

## EIGHTIETH DAY

St. Paul, Minnesota, Thursday, March 6, 1986

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

### RECESS

Mr. Moe R.D. moved that the Senate do now recess until 3:00 p.m. The motion prevailed.

The hour of 3:00 p.m. having arrived, the President called the Senate to order.

### CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Kenneth L. O'Hatto.

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

Adkins	Diessner	Knutson	Novak	Schmitz
Anderson	Dieterich	Kroening	Olson	Sietloff
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.

### EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received and referred to the committee indicated.

February 10, 1986

The Honorable Jerome M. Hughes

President of the Senate

Dear Sir:

The following appointment to the State Board of Vocational Technical Education is hereby respectfully submitted to the Senate for confirmation as required by law:

Julia E. Templin, Rt. 2, Box 131, Pierz, Morrison County, has been appointed by me, effective February 14, 1986, for a term expiring the first Monday in January, 1988.

(Referred to the Committee on Education.)

Sincerely,  
Rudy Perpich, Governor

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1599, 1821, 1966, 2001, 2139, 2170, 2218, 2348, 1978, 1984, 2044 and 2081.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 5, 1986

### FIRST READING OF HOUSE BILLS

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

H.F. No. 1599: 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.

Mr. Moe, R.D. moved that H.F. No. 1599 be laid on the table. The motion prevailed.

H.F. No. 1821: A bill for an act relating to real property; requiring condominium plats after July 31, 1986; requiring certification by a registered land surveyor only, that condominium plat accurately depicts certain required information in 515A.2-110; amending Minnesota Statutes 1984, sections 515A.1-102; 515A.1-103; 515A.2-105; 515A.2-110; 515A.2-114; 515A.2-115; 515A.2-116; 515A.4-102; 515A.4-107; 515A.4-116; and 515A.4-117; and Minnesota Statutes 1985 Supplement, sections 389.09; 508.82; and 508A.82.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1682, now on General Orders.

H.F. No. 1966: A bill for an act relating to the attorney general; authorizing an increase in the number of assistant attorneys general; amending Minnesota Statutes 1984, section 8.02.

Referred to the Committee on Finance.

H.F. No. 2001: 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 Rules and Administration.

H.F. No. 2139: A bill for an act relating to natural resources; extending provisions relating to loggers permits; amending Laws 1985, First Special Session chapter 13, section 219, subdivisions 2 and 5.

Referred to the Committee on Agriculture and Natural Resources.

H.F. No. 2170: A bill for an act relating to wild animals; authorizing the captive propagation and sale of raptors; amending Minnesota Statutes 1984, section 99.27, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1925.

H.F. No. 2218: A bill for an act relating to retirement; authorizing inclusion of certain state employees in the correctional officers plan and the purchase of prior service credit; amending Minnesota Statutes 1984, section 352.91, by adding a subdivision.

Referred to the Committee on Governmental Operations.

H.F. No. 2348: A bill for an act relating to retirement; making public employees retirement association membership optional for employees of county historical societies; amending Minnesota Statutes 1984, section 353.01, subdivision 2b; Minnesota Statutes 1985 Supplement, section 353.01, subdivision 2a.

Referred to the Committee on Governmental Operations.

H.F. No. 1978: A bill for an act relating to crimes; limiting when felony charges brought for depriving another of custodial or parental rights may be dismissed; amending Minnesota Statutes 1984, section 609.26, subdivision 5; and Minnesota Statutes 1985 Supplement, section 609.26, subdivision 1.

Referred to the Committee on Judiciary.

H.F. No. 1984: A bill for an act relating to commerce; regulating securities; regulating the assignment of certain real property loans and the administration of certain escrow accounts; providing certain exemptions; regulating real estate brokers and salespersons; modifying re-examination requirements; providing trust account requirements for licensees acting as principals; granting certain enforcement powers to the commissioner; providing certain remedies; requiring storage of abstracts of title within Minnesota; amending Minnesota Statutes 1984, sections 47.20, subdivision 9; 80A.14, subdivision 18; 80A.15, subdivision 1; 82.17, subdivision 4; 82.22, subdivisions 3, 6, and 13; 82.24, subdivision 2; 82.26; 82.27, subdivision 1; 82.33, subdivision 2; 386.375; Minnesota Statutes 1985 Supplement, section 80A.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 47.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1854.

H.F. No. 2044: A bill for an act relating to courts; altering the responsibility for establishing the salary of the state court administrator and district court administrator; amending Minnesota Statutes 1984, sections 15A.083, subdivision 4; 480.13; and 484.68, subdivision 6.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1946, now on General Orders.

H.F. No. 2081: A bill for an act relating to human services; directing the commissioner of human services to create a mental health service system; setting forth requirements for a mental health service system; requiring a study; amending Minnesota Statutes 1984, section 245.69, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1969, now on General Orders.

### REPORTS OF COMMITTEES

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

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

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

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

Page 1, after line 25, insert:

"Sec. 2. Minnesota Statutes 1984, section 120.10, is amended by adding a subdivision to read:

*Subd. 2a. [INFORMATION ABOUT HOME INSTRUCTION.] Notwithstanding section 120.12, subdivision 2, or any other law to the contrary, if a parent of a child required to attend school according to subdivision 1 is providing such child instruction primarily in the home of that parent and child, the parent shall not be required to report any information to a superintendent from the effective date of this act until July 1, 1987."*

Page 2, line 23, delete "and" and insert a comma and after "2" insert "and 3"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "suspending reporting by a parent providing instruction in the home;"

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

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

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

S.F. No. 1913: 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; 473.303, subdivisions 2 and 4a; 473.852, subdivision 8; 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.

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

Page 1, after line 17, insert:

“Section 1. Minnesota Statutes 1984, section 368.01, subdivision 12, is amended to read:

Subd. 12. [TAXICABS; BAGGAGE WAGONS.] The town board of supervisors shall have power by ordinance to license and regulate baggage wagons, draymen, taxicabs, and automobile rental agencies and liveryes, *except as otherwise provided in sections 43 to 47 of this act for taxicabs in the metropolitan area as defined in section 473.121, subdivision 2.*

Sec. 2. Minnesota Statutes 1984, section 412.221, subdivision 20, is amended to read:

Subd. 20. [TAXICABS; BAGGAGE WAGONS.] The council shall have power by ordinance to license and regulate baggage wagons, draymen, taxicabs, and automobile rental agencies and liveryes, *except as otherwise provided in sections 43 to 47 of this act for taxicabs in the metropolitan area as defined in section 473.121, subdivision 2.*”

Page 1, line 20, delete “governmental unit” and insert “agency” and delete “any unit” and insert “the metropolitan”

Page 1, delete line 21

Page 1, line 22, after the first comma, insert “regional” and after the second comma, insert “metropolitan”

Page 1, line 23, after each comma, insert “metropolitan”

Page 1, line 24, after “and” insert “metropolitan”

Page 1, delete section 2

Page 2, line 4, delete “governmental unit” and insert “agency”

Page 2, after line 5, insert:

“Sec. 5. Minnesota Statutes 1984, section 473.121, subdivision 11, is amended to read:

Subd. 11. “Independent commission, board or agency” means governmental entities with jurisdictions lying in whole or in part within the metropolitan area but not including ~~the metropolitan commissions referred to herein~~ *agencies that are subject to the requirements of section 473.161.*”

Page 3, line 14, after "of" insert "seven"

Page 3, line 15, after the period, insert "Three of the committee members must be local elected officials."

Page 4, after line 12, insert:

"Sec. 9. [473.13] [BUDGET, FINANCIAL AID.]

*Subdivision 1. [BUDGET.] On or before October 1 of each year the council, after a public hearing, shall adopt a budget covering its anticipated receipts and disbursements for the ensuing year and shall decide upon the total amount necessary to be raised from ad valorem tax levies to meet its budget. After adoption of the budget and no later than October 1, the council shall certify to the auditor of each metropolitan county the county share of the tax, which must be an amount bearing the same proportion to the total levy agreed on by the council as the assessed valuation of the county bears to the assessed valuation of the metropolitan area. The maximum amount of any levy made for the purpose of this chapter may not exceed the limits set by sections 473.167 and 473.249.*

*Subd. 2. [COUNTY LEVIES.] The auditor of each metropolitan county shall add the amount of any levy made by the council within the limits imposed by subdivision 1 to other tax levies of the county for collection by the county treasurer with other taxes. When collected the county treasurer shall make settlement of the taxes with the council in the same manner as other taxes are distributed to political subdivisions. The levy authorized by this section is in addition to any other county taxes authorized by law.*

*Subd. 3. [FINANCIAL AID.] The council may accept financial aid from governmental units within the metropolitan area, from the state or federal government, and from private donors, if the conditions under which it is offered are not incompatible with the provisions of this chapter.*

*Subd. 4. [ACCOUNTS; AUDITS.] The council shall keep an accurate account of its receipts and disbursements. Disbursements of council money must be made by check, signed by the chairman or vice chairman of the council and countersigned by its director or assistant director after whatever auditing and approval of the expenditure may be provided by rules of the council. The state auditor shall audit the books and accounts of the council once each year, or as often as funds and personnel of the state auditor permit. The council shall pay to the state the total cost and expenses of the examination, including the salaries paid to the auditors while actually engaged in making the examination. The revolving fund of the state auditor must be credited with all collections made for any examination.*

*Subd. 5. [CONTRACTS.] Every contract of the council for the purchase of merchandise, materials, or supplies that requires an expenditure of \$1,000 or more must be let to the lowest responsible bidder after notice has been published once in a legal newspaper of general circulation in the metropolitan area at least ten days in advance of the last day for the submission of bids.*

Sec. 10. Minnesota Statutes 1984, section 473.141, subdivision 1, is amended to read:

Subdivision 1. ~~[GENERAL APPLICATION.] Metropolitan commissions~~

~~shall be organized, structured and administered as prescribed in this section~~  
*This section applies to metropolitan agencies as provided in the enabling law of each agency.*"

Page 7, line 13, before the period, insert "*required to prepare an implementation plan under section 473.161*"

Page 12, after line 18, insert:

"Sec. 17. Minnesota Statutes 1984, section 473.149, subdivision 3, is amended to read:

Subd. 3. [PREPARATION AND ADOPTION.] The solid waste policy plan shall be prepared, adopted, and amended in accordance with section 473.146, subdivision 2, provided that the procedural duties and responsibilities established therein for the affected metropolitan ~~commission~~ agency shall extend to the metropolitan counties and the pollution control agency. In addition to the requirements of section 473.146, subdivision 2, the council shall send notice of any hearing to the pollution control agency and the governing body of each metropolitan county and each local governmental unit, as defined in section 473.801, wherein a solid waste facility is or may be located in accordance with the plan. Any comprehensive plan adopted by the council shall remain in force and effect while new or amended plans are being prepared and adopted by the council. By October 1, 1976, the council shall adopt either interim policies or amendments to the existing comprehensive plan establishing standards and criteria for the review under section 473.823 of permit applications for solid waste facilities used primarily for resource recovery. For permit applications received by the council prior to October 1, 1976, the council may extend the time period provided for review under section 473.823 until 60 days after the adoption of the interim policies or amendments. No metropolitan county, local government unit, commission, or person shall acquire, construct, improve or operate any solid waste facility in the metropolitan area except in accordance with the council's plan and section 473.823, provided that no solid waste facility in use when a plan is adopted shall be discontinued solely because it is not located in an area designated in the plan as acceptable for the location of such facilities."

Page 12, line 21, strike "**DEVELOPMENT PROGRAMS**" and insert "**IMPLEMENTATION PLANS**"

Page 13, line 30, after "*agency*" insert "*that is subject to this section by its enabling law*"

Page 17, line 18, delete "**GOVERNMENTAL UNITS**" and insert "**COUNCIL; METROPOLITAN AGENCIES**"

Page 17, lines 22 and 23, delete "*governmental units*" and insert "*agencies*"

Page 17, line 27, after the second "*of*" insert "*the council and*"

Page 17, line 28, delete "*governmental units*" and insert "*agencies*" and delete "*council*,"

Page 17, line 34, after "*the*" insert "*council and the*" and delete "*units*" and insert "*agencies*"

Page 18, line 2, after "*for*" insert "*the council and*" and delete "*govern-*

*mental units who*" and insert *"agencies that"*

Page 18, line 3, delete *"adivisory"* and insert *"advisory"*

Page 18, line 20, after *"in"* insert *"council or"*

Page 18, line 24, after *"by"* insert *"the council or"*

Page 18, line 30, delete *"governmental"*

Page 18, line 31, delete *"units"* and insert *"council and agencies"*

Page 18, line 32, after *"in"* insert *"council and"*

Page 19, line 6, after *"of"* insert *"the council and"* and delete *"governmental units who"* and insert *"agencies that"*

Page 19, line 15, after *"by"* insert *"the council and"* and delete *"governmental"*

Page 19, line 16, delete *"units who are"* and insert *"agencies"*

Page 19, line 24, delete *"governmental"*

Page 19, line 25, delete *"units"* and insert *"agencies"*

Page 19, line 29, after *"agency"* insert *"that is subject to this section by its enabling law"*

Page 21, after line 24, insert:

"Sec. 22. Minnesota Statutes 1985 Supplement, section 473.167, subdivision 3, is amended to read:

Subd. 3. [TAX.] The council may levy a tax on all taxable property in the metropolitan area, as defined in section 473.121, to provide funds for loans made pursuant to subdivisions 2 and 2a. The tax shall be certified by the council, levied, and collected in the manner provided by section 473.089 of this act. The tax shall be in addition to that authorized by section 473.249 and any other law and shall not affect the amount or rate of taxes which may be levied by the council or any metropolitan agency or local governmental unit. The amount of the levy shall be as determined and certified by the council, except as otherwise provided in this subdivision. The tax shall not be levied at a rate higher than five one-hundredths of one mill. The tax shall not be levied at a rate higher than that determined by the council to be sufficient, considering the other anticipated revenues of and disbursements from the loan fund, to produce a balance in the loan fund at the end of the next calendar year equal to twice the amount that a tax levy of five one-hundredths of a mill would raise in that year.

Sec. 23. Minnesota Statutes 1984, section 473.171, subdivision 1, is amended to read:

Subdivision 1. The council shall review all applications of a metropolitan ~~commission~~ agency, independent commission, board or agency, and local governmental units for funds, grants, loans or loan guarantees from the United States of America or agencies thereof submitted in connection with proposed matters of metropolitan significance, all other applications by ~~commissions~~ metropolitan agencies, independent commissions, boards and agencies, and local governmental units for grants, loans, or loan guarantees



from the United States of America or any agency thereof if review by a regional agency is required by federal law or the federal agency, and all applications of the ~~commissions~~ for grants, loans, or allocations from funds made available by the United States of America to the metropolitan area for regional facilities pursuant to a federal revenue sharing or similar program requiring that the funds be received and granted or allocated or that the grants and allocations be approved by a regional agency.

Sec. 24. Minnesota Statutes 1984, section 473.171, subdivision 2, is amended to read:

Subd. 2. The council shall review all applications or requests of a metropolitan ~~commission~~ agency, independent commission, board or agency, and local governmental units for state funds allocated or granted for proposed matters of metropolitan significance, and all other applications by metropolitan ~~commissions~~ agencies, independent commissions, boards, agencies, and local governmental units for state funds if review by a regional agency is required by state law or the granting state agency.

Sec. 25. Minnesota Statutes 1984, section 473.173, subdivision 3, is amended to read:

Subd. 3. In developing the regulations the council and the advisory metropolitan land use committee, as defined in section 473.852, shall give consideration to all factors deemed relevant including but not limited to the following:

(1) The impact a proposed matter will have on the orderly, economic development, public and private, of the metropolitan area and its consistency with the metropolitan development guide;

(2) The relationship a proposed matter will have to the policy statement goals, standards, programs and other applicable provisions of the development guide;

(3) The impact a proposed matter will have on policy plans adopted by the council and on the ~~development programs~~ *implementation plans* and functions performed and to be performed by a metropolitan ~~commission~~ agency *that is subject to section 473.161*;

(4) Functions of municipal governments in respect to control of land use as provided for under the municipal planning act.

Sec. 26. Minnesota Statutes 1984, section 473.173, subdivision 4, is amended to read:

Subd. 4. The regulations shall include, without limitation, provisions to effectuate and comply with the following powers and requirements:

(1) No applicant shall be required to submit a proposed matter for review more than once unless it is materially altered.

(1a) A public hearing shall be held prior to the final determination with regard to a proposed matter.

(2) The council shall be empowered to suspend action on a proposed matter during the period of review and for a period not to exceed 12 months following the issuance of its final determination. In its final determination,

the council may prescribe appropriate conditions with regard to a proposed matter which, if incorporated or complied with, would cause the council to remove the suspension.

(3) The council's recommendation or determination concerning a proposed matter, including the determination as to its metropolitan significance, shall be issued within 90 days following its receipt of a proposal accompanied by adequate supporting information. To avoid duplication, the review may be suspended for not more than 90 days to await completion of review of a matter by another public agency.

(4) The council shall be required to review a proposed matter upon request of an affected local governmental unit or metropolitan ~~commission~~ agency *that is subject to section 473.161*. The regulations shall include a procedure for review of a proposed matter upon petition by a specified number of residents of the metropolitan area 18 years of age or older.

(5) The council shall be empowered to review all proposed matters of metropolitan significance regardless of whether the council has received a request from an affected body to conduct that review.

(6) The council shall review all proposed matters determined to be of metropolitan significance as to their consistency with and effect upon metropolitan system plans as defined in section 473.852 and their adverse effects on other local governmental units.

(7) Previously approved policy plans and ~~development programs implementation plans~~ and areas of operational authority of ~~the metropolitan commissions agencies~~ *that are subject to section 473.161* shall not be subject to review under this section, except as specifically provided in section 473.171.

Sec. 27. Minnesota Statutes 1984, section 473.194, is amended to read:

473.194 [DEFINITIONS.]

For the purposes of sections ~~473.193~~ 473.194 to 473.201, the terms defined in the municipal housing and redevelopment act shall have the meanings given them in that act.

Sec. 28. Minnesota Statutes 1984, section 473.195, subdivision 4, is amended to read:

Subd. 4. The council shall, as part of any project proposal to a municipality, propose a means for citizens substantially affected by the proposed project to participate in the formulation and carrying out of projects undertaken by the council pursuant to the terms of sections ~~473.193~~ 473.194 to 473.201.

Sec. 29. Minnesota Statutes 1984, section 473.199, is amended to read:

473.199 [EFFECT UPON MUNICIPAL AND COUNTY HOUSING AND REDEVELOPMENT AUTHORITIES.]

Nothing in sections ~~473.193~~ 473.194 to 473.201 shall be construed to impair the powers and obligations of municipal, county or multi-county housing and redevelopment authorities within the metropolitan area.

Sec. 30. Minnesota Statutes 1984, section 473.201, subdivision 2, is amended to read:

Subd. 2. The council may expend for the purposes of sections ~~473.193~~

473.194 to 473.201 any revenues derived pursuant to section 473.249.

Sec. 31. Minnesota Statutes 1984, section 473.245, is amended to read:

473.245 [REPORTS.]

On or before January 15, of each year the metropolitan council shall report to the legislature. The report shall include:

(1) A statement of the metropolitan council's receipts and expenditures by category since the preceding report;

(2) A detailed budget for the year in which the report is filed and the following year including an outline of its program for such period;

(3) An explanation of any policy plan and other comprehensive plan adopted in whole or in part for the metropolitan area and the review comments of the affected ~~commission~~ *metropolitan agency*;

(4) Summaries of any studies and the recommendations resulting therefrom made by the metropolitan council, and a listing of all applications for federal moneys made by governmental units within the metropolitan area submitted to the metropolitan council;

(5) A listing of plans of local governmental units and proposed matters of metropolitan significance submitted to the metropolitan council;

(6) A detailed report on the progress of any project undertaken by the council pursuant to sections 473.193 to 473.201; and

(7) Recommendations of the metropolitan council for metropolitan area legislation, including the organization and functions of the metropolitan council and the ~~commissions~~ *metropolitan agencies*.

Sec. 32. Minnesota Statutes 1984, section 473.249, subdivision 1, is amended to read:

Subdivision 1. The metropolitan council may levy a tax on all taxable property in the metropolitan area defined in section 473.121 to provide funds for the purposes of sections 473.121 to 473.249 and for the purpose of carrying out other responsibilities of the council as provided by law. The tax shall not exceed eight-thirtieths of one mill on the total assessed valuation of all such taxable property located in the metropolitan area, and shall be levied and collected in the manner provided by section ~~473.08~~ *9 of this act.*"

Page 23, after line 3, insert:

"Sec. 35. Minnesota Statutes 1984, section 473.303, subdivision 6, is amended to read:

Subd. 6. [COMPENSATION.] Members and the chairman shall be compensated as provided for ~~members of metropolitan commissions in section 473.141, subdivision 7.~~

Sec. 36. Minnesota Statutes 1984, section 473.373, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] To carry out the policy and achieve the goals of section 473.371 there is established a regional transit board as a public corporation and a political subdivision of the state. Except as provided

in this section, the board is organized, structured, and administered as provided for ~~metropolitan commissions~~ in section 473.141.

Sec. 37. Minnesota Statutes 1985 Supplement, section 473.373, subdivision 4, is amended to read:

Subd. 4. [TERMS.] The initial terms of members and the chair appointed under Laws 1984, chapter 654, article 3, section 116, commence on the first day after July 1, 1984, that the chair and at least seven other members have been appointed and qualified and expire on the first day that the chair and eight members appointed under section 473.141 and this section are appointed and qualified. By August 1, 1985, the appointing authorities shall appoint a chair and eight members from the districts defined in section 473.141. The initial terms of members and the chair appointed in 1985 are as follows: members representing commission districts A, B, C, and D and the chair of the board, for terms ending the first Monday in January of the year ending in the numeral "7"; members representing commission districts E, F, G, and H for terms ending the first Monday in January of the year ending in the numeral "9." *At least one of the members appointed by the council must be 65 years of age or older at the time of the appointment.* Thereafter the term of each member and the chair is four years, subject to the provisions on apportionment, successor qualification, removal, and vacancy of section 473.141, subdivisions 4a, 5, and 6.

Sec. 38. Minnesota Statutes 1984, section 473.377, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] The transit board shall *prepare, submit to the council, and* adopt a ~~transit service~~ *an* implementation plan describing the planning, functions, and activities to be performed by or under the direction or auspices of the board in implementing the policy plan adopted by the council pursuant to section 473.146. ~~The plan must cover at least the five-year period commencing with the first calendar year beginning after the plan's approval, or a longer period prescribed by the council.~~

~~Except as otherwise provided in this section, the implementation plan must be prepared, submitted for review by the council, adopted, and implemented in the same manner, with the same requirements and restrictions, and to the same effect as provided for development programs in section 473.161. The board shall prepare an implementation plan meeting the requirements of this section and submit the plan to the council by August 1, 1986, and thereafter in even-numbered years at a time prescribed by the council."~~

Page 23, line 12, delete "14" and insert "19"

Page 23, after line 19, insert:

"Sec. 40. Minnesota Statutes 1985 Supplement, section 473.39, subdivision 1, is amended to read:

Subdivision 1. [GENERAL AUTHORITY.] The council, if requested by vote of at least two-thirds of all of the members of the transit board, may issue general obligation bonds to provide funds to the board for expenditure to implement the board's approved ~~capital development program implementation plan~~ and for the refunding of outstanding bonds, certificates of indebtedness, and judgments. The council may not unreasonably withhold the

issuance of obligations for a ~~capital development program~~ *an implementation plan* that has been approved by the council. The council may not issue obligations pursuant to this subdivision in excess of the amount specifically authorized by law. Except as otherwise provided in sections 473.371 to 473.449, the council shall provide for the issuance, sale, and security of the bonds in the manner provided in chapter 475, and has the same powers and duties as a municipality issuing bonds under that law, except that no election is required and the net debt limitations in chapter 475 do not apply to the bonds. The obligations are not a debt of the state or any municipality or political subdivision within the meaning of any debt limitation or requirement pertaining to those entities. Neither the state, nor any municipality or political subdivision except the council and board, nor any member or officer or employee of the board or council, is liable on the obligations. The obligations may be secured by taxes levied without limitation of rate or amount upon all taxable property in the transit taxing district and transit area as provided in section 473.446. The council shall certify to the transit board before October 1 of each year the amounts necessary to provide full and timely payment of the obligations. As part of its levy made under section 473.446, the board shall levy the amounts certified by the council and transfer the proceeds to the council for payment of the obligations. The taxes must be levied, certified, and collected in accordance with the terms and conditions of the indebtedness.

Sec. 41. Minnesota Statutes 1985 Supplement, section 473.39, subdivision 1a, is amended to read:

Subd. 1a. [AMOUNT; I-394 FACILITIES.] The council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$8,500,000 for expenditure as prescribed in the ~~capital development program implementation plan~~ of the board ~~required by section 473.377, subdivision 2, clause (a).~~ Of this amount, no more than \$1,500,000 may be spent for land acquisition and capital improvements for park and ride lots and transit transfer stations planned for the interstate highway described in section 161.123, clause (2), commonly known as I-394. These facilities may be constructed and maintained by the metropolitan transit commission. The board shall require, as a condition of financial assistance to the commission, that the commission make facilities it constructs, acquires, or improves for I-394 with funds provided under this provision available to all transit providers on a nondiscriminatory basis, as the board defines these terms.

Sec. 42. [473.395] [DEFINITIONS.]

*Subdivision 1. [SCOPE.] The definitions in this section apply to sections 43 to 47 of this act.*

*Subd. 2. [BOARD.] "Board" means the regional transit board.*

*Subd. 3. [COMMISSION.] "Commission" means the metropolitan taxicab commission.*

*Subd. 4. [FLAT RATE.] "Flat rate" means a fare charged for a trip in a taxicab, lower than the meter rate for a trip of the same distance and duration and determined under guidelines set by the commission.*

*Subd. 5. [HOSPITALITY INDUSTRY.] "Hospitality industry" means*

*restaurants; licensed on-sale liquor establishments; and establishments providing lodging for consideration for a period of less than 30 days, including, but not limited to, hotels and motels.*

*Subd. 6. [LIMOUSINE.] "Limousine" means an unmarked motor vehicle that carries passengers for hire, is subject to call only from its garage or central place of business, and charges its customers a flat rate by the trip or by the hour, day, or longer period of time, which is greater than the taxicab rate for a comparable trip. Limousine includes a vehicle driven by a uniformed chauffeur.*

*Subd. 7. [METER.] "Meter" means an instrument or device of a kind approved by the commission, attached to a taxicab and designed to measure, mechanically or electronically, the distance traveled by the taxicab, to record the time the taxicab travels or is in waiting, and to indicate upon that record the fare to be charged.*

*Subd. 8. [METER RATE.] "Meter rate" means a fare charged for a trip in a taxicab based upon the distance and time recorded by the meter attached to the taxicab.*

*Subd. 9. [TAXICAB.] "Taxicab" means a passenger automobile that transports passengers and their luggage for hire, having a seating capacity to accommodate fewer than ten persons, and not operated on a fixed route or schedule. Taxicab does not mean a limousine, a private carrier as defined in section 221.011, subdivision 26, or a commuter van as defined in section 221.011, subdivision 27.*

*Subd. 10. [ZONE FARE.] "Zone fare" means a flat rate charged for a trip entirely within an area defined by the commission.*

#### **Sec. 43. [473.3951] [METROPOLITAN TAXICAB COMMISSION.]**

*Subdivision 1. [MEMBERSHIP.] The metropolitan taxicab commission consists of a chair appointed by and serving at the pleasure of the chair of the board and eight members appointed by the board to three-year terms. The board shall appoint three members to represent segments of the taxicab industry, including, but not limited to, large fleet operations and dispatching services, individual owner-operators, and drivers; two members to represent statutory and home rule charter cities in the metropolitan area; two members who are neither public officials nor persons having a financial interest in the taxicab industry, to represent the interests of the public; and one member to represent the hospitality industry. A member shall serve until a qualified successor is appointed. The board may appoint one of its members as a nonvoting liaison to the commission.*

*Subd. 2. [MEETINGS; OFFICERS.] The commission shall meet at the call of the chair. The chair shall preside at all meetings of the commission except as otherwise provided in this subdivision and perform other duties assigned by the commission or by law. In January of each year the commission shall elect from its members a vice chair to preside at its meetings and to perform other duties of the chair in the absence or incapacity of the chair, and may elect whatever officers it deems necessary.*

*Subd. 3. [REMOVAL; VACANCIES.] Members other than the chair may be removed by the board only for cause in the manner provided in chapter*

351 for removal by the governor, except that section 351.04 does not apply. If the office of a member becomes vacant under a condition specified in chapter 351, the vacancy must be filled in the same manner in which appointment to that office was made.

Subd. 4. [COMPENSATION.] Members of the commission may not be paid salaries or per diem allowances, but may be reimbursed for out-of-pocket expenses or loss of income resulting from carrying out their official responsibilities. The board shall adopt and abide by procedures and standards for reimbursement of expenses and lost income.

Sec. 44. [473.3952] [GENERAL AUTHORITY.]

Subdivision 1. [POWERS.] The commission has all powers necessary to implement sections 43 to 47 of this act, including the power to:

- (1) sue and be sued;
- (2) enter into contracts necessary to carry out its responsibilities;
- (3) enter into agreements with local governmental units or the board for ministerial or administrative support services; and
- (4) conduct studies and issue reports on taxicab service.

Subd. 2. [DUTIES.] The commission shall:

(1) establish uniform meter rates and zone fares for taxicabs operating in the metropolitan area;

(2) require taxicab associations or companies comprising taxicabs operating under a common trade name or color scheme, and individual taxicab owner-operators not affiliated with an association or company, to file with the commission, for its approval, plans for setting fares for special events, group bookings or loadings, and discounts;

(3) issue taxicab licenses, taxicab drivers' licenses, and provisional taxicab drivers' permits, issue licenses for dispatching services, and set and collect fees for the issuance and reissuance of those licenses and fees;

(4) establish equipment standards for taxicabs, including standards for meters;

(5) establish safety and service standards for taxicabs, including standards and procedures for taxicab inspections, and set and collect inspection fees;

(6) establish a taxicab driver training program and set and collect fees for participation in the program;

(7) establish procedures for the assignment or transfer of taxicab licenses;

(8) establish procedures for recordkeeping by taxicab owners, drivers, and dispatching services;

(9) establish service areas and the levels of service to be provided within service areas;

(10) establish service standards for dispatching services;

(11) establish minimum amounts of insurance for taxicab owners and

operators and require certification of insurance to be filed with the commission; and

(12) adopt rules of procedure for the conduct of commission business.

Sec. 45. [473.3953] [RULES; HEARINGS.]

*The commission may adopt rules to carry out the duties and powers conferred on it by section 44 of this act. Before adopting rules, the commission shall give notice and hold a public hearing at which it shall give all interested persons an opportunity to be heard as provided in chapter 14, but the commission's rulemaking is not otherwise governed by chapter 14. A commission action to revoke or suspend a license, however, is a contested-case proceeding under chapter 14.*

Sec. 46. [473.3954] [RELATIONSHIP TO BOARD.]

*Subdivision 1. [REVIEW.] Rules, standards, and procedures proposed by the commission to carry out sections 43, 44, and 45 of this act must be submitted to the board and approved by the board as consistent with the policy and goals set forth in section 473.371 before their adoption by the commission.*

*Subd. 2. [BUDGET.] The commission shall propose an annual budget to the board by June 1 of each year for the following calendar year. The commission's budget is subject to approval by the board. The board's budget and financial plan required by section 473.38 must include the commission's budget.*

*Subd. 3. [ADMINISTRATIVE ASSISTANCE.] The board may provide staff, administrative support services, and financial assistance to the commission.*

Sec. 47. [LOCAL REGULATION.]

*All ordinances, orders, and agreements pertaining to licensing of taxicabs and taxicab drivers by local governmental units in effect at the time of final enactment of this act remain in effect until the board approves and the commission adopts rules for the licensing of taxicabs and taxicab drivers by the commission. Other regulation of taxicabs by local governmental units that is consistent with this act and with any rules the commission might adopt remains in effect until January 31, 1988. After that date, local governmental units and the metropolitan airports commission may regulate taxicab stands and other traffic-control facilities and procedures so long as the regulation is consistent with commission rules and standards.*

Sec. 48. Minnesota Statutes 1984, section 473.409, is amended to read:

473.409 [AGREEMENTS WITH COMMISSION; ENCOURAGEMENT OF TRANSIT USE.]

*A state department or agency, including the legislative branch, any local governmental unit, the metropolitan council, or other metropolitan ~~commission~~ agency may enter into an agreement with the transit commission and other operators for the purpose of encouraging the use of transit by its employees residing in the metropolitan area. The agreement may provide for, among other things: (a) the advance purchase of tokens, tickets or other devices from the commission or other operator for use in lieu of fares on*



vehicles operated by the commission or other operator; and (b) special transit service for employees to and from their place of employment, at fares to be agreed upon by the contracting parties. The tokens, tickets, or other devices or services may be made available to employees at reduced rates. Any such agreement and arrangement by a state department or agency shall be submitted to the commissioner of administration for approval before execution. Any operating deficits or subsidy resulting from such agreements shall be assumed by the contracting department, agency, governmental unit, council, or other commission, unless otherwise provided in an agreement approved by the transit board.

Sec. 49. Minnesota Statutes 1984, section 473.516, subdivision 2, is amended to read:

Subd. 2. [GENERAL REQUIREMENTS.] With respect to its activities under this section, the commission shall be subject to and comply with the applicable provisions of this chapter. Property acquired by the commission under this section shall be subject to the provisions of section 473.545. Any site or facility owned or operated for or by the commission shall conform to the policy plan adopted by the council under section 473.149 and shall be authorized in accordance with the commission's ~~development program and capital budget implementation plan~~ approved by the council. The commission shall contract with private persons for the construction, maintenance, and operation of waste facilities, subject to the bidding requirements of section 473.523, where the facilities are adequate and available for use and competitive with other means of providing the same service.

Sec. 50. Minnesota Statutes 1984, section 473.523, subdivision 1, is amended to read:

Subdivision 1. No contract for any construction work, or for the purchase of materials, supplies, or equipment, costing more than ~~\$5,000~~ \$15,000 shall be made by the commission without publishing once in a legal newspaper or trade paper published in a city of the first class not less than two weeks before the last day for submission of bids, notice that bids or proposals will be received. Such notice shall state the nature of the work or purchase and the terms and conditions upon which the contract is to be awarded, and a time and place where such bids will be received, opened, and read publicly. After such bids have been duly received, opened, read publicly, and recorded, the commission shall award such contract to the lowest responsible bidder or it may reject all bids and readvertise. Each contract shall be duly executed in writing and the party to whom the contract is awarded shall give sufficient bond or security to the board for the faithful performance of the contract as required by law. The commission shall have the right to set qualifications and specifications and to require bids to meet all such qualifications and specifications before being accepted. If the commission by an affirmative vote of two-thirds of its members declares that an emergency exists requiring the immediate purchase of materials or supplies at a cost in excess of ~~\$5,000~~ \$15,000 or in making emergency repairs, it shall not be necessary to advertise for bids.

Sec. 51. Minnesota Statutes 1984, section 473.523, subdivision 2, is amended to read:

Subd. 2. The administrator may, without prior approval of the commission

and without advertising for bids, enter into any contract of the type referred to in subdivision 1 which is not in excess of ~~\$5,000~~ \$15,000.

Sec. 52. Minnesota Statutes 1984, section 473.535, is amended to read:

473.535 ~~[WASTE CONTROL COMMISSION IMPLEMENTATION PLAN; BUDGET.]~~

The waste control commission shall prepare, submit to the council and adopt *an implementation plan and a budget* at the time and in the manner provided in and otherwise comply with ~~section~~ sections 473.161 and 473.163.

Sec. 53. Minnesota Statutes 1984, section 473.553, subdivision 4, is amended to read:

Subd. 4. ~~[QUALIFICATIONS.]~~ Each member appointed prior to substantial completion of construction of a sports facility constructed pursuant to sections 473.551 to 473.595 shall be a resident of the precincts or area of the state for which he is appointed. A member appointed at any time shall not during his term of office hold the office of metropolitan council member or be a member of another metropolitan ~~commission~~ agency that is subject to section 473.141 or hold any judicial office or office of state government. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, Article V, Section 6. The oath, duly certified by the official administering it, shall be filed with the chairman of the metropolitan council.

Sec. 54. ~~[473.636]~~ ~~[NEW MAJOR AIRPORT; AIRPORT DEVELOPMENT AREA.]~~

*Subdivision 1. [METROPOLITAN COUNCIL; LAND USE CRITERIA AND GUIDELINES.] Within 120 days after the selection by the metropolitan airports commission of a site in the metropolitan area for a new major airport to serve as a terminal for regular, scheduled air passenger service and the approval of the selection by the metropolitan council, the council shall adopt criteria and guidelines for the regulation of use and development of the airport development area, consisting of all or a portion of the property in the metropolitan area extending out three miles from the proposed boundaries of the site, or out five miles from the boundaries in any direction the council determines is necessary to protect natural resources of the metropolitan area. The criteria and guidelines must establish the boundaries of the airport development area and must include a statement of goals and policies to be accomplished by regulation of the use and development of property in the area. The criteria and guidelines may relate to all kinds of land use and development control measures, including zoning ordinances, building codes, subdivision regulations, and official maps. The criteria and guidelines must encourage controls for the use and development of property and the planning of public facilities to protect inhabitants of the airport development area from aircraft noise and to preserve natural underground water reservoirs and other natural resources of the metropolitan area. Those purposes are public purposes upon which land use and development control measures adopted by any government unit under law may be based. The criteria and guidelines must be a part of the metropolitan development guide when it is adopted, and the council shall mail a copy of the criteria and*

guidelines and any amendment to them to the governing body of each government unit having authority to adopt land use and development control measures applicable to the airport development area under sections 360.061 to 360.073, chapter 394, or chapter 462, or any other law; to the metropolitan airports commission; and to the state commissioner of transportation. The council may amend the criteria and guidelines from time to time, and shall reestablish the airport development area whenever the airport site boundaries are altered.

**Subd. 2. [LOCAL ZONING AND LAND USE AND DEVELOPMENT CONTROLS.]** Upon the selection and approval of a site for a new major airport in the metropolitan area, all land within its airport development area not then zoned for other use is zoned for use exclusively for agricultural purposes, except that a prior nonconforming use established with reference to any lot or parcel of land may be continued and all land zoned by this subdivision for agricultural purposes may be rezoned by the appropriate government unit upon compliance with this subdivision. Thereafter the governing body of each government unit proposing to adopt or amend a land use and development control measure applicable to the airport development area shall submit it to the metropolitan council for review, and within 120 days after receipt of the council's criteria and guidelines shall make and submit to the council for review whatever changes in its existing land use and development control measures it deems necessary to make them consistent with the criteria and guidelines. The council or a committee designated by it shall hold a hearing on the control measures submitted by each government unit within 60 days after they are submitted, on written notice mailed to the governing body of the government unit not less than 15 days before the hearing. At the hearing the government unit must be allowed to present all data and information that support the control measures submitted to the council. The council shall approve each measure or amendment within 120 days after it is received, with whatever changes it deems necessary to make it consistent with the criteria and guidelines, and the government unit submitting it shall take all actions necessary to put it into effect within 60 days after it is approved. If the council amends its criteria and guidelines, it must follow the procedures in this subdivision to ensure that applicable land use and development control measures are consistent with the amendment.

**Subd. 3. [ENFORCEMENT OF LOCAL MEASURES.]** After the selection and approval of a site for a new major airport in the metropolitan area, no public or private use contrary to subdivision 2 or any land use and development control measure then in effect may be made of the property to which it applies within an airport development area, and no government unit may issue a permit for the use, construction, alteration, or planting of any property, building, structure, or tree not in accordance with its general provisions, except for minor footage variances, until the council has approved changes or variances in the control measure in accordance with subdivision 2. After the council has approved a land use and development control measure in accordance with subdivision 2, no public or private use contrary to its provisions may be made of the property to which it applies; and no government unit may issue a permit for the use, construction, alteration, or planting of any property, building, structure, or tree not in accordance with its general provisions; and no special use permit or variance may be granted that authorizes a use or development contrary to the council's criteria and guidelines.

**Subd. 4. [CONTROL MEASURE REVIEW BEFORE SITE SELEC-**

TION.] After the metropolitan airports commission has called a hearing for the selection of a site for a new major airport in the metropolitan area under section 473.641, and until the commission has determined not to use the site described in the notice of hearing for a new major airport, the governing body of each government unit in the metropolitan area shall submit to the council for review and comment in accordance with section 473.175 any land use and development control measure, amendment, or variance applicable to or proposed for the site described in the notice of hearing or to any property within five miles of the site. During the period described in this subdivision, no government unit may construct a public building or facility on the proposed airport site or within five miles of it until it has submitted its plan for the building or facility to the metropolitan council for review and comment as provided in this subdivision.

Sec. 55. [473.637] [AIRCRAFT NOISE ZONES.]

Within 120 days after the selection and approval of a site for a new major airport in the metropolitan area, the metropolitan council shall determine the probable levels of noise that will result in various parts of the metropolitan area from the operation of aircraft using the site, shall establish aircraft noise zones based on that determination and applicable to property affected by the noise, and shall establish acceptable levels of perceived noise decibels for each land use, using the composite noise rating method and tables or the noise exposure forecast method and tables. Each government unit having power to adopt land use and development control measures applicable to property included in any aircraft noise zone shall adopt or incorporate in existing land use and development control measures the applicable acceptable level of perceived noise decibels established by the council, and shall adopt whatever other control measures may be necessary to prevent the use, construction, or improvement of property and buildings subject to a level of perceived noise decibels in excess of the acceptable level established for that land use. The council shall mail a map showing the aircraft noise zones and a copy of the applicable acceptable levels of perceived noise decibels to the governing body of each government unit having authority to adopt land use and development control measures applicable to property in each aircraft noise zone, to the metropolitan airports commission, and to the state commissioner of transportation. The control measures adopted by a government unit to comply with this section must be submitted to and approved by the council and placed into effect by the government unit as provided in section 473.215, subdivision 2. The council may change the aircraft noise zones and the applicable acceptable levels of perceived noise decibels to conform with the actual levels of noise produced by aircraft using the airport site when it is in operation, and may require changes in control measures applicable to airport noise zones to conform with changes made by it. No property may be used, and no building or other structure may be constructed or improved, within any aircraft noise zone if persons using the property and buildings would be subjected to a level of perceived noise decibels in excess of the acceptable level established by the council for that land use.

Sec. 56. [473.638] [CONTROL MEASURE INVOLVING TAKING; CONDEMNATION BY METROPOLITAN AIRPORTS COMMISSION.]

Subdivision 1. [EMINENT DOMAIN.] If either the provisions or the application of section 473.215, subdivision 2, or any land use and develop-

ment control measure applicable to public or private property in an airport development area is determined by a court of competent jurisdiction to constitute a taking, the metropolitan airports commission in the exercise of its power to acquire lands for the airport has the power to acquire the property or any similar property, or an interest in it, to the extent needed for the application of the measure, by eminent domain exercised in accordance with chapter 117. The right of eminent domain must be exercised if the commission has or will have funds to pay the condemnation award and the council determines that it is necessary to protect the airport from encroachment or hazards, to protect residents in the area, to encourage the most appropriate use of property in the airport development area, or to protect and conserve the natural resources of the metropolitan area.

Subd. 2. [RETENTION OR SALE OF PROPERTY.] *The commission may retain any property now owned by it or acquired under subdivision 1 and use it for a lawful purpose, or it may provide for the sale or other disposition of the property in accordance with a redevelopment plan in the same manner and upon the same terms as the housing and redevelopment authority and governing body of a municipality under the provisions of section 462.525, all subject to the provisions of section 473.215, subdivision 2, or to existing land use and development control measures approved by the council.*

Subd. 3. [SHARING OF COSTS.] *The metropolitan airports commission and any other government unit in the metropolitan area may enter into an agreement under which the cost of acquiring a property and the proceeds from the sale or other disposition of it under subdivision 2 are to be shared by the commission and such government unit. The commission, the metropolitan council, or any government unit may also enter into any agreements with the United States or the state of Minnesota, or any agency or subdivision of either, and do all acts and things required by state or federal law or rules as a condition or consideration for the loan or grant of funds or property for the purpose of land acquisition or improvement under subdivisions 1 and 2.*

Sec. 57. [473.639] [RELATION TO AIRPORT HAZARD ZONING.]

*Sections 473.215 and 473.216 and any criteria, guidelines, or land use and development control measure approved by the council under those sections in no way supersede or limit the powers conferred on a municipality to do airport hazard zoning, or the commissioner of transportation by sections 360.061 to 360.073. Any criteria, guidelines, or land use and development control measure approved by the council under section 473.215 or 473.216 must be consistent with any exercise of powers by the commissioner under sections 360.061 to 360.093.*

Sec. 58. [473.64] [GOVERNMENT UNITS IN AIRPORT DEVELOPMENT AREA; TAX SHARING.]

*The governing bodies of government units located wholly or partly in an airport development area shall jointly study and decide upon a plan for the sharing of property tax revenues derived from property located in an airport development area. If 80 percent of the government units having territory within the airport development area agree upon a plan, the plan is effective, and all government units shall enter into whatever agreements may be necessary for this purpose. The plan, however, may not impair the existing*

*contract obligations of any government unit. This section does not apply to the metropolitan airports commission or the council.*

Sec. 59. Minnesota Statutes 1984, section 473.811, subdivision 7, is amended to read:

Subd. 7. [JOINT ACTION.] Any local governmental unit or metropolitan ~~commission~~ agency may act together with any county, city, or town within or without the metropolitan area, or with the pollution control agency or the waste management board under the provisions of section 471.59 or any other appropriate law providing for joint or cooperative action between government units, to accomplish any purpose specified in sections 473.149, 473.151, and 473.801 to 473.823 and sections 473.827, 473.831, 473.833, 473.834, 116.05 and 115A.06.

Any agreement regarding data processing services relating to the generation, management, identification, labeling, classification, storage, collection, treatment, transportation, processing or disposal of waste and entered into pursuant to section 471.59, or other law authorizing joint or cooperative action may provide that any party to the agreement may agree to defend, indemnify and hold harmless any other party to the agreement providing the services, including its employees, officers or volunteers, against any judgments, expenses, reasonable attorney's fees and amounts paid in settlement actually and reasonably incurred in connection with any third party claim or demand arising out of an alleged act or omission by a party to the agreement, its employees, officers or volunteers occurring in connection with any exchange, retention, storage or processing of data, information or records required by the agreement. Any liability incurred by a party to an agreement under this subdivision shall be subject to the limitations set forth in section 3.736 or 466.04.

Sec. 60. Minnesota Statutes 1984, section 473.823, subdivision 3, is amended to read:

Subd. 3. [SOLID WASTE FACILITIES; REVIEW PROCEDURES.] The agency shall request applicants for solid waste facility permits to submit all information deemed relevant by the council to its review, including without limitation information relating to the geographic areas and population served, the need, the effect on existing facilities and services, the anticipated public cost and benefit, the anticipated rates and charges, the manner of financing, the effect on metropolitan plans and development programs, the supply of waste, anticipated markets for any product, and alternative means of disposal or energy production. No permit may be issued for the operation of a solid waste facility in the metropolitan area which is not in accordance with the metropolitan council's solid waste policy plan. The metropolitan council shall determine whether a permit is in accordance with the policy plan. In making its determination, the council shall consider the area-wide need and benefit of the applicant facility and may consider, without limitation, the effect of the applicant facility on existing and planned solid waste facilities described in a waste control commission ~~development program implementation plan~~ or county report or master plan. If the council determines that a permit is in accordance with its policy plan, the council shall approve the permit. If the council determines that a permit is not in accordance with its policy plan, it shall disapprove the permit. The council's approval of permits

may be subject to conditions necessary to satisfy criteria and standards in its policy plan, including conditions respecting the type, character, and quantities of waste to be processed at a solid waste facility used primarily for resource recovery and the geographic territory from which a resource recovery facility or transfer station serving such a facility may draw its waste. For the purpose of this review and approval by the council, the agency shall send a copy of each permit application and any supporting information furnished by the applicant to the metropolitan council within 15 days after receipt of the application and all other information requested from the applicant. Within 60 days after the application and supporting information are received by the council, unless a time extension is authorized by the agency, the council shall issue to the agency in writing its determination whether the permit is disapproved, approved, or approved with conditions. If the council does not issue its determination to the agency within the 60 day period, unless a time extension is authorized by the agency, the permit shall be deemed to be in accordance with the council's policy plan. No permit shall be issued in the metropolitan area for a solid waste facility used primarily for resource recovery or a transfer station serving such a facility, if the facility or station is owned or operated by a public agency or if the acquisition or betterment of the facility or station is secured by public funds or obligations issued by a public agency, unless the council finds and determines that adequate markets exist for the products recovered and that establishment of the facility is consistent with the criteria and standards in the metropolitan and county plans respecting the protection of existing resource recovery facilities and transfer stations serving such facilities."

Page 23, after line 26, insert:

"Sec. 62. [INITIAL TERMS.]

*Notwithstanding section 43, subdivision 1, of this act, the regional transit board shall appoint initial members of the metropolitan taxicab commission as follows: one member representing the taxicab industry, one member representing cities in the metropolitan area, and one member representing the interests of the public to three-year terms; one member representing the taxicab industry and one member representing cities in the metropolitan area to two-year terms; and one member representing the taxicab industry, one member representing the interests of the public, and the member representing the hospitality industry to one-year terms. Initial terms of members begin August 1, 1986."*

Page 23, line 28, after "sections" insert "473.01; 473.02; 473.03; 473.04; 473.05; 473.06; 473.07; 473.08; 473.09; 473.10; 473.11;" and delete "subdivision" and insert "subdivisions" and after "7" insert "and 9" and after the semicolon, insert "473.128;"

Page 23, line 29, before "473.373" insert "473.193; 473.203; 473.215; 473.216; 473.217; 473.218; 473.219;" and after "473.377" insert "subdivisions 2 and 3"

Page 23, line 30, delete "and" and delete the second comma and insert "473.502; 473.523, subdivision 3; and 473.802"

Page 23, line 32, delete "20" and insert "63 of this act"

Page 23, line 33, delete "10" and insert "14"

Page 23, line 34, delete "13" and insert "18 of this act"

Page 24, delete section 23

Page 24, line 11, delete "14" and insert "19" and after the second comma, insert "of this act"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "defining metropolitan agency;"

Page 1, line 4, after the semicolon, insert "recodifying certain provisions; establishing the metropolitan taxicab commission; empowering it to set taxicab rates and to license taxicabs and taxicab drivers;"

Page 1, line 5, after "sections" insert "368.01, subdivision 12; 412.221, subdivision 20;"

Page 1, line 5, delete "subdivision" and insert "subdivisions" and after "6" insert "and 11"

Page 1, line 6, delete the first "subdivisions" and insert "a subdivision"

Page 1, line 7, after "subdivisions" insert "1,"

Page 1, line 8, after the first semicolon, insert "473.149, subdivision 3;"

Page 1, line 9, after the first semicolon, insert "473.171, subdivisions 1 and 2; 473.173, subdivisions 3 and 4; 473.194; 473.195, subdivision 4; 473.199; 473.201, subdivision 2; 473.245; 473.249, subdivision 1;" and delete the second "and" and insert a comma and after "4a" insert "1, and 6" and after the second semicolon, insert "473.373, subdivision 1; 473.377, subdivision 1; 473.409; 473.516, subdivision 2; 473.523, subdivisions 1 and 2; 473.535; 473.553, subdivision 4; 473.811, subdivision 7; 473.823, subdivision 3;"

Page 1, line 11, delete "section" and insert "sections 473.167, subdivision 3; 473.373, subdivision 4;" and before "proposing" insert "and 473.39, subdivisions 1 and 1a;"

Page 1, line 13, after "sections" insert "473.01 to 473.11;"

Page 1, line 14, delete "subdivision" and insert "subdivisions" and after "7" insert "and 9; 473.128" and after the second semicolon, insert "473.193; 473.203; 473.215 to 473.219;"

Page 1, line 15, after "473.377" insert "1, subdivisions 2 and 3" and delete "and" and before the period, insert "1; 473.502; 473.523, subdivision 3; and 473.802"

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. 2137: A bill for an act relating to state government; providing for



the use, administration, or disposal of certain fees and property within the jurisdiction of the commissioner of administration; amending Minnesota Statutes 1985 Supplement, sections 16B.29; 16B.42, subdivision 4; and 16B.48, subdivision 2.

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

Page 1, after line 9, insert:

"Section 1. Minnesota Statutes 1984, section 16B.07, subdivision 3, is amended to read:

Subd. 3. [PUBLICATION OF NOTICE; EXPENDITURES OVER ~~\$5,000~~ \$15,000.] If the amount of an expenditure or sale is estimated to exceed ~~\$5,000~~ \$15,000, sealed bids must be solicited by public notice inserted at least once in a newspaper or trade journal not less than seven days before the final date of submitting bids. The commissioner shall designate the newspaper or trade journal for that publication, and may designate different newspapers or journals according to the nature of the purchase or contract. The commissioner shall also solicit sealed bids by sending notices by mail to all prospective bidders known to the commissioner, and by posting notice on a public bulletin board in the commissioner's office at least five days before the final date of submitting bids. All bids must be sealed when they are received and must be opened in public at the hour stated in the notice. All original bids and all documents pertaining to the award of a contract must be retained and made a part of a permanent file or record and remain open to public inspection.

Sec. 2. Minnesota Statutes 1984, section 16B.07, subdivision 4, is amended to read:

Subd. 4. [PURCHASES, SALES, OR RENTALS; ~~\$5,000~~ \$15,000 OR LESS.] All purchases or sales the amount of which is estimated to be ~~\$5,000~~ \$15,000 or less may be made either upon competitive bids or in the open market, in the discretion of the commissioner. So far as practicable, however, they must be based on at least three competitive bids which must be permanently recorded.

Sec. 3. Minnesota Statutes 1984, section 16B.08, subdivision 4, is amended to read:

Subd. 4. [NEGOTIATED CONTRACTS.] In lieu of any of the other requirements of this chapter, the commissioner may negotiate a contract for public work to be performed at a state owned institution or installation if the cost does not exceed ~~\$5,000~~ \$15,000 and if the head of the affected state agency requests the commissioner to do so. The commissioner shall have prepared whatever plans and specifications for the public work he deems necessary to protect the public interest. Contractor's bonds or security pursuant to chapter 574 are not required for contracts entered into pursuant to this subdivision.

Sec. 4. Minnesota Statutes 1984, section 16B.09, subdivision 1, is amended to read:

Subdivision 1. [LOWEST RESPONSIBLE BIDDER.] All state contracts and purchases made by or under the supervision of the commissioner or an

agency for which competitive bids are required must be awarded to the lowest responsible bidder, taking into consideration conformity with the specifications, terms of delivery, and other conditions imposed in the call for bids. *The commissioner may utilize principles of life cycle costing, where appropriate, in determining the lowest overall bid.* The commissioner may decide which is the lowest responsible bidder for all purchases. As to contracts other than for purchases, the head of the interested agency shall make the decision, subject to the approval of the commissioner. Any ~~bid~~ or all bids may be rejected. In a case where competitive bids are required and where all bids are rejected, new bids, if solicited, must be called for as in the first instance, unless otherwise provided by law."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after "the" insert "purchase,"

Page 1, line 3, after "fees" insert "; services,"

Page 1, line 5, after "Statutes" insert "1984, sections 16B.07, subdivisions 3 and 4; 16B.08, subdivision 4; 16B.09, subdivision 1; and Minnesota Statutes"

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

H.F. No. 1897: A bill for an act relating to commerce; motor fuel franchises; extending the temporary prohibition on certain building alterations that eliminate service bays; amending Laws 1984, chapter 444, section 4.

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

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

S.F. No. 193: A bill for an act relating to commerce; providing for the repeal of statutory law regulating entertainment agencies; repealing Minnesota Statutes 1984, sections 184A.01 to 184A.20.

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

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

S.F. No. 1559: A bill for an act relating to agriculture; providing security interests in goods that become part of crops and livestock; establishing priority of interests and liens in agricultural collateral; amending Minnesota Statutes 1984, sections 336.9-312; and 514.952, subdivision 6; Minnesota Statutes 1985 Supplement, section 514.952, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 514; repealing Minnesota Statutes 1985 Supplement, section 514.952, subdivision 5.

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

as follows:

Page 6, after line 25, insert:

"Sec. 3. [SCOPE OF APPLICATION.]

*If a person gives new value on or after January 1, 1986, and secures the new value given with a security interest that would qualify as a production money security interest after the effective date of this act, the security interest has the priority of a production money security interest under section 1."*

Renumber the sections in sequence

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

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

S.F. No. 1711: A bill for an act relating to animals; prohibiting theft of dogs or cats for research purposes; regulating dog and cat dealers; prescribing a penalty; amending Minnesota Statutes 1984, sections 347.31; 347.32; 347.33; 347.34; 347.35; 347.37; 347.38; 347.39; and 347.40; proposing coding for new law in Minnesota Statutes, chapter 346.

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

Page 1, line 11, delete the first "for" and insert "with intent to" and delete "for sale" and insert "to sell"

Page 6, lines 10 to 13, strike the old language and 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. 1706: A bill for an act relating to health; providing for a declaration by competent adults that life-sustaining treatment be withheld or withdrawn; adopting provisions of the uniform rights of the terminally ill act; providing for creation of a durable power of attorney for health care; imposing penalties; amending Minnesota Statutes 1984, sections 523.01; and 523.23, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 145; proposing coding for new law as Minnesota Statutes, chapter 523A.

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

Delete everything after the enacting clause and insert:

"Section 1. [523A.01] [DEFINITIONS.]

*Subdivision 1. [GENERAL.] For purposes of this chapter, the following terms have the meanings given them.*

*Subd. 2. [DURABLE POWER OF ATTORNEY FOR HEALTH CARE.] "Durable power of attorney for health care" means a durable power of attorney that authorizes an attorney-in-fact to make health care decisions for*

the principal.

Subd. 3. [HEALTH CARE.] "Health care" means any care, treatment, service, or procedure to maintain, diagnose, or treat an individual's physical or mental condition.

Subd. 4. [HEALTH CARE DECISION.] "Health care decision" means consent, refusal of consent, or withdrawal of consent to health care.

Subd. 5. [HEALTH CARE PROVIDER.] "Health care provider" means a person who is licensed, certified, or otherwise authorized or permitted by the law of this state to administer health care in the ordinary course of business or practice of a profession.

Subd. 6. [PERSON.] "Person" includes an individual, corporation, partnership, association, the state or other public entity or governmental subdivision or agency, or any other legal entity.

#### Sec. 2. [523A.02] [SCOPE.]

Subdivision 1. [COMPLIANCE WITH THIS CHAPTER REQUIRED.] A durable power of attorney executed on or after the effective date of this act is effective to authorize the attorney-in-fact to make health care decisions for the principal only if it complies with the requirements of this chapter.

Subd. 2. [VALIDITY OF EXISTING POWER OF ATTORNEY.] Nothing in this chapter affects the validity of a power of attorney to make health care decisions executed prior to its effective date to the extent that the power of attorney substantially complies with this chapter.

#### Sec. 3. [523A.03] [EXECUTION.]

A durable power of attorney for health care must be executed by the principal and acknowledged by the principal and the affidavits of two witnesses, each made before an officer authorized to administer oaths under the laws of this state, or under the laws of the state where execution occurs, and evidenced by the officer's certificate, under official seal, attached or annexed to the durable power of attorney for health care in form and content substantially as follows:

THE STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

We, \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_, the principal and the witnesses, respectively, whose names are signed to the attached or foregoing instrument, being first duly sworn, do hereby declare to the undersigned authority that the principal signed and executed the instrument as the principal's durable power of attorney for health care, that the principal signed it willingly, executed it freely and voluntarily for the purposes expressed in it, and that each of the witnesses, in the presence and hearing of the principal, signed the durable power of attorney for health care as witnesses, and that to the best of their knowledge the principal was at the time 18 or more years of age, of sound mind and under no constraint or undue influence.

\_\_\_\_\_  
Principal

\_\_\_\_\_  
Witness

---

Witness

Subscribed, sworn to and acknowledged before me by \_\_\_\_\_, the principal, and subscribed and sworn to before me by \_\_\_\_\_ and \_\_\_\_\_, witnesses, this \_\_\_\_\_ day of \_\_\_\_\_.

(SEAL)

(Signed) \_\_\_\_\_

---

(Official capacity of officer)

## Sec. 4. [523A.04] [NOTICE.]

Every durable power of attorney for health care must include the following language:

*This is an important legal document. It creates a durable power of attorney for health care. Before executing this document, you should know these important facts:*

*This document gives the person you designate as your attorney-in-fact the power to make health care decisions for you, subject to any limitations or statement of your desires that you include in this document. The power to make health care decisions for you may include consent, refusal of consent, or withdrawal of consent to any care, treatment, service, or procedure to maintain, diagnose, or treat a physical or mental condition. You may state in this document any types of treatment or placements that you do not desire.*

*The person you designate in this document has a duty to act consistent with your desires as stated in this document or otherwise made known or, if your desires are unknown, to act in your best interests. This person is not bound to act consistent with your desires if the person determines that they are not in your best interests.*

*Except as you otherwise specify in this document, the power of the person you designate to make health care decisions for you may include the power to consent to your doctor not giving treatment or stopping treatment that would keep you alive.*

*Unless you specify a shorter period in this document, this power will exist for six years from the date you execute this document and, if you are unable to make health care decisions for yourself at the time when this six-year period ends, this power will continue to exist until the time when you become able to make health care decisions for yourself. The determination as to whether you are unable to make health care decisions will be made by your attorney-in-fact.*

*Notwithstanding this document, you have the right to make medical and other health care decisions for yourself so long as you can give informed consent with respect to the particular decision. In addition, no treatment may be given to you over your objection, and health care necessary to keep you alive may not be stopped if you object.*

*You have the right to revoke the appointment of the person designated in this document by notifying that person of the revocation orally or in writing.*

*You have the right to revoke the authority granted to the person designated*

in this document to make health care decisions for you by notifying the treating physician, hospital, or other health care provider orally or in writing.

The person designated in this document to make health care decisions for you has the right to examine your medical records and to consent to their disclosure unless you limit this right in this document.

If there is anything in this document that you do not understand, you should ask a lawyer to explain it to you.

#### Sec. 5. [523A.05] [ATTORNEY-IN-FACT; DECISIONS.]

Subdivision 1. [PRIORITY.] Unless the durable power of attorney provides otherwise, the attorney-in-fact designated in a durable power of attorney for health care who is known to the health care provider to be available and willing to make health care decisions has priority over any other person to act for the principal in all matters relating to health care decisions, except that the attorney-in-fact does not have authority to make a particular health care decision if the principal is able to give informed consent with respect to that decision.

Subd. 2. [SCOPE.] Subject to any limitations in the durable power of attorney, the attorney-in-fact designated in a durable power of attorney for health care may make health care decisions for the principal, before or after the death of the principal, to the same extent as the principal could make the principal's own health care decisions if the principal had the capacity to do so, including but not limited to:

(1) making a disposition under sections 525.921 to 525.93, the uniform anatomical gift act;

(2) authorizing an autopsy; or

(3) directing the disposition of remains.

In exercising the authority under the durable power of attorney for health care, the attorney-in-fact has a duty to act consistently with the desires of the principal as expressed in the durable power of attorney or otherwise made known to the attorney-in-fact at any time or, if the principal's desires are unknown, to act in the best interests of the principal. The attorney-in-fact is not bound to act consistent with the principal's desires if the attorney-in-fact determines that they are not in the principal's best interests.

Subd. 3. [OTHER RIGHTS NOT AFFECTED.] Nothing in this chapter affects any right the person designated as attorney-in-fact may have, apart from the durable power of attorney for health care, to make or participate in the making of health care decisions on behalf of the principal.

#### Sec. 6. [523A.06] [ATTORNEY-IN-FACT; LIMITATIONS ON AUTHORITY TO CONSENT.]

Subdivision 1. [LIMITATIONS.] A durable power of attorney for health care may not authorize the attorney-in-fact to consent to any of the following on behalf of the principal:

(1) commitment to or placement in a mental health treatment facility;

(2) convulsive treatment;

(3) psychosurgery;

(4) sterilization; or

(5) abortion.

*Subd. 2. [OTHER LAWS NOT AFFECTED.] This section does not prohibit commitment to or placement in a mental health treatment facility under the existing procedures of chapter 253B or the provision of other treatment listed in subdivision 1 to the extent it is permissible under other law.*

**Sec. 7. [523A.07] [ATTORNEY-IN-FACT; MEDICAL INFORMATION.]**

*Except to the extent the right is limited by the durable power of attorney for health care, an attorney-in-fact has the same right as the principal to receive information regarding the proposed health care, to receive and review medical records, and to consent to the disclosure of medical records.*

**Sec. 8. [523A.08] [EXPIRATION OF DURABLE POWER OF ATTORNEY.]**

*Unless a shorter period is provided in the durable power of attorney for health care, a durable power of attorney for health care expires six years after the date of its execution unless at the end of the six-year period the principal lacks the capacity to make health care decisions, in which case the durable power of attorney for health care continues in effect until the time when the principal regains the capacity to make health care decisions. The determination as to whether the principal lacks capacity to make health care decisions will be made by the attorney-in-fact.*

**Sec. 9. [523A.09] [REVOCATION.]**

*Subdivision 1. [PRINCIPAL'S POWER.] At any time while the principal has the capacity to execute a durable power of attorney for health care, the principal may do any of the following:*

*(1) revoke the appointment of the attorney-in-fact under the durable power of attorney for health care by notifying the attorney-in-fact orally or in writing; or*

*(2) revoke the authority granted to the attorney-in-fact to make health care decisions by notifying the health care provider orally or in writing.*

*There is a rebuttable presumption that the principal has the capacity to revoke a durable power of attorney for health care.*

*Subd. 2. [MEDICAL RECORDS; NOTIFICATION OF ATTORNEY-IN-FACT.] If the principal notifies the health care provider orally or in writing that the authority granted to the attorney-in-fact to make health care decisions is revoked, the health care provider shall make the notification a part of the principal's medical records and shall make a reasonable effort to notify the attorney-in-fact of the revocation.*

*Subd. 3. [REVOCATION OF PRIOR POWERS.] Unless it provides otherwise, a valid durable power of attorney for health care revokes any prior durable power of attorney for health care.*

*Subd. 4. [EFFECT OF MARRIAGE DISSOLUTION OR ANNUL-*

MENT.] *Unless the durable power of attorney expressly provides otherwise, if after executing a durable power of attorney for health care the principal's marriage is dissolved or annulled, the dissolution or annulment revokes any designation of the former spouse as an attorney-in-fact to make health care decisions for the principal. If any designation is revoked solely by this subdivision, it is revived by the principal's remarriage to the former spouse.*

*Subd. 5. [IMMUNITY IN CERTAIN CASES.] If authority granted by a durable power of attorney for health care is revoked under this section, a person is not subject to criminal or civil liability for relying in good faith upon the durable power of attorney unless the person has actual knowledge of the revocation.*

**Sec. 10. [523A.10] [IMMUNITY OF HEALTH CARE PROVIDER.]**

*Subdivision 1. [GENERAL SCOPE.] Subject to any limitations stated in the durable power of attorney and to sections 6 and 12 to 15, a health care provider is not subject to criminal or civil liability, or professional disciplinary action except to the same extent as would be the case if the principal, having had the capacity to give informed consent, had made the health care decision on the principal's own behalf under like circumstances, if the health care provider relies on a health care decision and the following requirements are satisfied:*

*(1) the decision is made by an attorney-in-fact who the health care provider believes in good faith is authorized under this chapter to make the decision;*

*(2) the health care provider believes in good faith that the decision is not inconsistent with the desires of the principal as expressed in the durable power of attorney or as instructed by the attorney-in-fact or otherwise made known to the health care provider, and if the decision is to withhold or withdraw health care necessary to keep the principal alive, the health care provider has made a good faith effort to determine the desires of the principal to the extent that the principal is able to convey those desires to the health care provider and the results of the effort are made a part of the principal's medical records; and*

*(3) the health care provider acts in accordance with prevailing medical standards.*

*Subd. 2. [FAILURE TO WITHDRAW CARE.] Notwithstanding the health care decision of the attorney-in-fact designated by a durable power of attorney for health care, the health care provider is not subject to criminal civil liability, or professional disciplinary action for failing to withdraw health care necessary to keep the principal alive when the health care has been provided under the direction of the principal or in a situation where informed consent was not necessary.*

**Sec. 11. [523A.11] [OTHER LAWS NOT AFFECTED.]**

*Subdivision 1. [EXISTING RIGHT TO MAKE DECISION.] Subject to section 4, nothing in this chapter affects any right a person may have to make health care decisions on behalf of another.*

*Subd. 2. [EMERGENCY TREATMENT.] This chapter does not affect the law governing health care treatment in an emergency.*



## Sec. 12. [523A.12] [PRIORITY OF PRINCIPAL.]

*Nothing in this chapter authorizes an attorney-in-fact to consent to health care, or to consent to the withholding or withdrawal of health care necessary to keep the principal alive, if the principal objects to the health care or to the withholding or withdrawal of the health care. If the principal objects, the case is governed by the law that would apply if there were no durable power of attorney for health care.*

## Sec. 13. [523A.13] [EXECUTION OF DURABLE POWER OF ATTORNEY MAY NOT BE REQUIRED.]

*No health care provider or insurer may condition admission to a facility, or the providing of treatment, or insurance, on the requirement that a person execute a durable power of attorney for health care.*

## Sec. 14. [523A.14] [PENALTIES.]

*Subdivision 1. [CONCEALING DURABLE POWER OF ATTORNEY.] An individual who willfully conceals, cancels, defaces, or obliterates the durable power of attorney for health care of another without the person's consent or who falsifies or forges a revocation of a durable power of attorney for health care of another is guilty of a gross misdemeanor punishable pursuant to section 609.03.*

*Subd. 2. [FORGING DURABLE POWER OF ATTORNEY.] An individual who falsifies or forges the durable power of attorney for health care of another, or willfully conceals or withholds personal knowledge of a revocation, is guilty of a gross misdemeanor punishable pursuant to section 609.03.*

*Subd. 3. [REQUIRED OR PROHIBITED EXECUTION.] Any person who requires or prohibits the execution of a durable power of attorney for health care as a condition for being insured for, or receiving, health care services is guilty of a misdemeanor punishable pursuant to section 609.03.*

*Subd. 4. [FORCED EXECUTION.] Any person who coerces or fraudulently induces another to execute a durable power of attorney for health care is guilty of a misdemeanor punishable pursuant to section 609.03.*

*Subd. 5. [OTHER SANCTIONS PRESERVED.] The sanctions provided in this section do not displace any sanction applicable under other law.*

## Sec. 15. [523A.15] [MERCY KILLINGS; EUTHANASIA; SUICIDE.]

*Nothing in this chapter authorizes mercy killing, euthanasia, or suicide, or permits any affirmative or deliberate act or omission to end life other than the withholding or withdrawal of health care pursuant to a durable power of attorney for health care so as to permit the natural process of dying. In making health care decisions under a durable power of attorney for health care, an attempted suicide by the principal may not be construed to indicate a desire of the principal that health care treatment be restricted or inhibited."*

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, delete lines 3 and 4

Page 1, line 5, delete everything before "providing"

Page 1, line 7, delete everything after the second semicolon.

Page 1, delete lines 8 and 9.

Page 1, line 10, delete "chapter 145;"

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. 2294 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.
		2294	2130		

and that the above Senate File be indefinitely postponed.

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

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

H.F. No. 2068 for comparison with companion Senate File, reports the following House File was found not identical with 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.
2068	1922				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2068 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2068 and insert the language after the enacting clause of S.F. No. 1922, the first engrossment; further, delete the title of H.F. No. 2068 and insert the title of S.F. No. 1922, the first engrossment.

And when so amended H.F. No. 2068 will be identical to S.F. No. 1922, and further recommends that H.F. No. 2068 be given its second reading and substituted for S.F. No. 1922, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 1970 for comparison with companion Senate File, reports the

following House File was found not identical with companion Senate File as follows:

<b>GENERAL ORDERS</b>		<b>CONSENT CALENDAR</b>		<b>CALENDAR</b>	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1970	1935				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1970 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1970 and insert the language after the enacting clause of S.F. No. 1935, the first engrossment; further, delete the title of H.F. No. 1970 and insert the title of S.F. No. 1935, the first engrossment.

And when so amended H.F. No. 1970 will be identical to S.F. No. 1935, and further recommends that H.F. No. 1970 be given its second reading and substituted for S.F. No. 1935, and that the Senate File be indefinitely postponed.

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

## **SECOND READING OF SENATE BILLS**

S.F. Nos. 1798, 1913, 2137, 193, 1559, 1711 and 1706 were read the second time.

## **SECOND READING OF HOUSE BILLS**

H.F. Nos. 1897, 2294, 2068 and 1970 were read the second time.

## **MOTIONS AND RESOLUTIONS**

Mrs. Lantry moved that her name be stricken as chief author, shown as a co-author, and the name of Mr. Novak be added as chief author to S.F. No. 1515. The motion prevailed.

Mr. Dahl moved that the name of Ms. Reichgott be added as a co-author to S.F. No. 1905. The motion prevailed.

Mr. Bertram moved that his name be stricken as a co-author to S.F. No. 2117. The motion prevailed.

Ms. Reichgott and Mr. Jude introduced—

Senate Resolution No. 118: A Senate resolution congratulating the members of the future problem-solving team of Plymouth Junior High School on their victory in the first Midwest Open Future Problem-Solving Bowl.

Referred to the Committee on Rules and Administration.

Ms. Reichgott and Mr. Jude introduced—

Senate Resolution No. 119: A Senate resolution congratulating the members of the future problem-solving team of Robbinsdale Armstrong High

School on their high achievement at the first Midwest Open Future Problem Solving Bowl.

Referred to the Committee on Rules and Administration.

Ms. Reichgott and Mr. Jude introduced—

Senate Resolution No. 120: A Senate resolution congratulating Robbinsdale Armstrong High School on the honors received for its original one-act play, "What Does This Have To Do With Dreams Anyway?"

Referred to the Committee on Rules and Administration.

Mr. Jude moved that H.F. No. 1185 be withdrawn from the Committee on Transportation and re-referred to the Committee on Rules and Administration for comparison with S.F. No. 1473, now on General Orders. The motion prevailed.

### SPECIAL ORDER

S.F. No. 1: A bill for an act proposing an amendment to the Minnesota Constitution; repealing article XIII, section 5 which prohibits lotteries.

Mr. Purfeerst moved to amend S.F. No. 1 as follows:

Delete everything after the enacting clause and insert:

"Section 1. [PROPOSED AMENDMENT.]

*The following amendment to the Minnesota Constitution is proposed to the people. If the amendment is adopted, article XIII, section 5, will read as follows:*

Sec. 5. The legislature shall not authorize any lottery or the sale of lottery tickets, *except that the legislature may authorize a lottery operated by the state in which tickets are sold and prizes are awarded to persons selected by lot.*

Sec. 2. [SUBMISSION TO VOTERS.]

*The proposed amendment shall be submitted to the people at the 1986 general election. The question submitted shall be:*

*"Shall the Minnesota Constitution be amended to permit the legislature to authorize the state to operate a lottery?"*

Yes \_\_\_\_\_

No \_\_\_\_\_ " "

Delete the title and insert:

*"A bill for an act proposing an amendment to the Minnesota Constitution, article XIII, section 5; permitting the legislature to authorize the state to operate a lottery."*

The motion prevailed. So the amendment was adopted.

Mr. Benson moved to amend the Purfeerst amendment to S.F. No. 1, adopted by the Senate March 6, 1986, as follows:

Page 1, line 11, after the period, insert *"The proceeds from the sales of*

*lottery tickets shall be appropriated pursuant to article XI, section 1."*

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Dieterich moved that S.F. No. 1, No. 116 on Special Orders, be stricken and re-referred to the Committee on Judiciary.

### CALL OF THE SENATE

Mr. Purfeerst imposed a call of the Senate for the balance of the proceedings on S.F. No. 1. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the motion of Mr. Dieterich.

Mr. Purfeerst moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 29 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Dieterich	Jude	Moe, D.M.	Sieloff
Belanger	Frederick	Kamrath	Olson	Spear
Benson	Frederickson	Knutson	Peterson, R.W.	Storm
Bernhagen	Gustafson	Laidig	Ramstad	Taylor
Brataas	Isackson	Mehrkins	Reichgott	Waldorf
Chmielewski	Johnson, D.E.	Merriam	Renneke	

Those who voted in the negative were:

Adkins	Diessner	Lantry	Peterson, C.C.	Solon
Berg	Frank	Lessard	Peterson, D.C.	Stumpf
Berglin	Freeman	Luther	Peterson, D.L.	Vega
Bertram	Hughes	McQuaid	Petty	Wegscheid
Dahl	Johnson, D.J.	Moe, R.D.	Pogemiller	Willet
Davis	Knaak	Nelson	Purfeerst	
DeCramer	Kroening	Novak	Samuelson	
Dicklich	Kronebusch	Pehler	Schmitz	

The motion did not prevail.

Mr. Benson moved to amend S.F. No. 1 as follows:

Page 1, after line 6, insert:

"Section 1. [CONSTITUTIONAL AMENDMENT.]

*An amendment to the Minnesota Constitution, adding a section to article VIII, is proposed to the people. If the amendment is adopted, the new section will read:*

*Sec. 6. [RECALL.] An elective officer may be recalled by the eligible voters of the state, in the case of statewide offices, or of the electoral district from which the person was elected. Recall shall be initiated by a petition signed by eligible voters equal in number to at least 25 percent of the vote cast in the last election for the office from which the person is to be recalled. No person shall be recalled before the person has completed one year of service in the office from which the person is to be recalled. A special election shall be held for the office of a person against whom a petition has been filed, and that person shall be a candidate in the special election unless the person chooses to resign.*

*After one petition for recall and special election, no further recall petition shall be filed against the same person during the term for which the person was elected.*

Sec. 2. [QUESTION.]

*The proposed amendment shall be submitted at the 1986 general election. The question submitted shall be:*

*"Shall the Minnesota Constitution be amended to allow for the recall of elective officers by petition and special election?"*

Yes \_\_\_\_\_

No \_\_\_\_\_ " "

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "an amendment" and insert "amendments"

Page 1, line 2, after the semicolon, insert "adding a section to article VIII; and"

Page 1, line 3, delete ", which prohibits" and insert "; providing for the recall of elected officials; providing for repeal of the prohibition against"

Mr. Purfeerst questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Dieterich moved to amend the Purfeerst amendment to S.F. No. 1, adopted by the Senate March 6, 1986, as follows:

*Page 1, line 11, after the period, insert "Net revenue from the sales of lottery tickets must be deposited into the rural economic development fund established by law until January 1, 2012. The legislature may only appropriate money in the rural economic development fund for economic development in rural Minnesota. Any appropriation made from the fund may not be used to offset an appropriation from the general fund for an existing program."*

*Page 1, line 16, after "lottery" insert "with net proceeds used for economic development in rural Minnesota"*

The question was taken on the adoption of the amendment to the amendment.

The roll was called, and there were yeas 13 and nays 47, as follows:

Those who voted in the affirmative were:

Benson  
Bernhagen  
Bertram

Chmielewski  
Dicklich  
Dieterich

Frederick  
Johnson, D.J.  
Kamrath

Kronebusch  
Laidig  
Renneke

Waldorf

Those who voted in the negative were:

Anderson	Gustafson	Lessard	Peterson, R. W.	Spear
Berg	Hughes	Luther	Petty	Storm
Berglin	Isackson	McQuaid	Pogemiller	Stumpf
Brataas	Johnson, D.E.	Mehrkens	Purfeerst	Taylor
Dahl	Jude	Moe, R.D.	Ramstad	Vega
Davis	Knaak	Nelson	Reichgott	Wegscheid
DeCramer	Knutson	Olson	Samuelson	Willet
Diessner	Kroening	Pehler	Schmitz	
Frank	Langseth	Peterson, C.C.	Sieloff	
Frederickson	Lantry	Peterson, D.C.	Solon	

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

Mr. Storm moved to amend the Purfeerst amendment to S.F. No. 1, adopted by the Senate March 6, 1986, as follows:

Page 1, after line 20, insert:

“Sec. 3. [PROPOSED AMENDMENT.]

*The following amendment to the Minnesota Constitution is proposed to the people. If the amendment is adopted, article XI shall be amended by adding a subdivision to read as follows:*

*Sec. 14. A fiscal biennium begins July 1 in each odd-numbered year. State spending in a biennium may not exceed the total amount spent in the previous biennium adjusted for inflation. State spending includes dispositions of funds by the state by appropriation, instructions to state officers or officials, or otherwise. It does not include transfers of federal funds or any levy made by the state auditor under article XI, section 7.*

*The spending limit may be exceeded if:*

*(1) the governor requests the legislature to declare an emergency;*

*(2) the legislature enacts a law by at least a two-thirds majority that declares an emergency and appropriates money in accordance with the governor's request; and*

*(3) the appropriation is limited to a single fiscal year.*

Sec. 4. [SUBMISSION TO VOTERS.]

*The proposed amendment shall be submitted to the people at the 1986 general election. The question shall be: "Shall the Minnesota Constitution be amended to limit increases to nonemergency state spending to no more than the rate of inflation, excluding federal assistance and bonding?"*

Yes \_\_\_\_\_

No \_\_\_\_\_ " "

Amend the title accordingly

Mr. Frank questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Berg moved to amend the Purfeerst amendment to S.F. No. 1, adopted by the Senate March 6, 1986, as follows:

Page 1, line 9, after "lottery" insert "to be" and delete "by" and insert

"within"

Page 1, line 11, before "*persons*" insert "*those*" and after "*persons*" insert "*who are*"

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

S.F. No. 1 was read the third time, as amended, and placed on its final passage.

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

The roll was called; and there were yeas 34 and nays 33, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Langseth	Pehler	Samuelson
Berg	Diessner	Lantry	Peterson, C.C.	Solon
Berglin	Frank	Lessard	Peterson, D.C.	Stumpf
Bertram	Hughes	McQuaid	Peterson, D.L.	Vega
Dahl	Johnson, D.J.	Moe, R.D.	Petty	Wegscheid
Davis	Knaak	Nelson	Pogemiller	Willet
DeCramer	Kroening	Novak	Purfeerst	

Those who voted in the negative were:

Anderson	Frederick	Kamrath	Moe, D.M.	Sieloff
Belanger	Frederickson	Knutson	Olson	Spear
Benson	Freeman	Kronebusch	Peterson, R.W.	Storm
Bernhagen	Gustafson	Laidig	Ramstad	Taylor
Brataas	Isackson	Luther	Reichgott	Waldorf
Chmielewski	Johnson, D.E.	Mehrkins	Renneke	
Dieterich	Jude	Merriam	Schmitz	

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

### SPECIAL ORDER

H.F. No. 671: A bill for an act relating to financial institutions; authorizing interstate acquisition and formation of banks between this state and certain states on a reciprocal basis; proposing coding for new law in Minnesota Statutes, chapter 48.

Pursuant to Rule 22, Mr. Moe, R.D. moved that he be excused from voting on all questions pertaining to H.F. No. 671. The motion prevailed.

Mr. Petty moved to amend H.F. No. 671, as amended pursuant to Rule 49, adopted by the Senate February 27, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 607.)

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 1984, section 46.044, is amended to read:  
46.044 [CHARTERS ISSUED, CONDITIONS.]

If (1) the applicants are of good moral character and financial integrity, (2) there is a reasonable public demand for this bank in this location, (3) the organization expenses being paid by the subscribing shareholders do not exceed the necessary legal expenses incurred in drawing incorporation papers and the publication and the recording thereof, as required by law, (4)



the probable volume of business in this location is sufficient to insure and maintain the solvency of the new bank and the solvency of the then existing bank or banks in the locality without endangering the safety of any bank in the locality as a place of deposit of public and private money, and (5) the commissioner of commerce is satisfied that the proposed bank will be properly and safely managed, and (6) the applicant, if it is an interstate bank holding company, as defined in section 6, has provided developmental loans as required by section 10, and has complied with the net new funds reporting requirements of section 13, the application must be granted; otherwise it must be denied. In case of the denial of the application, the commissioner of commerce shall specify the grounds for the denial. A person aggrieved, may obtain judicial review of the determination in accordance with chapter 14.

Sec. 2. [48.1585] [GOVERNMENT CHECKS.]

*No financial institution with deposits insured by the federal deposit insurance corporation owned by an interstate bank holding company doing business in this state may refuse to honor a check or draft drawn on the account of the United States treasury, the state of Minnesota, or any county within the state of Minnesota, that is presented by an individual offering sufficient identification.*

Sec. 3. Minnesota Statutes 1984, section 48.512, is amended by adding a subdivision to read:

*Subd. 6. [BASIC SERVICES TRANSACTION ACCOUNT.] A financial intermediary owned by an interstate bank holding company shall offer a basic services transaction account to eligible individuals. For purposes of this subdivision:*

*(a) "basic services transaction account" means a transaction account that has no initial or periodic service fees, allows at least six checks per month to be drawn on the account without charge, and allows at least six free financial transactions per month on an electronic financial terminal; and*

*(b) "eligible individual" means a person whose annual family income is less than the federal poverty income guidelines as published annually in the Federal Register; or a person receiving income maintenance and support services as defined in section 268.0111, subdivision 5."*

Page 1, line 16, after "act" insert " , other than sections 1 to 3, and 14,"

Page 3, after line 26, insert:

*"Subd. 9. [INTERSTATE BANK HOLDING COMPANY.] "Interstate bank holding company" means (a) a bank holding company located in this state, engaging in interstate banking under reciprocal legislation, (b) a reciprocating state bank holding company engaged in banking in this state, and (c) other bank holding companies operating an institution located in this state having deposits insured by the federal deposit insurance corporation."*

*Subd. 10. [EQUITY CAPITAL.] "Equity capital" means the sum of common stock, preferred stock, and surplus and undivided profits."*

Page 3, line 34, delete everything before the first comma and insert "end of the public comment period provided by section 12"

Page 5, line 31, delete "It must include, but not be limited to," and insert

*"The description of net new funds must be filed with the application and annually thereafter stating the amount of capital funds, including the increase in equity capital that will result from the acquisition or establishment of a bank. The level of total equity capital must exceed \$3,000,000 for a new chartered bank and \$1,000,000 for an acquired bank. The description must state the net increase in loanable funds expressed as an increase in the total loan to asset ratio of Minnesota loans and assets. The statement must also include"*

Page 7, line 34, before "Any" insert "Subdivision 1. [REGULAR AND PERIODIC REPORTS.]"

Page 8, after line 5, insert:

*"Subd. 2. [INVESTMENT; REPORTING REQUIREMENTS.] Each financial institution located in this state owned by an interstate bank holding company shall fully and accurately disclose in an annual report to the commissioner of commerce the dollar value and volume of loans by zip code tract approved in the previous year in non-real estate commercial and farm lending categories established by the commissioner. Lending categories must be delineated in sufficient detail to evaluate the lender's loan performance. Loan categories may include: demand or accrual notes, installment loans, equipment loans, inventory or accounts receivable loans, small business administration loans and FmHA guaranteed loans. Housing loans must be disclosed statewide in the same manner and form as required by the Federal Home Mortgage Disclosure Act. The annual report must also disclose by zip code tract the dollar value and volume of deposits receiving during the previous year. The annual report must also disclose information by the categories required in section 14 demonstrating that developmental loans of a sufficient quantity are being made. The report must be accompanied by a copy of the most recent disclosures required under the Federal Community Reinvestment Act and the most recent Quarterly Statement of Income and Conditions.*

*Subd. 3. [RATING.] On the basis of the reports required in this section, the commissioner of commerce shall annually rate each financial institution owned by an interstate bank holding company on its lending performance. The commissioner shall adopt by rule a five point rating scale based on the financial institution's performance in meeting the credit needs of the community and its performance in reaching its targeted level of developmental loans. A rating may be contested under the contested case proceedings of chapter 14.*

*Subd. 4. [RATING REPORTS.] The commissioner of commerce shall make all ratings and reports available to the public upon request as provided by section 12. The ratings must be accompanied by an explanation of the rating assigned to each bank and the rationale behind the rating system.*

## **Sec. 12. [48.97] [PUBLIC PARTICIPATION.]**

*Subdivision 1. [PUBLIC INFORMATION.] Consistent with federal law, the commissioner shall make available to the public at reasonable cost copies of all applications, including supporting documents and any other information required to be submitted to the commissioner.*

*Subd. 2. [NOTICE.] Upon the filing of an application:*

(1) an applicant shall publish in a newspaper of general circulation notice of the proposed acquisition as prescribed by the commissioner by rule;

(2) the commissioner shall prepare and update with each new application a bulletin listing all pending applications. The bulletin must be published and mailed without charge to any person upon request; and

(3) the commissioner shall accept public comment on an application for a period of not less than 30 days from the date of the final publication required by clause (1), or 30 days after the date of the availability of the first periodic bulletin required by clause (2), whichever is later."

Page 8, line 6, delete "9. [48.97]" and insert "13. [48.98]"

Page 9, after line 18, insert:

"Sec. 14. [48.99] [DEVELOPMENTAL LOANS.]

A financial institution located in this state owned by an interstate bank holding company shall provide a level of developmental loans as defined by the commissioner by rule. A "developmental loan" includes, but is not limited to, (1) loans for low and moderate income housing, loans to community development corporations, loans to woman and minority owned businesses, student education loans, and alternative energy or energy conservation loans, and (2) loans within distressed areas and on any Indian reservation for any commercial non-real estate purpose, home loans, home improvement loans, and operating loans to family farmers. The commissioner of commerce shall annually designate distressed areas. A distressed area may be made for a geographic region smaller than a county within the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington. The determination of a distressed area should be made on the area's unemployment rate, economic conditions and credit needs."

Renumber the sections in sequence

Correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Petty then moved to amend H.F. No. 671, as amended pursuant to Rule 49, adopted by the Senate February 27, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 607.)

Page 9, after line 18, insert:

"Sec. 10. [EXEMPTION.]

Subdivision 1. [RESOLUTION.] The board of directors of a bank or a bank holding company located in this state may adopt a resolution before July 1, 1987, to exempt the bank or bank holding company from section 4. If the board of directors adopts the resolution and files a certified copy of it as required by subdivision 2, the bank or bank holding company may not be acquired under section 4.

Subd. 2. [FILING.] If a resolution is adopted under this section, the board of directors shall file a certified copy of the resolution with the department in person or by certified mail. The board of directors may revoke the resolution

by notifying the department in writing of its decision to revoke the resolution."

Renumber the sections in sequence

Correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Petty then moved to amend H.F. No. 671, as amended pursuant to Rule 49, adopted by the Senate February 27, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 607.)

Page 2, delete lines 20 to 28 and insert:

"Subd. 2. [CONTROL.] "Control" means, with respect to a bank holding company, bank, or bank to be organized pursuant to chapters 46, 47, 48, and 300, (1) the ownership, directly or indirectly or acting through one or more other persons, control of or the power to vote 25 percent or more of any class of voting securities; (2) control in any manner over the election of a majority of the directors; or (3) the power to exercise, directly or indirectly, a controlling influence over management and policies."

Page 3, line 13, after "acquisition" insert ", directly or indirectly," and after "of" insert a comma

Page 3, line 15, delete "no more restrictive than" and insert "substantially similar to"

Page 3, line 16, after "(2)" insert "on and after the effective date of sections 1 to 10 until July 1, 1988,"

Page 3, line 17, after "South Dakota," insert "and"

Page 3, line 18, delete everything after "Wisconsin," and insert "and after July 1, 1988, any other state."

Page 3, delete line 19

Page 3, line 29, after "may" insert ", through a purchase of stock or assets of a bank, or through a purchase of stock or assets of or merger with a bank holding company," and after "an" insert "interest in an"

Page 3, line 30, after "and" insert ", if the interest will result in control of the bank or banks, it"

The motion prevailed. So the amendment was adopted.

Mr. Dahl moved to amend H.F. No. 671, as amended pursuant to Rule 49, adopted by the Senate February 27, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 607.)

Page 9, after line 18, insert:

"Sec. 10. [51A.58] [INTERSTATE BRANCHING.]

An association may, by acquisition, merger, or consolidation, establish or operate branch offices in any reciprocating state, and a savings and loan association chartered in the state may establish branch offices in this state.

*For the purposes of this section, "reciprocating state" is: (1) a state that authorized the establishment of branch offices in that state by an association located in this state under conditions no more restrictive than those imposed by the laws of Minnesota as determined by the commissioner of commerce; and (2) limited to the states specifically enumerated as reciprocating states in section 3, subdivision 7.*

*The commissioner of commerce shall adopt rules to provide that procedural requirements equivalent to those contained in sections 1 to 9 apply to reciprocal interstate branching by savings and loan associations."*

Renumber the sections in sequence

Correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

### RECONSIDERATION

Having voted on the prevailing side, Mr. Petty moved that the vote whereby the third Petty amendment to H.F. No. 671 was adopted on March 6, 1986, be now reconsidered. The motion prevailed. So the vote was reconsidered.

Mr. Petty moved to amend the third Petty amendment to H.F. 671 as follows:

Page 1, delete lines 20 to 25 of the amendment

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Petty then moved to adopt the third Petty amendment, as amended.

The motion prevailed. So the amendment, as amended, was adopted.

Mr. Laidig moved to amend H.F. No. 671, as amended pursuant to Rule 49, adopted by the Senate February 27, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 607.)

Page 3, line 16, delete " ; and (2) "

Page 3, delete lines 17 and 18

Page 3, line 19, delete everything before the period

### CALL OF THE SENATE

Mr. Petty imposed a call of the Senate for the balance of the proceedings on H.F. No. 671. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the Laidig amendment. The motion did not prevail. So the amendment was not adopted.

Mr. Luther moved to amend H.F. No. 671, as amended pursuant to Rule 49, adopted by the Senate February 27, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 607.)

Page 1, line 15, before the comma, insert "*and prior to July 1, 1988*"

Page 3, line 16, after "(2)" insert "*on and after the effective date of this act until July 1, 1988,*"

Page 3, line 17, after "*South Dakota,*" insert "*and*"

Page 3, line 18, delete everything after "*Wisconsin,*" and insert "*and after July 1, 1988, any other state.*"

Page 3, delete line 19

Page 8, line 10, delete "*a reciprocating*" and insert "*an out-of-state*"

Page 8, line 15, after the period, insert "*Out-of-state bank holding company means a bank holding company as defined in the Bank Holding Company Act of 1956, as amended, with banking subsidiaries whose operations are principally conducted in a state other than Minnesota and is that state in which the operations of its banking subsidiaries are the largest in terms of total deposits.*"

Page 8, line 36, after the period, insert "*Only after these applications have been considered shall other out-of-state bank holding companies be considered.*"

Page 9, line 6, delete "*reciprocating*" and insert "*out-of-state*"

Page 9, line 11, delete "*A reciprocating*" and insert "*An out-of-state*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 18 and nays 38, as follows:

Those who voted in the affirmative were:

Bertram	Freeman	Kamrath	Petty	Taylor
Dieterich	Johnson, D.E.	Luther	Spear	Wegscheid
Frank	Johnson, D.J.	Merriam	Storm	
Frederick	Jude	Peterson, C.C.	Stumpf	

Those who voted in the negative were:

Adkins	Davis	Kroening	Novak	Reichgott
Anderson	DeCramer	Kronebusch	Olson	Renneke
Belanger	Dicklich	Laidig	Pehler	Schmitz
Benson	Frederickson	Langseth	Peterson, D.C.	Sieloff
Berglin	Gustafson	Lantry	Peterson, D.L.	Solon
Brataas	Isackson	Lessard	Peterson, R.W.	Waldorf
Chmielewski	Knaak	McQuaid	Pogemiller	
Dahl	Knutson	Mehrken	Ramstad	

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

Mr. Laidig moved to amend H.F. No. 671, as amended pursuant to Rule

49, adopted by the Senate February 27, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 607.)

Page 3, line 18, after "Idaho," insert "Illinois,"

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

H.F. No. 671 was read the third time, as amended, and placed on its final passage.

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

Mr. Merriam moved that Mr. Berg and Mr. Bernhagen be excused from voting. The motion prevailed.

Mr. Merriam moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 33 and nays 31, as follows:

Those who voted in the affirmative were:

Anderson	Kamrath	Merriam	Pogemiller	Spear
Brataas	Knutson	Moe, D.M.	Purfeerst	Storm
Diessner	Kronebusch	Nelson	Ramstad	Taylor
Dieterich	Lessard	Olson	Reichgott	Waldorf
Freeman	Luther	Pehler	Schmitz	Wegscheid
Gustafson	McQuaid	Peterson, D.L.	Sieloff	
Johnson, D.E.	Mehrkins	Petty	Solon	

Those who voted in the negative were:

Adkins	Davis	Isackson	Lantry	Stumpf
Belanger	DeCramer	Johnson, D.J.	Novak	Vega
Benson	Dicklich	Jude	Peterson, C.C.	Willet
Berglin	Frank	Knaak	Peterson, D.C.	
Bertram	Frederick	Kroening	Peterson, R.W.	
Chmielewski	Frederickson	Laidig	Renneke	
Dahl	Hughes	Langseth	Samuelson	

So the bill, as amended, failed to pass.

### SPECIAL ORDER

H.F. No. 1815: A bill for an act relating to taxation; real property; prescribing requirements of the sales ratio study used by the state board of equalization; amending Minnesota Statutes 1984, section 270.12, subdivision 2.

Mr. Johnson, D.J. moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 53, line 22, after "(3)" insert "*for payments that are permitted after the due date with no penalty,*" and delete "*from November 15*" and insert "*of the last date to pay without penalty*"

Page 62, after line 30, insert:

"Sec. 16. Minnesota Statutes 1985 Supplement, section 273.13, subdivi-

sion 30, is amended to read:

Subd. 30. [CLASS 9.] (a) Unmined iron ore is class 9a and is assessed at 50 percent of ~~market~~ value.

(b) Class 9b consists of all low-grade iron-bearing formations as defined in section 273.14. Class 9b shall be assessed at the following percentages of its value: If the tonnage recovery is less than 50 percent and not less than 49 percent, the assessed value shall be 48-1/2 percent of the value; if the tonnage recovery is less than 49 percent and not less than 48 percent, the assessed value shall be 47 percent of the value; and for each subsequent reduction of one percent in tonnage recovery, the percentage of assessed value to value shall be reduced an additional 1-1/2 percent of the value, but the assessed value shall never be less than 30 percent of the value. The land, exclusive of the formations, shall be assessed as otherwise provided by law. The commissioner of revenue may estimate the reasonable ~~market~~ value of the iron ore on any parcel of land which at the assessment date is considered uneconomical to mine."

Page 96, lines 13 and 18, delete "34" and insert "35"

Page 97, line 24, delete "34" and insert "35"

Page 98, after line 23, insert:

"Sec. 4. Minnesota Statutes 1985 Supplement, section 124.155, subdivision 2, is amended to read:

Subd. 2. [~~SUBTRACTION FROM ADJUSTMENT TO AIDS.~~] The amount specified in ~~Laws 1981, Third Special Session chapter 2, article 4, section 3, subdivision 2, as amended by Laws 1982, chapter 548, article 7, section 7, as further amended by Laws 1982, Third Special Session chapter 1, article III, section 4 shall be subtracted from the following state aids and credits in the order listed in fiscal year 1983.~~ The amount specified in subdivision 1 shall be used to adjust the following state aids and credits in the order listed:

(a) foundation aid as ~~authorized defined~~ in section ~~124.212, subdivision 1~~ 124A.01;

(b) secondary vocational aid authorized in section 124.573;

(c) special education aid authorized in section 124.32;

(d) secondary vocational aid for handicapped children authorized in section 124.574;

(e) gifted and talented aid authorized in section 124.247;

(f) aid for pupils of limited English proficiency authorized in section 124.273;

(g) aid for chemical use programs authorized in section 124.246;

(h) interdistrict cooperation aid authorized in section 124.272;

(i) summer program aid authorized in section 124A.033;



- ~~(h)~~ (j) transportation aid authorized in section 124.225;
- ~~(i)~~ (k) community education programs aid authorized in section 124.271;
- ~~(j)~~ (l) adult education aid authorized in section 124.26;
- (m) *early childhood family education aid authorized in section 124.2711;*
- ~~(k)~~ (n) capital expenditure equalization aid authorized in section 124.245;
- ~~(l)~~ (o) homestead credit authorized in section 273.13, subdivisions 22 and 23;
- (p) *state school agricultural tax credit aid authorized in section 124.2137;*
- ~~(m)~~ (q) wetlands credit authorized in section 273.115;
- ~~(n)~~ (r) native prairie credit authorized in section 273.116; and
- ~~(o)~~ (s) attached machinery aid authorized in section 273.138, subdivision 3; and
- (t) *teacher retirement and F.I.C.A. aid authorized in sections 124.2162 and 124.2163.*

The commissioner of education shall schedule the timing of the reductions from state aids and credits specified in Laws 1981, Third Special Session chapter 2, article 4, section 3, subdivision 2, as amended by Laws 1982, chapter 548, article 7, section 7, as further amended by article III, section 4 of this act, and the adjustments to state aids and credits specified in subdivision 1, as close to the end of the fiscal year as possible and in such a manner that will minimize the impact of Laws 1981, Third Special Session chapter 2, article 4, as amended, on the cash flow needs of the school districts."

Page 112, line 12, delete the new language and insert "March 15, May 15, and November 15"

Page 134, line 24, before "On" insert: "Subdivision 1. [ESTIMATED INSTALLMENT PAYMENTS.]"

Page 135, after line 8, insert:

"Subd. 2. [ANNUAL RETURNS.] (a) Every insurer required to pay a premium tax under this section shall make and file a statement of estimated premium taxes for the period covered by the installment tax payment. The statement shall be in the form prescribed by the commissioner of revenue.

(b) On or before March 1, annually every insurer subject to taxation under this section shall make an annual return for the preceding calendar year setting forth information the commissioner of revenue may reasonably require on forms prescribed by the commissioner.

(c) On March 1, the insurer shall pay any additional amount due for the preceding calendar year; if there has been an overpayment, the overpayment may be credited without interest on the estimated tax due April 15.

*(d) If unpaid by this date, penalties and interest as provided in section 290.53, subdivision 1, shall be imposed."*

Page 144, line 33, after "(e)" insert "to the highway user tax distribution fund"

Page 144, line 35, delete "The proceeds"

Page 144, delete line 36

Page 145, delete line 1

Page 148, line 27, after "mortgage" insert "or deed in lieu of foreclosure if a foreclosure proceeding has been initiated or threatened in writing"

Page 149, line 26, after "(13)" insert "or 290.491, clause (b)"

Page 150, line 2, after "(13)" insert "or 290.491, clause (b)"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Sieloff moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 122, line 5, delete "shall" and insert "may"

### CALL OF THE SENATE

Mr. Johnson, D.J. imposed a call of the Senate for the balance of the proceedings on H.F. No. 1815. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the Sieloff amendment. The motion did not prevail. So the amendment was not adopted.

Mr. Mehrkens moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 145, after line 33, insert:

"Sec. 13. Laws 1985, First Special Session chapter 14, article 1, section 61, is amended to read:

Sec. 61. [EFFECTIVE DATE.]

Except as otherwise provided, sections 1 to 23, 31 to 44, 46 to 49, 51 to 56, 59, paragraph (a), and 60 are effective for taxable years beginning after December 31, 1984, except that the repeal of section 290.06, subdivision 14, contained in section 59, paragraph (a), is effective for expenditures made after June 30, 1985. Sections 24, 25, and 29 are effective for taxable years beginning after December 31, 1985. The provisions of Minnesota Statutes 1984, section 290.069, subdivisions 1 to 3, and 4a to 7 remain in effect as amended, provided that the credits are repealed as provided in section 29. Section 59, paragraph (b) is effective for qualified small businesses certified after June 30, 1985 and for stock purchased after June 30, 1985 and the

provisions of sections 26 to 30 conforming to the repeal of Minnesota Statutes, section 290.069, subdivision 4, are effective at the same time. The amendment to Minnesota Statutes 1984, section 290.10, clause (8) in section 41 changing the percentage of deductible self-employment tax is effective for taxable years beginning after December 31, 1985. Section 45 is effective for taxable years beginning after December 31, 1984 and before January 1, 1989. Sections 50, 57 and the amendment to Minnesota Statutes 1984, section 290.37, subdivision 1, paragraph (a), in section 47, authorizing the adoption of rules, are effective the day after final enactment. The provision in section 58, clause(1)(a), updating the reference to the Internal Revenue Code, is effective for claims based on rent paid in 1984 and thereafter and property taxes payable in 1985 and thereafter. The balance of section 58 is effective for claims based on rent paid in 1985 and thereafter and property taxes payable in 1986 and thereafter."

Page 146, line 6, after the period, insert "*Section 13 is effective the day after final enactment and, notwithstanding any other provision of law, section 290.06, subdivision 14, remains in effect for expenditures made before July 1, 1985.*"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 23 and nays 27, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knaak	Olson	Storm
Belanger	Gustafson	Knutson	Peterson, D.L.	Taylor
Benson	Isackson	Kronebusch	Ramstad	Vega
Brataas	Johnson, D.E.	Laidig	Renneke	
Frederick	Jude	Mehrkens	Sieloff	

Those who voted in the negative were:

Adkins	Dicklich	Langseth	Peterson, D.C.	Stumpf
Bertram	Dieterich	Lantry	Peterson, R.W.	Waldorf
Chmielewski	Frank	Luther	Petty	Willct
Dahl	Johnson, D.J.	Moe, R.D.	Reichgott	
Davis	Kamrath	Novak	Samuelson	
DeCramer	Kroening	Peterson, C.C.	Spear	

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

Mr. Sieloff moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 111, line 35, after the period, insert "*Except as provided in this subdivision, the information released shall be classified as not public data under chapter 13.*"

Page 114, line 5, after the period, insert "*Except as provided in this subdivision, the information released shall be classified as not public data under chapter 13.*"

Page 116, line 32, after the period, insert "*Except as provided in this subdivision, the information released shall be classified as not public data under chapter 13.*"

Page 118, line 11, after the period, insert "*Except as provided in this subdivision, the information released shall be classified as not public data*"

*under chapter 13."*

Page 126, line 31, after the period, insert *"Except as provided in this paragraph, the information provided shall be classified as not public data under chapter 13."*

Page 132, line 2, after "481" insert *": except as provided in this sentence, the information shall be classified as not public data under chapter 13"*

Page 136, line 19, after the period, insert *"Except as provided in this subdivision, the information released shall be classified as not public data under chapter 13."*

The motion prevailed. So the amendment was adopted.

Mr. Benson moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 141, after line 18, insert:

"Sec. 7. Minnesota Statutes 1985 Supplement, section 290.01, subdivision 20b, is amended to read:

Subd. 20b. [MODIFICATIONS REDUCING FEDERAL ADJUSTED GROSS INCOME.] There shall be subtracted from federal adjusted gross income:

(1) interest income on obligations of any authority, commission or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) the portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to 40 per centum of the portion of the gain;

(3) losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any capital loss or net operating loss carryforwards or carrybacks or out of state loss carryforwards resulting from the losses, and including any farm loss carryforwards or carrybacks;

(4) if included in federal adjusted gross income, the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether the amount is received as a refund or credited to another taxable year's income tax liability;

(5) the amount of any distribution from a qualified pension or profit-sharing plan included in federal adjusted gross income in the year of receipt to the extent of any contribution not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota law for a taxable year beginning in 1974 or later;

(6) pension income as provided by section 290.08, subdivision 26;

(7) the first \$3,000 of compensation for personal services in the armed

forces of the United States or the United Nations, and the next \$2,000 of compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside the state of Minnesota. This modification does not apply to compensation defined in clause (6);

(8) unemployment compensation to the extent includible in gross income for federal income tax purposes under section 85 of the Internal Revenue Code of 1954;

(9) for an estate or trust, the amount of any income or gain which is not assignable to Minnesota under the provisions of section 290.17;

(10)(a) income from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax; (b) to the extent included in computing federal adjusted gross income, expenses and other items allocable to the business of mining or producing iron ore, the mining or production of which is subject to the occupation tax imposed by section 298.01, subdivision 1, shall be allowed as a subtraction to the extent that the expenses or other items are included in computing the modifications provided in section 290.01, subdivision 20a, clause (7) or paragraph (a) of this clause and to the extent that the expenses or other items are not deductible, capitalizable, retainable in basis, or taken into account by allowance or otherwise in computing the occupation tax. Occupation taxes imposed under chapter 298, royalty taxes imposed under chapter 299, and depletion expenses may not be subtracted under this paragraph;

(11) to the extent included in federal adjusted gross income, distributions from a qualified governmental pension plan which represent a return of designated employee contributions to the plan and which contributions were included in gross income pursuant to Minnesota Statutes 1984, section 290.01, subdivision 20a, clause (18). The provisions of this clause shall apply before the provisions of clause (6) apply and an amount subtracted under this clause may not be subtracted under clause (6); and

(12) to the extent included in federal adjusted gross income, distributions from an individual retirement account which represent a return of contributions if the contributions were included in gross income pursuant to Minnesota Statutes 1984, section 290.01, subdivision 20a, clause (17). The distribution shall be allocated first to return of contributions included in gross income until the amount of the contributions has been exhausted; and

(13) interest, including a payment adjustment, earned by the taxpayer on a seller-sponsored family farm security loan guaranteed by the commissioner of agriculture under sections 41.51 to 41.60 and executed before June 28, 1985."

Page 146, line 3, after the period, insert "Section 7 is effective for taxable years beginning after December 31, 1984."

Renumber the sections in sequence

Correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 27 and nays 28, as follows:

Those who voted in the affirmative were:

Anderson	DeCramer	Kamrath	Mehrkens	Storm
Belanger	Frederick	Knaak	Olson	Taylor
Benson	Frederickson	Knutson	Peterson, D.L.	Wegscheid
Bertram	Gustafson	Kronebusch	Ramstad	
Brataas	Isackson	Laidig	Renneke	
Davis	Johnson, D.E.	McQuaid	Sieloff	

Those who voted in the negative were:

Adkins	Frank	Moe, R.D.	Petty	Spear
Berglin	Johnson, D.J.	Novak	Pogemiller	Stumpf
Dahl	Jude	Pehler	Purfeerst	Vega
Dicklich	Kroening	Peterson, C.C.	Reichgott	Willet
Diessner	Lantry	Peterson, D.C.	Samuelson	
Dieterich	Luther	Peterson, R.W.	Schmitz	

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

Mr. Sieloff moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 110, line 26, after "section" insert "*other than a license that permits the licensee to act as an insurance agent only as an employee;*"

Page 112, line 33, after "license" insert "*, other than a license that permits the licensee to act as a real estate broker or salesperson only as an employee,*"

Page 114, line 10, after "license" insert "*, other than a license that permits the licensee to practice only as an employee,*"

Page 115, line 22, after "chiropractic" insert "*, other than a license that permits the licensee to practice only as an employee,*"

Page 117, line 2, after "dentistry" insert "*, other than a license that permits the licensee to practice only as an employee,*"

Page 135, line 13, after "326.231" insert "*, other than a license that permits the licensee to practice only as an employee,*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 22 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knutson	Olson	Storm
Belanger	Isackson	Kronebusch	Peterson, D.L.	Taylor
Benson	Johnson, D.E.	Laidig	Ramstad	
Brataas	Kamrath	McQuaid	Renneke	
Frederick	Knaak	Mehrkens	Sieloff	

Those who voted in the negative were:

Adkins	Dieterich	Merriam	Petty	Stumpf
Berglin	Frank	Moe, D.M.	Pogemiller	Vega
Bertram	Johnson, D.J.	Moe, R.D.	Purfeerst	Waldorf
Dahl	Jude	Novak	Reichgott	Wegscheid
Davis	Kroening	Pehler	Samuelson	Willet
DeCramer	Langseth	Peterson, C.C.	Schmitz	
Dicklich	Lantry	Peterson, D.C.	Solon	
Diessner	Luther	Peterson, R.W.	Spear	

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

Mr. Frederick moved to amend H.F. No. 1815, the unofficial engrossment as follows:

Page 140, after line 2, insert:

"Sec. 6. Minnesota Statutes 1985 Supplement, section 290.08, subdivision 26, is amended to read:

Subd. 26. [PENSION INCOME.] (a) [EXCLUSION.] Gross income shall not include the pension income of a ~~qualified~~ recipient ~~and spouse if the spouse is a qualified recipient individual~~. The maximum amount of this exclusion is ~~the following amount the greater of the following two amounts~~:

(1) \$11,000 reduced by the amount of the ~~qualified~~ recipient's ~~and spouse's combined~~ federal adjusted gross income in excess of \$17,000, ~~excluding social security benefits and railroad retirement benefits to the extent included in federal adjusted gross income; or~~

(2) \$11,000 reduced by the sum of

(A) social security benefits,

(B) railroad retirement benefits, and

(C) the excess over \$23,000 of federal adjusted gross income, but ~~excluding social security benefits and railroad retirement benefits to the extent included in federal adjusted gross income~~.

(3) Notwithstanding ~~clause clauses~~ (1) and (2), in the case of an involuntary lump sum distribution of pension or retirement benefits to volunteer firefighters, the maximum amount of the exclusion is \$11,000. This amount is not subject to reduction for other income ~~and applies without regard to the limitation in paragraph (b), clause (4)~~.

(3) (4) Notwithstanding ~~clause clauses~~ (1) and (2), to the extent included in federal adjusted gross income, all railroad retirement benefits of a ~~qualified~~ recipient are excludable without limitation as to level of benefits received, maximum amount, or income offset.

(4) In the case of pension income received from the correctional employees retirement program established pursuant to chapter 352; the state patrol fund retirement fund established pursuant to chapter 352B; the public employees police and fire fund established pursuant to chapter 353; the retirement funds enumerated in section 69.77, subdivision 1a; or similar retirement plans established by another state or a political subdivision of another state, an individual is a ~~qualified~~ recipient without regard to age.

(b) [DEFINITIONS.] For purposes of this subdivision the following terms have the meanings given:

(1) "Internal Revenue Code" means the Internal Revenue Code of 1954 in effect for the purpose of defining gross income for the applicable taxable year as provided in section 290.01, subdivision 20.

(2) "Federal adjusted gross income" is the federal adjusted gross income referred to in section 290.01, subdivision 20, for the current taxable year, and includes the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code.

(3) "Pension income" means to the extent included in the taxpayer's fed-

eral adjusted gross income the amount received by the taxpayer

(A) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or

(B) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 408, or 409, of the Internal Revenue Code.

(4) ~~"Qualified recipient" means an individual who, at the end of the taxable year, is aged 65 or older or is disabled as defined in section 290A.03, subdivision 9."~~

Page 146, line 3, after the period, insert *"Section 6 is effective for taxable years beginning after December 31, 1984."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 23 and nays 28, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knaak	Mehrkens	Sieloff
Belanger	Gustafson	Knutson	Olson	Storm
Benson	Isackson	Kronebusch	Peterson, D.L.	Taylor
Brataas	Johnson, D.E.	Laidig	Ramstad	
Frederick	Kamrath	McQuaid	Renneke	

Those who voted in the negative were:

Berglin	Diessner	Luther	Peterson, D.C.	Spear
Bertram	Dieterich	Moe, D.M.	Peterson, R.W.	Stumpf
Chmielewski	Frank	Moe, R.D.	Petty	Vega
Dahl	Johnson, D.J.	Novak	Pogemiller	Willett
Davis	Jude	Pehler	Samuelson	
DeCramer	Lantry	Peterson, C.C.	Solon	

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

Mr. Vega moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 141, line 29, delete "30" and insert "20"

Page 141, line 30, delete "25" and insert "15"

Page 141, line 32, delete "20" and insert "10"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 18 and nays 43, as follows:

Those who voted in the affirmative were:

Belanger	Gustafson	Lantry	Ramstad	Vega
Benson	Knaak	McQuaid	Sieloff	Waldorf
Brataas	Kroening	Moe, D. M.	Spear	
Dieterich	Kronebusch	Peterson, R.W.	Storm	



Those who voted in the negative were:

Adkins	Diessner	Knutson	Pehler	Samuelson
Anderson	Frank	Laidig	Peterson, C. C.	Schmitz
Berglin	Frederick	Langseth	Peterson, D. C.	Solon
Bertram	Frederickson	Luther	Peterson, D. L.	Stumpf
Chmielewski	Isackson	Mehrkens	Petty	Taylor
Dahl	Johnson, D. E.	Merriam	Pogemiller	Wegscheid
Davis	Johnson, D. J.	Moe, R. D.	Purfeerst	Willet
DeCramer	Jude	Novak	Reichgott	
Dicklich	Kamrath	Olson	Renneke	

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

Mr. Benson moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 143, line 6, delete "*emergency and*"

The motion prevailed. So the amendment was adopted.

Mr. Benson then moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 148, line 27, after "*upon*" insert "*termination of contract for deed,*"

The motion prevailed. So the amendment was adopted.

Mr. Sieloff moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 110, line 28, after "*that*" insert "(1)"

Page 110, line 30, after "*more*" insert "*and that (2) the commissioner of revenue has, by certified mail, requested the taxpayer to enter into a payment agreement and the taxpayer has either refused or failed to enter into the agreement within 30 days of the mailing of the request*"

Page 112, line 34, after "*that*" insert "(1)"

Page 112, line 36, after "*more*" insert "*and that (2) the commissioner of revenue has, by certified mail, requested the taxpayer to enter into a payment agreement and the taxpayer has either refused or failed to enter into the agreement within 30 days of the mailing of the request*"

Page 114, line 11, after "*that*" insert "(1)"

Page 114, line 13, after "*more*" insert "*and that (2) the commissioner of revenue has, by certified mail, requested the taxpayer to enter into a payment agreement and the taxpayer has either refused or failed to enter into the agreement within 30 days of the mailing of the request*"

Page 115, line 24, after "*that*" insert "(1)"

Page 115, line 25, after "*more*" insert "*and that (2) the commissioner of revenue has, by certified mail, requested the taxpayer to enter into a payment agreement and the taxpayer has either refused or failed to enter into the agreement within 30 days of the mailing of the request*"

Page 117, line 3, after "*that*" insert "(1)"

Page 117, line 5, after "*more*" insert "*and that (2) the commissioner of revenue has, by certified mail, requested the taxpayer to enter into a payment agreement and the taxpayer has either refused or failed to enter into the*"

*agreement within 30 days of the mailing of the request"*

Page 135, line 15, after "that" insert "(1)"

Page 135, line 16, after "more" insert "*and that (2) the commissioner of revenue has, by certified mail, requested the taxpayer to enter into a payment agreement and the taxpayer has either refused or failed to enter into the agreement within 30 days of the mailing of the request.*"

The motion prevailed. So the amendment was adopted.

Mr. Sieloff then moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 140, after line 2, insert:

"Sec. 6. Minnesota Statutes 1984, section 290.095, subdivision 3, is amended to read:

Subd. 3. [CARRYOVER AND CARRYBACK.] (a) Except as provided in clause (d), *clause (e)*, or subdivision 8, a net operating loss for any taxable year shall be:

(1) A net operating loss carryback to each of the three taxable years preceding the taxable year of such loss, and

(2) A net operating loss carryover to each of the five taxable years following the taxable year of such loss.

(b) The entire amount of the net operating loss for any taxable year shall be carried to the earliest of the taxable years to which, by reason of subdivision 3, clause (a) or (d), such loss may be carried. The portion of such loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of such loss over the sum of the taxable net income, adjusted by the modifications specified in subdivision 4, for each of the prior taxable years to which such loss may be carried.

(c) Where a corporation does business both within and without Minnesota, and apportions its income under the provisions of section 290.19, the net operating loss deduction shall be allowed to the extent of the apportionment ratio of the loss year, or the year to which the loss is carried, whichever is smaller.

(d) Where a corporation files a combined report which reflects the entire unitary business as provided in section 290.34, subdivision 2, the corporation shall not be allowed a net operating loss carryback to a year in which it did not file a combined report. The number of taxable years for which a net operating loss carryover is allowed shall be increased by the number of taxable years for which a net operating loss carryback is not allowed under this clause.

*(e) Notwithstanding any other law to the contrary, in the case of a bank, if loans for agricultural purposes constituted over 15 percent of its loan portfolio on the last day of the taxable year in which the loss occurred, the bank may elect that the net operating loss for that taxable year shall be:*

*(1) a net operating loss carryback as provided in paragraph (a), clause (1), and*

*(2) a net operating loss carryover to each of the ten taxable years follow-*

ing the taxable year of the loss.

*In the case of a bank that is a member of a unitary group, the bank must file and pay tax on a separate return basis for all years in which it will be calculating or using its net operating losses under this clause. The extended period for the net operating losses will be allowed to a bank that is a member of a unitary group if there are no more than three members in the unitary group in the year of the loss or in the year to which the loss is carried. The unitary group must file amended returns to reflect the removal of the bank from its combined return for all applicable years."*

Page 146, line 3, after the first period, insert *"Section 6 is effective for losses incurred in taxable years beginning after December 31, 1981. Refunds allowed under section 6 shall not bear interest and shall not be paid prior to July 1, 1987."*

Renumber the sections in sequence

Correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 23 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knaak	Mehrkens	Sieloff
Belanger	Gustafson	Knutson	Moe, D. M.	Storm
Benson	Isackson	Kronebusch	Olson	Taylor
Brataas	Johnson, D.E.	Laidig	Peterson, D.L.	
Frederick	Kamrath	McQuaid	Renneke	

Those who voted in the negative were:

Adkins	Dicklich	Lantry	Petty	Stumpf
Berglin	Diessner	Luther	Pogemiller	Vega
Bertram	Dieterich	Moe, R. D.	Purfeerst	Waldorf
Chmielewski	Frank	Novak	Reichgott	Wegscheid
Dahl	Johnson, D.J.	Pehler	Samuelson	Willet
Davis	Jude	Peterson, D.C.	Solon	
DeCramer	Kroening	Peterson, R.W.	Spear	

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

Mr. Sieloff then moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

*Page 126, line 31, after the period, insert "For the purposes of this section and section 297A.43, "delinquent taxes" includes only a tax, payment of which is overdue by at least 90 days, and with respect to which the department of revenue has in writing delivered or mailed to the taxpayer attempted to enter into a payment agreement and the taxpayer has failed or refused to do so."*

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

Mr. Laidig moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 104, delete section 1

Pages 111 and 112, delete section 4

Pages 126 to 130, delete sections 20 to 26 and insert:

"Sec. 18. Minnesota Statutes 1984, section 297A.27, subdivision 1, is amended to read:

Subdivision 1. ~~Except as provided in section 297A.275,~~ On or before the 25th day of each month in which taxes imposed by sections 297A.01 to 297A.44 are payable, a return for the preceding reporting period shall be filed with the commissioner in such form as the commissioner may prescribe; verified by a written declaration that it is made under the criminal penalties for wilfully making a false return, and in addition shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid. Any person making sales at retail at two or more places of business may file a consolidated return subject to such regulations as the commissioner may prescribe."

Pages 132 to 135, delete sections 28 to 31

Page 136, line 21, before "Minnesota" insert "(a)"

Page 136, after line 22, insert:

"(b) Minnesota Statutes 1984, section 297A.275, is repealed."

Page 137, line 9, after "33" insert ", paragraph (a)."

Page 137, line 13, after the period, insert "Sections 18 and 21, paragraph (b), are effective the day following final enactment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 22 and nays 35, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knutson	Olson	Storm
Belanger	Isackson	Kronebusch	Peterson, D. L.	Taylor
Benson	Johnson, D. E.	Laidig	Ramstad	
Berg	Kamrath	McQuaid	Renneke	
Frederick	Knaak	Mehrkens	Sieloff	

Those who voted in the negative were:

Adkins	Dicklich	Langseth	Pehler	Samuelson
Berglin	Diessner	Lantry	Peterson, C. C.	Solon
Bertram	Dieterich	Luther	Peterson, D. C.	Spear
Chmielewski	Frank	Merriam	Peterson, R. W.	Stumpf
Dahl	Johnson, D. J.	Moe, D. M.	Petty	Vega
Davis	Jude	Moe, R. D.	Pogemiller	Waldorf
DeCramer	Kroening	Novak	Reichgott	Willet

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

Mr. Ramstad moved that H.F. No. 1815, No. 149 on Special Orders, be stricken and re-referred to the Committee on Taxes and Tax Laws.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 24 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Kamrath	McQuaid	Renneke
Belanger	Frederickson	Knaak	Mehrkens	Sieloff
Benson	Gustafson	Knutson	Olson	Storm
Berg	Isackson	Kronebusch	Peterson, D.L.	Taylor
Brataas	Johnson, D.E.	Laidig	Ramstad	

Those who voted in the negative were:

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

The motion did not prevail.

Mr. Moe, D.M. moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 145, delete section 13

Page 146, line 5, delete "Section 13 is"

Page 146, delete line 6

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

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

H.F. No. 1815 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 34 and nays 27, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Langseth	Peterson, D.C.	Solon
Berglin	Diessner	Lantry	Petty	Spear
Bertram	Dieterich	Luther	Pogemiller	Stumpf
Chmielewski	Frank	Moe, R. D.	Purfeerst	Vega
Dahl	Johnson, D.J.	Nelson	Reichgott	Wegscheid
Davis	Jude	Novak	Samuelson	Willet
DeCramer	Kroening	Peterson, C.C.	Schmitz	

Those who voted in the negative were:

Anderson	Frederickson	Knutson	Olson	Storm
Belanger	Gustafson	Kronebusch	Peterson, D.L.	Taylor
Benson	Isackson	Laidig	Peterson, R.W.	Waldorf
Berg	Johnson, D.E.	McQuaid	Ramstad	
Brataas	Kamrath	Mehrkens	Renneke	
Frederick	Knaak	Moe, D. M.	Sieloff	

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

## MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, the Senate reverted to the Orders of Business of Mes-

sages From the House, First Reading of House Bills, Reports of Committees, Second Reading of Senate Bills and Second Reading of House Bills.

### MESSAGES FROM THE HOUSE

Mr. President:

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

S.F. No. 1597: A bill for an act relating to agriculture; removing the liability of persons who buy farm products; repealing the notification and registration system for security interests in farm products; amending Minnesota Statutes 1985 Supplement, sections 17A.04, subdivisions 2 and 5; and 336.9-307; repealing Minnesota Statutes 1985 Supplement, sections 17A.04, subdivision 1a; 27.03, subdivision 2; 223.17, subdivision 1a; 223A.01; and 386.42.

Senate File No. 1597 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 5, 1986

### CONCURRENCE AND REPASSAGE

Mr. Berg moved that the Senate concur in the amendments by the House to S.F. No. 1597 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1597 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 38 and nays 9, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Laidig	Peterson, C. C.	Solon
Anderson	Frank	Langseth	Peterson, D. C.	Storm
Berg	Johnson, D. E.	Luther	Peterson, D. L.	Stumpf
Bertram	Johnson, D. J.	McQuaid	Petty	Vega
Dahl	Jude	Merriam	Purfeerst	Wegscheid
Davis	Kamrath	Moe, R. D.	Reichgott	Willet
DeCramer	Kroening	Nelson	Renneke	
Dicklich	Kronebusch	Pehler	Schmitz	

Those who voted in the negative were:

Dieterich	Gustafson	Knutson	Mehrrens	Waldorf
Frederickson	Isackson	Lantry	Peterson, R. W.	

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. 1635, 1835, 1940, 2009, 2012, 2035, 2265 and 2453.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 5, 1986

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2111, 2187, 2263, 2329, 1800, 1869, 2051 and 2364.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 6, 1986

### FIRST READING OF HOUSE BILLS

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

H.F. No. 1635: A bill for an act relating to real property; providing a restriction on the duration of conditions affecting certain real property; providing an exemption for the city of North Oaks; amending Minnesota Statutes 1984, section 500.20, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1517.

H.F. No. 1835: A bill for an act relating to crimes; prohibiting the solicitation of children to engage in sexual conduct; requiring crime victims to be notified of offender's release from custody; imposing a penalty; amending Minnesota Statutes 1984, section 611A.06; proposing coding for new law in Minnesota Statutes, chapter 609.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1592, now on General Orders.

H.F. No. 1940: A bill for an act relating to Stearns county; authorizing the Stearns county board to designate the county auditor as the local registrar of the county.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1860, now on General Orders.

H.F. No. 2009: A bill for an act relating to economic development; defining the duties and terms of office of the members of the world trade center board; classifying data held by the board; amending Minnesota Statutes 1984, sections 44A.01, subdivision 1; 44A.02; 44A.07, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 44A.

Mr. Moe, R.D. moved that H.F. No. 2009 be laid on the table. The motion prevailed.

H.F. No. 2012: A bill for an act relating to crimes; increasing penalties for soliciting or inducing an individual under the age of 13 to practice prostitution; imposing criminal liability on persons who receive profit from prostitution if they have reason to believe it was derived from prostitution; imposing

criminal penalties on persons who allow juvenile prostitutes to reside in their dwelling; providing for a penalty assessment; authorizing counties to develop a program of outreach services for juvenile prostitutes; providing additional protections for victims of crime; authorizing parents and guardians to seek an order for protection to obtain return of a minor child who is being used or induced to practice prostitution; amending Minnesota Statutes 1984, sections 609.115, subdivision 1c; 609.322; 609.323; 609.324, by adding a subdivision; 611A.03, subdivision 1; 626.558, by adding a subdivision; and Minnesota Statutes 1985 Supplement, section 631.046; proposing coding for new law in Minnesota Statutes, chapters 609 and 611A.

Referred to the Committee on Judiciary.

H.F. No. 2035: A bill for an act relating to retirement; police and firefighters' relief associations; standardizing auditing requirements; clarifying various duties and responsibilities in the management of local associations; auditing, financial reporting, and state aid for the Winona police relief association; amending Minnesota Statutes 1984, sections 3.85, subdivision 6; 6.72, subdivision 2; 69.011, subdivision 2; 69.021, subdivisions 4 and 7; 69.051; 69.77; 69.773, subdivision 2; 69.775; 69.80; and 424A.001, subdivision 4, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 69.011, subdivision 1; 69.031, subdivision 1; and 356.216; proposing coding for new law in Minnesota Statutes, chapters 6 and 423A.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2112, now on General Orders.

H.F. No. 2265: A bill for an act relating to juvenile justice; providing for membership terms, removal, and filling of vacancies on the juvenile justice advisory committee; amending Minnesota Statutes 1984, section 116J.404.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2085, now on the Consent Calendar.

H.F. No. 2453: A bill for an act relating to state lands; authorizing conveyance of certain state easement.

Referred to the Committee on Agriculture and Natural Resources.

H.F. No. 2111: A bill for an act relating to the city of Medina; authorizing a payment by the city for utility construction.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1994, now on General Orders.

H.F. No. 2187: A bill for an act relating to Olmsted county; increasing the amount the county board may appropriate annually for use as a contingent fund; amending Laws 1965, chapter 433, section 1, as amended.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2209, now on General Orders.

H.F. No. 2263: A bill for an act relating to corporations; conforming to federal law; changing applicability of shareholder voting on control share acquisitions; providing for lesser relief than dissolution under certain circumstances; amending Minnesota Statutes 1984, section 302A.751, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 302A.449, subdivision 7; and 302A.671, subdivisions 1 and 3; repealing



Laws 1985, First Special Session chapter 5, section 21.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2122.

H.F. No. 2329: A bill for an act relating to Dakota county; authorizing the issuance of bonds for the construction of library buildings and an annual levy for debt retirement.

Referred to the Committee on Taxes and Tax Laws.

H.F. No. 1800: A bill for an act relating to local government; authorizing the counties of Becker, Grant, Hubbard, Otter Tail, Stevens, Todd, Traverse, Wadena, and Wilkin to enter into contracts and agreements for solid waste management.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1767, now on General Orders.

H.F. No. 1869: A bill for an act relating to local government units; authorizing the privatization of facilities for the treatment of wastewater and the furnishing of potable water; amending Minnesota Statutes 1984, section 474.02, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 297A; proposing coding for new law as Minnesota Statutes, chapter 471A.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2166.

H.F. No. 2051: A bill for an act relating to the city of St. Paul; permitting the establishment of special service districts in the city and providing taxing and other authority.

Referred to the Committee on Taxes and Tax Laws.

H.F. No. 2364: A bill for an act relating to transportation; railroads; permitting transportation regulation board to approve certain rate changes and applications for track abandonment or discontinuance of service in certain cases without a public hearing; providing for imposition of misdemeanor penalty for certain violations relating to movement of hazardous materials; amending Minnesota Statutes 1984, sections 221.041, subdivision 1; and 221.291, subdivision 3; Minnesota Statutes 1985 Supplement, sections 219.741; and 219.85.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2144, now on General Orders.

## REPORTS OF COMMITTEES

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

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

S.F. No. 2215: A bill for an act relating to game and fish; dedicating revenues from the fishing license surcharge, small game surcharge, migra-

tory waterfowl stamp, pheasant stamp, and trout and salmon stamp; requiring preparation and presentation of work plans before fishing license surcharge appropriation is spent; clarifying allowed administrative expenses from dedicated receipts; amending Minnesota Statutes 1984, sections 97.4841, subdivision 4; 97.4842, subdivision 3; 97.4843, subdivision 4; 97.49, subdivision 1; and 97.86, subdivisions 1 and 2.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 97.4841, subdivision 4, is amended to read:

Subd. 4. [USE OF REVENUE.] ~~The commissioner shall approve projects~~ *Receipts must be deposited in the state treasury and credited to a separate migratory waterfowl stamp account. Money in the account may only be spent for the following purposes:*

(a) Development of state wetlands and designated waterfowl management lakes for maximum migratory waterfowl production;

(b) Protection and propagation of migratory waterfowl;

(c) Development, restoration, maintenance or preservation of migratory waterfowl habitat;

(d) Acquisition of structure sites and access thereto; and

(e) Necessary related administrative costs ~~in an amount~~, not to exceed ten percent of the annual ~~deposits into the game and fish fund attributable to the sale of stamps appropriation from the account.~~

Sec. 2. Minnesota Statutes 1984, section 97.4842, subdivision 3, is amended to read:

Subd. 3. [USE OF REVENUE.] ~~The commissioner shall approve projects~~ *Receipts must be deposited in the state treasury and credited to a separate trout and salmon stamp account. Money in the account may only be spent for the following purposes:*

(a) Development, restoration, maintenance or preservation of trout streams and lakes;

(b) Rearing and stocking of trout and salmon in trout streams and lakes and Lake Superior; and

(c) Necessary related administrative costs ~~in an amount~~, not to exceed ten percent of the annual ~~deposits into appropriations from the game and fish fund attributable to the sale of stamps account.~~

Sec. 3. Minnesota Statutes 1984, section 97.4843, subdivision 4, is amended to read:

Subd. 4. [USE OF REVENUE.] ~~The commissioner may approve projects~~ *only Receipts must be deposited in the state treasury and credited to a separate pheasant stamp account. Money in the account may only be spent for the following purposes:*

(a) Promotion and practice of development, restoration, maintenance and

preservation of suitable habitat for pheasants on public and private lands and the reimbursement of landowners for setting aside lands for pheasant habitat and the expenditure of funds on public and private lands to provide pheasant habitat;

(b) Necessary related administrative and personnel costs in an amount, not to exceed ten percent of the annual deposits into the game and fish fund attributable to the sale of stamps appropriation from the account.

Sec. 4. Minnesota Statutes 1984, section 97.49, subdivision 1, is amended to read:

Subdivision 1. All unexpended balances and moneys hereafter received from licenses of any kind *including stamps* issued by the commissioner on behalf of the division, together with all receipts from fines, sale of contraband or property of any kind, including wild animals, under the control of the division, reimbursements of expenditures or contributions to the division and all other moneys accruing to the state by virtue of chapters 97 to 102, shall be credited by the state treasurer to a special fund known as the game and fish fund, ~~and all such moneys are hereby annually to be spent, as appropriated, for the maintenance and conduct of the activities of the division, subject, however, to any special provisions which may be contained from time to time in appropriation acts.~~

Sec. 5. Minnesota Statutes 1984, section 97.86, is amended to read:

97.86 [IMPROVEMENT OF FISHING RESOURCES.]

Subdivision 1. [LICENSE SURCHARGE.] A surcharge of \$2.50 shall be added to the annual license fee for each license issued pursuant to section 98.46, subdivision 2, clauses (4) and (5), subdivision 2a, subdivision 5, clause (3), and subdivision 15. The proceeds of the surcharge shall be credited to ~~the game and fish fund~~ *a separate fishing license surcharge account.*

The ~~commissioner may spend~~ the proceeds of the surcharge *may only be spent* for the following purposes:

(a) Rehabilitation and improvement of marginal fish producing waters administered on a cost sharing basis under agreements between the commissioner and other parties interested in sport fishing.

(b) Expansion of fishing programs including, but not limited to, aeration, stocking of marginal fishing waters in urban areas, shore fishing areas, and fishing piers. In the expenditure of funds pursuant to this clause, preference shall be given to local units of government and other parties willing and able to share costs.

(c) Upgrading of fish propagation capabilities in order to improve the efficiency of fish production, expansion of walleyed pike production from waters subject to winter kill for stocking in more suitable waters, introduction of new species where deemed biologically appropriate by the commissioner, and purchase of fish from private hatcheries for stocking purposes.

(d) Financing the preservation and improvement of fish habitat. First priority shall be given to expansion of habitat improvement programs approved by the commissioner and implemented in cooperation with other interested parties.

(e) Increasing enforcement through use of covert operations, workteams, and added surveillance, communication, and navigational equipment.

(f) Purchase by the commissioner of the walleyed pike quota of commercial fishermen as prescribed in section 102.26, subdivision 3d.

(g) Not more than ten percent of the ~~money available under this subdivision~~ annual appropriation from the account may be ~~used spent~~ for administrative or ~~permanent~~ personnel costs.

Subd. 2. [INTERIM STUDY.] The house environment and natural resources committee and the senate agriculture and natural resources committee shall review issues and trends in the management and improvement of fishing resources, using information obtained by and presented to the committees by public and private agencies and organizations, and other parties interested in management and improvement of fishing resources. The committees may make recommendations to the commissioner on programs and projects for management and improvement of fishing resources.

The commissioner shall prepare an annual work plan *and a five-year plan identifying program areas for the expenditure of spending money appropriated* under subdivision 1 and provide copies of the plan and any subsequent amendments to the committees and to other parties interested in management and improvement of fishing resources *that have requested copies of the plan. The annual work plan must identify cost-sharing projects to be implemented with the appropriation with priorities based upon cost effectiveness. The plan must be prepared and presented to the house environmental natural resources committee and the senate agriculture and natural resources committee before the appropriation from the fishing license surcharge may be spent.*

Sec. 6. S. F. No. 1526, article 1, section 10, subdivision 1, if enacted at the 1986 regular session, is amended to read:

Subdivision 1. [ESTABLISHMENT; PURPOSES.] The game and fish fund is established as a fund in the state treasury. The money in the fund ~~is annually~~ shall be appropriated to the commissioner for the activities of the division.

Sec. 7. S. F. No. 1526, article 1, section 12, subdivision 3, if enacted at the 1986 regular session, is amended to read:

Subd. 3. [FISHING LICENSE SURCHARGE.] (a) *Receipts from the fishing license surcharge must be deposited in the state treasury and credited to a separate fishing license surcharge account. The commissioner may only use the revenue from the fishing license surcharge for:*

(1) rehabilitation and improvement of marginal fish producing waters, administered on a cost-sharing basis, under agreements between the commissioner and other parties interested in sport fishing;

(2) expansion of fishing programs including aeration, stocking of marginal fishing waters in urban areas, shore fishing areas, and fishing piers, with preference given to local units of government and other parties sharing costs;

(3) upgrading of fish propagation capabilities to improve the efficiency of

fish production, expansion of walleye production by removal from waters subject to winter kill for stocking in more suitable waters, introduction of new biologically appropriate species, and purchase of fish from private hatcheries for stocking;

(4) financing the preservation and improvement of fish habitat, with priority given to expansion of habitat improvement programs implemented with other interested parties;

(5) increasing enforcement with covert operations, workteams, and added surveillance, communication, and navigational equipment; and

(6) purchase of the walleye quota of commercial fishing operators under article 3, section 65, subdivision 9.

(b) Not more than ten percent of the ~~money available under this subdivision~~ *annual appropriation from the account* may be used for administrative and ~~permanent~~ *personnel* costs.

(c) The commissioner shall prepare an annual work plan *and a five-year plan that identifies program areas* for the use of the revenue and provide copies of the plan, and amendments, to the house environment and natural resources committee, senate agriculture and natural resources committee, and other interested parties *that have requested copies of the plan. The annual work plan must identify cost-sharing projects to be implemented with the appropriation with priorities based on cost effectiveness. The plan must be presented to the house environmental and natural resources committee and the senate agriculture and natural resources committee before an appropriation from the fishing license surcharge account may be spent.* The committees must review issues and trends in the management and improvement of fishing resources using information obtained by and presented to the committees by public and private agencies and organizations and other parties interested in management and improvement of fishing resources.

Sec. 8. S. F. No. 1526; article 1, section 14, subdivision 2, if enacted at the 1986 regular session, is amended to read:

Subd. 2. [MINNESOTA MIGRATORY WATERFOWL STAMP.] *Receipts from the sale of migratory waterfowl stamps must be deposited in the state treasury and credited to a separate migratory waterfowl stamp account. The commissioner may only use the revenue from the Minnesota migratory waterfowl stamps for:*

(1) development of wetlands in the state and designated waterfowl management lakes for maximum migratory waterfowl production including the construction of dikes, water control structures and impoundments, nest cover, rough fish barriers, acquisition of sites and facilities necessary for development and management of existing migratory waterfowl habitat and the creation of migratory waterfowl management lakes;

(2) protection and propagation of migratory waterfowl;

(3) development, restoration, maintenance, or preservation of migratory waterfowl habitat;

(4) acquisition of and access to structure sites; and

(5) necessary related administrative costs, not to exceed ten percent of the

annual ~~revenue~~ appropriation from the account.

Sec. 9. S. F. No. 1526, article 1, section 14, subdivision 3, if enacted at the 1986 regular session, is amended to read:

Subd. 3. [TROUT AND SALMON STAMP.] *Receipts from the sale of trout and salmon stamps must be deposited in the state treasury and credited to a separate trout and salmon stamp account. The commissioner may only use the revenue from trout and salmon stamps for:*

(1) the development, restoration, maintenance, and preservation of trout streams and lakes;

(2) rearing and stocking of trout and salmon in trout streams and lakes and Lake Superior; and

(3) necessary related administrative costs, not to exceed ten percent of the annual ~~revenue~~ appropriation from the account.

Sec. 10. S. F. No. 1526, article 1, section 14, subdivision 4, if enacted at the 1986 regular session, is amended to read:

Subd. 4. [PHEASANT STAMP.] *Receipts from the sale of pheasant stamps must be deposited in the state treasury and credited to a separate pheasant stamp account. The commissioner may only use the revenue from pheasant stamps for:*

(1) the development, restoration, maintenance, and preservation of suitable habitat for ringnecked pheasants on public and private land including the establishment of nesting cover, winter cover, and reliable food sources;

(2) reimbursement of landowners for setting aside lands for pheasant habitat;

(3) reimbursement of expenditures to provide pheasant habitat on public and private land;

(4) the promotion of pheasant habitat development, maintenance, and preservation; and

(5) necessary related administrative ~~and personnel~~ costs, not to exceed ten percent of the annual ~~revenue~~ appropriation from the account.

Sec. 11. [EFFECTIVE DATE.]

*This act is effective July 1, 1986, except that sections 1 to 5 do not take effect if S. F. No. 1526 is enacted at the 1986 regular session."*

Amend the title as follows:

Page 1, line 7, delete "clarifying allowed"

Page 1, delete line 8

Page 1, line 12, delete "subdivisions 1 and 2" and insert "and S.F. No. 1526, article 1, sections 10, subdivision 1; 12, subdivision 3; and 14, subdivisions 2, 3, and 4, if enacted"

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

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

S.F. No. 1749: A bill for an act relating to agriculture; establishing an agricultural linked deposit program; imposing a penalty.

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

Delete everything after the enacting clause and insert:

**“Section 1. [DEFINITIONS.]**

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 1 to 7.*

*Subd. 2. [AGRICULTURE; AGRICULTURAL PURPOSES.] “Agriculture” or “agricultural purposes” means the production of agricultural products, livestock or livestock products, poultry and poultry products, milk or milk products, or fruit or other horticultural products. It does not include the processing, refining, or packaging of the products.*

*Subd. 3. [AGRICULTURAL LINKED DEPOSIT.] “Agricultural linked deposit” means a certificate of deposit placed by the commissioner with an eligible lending institution under section 3, subdivision 2, or an investment in bonds, notes, debentures, or other obligations or securities issued by the federal farm credit bank with regard to an eligible lending institution.*

*Subd. 4. [COMMISSIONER.] “Commissioner” means the commissioner of commerce.*

*Subd. 5. [ELIGIBLE AGRICULTURAL BUSINESS.] “Eligible agricultural business” means any person, family farm, family farm corporation, or an authorized farm corporation as defined in section 500.24, subdivision 2, engaged in agriculture that:*

*(1) is a resident of or incorporated in the state;*

*(2) owns land or maintains facilities for agricultural purposes exclusively in the state; and*

*(3) derives 50 percent of its income from agriculture.*

*Subd. 6. [ELIGIBLE LENDING INSTITUTION.] “Eligible lending institution” means farm credit services, or a bank, savings and loan association, or credit union chartered by the state or federal government.*

**Sec. 2. [APPLICATIONS; DETERMINATION OF ELIGIBILITY.]**

*Subdivision 1. [INITIAL REVIEW.] An eligible lending institution must accept and review applications for loans from eligible agricultural businesses. The lending institution shall apply all usual lending standards to determine the creditworthiness of each eligible agricultural business. A loan may not exceed \$100,000.*

*Subd. 2. [CERTIFICATION OF AGRICULTURAL USE; PENALTY.] (a) An eligible agricultural business must certify on its loan application that the reduced rate loan will be used exclusively for agricultural purposes and will materially contribute to the preservation of the business.*

*(b) A person who knowingly makes a false certification pursuant to this subdivision is guilty of a misdemeanor.*

*Subd. 3. [PRIORITIES.] In considering which eligible agricultural loans*

to include in the agricultural linked deposit loan package for reduced rate loans, an eligible lending institution shall give priority to agricultural operating loans. The institution may also consider the economic needs of the area where the business is located and other factors it considers appropriate to determine the relative financial need of the business.

### Sec. 3. [AGRICULTURAL LINKED DEPOSIT; PROCEDURE.]

*Subdivision 1. [AGREEMENT BETWEEN LENDER AND COMMISSIONER.]* (a) An eligible lending institution may enter into an agricultural linked deposit agreement with the commissioner. The agreement must provide that:

(1) the eligible lending institution will make the same number of farm operating loans as the lending institution made in the immediately preceding fiscal or calendar year;

(2) the lending institution will make farm operating loans in the current fiscal or calendar year in amounts equal to or greater than the total of the farm operating loans made in the preceding year, plus the amount of deposit received from the state;

(3) the lending institution shall lend all linked deposits received by a lending institution at an interest rate one percent below the average yield to maturity of the most recently auctioned two-year treasury note as quoted by three recognized NASD member-broker dealers;

(4) provisions for the certificates of deposit to be placed or the investment in bonds, notes, debentures, obligations, or securities to be made for any maturity considered appropriate by the commissioner, which may not exceed two years, but may be renewed for up to an additional two years at the option of the commissioner.

(b) The agreement may specify when the lending institution is to lend funds upon the placement of a linked deposit.

(c) Interest must be paid at the times determined by the commissioner.

*Subd. 2. [PLACEMENT OF CERTIFICATES.]* (a) Upon acceptance of any portion of the agricultural linked deposit loan package, the commissioner may:

(1) place up to \$2,000,000 in certificates of deposit with an eligible lending institution at a prescribed interest rate payable to the state; or

(2) the commissioner may invest in bonds, notes, debentures, or other obligations or securities issued by farm credit services with respect to the eligible lending institution at a prescribed interest rate.

(b) The prescribed interest rate in this subdivision is three percent below the average yield to maturity of the most recently auctioned two-year treasury note as quoted by three recognized NASD member-broker dealers.

### Sec. 4. [IMPLEMENTATION; COMPLIANCE.]

The commissioner shall implement the agricultural linked deposit program and monitor compliance of eligible lending institutions and eligible agricultural businesses, including making emergency and permanent rules.

### Sec. 5. [STATE'S LIABILITY.]



*The state and the commissioner are not liable to any eligible lending institution for payment of the principal or interest on the loan to an eligible agricultural business. Any delay in payments or default on the part of an eligible agricultural business does not in any manner affect the agricultural linked deposit agreement between the eligible lending institution and the commissioner.*

#### Sec. 6. [INVESTMENT AUTHORITY.]

*Notwithstanding any other law to the contrary, state funds may be invested in agricultural linked deposits provided:*

*(1) that not more than \$200,000,000 is invested in agricultural linked deposits; and*

*(2) the maximum amount received in agricultural linked deposits by an eligible bank, including its branch banks, shall not exceed \$2,000,000.*

#### Sec. 7. [REPORTING; AUDIT.]

*(a) A participating lending institution shall submit quarterly reports to the commissioner stating:*

*(1) the number and amount of farm operating loans made by the lending institution in the fiscal year preceding the year the lending institution commences its participation in the program;*

*(2) the number and amount of farm operating loans the lending institution has made each quarter of each fiscal year since the commencement of its participation in the program.*

*(b) The accuracy of the quarterly reports submitted by a participating lending institution shall be verified by examination of the lending institution's records at the time as the lending institution undergoes examination by state or federal bank examiners.*

*(c) Failure to comply with the requirements of sections 1 to 7 shall subject the lending institution to penalties applicable to violations of the laws affecting banks.*

#### Sec. 8. [EXEMPTION.]

*Linked deposits made under this chapter are exempted from the requirements set forth in section 9.031, subdivisions 2 to 5.*

#### Sec. 9. [REPEALER.]

*Sections 1 to 8 are repealed effective June 30, 1990.*

#### Sec. 10. [EFFECTIVE DATE.]

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

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

*Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred*

*S.F. No. 2049: A bill for an act relating to horse racing; modifying certain*

set-asides for purses; modifying certain tax provisions; amending Minnesota Statutes 1984, section 240.15, subdivisions 1 and 2; Minnesota Statutes 1985 Supplement, section 240.13, subdivision 5.

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 240.13, subdivision 5, is amended to read:

Subd. 5. [PURSES.] (a) From the amounts deducted from all pari-mutuel pools by a licensee *which is not located in the seven-county metropolitan area*, an amount equal to not less than five percent of all money in all pools must be set aside by the licensee and used for purses for races conducted by him.

(b) *From the amounts deducted for all pari-mutuel pools by a licensee which is located in the seven-county metropolitan area, an amount equal to seven percent of all money in all pools must be set aside by the licensee and used for purses for races conducted by it.*

(c) The commission may by rule provide for the administration and enforcement of this subdivision.

Sec. 2. Minnesota Statutes 1984, section 240.15, subdivision 1, is amended to read:

Subdivision 1. [TAXES IMPOSED.] (a) There is imposed on the total amount bet on all pari-mutuel pools on each racing day a tax at the following rates:

(1) For each racing day in a calendar year at a licensed racetrack located outside the seven-county metropolitan area on which the total amount bet, together with the total amount bet at the same licensed racetrack in all previous racing days in the same calendar year does not exceed \$48,000,000, 1-3/4 percent of the total amount bet in all pari-mutuel pools.

(2) *For each racing day in a calendar year at a licensed racetrack located outside the seven-county metropolitan area on which the total amount bet, together with the total amount bet at the same licensed racetrack in all previous racing days in the same calendar year exceeds \$48,000,000 but does not exceed \$150,000,000, 2-1/2 percent of the total amount bet in all pari-mutuel pools.*

(3) For each racing day in a calendar year at a licensed racetrack located outside the seven-county metropolitan area after the racing day on which the total amount bet in all pari-mutuel pools at the same licensed racetrack in the same calendar year exceeds ~~\$48,000,000~~ \$150,000,000, six percent of the total amount bet in all pari-mutuel pools.

(4) *For a licensed racetrack located within the seven-county metropolitan area, until July 1, 1987, or until the date on which the total amount bet at that racetrack in all pari-mutuel pools since January 1, 1986, exceeds \$161,000,000, whichever occurs first:*

(a) *for each racing day in a calendar year on which the total amount bet,*

together with the total amount bet at the same licensed racetrack in all previous racing days in the same calendar year, does not exceed \$48,000,000, 1-3/4 percent of the total amount bet in all pari-mutuel pools.

(b) for each racing day in a calendar year on which the total amount bet, together with the total amount bet at the same licensed racetrack in all previous racing days in the same calendar year exceeds \$48,000,000, six percent of the total amount bet in all pari-mutuel pools.

(5) For a licensed racetrack located within the seven-county metropolitan area, for the period beginning July 1, 1987, and ending December 31, 1987:

(a) for each racing day on which the total amount bet, together with the total amount bet at the same licensed racetrack in all previous racing days since July 1, 1987, does not exceed \$100,000,000, one percent of the total amount bet in all pari-mutuel pools.

(b) for each racing day on which the total amount bet, together with the total amount bet at the same licensed racetrack in all previous racing days since July 1, 1987, exceeds \$100,000,000, four percent of the total amount bet in all pari-mutuel pools.

(6) For a licensed racetrack located within the seven-county metropolitan area after December 31, 1987:

(a) for each racing day in a calendar year on which the total amount bet, together with the total amount bet at the same licensed racetrack in all previous racing days in the same calendar year does not exceed \$150,000,000, 2-1/2 percent of the total amount bet in all pari-mutuel pools.

(b) for each racing day in a calendar year on which the total amount bet, together with the total amount bet at the same licensed racetrack in all previous racing days in the same calendar year, exceeds \$150,000,000, four percent of the total amount bet in all pari-mutuel pools.

In addition to the above tax, the licensee in the seven-county metropolitan area must designate and pay to the commission a tax for deposit in the Minnesota breeders fund, at the following rates:

(1) For racing days on which the state tax under clause (a)(1) is 1-3/4 percent, one-half percent of the total amount bet in all pari-mutuel pools.

(2) For racing days on which the state tax under clause (a)(2) is six percent, one percent of the total amount bet in all pari-mutuel pools of one percent of the total amount bet on each day, and a licensee which is not in the seven-county metropolitan area must designate and pay to the commission a tax for deposit in the Minnesota breeders fund of one-half percent on the total amount bet on each day.

The taxes imposed by this clause must be paid from the amounts permitted to be withheld by a licensee under section 240.13, subdivision 4.

(b) The commission shall impose on each paid admission to each licensed racetrack on a racing day a tax of 40 cents. It may impose an additional admissions tax of not more than ten cents at any licensed racetrack if:

(1) the additional tax is requested by a local unit of government within whose borders the track is located;

(2) a public hearing is held on the request; and

(3) the commission finds that the local unit of government requesting the additional tax is in need of its revenue to meet extraordinary expenses caused by the racetrack.

Sec. 3. Minnesota Statutes 1984, section 240.15, subdivision 2, is amended to read:

Subd. 2. [PAYMENT.] The licensee must remit the tax to the commission or its representative within seven days of the day on which it was collected. ~~In addition to the tax and at that time the licensee must pay to the commission or its representative a sum equal to one-half the total breakage for each racing day during the period for which the tax is paid.~~ The payments must be accompanied by a detailed statement of the remittance on a form the commission prescribes. The commission may by rule provide for the direct deposit of required payments in the commission's account in a financial institution within the state and for determining the time of applicability of different tax rates under subdivision 1.

*In addition to the above taxes, the licensee shall set aside one-half of the total breakage on races by a particular breed for each racing day to be used by the licensee as follows:*

*(1) of such set-aside, the licensee shall first pay its obligations pursuant to written contracts with organizations representing a majority of the owners and trainers of breeds at that meet for the providing and administering of insurance and welfare programs, spiritual and recreational programs for the benefit of backside personnel, and for the promoting of the Minnesota horse industry; and*

*(2) the balance of such set-aside shall be used by the licensee for purses for races conducted by it for that breed.*

Sec. 4. [EFFECTIVE DATE.]

*Sections 1 and 2 are effective the day following final enactment. Section 3 is effective when the total amount bet in all pari-mutuel pools at the same licensed racetrack in the seven-county metropolitan area exceeds \$161,000,000, or on June 30, 1987, whichever event occurs first."*

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

S.F. No. 2178: A bill for an act relating to environment; regulating release of radionuclides into groundwater; proposing coding for new law in Minnesota Statutes, chapter 116C.

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 115.01, is amended by adding a subdivision to read:

*Subd. 18. [HAZARDOUS WASTE.] "Hazardous waste" means waste as defined in section 116.06, subdivision 13.*

Sec. 2. Minnesota Statutes 1984, section 115.01, is amended by adding a subdivision to read:

*Subd. 19. [RADIOACTIVE WASTE.] "Radioactive waste" means high-level radioactive waste as defined in section 116C.71, subdivision 17, and low-level radioactive waste as defined in article II of the Midwest Interstate Low-Level Radioactive Waste Compact, as enacted by section 116C.831.*

Sec. 3. Minnesota Statutes 1984, section 115.01, is amended by adding a subdivision to read:

*Subd. 20. [POTABLE WATER.] "Potable water" means water which is or may be used as a source of supply for human consumption including drinking, culinary use, food processing, and other similar purposes, and which is suitable for such uses in its untreated state or when treated using generally recognized treatment methods.*

Sec. 4. Minnesota Statutes 1984, section 115.01, is amended by adding a subdivision to read:

*Subd. 21. [GROUND WATER.] "Ground water" means water contained below the surface of the earth in the saturated zone including, without limitation, all waters whether under confined, unconfined, or perched conditions, in near-surface unconsolidated sediment or regolith, or in rock formations deeper underground.*

Sec. 5. [115.063] [HAZARDOUS AND RADIOACTIVE WASTE; STATE POTABLE WATER PROTECTION POLICY.]

*The legislature finds that:*

*(1) the waters of the state, because of their abundant quantity and high natural quality, constitute a unique natural resource of immeasurable value which must be protected and conserved for the benefit of the health, safety, welfare, and economic well-being of present and future generations of the people of the state;*

*(2) the actual or potential use of the waters of the state for potable water supply is the highest priority use of that water and deserves maximum protection by the state; and*

*(3) the disposal of hazardous waste and radioactive waste in Minnesota may pose a serious risk of pollution of the waters of the state, particularly potable water.*

*It is therefore the policy of the state of Minnesota, consistent with the state's primary responsibility and rights to prevent, reduce, and eliminate water pollution and to plan for the preservation of water resources, that disposal systems for hazardous waste or radioactive waste should not be located in any place or be constructed or operated in any manner that can reasonably be expected to cause pollution of potable water.*

Sec. 6. [115.065] [PROHIBITION OF DISPOSAL.]

*The location, construction, or operation of any disposal system for haz-*

ardous waste or radioactive waste, whether generated within or outside of the state, in any place or in any manner that can reasonably be expected to cause the pollution of potable water is prohibited.

**Sec. 7. [115.067] [BELOW GRADE DISPOSAL SYSTEMS; PROHIBITION; EXCEPTION.]**

*The construction or operation of a disposal system for hazardous waste or radioactive waste in whole or in part below the natural grade of the land where it is located is prohibited unless the person proposing to construct or operate the system demonstrates that the disposal system cannot reasonably be expected to cause the pollution of potable water.*

**Sec. 8. [115.069] [RADIONUCLIDE POLLUTION; HIGH LEVEL NUCLEAR WASTE DISPOSAL SYSTEM.]**

*The determination of whether the location, construction, or operation of a disposal system for spent nuclear fuel or high-level radioactive waste can reasonably be expected to cause radionuclide pollution of potable ground water in violation of section 7 shall be made in accordance with the provisions of section 10.*

**Sec. 9. [116C.75] [DEFINITIONS.]**

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 9 and 10.*

*Subd. 2. [GROUND WATER.] "Ground water" means the water contained below the surface of the earth in the saturated zone including, without limitation, all waters whether under confined, unconfined, or perched conditions, in near surface unconsolidated sediment or regolith, or in rock formations deeper underground.*

*Subd. 3. [UNDISTURBED PERFORMANCE.] "Undisturbed performance" means the predicted behavior of a disposal system, including consideration of the uncertainties in predicted behavior, if the disposal system is not disrupted by human intrusion or unlikely natural events.*

**Sec. 10. [116C.76] [NUCLEAR WASTE DISPOSAL SYSTEM RELEASE INTO GROUND WATER.]**

*Subdivision 1. [RADIONUCLIDE RELEASE LEVELS.] Disposal systems for spent nuclear fuel or high-level radioactive wastes must be designed to provide a reasonable expectation that the undisturbed performance of the disposal system will not cause the radionuclide concentrations, averaged over any year, in ground water to exceed:*

*(1) five picocuries per liter of radium-226 and radium-228;*

*(2) 15 picocuries per liter of alpha-emitting radionuclides including radium-226 and radium-228, but excluding radon; or*

*(3) the combined concentrations of radionuclides that emit either beta or gamma radiation that would produce an annual dose equivalent to the total body of any internal organ greater than four millirems per year if an individual consumed two liters per day of drinking water from the ground water.*

*Subd. 2. [DISPOSAL RESTRICTED.] Spent nuclear fuel or high-level radioactive waste may not be disposed at a location where the average*

*annual radionuclide concentrations in ground water exceed the limits in subdivision 1 before construction of the disposal system.*

*Subd. 3. [PROTECTION AGAINST RADIONUCLIDE RELEASE.] Disposal systems must be selected, located, and designed to keep any allowable radionuclide releases to the ground water as low as reasonably achievable.*

Sec. 11. [EFFECTIVE DATE.]

*This act is effective the day after final enactment."*

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "prohibiting certain disposal of hazardous waste;"

Page 1, line 3, after the semicolon, insert "amending Minnesota Statutes 1984, section 115.01, by adding subdivisions;"

Page 1, line 4, delete "chapter" and insert "chapters 115; and"

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. 1925: A bill for an act relating to wild animals; authorizing the captive propagation and sale of raptors; amending Minnesota Statutes 1984, section 99.27, subdivision 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. Minnesota Statutes 1984, section 97.48, is amended by adding a subdivision to read:

*Subd. 29. [RAPTORS.] The commissioner shall prescribe conditions and may issue permits for persons to breed, propagate, and sell raptors.*

Sec. 2. If S.F. No. 1526 is enacted in the regular 1986 session, article 1, section 53, is amended by adding a subdivision to read:

*Subd. 7. [RAPTORS.] The commissioner shall prescribe conditions and may issue permits for persons to breed, propagate, and sell raptors.*

Sec. 3. [EFFECTIVE DATE.]

*This act is effective the day after final enactment, except section 1 does not take effect if S.F. No. 1526 is enacted at the 1986 regular session."*

Amend the title as follows:

Page 1, line 4, delete "99.27, subdivision 1" and insert "97.48, by adding a subdivision; and S.F. No. 1526, article 1, section 53, if enacted"

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. 2233: A bill for an act relating to education; adding post-secondary vocational technical education representation on the ESV computer and UFARS advisory councils; amending Minnesota Statutes 1984, sections 121.901, subdivision 1; and 121.934, subdivisions 1 and 2.

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

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

S.F. No. 1593: A bill for an act relating to insurance; requiring certain annual reports of property and casualty insurers; prohibiting certain tying arrangements; providing for remitting of certain premiums; providing deposit requirements for domestic companies; extending coverage under the insurance guaranty association act; extending certain filing, approval, and disapproval dates; creating a joint underwriting association; requiring participation by insurers; broadening fair plan coverage; regulating fraternal benefit societies; regulating rates, forms and cancellations; amending Minnesota Statutes 1984, sections 60A.06, by adding a subdivision; 60A.13, by adding a subdivision; 60A.25; 60C.09, subdivision 1; 62A.02, subdivisions 2 and 3; 62A.17, subdivision 2; 62B.07, subdivisions 2 and 3; 62C.14, subdivision 10; 62E.14, subdivision 3; 62F.06, subdivision 1; 62F.09; 62G.16, subdivision 9; 65A.32; 65A.33; 65A.34, subdivision 1; 65A.35, subdivisions 1 and 2; 65A.37; 70A.04, subdivision 2; 70A.06, subdivisions 1 and 2; 70A.08, by adding a subdivision; 70A.10; 70A.11; 72A.13, subdivision 1; 72A.20, by adding subdivisions; 466.01, subdivision 1; 466.03, subdivision 4, and by adding subdivisions; 466.05; 466.07, by adding a subdivision; 471.982, subdivision 3; Minnesota Statutes 1985 Supplement, sections 3.736, subdivision 3; 60A.10, subdivision 1; and 64B.03; proposing coding for new law as Minnesota Statutes, chapter 62I; repealing Minnesota Statutes 1984, section 70A.06, subdivision 4.

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

Page 3, after line 11, insert:

“Sec. 2. [16B.85] [RISK MANAGEMENT.]

*Subdivision 1. [ALTERNATIVES TO CONVENTIONAL INSURANCE.] In the event that the state is unable to obtain certain types of insurance, or the commissioner determines insurance to be unreasonably costly, the commissioner may implement alternatives to the purchase of conventional insurance. A mechanism for implementing possible alternatives to conventional insurance is the risk management fund created in subdivision 2.*

*Subd. 2. [RISK MANAGEMENT FUND.] A state risk management fund is created. All state agencies which have had or may have casualty claims against them with respect to the risks for which the commissioner has implemented conventional insurance alternatives shall contribute to the fund a portion of the money appropriated to them. The commissioner shall determine the proportionate share of each agency on the basis of the agency's*



casualty claim experience as compared to other affected agencies. The money in the fund to pay casualty claims arising from state activities and for administrative costs, including costs for the adjustment and defense of the claims, is appropriated to the commissioner. Interest earned from the investment of money in the fund shall be credited to the fund and be available to the commissioner for the expenditures authorized in this subdivision. The fund is exempt from the provisions of section 16A.15, subdivision 1. In the event that proceeds in the fund are insufficient to pay outstanding claims and associated administrative costs, the commissioner, in consultation with the commissioner of finance, may assess state agencies participating in the fund amounts sufficient to pay the costs. The commissioner shall determine the proportionate share of the assessment of each agency on the basis of the agency's casualty claim experience as compared to other affected agencies."

Page 4, line 20, before "showing" insert "separately"

Page 11, after line 16, insert:

"Sec. 15. Minnesota Statutes 1984, section 62F.01, is amended to read:

62F.01 [CITATION; EXPIRATION DATE.]

~~Subdivision 1.~~ Sections 62F.01 to 62F.14 may be cited as the "Temporary Joint Underwriting Association Act".

~~Subd. 2.~~ Sections 62F.01 to 62F.14 expire September 1, 1988.

Sec. 16. Minnesota Statutes 1984, section 62F.02, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] There is created a temporary joint underwriting association to provide medical malpractice insurance coverage to any licensed health care provider unable to obtain this insurance through ordinary methods. Every insurer authorized to write and writing personal injury liability insurance in this state shall be a member of the association as a condition to obtaining and retaining a license to write insurance in this state.

Sec. 17. Minnesota Statutes 1984, section 62F.03, subdivision 2, is amended to read:

Subd. 2. "Association" means the temporary joint underwriting association.

Sec. 18. Minnesota Statutes 1984, section 62F.04, is amended by adding a subdivision to read:

Subd. 1a. [REAUTHORIZATION.] The authorization to issue insurance is valid for a period of two years from the date it was made. The commissioner may reauthorize the issuance of insurance for additional two-year periods under the terms of subdivision 1. This subdivision is not a limitation on the number of times the commissioner may reauthorize the issuance of insurance, except that a hearing is not required for reauthorization."

Page 13, line 18, delete "17" and insert "22" and delete "36" and insert "41"

Page 13, line 32, delete "and day" and insert ", developmental"

Page 13, line 33, after "centers" insert ", group homes, and sheltered

*workshops”*

Page 13, line 34, before the period, insert “, and citizen participation groups established pursuant to the housing and community redevelopment act of 1974, Public Law Number 93-383”

Page 14, line 4, after “liability” insert “or product liability”

Page 14, line 5, delete “product liability,”

Page 14, line 6, delete “significantly” and after “conducted” insert “substantially” and before the period, insert “unless the insurance is required by statute, ordinance, or otherwise required by law”

Page 14, line 7, after “write” insert “property and casualty”

Page 14, line 9, delete “Insurers”

Page 14, delete lines 10 to 13

Page 14, line 27, delete “17” and insert “22” and delete “36” and insert “41”

Page 14, delete lines 33 to 36

Page 15, delete lines 1 to 3

Page 15, line 5, delete “line 31” and insert “lines 5, 8, 9, 17, 21, 22, 23, 24, 25, 26, and 27”

Renumber the subdivisions in sequence

Page 15, line 35, delete “18” and insert “23”

Page 18, line 11, delete “17” and insert “22” and delete “36” and insert “41”

Page 18, line 28, delete “23” and insert “28”

Page 18, line 33, delete “21” and insert “26”

Page 20, delete lines 5 to 17 and insert:

*“Each member of the association shall participate in its losses and expenses in the proportion that the direct written premiums of the member bears to the total aggregate direct written premiums written in this state by all members. The members’ participation in the association shall be determined annually on the direct written premiums written during the preceding calendar year as reported on the annual statements and other reports filed by the member with the commissioner.”*

Page 35, after line 3, insert:

“Sec. 49. Minnesota Statutes 1984, section 65B.47, subdivision 1, is amended to read:

Subdivision 1. In case of injury to the driver or other occupant of a motor vehicle other than a commuter van, or other than a vehicle being used to transport children to school or to a school sponsored activity bus while it is in operation within the state of Minnesota as to any Minnesota resident who is an insured as defined in section 65B.43, subdivision 5, if the accident causing the injury occurs while the vehicle is being used in the business of trans-

porting persons or property, the security for payment of basic economic loss benefits is the security covering the vehicle or, if none, the security under which the injured person is an insured."

Page 35, line 11, strike everything after "tests"

Page 35, strike line 12

Page 35, lines 13 to 19, strike the old language and delete the new language

Page 35, line 20, strike "riskiness"

Page 35, after line 20, insert:

*"In addition to any other manner of determining whether a reasonable degree of price competition exists with respect to any class of insurance, it is presumed that a reasonable degree of competition does not exist if less than five insurers write more than 75 percent of the direct written premiums."*

Page 35, after line 25, insert:

*"In determining whether an excessive rate is being charged by an individual insurer for a class of insurance where a reasonable degree of competition does not exist, the commissioner shall determine whether the rate charged produces a rate of return that is not in excess of a reasonable rate of return. To determine what is a reasonable rate of return, the riskiness of the class of insurance, the profitability of the insurer, and other relevant factors shall be considered."*

Page 39, after line 26, insert:

**"Sec. 59. [145.682] [CERTIFICATION OF EXPERT REVIEW; AFFIDAVIT.]**

*Subdivision 1. [DEFINITION.] For purposes of this section, "health care provider" means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.*

*Subd. 2. [REQUIREMENT.] In an action alleging malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider which includes a cause of action as to which expert testimony is necessary to establish a prima facie case, the plaintiff must: (1) unless otherwise provided in subdivision 3, paragraph (b), serve upon defendant with the summons and complaint an affidavit as provided in subdivision 3; and (2) serve upon defendant within 180 days after commencement of the suit an affidavit as provided by subdivision 4.*

*Subd. 3. [AFFIDAVIT OF EXPERT REVIEW.] The affidavit required by subdivision 2, clause (1), must be by the plaintiff's attorney and state that:*

*(a) the facts of the case have been reviewed by the plaintiff's attorney with an expert whose qualifications provide a reasonable expectation that the expert's opinions could be admissible at trial and that, in the opinion of this expert, one or more defendants deviated from the applicable standard of care and by that action caused injury to the plaintiff; or*

(b) the expert review required by paragraph (a) could not reasonably be obtained before the action was commenced because of the applicable statute of limitations. If an affidavit is executed pursuant to this paragraph, the affidavit in paragraph (a) must be served on defendant or the defendant's counsel within 90 days after service of the summons and complaint.

**Subd. 4. [IDENTIFICATION OF EXPERTS TO BE CALLED.]** The affidavit required by subdivision 2, clause (2), must be by the plaintiff's attorney and state the identity of each person whom plaintiff expects to call as an expert witness at trial to testify with respect to the issues of malpractice or causation, the substance of the facts and opinions to which the expert is expected to testify, and a summary of the grounds for each opinion. Answers to interrogatories that state the information required by this subdivision satisfy the requirements of this subdivision if they are signed by the plaintiff's attorney and served upon the defendant within 180 days after commencement of the suit against the defendant.

The parties or the court for good cause shown, may by agreement, provide for extensions of the time limits specified in subdivision 2, 3, or this subdivision. Nothing in this subdivision may be construed to prevent either party from calling additional expert witnesses or substituting other expert witnesses.

**Subd. 5. [RESPONSIBILITIES OF PLAINTIFF AS ATTORNEY.]** If the plaintiff is acting pro se, the plaintiff shall sign the affidavit or answers to interrogatories referred to in this section and is bound by those provisions as if represented by an attorney.

**Subd. 6. [PENALTY FOR NONCOMPLIANCE.]** Failure to comply with subdivision 2, clause (1), within 60 days after demand for the affidavit results, upon motion, in mandatory dismissal with prejudice of each cause of action as to which expert testimony is necessary to establish a prima facie case.

Failure to comply with subdivision 2, clause (2), and subdivision 4 results, upon motion, in mandatory dismissal with prejudice of each cause of action as to which expert testimony is necessary to establish a prima facie case.

**Subd. 7. [CONSEQUENCES OF SIGNING AFFIDAVIT.]** The signature of the plaintiff or the plaintiff's attorney constitutes a certification that the person has read the affidavit or answers to interrogatories, and that to the best of the person's knowledge, information, and belief formed after a reasonable inquiry, it is true, accurate, and made in good faith. A certification made in violation of this subdivision subjects the attorney or plaintiff responsible for such conduct to reasonable attorney's fees, costs, and disbursements.

Sec. 60. Minnesota Statutes 1984, section 245.814, is amended to read:

**245.814 [LIABILITY INSURANCE FOR FOSTER PARENTS  
LICENSED PROVIDERS.]**

**Subdivision 1. [INSURANCE FOR FOSTER PARENTS.]** The commissioner of human services shall within the appropriation provided purchase and provide insurance to foster parents to cover their liability for:

- (1) injuries or property damage caused or sustained by foster children in

their home; and

(2) actions arising out of alienation of affections sustained by the natural parents of a foster child.

Coverage shall apply to all foster boarding homes licensed by the department of human services, licensed by a federally recognized tribal government, or established by the juvenile court and certified by the commissioner of corrections pursuant to section 260.185, subdivision 1, clause (c) (5), to the extent that the liability is not covered by the provisions of the standard homeowner's or automobile insurance policy. The insurance shall not cover property owned by the foster parents, damage caused intentionally by a child over 12 years of age, or property damage arising out of business pursuits or the operation of any vehicle, machinery, or equipment.

*Subd. 2. [LIABILITY INSURANCE; RISK POOL.] If the commissioner determines that appropriate commercial liability insurance coverage is not available for a licensed foster home, group home, developmental achievement center, or day care provider, and that coverage available through the joint underwriting authority of the commissioner of commerce or other public entity is not appropriate for the provider or a class of providers, the commissioner of human services and the commissioner of commerce may jointly establish a risk pool to provide coverage for licensed providers out of premiums or fees paid by providers. The commissioners may set limits on coverage, establish premiums or fees, determine the proportionate share of each provider to be collected in a premium or fee based on the provider's claim experience and other factors the commissioners consider appropriate, establish eligibility and application requirements for coverage, and take other action necessary to accomplish the purposes of this subdivision. A human services risk pool fund is created for the purposes of this subdivision. Fees and premiums collected from providers for risk pool coverage are appropriated to the risk pool fund. Interest earned from the investment of money in the fund must be credited to the fund and money in the fund is appropriated to the commissioner of human services to pay administrative costs and covered claims for participating providers. In the event that money in the fund is insufficient to pay outstanding claims and associated administrative costs, the commissioner of human services may assess providers participating in the risk pool amounts sufficient to pay the costs. The commissioner of human services may not assess a provider an amount exceeding one year's premiums collected from that provider."*

Page 43, after line 17, insert:

"Sec. 74. Minnesota Statutes 1984, section 541.15, is amended to read:

541.15 [PERIODS OF DISABILITY NOT COUNTED.]

(a) *Except as provided in paragraph (b), any of the following grounds of disability, existing at the time when a cause of action accrued or arising anytime during the period of limitation, shall suspend the running of the period of limitation until the same is removed; provided that such period, except in the case of infancy, shall not be extended for more than five years, nor in any case for more than one year after the disability ceases:*

(1) That the plaintiff is within the age of 18 years;

(2) His insanity;

(3) His imprisonment on a criminal charge, or under a sentence of a criminal court for a term less than his natural life;

(4) Is an alien and the subject or citizen of a country at war with the United States;

(5) When the beginning of the action is stayed by injunction or by statutory prohibition.

If two or more disabilities shall coexist, the suspension shall continue until all are removed.

*(b) In actions alleging malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider, the ground of disability specified in paragraph (a), clause (1), suspends the period of limitation until the disability is removed. The suspension may not be extended for more than eight years.*

*For purposes of this paragraph, health care provider means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.*

#### Sec. 75. [548.36] [COLLATERAL SOURCE CALCULATIONS.]

*Subdivision 1. [DEFINITION.] For purposes of this section, "collateral sources" means payments related to the injury or disability in question made to the plaintiff, or on the plaintiff's behalf up to the date of the verdict, by or pursuant to:*

*(1) a federal, state, or local income disability or workers' compensation act; or other public program providing medical expenses, disability payments, or similar benefits;*

*(2) health, sickness, or automobile accident insurance or liability insurance that provides health benefits or income disability coverage; or similar insurance benefits, except life insurance benefits available to the plaintiff, whether purchased by the plaintiff or provided by others, and payments made pursuant to the United States Social Security Act, a pension, or other income disability coverage;*

*(3) a contract or agreement of a group, organization, partnership, or corporation to provide, pay for, or reimburse the costs of hospital, medical, dental or other health care services; or*

*(4) a contractual or voluntary wage continuation plan provided by employers or any other system intended to provide wages during a period of disability.*

*Subd. 2. [MOTION.] In a civil action, whether based on contract or tort, when liability is admitted or is determined by the trier of fact, and when damages include an award to compensate the plaintiff for losses available to the date of the verdict by collateral sources, a party may file a motion within ten days of the date of entry of the verdict requesting determination of collateral sources. If the motion is filed, the parties shall submit written evidence of, and the court shall determine:*

*(1) amounts of collateral sources that have been paid for the benefit of the*

*plaintiff or are otherwise available to the plaintiff as a result of losses except those for which a subrogation right has been asserted; and*

*(2) amounts that have been paid, contributed, or forfeited by, or on behalf of, the plaintiff or members of the plaintiff's immediate family for the two-year period immediately before the accrual of the action to secure the right to a collateral source benefit that the plaintiff is receiving as a result of losses.*

*Subd. 3. [DUTIES OF THE COURT.] (a) The court shall reduce the award by the amounts determined under subdivision 2, clause (1), and offset any reduction in the award by the amounts determined under subdivision 2, clause (2).*

*(b) If the court cannot determine the amounts specified in paragraph (a) from the written evidence submitted, the court may within ten days request additional written evidence or schedule a conference with the parties to obtain further evidence.*

*Subd. 4. [CALCULATION OF ATTORNEYS' FEES.] If the fees for legal services provided to the plaintiff are based on a percentage of the amount of money awarded to the plaintiff, the percentage must be based on the amount of the award as adjusted under subdivision 3. Any subrogated provider of a collateral source not separately represented by counsel shall pay the same percentage of attorneys' fees as paid by the plaintiff and shall pay its proportionate share of the costs.*

*Subd. 5. [JURY NOT INFORMED OF COLLATERAL SOURCES.] The jury shall not be informed of the existence of collateral sources or any future benefits which may or may not be payable to the plaintiff.*

*Sec. 76. Minnesota Statutes 1984, section 549.09, subdivision 1, is amended to read:*

*Subdivision 1. [WHEN OWED; RATE.] (a) When the judgment is for the recovery of money, including a judgment for the recovery of taxes, interest from the time of the verdict or report until judgment is finally entered shall be computed by the clerk as provided in clause (c) and added to the judgment. (b) Except as otherwise provided by contract or allowed by law, pre-verdict or pre-report interest on pecuniary damages shall be computed as provided in clause (c) from the time of the commencement of the action, or the time of a written demand, whichever occurs first, except as provided herein. If either party serves a written offer of settlement, the other party may serve a written acceptance or a written counter-offer within 60 days. After that time interest on the judgment shall be calculated by the judge in the following manner. The prevailing party shall receive interest on any judgment from the time the action was commenced or a written demand was made, or as to special damages from the time when special damages were incurred, if later than commencement of the action, until the time of verdict or report only if the amount of its offer is closer to the judgment than the amount of the opposing party's offer. If the amount of the losing party's offer was closer to the judgment than the prevailing party's offer, the prevailing party shall receive interest only on the amount of the settlement offer or the judgment, whichever is less, and only from the time the action was commenced or a written demand was made, or as to special damages from when the special damages*

were incurred, if later than commencement of the action, until the time the settlement offer was made. *Subsequent offers and counteroffers supersede the legal effect of earlier offers and counteroffers. For the purposes of clause (3), the amount of settlement offer must be allocated between past and future damages in the same proportion as determined by the trier of fact.* Except as otherwise provided by contract or allowed by law, pre-verdict or pre-report interest shall not be awarded on the following:

(1) judgments, awards, or benefits in workers' compensation cases, but not including third-party actions;

(2) judgments, decrees, or orders in dissolution, annulment, or legal separation actions;

(3) judgments for future damages;

(4) punitive damages, fines, or other damages that are noncompensatory in nature;

(4) (5) judgments not in excess of the amount specified in section 487.30; and

(5) (6) that portion of any verdict or report which is founded upon interest, or costs, disbursements, attorney fees, or other similar items added by the court. (c) The interest shall be computed as simple interest per annum. The rate of interest shall be based on the secondary market yield of one year United States treasury bills, calculated on a bank discount basis as provided in this section.

On or before the 20th day of December of each year the state court administrator shall determine the rate from the secondary market yield on one year United States treasury bills for the most recent calendar month, reported on a monthly basis in the latest statistical release of the board of governors of the federal reserve system. This yield, rounded to the nearest one percent, shall be the annual interest rate during the succeeding calendar year; provided, however, that in no event shall the rate of interest be less than eight percent per annum. *The state court administrator shall also determine the average rate of interest on judgments to be used during the succeeding calendar year for computation of the discount rate under section 82, subdivision 4, clause (1).* The state court administrator shall communicate the interest ~~rate~~ rates to the clerks of court for ~~their~~ use in computing the interest on verdicts and the discount rate under section 82.

#### Sec. 77. [549.191] [CLAIM FOR PUNITIVE DAMAGES.]

*Upon commencement of a civil action, the complaint must not seek punitive damages. After filing the suit a party may make a motion to amend the pleadings to claim punitive damages. The motion must allege the applicable legal basis under section 549.20 or other law for awarding punitive damages in the action and must be accompanied by one or more affidavits showing the factual basis for the claim. At the hearing on the motion, if the court finds prima facie evidence in support of the motion, the court shall grant the moving party permission to amend the pleadings to claim punitive damages. For purposes of tolling the statute of limitations, pleadings amended under this section relate back to the time the action was commenced.*

Sec. 78. Minnesota Statutes 1984, section 549.21, is amended to read:



#### 549.21 [REIMBURSEMENT FOR CERTAIN COSTS IN CIVIL ACTIONS.]

Upon motion of a party, the court in its discretion may award to that party costs, disbursements, reasonable attorney fees and witness fees if the party or attorney against whom costs, disbursements, reasonable attorney and witness fees are charged acted in bad faith; asserted a claim or defense ~~knowing it to be that is~~ frivolous; asserted an unfounded position ~~solely to delay the ordinary course of the proceedings or to harass that is costly to the other party;~~ or committed a fraud upon the court. ~~To qualify for an award under this section, a party shall give timely notice of intent to claim an award.~~ An award under this section shall be without prejudice and as an alternative to any claim for sanctions that may be asserted under the rules of civil procedure. Nothing herein shall authorize the award of costs, disbursements or fees against a party or attorney advancing a claim or defense unwarranted under existing law, if it is supported by a good faith argument for an extension, modification, or reversal of the existing law.

Sec. 79. Minnesota Statutes 1984, section 595.02, is amended by adding a subdivision to read:

*Subd. 4. [WAIVER OF PRIVILEGE FOR HEALTH CARE PROVIDERS.] A party who commences an action for malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider on the person's own behalf or in a representative capacity, waives in that action any privilege existing under subdivision 1, paragraphs (d) and (g), as to any information or opinion in the possession of a health care provider who has examined or cared for the party or other person whose health or medical condition has been placed in controversy in the action. This waiver must permit all parties to the action; and their attorneys or authorized representatives, to informally discuss the information or opinion with the health care provider if the provider consents. Prior to an informal discussion with a health care provider, the defendant must mail written notice to the other party at least 15 days before the discussion. The plaintiff's attorney or authorized representative must have the opportunity to be present at any informal discussion. Appropriate medical authorizations permitting discussion must be provided by the party commencing the action upon request from any other party.*

*A health care provider may refuse to consent to the discussion but, in that event, the party seeking the information or opinion may take the deposition of the health care provider with respect to that information and opinion, without obtaining a prior court order.*

*For purposes of this subdivision, "health care provider" means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.*

Sec. 80. Minnesota Statutes 1984, section 604.02, subdivision 1, is amended to read:

Subdivision 1. When two or more persons are jointly liable, contributions

to awards shall be in proportion to the percentage of fault attributable to each, except that each is jointly and severally liable for the whole award. *Provided, however, that a person whose fault is less than that of a claimant is liable to the claimant only for that portion of the judgment which represents the percentage of fault attributable to that person.*

Sec. 81. Minnesota Statutes 1984, section 604.02, is amended by adding a subdivision to read:

*Subd. 4. [DEFINITION.] For purposes of this section, "person" includes a municipality as defined in section 466.01.*

Sec. 82. [604.07] [DISCOUNT, FUTURE DAMAGE AWARDS.]

*Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the following terms have the meanings given them.*

*(b) "Economic loss" means all pecuniary harm for which damages are recoverable, including, but not limited to, medical expenses, loss of earnings, and loss of earning capacity.*

*(c) "Future damages" means all damages which the trier of fact finds will accrue after the damage findings are made.*

*(d) "Noneconomic loss" means all nonpecuniary harm for which damages are recoverable, including, but not limited to, pain, disability, disfigurement, embarrassment, emotional distress, and loss of consortium.*

*(e) "Past damages" means all damages that have accrued when the damage findings are made.*

*Subd. 2. [DISCOUNT REQUIRED.] In all actions seeking damages for personal injury, wrongful death, or loss of means of support, awards of all future damages, including economic and noneconomic loss, reasonably certain to occur must be discounted to present value as provided in this section.*

*Subd. 3. [FUTURE DAMAGES; EVIDENCE.] The amount of all future damages, including economic and noneconomic loss reasonably certain to occur, must be ascertained at the time of trial without reference to projected inflationary or noninflationary changes. Evidence of noninflationary changes in earnings or earning capacity that are reasonably certain to occur are admissible, but this evidence is limited to the present value of the future changes without regard to inflationary changes. Projected increases in earnings or earning capacity dependent upon general economic statistics are not admissible.*

*Subd. 4. [DISCOUNT RATE.] The award calculated under subdivision 3 must be reduced to present value at the time of trial by application of a discount rate equal to:*

*(1) the average rate of interest on judgments under section 549.09 for the five calendar years immediately preceding the commencement of trial, rounded to the nearest one-tenth, less*

*(2) the average increase in the Consumer Price Index for all Urban Consumers, all items, as published by the U. S. Department of Labor, Bureau of Labor Statistics, rounded to the nearest one-tenth, for the same five-year*

*period. If the Labor Department statistics are not published by the time of trial, the court shall employ the average increase over the most recent five-year period available in the published statistics.*

*In no instance may the discount rate fall below two percent or rise above six percent."*

Page 43, line 22, delete "2" and insert "1" and delete "53" and insert "61" and delete "65" and insert "73"

Page 43, after line 23, insert:

*"Sections 59, 74, and 77 apply to all actions commenced on or after the effective date of those sections. Sections 75, 76, and 78 to 82 apply to actions pending on or commenced on or after the effective date of those sections."*

Page 43, line 25, delete "2" and insert "3" and delete "52" and insert "60" and delete "66" and insert "83"

Page 43, line 26, after the period, insert *"Section 74 is effective January 1, 1987."*

Amend the title as follows:

Page 1, line 12, after the semicolon, insert "regulating medical malpractice insurance to health care providers who are unable to obtain the coverage in the voluntary market; regulating malpractice actions against health care providers; providing certification of expert review and the waiver of privilege by health care providers; requiring disclosure of experts; revising the statute of limitations for minors; regulating claims for punitive damages; changing the collateral source rule; providing for discount of future damages;"

Page 1, line 17, after the second semicolon, insert "62F.01; 62F.02, subdivision 1; 62F.03, subdivision 2; 62F.04, by adding a subdivision;"

Page 1, line 20, after the second semicolon, insert "65B.47, subdivision 1;"

Page 1, line 23, after the first semicolon, insert "245.814;"

Page 1, line 26, after the semicolon, insert "541.15; 549.09, subdivision 1; 549.21; 595.02, by adding a subdivision; 604.02, subdivision 1, and by adding a subdivision;"

Page 1, line 27, after the third semicolon, insert "proposing coding for new law in Minnesota Statutes, chapters 16B; 145; 548; 549; and 604;"

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. 1610: A bill for an act relating to agriculture; clarifying definitions; reducing the period that corporations and pension or investment funds may own agricultural land; restricting use of agricultural land after acquisition by enforcement of lien or security interest; authorizing the commissioners of agriculture and revenue to adopt rules; requiring registration of corporate agricultural landowners; prescribing penalties; requiring corporate

agricultural land to be owned in compliance with soil and conservation laws; providing for enforcement of penalties; amending Minnesota Statutes 1984, section 500.24, subdivisions 2, 4, and 5, and by adding subdivisions; Minnesota Statutes 1985 Supplement, section 500.24, subdivision 3, as amended.

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

Page 3, lines 1 and 2, delete "*that own agricultural land*"

Page 5, line 6, delete "36" and insert "60"

Page 5, line 8, delete "36-month" and insert "60-month" and reinstate the stricken "except" and delete "and may"

Page 5, lines 9 to 11, delete the new language

Page 5, line 14, delete "36-month" and insert "60-month"

Page 7, line 7, delete "owns" and insert "is allowed to own" and delete "and is subject to" and insert "under"

Page 7, line 8, after the comma, insert "clauses (c) to (p)."

Page 7, lines 9, 21, 25, and 27, delete "revenue" and insert "agriculture"

Page 7, line 12, after "*partnership*" insert a comma

Page 7, line 15, after the semicolon, insert "and"

Page 7, line 16, delete "; and" and insert a period

Page 7, delete line 17

Page 7, line 20, before the period, insert "annually"

Page 7, line 21, after "investigate" insert "alleged violations to"

Page 7, line 22, delete "any"

Page 7, line 23, after "3" insert "or 3a"

Page 7, line 29, delete everything after "The"

Page 7, line 35, after "fund" insert a comma

Page 7, line 36, strike the first "or" and strike "which" and insert "or limited partnership that"

Page 9, line 8, strike the second "or" and insert a comma and after "corporation" insert "or limited partnership"

Page 9, line 9, strike "clause" and insert "paragraph" and reinstate the stricken "April" and delete "November"

Page 9, line 10, reinstate the stricken language and delete the new language

Page 9, line 11, delete the new language

Page 9, line 12, strike "clause" and insert "paragraph"

Page 9, line 14, reinstate everything after the stricken "(c)" and before the

reinstated "Failure" insert "(d)"

Page 9, lines 15 and 16, reinstate the stricken language

Page 9, line 17, delete "(d)" and insert "(e)"

Page 9, lines 17 and 18, delete "*in consultation with the commissioner of revenue*"

Page 9, delete section 6

Page 9, line 34, delete "*subdivision 4a*" and insert "*section 500.24*"

Page 10, line 1, after "3" insert "*or 3a*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, delete "commissioners" and insert "commissioner" and delete "and"

Page 1, line 8, delete "revenue"

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. 2104: A bill for an act relating to natural resources; changing eligibility requirements for waterbank agreements; providing requirements for the director of the division of waters; requiring the director to maintain current wetland values; amending drainage law definitions; prescribing payment of attorney fees on certain drainage issues appealed by the commissioner; prescribing general provisions for petitions; amending petition requirements; allowing drainage proceedings to be delayed; prescribing conditions for assessments against property within a municipality; prescribing extent of benefits and damages; requiring a benefits and damages statement and a property owners' report; authorizing easement to access drainage system; providing drainage liens to be recorded against tracts of property; changing rates of interest to be paid during drainage proceedings; amending definition of repair; authorizing conditions for repair if design depth is different than original construction depth; declaring right to have drainage systems maintained; providing easement for drainage authority to inspect drainage system; requiring permanent grass strips; apportioning repair costs; renumbering sections; amending Minnesota Statutes 1984, sections 105.392; and 105.40; Minnesota Statutes 1985 Supplement, sections 40.072, subdivisions 3 and 6; 106A.005, subdivisions 2, 3, 4, 9, 10, 12, 13, 14, and 19, and by adding subdivisions; 106A.011, subdivisions 3 and 4; 106A.015; 106A.031; 106A.051; 106A.055; 106A.081, subdivisions 2 and 3; 106A.091, subdivisions 2 and 4; 106A.095, subdivisions 1, 3, and 4; 106A.101, subdivisions 2 and 4; 106A.215, subdivisions 4 and 5; 106A.221; 106A.225; 106A.231; 106A.235, subdivisions 1 and 2; 106A.241, subdivisions 1, 2, and 5; 106A.245; 106A.251; 106A.261, subdivisions 1, 3, 4, 5, 6, and 7; 106A.265, subdivision 1; 106A.271, subdivision 1; 106A.275; 106A.281; 106A.285, subdivisions 2, 4, 5, 6, 9, and 10; 106A.295;

106A.301; 106A.305, subdivision 1; 106A.311; 106A.315, subdivisions 1, 2, 5, and 6, and by adding a subdivision; 106A.321, subdivision 1, and by adding a subdivision; 106A.325, subdivisions 2 and 3; 106A.335, subdivisions 1 and 3; 106A.341; 106A.345; 106A.351; 106A.401, subdivisions 2 and 6, and by adding a subdivision; 106A.405; 106A.411, subdivisions 3 and 4; 106A.501, subdivisions 4, 6, and 7; 106A.505, subdivisions 1, 2, 3, 7, and 8; 106A.511, subdivisions 1, 2, 3, and 5; 106A.515; 106A.525, subdivisions 2, 3, and 4; 106A.541; 106A.555, subdivision 2; 106A.601; 106A.605; 106A.611, subdivisions 2, 3, 6, and 7; 106A.615, subdivisions 4 and 7; 106A.635, subdivisions 1 and 10; 106A.645, subdivision 7; 106A.651, subdivision 1; 106A.655, subdivision 1; 106A.701, subdivision 1, and by adding subdivisions; 106A.705, subdivision 1; 106A.715, subdivision 6; 106A.731, subdivision 1; 106A.741, subdivision 5; 106A.811, subdivisions 2, 4, and 5; 112.431, subdivision 2; 112.48, subdivision 1; 112.59; 112.60; and 112.65, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 106A; repealing Minnesota Statutes 1984, sections 111.01; 111.02; 111.03; 111.04; 111.05; 111.06; 111.07; 111.08; 111.10; 111.12; 111.14; 111.15; 111.16; 111.17; 111.18; 111.19; 111.20; 111.21; 111.22; 111.23; 111.24; 111.25; 111.26; 111.27; 111.28; 111.29; 111.32; 111.33; 111.34; 111.35; 111.37; 111.38; 111.39; 111.40; 111.41; 111.42; 111.421; Minnesota Statutes 1985 Supplement, sections 106A.005, subdivision 25; 106A.201; 106A.205; 106A.211; 111.09; 111.11; 111.13; 111.30; 111.31; and 111.36.

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

Page 6, line 29, delete "*for reasons other than economics*"

Page 6, line 31, delete "*, and that*" and insert a period

Page 6, line 32, delete "*economics of*"

Page 7, line 6, delete "*Except as provided under paragraph (b),*"

Page 7, line 10, after "*type*" insert "*2,*" and after "*4,*" insert "*5, 6, 7,*" and strike "*5*" and insert "*8*"

Page 7, line 12, before the semicolon, insert "*regardless of size*"

Page 7, line 16, reinstate the stricken "*and that is the projected land use.*"

Page 7, line 17, delete the period

Page 7, lines 18 to 23, delete the new language and strike the old language

Page 7, line 24, delete "*(c)*" and insert "*(b)*" and after the second "*wetlands*" insert "*partially*"

Page 7, line 27, before the period, insert "*, including protected water basins that meet the criteria of paragraph (a), clause (1), and are co-owned with federal or state wildlife or waterfowl production areas*"

Page 7, line 30, delete "*(a)*"

Page 8, line 1, delete "*to large areas*"

Page 8, line 2, delete everything after "*habitat*"

Page 8, line 3, delete "*opportunities*"

Page 8, line 4, delete "*preserve*" and insert "*encourage agreements that*"

will allow long term preservation of" and delete "in" and insert a period

Page 8, delete lines 5 to 8

Page 10, line 11, delete the second "and"

Page 10, line 14, delete the period and insert "; and

(6) the value of the wetland as a filtering system for groundwater."

Page 10, line 17, delete "offer" and insert "encourage the property owner to participate in a waterbank agreement"

Page 10, delete line 18

Page 10, line 19, delete "agreement" and insert "by offering, in addition to the payment"

Page 11, line 8, after "adopt" insert "permanent and emergency"

Page 13, line 31, after "adopt" insert "permanent and emergency"

Page 13, line 35, after the period, insert "The director must require the permanent grass strips acquired under section 106A.021 to be shown on the maps and maintain an inventory of all permanent grass strips acquired by drainage authorities."

Page 14, line 16, after "must" insert "develop and"

Page 14, line 19, delete "state"

Page 14, line 20, delete "repair" and after the period, insert "The director shall report the wetland values to each county board annually."

Page 15, after line 13, insert:

"Sec. 11. Minnesota Statutes 1985 Supplement, section 106A.005, subdivision 11, is amended to read:

Subd. 11. [DRAINAGE SYSTEM.] "Drainage system" means a ditch and tile system to drain property, including laterals, improvements, and improvements of outlets, ~~that is proposed to~~ established by, ~~or~~ and constructed by a drainage authority. "Drainage system" includes the improvement of a natural waterway used in the construction of a drainage system, and any part of a flood control plan proposed by the United States or its agencies in the drainage system."

Page 15, lines 28 to 30, reinstate the stricken language

Page 15, line 30, before "a" insert "or"

Page 16, line 4, after "tracts" insert "or government lots"

Page 17, lines 16, 18, 19, and 28, after "drainage" insert "project or"

Page 17, line 20, after "system" insert "and downstream for various frequency flood events"

Page 17, line 22, strike "develop" and insert "use" and after "waters" insert "including storage and retention of drainage waters"

Page 23, lines 14 and 18, after "tracts" insert "or government lots"

Page 23, line 20, delete "electric or telephone transmission and distribu-

tion lines" and insert "utilities".

Page 23, line 26, after "entity" insert "regardless of the number of parcels of property owned"

Page 23, after line 29, insert:

"Subd. 3. [WITHDRAWAL OF A PETITIONER.] After a petition has been filed, a petitioner may not withdraw from the petition except with the written consent of all other petitioners on the filed petition."

Page 23, line 30, delete "3" and insert "4"

Page 23, delete lines 35 to 36

Page 24, delete lines 1 and 2

Page 24, line 27, delete "SYSTEMS" and insert "SYSTEM PROJECTS"

Page 24, line 36, after "proposed" insert "new"

Page 25, line 3, after "tracts" insert "or government lots"

Page 25, line 4, after "proposed" insert "new"

Page 26, line 8, after "of" insert "owners of" and after "tracts" insert "or government lots"

Page 29, lines 31 to 33, reinstate the stricken language

Page 29, line 32, strike "60" and insert "50"

Page 30, line 1, delete "equally"

Page 30, line 2, delete "each petitioner" and insert "the petitioners"

Page 30, after line 34, insert:

"Sec. 43. [106A.238] [COUNTY ATTORNEY REVIEW OF PETITION AND BOND.]

*For a petition filed under this chapter, the auditor must have the county attorney review the petition and bond to determine if it meets the requirement of the proceedings for which it is intended. The county attorney must review the petition and bond by 15 days after it is filed. The county attorney must:*

*(1) refer the petition and bond back to the petitioners if it does not meet the requirements with the county attorney's opinion describing the deficiencies of the petition; or*

*(2) refer the petition to the drainage authority."*

Page 31, line 1, strike "filing"

Page 31, line 2, strike the first "the" and insert "receiving a" and after "bond" insert "from the county attorney"

Page 41, line 30, delete "shall" and insert "may"

Page 41, line 34, delete "(a)"

Page 42, line 4, after the period, insert "The benefits may be based on an increase in the current market value of property as a result of constructing



*the project, or an increase in the potential for agricultural production as a result of constructing the project."*

Page 42, delete lines 5 to 10

Page 42, lines 31 to 32, delete "*or set off from benefits*" and insert "*may*"

Page 43, line 16, strike "*meandered lakes*" and insert "*public waters*"

Page 43, line 26, delete "*property*"

Page 44, line 13, delete "*meandered lakes*" and insert "*public waters*"

Page 48, line 27, delete "*74*" and insert "*76*"

Page 48, line 30, after "*a*" insert "*final*"

Pages 49 and 50, delete section 84

Page 64, line 10, strike "*and*" and insert a comma and after "*banks*" insert "*, and installing erosion control measures,*"

Page 64, line 12, delete "*or design*"

Page 64, lines 15 and 16, delete "*depth*" and insert "*elevation*"

Page 64, line 17, delete "*depth*" in both places and insert "*elevation*"

Page 64, lines 18, 19, 23, 24, 26, 27, 28, 29, 31, and 33, delete "*depth*" and insert "*elevation*"

Page 64, line 22, delete "*DEPTH*" and insert "*ELEVATION*"

Page 64, line 27, before the semicolon, insert "*, subject to section 106A.011*"

Page 65, line 18, after the comma, insert "*INSTALLING EROSION CONTROL*" and delete "*has*"

Page 65, delete line 19

Page 65, line 20, after the second comma, insert "*installing erosion control measures,*"

Page 65, line 23, after "*determines*" insert "*that*"

Page 65, line 24, strike "*that*" and delete "*grass strip,*" and after "*leveling,*" insert "*installing erosion control measures*"

Page 65, line 27, strike "*and*"

Page 65, line 28, strike "*that*"

Page 65, line 29, after "*specified*" insert "*; and*"

*(3) the installation of erosion control measures will aid the long-term efficiency of the drainage system"*

Page 66, delete section 124

Page 66, line 21, delete "*shall*" and insert "*may, after notice and hearing,*"

Page 66, lines 25 and 33, delete "*shall*" and insert "*may*"

Page 66, line 29, after "*ditch*" insert "*in miles*"

Page 66, line 35, delete "violating" and insert "in violation of a"

Page 66, line 36, delete everything after "loss" and insert "ordinance adopted by a county where the property is located pursuant to chapter 40, the county shall enforce the ordinance."

Page 67, delete lines 1 to 4

Page 67, after line 22, insert:

"Sec. 128. [ANOKA COUNTY DRAINAGE.]

*Subdivision 1. [REPAIRS OVER \$100,000 IN ANOKA COUNTY.] A repair under this chapter or chapter 112 of a drainage system located in Anoka county that costs more than \$100,000 may not be started unless a petition is presented to the drainage authority or board of managers, signed by:*

- (1) 26 percent of the property owners affected by the repair; or*
- (2) owners of 26 percent of the property affected by the repair.*

*Subd. 2. [PETITION TO PROCEED AS IMPROVEMENT.] A repair under this chapter or chapter 112 of a drainage system located in Anoka county must proceed as an improvement under section 106A.215 if, before the contract for the repair is awarded, a petition requesting the repair to proceed as an improvement is presented to the drainage authority or board of managers and signed by:*

- (1) 20 percent of the property owners affected by the repair; or*
- (2) the owners of 20 percent of the property affected by the repair.*

*Subd. 3. [REPAIR OF ANOKA COUNTY DITCH NO. 57.] Notwithstanding any other law to the contrary, a repair proceeding on Anoka County Ditch No. 57 is stayed and may not be continued until August 1, 1986. The repair proceeding must be dismissed and proceed as an improvement under section 106A.215 if a petition requesting that the repair proceed as an improvement is presented to the Coon Creek watershed district managers by August 1, 1986, signed by:*

- (1) 10 percent of the property owners affected by the repair; or*
- (2) the owners of 10 percent of the property affected by the repair."*

Page 73, line 29, after the period, insert "Section 128 is effective after approval by the Anoka county board under section 645.023."

*The amended language under section 4, subdivision 11, applies to drainage proceedings started after the effective date of this act."*

Renumber the sections in sequence

Amend the title as follows:

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

Page 1, delete line 15

Page 1, line 20, delete "depth" in both places and insert "elevation"

Page 1, line 28, after "10," insert "11,"

Page 1, lines 44 and 45, delete “, and by adding a subdivision”

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

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred

H.F. No. 2143: A bill for an act relating to utilities; permitting certain energy cost adjustments; amending Minnesota Statutes 1984, section 216B.16, subdivision 7.

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 2246: A bill for an act relating to energy; providing for compensation by utilities of solid waste resource recovery facilities in metropolitan counties for electricity generated; setting term; amending Minnesota Statutes 1984, section 216B.164, subdivision 4.

Reports the same back with the recommendation that the report from the Committee on Energy and Housing, shown in the Journal for March 4, 1986, be amended to read:

“the bill be amended and when so amended the bill do pass and be referred to the Committee on Public Utilities and State Regulated Industries”. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred for proper reference under Rule 35:

S.F. No. 2249 reports the same back with the recommendation that the bill be re-referred as follows:

S.F. No. 2249 to the Committee on Rules and Administration.

Report adopted.

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

S.F. No. 2249: A bill for an act relating to unemployment compensation; regulating benefits and contribution rates; appropriating money; amending Minnesota Statutes 1984, sections 268.04, subdivisions 2, 4, 24, 25, and by adding subdivisions; 268.06, subdivisions 2, 3a, 8, and by adding a subdivision; 268.07, subdivisions 2, 2a, and 3; 268.071, subdivision 1; 268.09, subdivisions 1 and 2; 268.10, subdivisions 1 and 2; 268.12, subdivision 8; 268.121; 268.16, subdivision 2, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 268.0111, by adding a subdivision; 268.08, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 268; repealing Minnesota Statutes 1984, section 268.04, subdivisions 8, 29, and 30.

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

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

S.F. No. 1952: A bill for an act relating to environment; providing for the selection of locations for and developers of hazardous waste stabilization and containment facilities; amending Minnesota Statutes 1984, sections 115A.03, subdivision 1, and by adding subdivisions; 115A.05, subdivision 2, and by adding a subdivision; 115A.13; 115A.14, subdivision 6; 115A.22, subdivision 4; 400.11; Minnesota Statutes 1985 Supplement, sections 115A.81, subdivision 2; 275.50, subdivision 5; 477A.012; proposing coding for new law in Minnesota Statutes, chapters 115A and 400; repealing Minnesota Statutes 1984, sections 115A.17; and 400.10; Minnesota Statutes 1985 Supplement, section 473.811, subdivision 11.

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

Page 1, after line 16, insert:

“Section 1. Minnesota Statutes 1984, section 115.01, is amended by adding a subdivision to read:

*Subd. 18. [HAZARDOUS WASTE.] “Hazardous waste” means waste as defined in section 116.06, subdivision 13.*

Sec. 2. Minnesota Statutes 1984, section 115.01, is amended by adding a subdivision to read:

*Subd. 19. [RADIOACTIVE WASTE.] “Radioactive waste” means high-level radioactive waste as defined in section 116C.71, subdivision 17, and low-level radioactive waste as defined in article II of the Midwest Interstate Low-Level Radioactive Waste Compact, as enacted by section 116C.831.*

Sec. 3. Minnesota Statutes 1984, section 115.01, is amended by adding a subdivision to read:

*Subd. 20. [POTABLE WATER.] “Potable water” means water which is or may be used as a source of supply for human consumption including drinking, culinary use, food processing, and other similar purposes, and which is suitable for such uses in its untreated state or when treated using generally recognized treatment methods.*

Sec. 4. Minnesota Statutes 1984, section 115.01, is amended by adding a subdivision to read:

*Subd. 21. [GROUNDWATER.] “Groundwater” means water contained below the surface of the earth in the saturated zone including, without limitation, all waters whether under confined, unconfined, or perched conditions, in near-surface unconsolidated sediment or regolith, or in rock formations deeper underground.*

Sec. 5. [115.063] [HAZARDOUS AND RADIOACTIVE WASTE; STATE POTABLE WATER PROTECTION POLICY.]

*The legislature finds that:*

*(1) the waters of the state, because of their abundant quantity and high natural quality, constitute a unique natural resource of immeasurable value which must be protected and conserved for the benefit of the health, safety, welfare, and economic well-being of present and future generations of the people of the state;*

*(2) the actual or potential use of the waters of the state for potable water supply is the highest priority use of that water and deserves maximum protection by the state; and*

*(3) the disposal of hazardous waste and radioactive waste in Minnesota may pose a serious risk of pollution of the waters of the state, particularly potable water.*

*It is therefore the policy of the state of Minnesota, consistent with the state's primary responsibility and rights to prevent, reduce, and eliminate water pollution and to plan for the preservation of water resources, that disposal systems for hazardous waste or radioactive waste should not be located in any place or be constructed or operated in any manner that can reasonably be expected to cause pollution of potable water.*

**Sec. 6. [115.065] [PROHIBITION OF DISPOSAL.]**

*The location, construction, or operation of any disposal system for hazardous waste or radioactive waste, whether generated within or outside of the state, in any place or in any manner that can reasonably be expected to cause the pollution of potable water is prohibited.*

**Sec. 7. [115.067] [BELOW GRADE DISPOSAL SYSTEMS; PROHIBITION; EXCEPTION.]**

*The construction or operation of a disposal system for hazardous waste or radioactive waste in whole or in part below the natural grade of the land where it is located is prohibited unless the person proposing to construct or operate the system demonstrates that the disposal system cannot reasonably be expected to cause the pollution of potable water.*

**Sec. 8. [115.069] [RADIONUCLIDE POLLUTION; HIGH-LEVEL NUCLEAR WASTE DISPOSAL SYSTEM.]**

*The determination of whether the location, construction, or operation of a disposal system for spent nuclear fuel or high-level radioactive waste can reasonably be expected to cause radionuclide pollution of potable groundwater in violation of section 7 shall be made in accordance with the provisions of section 10.*

**Sec. 9. [116C.75] [DEFINITIONS.]**

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 9 and 10.*

*Subd. 2. [GROUNDWATER.] "Groundwater" means the water contained below the surface of the earth in the saturated zone including, without limitation, all waters whether under confined, unconfined, or perched conditions, in near surface unconsolidated sediment or regolith, or in rock formations deeper underground.*

*Subd. 3. [UNDISTURBED PERFORMANCE.] "Undisturbed performance" means the predicted behavior of a disposal system, including consideration of the uncertainties in predicted behavior, if the disposal system is not disrupted by human intrusion or unlikely natural events.*

**Sec. 10. [116C.76] [NUCLEAR WASTE DISPOSAL SYSTEM RELEASE INTO GROUNDWATER.]**

*Subdivision 1. [RADIONUCLIDE RELEASE LEVELS.] Disposal systems for spent nuclear fuel or high-level radioactive wastes must be designed to provide a reasonable expectation that the undisturbed performance of the disposal system will not cause the radionuclide concentrations, averaged over any year, in groundwater to exceed:*

- (1) five picocuries per liter of radium-226 and radium-228;*
- (2) 15 picocuries per liter of alpha-emitting radionuclides including radium-226 and radium-228, but excluding radon; or*
- (3) the combined concentrations of radionuclides that emit either beta or gamma radiation that would produce an annual dose equivalent to the total body of any internal organ greater than four millirems per year if an individual consumed two liters per day of drinking water from the groundwater.*

*Subd. 2. [DISPOSAL RESTRICTED.] Spent nuclear fuel or high-level radioactive waste may not be disposed at a location where the average annual radionuclide concentrations in groundwater exceed the limits in subdivision 1 before construction of the disposal system.*

*Subd. 3. [PROTECTION AGAINST RADIONUCLIDE RELEASE.] Disposal systems must be selected, located, and designed to keep any allowable radionuclide releases to the groundwater as low as reasonably achievable."*

Page 2, line 7, after "chemical" insert "or thermal" and after "materials" insert "or energy"

Page 2, line 10, after "a" insert "stabilization and"

Page 2, line 24, after "state" insert "delisting"

Page 2, line 25, delete everything after "rules"

Page 2, line 26, delete "regulation"

Page 3, delete lines 25 to 28 and insert:

*"Subd. 15. [NONHAZARDOUS AND INDUSTRIAL WASTE; EVALUATION OF WASTE MANAGEMENT.] The board may evaluate and make recommendations for the management of waste rendered nonhazardous and industrial waste that should be managed separately from mixed municipal solid waste, and may provide technical and planning assistance to political subdivisions, waste generators, and others for the purpose of identifying, developing, and implementing alternative management methods for those wastes."*

Page 4, line 4, delete "SUSPENSION OF"

Page 4, line 5, delete "suspend" and insert "terminate"

Page 4, line 8, delete everything after "Subd. 2." and insert "[DIS-

MISSAL OF CANDIDATE SITES.] *The board shall dismiss from further consideration all candidate sites remaining under section 115A.21, subdivision 1.*"

Page 4, delete lines 9 and 10

Page 4, delete lines 17 to 36

Page 5, delete lines 1 to 25 and insert:

*"Subd. 4. [STABILIZATION AND CONTAINMENT FACILITY; RESTRICTIONS; CONTAINMENT STANDARDS TO PROTECT HUMAN HEALTH AND ENVIRONMENT.] No facility may be sited under sections 115A.18 to 115A.30 except a stabilization and containment facility. The facility must be above grade unless the board determines, after environmental review under section 25, subdivision 2, that an alternative design would provide greater protection for human health and the environment. No waste may be accepted for containment at the facility except the following:*

*(a) Waste rendered nonhazardous;*

*(b) Industrial waste; and*

*(c) Waste that is not eligible for acceptance under clause (a) or (b), if the agency determines that all of the following requirements are met:*

*(1) there is no feasible and prudent alternative to containment of the waste that would minimize adverse impact upon human health and the environment;*

*(2) the waste has been treated using feasible and prudent technology that minimizes the possibility of migration of any hazardous constituents of the waste; and*

*(3) the waste meets the standards adopted to protect human health and the environment under the authority of 42 U.S.C. section 6924(m), and any additional protective standards adopted by the agency under section 116.07, subdivision 4.*

*If no federal or state standards have been adopted for a waste as provided in clause (3), the waste may not be accepted for containment.*

*A person proposing a waste for containment at the facility has the burden of demonstrating that the waste may be accepted under the requirements of this subdivision. The demonstration under clause (c) must document in a form satisfactory to the agency the manner in which the person has attempted to meet the standard for acceptance of the waste under clause (a) and the characteristics of the waste that prevent compliance with that standard."*

Page 5, line 28, delete "generator" and insert "person"

Page 6, line 8, after the period, insert "The county shall provide affected political subdivisions and other interested persons with an opportunity to suggest contract terms."

Page 6, line 28, delete "21" and insert "30"

Page 6, line 35, delete "12 to 15" and insert "22 to 25"

Page 7, line 11, delete "21" and insert "30"

Page 7, line 18, delete "15" and insert "25"

Page 8, line 6, delete "assure" and insert "promote"

Page 8, line 12, delete "may be made contingent on" and insert "requiring"

Page 8, line 13, before the period, insert ", are contingent on that enactment"

Page 8, line 15, delete "15" and insert "25"

Page 8, line 35, delete "(d)" and insert "(e)" and delete "14" and insert "24"

Page 9, lines 3, 6, and 8, delete "15" and insert "25"

Page 9, line 22, after "containment" insert ", including above grade containment"

Page 9, after line 22, insert:

*"(b) procedures and standards for the operation of the facility that require the use of reduction, recycling, and recovery of any hazardous waste before the waste is accepted for stabilization when the alternative or additional management method is feasible and prudent and would materially reduce adverse impact on human health and the environment;"*

Page 10, line 5, after "generators" insert "from within and outside the state,"

Page 10, line 10, delete "12" and insert "22"

Reletter the clauses in sequences

Page 10, line 16, delete everything after the period

Page 10, delete lines 17 to 19

Page 10, line 27, delete "14" and insert "24"

Page 11, line 7, delete "11" and insert "21"

Page 11, line 11, after "shall" insert ": (1)"

Page 11, line 12, delete the second "and" and insert ", including operating and design standards for the facility; and (2)"

Page 11, line 25, delete "and"

Page 11, delete line 26

Page 11, line 27, delete "1,"

Page 11, line 29, delete "and proceed" and insert a period

Page 11, delete lines 30 to 32

Page 12, delete section 16

Page 12, delete section 17 and insert:

"Sec. 26. Minnesota Statutes 1985 Supplement, section 116.07, subdivision 4h, is amended to read:

Subd. 4h. [FINANCIAL RESPONSIBILITY RULES.] The agency shall



adopt rules requiring the operator or owner of a solid waste disposal facility to submit to the agency proof of the operator's or owner's financial capability to provide reasonable and necessary response during the operating life of the facility and for 20 years after closure, and to provide for the closure of the facility and postclosure care required under agency rules. Proof of financial responsibility is required of the operator or owner of a facility receiving an original permit or a permit for expansion after adoption of the rules. Within 180 days of the effective date of the rules or by ~~January~~ July 1, 1987, whichever is later, proof of financial responsibility is required of an operator or owner of a facility with a remaining capacity of more than five years or 500,000 cubic yards that is in operation at the time the rules are adopted. Compliance with the rules is a condition of obtaining or retaining a permit to operate the facility."

Page 19, line 14, delete ", or part thereof,"

Page 19, lines 16 and 19, delete "12" and insert "22"

Page 20, line 9, delete "22" and insert "31"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "prohibiting certain disposal of hazardous waste;"

Page 1, line 5, after "sections" insert "115.01, by adding subdivisions;"

Page 1, line 7, after "subdivision;" insert "115A.06, by adding a subdivision;"

Page 1, line 8, delete "115A.22, subdivision 4;"

Page 1, lines 9 and 10, delete "115A:81, subdivision 2" and insert "116.07, subdivision 4h"

Page 1, line 12, after "chapters" insert "115," and after "115A" insert "116C"

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. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which were referred the following appointments as reported in the Journal for February 5, 1986:

#### MINNESOTA RACING COMMISSION

Lawrence M. Coss  
Catherine L. Anderson  
Muriel W. Poehler

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

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

Mr. Willet from the Committee on Finance, to which was re-referred

S.F. No. 1672: A bill for an act relating to agriculture; establishing a legal

assistance program for family farmers; prescribing eligibility requirements for persons to receive legal assistance; providing requirements for the legal assistance provider; requiring reports; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 480.

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

Delete everything after the enacting clause and insert:

#### “ARTICLE 1

Section 1. Minnesota Statutes 1984, section 336.9-501, is amended to read:

#### 336.9-501 [DEFAULT; PROCEDURE WHEN SECURITY AGREEMENT COVERS BOTH REAL AND PERSONAL PROPERTY.]

(1) When a debtor is in default under a security agreement, a secured party has the rights and remedies provided in this part and except as limited by subsection (3) those provided in the security agreement. He may reduce his claim to judgment, foreclose, or otherwise enforce the security interest by any available judicial procedure. If the collateral is documents the secured party may proceed either as to the documents or as to the goods covered thereby. A secured party in possession has the rights, remedies, and duties provided in section 336.9-207. The rights and remedies referred to in this subsection are cumulative.

(2) After default, the debtor has the rights and remedies provided in this part, those provided in the security agreement, and those provided in section 336.9-207.

(3) To the extent that they give rights to the debtor and impose duties on the secured party, the rules stated in the subsections referred to below may not be waived or varied except as provided with respect to compulsory disposition of collateral (subsection (3) of section 336.9-504 and section 336.9-505) and with respect to redemption of collateral (section 336.9-506) but the parties may by agreement determine the standards by which the fulfillment of these rights and duties is to be measured if such standards are not manifestly unreasonable:

(a) Subsection (2) of section 336.9-502 and subsection (2) of section 336.9-504 insofar as they require accounting for surplus proceeds of collateral;

(b) Subsection (3) of section 336.9-504 and subsection (1) of section 336.9-505 which deal with disposition of collateral;

(c) Subsection (2) of section 336.9-505 which deals with acceptance of collateral as discharge of obligation;

(d) Section 336.9-506 which deals with redemption of collateral; and

(e) Subsection (1) of section 336.9-507 which deals with the secured party's liability for failure to comply with this part.

(4) If the security agreement covers both real and personal property, the secured party may proceed under this part as to the personal property or he may proceed as to both the real and the personal property in accordance with

his rights and remedies in respect of the real property in which case the provisions of this part do not apply.

(5) When a secured party has reduced his claim to judgment the lien of any levy which may be made upon his collateral by virtue of any execution based upon the judgment shall relate back to the date of the perfection of the security interest in such collateral. A judicial sale, pursuant to such execution, is a foreclosure of the security interest by judicial procedure within the meaning of this section, and the secured party may purchase at the sale and thereafter hold the collateral free of any other requirements of this article.

(6) A person may not begin to enforce a security interest in collateral that is agricultural property subject to sections 5 to 24 that has secured a debt of more than \$5,000 unless: a mediation notice under subsection (7) is served on the debtor and a copy filed with the farm mediation commission; and the person receives a release order under sections 5 to 24.

(7) A mediation notice under subsection (6) must contain the following notice with the blanks properly filled in.

"TO: \_\_\_\_\_ (Name of Debtor)

YOU HAVE DEFAULTED ON THE \_\_\_\_\_ (Debt in Default)  
SECURED BY AGRICULTURAL PROPERTY DESCRIBED AS \_\_\_\_\_  
(Reasonable Description of Agricultural Property Collateral)

AS A SECURED PARTY, \_\_\_\_\_ (Name of Secured Party)  
INTENDS TO ENFORCE THE SECURITY AGREEMENT AGAINST THE  
AGRICULTURAL PROPERTY DESCRIBED ABOVE BY REPOSSESSING,  
FORECLOSING ON, OR OBTAINING A COURT JUDGMENT AGAINST  
THE PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDI-  
ATION. IF YOU PARTICIPATE IN MEDIATION, THE FARM MEDIATION  
COMMISSION WILL PROVIDE A CREDIT ANALYST TO HELP YOU TO  
PREPARE FINANCIAL INFORMATION. MEDIATION WILL ATTEMPT  
TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL  
RELATIONS.

TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE  
A MEDIATION REQUEST WITH THE FARM MEDIATION COMMISSION  
BY \_\_\_\_\_ (Date of 14 Days after Service of the Mediation Notice)  
THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY  
RECORDER'S OFFICE.

FROM: \_\_\_\_\_ (Name and Address of Secured Party)

Sec. 2. [550.365] [MEDIATION NOTICE AND CONDITIONS FOR  
AGRICULTURAL PROPERTY.]

Subdivision 1. [REQUIREMENT.] A person may not attach, execute on,  
levy on, or seize agricultural property subject to sections 5 to 24 that has  
secured a debt of more than \$5,000 unless: (1) a mediation notice is served  
on the judgment debtor and a copy filed with the farm mediation commission;  
and (2) the person receives a release order under sections 5 to 24.

Subd. 2. [CONTENTS.] A mediation notice must contain the following  
notice with the blanks properly filled in.

“TO: (Name of Judgment Debtor)

A JUDGMENT WAS ORDERED AGAINST YOU BY (Name of Court)  
ON (Date of Judgment)

AS A JUDGMENT CREDITOR, (Name of Judgment Creditor)  
INTENDS TO TAKE ACTION AGAINST THE AGRICULTURAL PROP-  
ERTY DESCRIBED AS (Description of Agricultural Property)  
TO SATISFY THE JUDGMENT.

YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDI-  
ATION. IF YOU PARTICIPATE IN MEDIATION, THE FARM MEDIATION  
COMMISSION WILL PROVIDE A CREDIT ANALYST TO HELP YOU  
PREPARE FINANCIAL INFORMATION. MEDIATION WILL ATTEMPT  
TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL  
RELATIONS.

TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE  
A MEDIATION REQUEST WITH THE FARM MEDIATION COMMISSION  
BY (Date of 14 Days after Service of the Mediation Notice)  
THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY  
RECORDER'S OFFICE.

FROM: (Name and Address of Judgment Creditor)

Sec. 3. [559.209] [MEDIATION NOTICE AND CONDITIONS FOR  
AGRICULTURAL PROPERTY.]

Subdivision 1. [REQUIREMENT.] A person may not begin to terminate a  
contract for deed under section 559.21 to purchase agricultural property  
subject to sections 5 to 24 that secured a debt of more than \$5,000 unless: (1)  
a mediation notice is served on the contract for deed purchaser and a copy  
filed with the farm mediation commission; and (2) the person receives a  
release order under sections 5 to 24.

Subd. 2. [CONTENTS.] A mediation notice must contain the following  
notice with the blanks properly filled in.

“TO: (Name of Contract for Deed Purchaser)

YOU HAVE DEFAULTED ON THE CONTRACT FOR DEED OF THE  
AGRICULTURAL PROPERTY DESCRIBED AS (Size and  
Reasonable Location of Property, Not Legal Description)

AS THE CONTRACT FOR DEED VENDOR, (Contract for  
Deed Vendor)

INTENDS TO TERMINATE THE CONTRACT AND TAKE BACK THE  
PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE CONTRACT FOR DEED DEBT  
REVIEWED FOR MEDIATION. IF YOU PARTICIPATE IN MEDIATION,  
THE FARM MEDIATION COMMISSION WILL PROVIDE A CREDIT  
ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. MEDI-  
ATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HAN-  
DLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE CONTRACT FOR DEED DEBT REVIEWED FOR  
MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE

FARM MEDIATION COMMISSION BY \_\_\_\_\_  
(Date of 14 Days after Service of the Mediation Notice)  
THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY  
RECORDER'S OFFICE.

FROM: \_\_\_\_\_ (Name and Address of Contract for Deed  
Vendor) "

Sec. 4. [581.015] [MEDIATION NOTICE AND CONDITIONS FOR  
AGRICULTURAL PROPERTY.]

Subdivision 1. [REQUIREMENT.] A person may not begin a proceeding under this chapter to foreclose a mortgage on agricultural property subject to sections 5 to 24 that has a secured debt of more than \$5,000 unless: (1) a mediation notice is served on the mortgagor and a copy is filed with the farm mediation commission; and (2) the person receives a release order under sections 5 to 24.

Subd. 2. [CONTENTS.] A mediation notice must contain the following notice with the blanks properly filled in:

"TO: \_\_\_\_\_ (Name of Record Owner)

YOU HAVE DEFAULTED ON THE MORTGAGE OF THE AGRICUL-  
TURAL PROPERTY DESCRIBED AS \_\_\_\_\_  
(Size and Reasonable Location, Not Legal Description)

AS HOLDER OF THE MORTGAGE, \_\_\_\_\_ (Name of Holder of Mortgage)  
INTENDS TO FORECLOSE ON THE PROPERTY DESCRIBED ABOVE.

YOU HAVE THE RIGHT TO HAVE THE MORTGAGE DEBT  
REVIEWED FOR MEDIATION. IF YOU PARTICIPATE IN MEDIATION,  
THE FARM MEDIATION COMMISSION WILL PROVIDE A CREDIT  
ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. MEDI-  
ATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HAN-  
DLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE MORTGAGE DEBT REVIEWED FOR MEDIATION YOU  
MUST FILE A MEDIATION REQUEST WITH THE FARM MEDIATION  
COMMISSION BY \_\_\_\_\_ (Date of 14 Days after  
Service of the Mediation Notice)

THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY  
RECORDER'S OFFICE.

FROM: \_\_\_\_\_ (Name and Address of Holder of Mortgage) "

Sec. 5. [583.20] [CITATION.]

Sections 5 to 24 may be cited as the "farmer-lender mediation act."

Sec. 6. [583.21] [LEGISLATIVE FINDINGS.]

The legislature finds that the agricultural sector of the state's economy is under severe financial stress due to low farm commodity prices, continuing high interest rates, and reduced net farm income. The suffering agricultural economy adversely affects economic conditions for all other businesses in rural communities as well. Thousands of this state's farmers are unable to meet current payments of interest and principal payable on mortgages and other loan and land contracts and are threatened with the loss of their farm-

land, equipment, crops, and livestock through mortgage and lien foreclosures, cancellation of contracts for deed, and other collection actions. The agricultural economic emergency requires an orderly process with state assistance to adjust agricultural indebtedness to prevent civil unrest and to preserve the general welfare and fiscal integrity of the state.

Sec. 7. [583.22] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 7 to 24.*

*Subd. 2. [AGRICULTURAL PROPERTY.] "Agricultural property" means real property that is principally used for farming as defined in section 500.24, subdivision 2, paragraph (a), and raising poultry, and personal property that is used as security to finance a farm operation or used as part of a farm operation including equipment, crops, livestock, and proceeds of the security. "Agricultural property" shall also include agriculturally related businesses as defined by the commission.*

*Subd. 3. [COMMISSION.] "Commission" means the farm mediation commission.*

*Subd. 4. [CREDITOR.] "Creditor" means the holder of a mortgage on agricultural property, a vendor of a contract for deed of agricultural property, a person with a lien or security interest in agricultural property, or a judgment creditor with a judgment against a debtor with agricultural property.*

*Subd. 5. [FILE.] "File" means to deliver by the required date by certified mail or another method acknowledging receipt.*

*Subd. 6. [MEDIATOR.] "Mediator" means a farm mediation board member or an alternate.*

*Subd. 7. [POSTPONEMENT ORDER.] "Postponement order" means an order by the commission that prevents creditors of a debtor from initiating or continuing proceedings to foreclose a mortgage, terminate a contract for deed, repossess collateral, seize, execute on, levy on, or attach agricultural property, or collect debts secured by the agricultural property of the debtor.*

*Subd. 8. [RELEASE ORDER.] "Release order" means an order by the commission that releases a creditor from the requirements of the farmer-lender mediation act.*

*Subd. 9. [SERVE.] "Serve" means personal service as in a state district court civil action.*

Sec. 8. [583.23] [FARM MEDIATION COMMISSION.]

*The farm mediation commission is established consisting of the commissioners of agriculture, commerce, and finance with the commissioner of finance serving as the chair.*

Sec. 9. [583.24] [FARM MEDIATION REGIONS.]

*Eleven farm mediation regions are established. Ten regions shall correspond geographically to the ten development regions established under chapter 462, and one region shall correspond geographically to the metropolitan area as defined in section 473.121, subdivision 2.*

**Sec. 10. [583.25] [FARM MEDIATION BOARDS.]**

*Subdivision 1. [ESTABLISHMENT.] The commission shall establish at least one farm mediation board in each farm mediation region. The commission shall appoint three members and necessary alternates to each farm mediation board and designate a chair. Members and alternates must be residents of the state with knowledge of financial and agricultural matters.*

*Subd. 2. [ADMINISTRATION.] The commission shall appoint a farm mediation administrator and a director of training. The administrator and director shall provide training for farm mediation boards and farm advocates and coordinate community legal education programs for farmers.*

**Sec. 11. [583.26] [APPLICABILITY.]**

*Subdivision 1. [CREDITORS.] (a) The farmer-lender mediation act applies to creditors who are:*

- (1) the United States or an agency of the United States;*
- (2) corporations, partnerships, and other business entities; and*
- (3) individuals.*

*(b) The farmer-lender mediation act does not apply to creditors of a debtor described under subdivision 2, paragraph (b).*

*Subd. 2. [DEBTORS.] (a) Except as provided in paragraph (b) the farmer-lender mediation act applies to a debtor who is:*

- (1) a person operating a family farm as defined in section 500.24, subdivision 2;*
- (2) a family farm corporation as defined in section 500.24, subdivision 2;*
- (3) an authorized farm corporation as defined in section 500.24, subdivision 2; and*
- (4) an owner of an agriculturally related business.*

*(b) Except for an owner of an agriculturally related business as defined by the commission, the farmer-lender mediation act does not apply to a debtor who owns and leases less than 60 acres with less than \$20,000 in gross sales of agricultural products the preceding year.*

*Subd. 3. [FINANCIAL INSTITUTION UNDER CEASE AND DESIST ORDER.] Upon the request of an institution defined in section 46.23, subdivision 4, the commissioner of commerce may exempt the institution from the farmer-lender mediation act, without a hearing or contested case proceeding, if:*

- (1) the institution is subject to a cease and desist order issued under sections 46.23 to 46.33; and*
- (2) the commissioner determines that exemption is essential to the financial survival of the institution.*

**Sec. 12. [583.27] [VOLUNTARY MEDIATION PROCEEDINGS.]**

*A debtor that owns agricultural property or a creditor of the debtor may request mediation of the indebtedness by a farm mediation board by applying*

to the commission. The commission shall make voluntary mediation application forms available at the county recorder's office in each county. The commission must evaluate each request and may direct a mediator to meet with the debtor and creditor to assist in mediation.

Sec. 13. [583.28] [MANDATORY MEDIATION PROCEEDINGS.]

*Subdivision 1. [MEDIATION NOTICE.] A creditor desiring to start a proceeding to enforce a debt against agricultural property under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property, must serve an applicable mediation notice under sections 1, 2, 3, and 4 on the debtor and the commission. The creditor may not begin the proceeding subject to sections 5 to 24 until the creditor is issued a release order.*

*Subd. 2. [MEDIATION REQUEST.] (a) A debtor must file a certified mediation request form with the commission by 14 days after receiving a mediation notice. The mediation request form must state all known creditors. The commission shall make mediation request forms available in the county recorder's office of each county.*

*(b) A debtor who fails to file a mediation request waives the right to mediation under the farmer-lender mediation act. The commission shall file a release order with the creditor stating that the creditor may proceed against the agricultural property because the debtor has failed to file a mediation request.*

*(c) If a debtor has not received a mediation notice and is subject to a proceeding of a creditor enforcing a debt against agricultural property under chapter 580 or 581 or sections 336.9-501 to 336.9-508, terminating a contract for deed to purchase agricultural property under section 559.21, or garnishing, levying on, executing on, seizing, or attaching agricultural property, the debtor may file a mediation request with the commission. The mediation request form must indicate that the debtor has not received a mediation notice.*

*Subd. 3. [CREDIT ANALYST AND FARM ADVOCATE.] (a) After receiving a mediation notice, the commission shall provide a credit analyst knowledgeable in agricultural and financial matters to meet with the debtor and assure that information relative to the finances of the debtor is prepared for the initial mediation meeting.*

*(b) After receiving the mediation notice, the commission shall notify the debtor that a farm advocate may be available without charge to assist the debtor and the credit analyst.*

*Subd. 4. [INITIAL MEDIATION MEETING.] By ten days after receiving a mediation request, the commission shall send a mediation meeting notice to the debtor and a mediation meeting notice and claim form to all known creditors of the debtor setting a time and place for an initial mediation meeting between the debtor, all known creditors of the debtor, and a mediator directed by the commission to assist in mediation. An initial mediation meeting must be held within 15 days of the notice.*

*Subd. 5. [EFFECT OF MEDIATION MEETING NOTICE.] If a creditor*



receives a mediation meeting notice to a creditor under subdivision 4 the creditor and the creditor's successors in interest may not continue proceedings to enforce a debt against agricultural property of the debtor under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property. Time periods under and affecting those procedures stop running until the commission issues a release order to the creditor or a mediation agreement is reached.

**Subd. 6. [DUTIES OF MEDIATOR.]** At the initial mediation meeting and subsequent meetings, the mediator shall:

- (1) listen to the debtor and the creditors desiring to be heard;
- (2) attempt to mediate between the debtor and the creditors;
- (3) advise the debtor and creditors of assistance programs available;
- (4) attempt to fairly adjust, refinance, or pay the debts; and
- (5) advise, counsel, and assist the debtor and creditors in attempting to arrive at an agreement for the future conduct of financial relations among them.

**Subd. 7. [MEDIATOR LIABILITY AND IMMUNITY.]** (a) A mediator is immune from civil liability for actions within the scope of the position as mediator. A mediator does not have a duty to advise a creditor or debtor about the law or to encourage or assist a debtor or creditor in reserving or establishing legal rights. This subdivision is an addition to and not a limitation of immunity otherwise accorded to a mediator under law.

(b) A mediator cannot be examined about a communication or document, including worknotes, made or used in the course of or because of mediation under this section and section 12. This paragraph does not apply to the parties in the dispute in an application to a court by a party to have a mediated settlement agreement set aside or reformed. A communication or document otherwise not privileged does not become privileged because it is used in the cause of mediation. This paragraph is not intended to limit the privilege accorded to communication during mediation by the common law.

**Subd. 8. [MEDIATION PERIOD.]** The mediator may call mediation meetings during the mediation period, which is up to 60 days after the initial mediation meeting.

**Subd. 9. [MEDIATION AGREEMENT.]** (a) If an agreement is reached among the debtor and creditors the mediator shall draft a written mediation agreement, have it signed by the creditors, and submit the agreement to the commission for approval. The commission shall review the mediation agreement and, if the debtors and creditors are not unjustly treated, shall approve the mediation agreement and issue release or postponement orders to implement the agreement.

(b) The debtor and creditors must be notified of the approval or disapproval within five days after the commission receives the mediation agreement. The notification of the approval or disapproval of a mediation agreement is a release order unless a postponement is issued with the approval or

disapproval.

(c) *The debtor and creditors who are parties to the approved mediation agreement and creditors who have filed claim forms and have not objected to the mediation agreement:*

(1) *are bound by the terms of the agreement;*

(2) *may enforce the mediation agreement as a legal contract; and*

(3) *may use the mediation agreement as a defense against an action contrary to the mediation agreement.*

*Subd. 10. [UNSUCCESSFUL MEDIATION.] (a) If a mediation agreement is not reached the farm mediation board shall make a recommendation to the commission by ten days after the final mediation meeting as to whether a postponement order should be issued.*

*(b) The farm mediation board may recommend to the commission that a postponement order be issued if:*

*(1) there is a reasonable likelihood that the farming operation will become viable; or*

*(2) the creditors have not made good faith efforts to reach a mediation agreement with the debtor and the debtor has made good faith efforts to reach a mediation agreement.*

*(c) The farm mediation board may not recommend to the commission that a postponement order be issued if creditors will be irreparably harmed by the issuance of a postponement order.*

**Sec. 14. [583.30] [CREDITOR NOT ATTENDING MEDIATION MEETING.]**

*Subdivision 1. [FILING AND EFFECT OF CLAIM FORM.] A creditor that is notified of the initial mediation meeting is subject to and bound by a mediation agreement if the creditor does not attend mediation meetings unless the creditor files a claim form. In lieu of attending a mediation meeting, a creditor may file a notice of claim and proof of claim on a claim form with the farm mediation board before the scheduled meeting. By filing a claim form the creditor agrees to be bound by a mediation agreement reached at the mediation meeting unless an objection is filed within the time specified. The farm mediation board must notify the creditors who have filed claim forms of the terms of any agreement reached at the farm mediation board meeting.*

*Subd. 2. [OBJECTIONS TO AGREEMENTS.] A creditor who has filed a claim form may serve a written objection to the terms of the agreement on the farm mediation board and the debtor by ten days after receiving notice of the agreement. If a creditor files an objection to the terms of an agreement, the farm mediation board may meet again with debtors and creditors by ten days after receiving the objection to attempt to reach a new agreement. Notwithstanding the mediation period under section 13, subdivision 8, if an objection is filed, the mediation board may call mediation meetings during the ten-day period following receipt of the objection.*

**Sec. 15. [583.31] [ORDER AFTER UNSUCCESSFUL MEDIATION.]**

*The commission must issue a release order or a postponement order within ten days after receiving the farm mediation board's recommendation after unsuccessful mediation. The commission shall file the order with the debtor, all known creditors of the debtor, and the farm mediation board.*

**Sec. 16. [583.32] [POSTPONEMENT ORDER.]**

**Subdivision 1. [STANDARD TO ISSUE POSTPONEMENT ORDER.]**

*(a) The commission shall consider the farm mediation board recommendation and may issue a postponement order if:*

*(1) there is a reasonable likelihood that the farming operation will be viable; or*

*(2) the creditors have not made good faith efforts to reach a mediation agreement with the debtor and the debtor has made good faith efforts to reach a mediation agreement.*

*(b) The commission may not issue a postponement order if creditors will be irreparably harmed by issuance of a postponement order.*

**Subd. 2. [TERMINATION AND RELEASE.]** *A postponement order issued under the farmer-lender mediation act must contain a termination date. The expiration of the postponement order is a release order.*

**Subd. 3. [EFFECT.]** *A postponement order is binding on the debtor and creditors and may be used as a complete defense and bar to any actions contrary to the order.*

**Sec. 17. [583.33] [FARM FINANCIAL PLAN.]**

**Subdivision 1. [PLAN APPROVAL.]** *(a) By 30 days after receiving a postponement order, the farm mediation board shall develop a financial plan and submit it to the debtor, creditors, and the commission. The plan must be designed to maximize the long-term viability of the farm operation and may include temporary suspension or reduction of payments during the postponement period and voluntary adjustment of debt by creditors.*

*(b) The commission may amend the financial plan but must approve the financial plan within ten days after receiving it from the farm mediation board. The financial plan is effective when approved by the commission. The commission may issue a release order or a postponement order to implement the financial plan, except that a postponement order may not exceed one year. A copy of the approved plan with the release or postponement order, if any, must be filed with the debtor and affected creditors.*

*(c) Notwithstanding section 18, the commission may extend the terms of a postponement order against a creditor for an additional period of up to one year after the termination date if it determines that the creditor has not acted in good faith with the debtor, commission, or farm mediation board.*

**Subd. 2. [DISAPPROVAL AND NONCOMPLIANCE.]** *If the debtor fails to comply with the terms of the plan, upon request of the debtor or creditor the commission may issue a release order at any time.*

**Sec. 18. [583.34] [EXTENSION OF DEADLINES.]**

*Upon petition by a farm mediation board, a debtor, or a creditor, the commission may, for good cause, extend a deadline imposed by sections 13*

to 17 for up to 30 days, except that a postponement order may not exceed one year.

**Sec. 19. [583.35] [EFFECT OF MEDIATION ON CREDITOR.]**

*A creditor that has participated in mediation with a debtor and has been issued a release order is not required to file notices before proceeding under sections 1 to 4, against the debtor's property and is not subject to the farmer-lender mediation act as it applies to the debtor involved in the mediation.*

**Sec. 20. [583.36] [PRIVATE DATA.]**

*All data regarding the finances of individual debtors and creditors created, collected, and maintained by the commission or farm mediation boards of the commission or board are classified as private data on individuals under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9.*

**Sec. 21. [583.37] [CLOSED MEETINGS.]**

*Meetings of the commission and farm mediation boards are open to the public and are subject to provisions of the open meeting law, section 471.705, except any portion of commission meetings that discusses or refers to private or nonpublic data. The commission shall give notice of meetings.*

**Sec. 22. [583.38] [RULES AND FORMS.]**

*Subdivision 1. [AUTHORITY.] The commission shall adopt rules to set the compensation of mediators and credit analysts and may adopt rules to implement the farmer-lender mediation act. Notwithstanding chapter 14, the commission shall adopt rules as provided under section 97.53, subdivision 2. The rules so adopted expire 12 months after the effective date of this act. The commission shall adopt rules under chapter 14 to replace the rules adopted as provided under section 97.53, subdivision 2.*

*Subd. 2. [FORMS.] The commission shall adopt voluntary mediation application, mediation request, and claim forms.*

**Sec. 23. [583.39] [APPEALS.]**

*The decision of the commission to issue a postponement order or a release order may be appealed to the district court of the county where the debtor resides. The attorney general shall represent the commission.*

**Sec. 24. [583.40] [INCONSISTENT LAWS.]**

*The farmer-lender mediation act has precedence over any inconsistent or conflicting laws and statutes including chapters 336, 580, and 581, and section 559.21.*

**Sec. 25. [TRAINING, COMPENSATION, AND EXPENSES OF MEDIATORS AND CREDIT ANALYSTS.]**

*The bureau of mediation services shall provide training for mediators as directed by the commission.*

**Sec. 26. [REPEALER.]**

*Sections 2, 3, and 4 to 25, and Minnesota Statutes, section 336.9-501,*

*subsections (6) and (7), are repealed on July 1, 1988.*

Sec. 27. [EFFECTIVE DATE.]

*Sections 1 to 26 are effective the day following final enactment.*

## ARTICLE 2

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

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

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

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

Subd. 3a. (a) The right to make loans, secured or unsecured, at the rates and on the terms and other conditions permitted licensees under chapter 56. Loans made under the authority of section 56.125 must be in amounts in compliance with section 53.05, clause (7). All other loans made under the authority of chapter 56 must be in amounts in compliance with section 53.05, clause (7), or 56.131, subdivision 1, paragraph (a), whichever is less. *Except for loans subject to the usury rates and procedures under section 334.011, the right to extend credit or lend money and to collect and receive charges therefor as provided by chapter 334, or in lieu thereof, to charge, collect, and receive interest at the rate of 21.75 percent per annum, including the right to contract for, charge, and collect all other charges including discount points, fees, late payment charges, and insurance premiums on the loans to the same extent permitted on loans made under the authority of chapter 56, regardless of the amount of the loan. The provisions of sections 47.20 and 47.21 do not apply to loans made under this subdivision, except as specifically provided in this subdivision. Nothing in this subdivision is deemed to supersede, repeal, or amend any provision of section 53.05. A licensee making a loan under this chapter secured by a lien on real estate shall comply with the requirements of section 47.20, subdivision 8.*

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

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

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

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

Subdivision 1. [INTEREST RATES AND CHARGES.] (a) *Except for a loan subject to the usury rates under section 334.011*, on any loan in a principal amount not exceeding \$35,000 or ten percent of a corporate licensee's contributed capital and appropriated reserves as defined in section 53.015, if greater, a licensee may contract for and receive interest, calculated according to the actuarial method, not exceeding the equivalent of the greater of any of the following:

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

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

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

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

(d) To compute time on interest-bearing and precomputed loans, including, but not limited to the calculation of interest, a day is considered 1/30 of a month when calculation is made for a fraction of a calendar month. A year is

12 calendar months. A calendar month is that period from a given date in one month to the same numbered date in the following month, and if there is no same numbered date, to the last day of the following month. When a period of time includes a whole month and a fraction of a month, the fraction of a month is considered to follow the whole month.

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

(e) With respect to interest-bearing loans:

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

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

(f) With respect to precomputed loans:

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

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

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

in full had been made on the date the judgment is entered.

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

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

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

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

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

Sec. 4. Minnesota Statutes 1984, section 334.01, subdivision 2, is amended to read:

Subd. 2. [CONTRACTS OF \$100,000 OR MORE.] A contract for the loan or forbearance of money, goods, or things in action, in the amount of \$100,000 or more, and any extensions, including extensions of installments and related changes in the terms thereof, *and open end credit sales under section 334.16*, shall be exempt from the provisions of this chapter *except as provided in section 334.011*, and the interest for the indebtedness shall be at



the rate of \$6 upon \$100 for a year, unless a different rate is contracted for in writing.

Sec. 5. Minnesota Statutes 1984, section 334.011, is amended to read:

**334.011 [RATES OF INTEREST; BUSINESS AND AGRICULTURAL LOANS.]**

**Subdivision 1. [USURIOUS RATE.]** (a) Notwithstanding the provisions of chapter 48, 53, or 56, or any other law to the contrary, a person may, in the case of not charge interest at a rate of more than 4-1/2 percent greater than the discount rate on 90-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district encompassing Minnesota under a contract for the loan or forbearance of money, goods, or other things in action in an amount of for less than \$100,000 \$200,000 for business or agricultural purposes, charge interest at a rate of not more than four and one-half percent in excess of the discount rate on 90 day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district encompassing Minnesota.

(b) A rate of interest that violates this subdivision is usurious.

For the purposes of this subdivision, the term "business" means a commercial or industrial enterprise which is carried on for the purpose of active or passive investment or profit.

**Subd. 1a. [DEFINITIONS.]** (a) "Agricultural" means the production, harvest, exhibition, marketing, transportation, processing, or manufacture of agricultural products, including horticultural, viticultural, and dairy products, livestock, wildlife, poultry, bees, forest products, and fish and shellfish, and any parts thereof, of agricultural products including processed and manufactured products, and any and all products raised or produced on farms and any products processed or manufactured from products thereof raised or produced on farms.

(b) "Business" means a commercial or industrial enterprise which is carried on for the purpose of active or passive investment or profit.

(c) "Loan" means a contract or agreement to lend or forbear money, goods, or other choses in action, but does not include an open end credit sale under section 334.16 or contracts and agreements covered by the motor vehicle retail installment sales act, sections 168.66 to 168.77.

(d) "Person" has the meaning given under section 336.1-201.

**Subd. 1b. [LOAN FOR RESIDENCE EXCEPTION.]** No A loan shall be made pursuant is not subject to this subdivision section if the proceeds of the loan are used primarily to finance the purchase or maintenance of real estate used principally for the borrower's residence.

**Subd. 2. [REMEDY FOR BEING CHARGED USURIOUS INTEREST.]** If a greater rate of interest than that permitted by subdivision 1 is usurious interest rate is charged then under subdivision 1, the entire interest due on that note, bill or other evidence of debt the loan is forfeited. If the greater a usurious rate of interest has been paid, the person who paid it may recover in a civil action an amount equal to twice the amount of interest paid. The action

must be begun by two years after the last amount of usurious interest under the loan has been paid, except if the person who made the loan begins an action to collect the amount due on the loan at any time, twice the amount of the usurious interest paid shall be subtracted from the amount due and the remaining interest must be forfeited.

Subd. 3. [RATE DETERMINED WHEN LOAN IS MADE.] If the rate of interest charged is ~~permitted by this section at the time~~ not usurious when the loan was made, that rate of interest does not later become usurious because of a fluctuation in the federal discount rate.

Subd. 4. [NOTICE OF USURY RATES.] ~~This section is effective the day following final enactment.~~ (a) A person in the business of making loans for business or agricultural purposes must post a maximum interest rate notice in a conspicuous place at the business location where borrowers will be likely to observe the notice and provide a copy of the notice with or in the loan agreement.

(b) The maximum interest rate notice must contain the following heading:

"MAXIMUM INTEREST RATE FOR  
AGRICULTURAL AND BUSINESS LOANS  
OF \$200,000 OR LESS IS \_\_\_\_\_%"

(c) The percentage rate must be filled in at the current maximum rate chargeable under subdivision 1.

(d) The maximum interest rate notice must contain the following words:

"Minnesota law prohibits interest rates greater than the amount stated above on loans for agricultural and business purposes. If a greater rate is charged than allowed at the time the loan is made, the borrower may have remedies that include not paying the entire interest or an action to recover twice the amount of the interest paid."

(e) The maximum interest rate notice in or with a loan agreement under paragraphs (b), (c), and (d) must be in ten point type. The maximum interest rate notice to be posted must have the heading under paragraphs (b) and (c) in letters at least two inches high and the notice in paragraph (d) in letters at least one-half inch high.

Subd. 5. [REMEDY FOR FAILURE TO NOTIFY.] If a person in the business of making loans fails to comply with the notice provisions in subdivision 4 and charges a usurious rate of interest, the person is liable to the borrower for three times the amount of interest charged, whether paid or not, plus attorney fees. The person in the business of lending money has the burden of proof to show compliance with subdivision 4.

Sec. 6. Minnesota Statutes 1985 Supplement, section 334.021, is amended to read:

334.021 [CORPORATION PROHIBITED FROM INTERPOSING DEFENSE OF USURY.]

No A corporation ~~shall hereafter~~, except a family farm corporation defined under section 500.24, subdivision 2, may not interpose the defense of usury in any action. The term "corporation," as used in this section, includes any

cooperative corporation, cooperative association, or limited partnership, and further includes any association or joint stock company having any of the powers and privileges of corporations not possessed by an individual or a partnership.

Sec. 7. Laws 1985, chapter 4, section 2, is amended to read:

Sec. 2. [LEGISLATIVE FINDINGS, PUBLIC PURPOSE, SCOPE OF PROGRAM.]

The legislature finds that many farm families face extreme financial hardship or possible foreclosure in ~~1985~~ 1986 because of their inability to obtain farm operating loans at affordable rates of interest. In many of these cases excessive interest rates reduce projected cash flow to a level where lending institutions refuse to renew a line of credit or demand the partial or total liquidation of remaining assets.

The legislature further finds that with relatively little public expense, and with the voluntary cooperation and assistance of Minnesota farm lenders, operating loans can be made to farm operators at an interest rate that will allow continuation of viable farm operations during ~~1985~~ 1986.

The legislature further finds that the use of money in the general fund for the purpose of assisting qualified farm operators is a public purpose and is necessary to protect the health, safety, and general welfare of the people of this state.

Sec. 8. Laws 1985, chapter 4, section 6, subdivision 2, as amended by Laws 1985, chapter 114, section 2, is amended to read:

Subd. 2. [LOAN CRITERIA.] (a) To be eligible for the state interest payment, the farm operating loan must:

(1) be made to a farmer at an interest rate between seven and ten percent per year;

(2) be due and payable by March 1, ~~1986~~ 1987, after it is made;

(3) be for operating expenses of the farm business; and

(4) be made to a farmer that shows the ability to repay the operating loan.

(b) The lender may use additional criteria in determining whether to make a farm operating loan to a farmer.

(c) The lender must encourage the farmer to participate in the vocational adult farm business management program. The lender must agree to offer to pay enrollment fees, less the amount of a locally available reduction in or subsidy to fees ordinarily paid by the enrollee, for loan recipients who wish to enroll and participate in a vocational adult farm business management program or equivalent. A lender is not required to pay farm management program enrollment fees for more than one farmer per loan.

Sec. 9. Laws 1985, chapter 4, section 6, subdivision 3, as amended by Laws 1985, chapter 114, section 2, as amended by Laws 1985, First Special Session chapter 13, section 371, is amended to read:

Subd. 3. [LOAN SUBMISSION.] The lender must submit to the commissioner all farm operating loans made by the lender for which the lender

requests the state to pay part of the interest, except that no loan or line of credit made by a lender to refinance credit on 1985 1986 operating loans made by a lender may be approved by the commissioner. The commissioner must review the loan within five days after receipt. The commissioner may not pay interest on loans submitted after December 31, 1985 1986.

Sec. 10. Laws 1985, chapter 4, section 6, subdivision 4, as amended by Laws 1985, chapter 114, section 2, is amended to read:

Subd. 4. [PAYMENT AMOUNT.] The amount of interest paid by the state must be two-thirds of the amount of interest foregone by the lender as a result of the lender making the loan at an interest rate less than the commissioner's interest index. The interest is payable on the unpaid principal of the first \$75,000 of the loan, except as provided in section 7. The maximum interest payment per farmer may not exceed \$3,750. At the request of the lender, the commissioner shall pay 50 percent of the total amount due to the lender within ten days after the request is submitted to the commissioner. The commissioner shall pay all interest due by ~~March 1, 1986~~ June 30, 1987.

Sec. 11. Laws 1985, chapter 4, section 8, is amended to read:

Sec. 8. [FORMS AND GUIDELINES.]

(a) Notwithstanding Minnesota Statutes, chapter 14, the commissioner shall adopt and provide guidelines to administer sections 4 to 6 and the forms to be submitted by a lender under sections 5 and 6. The forms under sections 5 and 6 constitute an application form for interest payment.

(b) The commissioner shall present a report to the senate agriculture and natural resources committee and the house of representatives agriculture committee containing the guidelines, when adopted.

(c) On April 15, 1985, and every third month afterwards until January 15, ~~1986 1987~~, the commissioner shall report to the chairpersons of the agriculture and appropriations committees of the house of representatives and the agriculture and natural resources and finance committees of the senate on the implementation and economic impact of this act. In the quarterly report the commissioner shall describe the current economic situation for agricultural lending in the state economy.

(d) By *or on* April 15, 1986 and 1987, the commissioner must report to the governor and the legislature on the overall effectiveness and efficiency of this act.

Sec. 12. Laws 1985, chapter 4, section 11, is amended to read:

Sec. 11. [REPEALER.]

Sections 1 to 9 are repealed effective July 1, ~~1986 1987~~.

Sec. 13. [EFFECTIVE DATE.]

*Sections 1 to 4, 6 to 13, and section 5, subdivisions 1 to 3, are effective the day following final enactment. Section 5, subdivisions 4 and 5, are effective July 1, 1986.*

## ARTICLE 3

### FARM DEBT RESTRUCTURING

Section 1. [583.41] [FARM DEBT RESTRUCTURING LOANS.]

**Subdivision 1. [ELIGIBILITY; CONDITIONS.]** A debtor to whom the farmer-lender mediation act applies is eligible to receive a loan from the state to restructure all or part of the debt that is involved in mediation. The mediator must first attempt to reach a mediation agreement between the debtor and creditors without a state loan. If a mediation agreement is not reached, the mediator may attempt to reach a mediation agreement using a state farm debt restructuring loan. The farm mediation commission may approve a state farm debt restructuring loan only if a mediation agreement can be reached as a result of making the loan and a viable farming operation will result and either:

(1) the creditors agree to reduce the total outstanding debt by at least 25 percent; or

(2) a lender provides a collateralized letter of credit guaranteeing 90 percent of the loan.

**Subd. 2. [TERMS.]** The loan must be repaid within 20 years and must provide for payments of principal and interest at least annually so that the loan will be amortized over its term with equal annual payments of principal and interest, except that a loan to be amortized over a term of ten years or less need not provide for equal annual payments of principal and interest.

**Subd. 3. [SECURITY.]** The loan must be secured by agricultural real estate by means of a purchase money mortgage evidenced by a negotiable note or notes as defined in section 336.3-104 or by a contract for deed.

**Sec. 2. [583.42] [FARM DEBT RESTRUCTURING REVENUE BONDS.]**

In order to provide money to be loaned to debtors to restructure farm debt, the commissioner of finance may sell and issue revenue bonds secured by the loan payments and also secured by any money on deposit in the farm debt restructuring loan account, which is established as a separate account in the state treasury. Neither the state nor any other agency or political subdivision of the state is liable on the revenue bonds, except to the extent of loan payments received and money on deposit in the farm debt loan restructuring account.

**Sec. 3. [583.43] [GENERAL OBLIGATION BONDS.]**

**Subdivision 1. [PROCEDURE.]** Upon request of the farm mediation commission, the commissioner of finance may issue general obligation bonds of the state in a principal amount not exceeding \$40,000,000. The bonds shall be secured as provided in the Minnesota Constitution, article XI, section 7, and, except as provided in this section, shall be issued and secured as provided in Minnesota Statutes, section 16A.641. The proceeds of the bonds, except any premium and accrued interest, shall be deposited in the state treasury and credited to the special account established in section 2 and used solely for the purposes specified above and in section 16A.641; subdivision 8. The premium and accrued interest, if any, shall be deposited in the farm debt restructuring loan program bond account in the state bond fund.

**Subd. 2. [TERMS OF BONDS.]** The commissioner of finance may fix the terms of the bonds in any manner permitted for bonds of a municipality under

chapter 475, and may enter into, on behalf of the state, all agreements deemed necessary for this purpose, including those authorized to be entered into by municipalities in chapter 475.

**Subd. 3. [SALE OF BONDS.]** If determined by the commissioner of finance to be necessary in order to reduce costs of issuance, to secure a favorable prevailing interest rate, or to receive the bond proceeds by a specified date, or if the terms of the bonds are fixed as provided in sections 475.54, subdivision 5a, and 475.56, paragraph (b), the bonds may be sold by negotiation and without solicitation of sealed bids.

**Subd. 4. [BOND FUND ACCOUNT.]** The commissioner of finance shall maintain in the state bond fund a separate bookkeeping account that shall be designated as the state farm debt restructuring loan program bond account, to record receipts and disbursements of money transferred to the fund to pay bonds issued under this section and to record income from the investment of the money. The income shall be credited to the account in each fiscal year in an amount equal to the approximate average return that year on all funds invested by the commissioner of finance, as determined by the commissioner of finance, times the average balance in the account that year.

**Subd. 5. [TRANSFERS, APPROPRIATION.]** In addition to any other money transferred to the state farm debt restructuring loan program bond account and in order to reduce the amount of taxes otherwise required by the Minnesota Constitution to be levied for the state bond fund, the commissioner of finance shall transfer from the general fund to the state farm debt restructuring loan program bond account, on December 1 in each year, a sum of money sufficient in amount, when added to the balance then on hand in that account, to pay all bonds issued under this section and the interest on them due and to become due to and including July 1 in the second ensuing year. All money to be so credited and all income from its investment is annually appropriated for the payment of the bonds and interest on them, and shall be available in the state farm debt restructuring loan program bond account before the levy of the tax in any year required by the Minnesota Constitution, article XI, section 7. The legislature may also appropriate to the state farm debt restructuring loan program bond account any other money in the state treasury not otherwise appropriated, for the security of bonds issued under this section in the event that sufficient money should not be available in the account from the appropriation in this section, before the levy of the tax in any year. The commissioner of finance shall make the appropriate entries in the accounts of the respective funds.

**Subd. 6. [CONSTITUTIONAL LEVY.]** On or before December 1 in each year the state auditor shall levy on all taxable property within the state whatever tax may be necessary to produce an amount sufficient, with all money then in the state farm debt restructuring loan program bond account, to pay the entire amount of principal and interest due then or earlier and principal and interest to become due on or before July 1 in the second year thereafter on bonds issued under this section. This tax must be levied upon all real property used for a homestead, as well as other taxable property, notwithstanding section 273.13, subdivisions 6 and 7. The tax must not be limited in rate or amount until all the bonds and interest on them are fully paid. The proceeds of this tax are appropriated and must be credited to the state bond fund, and the principal and interest on the bonds are payable from

*all the proceeds. As much of the proceeds as is necessary, is appropriated for the payments. If at any time there is insufficient money from the proceeds of the taxes to pay the principal and interest when due on the bonds, the principal and interest must be paid out of the general fund in the state treasury, and the amount necessary for the payment is appropriated.*

*Subd. 7. [COMPLIANCE WITH FEDERAL LAW.] The commissioner of finance may covenant and agree with the holders of the bonds issued under this section that the state will comply, insofar as possible, with the provisions of the United States Internal Revenue Code now or hereafter enacted that are applicable to the bonds and that establish conditions under which the interest to be paid on the bonds will not be includable in gross income for federal tax purposes.*

*Subd. 8. [TAXABILITY OF INTEREST.] The bonds authorized by this section may be issued without regard to whether the interest to be paid on them is includable in gross income for federal tax purposes.*

**Sec. 4. [EFFECTIVE DATE.]**

*This article is effective the day following final enactment.*

**ARTICLE 4**

**Section 1. [480.250] [ADMINISTRATION OF FAMILY FARM LEGAL ASSISTANCE PROGRAM.]**

*Subdivision 1. [CONTRACT AND ADMINISTRATION.] The supreme court shall contract with one or more established nonprofit organizations to provide a family farmer legal assistance program for financially distressed state farmers by 60 days after funding is available. The supreme court may delegate responsibility for administering funds under the contract to the advisory committee established under section 480.242, subdivision 1.*

*Subd. 2. [LEGAL ASSISTANCE PROVIDER.] The supreme court may contract only with a legal assistance provider that:*

*(1) is incorporated as a nonprofit corporation under chapter 317 and tax exempt under section 501(c)(3) of the Internal Revenue Code of 1954 as amended through December 31, 1985;*

*(2) is organized principally to provide legal assistance;*

*(3) has a proven record of delivery of effective, high quality legal assistance;*

*(4) has experience, and has demonstrated expertise, in addressing legal issues affecting financially distressed family farmers;*

*(5) can begin providing delivery of legal assistance to financially distressed farmers within 30 days after the contract is awarded; and*

*(6) can provide legal assistance to farmers throughout the state.*

**Sec. 2. [480.252] [FAMILY FARM LEGAL ASSISTANCE PROGRAM.]**

*Subdivision 1. [REQUIREMENTS.] The family farmer legal assistance program shall provide:*

*(1) direct legal advocacy to farmers in the most effective and efficient*

manner, giving special emphasis to enforcement of legal rights affecting large numbers of farmers;

(2) legal advice and information to individual, financially distressed farmers and to attorneys throughout the state who represent financially distressed farmers;

(3) legal education and training to farmers, private attorneys, legal services staff, and the public;

(4) an information and referral network among farmers, attorneys, policymakers, and others concerned about the legal needs of family farmers affected by the economic crisis in agricultural areas; and

(5) an incoming, statewide, toll-free telephone line to provide the advice and referral requirements in this subdivision.

Subd. 2. [REPORT.] The legal assistance provider shall submit a report to the supreme court each six months during the contract period detailing how the legal assistance provider has met the requirements in subdivision 1.

Subd. 3. [TERMINATION.] A contract under sections 1 to 4 may be terminated by the supreme court, or denied for renewal, upon reasonable written notice and good cause shown.

#### Sec. 3. [480.254] [LEGAL ASSISTANCE ELIGIBILITY.]

A person is eligible for legal assistance under section 2 if the person:

(1) is a state resident;

(2) is a farmer, or a family shareholder of a family farm corporation;

(3) represents a farm business that has a debt to asset ratio greater than 40 percent; and

(4) received less than \$20,000 in taxable income in the previous taxable year and is financially unable to acquire legal assistance.

#### Sec. 4. [480.256] [ANNUAL REPORT.]

A legal assistance provider shall submit a report to the supreme court, the senate committee on agriculture and natural resources, and the agriculture committee of the house of representatives by January 15 after each year of funding. The report must describe the activities and expenses under the contract during the previous calendar year and a summary of additional legal representation needed by distressed family farmers.

#### Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 5 are effective the day after final enactment.

### ARTICLE 5

#### Section 1. [236A.01] [INTERSTATE COMPACT ON AGRICULTURAL GRAIN MARKETING.]

The state of Minnesota ratifies and approves the following compact:

Interstate Compact on Agricultural  
Grain Marketing  
Article I. - Purpose



*It is the purpose of this compact to protect, preserve, and enhance:*

*(a) the economic and general welfare of citizens of the joining states engaged in the production and sale of agricultural grains;*

*(b) the economies and very existence of local communities in such states, the economies of which are dependent upon the production and sale of agricultural grains; and*

*(c) the continued production of agricultural grains in such states in quantities necessary to feed the increasing population of the United States and the world.*

#### Article II. - Definitions

*As used in this compact:*

*(a) "State" means any state of the United States in which agricultural grains are produced for the markets of the nation and world.*

*(b) "Agricultural grains" means wheat, durum, spelt, triticale, oats, rye, corn, barley, buckwheat, flaxseed, safflower, sunflower seed, soybeans, sorghum grains, peas, and beans.*

#### Article III. - Commission

##### *(a) Organization and Management*

*(1) There is hereby created an agency of the member states to be known as the Interstate Agricultural Grain Marketing Commission, hereinafter called the commission. The commission shall consist of three residents of each member state who shall have an agricultural background and who shall be appointed as follows: (i) one member appointed by the governor, who shall serve at the pleasure of the governor; (ii) one senator appointed in the manner prescribed by the senate of such state, except that two senators may be appointed by the Governor of the State of Nebraska from the unicameral legislature of the state of Nebraska; and (iii) one member of the house of representatives appointed in the manner prescribed by the house of representatives of such state.*

*The member first appointed by the governor shall serve for a term of one year and the senator and representative first appointed shall each serve for a term of two years; thereafter all members appointed shall serve for two-year terms. The attorneys general of member states or assistants designated thereby shall be nonvoting members of the commission.*

*(2) Each member shall be entitled to one vote. A member must be present to vote and no voting by proxy shall be permitted. The commission shall not act unless a majority of the voting members are present, and no action shall be binding unless approved by a majority of the total number of voting members present.*

*(3) The commission shall be a body corporate of each member state and shall adopt an official seal to be used as it may provide.*

*(4) The commission shall hold an annual meeting and such other regular meetings as its bylaws may provide and such special meetings as its executive committee may determine. The commission bylaws shall specify the dates of the annual and any other regular meetings, and shall provide for the*

*giving of notice of annual, regular, and special meetings. Notices of special meetings shall include the reasons therefor and an agenda of the items to be considered.*

*(5) The commission shall elect annually, from among its voting members, a chairperson, a vice-chairperson, and a treasurer. The commission shall appoint an executive director who shall serve at its pleasure, and shall fix the duties and compensation of such director. The executive director shall be secretary of the commission. The commission shall make provision for the bonding of such of its officers and employees as it may deem appropriate.*

*(6) Irrespective of the civil service, personnel, or other merit system laws of any member state, the executive director shall appoint or discharge such personnel as may be necessary for the performance of the functions of the commission and shall fix, with the approval of the commission, their duties and compensation. The commission bylaws shall provide for personnel policies and programs. The commission may establish and maintain, independently of or in conjunction with any one or more of the member states, a suitable retirement system for its full-time employees. Employees of the commission shall be eligible for social security coverage in respect of old age and survivors insurance provided that the commission takes such steps as may be necessary pursuant to federal law to participate in such program of insurance as a governmental agency or unit. The commission may establish and maintain or participate in such additional programs of employee benefits as may be appropriate. The commission may borrow, accept, or contract for the services of personnel from any state, the United States, or any other governmental entity.*

*(7) The commission may accept for any of its purposes and functions any and all donations and grants of money, equipment, supplies, materials, and services, conditional or otherwise, from any governmental entity, and may utilize and dispose of the same.*

*(8) The commission may establish one or more offices for the transacting of its business.*

*(9) The commission shall adopt bylaws for the conduct of its business. The commission shall publish its bylaws in convenient form, and shall file a copy of the bylaws and any amendments thereto with the appropriate agency or officer in each of the member states.*

*(10) The commission annually shall make to the governor and legislature of each member state a report covering its activities for the preceding year. Any donation or grant accepted by the commission or services borrowed shall be reported in the annual report of the commission, and shall include the nature, amount, and conditions, if any, of the donation, gift, grant, or services borrowed and the identity of the donor or lender. The commission may make additional reports as it may deem desirable.*

#### *(b) Committees*

*(1) The commission may establish such committees from its membership as its bylaws may provide for the carrying out of its functions.*

#### *Article IV. - Powers and Duties of Commission*

*(a) The commission shall conduct comprehensive and continuing studies*

and investigations of agricultural grain marketing practices, procedures, and controls and their relationship to and effect upon the citizens and economies of the member states.

(b) The commission shall make recommendations for the correction of weaknesses and solutions to problems in the present system of agricultural grain marketing or the development of alternatives thereto, including the development, drafting, and recommendation of proposed state or federal legislation.

(c) The commission is hereby authorized to do all things necessary and incidental to the administration of its functions under this compact.

#### Article V. - Finance

(a) The commission shall submit to the governor of each member state a budget of its estimated expenditures for such period as may be required by the laws of that state for presentation to the legislature thereof.

(b) The money necessary to finance the general operations of the commission not otherwise provided for in carrying forth its duties, responsibilities, and powers as stated herein shall be appropriated to the commission by the member states, when authorized by the respective legislatures. Appropriations by member states for the financing of the operations of the commission in the initial biennium of the compact shall be in the amount of \$50,000 for each member state; thereafter the total amount of appropriations requested shall be apportioned among the member states in the manner determined by the commission. Failure of a member state to provide its share of financing shall be cause for the state to lose its membership in the compact.

(c) The commission shall not incur any obligations of any kind prior to the making of appropriations adequate to meet the same; nor shall the commission pledge the credit of any of the member states, except by and with the authority of the member state.

(d) The commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the audit and accounting procedures established under its bylaws. However, all receipts and disbursements of funds handled by the commission shall be audited yearly by a certified or licensed public accountant and the report of the audit shall be included in and become part of the annual report of the commission.

(e) The accounts of the commission shall be open for inspection at any reasonable time.

#### Article VI. - Eligible Parties, Entry Into Force, Withdrawal and Termination

(a) Any agricultural grain marketing state may become a member of this compact.

(b) This compact shall become effective initially when enacted into law by any five states prior to July 1, 1988, and in additional states upon their enactment of the same into law.

(c) Any member state may withdraw from this compact by enacting a statute repealing the compact; but such withdrawal shall not become effective until one year after the enactment of such statute and the notification of the

commission thereof by the governor of the withdrawing state. A withdrawing state shall be liable for any obligations which it incurred on account of its membership up to the effective date of withdrawal, and if the withdrawing state has specifically undertaken or committed itself to any performance of an obligation extending beyond the effective date of withdrawal, it shall remain liable to the extent of such obligation.

(d) This compact shall terminate one year after the notification of withdrawal by the governor of any member state which reduces the total membership in the compact to less than five states.

## Sec. 2. [EFFECTIVE DATE.]

*This act is effective the day after final enactment.*

## ARTICLE 6

### Section 1. [40A.151] [MINNESOTA CONSERVATION FUND.]

*Subdivision 1. [ESTABLISHMENT.] The Minnesota conservation fund is established as an account in the state treasury. Money from counties under section 2 must be deposited in the state treasury and credited to the Minnesota conservation fund account.*

*Subd. 2. [USE OF FUND.] Money in the fund is annually appropriated to the commissioner of revenue to reimburse taxing jurisdictions as provided in section 3 and section 473H.10.*

### Sec. 2. [40A.152] [COUNTY CONSERVATION FEE; ACCOUNT.]

*Subdivision 1. [FEE.] A county shall impose an additional fee of \$3 per transaction on the recording or registration of a mortgage subject to the tax under section 287.05 and an additional \$3 on the recording or registration of a deed subject to the tax under section 287.21. One-half of the fee must be deposited in a special conservation account to be created in the county general revenue fund and one-half must be transferred to the commissioner of revenue for deposit in the state treasury and credited to the Minnesota conservation fund.*

*Subd. 2. [USE OF ACCOUNT.] Money from the county conservation account shall be spent by the county to reimburse the county and taxing jurisdictions within the county for revenue lost under the conservation tax credit under section 3 or the valuation of agricultural preserves under section 473H.10. Money remaining in the account after those payments may be spent for the following purposes:*

*(1) agricultural land preservation and conservation planning and implementation of official controls under this chapter or chapter 473H;*

*(2) soil conservation activities and enforcement of soil loss ordinances;*

*(3) incentives for landowners who create exclusive agricultural use zones;*

*(4) payments to municipalities within the county for the purposes of clauses (1) to (3).*

*Subd. 3. [TRANSFER TO STATE FUND.] Money in the county conservation account that is not encumbered by the county within one year of deposit in the account must be transferred to the commissioner of revenue for*

*deposit in the Minnesota conservation fund.*

**Sec. 3. [273.118] [CONSERVATION TAX CREDIT.]**

*Subdivision 1. [ELIGIBILITY; AMOUNT OF CREDIT.] Land located in an exclusive agricultural use zone created under chapter 40A is eligible for a property tax credit of \$1.50 per acre. To qualify for the tax credit in any year the owner shall file with the assessor by June 30 of that year a record of the restrictive covenant received by the owner under section 40A.10, subdivision 3. An owner who has given notice of termination of the exclusive agricultural use zone under section 40A.11, subdivision 2, is not eligible for the credit. The assessor shall indicate the amount of the property tax reduction on the property tax statement of each taxpayer receiving a credit under this section. The credit paid pursuant to this section shall be deducted from the tax due on the property before computation of the homestead credit paid pursuant to section 273.13 and the state agricultural credit paid pursuant to section 124.2137.*

*Subd. 2. [REIMBURSEMENT FOR LOST REVENUE.] The county may transfer money from the county conservation account created in section 2 to the county revenue fund to reimburse the fund for the cost of the property tax credit. The county auditor shall certify to the commissioner of revenue on or before June 1 of each year the amount of tax lost to the county from the property tax credit under subdivision 1 and the extent that the tax lost exceeds funds available in the county conservation account. On or before July 15 of each year, the commissioner shall reimburse the county from the Minnesota conservation fund under section 1 for the taxes lost in excess of the county account. If money in the Minnesota conservation fund is insufficient to make the reimbursement, there is annually appropriated from the general fund to the commissioner of revenue an amount sufficient to make the remaining reimbursement.*

**Sec. 4. Minnesota Statutes 1985 Supplement, section 473H.10, subdivision 3, is amended to read:**

**Subd. 3. [COMPUTATION OF TAX; STATE REIMBURSEMENT.] (a)** After the assessor has determined the market value of all land valued according to subdivision 2, he shall compute the assessed value of those properties by applying the appropriate classification percentages. When the county auditor computes the rate of tax pursuant to section 275.08, he shall include the assessed value of land as provided in this clause.

**(b)** The county auditor shall compute the tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the assessed value times the total rate of tax for all purposes as provided in clause (a).

**(c)** The county auditor shall then compute the maximum ad valorem property tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the assessed value times 105 percent of the previous year's statewide average mill rate levied on property located within townships for all purposes.

**(d)** The tax due and payable by the owner of preserve land valued according to subdivision 2 and nonresidential buildings will be the amount determined in clause (b) or (c), whichever is less. If the gross tax in clause (c) is less than the gross tax in clause (b), the state shall reimburse the taxing

jurisdictions for the amount of difference. Residential buildings shall continue to be valued and classified according to the provisions of sections 273.11 and 273.13, as they would be in the absence of this section, and the tax on those buildings shall not be subject to the limitation contained in this clause.

*The county may transfer money from the county conservation account created in section 2 to the county revenue fund to reimburse the fund for the tax lost as a result of this subdivision or to pay taxing jurisdictions within the county for the tax lost. The county auditor shall certify to the commissioner of revenue on or before June 1 the total amount of tax lost to the county and taxing jurisdictions located within his county as a result of this subdivision and the extent that the tax lost exceeds funds available in the county conservation account. Payments shall be made by the state as provided in section 273.13, subdivision 15a to each of the affected taxing jurisdictions if the county conservation account is insufficient to make the reimbursement. There is annually appropriated from the general fund in the state treasury Minnesota conservation fund under section 1 to the commissioner of revenue an amount sufficient to make the reimbursement provided in this subdivision. If money in the fund is insufficient to make the reimbursements the appropriation is from the general fund.*

#### Sec. 5. [EFFECTIVE DATE.]

*Section 3 is effective for taxes levied in 1987 and payable in 1988 and after. Section 4 is effective June 1, 1987.*

### ARTICLE 7

Section 1. Minnesota Statutes 1985 Supplement, section 40.20, is amended to read:

#### 40.20 [SOIL LOSS ORDINANCES.]

*Subdivision 1. [COUNTY REQUIREMENT.] Counties must adopt a soil loss ordinance that substantially complies with the model ordinance and is approved by the commissioner of agriculture as provided by section 3.*

*Subd. 2. [MUNICIPAL ORDINANCES.] Each statutory or home rule charter city, or town, or county that has planning and zoning authority under sections 366.10 to 366.19, ~~394.24 to 394.37~~, or 462.351 to 462.365 is encouraged to adopt a soil loss ordinance. The soil loss ordinance must use the soil loss tolerance for each soil series described in the United States Soil Conservation Service Field Office Technical Guide to determine the soil loss limits but the soil loss limits must be attainable by the best practicable soil conservation practice. A local government that adopts a soil loss ordinance may enter an agreement with its agent allowing the agent to administer the functions and perform the duties of the local government as provided by ~~Laws 1985, chapter 256, sections 12 to 22 under sections 40.19 to 40.26~~. Ordinances adopted by local governments within the metropolitan area defined in section 473.121 must be consistent with local water management plans adopted under section 473.879.*

Sec. 2. Minnesota Statutes 1985 Supplement, section 40.21, subdivision 1, is amended to read:

Subdivision 1. [RULES AND MODEL ORDINANCE AS GUIDE.] The

commissioner of agriculture, in consultation with counties, soil and water conservation districts, and other appropriate agencies, shall adopt a model ordinance and rules that may serve as a guide for local governments or be the ordinance for counties to carry out the provisions of Laws 1985, chapter 256, sections 12 to 22 and sections 40.20 to 40.26, and provide administrative procedures for the state soil and water conservation board for Laws 1985, chapter 256, sections 12 to 24 and sections 40.20 to 40.26.

Sec. 3. [40.215] [APPROVAL OF COUNTY SOIL LOSS ORDINANCE.]

*Each county must adopt the model ordinance or may submit a proposed soil loss ordinance to the commissioner of agriculture. The commissioner must review the proposed soil loss ordinance within 60 days after receiving it and in consultation with the county make amendments, if necessary, for the ordinance to substantially conform with the model ordinance. The county must adopt the ordinance as amended by 60 days after it is received from the commissioner.*

Sec. 4. Minnesota Statutes 1985 Supplement, section 40.26, is amended to read:

40.26 [APPLICATION FOR COST-SHARING FUNDS.]

*Subdivision 1. [COST-SHARE REQUIRED.] (a) Except for a development activity, a land occupier may not be required to establish soil conservation practices unless state cost-sharing funds have been specifically approved for that land and have been made available to the land occupier under sections 40.23 and 40.242, equal to at least 75 percent of the cost of the permanent conservation practices on a voluntary basis, or a 50 percent cost share if an application for cost share is not made within 90 days after the board approves a mediated written agreement or within 90 days after the court orders implementation of a plan and time schedule prepared by the landowner or the court. For mediated settlements, a court order that implements the landowner's alternatives or the court's alternatives must state the time schedule for application for 50 percent cost share. If the court orders implementation of the district's plan and time schedule, a landowner is only eligible for 50 percent cost share.*

*Subd. 2. [REVIEW OF REQUIREMENTS.] (b) The state soil and water conservation board shall review these requirements at least once each year, and may authorize a district to provide a higher percentage of cost sharing than is required by this section. To aid in this determination, the state board may consider the location of the affected area in relation to the priority areas as established in the soil and water conservation district annual and long-range plans.*

*Subd. 3. [RECORDING.] The permanent conservation practices must be recorded with the county recorder on the tracts where they occur if the cost-sharing funds are issued to the landowner.*

Sec. 5. [40.275] [REMOVAL OF PERMANENT CONSERVATION PRACTICES.]

*Subdivision 1. [PROHIBITION.] A person may not remove permanent conservation practices that are implemented with cost-sharing funds without*

*approval of the commissioner of agriculture.*

*Subd. 2. [APPROVAL.] The commissioner of agriculture shall approve removal of permanent conservation practices if:*

- (1) the removal will improve the use of the land; and*
- (2) other conservation practices are implemented that prevent excessive soil loss, with or without additional cost-sharing funds as determined by the commissioner.*

*Subd. 3. [REMEDIES.] If a permanent conservation practice is to be removed without the commissioner's approval, the commissioner shall enjoin the removal. If a permanent conservation practice has been removed in violation of this section, the commissioner shall bring an action to have the permanent conservation practice or its equivalent implemented and may seek a penalty as provided in section 40.28.*

*Subd. 4. [RULES.] The commissioner of agriculture may adopt rules to implement this section.*

Sec. 6. Minnesota Statutes 1985 Supplement, section 40.28, is amended to read:

**40.28 [PENALTY.]**

*Subdivision 1. [CAUSING EXCESSIVE SOIL LOSS.] A person who ~~violates~~ causes excessive soil loss in violation of section 40.22, subdivision 1, is subject to a civil penalty up to \$500.*

*Subd. 2. [REMOVAL OF PERMANENT CONSERVATION PRACTICES.] A person who violates section 5 by removing a permanent conservation practice that has been implemented with the aid of cost-sharing funds is subject to a civil penalty up to \$10,000.*

Sec. 7. Minnesota Statutes 1985 Supplement, section 160.232, is amended to read:

**160.232 [MOWING DITCHES OUTSIDE CITIES.]**

Road authorities may not mow, burn, or till the right-of-way of a highway located outside of a home rule charter or statutory city except as allowed in this section and section 160.23.

(a) On any highway, the first eight feet away from the road surface, or shoulder if one exists, may be mowed at any time.

(b) An entire right-of-way may be mowed after July 31. From August 31 to the following July 31, the entire right-of-way may only be mowed if necessary for safety reasons, and may not be mowed to a height of less than 12 inches.

(c) A right-of-way may be mowed as necessary to maintain sight distance for safety and may be mowed at other times under rules of the commissioner, or by resolution of a local road authority.

(d) A right-of-way may be mowed, burned, or tilled to prepare the right-of-way for the establishment of permanent vegetative cover or for prairie vegetation management.

Sec. 8. Minnesota Statutes 1984, section 160.27, subdivision 5, is



amended to read:

Subd. 5. [MISDEMEANORS.] Except for the actions of the road authorities, their agents, employees, contractors, and utilities in carrying out their duties imposed by law or contract, and except as herein provided, it shall be unlawful to:

- (1) Obstruct any highway or deposit snow or ice thereon;
- (2) Plow, *burn*, or perform any other detrimental operation within the road right of way except in the preparation of the land for planting a ~~perennial hay crop~~, *and the harvesting of said crop permanent vegetative cover*;
- (3) Erect a fence on the right of way of a trunk highway, county state-aid highway, county highway or town road, except to erect a lane fence to the ends of a livestock pass;
- (4) Dig any holes in any highway; except to locate markers placed to identify sectional corner positions and private boundary corners;
- (5) Remove any earth, gravel or rock from any highway;
- (6) Obstruct any ditch draining any highway or drain any noisome materials into any ditch;
- (7) Place or maintain any building or structure within the limits of any highway;
- (8) Place or maintain any advertisement within the limits of any highway;
- (9) Paint, print, place, or affix any advertisement or any object within the limits of any highway;
- (10) Deface, mar, damage, or tamper with any structure, work, material, equipment, tools, signs, markers, signals, paving, guardrails, drains, or any other highway appurtenance on or along any highway;
- (11) Remove, injure, displace, or destroy right of way markers, or reference or witness monuments, or markers placed to preserve section or quarter section corners;
- (12) Improperly place or fail to place warning signs and detour signs as provided by law;
- (13) Drive over, through, or around any barricade, fence, or obstruction erected for the purpose of preventing traffic from passing over a portion of a highway closed to public travel or to remove, deface, or damage any such barricade, fence, or obstruction.

Violations hereof shall be prosecuted by the county attorney of the county where the violations occur. Any person convicted of such violations shall be guilty of a misdemeanor.

#### Sec. 9. [REPORT.]

*Subdivision 1. [INVESTIGATION.] (a) The commissioner of natural resources shall request information from county highway engineers on:*

- (1) the policy of the county regarding mowing, burning, or tilling the right-of-ways of highways in the county, including town road authority policies;*

(2) the road distance of right-of-ways that are mowed, burned, or tilled; and

(3) the amount spent for mowing, burning, and tilling right-of-ways.

(b) The commissioner of natural resources shall determine the length and area of drainage ditches that are required to be planted with permanent grass under section 106A.021 and prior law, and the enforcement actions taken by the commissioner or enforcement personnel to maintain the grass strips.

Subd. 2. [COOPERATION.] The commissioner of transportation, county highway engineers, the road authorities, drainage authorities, and county auditors shall cooperate with the commissioner of natural resources in conducting the investigations.

Subd. 3. [REPORT TO LEGISLATURE.] The commissioner of natural resources shall prepare a report on the information collected under subdivision 1 and submit it to the legislature by January 15, 1987.

#### Sec. 10. [REPORT.]

The soil and water conservation board shall prepare a report on which counties in the state should not adopt a soil loss ordinance under sections 1 and 3. The report must be submitted to the legislature by January 15, 1987.

#### Sec. 11. [REPEALER.]

Minnesota Statutes 1984, section 40.27, is repealed.

#### Sec. 12. [EFFECTIVE DATE.]

This act is effective July 1, 1986, except counties are not required to adopt a soil loss ordinance under sections 1 and 3 until July 1, 1988.

### ARTICLE 8

Section 1. Minnesota Statutes 1984, section 336.9-312, is amended to read:

#### 336.9-312 [PRIORITIES AMONG CONFLICTING SECURITY INTERESTS IN THE SAME COLLATERAL.]

(1) The rules of priority stated in other sections of this part and in the following sections shall govern when applicable: section 336.4-208 with respect to the security interests of collecting banks in items being collected, accompanying documents and proceeds; section 336.9-103 on security interests related to other jurisdictions; section 336.9-114 on consignments.

(2) A perfected security interest in crops for new value given to enable the debtor to produce the crops during the production season and given not more than three months before the crops become growing crops by planting or otherwise takes priority over an earlier perfected security interest to the extent that such earlier interest secures obligations due more than six months before the crops become growing crops by planting or otherwise, even though the person giving new value had knowledge of the earlier security interest.

(2) (a) A production money security interest in farm products and proceeds of the farm products takes priority over a conflicting security interest

*in the farm products or proceeds of the farm products, if the production money security interest in the farm products and proceeds of the farm products is perfected by 20 days after the debtor receives the goods or services acquired with the value secured by the production money security interest. Priority among conflicting production money security interests in the same farm products or proceeds rank equally and are entitled to share ratably in the farm products or proceeds of the farm products.*

*(b) A production money security interest is a security interest in farm products for new value given to enable the debtor to acquire goods or services used in producing or raising the farm products if the value is in fact so used. The new value given may be by loan of money by a lender or other financier or by extension of credit by a seller or other supplier. A security interest in farm products taken or retained by the seller, lessor, or any other supplier or financier of equipment, to secure a debt owed with respect to the equipment is not a production money security interest.*

*(c) The creating or perfecting of a production money security interest shall not operate under any circumstances as a default on, an accelerating event under, or otherwise as a breach of: any note or other instrument or agreement of any kind or nature to pay debt; any loan or credit agreement; or any security arrangement of any kind or nature whether the collateral is real or personal property.*

(3) A perfected purchase money security interest in inventory has priority over a conflicting security interest in the same inventory and also has priority in identifiable cash proceeds received on or before the delivery of the inventory to a buyer if

(a) the purchase money security interest is perfected at the time the debtor receives possession of the inventory; and

(b) the purchase money secured party gives notification in writing to the holder of the conflicting security interest if the holder had filed a financing statement covering the same types of inventory (i) before the date of the filing made by the purchase money secured party, or (ii) before the beginning of the 21 day period where the purchase money security interest is temporarily perfected without filing or possession (subsection (5) of section 336.9-304); and

(c) the holder of the conflicting security interest receives the notification within five years before the debtor receives possession of the inventory; and

(d) the notification states that the person giving the notice has or expects to acquire a purchase money security interest in inventory of the debtor, describing such inventory by item or type.

(4) A purchase money security interest in collateral other than inventory has priority over a conflicting security interest in the same collateral or its proceeds if the purchase money security interest is perfected at the time the debtor receives possession of the collateral or within 20 days thereafter.

(5) In all cases not governed by other rules stated in this section (including cases of purchase money security interests which do not qualify for the special priorities set forth in subsections (3) and (4) of this section), priority between conflicting security interests in the same collateral shall be deter-

mined according to the following rules:

(a) Conflicting security interests rank according to priority in time of filing or perfection. Priority dates from the time a filing is first made covering the collateral or the time the security interest is first perfected, whichever is earlier, provided that there is no period thereafter when there is neither filing nor perfection.

(b) so long as conflicting security interests are unperfected, the first to attach has priority.

(6) For the purposes of subsection (5) a date of filing or perfection as to collateral is also a date of filing or perfection as to proceeds.

(7) If future advances are made while a security interest is perfected by filing, the taking of possession, or under section 336.8-321 on securities, the security interest has the same priority for the purposes of subsection (5) with respect to the future advances as it does with respect to the first advance. If a commitment is made before or while the security interest is so perfected, the security interest has the same priority with respect to advances made pursuant thereto. In other cases a perfected security interest has priority from the date the advance is made.

## Sec. 2. [COMMENT TO SECTION 336.9-312(2).]

*Subsection (2) is an instance of the preference which this code gives a new value secured party. The principle of this provision is that a person who extends credit that enables a debtor to produce new crops or raise livestock, and secures this credit with a security interest in the farm products, gets first claim to the collateral, outranking the interest of another secured party who claims the collateral as after-acquired property. So subsection (2) creates an exception to the first-to-file-or-perfect rule of subsection (5) as do subsections (3) and (4). The purposes behind all these exceptions are the same: to encourage infusion of new value into businesses and to prevent unjust enrichment. Subsection (2) has the effect of putting farming on a par with any other business with respect to secured financing.*

*When two or more production money security interests attach to the same collateral, priority is not determined on a first-to-file basis. Rather, the interests rank equally and the secured parties share ratably in the collateral or its proceeds (Cf. section 336.9-315). Subsection (5) governs in the case of a priority conflict between and among production money security interests and purchase money security interests in the same farm products collateral.*

*A supplier of new value will be encouraged to extend new value only if the supplier is certain that the supplier's interest in the farm products will be entitled to priority. The subsection should be broadly construed concerning the activities involved in producing or raising crops and livestock. "Producing crops" includes preparing the land for planting, cultivating or otherwise tending crops, harvesting, preparing crops for sale or storage prior to sale, storing crops prior to sale, transporting to sale, selling, or engaging in any other activity that proximately relates to the growing and marketing of crops or products of crops. "Raising livestock" includes feeding or grazing, fencing, providing health care, breeding, slaughtering, preparing for sale, transporting to sale, selling, or engaging in any other activity that proximately relates to the care and marketing of livestock or products*

of livestock.

*The financier of farm machinery or other farm equipment in a sense enables the production of crops or raising of livestock. Yet, this person has the security of a first claim to the equipment itself and as to farm products should rank below suppliers of goods, services, and money that is consumed in the production process.*

*The purposes behind this subsection could be frustrated by language in loan agreements, which typically is unbargained-for boilerplate, that could be construed to prohibit a debtor from creating production money security interests. So this sort of language is neutered. A creditor should not be allowed through contract to accomplish a result that contravenes the policy of positive law.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 514.952, subdivision 4, is amended to read:

Subd. 4. [EFFECT OF RESPONSE.] (a) If a lender responds by ten calendar days after receiving the lien-notification statement with a letter of commitment for part or all of the amount in the lien-notification statement, the supplier may not obtain a lien for the amount stated in the letter of commitment.

(b) If a lender responds with a refusal to provide a letter of commitment the rights of the lender and the supplier are not affected.

Sec. 4. Minnesota Statutes 1984, section 514.952, subdivision 6, is amended to read:

Subd. 6. [LIEN PRIORITY.] (a) For conflicting liens or security interests in the same collateral an agricultural production input lien does not have priority over liens that arise under chapter 395 or 514, or over perfected liens or security interests for unpaid rent for the land where the crops were grown.

(b) Except as provided in paragraph (a), agricultural production input liens are a security interest and have priority according to chapter 336, the uniform commercial code, except as provided in subdivision 5 over conflicting liens or security interests in crops, livestock, and their products or proceeds if the lien or security interest does not secure new value given to enable the debtor to acquire goods or services in producing or raising the crops, livestock, or their products and the value was in fact used for that purpose.

(c) Priority among conflicting agricultural production input liens and production money security interests under section 336.9-312, subsection (2), in the same crops, livestock, or their products or proceeds shall be on a pro rata basis.

(d) The creating or perfecting of an agricultural production input lien shall not operate under any circumstances as a default on, an accelerating event under, or otherwise as a breach of: any note or other instrument or agreement of any kind or nature to pay debt; any loan or credit agreement; or any security arrangement of any kind or nature whether the collateral is real or personal property.

Sec. 5. [514.960] [LANDLORD LIEN.]

*Subdivision 1. [LIEN; ATTACHMENT.] A person or entity that leases property for agricultural production has a lien for unpaid rent on the crops produced on the property in the crop year, and the crop products and their proceeds.*

*Subd. 2. [PERFECTION.] (a) To perfect a landlord lien, the lien must attach and the person or entity entitled to the lien must file a lien statement with the appropriate filing office under section 336.9-401 by 30 days after the crops become growing crops.*

*(b) A landlord lien that is not perfected has the priority of an unperfected security interest under section 336.9-312.*

*Subd. 3. [DUTIES OF FILING OFFICER.] The filing officer shall enter on the lien statement the time of day and date of filing. The filing officer shall file, amend, terminate, note the filing of a lien statement, and charge the fee for filing under this section in the manner provided by section 336.9-403 for a financing statement. A lien statement is void and may be removed from the filing system 18 months after the date of filing. The lien statement may be physically destroyed after 30 months from the date of filing.*

*Subd. 4. [PRIORITY.] A landlord lien has priority over all other liens or security interests in crops grown or produced on the property that was leased and the crop products and proceeds.*

*Subd. 5. [ENFORCEMENT OF LIEN.] The holder of a landlord lien may enforce the lien in the manner provided in sections 336.9-501 to 336.9-508 subject to section 550.17. For enforcement of the lien, the lienholder is the secured party and the person leasing the property is the debtor, and each has the respective rights and duties of a secured party and a debtor under sections 336.9-501 to 336.9-508. If a right or duty under sections 336.9-501 to 336.9-508 is contingent upon the existence of express language in a security agreement or may be waived by express language in a security agreement, the requisite language does not exist.*

*Subd. 6. [ENFORCEMENT ACTIONS; LIEN EXTINGUISHED.] An action to enforce a landlord lien may be brought in district court in a county where the property is located after the lien is perfected. A lien statement may be amended, except the amount demanded, by leave of the court in the furtherance of justice. A landlord lien is extinguished if an action to enforce the lien is not brought within 18 months after the date the lien statement is filed.*

#### **Sec. 6. [SCOPE OF APPLICATION.]**

*If a person gives new value on or after January 1, 1986, and secures the new value given with a security interest that would qualify as a production money security interest after the effective date of this act, the security interest has the priority of a production money security interest under section 1.*

#### **Sec. 7. [REPEALER.]**

*Minnesota Statutes 1985 Supplement, section 514.952, subdivision 5, is repealed.*

#### **Sec. 8. [EFFECTIVE DATE.]**

*This act is effective July 1, 1986.*

### **ARTICLE 9**

#### **Section 1. [LEGISLATIVE FINDINGS.]**

*The legislature finds that there is a rural economic emergency resulting from the agricultural economic depression. Foreclosure sales and subsequent deficiency judgments are debilitating the persons foreclosed and taking away their hope for readjustment after foreclosure, which is detrimental to the welfare of the state.*

Sec. 2. [580.225] [SATISFACTION OF JUDGMENT.]

*The amount received from foreclosure sale under this chapter is full satisfaction of the mortgage debt except as provided in section 5.*

Sec. 3. Minnesota Statutes 1984, section 580.23, subdivision 1, is amended to read:

580.23 [REDEMPTION BY MORTGAGOR.]

Subdivision 1. When lands have been sold in conformity with the preceding sections of this chapter the mortgagor, his personal representatives or assigns, within six months after such sale, except as otherwise provided in subdivision 2, may redeem such lands, as hereinafter provided, by paying the sum of money for which the same were sold, with interest from the time of sale at the rate provided to be paid on the mortgage debt and, if no rate be provided in the mortgage note, at the rate of six percent per annum, together with any further sums which may be payable pursuant to section 582.03. ~~Where the redemption period is as provided in this subdivision the mortgagee, or his successors, assigns, or personal representative, or any other purchaser so purchasing at the sheriff's sale shall by purchasing the property at the sheriff's sale thereby waive his right to a deficiency judgment against the mortgagor.~~

Sec. 4. Minnesota Statutes 1984, section 581.09, is amended to read:

581.09 [SATISFACTION OF JUDGMENT; EXECUTION FOR DEFICIENCY.]

Upon confirmation of the report of sale, the clerk shall enter satisfaction of the judgment to the extent of the sum bid for the premises, less expenses and costs, ~~and for any balance of such judgment; execution may issue as in other cases; but no such execution shall issue on the judgment until after a sale of the mortgaged premises, and the application of the amount realized as aforesaid.~~ *The amount entered is full satisfaction of the judgment except as provided in section 5.*

Sec. 5. [582.30] [DEFICIENCY JUDGMENTS.]

Subdivision 1. [DEFICIENCY ALLOWED.] *If the amount the holder of a mortgage receives from a foreclosure sale under chapter 580 is less than the entire amount remaining unpaid on the mortgage, or under chapter 581 is less than the amount of the judgment entered, the holder of the mortgage may obtain a personal judgment against the mortgagor for the deficient amount except as provided in this section. The judgment may not be for more than the difference between the amount received from the foreclosure sale and (1) the total amount that attaches to the sale proceeds under section 580.09; or (2) for a foreclosure by action, the amount of the judgment under section 581.03.*

Subd. 2. [GENERAL PROHIBITION FOR PROPERTY WITH SIX-

MONTH REDEMPTION PERIOD.] A deficiency judgment is not allowed if the property has been sold by advertisement under chapter 580 and has a redemption period of six months under section 580.23, subdivision 1.

Subd. 3. [AGRICULTURAL PROPERTY.] (a) If property used in agricultural production is foreclosed and sold, a deficiency judgment may only be obtained by filing a separate action for a deficiency judgment within 90 days after the foreclosure sale. A court may allow a deficiency judgment only if it determines that the sale of the property was conducted in a commercially reasonable manner.

(b) The amount of the deficiency judgment is limited to the difference of the fair market value of the property, and the amount remaining unpaid on the mortgage if the foreclosure is under chapter 580 or the amount of the judgment if the foreclosure is under chapter 581. A separate jury proceeding must be brought to determine the fair market value of the property. The property may not be presumed to be sold for its fair market value. A party adversely affected by a deficiency judgment may submit evidence relevant to establishing the fair market value of the property. Notice of the time and place where the fair market value of the property is to be determined must be given to all parties adversely affected by the judgment.

Subd. 4. [JUDGMENT ON MORTGAGE NOTE.] A personal judgment may not be executed against a party personally liable on a mortgage note secured by real property used in agricultural production unless the fair market value of the property is determined by a jury in a separate proceeding as provided in subdivision 3, paragraph (b). The personal judgment on the mortgage note may not be for more than the difference of the amount due on the note and the fair market value of the property.

Subd. 5. [STATUTE OF LIMITATIONS ON EXECUTING JUDGMENT.] A deficiency judgment or personal judgment obtained under subdivision 3 or 4 may be enforced by execution but the personal judgment may not be executed after three years from the date judgment was entered.

#### Sec. 6. [EFFECTIVE DATE.]

*This act is effective the day following final enactment.*

### ARTICLE 10

### CHAPTER 32C

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

*The legislature finds that to protect the health and welfare of the state, assure availability of fresh, high quality dairy products, and to enable the dairy industry to maintain the highest quality of dairy products in the state, it is necessary to provide a fair pricing and marketing program in the state for dairy products and it is necessary to protect consumers of dairy products from unfair trade practices, unfair methods of competition, conditions of monopoly, and combinations in restraint of trade.*

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

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

#### Subd. 2. [AGRICULTURAL MARKETING AGREEMENT ACT.]



*"Agricultural Marketing Agreement Act" means the Agricultural Marketing Agreement Act of 1937 as amended, United States Code, title 7, section 601, et seq.*

*Subd. 3. [BOARD.] "Board" means the milk stabilization board established in section 3.*

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

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

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

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

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

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

*Subd. 10. [DAIRY PRODUCTS.] "Dairy products" means milk products and frozen dairy products.*

*Subd. 11. [DIRECTOR.] "Director" means director of the milk stabilization board.*

*Subd. 12. [DISTRIBUTOR.] "Distributor" means a person, other than a processor, who sells to retailers or consumers at retail or home delivery routes or at fixed places of business.*

*Subd. 13. [DISTRIBUTOR PRICE.] "Distributor price" means the price at which a milk product or frozen dairy product is purchased by a retailer.*

*Subd. 14. [FROZEN DAIRY PRODUCT.] "Frozen dairy product" means:*

*(1) ice cream, frozen custard, ice milk, mellorine, olarine, sherine, fruit sherbets, fruit sherbines;*

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

*(3) frozen products that contain milk solids other than fat or butterfat, commonly referred to in the dairy industry as "novelties"; or*

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

*Subd. 15. [HANDLER POOLING ARRANGEMENT.] "Handler pooling arrangement" means the handler pooling arrangement described under*

*United States Code, title 7, section 608c(5).*

*Subd. 16. [HANDLING.] "Handling" means the activities of a dairy marketer in bottling, processing, packaging, or manufacturing dairy products, or in purchasing processed or manufactured dairy products that are resold to another dairy marketer or retailer.*

*Subd. 17. [MARKETING AREA.] "Marketing area" means an area, established by the board, with uniform stabilized prices.*

*Subd. 18. [MARKETWIDE POOLING ARRANGEMENT.] "Marketwide pooling arrangement" means the marketwide pooling arrangement described in United States Code, title 7, section 608c(5).*

*Subd. 19. [MILK.] "Milk" means the lacteal secretion of a cow, including a secretion that is raw, cooled, pasteurized, standardized, homogenized, recombined, or concentrated, which meets the grade A requirements established in section 32.394.*

*Subd. 20. [MILK PRODUCT.] "Milk product" means:*

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

*(2) a product that contains milk solids other than fat, butterfat, or a milk derivative, that is manufactured to resemble a milk product as defined in clause (1).*

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

*Subd. 21. [PERSON.] "Person" means an individual, business entity, cooperative corporation or association, or governmental agency.*

*Subd. 22. [PROCESSOR.] "Processor" means a person who:*

*(1) processes or manufactures dairy products;*

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

*(3) purchases bulk milk from anyone for resale to a person who processes or manufactures dairy products.*

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

*Subd. 23. [RETAILER.] "Retailer" means a person who sells dairy products to consumers at fixed places of business located in this state, except that "retailer" does not include a person whose primary business is the sale*

of food or dairy products subject to the sales tax under section 297A.01, subdivision 3, paragraph (c).

Subd. 24. [RETAIL PRICE.] "Retail price" means the price at which a dairy product is purchased when purchased for a purpose other than resale.

Subd. 25. [STABILIZED PRICES.] "Stabilized prices" means the minimum or maximum price, or both, established by the board for dairy products.

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

Subdivision 1. [MEMBERSHIP.] (a) The milk stabilization board is an agency in the executive branch consisting of seven members appointed by the governor as follows:

(1) three dairy farmers selling to processors, one of whom represents the counties of Big Stone, Swift, Pope, Stearns, Sherburne, Anoka, Chisago, and counties north of the northern boundary of those counties, one of whom represents the remaining counties, and one at large;

(2) one licensed processor;

(3) one licensed retailer; and

(4) two consumers who are not otherwise engaged in the milk business, one of whom is a resident of congressional district 1, 2, 3, or 4, and one of whom is a resident of congressional district 5, 6, 7, or 8.

(b) Dairy farmer members may be selected from names provided by dairy farmer organizations in the state. A dairy farmer organization that desires to provide names shall notify the commissioner. The commissioner of agriculture shall notify the state dairy farmer organizations if there is a dairy farmer vacancy on the board. Within 30 days after the notification, the commissioner shall hold a meeting in the district with the vacancy to receive the names of two persons.

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

(d) Terms, compensation, and removal of the board members are governed by section 15.0575.

Subd. 2. [QUORUM; CHAIR.] Four members of the board constitute a quorum to transact business. The board shall annually elect one of its members as the chair and may elect any other officers it deems necessary.

Subd. 3. [MEETINGS.] Meetings of the board must be held at least every 60 days at the call of the chair or a majority of the board.

Subd. 4. [DIRECTOR.] The board shall employ a director to serve in the unclassified service of the state. The board shall determine the director's qualifications and duties.

Subd. 5. [EMPLOYEES.] The director may employ persons for permanent and temporary employment. Employees are subject to chapters 43A and 179A.

Subd. 6. [ADMINISTRATIVE ASSISTANCE.] The commissioner shall budget, pay for, and provide offices, staff, and expenses necessary for the

*board to carry out its duties under this chapter and shall cooperate with the board by providing information, inspections, and enforcement at the request of the board.*

**Sec. 4. [32C.03] [POWERS; DUTIES.]**

*Subdivision 1. [CONTRACTS.] The board may enter into contracts for auditing, economic research, and other technical services.*

*Subd. 2. [MARKETING AREAS.] The board shall establish the boundaries for marketing areas within the state and may change the boundaries when necessary.*

*Subd. 3. [STABILIZED PRICES.] The board shall establish and amend stabilized prices for each marketing area.*

*Subd. 4. [MEDIATION.] The board may, at the request of the parties, mediate any dispute among dairy farmers, processors, distributors, retailers, or consumers, if the dispute involves the production, transportation, processing, storage, distribution, or sale of dairy products.*

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

*Subd. 6. [RULES TO IMPLEMENT STABILIZATION PLANS.] The board may adopt permanent or emergency rules to implement stabilization plans. The rules may prescribe:*

*(1) how the federal milk marketing order and the stabilization plan apply to the same area;*

*(2) how the stabilization plan applies to different classes of dairy products;*

*(3) the methods to be used to designate marketing areas;*

*(4) methods to determine how quantity discounts apply to processor and distributor sales; and*

*(5) the implementation of licensing procedures.*

**Sec. 5. [32C.04] [AUTHORITY OF OTHER AGENCIES NOT AFFECTED.]**

*The provisions of this chapter do not limit the health and sanitation authority of the commissioner of agriculture, commissioner of health, county boards of health, or municipal health officials.*

**Sec. 6. [32C.05] [STABILIZATION PLANS.]**

*Subdivision 1. [MINIMUM PRICES.] The board shall establish a stabilization plan that designates marketing areas, and for each marketing area, at least establishes minimum prices for:*

*(1) raw milk;*

*(2) milk products sold by processors or distributors to retailers; and*

*(3) milk products sold to consumers.*

*Subd. 2. [POOLING ARRANGEMENTS.] A stabilization plan may provide for a classified pricing system based upon utilization, a handler pooling arrangement, or a marketwide pooling arrangement. A stabilization plan with a marketwide pooling arrangement may require raw milk produced by dairy farmer-processors to be included in the pooling arrangement.*

*Subd. 3. [APPLICABILITY TO PROCESSORS PURCHASING IN MULTIPLE MARKETING AREAS.] A stabilization plan must provide a method to determine how it applies to processors purchasing raw milk in two or more marketing areas. The applicability of a stabilization plan may not be dependent on where the seller's dairy farm is located or where the title passes.*

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

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

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

*Subd. 5. [ADOPTION.] (a) Adoption of a stabilization plan is not subject to chapter 14, but a stabilization plan may be adopted or amended only after the board has mailed a proposed plan to the dairy marketing licensees in the marketing area, held a public meeting in the marketing area within 7 to 12 days after the mailing, and mailed a copy of the final stabilization plan to the dairy marketing licensees in the marketing area.*

*(b) A stabilization plan or an amendment to a stabilization plan is effective seven days after the new or amended stabilization plan is mailed to the dairy marketing licensees in the marketing area. An effective stabilization plan has the same force and effect as a rule adopted under chapter 14.*

*Subd. 6. [APPEAL; STAY OF STABILIZATION PLAN.] A stabilization plan may be appealed to the district court. An action may be brought in the county in which the person bringing the action resides or in the county in which the board has its main office. In reviewing the plan, the court shall consider whether it meets the criteria, and was adopted in accordance with the procedures, prescribed in this chapter.*

*If a stabilization plan or portion of a plan is appealed, a stay of the stabilization plan or portion of the plan may not be granted before final determination of the matter by the court.*

## **Sec. 7. [32C.06] [STABILIZED PRICES.]**

*Subdivision 1. [MINIMUM PRICES FOR RAW MILK.] (a) Minimum prices for raw milk to be paid by processors to dairy farmers in each marketing area must be beneficial to the public interest, protect dairy farmers, and ensure an adequate supply of pure and wholesome milk to the inhabitants of the state.*

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

- (1) the available supply of raw milk;
- (2) the adequacy of the reserve supply of raw milk available to processors;
- (3) whether there is a balance between raw milk production and consumption or use of the raw milk; and
- (4) the cost of feed, wages, and expenses to produce raw milk.

Subd. 2. [RAW MILK FROM NONDAIRY FARMER SOURCES.] The board may establish stabilized prices to be paid by a processor for raw milk purchased from sources other than dairy farmers in the same manner as it establishes prices for raw milk purchased from dairy farmers.

Subd. 3. [MILK PRODUCTS.] (a) In establishing stabilized prices for a marketing area, other than the price paid to a dairy farmer by a processor for raw milk, the board shall consider the operative economic factors in a marketing area including:

- (1) the prevailing raw milk prices in the marketing area;
- (2) the processing and distribution costs incurred by processors, distributors, and retailers, including a reasonable return upon investment;
- (3) the quantity of dairy products consumed in the area; and
- (4) other economic factors that significantly affect the supply of and demand for dairy products in the area.

(b) Stabilized prices for milk products other than raw milk may reflect packaging costs and the cost differences between home-delivered products, products sold at a fixed location, and products sold directly to consumers by processors and distributors.

(c) Minimum prices may be adjusted based on:

- (1) the butterfat content or other components of the raw milk;
- (2) the location where the raw milk is obtained;
- (3) the location of a plant where a portion of the raw milk purchased by a processor is transferred or diverted by the processor from the plant where the raw milk is normally utilized; and
- (4) other factors provided for price adjustments under the Agricultural Marketing Agreement Act of 1937 as amended, United States Code, title 7, section 601, et seq.

(d) Stabilized prices may vary from one marketing area to another.

Subd. 4. [BOARD DISCRETION.] The board is not required to establish stabilized prices for all milk products in each marketing area.

Subd. 5. [QUANTITY DISCOUNTS.] (a) A stabilization plan may establish quantity discount rates for dairy products. Discount rates must:

- (1) provide that a variety of dairy product brands are available to consumers purchasing from large retailers;
- (2) protect against financial injury to small independent processors and distributors;
- (3) be based on the retailer's total purchases of specific dairy products;

and

(4) be based upon a graduated scale of discounts proportionate to purchases made by retailers during a designated base period of one month, one quarter, six months, or one year.

(b) If a retailer operates two or more separate places of business, the board shall base the quantity discount rate for each place of business upon the quantity of dairy products purchased for resale at that place of business alone.

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

Subd. 6. [SIMULTANEOUS PRICE CHANGES.] The board shall provide that changes in minimum prices paid to dairy farmer are accompanied by simultaneous changes in the other stabilized prices established by the board.

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

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

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

(1) conditions affecting the production, distribution, and sale of dairy products in the marketing areas;

(2) the need for establishing area boundaries that will facilitate cooperation between the board and federal authorities engaged in regulating prices paid by processors for raw milk; and

(3) other relevant factors.

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

If a public hearing is scheduled by the board in a marketing area to establish stabilized prices, the board may, at least ten days before the date set for the hearing, appoint a local advisory board. A local advisory board must include two producers; two processors, two retailers who are actively engaged in milk production, processing, and marketing in the area, and two consumers in the area. The local advisory board shall meet with the board at the call of the board before, during, or after the public hearing, except that not more than three meetings or conferences between the board and the local advisory board may be held. The members of the local advisory board may not receive a per diem, but must receive mileage and expenses as provided in section 15.014, subdivision 2. A local advisory board ceases to exist when the board has adopted a stabilization plan for the local advisory board's marketing area.

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

If a petition is presented to the commissioner containing names of grade A

dairy farmers equal to at least 25 percent of the total grade A dairy farmers in the state subject to sections 1 to 8, with the signature of at least one dairy farmer from every county where a dairy farmer resides, the commissioner shall conduct a statewide referendum among all grade A dairy farmers in the state on whether to maintain stabilized prices. The referendum must be by secret mail ballot in accordance with rules established by the commissioner, and shall report the results of the referendum to the legislature the next time it convenes.

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

*Subdivision 1. [GENERAL REQUIREMENT.] Each dairy farmer-processor, dairy marketer, or retailer buying or selling dairy products in the state shall obtain a dairy marketing license.*

*Subd. 2. [SEPARATE BUSINESS LOCATIONS.] A dairy marketing license under this section is required for each separate place of business.*

*Subd. 3. [AGRICULTURE DEPARTMENT LICENSE REQUIRED.] A processor or distributor may not obtain a dairy marketing license without first having obtained a required license under chapter 32 from the commissioner.*

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

*Subdivision 1. [FORMS.] The commissioner, with the approval of the board, shall prepare and distribute dairy marketing license application forms.*

*Subd. 2. [PROCESSORS AND DISTRIBUTORS.] A processor or distributor applicant must affirm that:*

*(1) the applicant will not sell dairy products to a person required to have a dairy license unless the person has a license;*

*(2) the applicant will offer the applicant's service to the entire marketing area; and*

*(3) the applicant will offer each of the applicant's customers in the marketing area the same frequency of delivery and the same in-store services that are customary in the customer's community.*

*Subd. 3. [DISTRIBUTORS AND RETAILERS.] A distributor or retailer applicant must affirm that the applicant will not purchase dairy products from persons not licensed by the commissioner.*

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

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

*(b) A hearing under paragraph (a) must be held within 20 days after the date the notice is given. Within five days after the close of the eligibility hearing, the board shall notify the applicant and the commissioner of its*



*recommendation to issue or deny a license.*

*(c) The commissioner must issue or deny a license within ten days after receiving the recommendation. The commissioner may not charge a fee for a dairy license.*

*Subd. 2. [VALIDITY.] A dairy marketing license is valid unless:*

*(1) the ownership or location of the licensed business is changed;*

*(2) the license is suspended or revoked; or*

*(3) the licensed business is discontinued or is inactive for a period of more than 30 days.*

*Subd. 3. [SUSPENSION OR REVOCATION.] The commissioner may not suspend or revoke a dairy marketing license without a hearing, which is a contested case procedure subject to chapter 14.*

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

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

*Subd. 2. [REQUIRED RECORDS.] A dairy marketing licensee shall maintain, in a manner prescribed by the commissioner by rule, a record of:*

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

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

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

*Subd. 3. [ADDITIONAL RECORDS.] In addition to the records required under subdivision 2, the commissioner may require dairy licensees to maintain records of:*

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

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

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

*(4) any other record.*

*Subd. 4. [RECORDS OF PROFIT OR LOSS NOT REQUIRED.] A dairy licensee may not be required to reveal profit or loss.*

Subd. 5. [FORM OF RECORDS.] *The commissioner shall require records to be in a form that will allow the board to make statistical studies.*

Subd. 6. [RECORD MAINTENANCE.] *Records required under this section must be preserved for three years.*

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

Subdivision 1. [BUYING OR SELLING WITHOUT A LICENSE.] *A dairy farmer-processor, distributor, processor, or retailer may not buy or sell dairy products without a dairy marketing license.*

Subd. 2. [BUYING OR SELLING AT PRICES OTHER THAN STABILIZED PRICES.] *A dairy marketing licensee may not buy or sell dairy products with a stabilized price for less than the minimum price or more than the maximum price established by the board.*

Subd. 3. [CIRCUMVENTING STABILIZED PRICING.] *A dairy marketing licensee may not use or attempt to use a method, device, or transaction:*

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

(2) *designed to circumvent the stabilized prices set by the board; or*

(3) *having the effect of substantially undermining the effectiveness of the stabilized prices.*

Subd. 4. [SELLING PRODUCTS OF DIFFERENT BRANDS AT DIFFERENT PRICES.] *A retailer may not sell or offer for sale dairy products of one brand at a price different from the price charged by the retailer for an equal quantity of a product of the same type, quality, or grade, but of a different brand, unless the price differential is equal to the difference in the prices paid by the retailer for the products.*

Subd. 5. [DAIRY PRODUCTS PRICED WITH OTHER PRODUCTS.] *A dairy marketer may not charge a combined price for a dairy product and another commodity or service that is less or is represented to be less than the aggregate of the price of the dairy product and the price or value of the other commodity or service when sold or offered for sale separately.*

Subd. 6. [SELLING BELOW COST.] *If a stabilized price has not been established for a dairy product, a dairy marketer may not sell, offer for sale, or advertise for sale the dairy product below cost, or give, offer to give, or advertise the intent to give away the dairy product, to damage a competitor or destroy competition. This section does not apply to a sale made in conformance with section 325D.06, clauses (1) to (4). An enforcement action may not be commenced under this section if the retail price is 15 percent or more above the list price of the processor.*

Subd. 7. [PRIMA FACIE EVIDENCE OF SALE BELOW COST.] (a) *In an action for an injunction from or to impose civil penalties for a violation of this section, evidence that a dairy product was sold, offered for sale, or advertised for sale at a price that damages or destroys competition is prima facie evidence that the product was sold, offered for sale, or advertised for*

sale below cost to damage a competitor or to destroy competition.

(b) For purposes of paragraph (a), price is presumed to damage or destroy competition if:

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

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

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

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

(1) restrain, lessen, or destroy competition;

(2) damage a competitor;

(3) damage a person dealing in dairy products;

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

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

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

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

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

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

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

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

(1) a rental rate that is consistent with the value of similar property in the

area where the retailer is located at the time the lease is executed; and

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

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

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

(2) the down payment on the purchase price;

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

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

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

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

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

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

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

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

furniture, trade fixtures, or equipment.

(c) The conditional sales contract or purchase money security agreement must specifically describe each item of the sale. The dairy marketer, by ten days after the contract or security agreement is entered into, must file the conditional sales contract, or purchase money security agreement and financing statement, as required to enforce the purchase money secured debt. The conditional sales contract or purchase money security agreement must specify:

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

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

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

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

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

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

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

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

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

*the particular product is in fact spoiled or otherwise unsaleable.*

**Subd. 5. [COMPENSATION IN CONNECTION WITH SALE.]** *A dairy marketer may not make or offer to make any gift of money, merchandise, trading stamps, coupons, service, supplies, or anything of value, or to grant or offer to grant any rebate, discount, or advertising allowance in connection with any sale to a distributor or retailer in this state of a dairy product except as expressly allowed under sections 15 to 21 of this act.*

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

*(1) have an interest in or pay for a license for a retailer; or*

*(2) advance, furnish, lend, or give money for the payment of a license fee and expense incident to obtaining a license for a retailer.*

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

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

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

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

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

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

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

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

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

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

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

*(b) A dairy marketer may purchase and pay for the lines or space actually used in advertising one or more of its dairy products in a newspaper adver-*

tisement, handbill, or other form of printed advertising put out by a retailer or for the time actually so used in any radio or television program sponsored by a retailer.

Subd. 4. [ADVERTISING ON RETAILER'S PREMISES.] (a) A dairy marketer may not pay, loan, or give money, credit, compensation, or anything of value to a retailer for:

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

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

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

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

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

## ENFORCEMENT

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

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

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

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

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

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

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

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

(c) The commissioner may subpoena and take the testimony, under oath,

*of persons believed to have information needed to administer and enforce the provisions of sections 11 to 21.*

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

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

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

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

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

*(b) The board, after a hearing and finding that a dairy marketing licensee has violated a provision of sections 11 to 21, a stabilization plan, or a rule of the board or commissioner, may suspend or revoke the license. A procedure to suspend or revoke a license is a contested case subject to chapter 14.*

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

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

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

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

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



(2) showing the intent or the effect of restraining, lessening or destroying competition, injuring a competitor or injuring a person dealing in dairy products, or impairing or preventing fair competition in the sale of dairy products in the state.

(b) The court shall grant injunctive relief unless the person objecting proves that the granting of the injunctive relief will permanently or irreparably, and substantially injure or damage the person. The proof must be offered within ten days after the injunctive action is filed, as time is of the essence in granting the injunctive relief.

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

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

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

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

Subdivision 1. [HEARING.] (a) If the commissioner has reason to believe that a person is violating provisions of sections 15 to 21, or a rule of the board or commissioner, the commissioner may serve a complaint upon the person stating the alleged violation. The complaint must contain a notice of hearing with the time and place at least 20 days after the service of the complaint. The person receiving the complaint has the right to appear at the hearing to show cause why an order should not be entered by the commissioner requiring the person to cease and desist from the violation charged in the complaint. A person may apply and, upon good cause, be allowed by the commissioner to intervene and appear in the proceeding by counsel or in person. The testimony in the proceeding must be reduced to writing and filed in the office of the commissioner.

(b) If, after the hearing, the commissioner determines that there has been a violation of provisions of sections 15 to 21, or rule of the board or commissioner, the commissioner shall make a report in writing stating the findings. The commissioner shall issue and serve an order upon the person requiring the person to cease and desist from the violation. The commissioner at any time after notice and opportunity for hearing, may reopen and alter, modify, or set aside, in whole or in part, an order issued under this section.

Subd. 2. [REVIEW BY DISTRICT COURT.] (a) A person required by an order of the commissioner to cease and desist from an act or practice may obtain a review of the order in district court by filing with the court within 20

days after the date of service of the order a written petition requesting that the order of the commissioner be set aside. A copy of the petition must be served upon the commissioner. The commissioner shall certify and file in the court a transcript of the entire record and order of the commissioner. Upon the filing of the petition and transcript, the court has jurisdiction of the proceeding and of the question determined.

(b) The court may:

(1) make and enter upon the pleadings, evidence, and proceedings in the transcript a decree, affirming, modifying, or setting aside the order of the commissioner or enforcing it to the extent that the order is affirmed; and

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

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

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

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

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

Subd. 2. [INJUNCTIVE RELIEF.] A person who is damaged or is threatened with damage or loss from a violation of sections 15 to 21 is entitled to injunctive relief against all persons involved in a violation or threatened violation of sections 15 to 21. The injunctive relief must be to prevent and restrain violations or threatened violations, and the person does not have to allege or prove actual damages or that an adequate remedy at law does not exist. The injunctive relief may not abridge or be in lieu of other civil remedies allowed.

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

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

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

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

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

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

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

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

*Subd. 2. [COLLECTION.] (a) If fees are:*

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

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

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

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

*Subd. 3. [DAIRY MARKETING ACCOUNT.] The dairy marketing account is established in the state treasury. The fees collected by the commissioner under this section must be deposited in the state treasury and credited to the dairy marketing account. The money in the dairy marketing account is continuously appropriated to the commissioner to be used as a revolving fund for providing for the board under section 3, subdivision 6, and for administering and enforcing this chapter.*

**Sec. 28. [ORGANIZATION REPORT.]**

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

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

*Notwithstanding section 3, subdivision 1, paragraph (d), the initial terms*

*of members on the milk stabilization board are for:*

- (1) the dairy farmer from the northern district, four years;*
- (2) the dairy farmer from the southern district, two years;*
- (3) the dairy farmer at large, three years;*
- (4) the processor, four years;*
- (5) the retailer, three years;*
- (6) the consumer from congressional district 1, 2, 3, or 4, one year;*
- (7) the consumer from congressional district 5, 6, 7, or 8, two years.*

Sec. 30. [ACCOUNT TRANSFER.]

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

Sec. 31. [REPEALER.]

*Minnesota Statutes, chapter 32A, is repealed.*

Sec. 32. [EFFECTIVE DATE.]

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

ARTICLE 11

Section 1. Minnesota Statutes 1985 Supplement, section 17A.04, subdivision 2, is amended to read:

Subd. 2. [APPLICATION.] Any person desiring to carry on the business of a livestock market agency or livestock dealer, or both, or a public stockyard shall make application to the commissioner on a form or forms provided by the commissioner. ~~The form must provide for registration as a livestock buyer under section 386.42.~~

Sec. 2. Minnesota Statutes 1985 Supplement, section 17A.04, subdivision 5, is amended to read:

Subd. 5. [LICENSE FEE.] The applicant shall submit to the commissioner ~~the fee for the county registration as a livestock buyer under subdivision 1a~~ and the following applicable fees and penalties for late renewal:

- (a) \$150 for each livestock market agency and public stockyard license, penalty \$38;
- (b) \$50 for each livestock dealer license, penalty \$13;
- (c) \$30 for each agent of a livestock dealer license, penalty \$10;
- (d) \$50 for each meat packing company license, penalty \$13;
- (e) \$30 for each agent of a meat packing company license, penalty \$10.

Sec. 3. Minnesota Statutes 1985 Supplement, section 336.9-307, is amended to read:

336.9-307 [PROTECTION OF BUYERS OF GOODS.]

- (1) A buyer in ordinary course of business (subsection (9) of section

336.1-201) takes free of a security interest created by his seller even though the security interest is perfected and even though the buyer knows of its existence, except that a buyer in the ordinary course of business who purchases farm products from a person engaged in farming operations is subject to section 223A.01.

(2) In the case of consumer goods, a buyer takes free of a security interest even though perfected if he buys without knowledge of the security interest, for value and for his own personal, family or household purposes unless prior to the purchase the secured party has filed a financing statement covering such goods.

(3) A buyer other than a buyer in ordinary course of business (subsection (1) of this section) takes free of a security interest to the extent that it secures future advances made after the secured party acquires knowledge of the purchase, or more than 45 days after the purchase, whichever first occurs, unless made pursuant to a commitment entered into without knowledge of the purchase and before the expiration of the 45-day period.

#### Sec. 4. [REPEALER.]

*Minnesota Statutes 1985 Supplement, sections 17A.04, subdivision 1a; 27.03, subdivision 2; 223.17, subdivision 1a; 223A.01; and 386.42 are repealed.*

#### Sec. 5. [EFFECTIVE DATE.]

*Sections 1 to 4 are effective September 1, 1986.*

### ARTICLE 12

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

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

#### Sec. 2. [557.11] [DEFINITIONS.]

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

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

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

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

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

*Subd. 2. [PLANTING CROP OWNER'S LIEN.] A planting crop owner has a lien for the crop value that attaches to the crop, crop products, and if the lien is not satisfied under subdivision 3 a lien for the crop value that attaches to the real property where the crop was planted.*

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

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

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

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

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

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

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

#### **Sec. 4. [REPEALER.]**

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

#### **Sec. 5. [EFFECTIVE DATE.]**

*This act is effective the day after final enactment.*

## ARTICLE 13

## Section 1. [17.095] [FARM FINANCIAL AND OWNERSHIP DATA.]

*Subdivision 1. [COLLECTION OF DATA.] The commissioner of agriculture shall collect data on the financial condition of the state's farmers and farm ownership.*

*Subd. 2. [COOPERATION OF STATE AGENCIES.] State agencies and educational institutions, county auditors, county recorders, and sheriffs shall cooperate with and assist the commissioner to collect and analyze farm financial and ownership data.*

*Subd. 3. [REPORT.] (a) The commissioner of agriculture shall report to the legislature by January 15 of each year on the financial condition of the state's farmers and farm ownership. In years that are evenly divisible by five the commissioner must include an analysis of trends that are occurring in the farmers' financial condition and farm ownership. The report must include summary statistics on:*

- (1) the number of farm foreclosures;*
- (2) the degree and extent of delinquent payments on real and personal agricultural production property;*
- (3) the amounts and types of outstanding debt;*
- (4) the interest rate on outstanding debt;*
- (5) amount and changes in farm asset values;*
- (6) amount and changes in farm production expenses including taxes;*
- (7) amount and changes in farm income;*
- (8) the types of farm owners including individuals, general partnerships, limited partnerships, family farm corporations, corporations, and lending institutions, and statistics on how much land each type of owner farms, the manner in which the farm land is acquired and disposed of, and the type of farm operation each type of farm owner conducts; and*
- (9) other information that is helpful to understand the farmers' financial condition and farm ownership.*

*(b) The data must be summarized in the report to the legislature in a manner that complies with the data privacy act.*

## Sec. 2. [17.107] [PREMIUM AGRICULTURAL COMMODITIES.]

*The commissioner of agriculture in cooperation with the export finance authority shall develop and implement a program to facilitate buyers in making contracts with producers and sellers of premium quality agricultural commodities grown, raised, or processed in this state. The commissioner shall determine standards for premium quality agricultural commodities.*

## Sec. 3. [EFFECTIVE DATE.]

*This act is effective the day after final enactment.*

## ARTICLE 14

## Section 1. [550.175] [EXECUTION ON REAL PROPERTY THAT

## INCLUDES HOMESTEAD.]

*Subdivision 1. [NOTIFICATION OF HOMESTEAD DESIGNATION.] If real property is to be sold on execution and the property contains the homestead of the debtor, the debtor must be notified by the executing creditor that the homestead may be sold and redeemed separately from the remaining property. The notice in subdivision 2 must be included in the notice of execution served on the debtor under section 550.19.*

*Subd. 2. [HOMESTEAD DESIGNATION NOTICE.] The following notice must be included in the execution notice of real property containing a homestead that is served on a debtor under section 550.19. The notice must be in 10 point capitalized letters.*

**“THE PROPERTY TO BE SOLD CONTAINS YOUR HOMESTEAD. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.**

**YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND A PORTION OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREASONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.**

**YOU MUST PROVIDE THE CREDITOR CAUSING THIS PROPERTY TO BE SOLD AND THE SHERIFF WITH A COPY OF THE LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED BY FIVE DAYS BEFORE THE DATE THE PROPERTY IS TO BE SOLD.”**

*Subd. 3. [DESIGNATION OF HOMESTEAD PROPERTY.] The debtor must designate the legal description of the homestead property to be sold separately. The homestead property designated may include up to 80 acres. The designation must conform to local zoning, include the dwelling occupied by the debtor, and be compact so that it does not unreasonably affect the value of the remaining property. The debtor must serve a copy of the designation on the executing creditor and the sheriff by five days before the sale is scheduled.*

*Subd. 4. [SALE OF PROPERTY.] If the sheriff receives a homestead property designation under subdivision 3, the sheriff must offer and sell the designated homestead property, and the remaining property, separately.*

*Subd. 5. [REDEMPTION.] The debtor may redeem the designated homestead, the remaining property, or the entire property including the homestead. The period of redemption for the designated homestead or the remaining property is the same as the period of redemption for the entire property including the designated homestead.*

**Sec. 2. [582.041] [FORECLOSURE OF MORTGAGE THAT INCLUDES HOMESTEAD.]**

*Subdivision 1. [NOTIFICATION OF HOMESTEAD DESIGNATION.] If a mortgage on real property is foreclosed and the property contains the homestead of the mortgagor, the mortgagor must be notified by the foreclosing mortgagee that the homestead may be sold and redeemed separately from the remaining property. The notice in subdivision 2 must be included in the notice of foreclosure served on the mortgagor under section 580.04 or*



for a foreclosure by action under chapter 581, in the summons and complaint.

*Subd. 2. [HOMESTEAD DESIGNATION NOTICE.] (a) The following notice must be included in the foreclosure notice of property containing a homestead that is served on the mortgagor under section 580.04. The notice must be in 10 point capitalized letters.*

**"THE PROPERTY TO BE SOLD CONTAINS YOUR HOMESTEAD. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.**

**YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND A PORTION OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREASONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.**

**YOU MUST PROVIDE THE PERSON FORECLOSING ON THE PROPERTY AND THE SHERIFF WITH A COPY OF THE LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED BY FIVE DAYS BEFORE THE DATE THE PROPERTY IS TO BE SOLD."**

*(b) The following notice must be served with the summons and complaint in an action to foreclose a mortgage of property containing a homestead under chapter 581. The notice must be in 10 point capitalized letters.*

**"THE PROPERTY TO BE SOLD CONTAINS YOUR HOMESTEAD. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.**

**YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND A PORTION OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREASONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.**

**YOU MUST PROVIDE THE COURT WITH A LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED."**

*Subd. 3. [DESIGNATION OF HOMESTEAD PROPERTY.] The mortgagor must designate a legal description of the homestead property to be sold separately. The homestead property designated may include up to 80 acres. The designation must conform to local zoning, include the dwelling occupied by the mortgagor, and be compact so that it does not unreasonably affect the value of the remaining property. The mortgagor must serve a copy of the designation on the foreclosing mortgagee and the sheriff by five days before the sale is scheduled, or for a foreclosure by action under chapter 581, a copy of the designation must be provided to the court.*

*Subd. 4. [SALE OF PROPERTY.] If the sheriff receives a homestead property designation under subdivision 3, or is ordered by the court, the sheriff must offer and sell the designated homestead property, and the remaining property, separately.*

*Subd. 5. [REDEMPTION.] The mortgagor may redeem the designated homestead, the remaining property, or the entire property including the*

*homestead. The period of redemption is the period for the entire property including the designated homestead.*

Sec. 3. [REPEALER.]

*Minnesota Statutes 1984, section 582.04, is repealed.*

Sec. 4. [EFFECTIVE DATE.]

*This act is effective 14 calendar days after final enactment and applies to all foreclosures or executions on real property that have foreclosure notices or summons and complaint served on the mortgagor or execution notices served on the debtor on or after the effective date.*

ARTICLE 15

Section 1. Minnesota Statutes 1984, section 169.81, subdivision 2, is amended to read:

Subd. 2. [LENGTH OF VEHICLES.] (a) No single unit motor vehicle, except truck cranes which may not exceed 45 feet, unladen or with load may exceed a length of 40 feet extreme overall dimensions inclusive of front and rear bumpers, except that the governing body of a city is authorized by permit to provide for the maximum length of a motor vehicle, or combination of motor vehicles, or the number of vehicles that may be fastened together, and which may be operated upon the streets or highways of a city; provided, that the permit may not prescribe a length less than that permitted by state law. A motor vehicle operated in compliance with the permit on the streets or highways of the city is not in violation of this chapter.

(b) No single semitrailer may have an overall length, exclusive of non-cargo-carrying accessory equipment, including refrigeration units or air compressors, necessary for safe and efficient operation mounted or located on the end of the semitrailer adjacent to the truck or truck-tractor, in excess of 48 feet, except ~~as provided in paragraph (d) that a single semitrailer may have an overall length in excess of 48 feet if (1) the distance from the kingpin to the centerline of the rear axle group of the semitrailer does not exceed 41 feet, and (2) if the semitrailer is operated only in a combination of vehicles which does not exceed an overall length of 65 feet.~~ No single trailer may have an overall length inclusive of tow bar assembly and exclusive of rear protective bumpers which do not increase the overall length by more than six inches, in excess of 45 feet. For determining compliance with the provisions of this subdivision, the length of the semitrailer or trailer must be determined separately from the overall length of the combination of vehicles.

(c) No semitrailer or trailer used in a three-vehicle combination may have an overall length, exclusive of non-cargo-carrying accessory equipment, including refrigeration units or air compressors, necessary for safe and efficient operation mounted or located on the end of the semitrailer or trailer adjacent to the truck or truck-tractor, and further exclusive of the tow bar assembly, in excess of 28-1/2 feet. The commissioner may not grant a permit authorizing the movement, in a three-vehicle combination, of a semitrailer or trailer that exceeds 28-1/2 feet, except that the commissioner may renew a permit that was granted before April 16, 1984 for the movement of a semitrailer or trailer that exceeds the length limitation in this paragraph.

(d) The commissioner may issue an annual permit for a semitrailer in

excess of 48 feet in length, if the distance from the kingpin to the centerline of the rear axle group of the semitrailer does not exceed 41 feet and if a combination of vehicles, which includes a semitrailer in excess of 48 feet for which a permit has been issued under this paragraph, does not exceed an overall length of 65 feet. The annual fee for a permit issued under this paragraph is \$36.

Sec. 2. Minnesota Statutes 1984, section 169.825, subdivision 11, is amended to read:

Subd. 11. [GROSS WEIGHT SEASONAL INCREASES.] (a) The limitations provided in this section are increased:

(1) by ten percent from January 1 to March 7 each winter, statewide;

(2) by ten percent from December 1 through December 31 each winter in the zone bounded as follows: beginning at Pigeon River in the northeast corner of Minnesota; thence in a southwesterly direction along the north shore of Lake Superior along Trunk Highway No. 61 to the junction with Trunk Highway No. 210; thence westerly along Trunk Highway No. 210 to the junction with Trunk Highway No. 10; thence northwesterly along Trunk Highway No. 10 to the junction with Trunk Highway No. 59; thence northerly along Trunk Highway No. 59 to the junction with Trunk Highway No. 2; thence westerly along Trunk Highway No. 2 to the junction with Trunk Highway No. 32; thence northerly along Trunk Highway No. 32 to the junction with Trunk Highway No. 11; thence northeast along Trunk Highway No. 11 to the east line of Range 43W to the Minnesota-North Dakota border; thence northerly along that border to the Minnesota-Canadian Border; thence easterly along said Border to Lake Superior; and

(3) by ten percent from October 1 to November 30 each year for the movement of sugar beets and potatoes from the field of harvest to the point of the first unloading. The commissioner shall not issue permits under this clause if to do so will result in a loss of federal highway funding to the state.

(b) The duration of a ten percent increase in load limits is subject to limitation by order of the commissioner, subject to implementation of springtime load restrictions, or March 7.

(c) When the ten percent increase is in effect, a permit is required for a motor vehicle, trailer, or semitrailer combination that has a gross weight in excess of 80,000 pounds, an axle group weight in excess of that prescribed in subdivision 10, or a single axle weight in excess of 20,000 pounds and which travels on interstate routes.

(d) In cases where gross weights in an amount less than that set forth in this section are fixed, limited, or restricted on a highway or bridge by or under another section of this chapter, the lesser gross weight as fixed, limited, or restricted may not be exceeded and must control instead of the gross weights set forth in this section.

(e) Notwithstanding any other provision of this subdivision, no vehicle may exceed a total gross vehicle weight of 80,000 pounds on routes which have not been designated by the commissioner under section 169.832, subdivision 11.

Sec. 3. Minnesota Statutes 1984, section 169.86, subdivision 5, is

amended to read:

Subd. 5. [FEES.] The commissioner, with respect to highways under his jurisdiction, may charge a fee for each permit issued. All such fees for permits issued by the commissioner of transportation shall be deposited in the state treasury and credited to the trunk highway fund. Except for those annual permits for which the permit fees are specified elsewhere in this chapter, the fees shall be:

(a) \$15 for each single trip permit.

(b) \$36 for each job permit. A job permit may be issued for like loads carried on a specific route for a period not to exceed two months. "Like loads" means loads of the same product, weight and dimension.

(c) \$60 for an annual permit to be issued for a period not to exceed 12 consecutive months. Annual permits may be issued for:

(1) refuse compactor vehicles that carry a gross weight up to but not in excess of 22,000 pounds on a single rear axle and not in excess of 38,000 pounds on a tandem rear axle;

(2) motor vehicles used to alleviate a temporary crisis adversely affecting the safety or well-being of the public;

(3) motor vehicles which travel on interstate highways and carry loads authorized under subdivision 1a;

(4) motor vehicles operating with gross weights authorized under section 169.825, subdivision 11, paragraph (a), clause (3).

(d) \$120 for an oversize annual permit to be issued for a period not to exceed 12 consecutive months. Annual permits may be issued for:

(1) truck cranes;

(2) construction equipment, machinery, and supplies;

(3) manufactured homes;

(4) farm equipment when the movement is not made according to the provisions of section 169.80, subdivision 1, paragraphs (a) to (f);

(5) double-deck buses;

(6) commercial boat hauling.

(e) for vehicles which have axle weights exceeding the weight limitations of section 169.825, an additional cost added to the fees listed above. The additional cost is equal to the product of the distance traveled times the sum of the overweight axle group cost factors shown in the following chart:

#### Overweight Axle Group Cost Factors

Weight (pounds)	Cost Per Mile For Each Group Of:		
exceeding weight limitations on axles	Two consecutive axles spaced within 8 feet or less	Three consecutive axles spaced within 9 feet or less	Four consecutive axles spaced within 14 feet or less
0-2,000	.100	.040	.036
2,001-4,000	.124	.050	.044
4,001-6,000	.150	.062	.050
6,001-8,000	Not permitted	.078	.056

8,001-10,000	Not permitted	.094	.070
10,001-12,000	Not permitted	.116	.078
12,001-14,000	Not permitted	.140	.094
14,001-16,000	Not permitted	.168	.106
16,001-18,000	Not permitted	.200	.128
18,001-20,000	Not permitted	Not permitted	.140
20,001-22,000	Not permitted	Not permitted	.168

The amounts added are rounded to the nearest cent for each axle or axle group. The additional cost does not apply to paragraph (c), clauses (1) and (3).

(f) As an alternative to paragraph (e), an annual permit may be issued for overweight, or oversize and overweight, construction equipment, machinery, and supplies. The fees for the permit are as follows:

Gross Weight (pounds) of vehicle	Annual Permit Fee
90,000 or less	\$200.00
90,001 - 100,000	\$300.00
100,001 - 110,000	\$400.00
110,001 - 120,000	\$500.00
120,001 - 130,000	\$600.00
130,001 - 140,000	\$700.00
140,001 - 145,000	\$800.00

If the gross weight of the vehicle is more than ~~140,000~~ 145,000 pounds the permit fee is determined under paragraph (e).

(g) for vehicles which exceed the width limitations set forth in section 169.80 by more than 72 inches, an additional cost equal to \$120 added to the amount in paragraph (a) when the permit is issued while seasonal load restrictions pursuant to section 169.87 are in effect.

## ARTICLE 16

Section 1. Minnesota Statutes 1985 Supplement, section 256.73, subdivision 2, is amended to read:

Subd. 2. [ALLOWANCE BARRED BY OWNERSHIP OF PROPERTY.] Ownership by an assistance unit of property as follows is a bar to any allowance under sections 256.72 to 256.87:

(1) The value of real property other than the homestead, which when combined with other assets exceeds the limits of paragraph (2), unless the assistance unit is making a good faith effort to sell the nonexcludable real property. The time period for disposal must not exceed nine months and the assistance unit shall execute an agreement to dispose of the property to repay assistance received during the nine months up to the amount of the net sale proceeds. The payment must be made when the property is sold. If the property is not sold within the required time or the assistance unit becomes ineligible for any reason the entire amount received during the nine months is an overpayment and subject to recovery. For the purposes of this section "homestead" means the house owned and occupied by the child, relative or other member of the assistance unit as his dwelling place, together with the ~~land upon which it is situated in an area no greater than two contiguous lots in a platted or laid out city or town or 80 contiguous acres in rural areas all contiguous lots or acreage upon which it is situated; or~~

(2) Personal property of an equity value in excess of \$1,000 for the entire assistance unit, exclusive of personal property used as the home, one motor

vehicle of an equity value not exceeding \$1,500, one burial plot for each member of the assistance unit, one prepaid burial contract with an equity value of no more than \$1,000 for each member of the assistance unit, clothing and necessary household furniture and equipment and other basic maintenance items essential for daily living, in accordance with rules promulgated by and standards established by the commissioner of human services.

## ARTICLE 17

### Section 1. [APPROPRIATIONS.]

*Subdivision 1. [ADMINISTRATION.] \$300,000 is appropriated from the general fund to the commissioner of agriculture to pay administrative costs of the commission and the farm mediation boards to be available until June 30, 1987. The complement of the department of agriculture is increased by three positions, which may be in the unclassified service.*

*Subd. 2. [LEGAL ASSISTANCE.] \$850,000 is appropriated from the general fund to the supreme court to contract for legal assistance to farmers, to be available until June 30, 1987.*

*Subd. 3. [AGRICULTURAL EXTENSION SERVICE PROJECTS.] \$1,058,700 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, and information exchange for sustainable farming methods including methods that decrease per unit cost of production and increase net income, and forest products marketing.*

*Subd. 4. [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, to be available until June 30, 1987.*

*Subd. 5. [FARM BUSINESS MANAGEMENT APPROPRIATIONS.] \$300,000 is appropriated from the general fund to the state board of vocational technical education for additional farm business management programs.*

*Subd. 6. [WILD RICE RESEARCH.] \$40,000 is appropriated from the general fund to the University of Minnesota agricultural experimental stations for wild rice research to be available until June 30, 1987, as follows:*

<i>(a) for elimination of volunteer seeds</i>	<i>\$10,000</i>
<i>(b) to develop plants resistant to leaf diseases</i>	<i>10,000</i>
<i>(c) to develop higher yielding wild rice</i>	<i>10,000</i>
<i>(d) acquisition and preparation of a peat research site</i>	<i>5,000</i>
<i>(e) approving herbicides and pesticides that will not affect food value of rice</i>	<i>5,000</i>

*Subd. 7. [FARM HUMAN SERVICES.] \$378,000 is appropriated from the general fund to the commissioner of human services to pay the additional costs of assistance authorized by article 16, to be available until June 30, 1987.*

*Subd. 8. [DEBT RESTRUCTURING.] \$4,000,000 is appropriated from the general fund to the commissioner of finance for transfer to the state bond*

*fund to meet debt service costs of the bonds authorized by article 3.*

Sec. 2. Laws 1985, chapter 4, section 10, is amended to read:

Sec. 10. [APPROPRIATION.]

~~\$25,050,000~~ \$7,167,100 is appropriated from the general fund to the commissioner of commerce for the following purposes:

- |                                                                                                                              |                            |
|------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| (a) For payment of interest on existing farm loans under section 5, to be available until June 30, <del>1986</del> 1987      | \$ 9,200,000<br>\$ 710,000 |
| (b) For payment of interest on new farm operating loans under section 6, to be available until June 30, <del>1986</del> 1987 | 15,800,000<br>6,357,100    |
| (c) For administration of sections 4 to 6, to be available until June 30, <del>1986</del> 1987                               | 50,000<br>100,000          |
| (d) If the appropriation for paragraph (b) is insufficient the appropriation for paragraph (a) is available for it.          |                            |

Sec. 3. [EFFECTIVE DATE.]

*This article is effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to agriculture; providing for voluntary and mandatory mediation; authorizing postponement of certain creditor remedies; prescribing conditions for restructuring farm debt; clarifying usury rates for certain agricultural and business loans; extending interest buydown program; authorizing the sale of state bonds; establishing a legal assistance program for farmers; ratifying interstate compact on agricultural grain marketing; providing for continued financing and incentives for agricultural land preservation; prescribing soil and water conservation practices and ordinances; requiring reports; establishing priorities of liens and security interests in farm products; establishing a farm landlord's lien; authorizing certain deficiency judgments and prescribing a procedure to determine the amount of certain agricultural deficiency judgments; establishing a milk marketing and price stabilization program; enforcing unfair dairy trade practices; prescribing conditions to recover crops or the value of crops after an involuntary transfer of property; requiring the collection and reporting of farm financial and ownership data; authorizing facilitation of contracts for premium agricultural commodities; allowing designation of a homestead to be sold under execution or foreclosure separately from remaining property; authorizing trucks hauling sugar beets or potatoes to be overweight during certain periods; amending land ownership requirements for aid to families with dependent children; appropriating money; amending Minnesota Statutes 1984, sections 48.195; 160.27, subdivision 5; 169.81, subdivision 2; 169.825, subdivision 11; 169.86, subdivision 5; 334.01, subdivision 2; 334.011; 336.9-312;

336.9-501; 514.952, subdivision 6; 580.09; 580.23, subdivision 1; Minnesota Statutes 1985 Supplement, sections 17A.04, subdivision 2; 40.20; 40.21, subdivision 1; 40.26; 40.28; 53.04, subdivision 3a; 56.131, subdivision 1; 160.232; 256.73, subdivision 2; 334.021; 473H.10, subdivision 3; 514.952, subdivision 4; and Laws 1985, chapter 4, sections 2; 6, subdivisions 2, as amended, 3, as amended, 4, as amended; 8; 10; and 11; proposing coding for new law in Minnesota Statutes, chapters 17, 40, 40A, 236A, 273, 480, 514, 550, 557, 559, 580, 581, 582, and 583; proposing coding for new law as Minnesota Statutes, chapter 32C; repealing Minnesota Statutes 1984, sections 40.27; 561.11; 561.12; 561.13; 561.14; 561.15; 561.16; 582.04; and chapter 32A; and Minnesota Statutes 1985 Supplement, sections 17A.04, subdivision 1a; 27.03, subdivision 2; 223.17, subdivision 1a; 223A.01; 386.42; and 514.952, subdivision 5."

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. 1515: A bill for an act relating to Ramsey county; authorizing the issuance of bonds for the construction of library buildings and an annual levy for debt retirement.

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

Page 1, after line 6, insert:

"Section 1. [383A.381] [ABSTRACT CLERK.]

*In Ramsey county the office of abstract clerk shall not be elective but be filled by procedures adopted by the county personnel department and shall discharge the functions provided by the county. The last abstract clerk elected shall serve in a position created by the county to perform the functions of the office until the elected term expires or, upon the expiration of the term, until a successor is appointed and qualified and shall not before age 70 be disqualified from appointment because of age."*

Page 2, after line 8, insert:

"Sec. 4. [REPEALER.]

*Minnesota Statutes 1984, section 383A.38, is repealed."*

Renumber the sections in sequence

Correct the internal references

Amend the title as follows:

Page 1, line 4, after "retirement" insert "; providing for an appointed county abstract clerk; proposing coding for new law in Minnesota Statutes, chapter 383A; repealing Minnesota Statutes 1984, section 383A.38"

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

## SECOND READING OF SENATE BILLS

S.F. Nos. 2178, 1925, 2233, 1593, 1610, 2104, 2249 and 1672 were read the second time.



**SECOND READING OF HOUSE BILLS**

H.F. No. 2143 was read the second time.

**MOTIONS AND RESOLUTIONS**

Mr. Peterson, R.W. moved that the name of Mr. Lessard be added as a co-author to S.F. No. 723. The motion prevailed.

Mr. Dicklich moved that the name of Mr. Lessard be added as a co-author to S.F. No. 1832. The motion prevailed.

Mr. Peterson, R.W. moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1854. The motion prevailed.

Mr. Merriam moved that the name of Mr. Laidig be added as a co-author to S.F. No. 1952. The motion prevailed.

Mr. Davis moved that the name of Mr. Stumpf be added as a co-author to S.F. No. 2178. The motion prevailed.

Mr. Peterson, C.C. moved that the name of Mr. Lessard be added as a co-author to S.F. No. 2215. The motion prevailed.

Mr. Benson moved that the name of Mr. Bertram be added as a co-author to S.F. No. 2282. The motion prevailed.

Messrs. Johnson, D.J. and Dicklich introduced—

Senate Resolution No. 121: A Senate resolution proclaiming June 21, 1986, to be Save American Industry and Jobs Day in Minnesota.

Referred to the Committee on Rules and Administration.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate proceed to the Order of Business of Introduction and First Reading of Senate Bills. The motion prevailed.

**INTRODUCTION AND FIRST READING OF SENATE BILLS**

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

Mr. Pehler introduced—

S.F. No. 2293: A bill for an act relating to unemployment compensation; regulating benefits and contribution rates; appropriating money; amending Minnesota Statutes 1984, sections 268.04, subdivisions 2, 4, 24, 25, and by adding subdivisions; 268.06, subdivisions 2, 3a, 8, and by adding a subdivision; 268.07, subdivisions 2, 2a, and 3; 268.071, subdivision 1; 268.09, subdivisions 1 and 2; 268.10, subdivisions 1 and 2; 268.12, subdivision 8; 268.121; 268.16, subdivision 2, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 268.0111, by adding a subdivision; 268.08, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 268; repealing Minnesota Statutes 1984, section 268.04, subdivisions 8, 29, and 30.

Referred to the Committee on Rules and Administration.

Mr. Dieterich introduced—

S.F. No. 2294: A bill for an act relating to horse racing; prohibiting certain betting practices; prescribing penalties; amending Minnesota Statutes 1984, sections 240.25, subdivision 2; and 240.26, subdivisions 1 and 2.

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

Mr. Pehler introduced—

S.F. No. 2295: A bill for an act relating to game and fish; authorizing certain disabled federal employees to fish without licenses; amending Minnesota Statutes 1984, section 98.47, subdivision 17.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Novak; Peterson, C.C.; Petty; Laidig and Sieloff introduced—

S.F. No. 2296: A bill for an act relating to property taxes; changing the method of valuing certain residential real estate; amending Minnesota Statutes 1984, section 273.11, subdivisions 1 and 9, and by adding a subdivision.

Referred to the Committee on Taxes and Tax Laws.

Mr. Dahl introduced—

S.F. No. 2297: A bill for an act relating to water; establishing a deadline for the formation of certain watershed management organizations; amending Minnesota Statutes 1984, section 473.878, by adding a subdivision.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Jude introduced—

S.F. No. 2298: A bill for an act relating to the statute of limitations; providing a limitation on actions against land surveyors; proposing coding for new law in Minnesota Statutes, chapter 541.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Samuelson, Knutson and Dicklich introduced—

S.F. No. 2299: A bill for an act relating to human services; providing for an increase in medical assistance reimbursement for services at developmental achievement centers; amending Minnesota Statutes 1985 Supplement, section 256B.501, subdivision 5.

Referred to the Committee on Health and Human Services.

Messrs. Hughes, Knutson and Samuelson introduced—

S.F. No. 2300: A bill for an act relating to human services; eliminating supportive living residences as residential care facilities for persons with mental illness; providing for the establishment of a third-level of care for persons with mental illness; directing the commissioner of human services to review and alter rules relating to residential care facilities for persons with

mental illness; amending Minnesota Statutes 1984, sections 245.782, subdivisions 2 and 6; 245.802, by adding a subdivision; repealing Minnesota Statutes 1984, section 245.802, subdivision 1a.

Referred to the Committee on Health and Human Services.

Messrs. Novak; Peterson, C.C. and Johnson, D.J. introduced—

S.F. No. 2301: A bill for an act relating to taxation; property; allowing certain property owners to appeal assessments directly to the tax or district court; amending Minnesota Statutes 1985 Supplement, sections 271.01, subdivision 5; and 278.01, subdivision 1.

Referred to the Committee on Taxes and Tax Laws.

Mr. Peterson, C.C. introduced—

S.F. No. 2302: A bill for an act relating to taxation; requiring withholding from payments to out-of-state contractors; proposing coding for new law in Minnesota Statutes, chapter 270.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Samuelson, Bertram and Davis introduced—

S.F. No. 2303: A bill for an act relating to the environment; disapproving a nuclear waste repository in Minnesota; proposing coding for new law in Minnesota Statutes, chapter 116C.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Peterson, C.C.; Johnson, D.J.; Novak; Kroening and Solon introduced—

S.F. No. 2304: A bill for an act relating to taxation; providing for the taxation of lawful gambling; making unlicensed wholesaling of gambling equipment a felony; exempting certain lawful gambling from licensing and taxation; providing a penalty; amending Minnesota Statutes 1984, sections 349.12, by adding a subdivision; 349.212, by adding a subdivision; 349.214, subdivision 2, and by adding a subdivision; 349.22; 349.31, subdivision 1; and 609.761; Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 349.

Referred to the Committee on Taxes and Tax Laws.

Mr. Willet, for the Committee on Finance, introduced—

S.F. No. 2305: A bill for an act relating to the financing of government in this state; reducing appropriations for the biennium ending June 30, 1987, with certain conditions; imposing various cost-saving measures; creating, modifying, transferring, and abolishing agencies and functions; providing for the transfer of money in the state treasury; establishing and increasing fees; appropriating money with certain conditions; amending Minnesota Statutes 1984, sections 15.06, subdivision 1; 15.38, subdivision 3; 16A.01, subdivision 2; 16A.641, by adding subdivisions; 16A.72; 16B.07, subdivisions 3 and 4; 16B.08, subdivision 4; 16B.09, subdivision 1; 43A.08, subdivision

1a; 43A.17, subdivision 9; 89.17; 116C.03, subdivisions 2, 4, and 5; 116J.61; 116J.873, subdivision 1; 116K.03, subdivision 2; 116K.04; 124.71, subdivision 2; 136.14; 136C.35; 144.335, subdivision 1; 144.699, subdivision 2; 144A.51, subdivision 6, and by adding a subdivision; 144A.52, subdivision 3; 144A.53, subdivisions 1; 2, 3, and 4; 144A.54, subdivision 1; 145.915, by adding a subdivision; 162.06, subdivision 1; 162.12, subdivision 1; 176.183, subdivisions 1, 1a, and 2; 176.603; 176.611, subdivision 2; 179A.03, subdivisions 14, 15, and by adding a subdivision; 179A.05, subdivision 6; 179A.13, by adding a subdivision; 179A.16, subdivisions 4 and 8; 179A.21, subdivision 2; 183.375; 183.42; 183.44; 183.45; 183.466; 183.501; 183.505; 183.52; 183.54; 183.57; 183.59; 197.481, by adding subdivisions; 256.045, subdivision 3, and by adding a subdivision; 256.871, subdivision 2; 256.969, by adding a subdivision; 256B.02, subdivision 7, and by adding a subdivision; 256B.04, by adding a subdivision; 256B.05, subdivision 1; 256B.064, subdivisions 1a and 1c; 256B.27, subdivisions 3 and 4, and by adding a subdivision; 256B.37; 256B.431, subdivision 1, and by adding a subdivision; 256B.433; 256B.48, subdivision 1; 256B.69, subdivision 4; 256D.43; 271.01, by adding a subdivision; 297B.09, subdivision 2; 298.22, subdivision 3; 326.47, subdivisions 1 and 6; 343.29, subdivision 1; 357.08; 363.071, subdivision 2; 364.09; 401.14, subdivision 3; 462.384, subdivision 7; 518C.02, subdivision 3; and 525.56, subdivision 3; Minnesota Statutes 1985 Supplement, sections 3C.12, subdivisions 2 and 7; 15A.081, subdivisions 1 and 8; 92.50; 116.18, subdivision 3a; 116M.06, subdivision 3; 136A.02, subdivision 7; 136C.07, subdivision 5a; 168.012, subdivision 1; 168.12, subdivisions 1 and 5; 179A.04, subdivision 3; 256.01, subdivision 2; 256.871, subdivision 4; 256.969, subdivision 2; 256B.06, subdivision 1; 256B.0641; 256B.091, subdivision 4; 256B.501, by adding a subdivision; 256D.05, subdivision 1; 256D.051, subdivisions 1, 6, and by adding a subdivision; 256D.37, subdivision 1; 270A.07, subdivision 1; 325E.0951, by adding a subdivision; 474.19, subdivisions 3 and 4; 609.101; and 626.557, subdivision 2; Laws 1985, First Special Session chapters 9, article 2, section 105; 12, article 6, section 28, subdivision 20; 13, section 45; and section 219, subdivisions 2 and 5; proposing coding for new law in Minnesota Statutes, chapters 16A; 16B; 84; 116J; 116L; 135A; 136A; 144A; 145; 179A; 197; 256; 256B; 271; 336; and 518; proposing coding for new law as Minnesota Statutes, chapter 116N; repealing Minnesota Statutes 1984, sections 116K.01; 116K.02; 116K.03, subdivision 3; 176.265; 176.611, subdivisions 3 and 4; 343.01, as amended; 343.06; 343.08; 518.551, subdivision 8; Minnesota Statutes 1985 Supplement, sections 116J.951; 116J.955; 116J.961; subdivisions 7, 8, 9, and 10; and 473.351, subdivision 5.

Under the Rules of the Senate, laid over one day.

### MEMBERS EXCUSED

Mr. Hughes was excused from the Session of today from 5:00 to 6:00 p.m. and from 7:00 to 9:15 p.m. Mr. Willet was excused from the Session of today from 5:15 to 6:15 p.m. Mr. Berg was excused from the Session of today from 6:00 to 6:30 p.m. Mr. Bernhagen was excused from the Session of today at 6:30 p.m. Mr. Lessard was excused from the Session of today at 7:00 p.m. Mr. Moe, D. M. was excused from the Session of today from 7:00 to 8:00

p.m. Mr. Freeman was excused from the Session of today from 7:00 to 9:15  
p.m. Ms. Reichgott was excused from the Session of today from 7:45 to 8:10  
p.m. Ms. Peterson, D. C. was excused from the Session of today at 9:00  
p.m.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:00 a.m.,  
Friday, March 7, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate