority allocated to the state under the existing federal tax law is allocated to the higher education coordinating board for the issuance of obligations pursuant to chapter 136A. On September 1, any unused portion of the bonding authority allocated to the higher education coordinating board pursuant to this subdivision shall be canceled and the authority shall be allocated pursuant to section 474.19.*

Subd. 2. [IRON RANGE RESOURCES AND REHABILITATION

ALLOCATION.] From January 1 to August 31 of each calendar year, \$30,000,000 of the aggregate limit of bond issuance authority allocated to the state for any calendar year under the existing federal tax law is allocated to the iron range resources and rehabilitation commissioner. From September 1 to October 31 of each year, the iron range resources and rehabilitation commissioner may retain his allocation or a portion of it only if he has submitted to the energy and economic development authority on or before September 1 a letter which states (1) his intent to issue obligations pursuant to his allocation or a portion of it before the end of the calendar year or within the time period permitted under existing federal tax law, and (2) a description of the specific project or projects for which the obligations will be issued, together with an application deposit in the amount of one percent of the amount of the remaining unused allocation or the portion of it pursuant to which he intends to issue obligations. If the iron range resources and rehabilitation commissioner does not submit the required letter of intent and the application deposit, the amount originally allocated to the iron range resources and rehabilitation commissioner or the portion not already used not subject to a letter of intent shall be canceled and subject to reallocation. If the iron range resources and rehabilitation commissioner returns for reallocation all or any part of his allocation on or before October 31, that portion of his application deposit equal to one percent of the amount returned shall be refunded within 30 days.

Upon the request of a statutory city located in a taconite tax relief area which received an entitlement allocation under Minnesota Statutes 1984, section 474.18, of \$5,000,000 or more for calendar year 1985, the iron range resources and rehabilitation commissioner shall enter into an agreement with the city whereby the commissioner issues obligations, in an amount requested by the city but not to exceed \$5,000,000, on behalf of the city.

Subd. 3. [ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY ALLOCATION.] \$60,000,000 of the aggregate limit of bond issuance authority allocated for each calendar year to the state under the existing federal tax law is allocated to the department of energy and economic development for use or allocation pursuant to section 116J.58, subdivision 4. After August 31 of each year, any entity which receives an allocation from the department of energy and economic development pursuant to section 116J.58, subdivision 4, may retain its allocation or a portion of it only if it has submitted to the department of energy and economic development responsible for administering Laws 1984, chapter 582, on or before September 1 a letter which states (1) its intent to issue obligations pursuant to its allocation or a portion of it before the end of the calendar year or within the time period permitted by a federal limitation act, and (2) a description of the specific project or projects for which the obligations will be issued together with an application deposit in the amount of one percent of the amount of its remaining unused allocation or the portion of it pursuant to which it intends to issue obligations. If any entity which receives an allocation from the department of energy and economic development pursuant to section 116J.58, subdivision 4, does not submit the required letter of intent and the application deposit, the amount originally allocated to the entity which receives an allocation from the department of energy and economic development pursuant to section 116J.58, subdivision 4, or the portion not already used and not subject to a letter of intent shall be canceled and subject to reallocation. If the entity which receives an allocation from the energy and economic development department pursuant to section 116J.58, subdivision 4, returns for reallocation all or any part of its allocation on or before October 31, that portion of its

application deposit equal to one percent of the amount returned shall be refunded within 30 days.

Subd. 4. [ENTITLEMENT CITIES.] From January 1 to August 31 of each calendar year an amount of bond issuance authority under the existing federal tax law shall be allocated to (a) cities of the first class, and (b) the largest Minnesota city located in a standard metropolitan statistical area that does not contain a city of the first class, if the city has a population of 25,000 or more. The amount allocated to a first-class city shall be an amount equal to \$200 multiplied by the city's population. The amount allocated to each city qualifying under clause (b) is \$5,000,000. After August 31 of each year, an issuer receiving an allocation under this subdivision may retain all or a portion of its allocation only if it has submitted to the department by September 1 a letter stating its intent to issue obligations pursuant to its allocation before the end of the calendar year or within the time period permitted under existing federal tax law and an application deposit equal to one percent of the amount of the unused allocation for which it intends to issue obligations. The portion of any unused issuance authority for which an application deposit and letter of intent has not been received by the department on September 1 is canceled and must be reallocated. If an issuer returns for reallocation all or part of its reallocation under this subdivision by October 31, the application deposit for the amount of the returned authority must be refunded to the issuer.

For purposes of this subdivision, "city" means a statutory or home rule charter city, and "population" means the population determined under section 477A.011, subdivision 3.

Subd. 5. [NOTICE OF ENTITLEMENT ALLOCATION.] The department shall provide a notice of allocation of entitlement to each issuer of the amount of their entitlement allocation under this section no later than ten days after enactment of this bill for calendar year 1986 and by no later than January 1, 1987, for calendar year 1987.

Subd. 6. [NOTICE OF ISSUE.] Issuers that issue obligations subject to existing federal tax law shall give a notice of issue stating the date of issuance of the obligations, the allocation under which the obligations are issued, and the principal amount of the obligations to the department of energy and economic development within five days after the obligations are issued. If the notice of issue is not filed within five days after the obligations are issued the obligations shall be considered not to have received an allocation under existing federal tax law by the department. Within 30 days after receipt of the notice, the department shall refund a portion of the application deposit required under this section equal to one percent of the principal amount of the obligations issued.

Subd. 7. [ENTITLEMENT TRANSFERS.] An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues bonds pursuant to issuance authority allocated to the original entitlement issuer under this section.

Subd. 8. [POOL ALLOCATION.] Any amount of the aggregate limit of bond issuance authority allocated to the state for any calendar year pursuant to a federal limitation act which is not allocated under this section shall be allocated among issuers.

Sec. 6. [474A.05] [QUALIFIED MORTGAGE BONDS UNDER

EXISTING FEDERAL LAW.]

Subdivision 1. [HOUSING FINANCE AGENCY ALLOCATION.] The applicable limit for the Minnesota housing finance agency, pursuant to existing federal tax law, for any calendar year, shall be 100 percent of the state ceiling for that year, reduced only by (1) any amounts of bonds which have been or may be allocated by law to specified cities, and (2) any amounts of bonds which are allocated to cities. The aggregate amount allocated to cities, under clause (1) or (2), together with the amount of bonds reserved for the agency, shall not exceed the limit for the state under existing federal tax law.

By August 1 of each year, any city which has received by law an allocation of the state ceiling shall submit its housing programs to the Minnesota housing finance agency for approval pursuant to section 462C.04, subdivision 2, in an amount of bonds equal to or less than, the city's allocation. If the amount of bonds, for which program approval is granted on or before September 1 is less than the amount allocated by law to the city, the applicable limit for the agency shall be increased by the difference between the amount allocated by law to the city, and the amount for which program approval has been granted.

Subd. 2. [CITY ALLOCATION.] Unless otherwise authorized by law, a city that intends to issue during any calendar year mortgage revenue bonds that are subject to existing federal tax law, shall by January 2 of that year submit to the Minnesota housing finance agency a program that will use a portion of the state mortgage revenue bond ceiling. The total amount of bonds included in all programs submitted pursuant to this subdivision by a city may not exceed \$10,000,000. Each program shall be accompanied by a certificate from the city that states that the revenue bond is feasible. By February 1, the Minnesota housing finance agency shall review each program pursuant to section 462C.04, subdivision 2. The Minnesota housing finance agency shall approve all programs that the agency determines are consistent with this chapter, and that meet the following conditions:

(1) all of the loans must be reserved for a period of not less than six months for persons and families whose adjusted family income is below 80 percent of the limits on adjusted gross income provided in section 462C.03, subdivision 2; and

(2) loans must be made only to finance homes that are serviced by municipal water and sewer utilities; provided that if the approval of all programs would result in an allocation to cities in excess of 27-1/2 percent of the state ceiling for the calendar year 1985, reduced by the amount of bonds that are allocated by law to specified cities, the Minnesota housing finance agency shall approve programs that are submitted by a city which meets any of the following three criteria: (i) a city of the first class, or (ii) a city that did not receive an allocation under this subdivision or Minnesota Statutes 1984, section 462C.09, during the preceding two calendar years, or (iii) a group of cities that plan to jointly issue bonds for the program provided further that if approval of all of the programs submitted by cities that meet one or more of the criteria in clause (i), (ii), or (iii) would result in a total allocation to cities in excess of the portion of the state ceiling available for allocation, then from among those programs the agency shall select by lot the programs to be

approved. If a portion of the state ceiling remains unallocated after the agency has approved all programs submitted by cities that meet one or more of the criteria in clause (i), (ii), or (iii), the Minnesota housing finance agency shall select by lot from among the remaining programs to be approved. The Minnesota housing finance agency shall determine if a program meets the conditions in clauses (1) and (2) based solely upon the program with accompanying information submitted to the agency. Approval of a program shall constitute an allocation of a portion of the state ceiling for mortgage revenue bonds equal to the proposed bond issue or issues contained in the program, provided that the allocation for the last selected program that receives an allocation may be equal to or less than the amount of the bond issue or issues in the program.

If a city which received an allocation pursuant to this subdivision, or which has been allocated a portion of the state ceiling by law and has received approval of one or more programs, has not issued bonds by September 1 in an amount equal to the allocation, and the city intends to issue mortgage revenue bonds prior to the end of the calendar year, the city shall by September 1 submit to the Minnesota housing finance agency for each program a letter that states the city's intent to issue the mortgage revenue bonds prior to the end of the calendar year. If the Minnesota housing finance agency does not receive the letter from the city, then the allocation of the state ceiling for that program shall expire on September 1, and the applicable limit for the Minnesota housing finance agency shall be increased by an amount equal to the unused portion of the allocation to the city. A city referred to in subdivision 1, clause (2) shall not be required to apply under this subdivision with respect to bonds allocated by law to any such city. Nothing in this subdivision shall prevent any such city from applying for an additional allocation of bonds under this subdivision.

Subd. 3. [REALLOCATION.] On or before September 1 of each year, the Minnesota housing finance agency shall identify the amount, if any, of its applicable limit for housing mortgage bonds for that calendar year that it does not intend to issue. Any city that intends to issue mortgage revenue bonds prior to the end of the calendar year for which it has not received an allocation of the state ceiling may submit a program for approval on or before September 1 to the Minnesota housing finance agency for a portion of the amount of the Minnesota housing finance agency's applicable limit which the agency does not intend to issue. The total amount of bonds included in all programs of any city submitted pursuant to this subdivision shall not exceed \$10,000,000. The program shall be accompanied by the same certificate required by subdivision 2. The Minnesota housing finance agency shall allocate the amount of the state ceiling to be allocated pursuant to this subdivision using the same factors listed in subdivision 2, provided that a program for any city receiving an allocation pursuant to subdivision 2 during the calendar year shall be ranked below all other programs if the bonds proposed in the program, when added to the bonds included in programs approved pursuant to subdivision 2, exceed \$10,000,000. A city that submitted a program pursuant to subdivision 2 but that did not receive an allocation may renew its application with a letter of intent to issue. Nothing in this subdivision shall prevent any city referred to in subdivision 1, clause (1) from applying for an additional allocation of bonds under this subdivision.

Subd. 4. [AGENCY REVIEW.] The 30-day review requirement in section

462C.04, subdivision 2, shall not apply to programs submitted to the agency that require an allocation of the state ceiling pursuant to this section. A failure by the agency to complete any action by the dates set forth in this section shall not result in the approval of any program or the allocation of any portion of the applicable limit of the agency. Approval by the agency of programs after the dates provided in this section shall be effective in allocating a portion of the state ceiling. Programs approved by the agency may be amended with the approval of the agency under section 462C.04, subdivision 2, provided that the dollar amount of bonds for the program may not be increased.

Subd. 5. [STATE CERTIFICATION.] *The executive director of the Minnesota housing finance agency is designated as the state official to provide the preissuance certification required by section 103A(J)(4)(A) of the Internal Revenue Code of 1954, as amended through December 31, 1985.*

Sec. 7. [474A.06] [DETERMINATION OF ENTITLEMENT ALLOCATIONS UNDER FEDERAL VOLUME LIMITATION ACT.]

Subdivision 1. [ENTITLEMENT ISSUERS.] *The dollar amount of issuance authority available for issuance by entitlement issuers under the federal volume limitation act shall be determined as follows:*

(1) *to the state of Minnesota 24 percent of the governmental volume cap;*

(2) *to the city of Minneapolis 8.7 percent of the governmental volume cap, plus an additional 3.5 percent of the governmental volume cap or \$16,000,000, whichever is less, which additional amount is to be used solely for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition as used in the federal volume limitation act;*

(3) *to the city of St. Paul 6.4 percent of the governmental volume cap, plus an additional 1.4 percent of the governmental volume cap or \$8,500,000, whichever is less, which additional amount is to be used solely for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition as used in the federal volume limitation act;*

(4) *to the city of Duluth 2.1 percent of the governmental volume cap, plus an additional five-tenths of one percent of the governmental volume cap or \$3,000,000, whichever is less, which additional amount is to be used solely for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition as used in the federal volume limitation act;*

(5) *to the city of Moorhead six-tenths of one percent of the governmental volume cap;*

(6) *to the city of Rochester six-tenths of one percent of the governmental volume cap;*

(7) *to the city of St. Cloud six-tenths of one percent of the governmental volume cap;*

(8) *to a city or cities that received an allocation to issue mortgage revenue bonds during 1986 under Minnesota Statutes 1985 Supplement, section 462C.09, subdivision 2a, an amount or amounts equal to such allocations for "qualified mortgage bonds" or for obligations with a comparable definition in the federal volume limitation act.*

The department shall provide a notice of allocation of entitlement to each

entitlement issuer of the amount of their entitlement stating separately the amount that may be issued for "qualified mortgage bonds" or for obligations with a comparable definition as used in the federal volume limitation act no later than ten days after enactment of this bill.

Sec. 8. [474A.07] [ALLOCATION OF STATE ENTITLEMENT UNDER FEDERAL VOLUME LIMITATION ACT.]

Subdivision 1. [STATE ENTITLEMENTS.] The authority to issue obligations allocated to the state of Minnesota must be allocated by the governor to state issuers by executive order, provided that 11.5 percent of the issuance authority allocated to the state is allocated to the iron range resources and rehabilitation commissioner. Upon the request of a statutory city located in the taconite tax relief area which received an entitlement allocation under Minnesota Statutes 1985 Supplement, section 474.18, of \$5,000,000 or more for calendar year 1985, the iron range resources and rehabilitation commissioner shall enter into an agreement with the city whereby the commissioner issues obligations on behalf of the city, in an amount requested by the city but not to exceed 17 percent of the amount allocated to the commissioner under this subdivision.

Subd. 2. [LIMIT ON ISSUANCE; QUALIFIED MORTGAGE BONDS.] Of any amount allocated under subdivision 1 to the Minnesota housing finance agency, no more than \$145,000,000 of "qualified mortgage bonds" or obligations with a comparable definition in the federal volume limitation act shall be issued during calendar year 1986.

Sec. 9. [474A.08] [ENTITLEMENT ISSUERS UNDER THE FEDERAL VOLUME LIMITATION ACT.]

Subdivision 1. [NOTICE OF ISSUE.] Entitlement issuers that issue obligations under the federal volume limitation act for which an entitlement allocation was received under section _____, shall provide a notice of issue to the department on forms provided by the department stating: the date of issuance of the obligations; the title of the issue; the principal amount of the obligations; whether and to what extent the obligations are subject, in whole or in part, to the volume cap of the federal volume limitation act; whether the obligations constitute "qualified 501(c)(3) bonds" as defined in the federal volume limitation act. Any issue of obligations for which a notice of issue is not provided to the department within five days after issuance shall be deemed not to have received an allocation under the federal volume limitation act.

Subd. 2. [ENTITLEMENT TRANSFERS.] An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues obligations pursuant to issuance authority allocated to the original entitlement issuer.

Sec. 10. [474A.09] [RESERVATION OR CANCELLATION OF ENTITLEMENT ALLOCATIONS; FEDERAL VOLUME LIMITATION ACT.]

After August 31, 1986, an entitlement issuer may retain all or a portion of its entitlement allocation under the federal volume limitation act only if the department has received by August 31, a letter stating the intent of the entitlement issuer to issue obligations under its entitlement allocation before the

end of the calendar year or within the time permitted by the federal volume limitation act and an application deposit equal to one percent of the unused allocation for which it intends to issue obligations, in addition to the deposit required by section 5, subdivisions 2, 3, and 4. The portion of any unused issuance authority for which an application deposit and letter of intent has not been received by the department by August 31, 1986, is canceled and shall be reallocated. Notwithstanding the provisions of this subdivision, the department may retain \$15,000 of the state's entitlement allocation for the issuance of obligations of the state. If any time after August 31, 1986, the department determines that part or all of this retained allocation will not be required for obligations issued by the state, the portion not required shall cancel and shall be reallocated under section 11.

Sec. 11. [474A.10] [ALLOCATION OF POOL AMOUNT UNDER EXISTING FEDERAL TAX LAW AND UNDER THE FEDERAL VOLUME LIMITATION ACT.]

Subdivision 1. [POOL AMOUNT.] From January 1 to December 31 of calendar year 1986 and for 1987 from January 1 to June 30, the amounts available for allocation under this section shall be allocated among issuers under this section. An entitlement issuer may apply for an allocation under this section after September 1 and only if the applicant has adopted a final resolution authorizing the sale of obligations equal to any allocation received under section 5 or 7 or has returned any remaining allocation for reallocation pursuant to this section, provided that entitlement issuers that received an allocation for "qualified mortgage bonds" or for other obligations with a comparable definition as defined in the federal volume limitation act under section 7, clause (8) may apply for an allocation at any time and provided that a city of the first class may apply for an allocation for a manufacturing project at any time.

Subd. 2. [APPLICATION.] An issuer may apply for an allocation of issuance authority pursuant to this section by submitting to the department on or before the 10th or the 25th day of any month an application on forms provided by the department accompanied by a preliminary resolution of the issuer. Applications for refunding issues must be ranked and awarded as though the project was undertaken at the time that the application is submitted.

Subd. 3. [ALLOCATION CRITERIA.] The department shall rank each application on the basis of the number of points awarded to it, with one point being awarded for each of the following criteria satisfied:

(a) The current rate of unemployment for the applicant is at or above 110 percent of the statewide average unemployment rate for the most recently available reporting period, as determined by the department of economic security. The unemployment rate for the applicant shall be the greater of (1) the most recent estimate available for the smallest jurisdiction which wholly includes the jurisdiction of the applicant, as reported by the department of economic security, or (2) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.

(b) The number of individuals employed in the applicant's jurisdiction declined from the second calendar year before the application, to the first calendar year before the application. The estimate of the number of individ-

uals employed for each year shall be based on the same source, and shall be (1) the most recent estimate available for the smallest jurisdiction which wholly includes the applicant, as reported by the department of economic security, or (2) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.

(c) The project will provide additional general tax revenue to the taxing jurisdictions in which the project is located beginning not later than three years after issuance and sale of the obligations.

(d) The number of jobs to be created by the project described in the application is at least two jobs for each \$100,000 of issuance authority requested for the project.

(e) As of the date of application the total market value of all taxable property in the applicant's jurisdiction, as based on the most recent certification of assessed value to the commissioner of revenue, has either (1) declined in relation to the first calendar year before the certification, or (2) increased in relation to the first calendar year before the certification at a rate which is not in excess of 90 percent of the rate of increase of the state average market value over the same period.

(f) The total capital expenditures for the project exceed by ten percent the amount of the proceeds of the obligations to be issued for the project.

(g) The project is wholly located in an enterprise zone designated pursuant to section 273.1312.

(h) The project site meets the criteria necessary to qualify as a tax increment redevelopment district as defined in section 273.73, subdivision 10. To qualify under this clause the project need not be included in a tax increment financing district.

(i) The project meets one of the following energy conservation criteria: (1) the project is eligible for the additional federal investment tax credits for energy property, (2) the project involves construction or expansion of a district heating system as defined in section 116J.36, or (3) the project involves construction of an energy source as described in section 116J.26, clause (a), (b), or (d), or 116M.03, subdivisions 22, 23, and 26.

(j) The project consists of the renovation, rehabilitation, or reconstruction of an existing building which is (1) located in a historic district designated under section 138.73, or on a site listed in the state registry of historical sites under sections 138.53 to 138.5819; or (2) designated in the National Register pursuant to United States Code, title 16, section 470a.

(k) Service connections to sewer and water systems are available to the project at the time the application is submitted.

(l) As provided by a binding agreement with the municipality, at least ten percent of the individuals employed by the principal user or users of the project will be minority or low income individuals.

(m) When the application is submitted either (1) neither the anticipated owner of the project, nor any party of which the owner was a controlling partner or shareholder, or which was a controlling shareholder or partner of the owner, owned or operated a substantially similar business within the state

or (2) the project is an expansion of the operations of an existing business which is not likely to have the effect of transferring existing employment from one or more other municipalities within the state to the municipality in which the project is located.

(n) A controlling interest in the project will be owned by one or more women or minority persons.

(o) Seventy-five percent or more of the proceeds of the proposed issue will be used to rehabilitate an existing structure.

(p) With respect to the federal volume limitation act the project is a multifamily housing project.

(q) With respect to the federal volume limitation act the project is a multifamily housing project designed for rental primarily to handicapped persons or to elderly persons.

(r) With respect to a refunding issue, the issue meets the requirements of section 475.67.

Subd. 4. [ALLOCATION PROCEDURE.] (a) The department shall allocate available issuance authority to applications by the tenth day succeeding such application deadline specified in subdivision 2 in the following order of priority and available issuance authority may not be allocated to any other project:

(1) applications for manufacturing projects;

(2) applications for pollution control projects or waste management projects; and

(3) applications for commercial redevelopment projects or, with respect to the federal volume limitations act, for multifamily housing projects.

Within each category of applications available authority shall be assigned on the basis of the numerical rank determined under this section. In the case of an application for issuance authority that includes more than one project to be financed by one issue of obligations, the points assigned to the application shall be computed on the basis of the weighted average of points for the projects. The projects must all be of the same category of projects to be submitted as a multiproject application. If two or more applications have the same numerical rank, the allocation of issuance authority as between the applications shall be by lot unless otherwise agreed by the respective issuers.

(b) From January 1 through September 1, no more than 20 percent of the total amount of issuance authority available for allocation during the calendar year pursuant to this section may be allocated to pollution control and waste management projects.

(c) From January 1 through September 1, no more than 35 percent of the total amount of issuance authority available for allocation during the calendar year pursuant to this section under existing federal tax law may be allocated to commercial redevelopment projects or, with respect to the federal volume limitations act, to commercial redevelopment projects and multifamily housing projects. This amount is increased to 50 percent of the total available authority for the next month's allocation if the following two conditions occur: (1) on or after June 30 the total amount of issuance authority available

under this section which has not been allocated or has been allocated to but was returned by an issuer exceeds 45 percent of the total amount of issuance authority available for allocation under this section for the calendar year; or (2) the entire amount of issuance authority available under this clause for commercial redevelopment and multifamily housing projects has been allocated.

Sec. 12. [474A.11] [501(c)(3) POOL; FEDERAL VOLUME LIMITATION ACT.]

This section applies only to allocations made under the federal volume limitations act. The amount, if any, of issuance authority that must be set aside for qualified 501(c)(3) bonds, as determined in section 4, subdivision 2, in 1986 or section 4, subdivision 4, in 1987 shall be allocated under this section. Issuers that desire to issue qualified 501(c)(3) bonds must apply for certificates of registration under section 13. Certificates will be provided for proposed issues of obligations in the order in which they arrive at the department. If the total amount of awards of issuance authority for certificates during any one week exceeds the amount available for allocation under section 4, subdivision 2, for 1986 or subdivision 4 for 1987, then the certificates will be issued by lot, unless otherwise agreed by the issuers making the application.

No certificate shall be awarded if the proposed issue is, in whole or in part, qualified 501(c)(3) bonds and the amount of such obligations previously issued in the calendar year is equal to or in excess of any minimum amount of issuance authority for that type of obligation as provided in the federal volume limitation act for calendar year 1986 or for 1987, is equal to or in excess of the amount of issuance authority available for qualified 501(c)(3) bonds as determined under section 4, subdivision 2, for 1986 or subdivision 4 for 1987.

Sec. 13. [474A.12] [CERTIFICATE OF REGISTRATION.]

Subdivision 1. [REQUIREMENT FOR CERTIFICATE OF REGISTRATION.] *(a) Any obligation issued without having first received a certificate of registration shall be deemed not to have received an allocation for the purpose of complying with the federal volume limitation act. This subdivision shall not apply to obligations issued under the authority of an entitlement allocation.*

(b) Any obligation issued without having first received a certificate of registration shall be deemed not to have received an allocation for proposed existing federal tax law, provided that an allocation received under the federal volume limitations act shall be deemed an allocation under existing federal tax law. This subdivision does not apply to obligations issued under the authority of an entitlement allocation.

Subd. 2. [PREREQUISITES TO APPLYING FOR CERTIFICATE OF REGISTRATION.] *Prior to applying for a certificate of registration for an issue of obligations, the procedural requirements imposed by this act and by any other law must be met. If this act does not impose any procedural requirements with respect to a type of obligation, a certificate of registration may be applied for directly for an issue of that type obligations, so long as the procedural requirements of any other law are first met.*

Subd. 3. [APPLICATION FOR CERTIFICATE OF REGISTRATION.] An issuer shall make application for a certificate of registration on forms provided by the department. The application shall contain the following:

- (1) the name and address of the issuer;*
- (2) the address, telephone number, and name of an authorized representative of the issuer;*
- (3) the principal amount of obligations proposed to be issued by the issuer;*
- (4) the title of the proposed issue;*
- (5) a statement of the issuer that the proposed issue of obligations is expected to be issued on or before noon of the Thursday following the Friday that the certificate is issued;*
- (6) whether and to what extent the obligations are subject, in whole or in part, to the volume cap of existing federal tax law;*
- (7) whether and to what extent the obligations are subject, in whole or in part to the federal volume limitation act;*
- (8) whether the obligations constitute qualified 501(c)(3) bonds; and*
- (9) a request of the issuer for an amount of allocation under existing federal tax law or the federal volume limitation act, or both.*

Subd. 4. [ISSUANCE OF CERTIFICATE OF REGISTRATION.] Except as provided in subdivision 6, the department shall issue a certificate of registration for any obligation for which a completed application has been submitted to the department under subdivision 2. The department shall issue certificates of registration beginning on the second Friday following enactment of this bill and on each Friday thereafter. A certificate of registration shall expire and be deemed not to have been issued if the department has not received by noon of the Thursday following the Friday on which the certificate of registration was issued a notice of issue on a form provided by the department stating that the obligations for which the certificate of registration were provided were issued. The notice of issue shall be executed by an officer of the issuer or by the bond counsel approving the issue and shall state the principal amount of the obligations issued and the difference, if any, between the amount issued and the amount stated in the certificate of registration. If the notice of issue is not provided to the department by the time required and if an allocation under the federal volume limitation act was provided to the issue, then the issue shall be deemed not to have received an allocation for the purpose of complying with the federal volume limitation act. Issuers that receive certificates for issues of obligations containing an allocation under the federal volume limitations act and do not return the notice of issue by the time required, must pay to the department the lesser of \$5,000 or one percent of the principal amount of the issue not issued prior to applying for a certificate of registration for a subsequent issue of obligations. If there are applications for certificates of registration for any one Friday's issuance of certificates for an aggregate dollar amount of obligations that would cause the volume cap placed on such obligations by the federal volume limitation act to be exceeded, the department shall conduct a lottery to determine which issues of obligations will be issued certificates that grant an allocation.

Subd. 5. [CONTENTS OF CERTIFICATE OF REGISTRATION.] The commissioner of the department, or a designee, must execute each certificate of registration. The certificate must state the title and the principal amount of the issue of obligations and the extent to which the issue is granted an allocation under the federal volume limitation act or under existing federal tax law, or both.

Subd. 6. [LIMITATIONS ON THE ISSUANCE OF ALLOCATIONS.] No allocation shall be provided under the federal volume limitations act under any of the following circumstances:

(a) No allocation may be granted to an issue of obligations that would cause the annual volume cap in the federal volume limitation act or under existing federal tax law to be exceeded.

(b) The principal amount of the proposed issue exceeds \$25,000,000 unless the issuer is the Minnesota housing finance agency or the Minnesota higher education coordinating board, or unless the issue is a pooled or joint issue or any issue of a joint powers board, provided that for joint or pooled issues or issues of a joint powers board the aggregate amount of the issue cannot exceed \$100,000,000.

Subd. 7. [CERTIFICATES ARE NOT TRANSFERABLE.] Certificates of registration are not transferable.

Sec. 14. [474A.13] [STATE HELD HARMLESS.]

The state shall not be held liable in any manner to any issuer, holder of obligations, or other person for carrying out the duties imposed under this act.

Sec. 15. [474A.14] [RATIFICATION OF EXISTING OBLIGATIONS.]

Any obligation issued by any issuer during calendar year 1986 until the day of enactment of this act may receive an allocation under this act if a certificate of registration is obtained or for entitlement issuers issuing from their entitlement allocation a notice of issue by the Friday after the first Friday after enactment of this act.

Sec. 16. [474A.15] [PROSPECTIVE OVERRIDE OF FEDERAL VOLUME LIMITATION ACT.]

This act prospectively overrides and replaces the method of allocating the authority to issue obligations among uses and among issuers as provided in the federal volume limitation act to the extent allowed by the federal volume limitation act.

Sec. 17. [474A.16] [STATE CERTIFICATION.]

The commissioner of the department is designated as the state official to provide pre-issuance certification as required by the federal volume limitation act.

Sec. 18. [474A.17] [APPROPRIATION; RECEIPTS.]

Any fees collected by the department under this act are appropriated to the general fund.

Sec. 19. [REPEALER.]

Minnesota Statutes 1985 Supplement, sections 462C.09, subdivisions 2a and 3; 462C.11; 474.16, subdivisions 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 474.17; 474.19; 474.191; 474.20; 474.22; 474.23; and 474.26 are repealed. Minnesota Statutes 1984, sections 462C.09, subdivision 1; 474.16, subdivisions 1, 2, and 5; 474.21; and 474.25 are repealed.

Sec. 20. [EFFECTIVE DATE; SUNSET.]

This act is effective retroactive to January 1, 1986, and is repealed effective July 2, 1987."

Delete the title and insert:

"A bill for an act relating to public finance; providing a method for determining compliance with proposed federal tax law relating to state and local government obligations; amending Minnesota Statutes 1985 Supplement, section 462.445, subdivision 13; proposing coding for new law as Minnesota Statutes, chapter 474A; repealing Minnesota Statutes 1984, sections 462C.09, subdivision 1; 474.16, subdivisions 1, 2, and 5; 474.21; 474.25; Minnesota Statutes 1985 Supplement, sections 462C.09, subdivisions 2a and 3; 462C.11; 474.16, subdivisions 3, and 6 to 15; 474.17; 474.19; 474.191; 474.20; 474.22; 474.23; and 474.26."

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

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

S.F. No. 2171: A bill for an act relating to health; providing exemptions for certain air ambulance services; allowing certified first responders to drive certain basic life support transportation service vehicles; amending Minnesota Statutes 1984, sections 144.802, subdivision 5, and by adding a subdivision; and 144.804, subdivisions 1 and 3.

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

Page 2, delete section 3

Page 3, after line 18, insert:

"Sec. 4. Minnesota Statutes 1984, section 144.804, is amended by adding a subdivision to read:

Subd. 7. [DRIVERS OF LIFE SUPPORT TRANSPORTATION SERVICE VEHICLES.] A life support transportation service vehicle may be staffed by a driver possessing a current first responder certificate issued under United States department of transportation standards if the life support transportation service vehicle is also staffed by two or more attendants meeting the following qualifications: (a) attendants staffing a basic life support transportation service vehicle shall meet the qualifications contained in subdivision 1; and (b) attendants staffing an advanced life support transportation service vehicle shall possess a current certification as an emergency medical technician or an emergency medical technician-paramedic, provided that at least one attendant is an emergency medical technician-paramedic."

Renumber the sections in sequence.

Delete the title and insert:

"A bill for an act relating to health; providing exemptions for certain air ambulance services; allowing first responders to drive life support transportation service vehicles under certain conditions; amending Minnesota Statutes 1984, sections 144.802, subdivision 5, and by adding a subdivision; and 144.804, subdivision 3, and by adding a subdivision."

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

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

S.F. No. 2147: A bill for an act relating to health; requiring transportation services involving the use of a stretcher to meet life support transportation licensing standards; amending Minnesota Statutes 1984, sections 144.801, subdivision 4; and 174.29, subdivision 1.

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

Page 1, lines 15 and 16, delete the new language and insert "*The term includes all transportation involving the use of a stretcher, unless the person to be transported is not likely to require life support transportation service and medical treatment during the course of transport*"

Page 1, line 25, delete "or" and insert "*service, as defined in section 144.801, subdivision 4*"

Page 1, line 26, delete the new language

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

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

S.F. No. 2082: A bill for an act relating to human services; excluding certain programs from licensing requirements; amending Minnesota Statutes 1984, section 245.791.

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

Page 2, after line 32, insert:

"Sec. 2. [SUNSET.]

The changes made in section 1 are repealed effective June 30, 1987."

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

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

S.F. No. 2079: A bill for an act relating to human services; creating a

service for the blind and visually handicapped in the department of jobs and training; providing for appeals; providing a penalty; amending Minnesota Statutes 1985 Supplement, sections 13.46, subdivision 2; 248.07, subdivisions 1, 2, 3, 4, 5, 7, 12, 14, 14a, and 15; proposing coding for new law in Minnesota Statutes, chapters 13 and 248; repealing Minnesota Statutes 1985 Supplement, section 248.08.

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

Page 3, line 5, delete "*department*" and insert "*commissioner*"

Page 3, line 6, delete "*believes*" and insert "*determines*"

Page 3, line 9, delete everything after "*psychologist*" and insert a period

Page 3, delete line 10

Page 3, line 15, delete "*12*" and insert "*13*".

Page 4, line 4, delete "*the commissioner considers*" and delete "*in carrying*" and insert "*to carry*"

Page 4, line 5, delete "*programs and services for*" and insert "*the commissioner's duties and responsibilities with respect to*"

Page 5, line 1, before the period, insert "*under section 248.07, subdivision 14a*".

Page 5, line 9, delete "*status*" and insert "*condition*"

Page 5, line 12, after "*providing*" insert "*to eligible persons,*"

Page 5, line 13, after "*charges*" insert a comma

Page 5, line 14, delete "*which*" and insert "*that*" and delete "*frequently*"

Page 8, line 10, delete "*department*" and insert "*commissioner*"

Page 9, delete lines 2 to 12

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

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

S.F. No. 2038: A bill for an act relating to human services; reducing state aid for general assistance to counties which fail to provide literacy training; requiring certain recipients of general assistance to attend adult literacy training; amending Minnesota Statutes 1985 Supplement, sections 256D.03, subdivision 2; and 256D.05, subdivision 1.

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

Pages 1 and 2, delete section 1

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

Page 4, line 22, delete "*available job training*" and insert "*the work readiness program. Upon referral, the person must register and cooperate with*"

the work readiness program to continue to receive assistance under this section"

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, delete line 3

Page 1, line 4, delete "literacy training;"

Page 1, line 5, after "to" insert "cooperate with the work readiness program and"

Page 1, line 6, delete "sections" and insert "section"

Page 1, line 7, delete "256D.03, subdivision 2; and"

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

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

S.F. No. 2115: A bill for an act relating to state real estate; permitting the sale of the old Shakopee correctional facility to the local government units.

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

Page 1, line 10, after "*located*" insert a comma and delete "\$_____" and insert "*the highest price offered over a minimum price of \$145,000,*"

Page 1, line 13, delete "a" and insert "*the*" and delete "*or agency*" and insert "*of corrections*"

Page 1, line 14, after the period, insert "*Proceeds from the sale must be deposited in the general fund.*"

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

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

S.F. No. 2161: A bill for an act relating to employment; providing training opportunities for technically qualified individuals who may be exposed to hazardous substances, harmful physical agents, or infectious agents; amending Minnesota Statutes 1985 Supplement, section 182.653, subdivisions 4b, 4c, and 4f.

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

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

S.F. No. 677: A bill for an act relating to human services; allowing the commissioner of human services to lease Oak Terrace Nursing Home for

certain purposes; amending Minnesota Statutes 1984, section 251.011, subdivision 4.

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

Page 1, line 15, delete "*human services*" and insert "*administration*"

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

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

S.F. No. 2243: A bill for an act relating to public safety; restricting local requirements for stairways to be enclosed in certain buildings; requiring local governing bodies to consider certain facts before enacting ordinances affecting housing; defining the term "*stories*"; amending Minnesota Statutes 1984, section 299F.011, subdivision 4, and by adding a subdivision; and Minnesota Statutes 1985 Supplement, section 16B.61, subdivision 3.

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

Page 2, line 19, before "*Any*" insert "*Notwithstanding*" and delete "*that provides that*" and insert a comma

Page 2, line 20, after "*may*" insert "*not*"

Page 2, line 21, delete everything after "*buildings*"

Page 2, line 22, delete everything before "*of*"

Page 2, line 23, after "*less*" insert "*to be enclosed*" and after the period insert "*For the purposes of this paragraph*"

Page 3, after line 18, insert:

"Sec. 4. Minnesota Statutes 1984, section 299F.011, is amended by adding a subdivision to read:

Subd. 4c. Notwithstanding any provision of the uniform fire code, a state agency or local unit of government may not require stairways of existing multiple dwelling buildings of two stories or less to be enclosed. For the purposes of this subdivision the term "stories" has the meaning given it in the state building code."

Renumber the sections in sequence

Page 3, line 20, delete "*3*" and insert "*4*"

Amend the title as follows:

Page 1, line 8, delete "*a subdivision*" and insert "*subdivisions*"

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

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

S.F. No. 1: A bill for an act proposing an amendment to the Minnesota Constitution; repealing article XIII, section 5 which prohibits lotteries.

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

Page 1, delete line 10 and insert "*X, section 8, shall be amended to read as follows:*"

"Sec. 8. The legislature may authorize on-track parimutuel betting on horse racing *and a state lottery* in a manner prescribed by law."

Page 1, line 15, delete "*lotteries*" and insert "*a state lottery*"

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

SECOND READING OF SENATE BILLS

S.F. Nos. 1869, 1850, 1961, 1974, 1848, 1980, 2111, 1940, 1701, 2035, 1935, 1721, 2102, 1970, 1774, 2086, 2130, 1903, 1671, 1833, 1886, 981, 958, 2097, 2052, 1912, 2100, 2006, 1879, 2023, 2204, 1994, 1955, 2171, 2147, 2082, 2079, 2161, 677, 2243 and 1 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. No. 1727 was read the second time.

MOTIONS AND RESOLUTIONS

Mr. Frederickson moved that his name be stricken as chief author and the name of Mr. Moe, D.M. be added as chief author to S.F. No. 312. The motion prevailed.

Ms. Berglin moved that the name of Mr. Novak be added as a co-author to S.F. No. 1934. The motion prevailed.

Mr. Laidig moved that the name of Mr. Novak be added as a co-author to S.F. No. 2035. The motion prevailed.

Mr. Dicklich moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 2128. The motion prevailed.

Mr. Peterson, C.C. moved that the name of Mr. DeCramer be added as a co-author to S.F. No. 2213. The motion prevailed.

Mr. Ramstad moved that the name of Mr. Dahl be added as a co-author to S.F. No. 2248. The motion prevailed.

Mr. Pehler moved that his name be stricken as chief author, shown as a co-author, and the name of Mr. Nelson be added as chief author to S.F. No. 2249. The motion prevailed.

Mr. Frank moved that the name of Mr. Ramstad be added as a co-author to S.F. No. 2250. The motion prevailed.

Mr. Mehrkens introduced—

Senate Resolution No. 112: A Senate resolution commending the people

and schools of Zumbrota upon the centennial of the graduation of its first class.

Referred to the Committee on Rules and Administration.

Mr. Davis moved that his name be stricken as chief author and the name of Mr. Johnson, D.J. be added as chief author to S.F. No. 2020. The motion prevailed.

Mr. Lessard moved that Senate Concurrent Resolution No. 19 be taken from the table. The motion prevailed.

Senate Concurrent Resolution No. 19: A Senate concurrent resolution designating the "Red Ribbon" to commemorate Minnesota citizens who are still missing in action or are being held against their will in Asian countries.

WHEREAS, the State of Minnesota is proud of the veterans of this nation's wars; and

WHEREAS, 8,800 Americans including 121 Minnesotans remain unaccounted for from the Korean conflict and 2,441 Americans including 48 Minnesotans remain unaccounted for from the Vietnam conflict; NOW, THEREFORE,

BE IT RESOLVED by the Senate of the State of Minnesota, the House concurring, that an official symbol is established in memory of those Americans who are missing and unaccounted for. The symbol established is a "Red Ribbon" and that the Red Ribbon will be displayed in all public buildings and other appropriate locations on the national day of recognition, designated by the Congress of the United States, Friday, September 19, 1986 and until the issue is resolved.

BE IT FURTHER RESOLVED that the Secretary of the Senate is directed to prepare enrolled copies of this resolution, to be authenticated by his signature and those of the President of the Senate, the Speaker of the House, and the Chief Clerk of the House, and present them to representatives of the various Minnesota veterans organizations.

Mr. Lessard moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

Mr. Pogemiller moved that his name be stricken as a co-author to S.F. No. 663. The motion prevailed.

CONSENT CALENDAR

S.F. No. 1910: A bill for an act relating to transportation; adding new route to trunk highway system in substitution of existing route; allowing old highway to be turned back to city of Willmar; directing revisor of statutes to make route substitution; amending Laws 1974, chapter 151, section 3.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S.F. No. 1939: A bill for an act relating to judgments; clarifying the general judgment lien law; amending Minnesota Statutes 1984, section 548.09, subdivision 1.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S.F. No. 1794: A bill for an act relating to Washington county; permitting the negotiated sale of certain property; repealing a provision relating to county interests in certain hospital property; repealing Laws 1959, chapter 14, section 1, subdivision 5.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 2, as follows:

Those who voted in the affirmative were:

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

Messrs. Dicklich and Johnson, D. J. voted in the negative.

So the bill passed and its title was agreed to.

S.F. No. 496: A bill for an act relating to state departments and agencies; requiring the commissioner of administration to make surplus documents available to libraries; proposing coding for new law in Minnesota Statutes, chapter 16B.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Merriam voted in the negative.

So the bill passed and its title was agreed to.

S.F. No. 2062: A bill for an act relating to occupations and professions; modifying the membership of the board of architecture, engineering, land surveying, and landscape architecture; amending Minnesota Statutes 1984, section 326.04.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S.F. No. 1914: A bill for an act relating to crimes; providing that violations involving theft of services may be aggregated for purposes of criminal pros-

ecution; amending Minnesota Statutes 1984, section 609.52, subdivision 3.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Peterson, R. W. introduced—

S.F. No. 2265: A bill for an act relating to occupations and professions; architects, engineers, land surveyors, and landscape architects; making certain technical changes related to certain licensing exceptions; amending Minnesota Statutes 1984, sections 326.03, subdivision 2; and 326.06.

Referred to the Committee on Economic Development and Commerce.

Mr. Nelson introduced—

S.F. No. 2266: A bill for an act relating to public employment labor relations; regulating fair share fees; regulating arbitration; defining employer and employee; amending Minnesota Statutes 1984, sections 179A.03, subdivisions 14, 15, and by adding a subdivision; 179A.05, subdivision 6; 179A.07, subdivision 2; 179A.13, by adding a subdivision; 179A.16, subdivisions 4 and 8; and 179A.21, subdivision 2.

Referred to the Committee on Employment.

Mr. Pehler introduced—

S.F. No. 2267: A bill for an act relating to retirement; making public employees retirement association membership optional for employees of county historical societies; amending Minnesota Statutes 1985 Supplement, section 353.01, subdivision 2a.

Referred to the Committee on Governmental Operations.

Messrs. Stumpf; Johnson, D. J.; Moe, R. D.; Willet and Peterson, C. C. introduced—

S.F. No. 2268: A bill for an act relating to state monuments; authorizing development of a plan for a memorial to Native Americans; amending Minnesota Statutes 1984, section 138.585, by adding a subdivision.

Referred to the Committee on Veterans and General Legislation.

Mrs. Lantry and Ms. Berglin introduced—

S.F. No. 2269: A bill for an act relating to human services; providing for outpatient commitment; defining "incapacitated person" to include one who needs mental health services; providing for guardianship and conservatorship to alleviate mental illness; amending Minnesota Statutes 1984, sections 253B.02, subdivision 15, and by adding subdivisions; 253B.07, subdivision 2; 253B.09, subdivisions 1, 2, and 5, and by adding a subdivision; 253B.10, subdivision 1; 253B.12, subdivisions 2 and 5; 253B.14; 525.54, subdivision 2; 525.551, subdivision 5; and 525.56, subdivision 3.

Referred to the Committee on Judiciary.

Mrs. Kronebusch introduced—

S.F. No. 2270: A bill for an act relating to crime victims; authorizing the payment of certain reparations to victims of the crime of tampering with a witness; amending Minnesota Statutes 1985 Supplement, section 611A.52.

Referred to the Committee on Judiciary.

Mr. Samuelson introduced—

S.F. No. 2271: A bill for an act relating to state lands; directing transfer of the Croft Mine Park, and all artifacts, machinery, and other personal property used in its operation, to any one or a combination of the city of Ironton, the city of Crosby, and the Croft historical park board.

Referred to the Committee on Agriculture and Natural Resources.

Ms. Peterson, D.C. introduced—

S.F. No. 2272: A bill for an act relating to traffic regulations; extending the prohibition against wearing headphones while operating a motor vehicle to include bicycles; amending Minnesota Statutes 1984, section 169.471, subdivision 2.

Referred to the Committee on Transportation.

Mr. Isackson introduced—

S.F. No. 2273: A bill for an act relating to state parks; requiring a permit for the use of metal detectors in state parks and other public areas; providing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 85.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Isackson; Peterson, D.L.; Benson; Bernhagen and Anderson introduced—

S.F. No. 2274: A bill for an act relating to homesteads; increasing rural homestead exemption to 160 acres; amending Minnesota Statutes 1984, section 510.02.

Referred to the Committee on Judiciary.

Mr. Bertram introduced—

S.F. No. 2275: A bill for an act relating to corrections; authorizing the commissioner of corrections to contract for an inmate visitation program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 243.

Referred to the Committee on Health and Human Services.

Mr. Solon introduced—

S.F. No. 2276: A bill for an act relating to insurance; requiring notification to the issuing insurer when replacing a life insurance policy; amending Minnesota Statutes 1984, section 72A.20, by adding a subdivision.

Referred to the Committee on Economic Development and Commerce.

Mr. Langseth introduced—

S.F. No. 2277: A bill for an act relating to crimes; requiring mandatory minimum sentences when a firearm or dangerous weapon is used during the commission of certain controlled substance crimes; amending Minnesota Statutes 1984, section 609.11, subdivision 9.

Referred to the Committee on Judiciary.

Mr. Dieterich, by request, introduced—

S.F. No. 2278: A bill for an act relating to retirement; Minnesota state retirement system; changing the formulas for determining average salary and retirement annuity; amending Minnesota Statutes 1984, section 352.115, subdivisions 2 and 3.

Referred to the Committee on Governmental Operations.

Mr. Jude introduced—

S.F. No. 2279: A bill for an act relating to nonprofit corporations; adoption services corporations; providing that pledges to make contributions to reimburse the corporation for expenses shall be voidable at the option of the person making the pledge and payment of expenses shall not be a prerequisite to providing adoption services; amending Minnesota Statutes 1984, section 317.65, subdivision 7.

Referred to the Committee on Judiciary.

Messrs. Johnson, D.J.; Dicklich and Lessard introduced—

S.F. No. 2280: A bill for an act relating to taxation; imposing levy limits on certain towns and cities; altering provisions governing distribution of certain

taconite tax proceeds; reducing the taconite railroad gross earnings tax rate; reducing occupation and royalty tax rates; providing for the deduction of taconite production taxes and transportation costs; amending Minnesota Statutes 1984, sections 275.125, subdivision 9; 275.50, subdivision 2; 275.51, subdivision 3f; 298.225, by adding a subdivision; and 298.24, subdivision 1; Minnesota Statutes 1985 Supplement, sections 294.22; 298.01; subdivision 1; 298.03; 298.225, subdivision 1; 298.28, subdivision 1; and 299.01, subdivision 1.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Lessard, Stumpf, Bertram, Bernhagen and Isackson introduced—

S.F. No. 2281: A bill for an act relating to game and fish; establishing a program to compensate landowners and lessees for damages done by wild animals; appropriating money.

Referred to the Committee on Agriculture and Natural Resources.

Without objection, the Senate reverted to the Order of Business of Motions and Resolutions.

MOTIONS AND RESOLUTIONS

Pursuant to Rule 40, Mr. Taylor moved that H.F. No. 654 be withdrawn from the Committee on Judiciary and placed on General Orders.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 31 and nays 34, as follows:

Those who voted in the affirmative were:

Anderson	DeCramer	Jude	McQuaid	Sieloff
Benson	Frank	Kamrath	Mehrkins	Storm
Berg	Frederick	Knaak	Olson	Taylor
Bernhagen	Frederickson	Knutson	Pehler	
Bertram	Gustafson	Kronebusch	Peterson, D.L.	
Brataas	Isackson	Laidig	Ramstad	
Chmielewski	Johnson, D.E.	Lessard	Renneke	

Those who voted in the negative were:

Adkins	Freeman	Merriam	Peterson, R.W.	Solon
Berglin	Hughes	Moe, D. M.	Petty	Spear
Dahl	Johnson, D.J.	Moe, R. D.	Pogenmiller	Stumpf
Davis	Kroening	Nelson	Purfeerst	Vega
Dicklich	Langseth	Novak	Reichgott	Waldorf
Diessner	Lantry	Peterson, C.C.	Samuelson	Willet
Dieterich	Luther	Peterson, D.C.	Schmitz	

The motion did not prevail.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Tuesday, March 4, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate