

EIGHTY-FOURTH DAY

St. Paul, Minnesota, Wednesday, March 12, 1986

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

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Roger Carroll.

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

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

The President declared a quorum present.

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the adoption by the House of the following House Concurrent Resolution, herewith transmitted:

House Concurrent Resolution No. 15: A House concurrent resolution establishing days of remembrance of the victims of the Holocaust.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 11, 1986

Mr. Moe, R.D. moved that House Concurrent Resolution No. 15 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1958, 2130, 1863, 1990, 2080, 2195, 2405 and 1875.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 11, 1986

FIRST READING OF HOUSE BILLS

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

H.F. No. 1958: A bill for an act relating to crime victims; providing increased protections and rights to victims of crime; providing new procedures for enforcing restitution orders; establishing local victim-witness assistance programs; making a variety of changes to the crime victims reparations act; increasing the membership of the crime victim and witness advisory council; amending Minnesota Statutes 1984, sections 609.115, subdivision 1c; 609.135, by adding a subdivision; 611A.03, subdivision 1; 611A.04, subdivision 2; 611A.06; 611A.53, subdivision 1, and by adding a subdivision; 611A.57, by adding a subdivision; and 611A.61; and Minnesota Statutes 1985 Supplement, sections 609.101; 611A.52; 611A.53, subdivision 2; 611A.54; 611A.56, subdivision 1; 611A.71, subdivisions 1 and 2; and 631.046; proposing coding for new law in Minnesota Statutes, chapter 611A.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1953, now on General Orders.

H.F. No. 2130: A bill for an act relating to public safety; regulating transportation of firearms and bows; amending Minnesota Statutes 1984, section 100.29, subdivision 5.

Referred to the Committee on Agriculture and Natural Resources.

H.F. No. 1863: A bill for an act relating to crimes; clarifying the crime of failing to file a tax return; creating a presumption that property acquired during the course of certain crimes are "proceeds" of the crime for purposes of forfeiture law; providing protection for crime victims against adverse employer actions; amending Minnesota Statutes 1985 Supplement, sections 290.92, subdivision 15; and 609.531, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 611A.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1770.

H.F. No. 1990: A bill for an act relating to local government; authorizing home rule charter or statutory cities to establish economic development districts; granting powers to cities and authorities; amending Minnesota Statutes 1984, sections 116D.04, subdivision 1a; 117.521, subdivision 3; 272.01, subdivision 2; 273.72; 273.73, subdivisions 2 and 8; 273.86, subdivision 1; 355.11, subdivision 5; 462C.02, subdivisions 6 and 9; 471.88, subdivisions 1, 9, and 11; 474.02, subdivision 3; and 474.16, subdivision 2; Minnesota Statutes 1985 Supplement, sections 273.75, subdivision 4; 353.01, subdivi-

sion 2a; 395.08; 462C.12, subdivision 2; and 472B.04; proposing coding for new law in Minnesota Statutes, chapter 458; and proposing coding for new law as Minnesota Statutes, chapter 458C.

Referred to the Committee on Taxes and Tax Laws.

H.F. No. 2080: A bill for an act relating to agriculture; declaring state policy relating to paddy-grown rice; amending Minnesota Statutes 1985 Supplement, sections 92.50, subdivision 1; 92.501, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 30.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1967.

H.F. No. 2195: A bill for an act relating to the city of McIntosh; authorizing the city to issue bonds in excess of its net debt limitations.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1998, now on General Orders.

H.F. No. 2405: A bill for an act relating to elections in the city of Minneapolis; changing the time of election of certain board members; extending certain terms.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1985, now on General Orders.

H.F. No. 1875: A bill for an act relating to health; creating a public corporation to provide health care services, education, and research; providing for governance of St. Paul Ramsey Medical Center and creation of a physicians and dentists subsidiary; proposing coding for new law as Minnesota Statutes, chapter 246A; repealing Minnesota Statutes 1984, section 383A.41, as amended.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1710, 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. Spear from the Committee on Judiciary, to which was referred

S.F. No. 1770: A bill for an act relating to crimes; clarifying the crime of failing to file a tax return; creating a presumption that property acquired during the course of certain crimes are "proceeds" of the crime for purposes of forfeiture law; providing a court procedure to freeze bank funds of persons charged with certain crimes; amending Minnesota Statutes 1985 Supplement, sections 290.92, subdivision 15; and 609.531, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 609.

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

Page 1, after line 12, insert:

"Section 1. Minnesota Statutes 1984, section 260.155, is amended by

adding a subdivision to read:

Subd. 1a. [RIGHT TO PARTICIPATE IN PROCEEDINGS.] A child who is the subject of a petition, and the parents, guardian, or custodian of the child, and any grandparent of the child with whom the child has resided within the past two years, have the right to participate in all proceedings on a petition.

Sec. 2. Minnesota Statutes 1984, section 260.155, is amended by adding a subdivision to read:

Subd. 1b. [EFFECTIVE ASSISTANCE OF COUNSEL.] Any party who has a right to participate in proceedings on a petition, as provided under subdivision 1a, has the right to effective assistance of counsel at all stages of the court proceedings. If a party who is not otherwise entitled to appointed counsel as provided under subdivision 1c or 1d wants the assistance of counsel but cannot afford it, the court may appoint counsel to assist the party. Payment for appointed counsel is governed by section 260.251, subdivision 4.

Sec. 3. Minnesota Statutes 1984, section 260.155, is amended by adding a subdivision to read:

Subd. 1c. [CHILD'S RIGHT TO BE REPRESENTED BY COUNSEL AT COURT PROCEEDINGS.] (a) [DEFINITIONS.] For the purposes of this subdivision:

(1) "counsel" means an attorney acting as adversary counsel who shall advance and protect the legal rights of the child, and who may not act as guardian ad litem for the child in the same proceeding; and

(2) "totality of circumstances" includes but is not limited to the child's age, maturity, intelligence, education, experience, and ability to comprehend, and the presence and competence of the child's parents, guardian, or guardian ad litem.

(b) [RIGHT TO COUNSEL.] A child who is subject to the court's jurisdiction under section 260.111, except cases involving a minor traffic offense as defined in section 260.193, subdivision 1, has the right to be represented by counsel at every stage of the court proceedings. If the child wants to be represented by counsel but cannot afford it, the child is entitled to have counsel appointed by the court to represent the child. Payment for appointed counsel is governed by section 260.251, subdivision 4.

(c) [ADVISORY OF RIGHT TO COUNSEL.] A child who is subject to the court's jurisdiction under section 260.111 in cases involving delinquency, dependency, or neglect shall be advised of the right to counsel by an attorney who is not employed by or acting as an agent of the county attorney or the court at the start of the child's first court proceeding. In all other cases where a child has the right to be represented by counsel under this subdivision, the child must be advised by the court on the record of the right to counsel at the start of the child's first court proceeding.

(d) [WAIVER OF RIGHT TO COUNSEL.] A child may waive the right to counsel only after having been advised of this right in the manner provided in paragraph (c). If the child chooses to waive the right to counsel, the attorney who advised the child under paragraph (c), if applicable under that para-

graph, shall inform the court of the child's waiver at the child's first court hearing. The court may accept the child's waiver only if the waiver is made voluntarily and intelligently. In determining whether a child has voluntarily and intelligently waived the right to counsel the court shall look at the totality of circumstances. If the court accepts a child's waiver of the right to counsel, the court shall advise the child on the record of the right to counsel at the beginning of each subsequent stage of the court proceedings at which the child is not represented by counsel. If the court accepts the child's waiver, it shall state on the record the findings and conclusions that form the basis for its decision to accept the waiver.

Sec. 4. Minnesota Statutes 1984, section 260.155, is amended by adding a subdivision to read:

Subd. 1d. [PARENT'S, GUARDIAN'S, OR CUSTODIAN'S RIGHT TO BE REPRESENTED BY COUNSEL AT COURT PROCEEDINGS.] The parent, guardian, or custodian of a child who is subject to the court's jurisdiction under section 260.111 in cases involving dependency, neglect, neglected and in foster care, termination of parental rights, and review of out-of-home placement has the right to be represented by counsel at all stages of the court proceedings. If the parent, guardian, or custodian wants to be represented by counsel but cannot afford it, such person is entitled to have counsel appointed by the court to represent the person. Payment for appointed counsel is governed by section 260.251, subdivision 4.

Sec. 5. Minnesota Statutes 1984, section 260.251, subdivision 4, is amended to read:

Subd. 4. [ATTORNEYS FEES.] In proceedings in which the court has appointed counsel pursuant to section 260.155, ~~subdivision 2, for a minor unable to employ counsel,~~ the court may inquire into the ability of the child and the child's parents, grandparents, guardian, or custodian to pay for such the counsel's services and, after giving the parents a reasonable opportunity to be heard, may order the child or the child's parents, grandparents, guardian, or custodian to pay attorneys fees in whole or in part."

Page 3, line 6, strike "make and"

Page 3, line 7, after "returns" insert a comma

Page 3, line 9, after "who" insert "attempts to evade the tax by (i)" and strike "fails" and insert "failing"

Page 3, line 9, strike "or" and strike "make and" and insert a comma

Page 3, line 10, strike "quarterly" and after "return" insert a comma

Page 3, line 11, delete "makes or files" and insert "(ii) willfully preparing or filing" and delete "quarterly" and delete "or" and strike "attempts to evade"

Page 3, line 12, strike "or defeat the tax"

Page 5, line 2, before "Proceeds" insert "(a)"

Page 5, line 8, strike "(a)" and insert "(1)"

Page 5, line 15, strike "(b)" and insert "(2)"

Page 5, line 22, strike "(c)" and insert "(3)"

Page 5, line 28, strike "(d)" and insert "(4)"

Page 5, delete lines 33 to 36 and insert:

"(b) Any property acquired during or after the commission of the designated offense shall be presumed to be proceeds derived from or traced to the commission of a designated offense and subject to forfeiture under paragraph (a)."

Page 6, delete line 1

Page 6, line 2, delete "proceeds."

Pages 6 and 7, delete section 3 and insert:

"Sec. 8. [REPEALER.]

Minnesota Statutes 1984, sections 260.155, subdivision 2, and 609.405, are repealed."

Page 7, line 31, delete "3" and insert "7"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "providing for the right to counsel in juvenile proceedings in certain instances;"

Page 1, line 6, delete everything after the semicolon

Page 1, line 7, delete everything before "amending" and insert "repealing the crime of criminal syndicalism;"

Page 1, line 7, after "amending" insert "Minnesota Statutes 1984, sections 260.155, by adding subdivisions; 260.251, subdivision 4; and"

Page 1, line 9, delete "proposing"

Page 1, delete line 10 and insert "repealing Minnesota Statutes 1984, sections 260.155, subdivision 2; and 609.405."

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

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

S.F. No. 2256: A bill for an act relating to taxation; property; requiring the state and local units of government to provide notification of tax liability being assumed by certain lessees or users of public property; amending Minnesota Statutes 1984, section 272.01, subdivision 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. [CITY OF MINNEAPOLIS; PROPERTY TAX FORGIVENESS.]

Notwithstanding any other law to the contrary, the city of Minneapolis, by

resolution or ordinance of the city council, may forgive liability for the tax imposed by section 272.01, subdivision 2, relating to property leased by the Minneapolis community development agency during the years 1981 to 1984, situated in the city of Minneapolis, county of Hennepin, state of Minnesota, described as: all of tracts A, B, and C, Registered Land Survey No. 410, and all of block 2, subdivision of block 39, St. Anthony Falls, except those parts of lots 19 and 20 upon which the structure identified as 11 - 13 Second Street Southeast is situated.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Amend the title as follows:

Page 1, delete lines 2 to 6 and insert "relating to the city of Minneapolis; authorizing forgiveness of certain property taxes."

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

Mr. Willet from the Committee on Finance, to which was referred

S.F. No. 164: A bill for an act relating to claims against the state; providing for payment of various claims; appropriating money.

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

Page 1, after line 14, insert:

"Rodney P. Kephart, P.O. Box 252, Stanley, North Dakota 58784_____ \$400.

Everett Oolman, Rte. 1, Box 98AH, Fulda, Minnesota 56131_____ \$400.

Lyle F. Redmond, 4434-41st Avenue South, Minneapolis, Minnesota 55406_____ \$275.

Loren C. Smith, Sr., 5521-79th Street, Sacramento, California 95820_____ \$400."

Page 1, delete lines 17 and 18 and insert:

"Edward Beckett (beneficiary), 1294 West Front Street, Lincroft, New Jersey 07738_____ \$80."

Page 1, after line 22, insert:

"Viola Leipzig (beneficiary), 5257 Lost Creek Road, Shingle Springs, California 95682_____ \$80."

Page 2, after line 2, insert:

"Lillian McGee (beneficiary), 1940 Peosta, Helena, Montana 59601_____ \$80."

Page 2, after line 4, insert:

"Lucille Ripplinger (beneficiary), 912-9th Street, Cloquet, Minnesota

55720_____ \$80.

James L. Westphal, 3852 Minuteman Lane, Lexington, Minnesota
55112_____ \$157.50.

Eleanor Wong (beneficiary), 556 Broadway, Helena, Montana
59601_____ \$80."

Page 2, line 5, after "[VIETNAM SERVICE.]" insert "Roy J. Alder, Box
222, Audubon, Minnesota 56511_____ \$300."

Page 2, after line 6, insert:

"William R. Barnes, 1049-1/2 South Norton Avenue, Los Angeles, Cali-
fornia 90019_____ \$600."

Page 2, after line 8, insert:

"Thomas L. Blake, 622 South 10th Street, #4, Moorhead, Minnesota
56560_____ \$300."

Page 2, after line 12, insert:

"Clifton Curtis, Jr., 925-30th Avenue South, #102, Minneapolis, Minne-
sota 55406_____ \$300.

Anthony T. Fronk, 832 Case Avenue, Apartment-Up, St. Paul, Minnesota
55106_____ \$105."

Page 2, after line 14, insert:

"Harley J. Goodman, 2832 Chicago Avenue South, #102, Minneapolis,
Minnesota 55407_____ \$300.

Donald N. Grattan, Route 3, Box 335, Brainerd, Minnesota
56401_____ \$600.

Julie Ann Harris, P.O. Box 354, Pinewood, Minnesota
56664_____ \$100.

Albertha Hill (beneficiary), 103 DeAnn Street, Crystal Springs, Missis-
sippi 39083_____ \$1,000.

Joseph F. Holstein, Schley Route, Cass Lake, Minnesota
56633_____ \$100."

Page 2, after line 16, insert:

"Donald H. Hutchins, 1205 Main Prairie Road, St. Cloud, Minnesota
56301_____ \$300."

Page 2, after line 18, insert:

"Jon F. Jennings, 1260 Oakview Drive, #4, St. Charles, Minnesota
55972_____ \$195."

Page 2, after line 22, insert:

"Randall A. LaKosky, P.O. Box 1188, Virginia, Minnesota
55792_____ \$255.

Ronald F. Lawrence, 1200 East 18th Street, Hastings, Minnesota
55033_____ \$180."

Page 2, after line 26, insert:

"James A. Martin, 2118 Senate Drive, Bismarck, North Dakota 58501_____ \$100.

Robert D. McMahon, c/o Johnson Accounting Service, 780 East 7th Street, St. Paul, Minnesota 55106_____ \$285.

Bruce D. McPhee, P.O. Box 75634, St. Paul, Minnesota 55175_____ \$225.

David H. Mueller, 1712 West 82nd Street, Inver Grove Heights, Minnesota 55075_____ \$600."

Page 2, after line 28, insert:

"Wayne R. Naplin, Star Rt., Box 63, Chesaw-Oroville, Washington 98844_____ \$600."

Page 2, after line 31, insert:

"Harold B. Oen, 2821 Idaho Avenue North, Crystal, Minnesota 55427_____ \$210."

Page 2, after line 33, insert:

"William A. Olson, 103-17th Street, Cloquet, Minnesota 55720_____ \$165."

Page 2, after line 35, insert:

"Richard A. Pedersen, 6120 Oxboro Avenue North, #222, Stillwater, Minnesota 55082_____ \$195.

Alton A. Peterson, 17527 Cherry Drive, Eden Prairie, Minnesota 55344_____ \$300.

Lyall B. Peterson, Box 182, Anoka, Minnesota 55303_____ \$105.

Steven M. Peterson, 9408 Elliot Avenue South, Bloomington, Minnesota 55420_____ \$100."

Page 3, after line 5, insert:

"William E. Tolrud, RR 2, Deer River, Minnesota 56636_____ \$105.

Sec. 2. [OTHER GENERAL FUND CLAIMS.]

Subdivision 1. The sums set forth in this section are appropriated from the general fund to the persons named in this section in full and final payment of claims against the state. This appropriation is available until June 30, 1987.

Subd. 2. Steven R. Hamberg, c/o Paulette Calderon, Freeborn County Department of Court Services, Courthouse, Albert Lea, Minnesota 56007, for medical expenses incurred while claimant was doing court-ordered community service restitution_____ \$276.95.

Subd. 3. Rufus L. Hare, 1819 Plymouth Avenue North, Minneapolis, Minnesota 55411, for an injury received while doing his assigned tasks at Minnesota correctional facility-Stillwater, which resulted in a permanent partial disability of his right hand_____ \$2,142.00.

Subd. 4. Dudley L. Johnson, 911 Oakland Park Road, P. O. Box 716,

Thief River Falls, Minnesota 56701, to replace the prosthetic arm he has been using since he lost his right arm while doing his assigned tasks at the Minnesota correctional facility-Red Wing, in 1955. This appropriation is to the commissioner of corrections to pay the necessary expenses related to replacing the arm and maintaining it in proper working order, to remain available until expended and without prejudice to future claims for future medical and prosthetic expenses._____ \$10,000.00.

Subd. 5. Robert Letourneau, No. 119469, Minnesota Correctional Facility-St. Cloud, Box B, St. Cloud, Minnesota 55301, for an injury received while doing his assigned tasks at Minnesota Correctional Facility-St. Cloud, which resulted in a permanent partial disability of his left thumb_____ \$1,000.00.

Subd. 6. Richard Love, c/o Lynnette Gagne, Restitution Coordinator, St. Louis County Division, Courthouse, Duluth, Minnesota 55802, for medical expenses for an injury claimant received while doing court-ordered community service restitution_____ \$34.95.

Subd. 7. Overgaard, Oscar T., Route 2, Luverne, Minnesota 56156, indemnity for cattle destroyed to prevent the spread of brucellosis_____ \$5,000.00.

Subd. 8. RAM, a Scott County Juvenile, c/o Dennis Miller, Scott County Probation Officer, Suite 207, Courthouse, Shakopee, Minnesota 55379, for medical expenses for an injury claimant received while doing court-ordered community service restitution_____ \$22.00.

Subd. 9. Rodgers, Johnnie B., No. 111113, Minnesota Correctional Facility-Stillwater, Box 55, Stillwater, Minnesota 55082, for a pair of shoes that were medically necessary because of an injury received while doing his assigned tasks at Minnesota Correctional Facility-Stillwater_____ \$32.00.

Subd. 10. Todd County Wetlands Hearings Unit, c/o Robert Mostad, Chairman, Route 2, Box 49, Osakis, Minnesota 56360, for legal fees incurred in the state's appeal of the Hearings Unit's decision_____ \$16,566.82.

Subd. 11. Triebwasser, Amidon W., Box 172, Cotton, Minnesota 55724, indemnity for bison destroyed to prevent the spread of tuberculosis_____ \$3,040.00.

Subd. 12. Brad D. Ward, 6300 Morgan Avenue South, Richfield, Minnesota 55423, for medical expenses for an injury claimant received when attacked by another inmate at Minnesota correctional facility-Stillwater. This appropriation is to the commissioner of corrections to pay the necessary expenses to complete facial surgery when it is performed_____ \$2,000.00.

Subd. 13. City of Wayzata, 600 Rice Street, Wayzata, Minnesota 55391, for unemployment compensation benefits paid as ordered by a referee, whose order was finally reversed on appeal_____ \$4,775.00.

Sec. 3. [TRUNK HIGHWAY FUND CLAIMS.]

Subdivision 1. The sums set forth in this section are appropriated from the

trunk highway fund to the commissioner of transportation for payment to the persons named in this section in full and final payment of claims against the state. This appropriation is available until June 30, 1987.

Subd. 2. Township of Breitung, Box 56, Soudan, Minnesota 55782, as a refund of amounts paid for reconveyance of land that had been conveyed to the state for one dollar_____ \$500.00.

Subd. 3. City of Chisago City, 29246 Old Towne Road, Chisago City, Minnesota 55013, for costs incurred in acquiring land to build a frontage road north of U.S. highway 8_____ \$110,000.00.

Subd. 4. Culdrum Township, Swanville Township, City of Swanville, Route 2, Box 130, Little Falls, Minnesota 56345, for repairs to town and city roads necessitated by excess traffic caused by the closure of a state highway for construction_____ \$3,470.56.

Sec. 4. [GAME AND FISH FUND CLAIM.]

Subdivision 1. The sum set forth in this section is appropriated from the game and fish fund to the Commissioner of Natural Resources for payment to the person named in this section in full and final payment of claims against the state. This appropriation is available until June 30, 1987.

Subd. 2. Morey's Fish Company, P.O. Box 248, Motley, Minnesota 56466, for loss of value to a commercial fish warehouse and processing plant due to the elimination of commercial fishing on Lake of the Woods_____ \$27,500.00."

Page 3, line 6, delete "2" and insert "5"

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

Mr. Willet from the Committee on Finance, to which was re-referred

S.F. No. 1814: A bill for an act relating to health and human services; establishing a task force on long-term care planning; requiring the commissioner of health to monitor transitional care; authorizing use of swing beds by patients transferred from hospitals located outside of the patient's community; modifying the preadmission screening program; establishing requirements for medical assistance rate appeals procedures for intermediate care facilities; requiring a study of geographic groupings of nursing homes; amending Minnesota Statutes 1985 Supplement, sections 144.562, subdivision 3; 144.563; 256B.091, subdivisions 2, 4, 5, and 8; and 256B.501, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 144A.

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

Page 3, line 17, delete everything after the period

Page 3, delete lines 18 and 19

Page 4, line 36, delete the new language and after the period, insert "Under appropriate circumstances, the screening may be conducted by one member of the screening team in consultation with the other member."

Page 9, after line 27, insert:

"Sec. 8. Minnesota Statutes 1985 Supplement, section 256B.48, subdivision 1b, is amended to read:

Subd. 1b. [EXCEPTION.] Notwithstanding any agreement between a nursing home and the department of human services or the provisions of this section or section 256B.411, other than subdivision 1a of this section, the commissioner may authorize continued medical assistance payments to a nursing home which ceased intake of medical assistance recipients prior to July 1, 1983, and which charges private paying residents rates that exceed those permitted by subdivision 1, paragraph (a), for (i) residents who resided in the nursing home before July 1, 1983, or (ii) residents for whom the commissioner or any predecessors of the commissioner granted a permanent individual waiver prior to October 1, 1983. *Nursing homes seeking continued medical assistance payments under this subdivision shall make the reports required under subdivision 2, except that on or after December 31, 1985, the financial statements required need not be audited by or contain the opinion of a certified public accountant or licensed public accountant, but need only be reviewed by a certified public accountant or licensed public accountant.* In the event that the state is determined by the federal government to be no longer eligible for the federal share of medical assistance payments made to a nursing home under this subdivision, the commissioner may cease medical assistance payments, under this subdivision, to that nursing home."

Page 11, line 10, delete "8" and insert "9"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, after the semicolon, insert "changing financial statement certification requirements for nursing homes that are phasing out of the medical assistance program;"

Page 1, line 14, after the first semicolon, insert "256B.48, subdivision 1b;"

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

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

S.F. No. 1584: A bill for an act relating to taxation; providing that nonresident entertainers are exempt from the income tax; amending Minnesota Statutes 1984, section 290.92, subdivision 4a; and Minnesota Statutes 1985 Supplement, sections 290.01, subdivision 20b; and 290.17, subdivision 2.

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

Pages 1 to 3, delete section 1

Page 4, line 14, reinstate the stricken language

Page 4, line 15, strike everything after "for"

Page 4, line 16, strike everything before the period and insert "a perform-

ance within this state is not assignable to Minnesota"

Page 4, strike lines 17 to 36

Page 5, lines 1 to 4, strike the old language

Page 8, lines 18 to 30, strike the old language

Page 8, after line 35, insert:

"Sec. 4. [290.965] [TAX ON COMPENSATION PAID TO NONRESIDENT ATHLETES AND ENTERTAINERS.]

Subdivision 1. [IMPOSITION.] In lieu of any other tax imposed under this chapter on income from compensation for an athletic or entertainment performance in this state by an athlete or entertainer who is a nonresident, there is imposed a tax of one percent on the gross amount of that compensation.

Subd. 2. [WITHHOLDING.] Any employer, as defined in section 290.92, who hires or enters into a contract with any nonresident athlete or entertainer to provide an athlete or entertainment performance in this state must withhold an amount equal to one percent of the amount of any payment to the nonresident athlete or entertainer for that performance.

Subd. 3. [DEPOSIT OF WITHHELD FUNDS.] An employer who withholds from payments pursuant to subdivision 2 shall transmit the amount withheld to the commissioner of revenue within two business days of making the payment, together with the information required by the commissioner as necessary for the administration of this section. The provisions of section 290.92, subdivision 6a, shall apply to this section."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after "nonresident" and insert "athletes and"

Page 1, line 3, after the semicolon, insert "imposing an alternative tax on their income;"

Page 1, line 5, delete "sections" and insert "section"

Page 1, line 6, delete "290.01, subdivision 20b; and" and before the period, insert ";; proposing coding for new law in Minnesota Statutes, chapter 290"

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

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

S.F. No. 2280: A bill for an act relating to taxation; imposing levy limits on certain towns and cities; altering provisions governing distribution of certain taconite tax proceeds; reducing the taconite railroad gross earnings tax rate; reducing occupation and royalty tax rates; providing for the deduction of taconite production taxes and transportation costs; amending Minnesota Statutes 1984, sections 275.125, subdivision 9; 275.50, subdivision 2; 275.51, subdivision 3f; 298.225, by adding a subdivision; and 298.24, sub-

division 1; Minnesota Statutes 1985 Supplement, sections 294.22; 298.01, subdivision 1; 298.03; 298.225, subdivision 1; 298.28, subdivision 1; and 299.01, subdivision 1.

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

Page 6, line 12, delete "12" and insert "13"

Page 6, line 21, before "The valuation" insert "*Subdivision 1. [GENERAL RULES.]*"

Page 7, line 30, delete the new language

Page 7, delete lines 31 to 33

Page 7, after line 34, insert:

"Subd. 2. [SPECIAL TRANSPORTATION COSTS.] If the ore is not transported using the Great Lakes Seaway system, the commissioner must allow, as a deduction in computing the valuation of the ore, the reasonable cost of transportation of the ore to its destination. This subdivision does not affect the valuation of ore shipped using the Great Lakes Seaway system."

Page 8, line 22, delete "1988" and insert "1987"

Page 8, line 23, delete "1987" and insert "1986"

Page 8, line 36, delete "1987" and insert "1986"

Page 9, line 18, reinstate the stricken "1987" and delete the new language

Page 17, line 31, delete "12" and insert "13"

Page 17, line 34, delete "1988" and insert "1987" and delete ", except that the increase in the" and insert a period

Page 17, delete lines 35 and 36

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

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

S.F. No. 2054: A bill for an act relating to taxation; sales; clarifying the application of the exemption for certain fundraising activities to certain school organizations; amending Minnesota Statutes 1985 Supplement, section 297A.256.

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

Page 3, after line 3, insert:

"Sec. 2. Minnesota Statutes 1984, section 309.501, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section, the following terms have the meanings given them.

"Registered combined charitable organization" means an organization

(1) which is tax exempt under section 501(c)3 of the Internal Revenue Code of 1954, as amended through December 31, 1980 (hereinafter "Internal Revenue Code"), and to which contributions are deductible under section 170 of the Internal Revenue Code;

(2) which secures funds for distribution to ten or more charitable agencies in a single, annual consolidated effort;

(3) which is governed by a voluntary board of directors which represents the broad interests of the public;

(4) which distributes at least 70 percent of its total collected income and revenue to the designated agencies it supports and expends no more than 30 percent of its total income and revenue for management and general costs and fund raising costs; *provided that until January 1, 1990, an organization shall also be deemed to have met the requirement in this clause if it has been incorporated for no more than 12 years, has operated as a registered combined charitable organization for no more than two years, distributes 68 percent of its total income and revenue to the designated agencies it supports, expends no more than 32 percent of its total income and revenue for management, general costs, and fund raising costs, and distributes at least 85 percent of its payroll deduction income to the designated agencies it supports;*

(5) and each designated agency supported by the recipient institution devotes substantially all of its activities directly to providing health, welfare, social, or other human services to individuals;

(6) and each designated agency supported by the recipient institution provides health, welfare, social, or other human services, in the community and surrounding area in which the recipient institution's fund drive takes place; and

(7) which has been registered with the commissioner of commerce in accordance with this section.

"Charitable agency" means a governmental agency or an organization (1) which is tax exempt under section 501(c)3 of the Internal Revenue Code; (2) to which contributions are deductible under section 170 of the Internal Revenue Code; and (3) which is in compliance with the provisions of this chapter."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "defining registered combined charitable organization;"

Page 1, line 4, after "amending" insert "Minnesota Statutes 1984, section 309.501, subdivision 1; and"

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

Mr. Willet from the Committee on Finance, to which was re-referred

S.F. No. 1744: A bill for an act relating to motor vehicles; providing for

special license plates for Vietnam era veterans; amending Minnesota Statutes 1984, section 168.12, by adding a subdivision.

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

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1984, section 168.12, subdivision 2c, is amended to read:

Subd. 2c. [NATIONAL GUARD; VIETNAM VETERANS; PRISONERS OF WAR; SPECIAL LICENSE PLATE.] The registrar shall issue special license plates to any applicant who is a regularly enlisted or commissioned member of the Minnesota national guard, other than an inactive or retired member, and *any applicant who has served in the active military service in any branch of the armed forces of the United States, any applicant who served in the active military service in any branch of the armed forces of the United States in Southeast Asia after July 1, 1961, and before July 1, 1978, and any applicant who was a prisoner of war, if the applicant is an owner or joint owner of a passenger automobile, station wagon, or van or pickup truck included within the definition of a passenger automobile upon payment of a fee of \$10, payment of the registration tax required by law, and compliance with other laws of this state relating to registration and licensing of motor vehicles and drivers. The adjutant general shall design these special plates subject to the approval of the registrar. No applicant shall be issued more than two sets of plates for vehicles owned or jointly owned by the applicant. The adjutant general shall estimate the number of special plates that will be required and submit the estimate to the registrar.*

Special plates issued under this subdivision based on a person's status as a member of the Minnesota national guard may only be used during the period that the owner or joint owner of the vehicle is an active member of the Minnesota national guard as specified in this subdivision. When the person to whom the special plates were issued is no longer an active member of the Minnesota national guard, the special plates must be removed from the vehicle and returned to the registrar. Upon return of the special plates, the owner or purchaser of the vehicle is entitled to receive regular plates for the vehicle without cost for the remainder of the registration period for which the special plates were issued. While the person is an active member of the Minnesota national guard, Plates issued pursuant to this subdivision may be transferred to another motor vehicle owned or jointly owned by that person upon payment of a fee of \$5. Special plates issued based on a person's status as a member of the Minnesota national guard may be transferred only while the person is an active member.

All fees collected under the provisions of this subdivision shall be paid into the state treasury and credited to the highway user tax distribution fund.

The registrar may adopt rules under the Administrative Procedure Act to govern the issuance and use of the special plates authorized by this subdivision.

Sec. 2. [REPEALER.]

Minnesota Statutes 1984, section 168.125, subdivision 1, is repealed.”

Amend the title as follows:

Page 1, line 3, before the semicolon, insert “, national guard members, and former prisoners of war”

Page 1, line 4, delete “by adding a”

Page 1, line 5, before the period, insert “2c; repealing Minnesota Statutes 1984, section 168.125, subdivision 1”

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

Mr. Willet from the Committee on Finance, to which was re-referred

S.F. No. 631: A bill for an act relating to hazardous substances; requiring hazardous substance notification report forms to be filed with a fire department by every employer; providing for duties of fire departments and duties of the commissioner of public safety; providing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 299F.

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

Delete everything after the enacting clause and insert:

“Section 1. [299F.091] [CITATION.]

Sections 1 to 9 may be cited as the “community emergency response hazardous substances protection act.”

Sec. 2. [299F.092] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The terms used in sections 1 to 9 have the meanings given them in this section.

Subd. 2. [CLASSIFIED INFORMATION.] “Classified information” means information, data, or both that, for security reasons, has been given a special security classification such as “secret,” “confidential,” “private,” or “nonpublic,” by federal statute or rule and that, when so classified, is subject to handling, use, and storage in accordance with established standards to prevent unauthorized use or disclosure.

Subd. 3. [COMMISSIONER.] “Commissioner” means the commissioner of public safety.

Subd. 4. [EMERGENCY RESPONSE PERSONNEL.] “Emergency response personnel” means personnel employed or authorized by the federal government, the state, or a political subdivision to provide fire suppression, police protection, emergency medical services, or emergency activities relating to health and safety.

Subd. 5. [EMPLOYER.] “Employer” means an employer as defined in section 182.651, subdivision 7. For the purposes of sections 1 to 9, “employer” also means a partnership or a self-employed person, whether or not the partnership or person has other employees. “Employer” does not mean a farm that is a “small business.”

Subd. 6. [FIRE DEPARTMENT.] “Fire department” means a regularly

organized fire department, fire protection district, or fire company as defined in the uniform fire code adopted under section 299F.011, regularly charged with the responsibility of providing fire protection to the state or a political subdivision.

Subd. 7. [HAZARD CATEGORY.] "Hazard category" means a list or description of hazardous substances, as developed by rule by the commissioner of public safety, including human reproductive hazards, flammable substances, human carcinogens, explosives, corrosives, and reactive agents, that present similar hazards in an emergency, or individual hazardous substances of special concern to emergency response personnel.

Subd. 8. [HAZARDOUS SUBSTANCE.] "Hazardous substance" means a substance or mixture as defined in section 182.651, subdivisions 14, 17, and 18, except that sections 1 to 9 do not apply to any hazardous substance while it is being transported in interstate or intrastate commerce.

Subd. 9. [HAZARDOUS SUBSTANCE NOTIFICATION ADVISORY COMMITTEE.] "Hazardous substance notification advisory committee" is the committee established under section 7.

Subd. 10. [HAZARDOUS SUBSTANCE NOTIFICATION REPORT.] "Hazardous substance notification report" means a written record submitted to a fire department, for each workplace, that contains the information required in section 4.

Subd. 11. [LOCAL FIRE DEPARTMENT.] "Local fire department" means the fire department that would normally respond to a fire at a given workplace.

Subd. 12. [MATERIAL SAFETY DATA SHEET.] "Material safety data sheet" means a completed form recognized by the occupational safety and health administration, equivalent manufacturer's literature, or another form containing substantially the same information pertaining to a specific hazardous substance or a mixture containing one or more hazardous substances.

Subd. 13. [NONPUBLIC DATA.] "Nonpublic data" has the meaning given it in section 13.02, subdivision 9.

Subd. 14. [SIGNIFICANT CHANGE.] "Significant change" means a change in the reportable quantity of a hazardous substance that places the substance in a different quantity range as specified on the hazardous substance notification report form.

Subd. 15. [SMALL BUSINESS.] "Small business" means a business entity organized for profit, including any individual, partnership, corporation, joint venture, association, or cooperative that has 20 or fewer full-time employees, or equivalent full-time employees during the preceding fiscal year or not more than \$1,000,000 in annual gross revenue in the preceding fiscal year, and that is not an affiliate or subsidiary of a business having more than 20 full-time or equivalent full-time employees and more than \$1,000,000 in annual gross revenues. For the purposes of this subdivision, "equivalent full-time employees" means part-time employees' work time combined to total 2,000 hours or the equivalent of one full-time employee.

Subd. 16. [WORK AREA.] "Work area" means a defined space in a

workplace where hazardous chemicals are stored, produced, or used and where employees are present.

Subd. 17. [WORKPLACE.] "Workplace" means an establishment at one geographical location containing one or more work areas.

Sec. 3. [299F.093] [POWERS AND DUTIES OF COMMISSIONER.]

Subdivision 1. [DUTIES.] (a) The commissioner shall:

(1) adopt rules no later than July 1, 1987, with the advice of the hazardous substance notification advisory committee, establishing the form and content of the hazardous substance notification report form, as required by section 4, and describing one or more hazard categories with specified ranges of quantities in each hazard category, representing increments of substantially increased risk;

(2) print and provide to individual fire departments the requested number of hazardous substance notification reports, which must be made available to a fire department no more than 90 days following its request, for the fire department to mail or otherwise make available to employers in the jurisdiction;

(3) report to the legislature, as needed, on the effectiveness of sections 1 to 9 and recommend amendments to sections 1 to 9 that are considered necessary;

(4) appoint a hazardous substance notification advisory committee as required in section 7;

(5) adopt rules to implement sections 1 to 9, compatible with the Minnesota Uniform Fire Code so as to not limit the authority of local fire officials under that code; and

(6) in consultation with the hazardous substance notification advisory committee, adopt rules that are based on the most recent standard 704, adopted by the National Fire Protection Association, and that allow a fire department to require employers within its jurisdiction to post signs conforming to standard 704, and indicating the presence of hazardous substances. If the signs are required, a fire department shall supply the signs or provide information to assist an employer to obtain them.

(b) The commissioner shall adopt criteria and guidelines, with the concurrence of the hazardous substance notification advisory committee, for the disbursement of funds pursuant to section 11, subdivision 1. These criteria and guidelines are exempt from the Minnesota administrative procedure act.

Subd. 2. [INVESTIGATION POWERS.] The commissioner shall, at the request of a local fire department, investigate suspected violations of sections 1 to 9.

Sec. 4. [299F.094] [REPORT REQUIRED; CONTENTS.]

Subdivision 1. [EMPLOYER'S DUTY.] Except as provided in section 6, subdivision 2, an employer who receives a hazardous substance notification report shall submit to the local fire department a completed hazardous substance notification report form containing the information and in the manner required by this section and the rules of the commissioner, within two months

after receiving a hazardous substance notification report. As an alternative, an employer may, at the discretion of the local fire department, arrange with the local fire department for a date certain upon which that department may conduct an inspection of that employer's workplace in order for the employer to provide the information, or essentially the same information, as contained in the report form to the local fire department.

Subd. 2. [CONTENTS OF FORM.] The hazardous substance notification report must be completed on a form developed by the commissioner of public safety and contain the following information: (1) the range of maximum combined quantities of all hazardous substances contained in each designated hazard category that may reasonably be expected to be present in the workplace during normal operations; (2) the street address and any other special identifier of the workplace; and (3) the employer's name and street address with the telephone numbers of responsible persons in charge of the workplace who can be reached at all times.

Subd. 3. [UPDATED INFORMATION.] If, after review of the hazardous substance notification report of an employer, a local fire department requires additional information, then the employer:

(1) shall provide, at the request of that fire department, a material safety data sheet, or any requested portion of it, for any hazardous substance contained in any designated hazard category covered by the hazardous substance notification report; and

(2) shall respond as soon as possible, but in no case later than 30 days, to a request by a local fire department for clarification of any information previously submitted or to a request for additional information under sections 1 to 9.

Subd. 4. [PROMPT NOTIFICATION OF CHANGES.] An employer shall promptly notify the local fire department of significant changes in the information provided under this section, but not later than 30 days after each significant change.

Subd. 5. [INSPECTIONS; EMERGENCY PLANS.] At the request of the local fire department, an employer shall permit the local fire department inspection and cooperate in the preparation of fire and emergency plans.

Sec. 5. [299F.095] [POWERS AND DUTIES OF FIRE DEPARTMENTS.]

To the extent feasible, given the amount of funds and training available, the local fire department shall:

(1) mail or otherwise distribute hazardous substance notification report forms to employers within the jurisdiction of the fire department except for those employers for whom an inspection has been arranged or employers from whom a hazardous substance notification is considered not necessary by the fire department;

(2) retain and evaluate each hazardous substance notification report and notification of significant change submitted by each employer until the employer's workplace ceases to exist or the fire department determines retention of the hazardous substance notification report is no longer necessary;

(3) develop for fire department use appropriate fire and emergency procedures for the hazardous substance risks of each workplace based on the information received;

(4) investigate suspected violations of sections 1 to 9, and issue appropriate orders for compliance; and

(5) provide available material safety data sheets and hazardous substance notification reports at the request of other emergency response personnel.

Data collected under sections 1 to 9 is nonpublic data within the meaning of section 13.02, subdivision 9.

Sec. 6. [299F.096] [DUTY TO SAFEGUARD PRIVATE INFORMATION.]

Subdivision 1. [NONPUBLIC DATA.] Before a fire department and emergency response personnel may have access to information received under section 4, the department shall establish security procedures to prevent unauthorized use or disclosure of nonpublic data. Nonpublic data must be made available in an emergency to emergency response personnel. No liability results under sections 1 to 9 with respect to disclosure of nonpublic data if emergency response personnel, in response to an emergency, reasonably determine that the use or disclosure of the data is necessary to expedite medical services or to protect persons from imminent danger. As soon as practicable after disclosure of nonpublic data is made by emergency response personnel, the circumstances necessitating the disclosure and the actual or estimated extent of the disclosure must be described in writing by the personnel and provided to the employer.

Subd. 2. [CLASSIFIED INFORMATION.] When the notification required in section 4 involves classified information, the employer shall, without revealing the classified information, attempt to provide the local fire department with that information necessary to protect the department, emergency response personnel, and the public in an emergency. The employer is also responsible for requesting changes in the classification of classified information or declassification of that material when it is considered necessary by a local fire department in advance of an emergency to protect emergency response personnel or the public. An employer is not required to reveal classified information, except in an emergency, without prior governmental approval, and in an emergency, an employer shall disclose to emergency response personnel appropriate elements of classified information that are reasonably necessary to protect human life. An employer may choose to make classified information available to the local fire department or emergency response personnel if necessary for emergency preplanning purposes. In those cases, classified information (1) may be made available to a local fire department or emergency response personnel only after it has been demonstrated that the personnel intended to have access to the classified information meet access requirements applicable to the facilities and to personnel having access to classified information, and (2) must be protected from disclosure by the local fire department and emergency response personnel in accordance with applicable rules and statutes.

Sec. 7. [299F.097] [HAZARDOUS SUBSTANCE NOTIFICATION

ADVISORY COMMITTEE.]

The hazardous substance notification advisory committee is created. The committee shall consist of 11 members to be appointed by the commissioner of public safety to advise on the development of rules to implement and enforce sections 1 to 9 and to assist in the development of amendments to the hazardous substance notification report. The advisory committee shall consist of representation from fire chiefs; professional firefighters; volunteer firefighters; fire marshals; law enforcement personnel; emergency medical personnel; an independent health professional with training in toxicology; and four representatives from business and industry, at least one of whom shall represent small business. The committee must be appointed, serve, and be compensated in the manner provided in section 15.059, and shall serve at the pleasure of the commissioner.

Sec. 8. [299F.098] [PENALTIES.]

(a) An employer who violates a provision of sections 1 to 9 or a rule or order adopted or made under the authority of those sections, that is determined by rule not to be a violation of a serious nature, may be assessed a fine not to exceed \$1,000.

(b) An employer who violates a provision of sections 1 to 9 or a rule or order adopted or made under the authority of those sections, that is determined by rule to be of a serious nature, must be assessed a fine not to exceed \$1,000 for each violation.

(c) An employer who is convicted of knowingly making a false statement, representation, or certification in an application, record, report, plan, or other document filed or required to be maintained under sections 1 to 9 is guilty of a gross misdemeanor.

(d) An employer who is convicted of willfully or repeatedly violating the requirements of sections 1 to 9 or a rule or order adopted or made under those sections is guilty of a gross misdemeanor.

(e) The penalties provided by this section may be imposed in an action in the name of the state brought in the district court of the county in which the violation is alleged to have occurred or the district court where the commissioner has an office. Fines imposed under sections 1 to 9 must be paid to the commissioner of public safety and deposited in the general fund.

(f) No employer may be convicted for violating sections 1 to 9 or a rule or order made or issued under those sections unless the employer was notified of the violation in writing and given a reasonable time to comply.

Sec. 9. [299F.099] [LOCAL ORDINANCES.]

Sections 1 to 9 preempt and supersede any local ordinance or rule concerning the subject matter of those sections.

Sec. 10. [HAZARDOUS SUBSTANCES TRAINING COURSES.]

The state board of vocational technical education shall provide courses in hazardous substances. The commissioner of public safety, with the concurrence of the director of the state board of vocational education and with the advice of the hazardous substance notification advisory committee, shall certify the courses eligible for reimbursement. Among the courses eligible

for reimbursement are in-service training and refresher courses. The state board shall develop policies for tuition subsidies in hazardous substance courses. The subsidies shall only be applied to fire service personnel commencing and successfully completing training regarding the hazardous substances requirements.

Sec. 11. [ALLOCATION.]

Subdivision 1. \$15,000 shall be allocated from the state board of vocational technical education for the fiscal year ending June 30, 1987, to the commissioner of public safety to otherwise administer the provisions of sections 1 to 9.

Subd. 2. Any unencumbered balances remaining in the first fiscal year of any of these appropriations do not cancel but are available for the second year.

Subd. 3. For the purposes of this section, the definitions in section 2 apply."

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. 2256 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.
2256	2081				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2256 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2256 and insert the language after the enacting clause of S.F. No. 2081, the first engrossment; further, delete the title of H.F. No. 2256 and insert the title of S.F. No. 2081, the first engrossment.

And when so amended H.F. No. 2256 will be identical to S.F. No. 2081, and further recommends that H.F. No. 2256 be given its second reading and substituted for S.F. No. 2081, 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. 1770, 2256, 164, 1814, 1584, 2280, 2054, 1744 and 631 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. No. 2256 was read the second time.

MOTIONS AND RESOLUTIONS

Ms. Berglin moved that S.F. No. 1934, No. 45 on Special Orders, be stricken and returned to its author. The motion prevailed.

Ms. Peterson, D.C. moved that S.F. No. 1755, No. 50 on Special Orders, be stricken and re-referred to the Committee on Judiciary. The motion prevailed.

Mr. Dicklich moved that S.F. No. 2100, No. 65 on Special Orders, be stricken and re-referred to the Committee on Public Utilities and State Regulated Industries. The motion prevailed.

SPECIAL ORDER

S.F. No. 2243: A bill for an act relating to public safety; restricting local requirements for stairways to be enclosed in certain buildings; requiring local governing bodies to consider certain facts before enacting ordinances affecting housing; defining the term "stories"; amending Minnesota Statutes 1984, section 299F.011, subdivision 4, and by adding subdivisions; and Minnesota Statutes 1985 Supplement, section 16B.61, subdivision 3.

Mr. Bertram moved to amend S.F. No. 2243 as follows:

Page 2, line 19, delete "*Notwithstanding any*" and insert "*No*" and delete "*, a local unit*" and insert "*or any appendix chapter of the code*"

Page 2, line 20, delete "*of government*" and delete "*not*"

Page 2, line 21, delete "*For*"

Page 2, delete lines 22 and 23

Page 3, line 20, delete "*Notwithstanding any provision of*"

Page 3, line 21, delete "*, a state agency or local unit of government may*" and insert "*shall*"

The motion prevailed. So the amendment was adopted.

Mr. Frank moved to amend S.F. No. 2243, as follows:

Page 3, after line 25, insert:

"Sec. 5. Minnesota Statutes 1984, section 504.18, subdivision 1, is amended to read:

Subdivision 1. In every lease or license of residential premises, whether in writing or parol, the lessor or licensor covenants:

(a) That the premises and all common areas are fit for the use intended by the parties.

(b) To keep the premises in reasonable repair during the term of the lease or license, except when the disrepair has been caused by the willful, malicious, or irresponsible conduct of the lessee or licensee or a person under his direction or control.

(c) To maintain the premises in compliance with the applicable health and safety laws of the state and of the local units of government where the premises are located during the term of the lease or license, except when violation

of the health and safety laws has been caused by the willful, malicious, or irresponsible conduct of the lessee or licensee or a person under his direction or control.

(d) To maintain a temperature of not less than 65 degrees Fahrenheit in all habitable rooms, bathrooms, and water closets when the outside temperature falls below 60 degrees Fahrenheit for a 24-hour period, where the lessor or licensor has control of the thermostat or heat source. Room temperature is to be measured at a point three feet above the floor and three feet from any outside wall or window. Gas and electric cooking appliances are not to be included as sources of measurable heat. Nothing in this paragraph prohibits a statutory or home rule charter city from adopting rental property heating requirements requiring a higher minimum temperature than that required by this paragraph.

The parties to a lease or license of residential premises may not waive or modify the covenants imposed by this section.

Sec. 6. Minnesota Statutes 1984, section 504.18, subdivision 6, is amended to read:

Subd. 6. The provisions of this section apply only to leases or licenses of residential premises concluded or renewed on or after June 15, 1971, *except that subdivision 1, paragraph (d), applies only to leases or licenses of residential premises concluded or renewed on or after June 1, 1986.* For the purposes of this section estates at will shall be deemed to be renewed at the commencement of each rental period."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 2243 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 46 and nays 5, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Laidig	Pehler	Solon
Belanger	Dieterich	Langseth	Peterson, C.C.	Spear
Berg	Frank	Lantry	Peterson, D.C.	Storm
Berglin	Frederickson	Lessard	Peterson, D.L.	Stumpf
Bernhagen	Freeman	Luther	Petty	Taylor
Bertram	Hughes	McQuaid	Pogemiller	Waldorf
Chmielewski	Johnson, D.E.	Mehrrens	Ramstad	
Dahl	Jude	Nelson	Renneke	
Davis	Kroening	Novak	Schmitz	
DeCramer	Kronebusch	Olson	Sieloff	

Those who voted in the negative were:

Anderson	Benson	Isackson	Kamrath	Knaak
----------	--------	----------	---------	-------

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

SPECIAL ORDER

S.F. No. 912: A bill for an act relating to human services; providing state

hospital revolving fund for chemical dependency; creating a consolidated fund for payment of chemical dependency treatment; appropriating money to counties for treatment; providing for client eligibility, vendor eligibility, and state collections; providing for American Indian special funding; removing chemical dependency treatment from medical assistance, general assistance medical care, and general assistance funding; amending Minnesota Statutes 1984, sections 246.04; 246.18; 246.50, by adding a subdivision; 246.51, subdivision 1; 256B.70; and 256E.08, subdivision 7; amending Minnesota Statutes 1985 Supplement, sections 246.23; 246.54; 256B.02, subdivision 8; and 256D.03, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 246; and proposing coding for new law as Minnesota Statutes, chapter 254B.

Ms. Berglin moved to amend S.F. No. 912 as follows:

Page 2, line 19, delete "*hospital*" and insert "*regional treatment center*"

Page 3, lines 3 and 5, delete "*state hospital*" and insert "*regional treatment center*"

Page 3, line 6, delete "*state hospitals*" and insert "*regional treatment centers*"

Page 3, line 11, strike "STATE HOSPITALS" and insert "REGIONAL TREATMENT CENTERS"

Page 3, line 13, strike "*state hospital*" and insert "*regional treatment center*"

Page 3, line 24, delete "*hospital*" and insert "*regional treatment center*"

Page 3, line 28, delete "*state hospitals*" and insert "*regional treatment centers*" and delete "*state hospital*" and insert "*regional treatment center*"

Page 3, lines 32 and 33, strike "*state hospitals*" and insert "*regional treatment centers*"

Page 4, line 11, delete "*state hospital*" and insert "*regional treatment center*"

Page 4, line 30, strike "*state hospital*" and insert "*regional treatment center*"

Page 5, lines 10 and 16, strike "*state hospital*" and insert "*regional treatment center*"

Page 6, line 21, delete "*hospital*" and insert "*regional treatment center*"

Page 6, line 34, delete "*state hospital*" and insert "*regional treatment center*"

Page 7, line 3, delete "*health and*"

Page 12, line 20, delete "*may*" and insert "*shall*"

Page 16, line 10, delete "*subdivision 3*" and insert "*subdivisions 3, 4, and 5*"

Page 26, line 23, delete "*state hospital*" and insert "*regional treatment center*"

Page 27, line 14, delete "*state hospital*" and insert "*regional treatment*"

center”

Amend the title as follows:

Page 1, line 2, delete “state hospital” and insert “regional treatment center”

The motion prevailed. So the amendment was adopted.

Mr. Samuelson moved to amend S.F. No. 912 as follows:

Page 2, line 26, after “provide” insert “technical assistance and”

Page 3, line 31, after “based” insert “, state administered”

Page 10, line 34, delete “care” and insert “and appropriate treatment”

Page 12, line 27, delete “needed to implement this”

Page 12, line 33, after the period, insert “*The commissioner shall submit a detailed plan of the proposed pilot project to the chair of the health and human services subcommittees of the senate finance committee and the chair of the human services division of the house appropriations committee for review prior to the implementation of the pilot project.*”

Page 14, line 12, delete “determined” and insert “approved”

The motion prevailed. So the amendment was adopted.

S.F. No. 912 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 49 and nays 7, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Kroening	Otson	Renneke
Anderson	Frederick	Kronebusch	Pehler	Schmitz
Benson	Freeman	Laidig	Peterson, C.C.	Sieloff
Berglin	Gustafson	Lantry	Peterson, D.C.	Solon
Bernhagen	Hughes	Lessard	Peterson, D.L.	Spear
Brataas	Isackson	Luther	Peterson, R.W.	Storm
Dahl	Johnson, D.J.	McQuaid	Petty	Taylor
Dicklich	Jude	Mehrrens	Pogemiller	Waldorf
Diessner	Kamrath	Moe, D.M.	Ramstad	Wegscheid
Dieterich	Knaak	Novak	Reichgott	

Those who voted in the negative were:

Belanger	Chmielewski	Johnson, D.E.	Purfeerst	Samuelson
Bertram	Frederickson			

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

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Langseth moved that the following members be excused for a Conference Committee on H.F. No. 1599 at 11:00 a.m.:

Messrs. Langseth, Stumpf, Davis, DeCramer and Berg. The motion prevailed.

SPECIAL ORDER

S.F. No. 1849: A bill for an act relating to appropriations; designating

Anoka county as an operating agency in the administration and expenditure of an appropriation for the Mississippi Regional Park.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 51 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dieterich	Knaak	Olson	Samuelson
Anderson	Frank	Kroening	Pehler	Schmitz
Belanger	Frederick	Kronebusch	Peterson, C. C.	Solon
Berglin	Freeman	Laidig	Peterson, D. C.	Spear
Bernhagen	Gustafson	Lantry	Peterson, D. L.	Storm
Bertram	Hughes	Luther	Peterson, R. W.	Taylor
Brataas	Isackson	McQuaid	Petty	Waldorf
Chmielewski	Johnson, D.E.	Mehrkens	Purfeerst	
Dahl	Johnson, D.J.	Merriam	Ramstad	
Dicklich	Jude	Moe, D.M.	Reichgott	
Diessner	Kamrath	Nelson	Renneke	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 2029: A bill for an act relating to the state high school league; providing standards for student participation in nonscholastic activities; providing administrative appeals from various decisions; amending Minnesota Statutes 1984, section 129.121, subdivision 1, and by adding subdivisions.

Mr. Chmielewski moved to amend S.F. No. 2029 as follows:

Page 2, line 26, after the period, insert "*A pupil may receive private individualized athletic instruction or training during the school year and during the sports season from an individual who is not a member of the high school coaching staff without loss of eligibility to participate in interscholastic athletics.*"

The motion prevailed. So the amendment was adopted.

Mr. Sieloff moved to amend S.F. No. 2029 as follows:

Page 2, line 3, strike "may" and insert "*shall*" and reinstate the rest of the line

Page 2, line 3, after the reinstated "guidelines" insert "*based on due process of law*"

Page 2, line 4, reinstate the stricken language and delete the new language

Page 2, line 5, after "alteration" insert "*or disbandment*"

Page 2, line 5, after the period, insert "*A high school must not be expelled from an athletic or extracurricular conference without its consent except on the affirmative vote of three-fourths of all of the other members of the athletic or extracurricular conference.*"

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

Mr. Dicklich moved to amend S.F. No. 2029 as follows:

Page 3, after line 23, insert:

"Sec. 5. Minnesota Statutes 1984, section 129.121, is amended by adding a subdivision to read:

Subd. 1d. [DIVISION PLACEMENT.] The high school league shall place a school in a division on the basis of its actual enrollment and not projected enrollment."

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

CALL OF THE SENATE

Mr. Merriam imposed a call of the Senate for the balance of the proceedings on S.F. No. 2029. The Sergeant at Arms was instructed to bring in the absent members.

S.F. No. 2029 was read the third time, as amended, and placed on its final passage.

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

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

The roll was called, and there were yeas 27 and nays 33, as follows:

Those who voted in the affirmative were:

Belanger	Frank	Moe, D.M.	Petty	Storm
Berglin	Freeman	Nelson	Pogemiller	Waldorf
Chmielewski	Gustafson	Novak	Ramstad	Wegscheid
Dahl	Jude	Olson	Reichgott	
Dicklich	McQuaid	Peterson, D.C.	Sieloff	
Dieterich	Merriam	Peterson, R.W.	Spear	

Those who voted in the negative were:

Adkins	DeCramer	Johnson, D.J.	Mehrkins	Samuelson
Anderson	Diessner	Kamrath	Moe, R.D.	Schmitz
Benson	Frederick	Knaak	Pehler	Solon
Bernhagen	Frederickson	Kroening	Peterson, C.C.	Taylor
Bertram	Hughes	Kronebusch	Peterson, D.L.	Willet
Brataas	Isackson	Laidig	Purfeerst	
Davis	Johnson, D.E.	Lantry	Renneke	

So the bill, as amended, failed to pass.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Willet moved that the following members be excused for a Conference Committee on H.F. No. 2009 at 12:00 noon:

Messrs. Willet, Kroening, Luther, Samuelson and Nelson. The motion prevailed.

SPECIAL ORDER

S.F. No. 2206: A bill for an act relating to taxation; authorizing certain refunds of sales tax paid on agricultural electricity; amending Minnesota Statutes 1984, section 297A.35, by adding a subdivision.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Knaak	Novak	Reichgott
Anderson	Dieterich	Kronebusch	Olson	Renneke
Belanger	Frank	Laidig	Pehler	Samuelson
Benson	Frederick	Lantry	Peterson, C.C.	Sieloff
Berglin	Frederickson	Lessard	Peterson, D.C.	Solon
Bernhagen	Gustafson	Luther	Peterson, D.L.	Spear
Bertram	Hughes	McQuaid	Peterson, R.W.	Storm
Brataas	Isackson	Mehrkins	Petty	Taylor
Chmielewski	Johnson, D.E.	Merriam	Pogemiller	Waldorf
Dahl	Jude	Moe, R.D.	Purfeerst	
Dicklich	Kamrath	Nelson	Ramstad	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 2324: A bill for an act relating to education; prohibiting the state board from authorizing a school board to transfer money from the debt redemption fund except under conditions; allowing modifications in the levy for debt service for independent district No. 750; amending Minnesota Statutes 1984, section 475.61, subdivision 4; Minnesota Statutes 1985 Supplement, section 121.9121, by adding a subdivision.

Mr. Laidig moved to amend H.F. No. 2324, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1970.)

Page 43, after line 6, insert:

“Sec. 49. [CAPITAL EXPENDITURE LEVY; INDEPENDENT SCHOOL DISTRICT NO. 832, MAHTOMEDI.]

Independent school district No. 832, Mahtomedi, may levy in 1986 an amount up to \$250,000 for capital expenditure purposes. The proceeds of the levy may be used only to renovate Wildwood school.

By July 30, 1986, the school board shall hold a public hearing on the need for the proposed levy. Upon receipt, within 30 days after the hearing, of a petition objecting to the levy signed by a number of qualified voters in the district equal to the greater of 50 voters or 15 percent of the number of voters who voted in the most recent school board election, the board shall hold a referendum on the proposed levy. The referendum shall be held on the date set by the board but no later than October 1, 1986. If a valid petition is not received by the school board, within 30 days after the hearing, no referendum need be held.”

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Taylor moved to amend H.F. No. 2324, as amended pursuant to Rule

49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1970.)

Page 43, after line 21, insert:

"Sec. 50. [STATE UNIVERSITY BOARD'S AUTHORITY TO CONSTRUCT DONATED BUILDING ON STATE LAND; CONVEYANCE OF BUILDING TO STATE.]

Notwithstanding chapters 16B and 136, the state university board may authorize the construction of a building on the campus of Mankato state university using funds donated by private sources and friends of the university. No state money may be used in the design or construction of this building. The building shall be designed to be architecturally consistent with other campus facilities. The funding plan and the building site and design shall be subject to approval of the state university board. Title to the building shall pass to the state immediately upon occupancy of the building by Mankato state university."

Page 44, line 17, delete "and" and insert a comma and after "42" insert "and 50"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Pehler moved to amend H.F. No. 2324, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1970.)

Page 26, after line 27, insert:

"Sec. 32. Minnesota Statutes 1984, section 134.09, subdivision 1, is amended to read:

Subdivision 1. [APPOINTMENT.] When public library service is established, except in any city of the first class operating under a home rule charter, the mayor of the city with the approval of the council for a city library or the board of commissioners for a county library, shall appoint a board of five, seven or nine members from among the residents of the city or county. *If the city library is a branch or a member of a regional public library system, as defined in section 134.001, the mayor, with the approval of the city council, may appoint to the city library board, residents of the county, provided that the county is participating in the regional public library system and that the majority of the members of the city library board are residents of the city.* The number of members on the board shall be determined by resolution or ordinance adopted by the council or the board of commissioners. Not more than one council member or county commissioner shall at any time be a member of the library board. The appointments shall be made before the first meeting of the library board after the end of the fiscal year."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Ramstad moved to amend H.F. No. 2324, as amended pursuant to Rule 49, adopted by the Senate, March 11, 1986, as follows:

(The text of the amended House File is identical to S. F. No. 1970.)

Page 20, after line 21, insert:

“Sec. 20. Minnesota Statutes 1985 Supplement, section 124.223, is amended to read:

124.223 [TRANSPORTATION AID AUTHORIZATION.]

School transportation and related services for which state transportation aid is authorized are:

(1) [TO AND FROM SCHOOL; BETWEEN SCHOOLS.] Transportation or board of resident elementary pupils who reside one mile or more from the public schools which they could attend; transportation or board of resident secondary pupils who reside two miles or more from the public schools which they could attend *or from the public school they actually attend for academic reasons, if approved by the commissioner*; transportation to, from, or between the schools the resident pupils attend pursuant to a program approved by the commissioner of education; transportation of resident elementary pupils who reside one mile or more from a nonpublic school actually attended; transportation of resident secondary pupils who reside two miles or more from a nonpublic school actually attended; but with respect to transportation of pupils to nonpublic schools actually attended, only to the extent permitted by sections 123.76 to 123.79;

(2) [OUTSIDE DISTRICT.] Transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; the pupils may attend a classified secondary school in another district and shall receive board and lodging in or transportation to and from a district having a classified secondary school at the expense of the district of the pupil's residence;

(3) [SECONDARY VOCATIONAL CENTERS.] Transportation to and from a state board approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center;

(4) [HANDICAPPED.] Transportation or board and lodging of a handicapped pupil when that pupil cannot be transported on a regular school bus, the conveying of handicapped pupils between home and school and within the school plant, necessary transportation of handicapped pupils from home or from school to other buildings, including centers such as developmental achievement centers, hospitals and treatment centers where special instruction or services required by section 120.17 are provided, within or outside the district where services are provided, and necessary transportation for resident handicapped pupils required by section 120.17, subdivision 4a. Transportation of handicapped pupils between home and school shall not be subject to the requirement in clause (1) that elementary pupils reside at least one mile from school and secondary pupils reside at least two miles from school in order for the transportation to qualify for aid;

(5) [BOARD AND LODGING; NONRESIDENT HANDICAPPED.] When necessary, board and lodging for nonresident handicapped pupils in a

district maintaining special classes;

(6) [SHARED TIME.] Transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs approved by the commissioner of education, and necessary transportation required by section 120.17, subdivision 9 for resident handicapped pupils who are provided special instruction and services on a shared time basis;

(7) [FARIBAULT STATE SCHOOLS.] Transportation for residents to and from the Minnesota school for the deaf or the Minnesota braille and sight-saving school;

(8) [SUMMER INSTRUCTIONAL PROGRAMS.] Services described in clauses (1) to (7) and (9) and (10) when provided in conjunction with a summer program eligible for aid and levy under sections 124A.03 and 124A.033;

(9) [COOPERATIVE ACADEMIC AND VOCATIONAL.] Transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes approved by the commissioner or secondary vocational classes not provided at a secondary vocational center which are approved by the commissioner for resident pupils of any of these districts; ~~and~~

(10) [NONPUBLIC SUPPORT SERVICES.] Necessary transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123.935; *and*

(11) [COMMISSIONER APPROVAL.] *The commissioner of education is encouraged to approve attendance at a public school for academic reasons rather than extracurricular reasons when the public school is not the school the pupils could attend."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Benson moved to amend H.F. No. 2324, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1970.)

Page 26, after line 27, insert:

"Sec. 32. Minnesota Statutes 1984, section 134.09, is amended by adding a subdivision to read:

Subd. 1a. [EXCEPTION.] The mayor, with the approval of the council, may appoint a resident of the area that is taxed to support a city library to the city library board."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2324 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 48 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dieterich	Knaak	Nelson	Ramstad
Anderson	Frank	Kroening	Novak	Reichgott
Belanger	Frederick	Kronebusch	Olson	Renneke
Benson	Freeman	Laidig	Pehler	Sieloff
Berglin	Gustafson	Lantry	Peterson, D.C.	Spear
Bernhagen	Hughes	Lessard	Peterson, D.L.	Storm
Bertram	Isackson	McQuaid	Peterson, R.W.	Taylor
Brataas	Johnson, D.E.	Mehrkens	Petty	Waldorf
Chmielewski	Jude	Merriam	Pogemiller	
Dahl	Kamrath	Moe, R.D.	Purfeerst	

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

SPECIAL ORDER

S.F. No. 1782: A bill for an act relating to insurance; accident and health; regulating long-term care policies; requiring coverage for home health care and care in skilled or intermediate nursing facilities; amending Minnesota Statutes 1984, section 62A.31, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 62A.

Mr. Petty moved to amend S.F. No. 1782 as follows:

Page 5, line 4, before the period, insert “, *provided that the insurer may change the premium rate on a class basis on any policy anniversary date*”

The motion prevailed. So the amendment was adopted.

S.F. No. 1782 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 48 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Jude	Novak	Reichgott
Anderson	Frank	Kamrath	Olson	Renneke
Belanger	Frederick	Knaak	Pehler	Sieloff
Benson	Frederickson	Kronebusch	Peterson, C.C.	Spear
Berglin	Freeman	Laidig	Peterson, D.C.	Storm
Bernhagen	Gustafson	Lantry	Peterson, D.L.	Taylor
Bertram	Hughes	Lessard	Peterson, R.W.	Waldorf
Brataas	Isackson	McQuaid	Petty	Wegscheid
Chmielewski	Johnson, D.E.	Mehrkens	Pogemiller	
Dahl	Johnson, D.J.	Merriam	Purfeerst	

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

SPECIAL ORDER

S.F. No. 2105: A bill for an act relating to local government; permitting the establishment of special service districts in the cities of Cambridge and Lindstrom; providing taxing and other powers to the cities of Cambridge and

Lindstrom.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 49 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kamrath	Merriam	Pogemiller
Anderson	Frank	Knaak	Moe, R. D.	Purfeerst
Belanger	Frederick	Kroening	Novak	Ramstad
Benson	Frederickson	Kronebusch	Olson	Reichgott
Berglin	Gustafson	Laidig	Pehler	Renneke
Bernhagen	Hughes	Lantry	Peterson, C. C.	Spear
Bertram	Isackson	Lessard	Peterson, D. C.	Storm
Brataas	Johnson, D. E.	Luther	Peterson, D. L.	Taylor
Chmielewski	Johnson, D. J.	McQuaid	Peterson, R. W.	Waldorf
Dicklich	Jude	Mehrkens	Petty	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1725: A bill for an act relating to the city of East Grand Forks; permitting the establishment of a port authority; authorizing the port authority to exercise the powers of a municipal housing and redevelopment authority.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 44 and nays 6, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kamrath	Moe, R. D.	Ramstad
Anderson	Frank	Kronebusch	Novak	Reichgott
Belanger	Frederick	Laidig	Olson	Samuelson
Bernhagen	Frederickson	Lantry	Pehler	Solon
Bertram	Gustafson	Lessard	Peterson, C. C.	Spear
Brataas	Hughes	Luther	Peterson, D. C.	Storm
Chmielewski	Johnson, D. E.	McQuaid	Peterson, D. L.	Taylor
Dahl	Johnson, D. J.	Mehrkens	Petty	Waldorf
Dicklich	Jude	Moe, D. M.	Purfeerst	

Those who voted in the negative were:

Benson	Knaak	Merriam	Peterson, R. W.	Pogemiller
Berglin				

So the bill passed and its title was agreed to.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Johnson, D.J. moved that the following members be excused for a Conference Committee on H.F. No. 1815 at 1:00 p.m.:

Messrs. Johnson, D.J.; Novak; Merriam; Peterson, C.C. and Ms. Berglin. The motion prevailed.

SPECIAL ORDER

S.F. No. 1832: A bill for an act relating to natural resources; allocating a

portion of cross country license fees issued by political subdivisions to be used for maintenance of cross country ski trails; amending Minnesota Statutes 1984, section 85.41, subdivision 5.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 46 and nays 4, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Kronebusch	Novak	Reichgott
Anderson	Frederick	Laidig	Olson	Renneke
Belanger	Frederickson	Lantry	Pehler	Solon
Berglin	Gustafson	Lessard	Peterson, C.C.	Spear
Bernhagen	Hughes	Luther	Peterson, D.C.	Storm
Bertram	Isackson	McQuaid	Peterson, D.L.	Waldorf
Chmielewski	Johnson, D.E.	Mehrkens	Peterson, R.W.	
Dahl	Johnson, D.J.	Merriam	Petty	
Dicklich	Jude	Moe, D.M.	Purfeerst	
Diessner	Knaak	Moe, R.D.	Ramstad	

Mr. Benson, Mrs. Brataas, Messrs. Kamrath and Taylor voted in the negative.

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 2196: A bill for an act relating to establishing a new qualification for designation as a redevelopment district for tax increment financing purposes; amending Minnesota Statutes 1984, section 273.73, subdivision 10.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 46 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Laidig	Olson	Reichgott
Anderson	Frederick	Lantry	Pehler	Solon
Belanger	Frederickson	Lessard	Peterson, C.C.	Spear
Benson	Gustafson	Luther	Peterson, D.C.	Storm
Berglin	Hughes	McQuaid	Peterson, D.L.	Taylor
Bernhagen	Johnson, D.E.	Mehrkens	Peterson, R.W.	Waldorf
Bertram	Jude	Merriam	Petty	
Brataas	Kamrath	Moe, D.M.	Pogemiller	
Dahl	Knaak	Moe, R.D.	Purfeerst	
Dicklich	Kronebusch	Novak	Ramstad	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1945: A bill for an act relating to health; providing that mosquito research and management activities are not ecologically disruptive; amending Minnesota Statutes 1985 Supplement, section 144.95, subdivisions 1, 2, 3, 7, 9, and 10.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 50 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Knaak	Moe, R.D.	Ramstad
Anderson	Frederick	Kronebusch	Novak	Reichgott
Belanger	Frederickson	Laidig	Olson	Renneke
Benson	Freeman	Lantry	Pehler	Schmitz
Berglin	Gustafson	Lessard	Peterson, C.C.	Solon
Bernhagen	Hughes	Luther	Peterson, D.C.	Spear
Bertram	Isackson	McQuaid	Peterson, D.L.	Storm
Brataas	Johnson, D.E.	Mehrkens	Peterson, R.W.	Taylor
Dahl	Jude	Merriam	Pogemiller	Vega
Dicklich	Kamrath	Moe, D.M.	Purfeerst	Waldorf

Mr. Diessner voted in the negative.

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1931: A bill for an act relating to human services; regulating work activities of handicapped persons in state facilities; amending Minnesota Statutes 1985 Supplement, section 246.56, subdivision 2.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 51 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Kronebusch	Pehler	Sieloff
Anderson	Frederick	Laidig	Peterson, C.C.	Solon
Belanger	Frederickson	Lantry	Peterson, D.C.	Spear
Benson	Freeman	Lessard	Peterson, D.L.	Storm
Berglin	Gustafson	Luther	Petty	Taylor
Bernhagen	Hughes	McQuaid	Pogemiller	Vega
Bertram	Isackson	Mehrkens	Purfeerst	Waldorf
Brataas	Johnson, D.E.	Merriam	Ramstad	
Dahl	Jude	Moe, D.M.	Reichgott	
Dicklich	Kamrath	Novak	Renneke	
Diessner	Knaak	Olson	Schmitz	

So the bill passed and its title was agreed to.

SPECIAL ORDER

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.

Mr. Merriam moved to amend S.F. No. 1711 as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1985 Supplement, section 35.71, is amended to read:

35.71 [UNCLAIMED AND UNREDEEMED ANIMALS IMPOUNDED; SCIENTIFIC USE OR OTHER DISPOSITION.]

Subdivision 1. [DEFINITIONS.] As used in this section, *the following terms have the meanings given them:*

(a) "Adoption" means *the delivery of a dog or cat to a person 18 years of age or older to be kept as a pet or companion animal.*

(b) "Cat" means *any member of the felid family except those specifically raised for experimentation, teaching, or research.*

(c) "Dealer" means *any person who is licensed or required to be licensed under the federal Animal Welfare Act who buys or sells dogs or cats to institutions or other dealers. "Dealer" does not include a person who sells dogs or cats to individuals to be kept as pets or a nonprofit organization devoted to the placement of pets and companion animals.*

(d) "Dog" means *any member of the canid family except those specifically raised for experimentation, teaching, or research.*

(e) "Establishment" means *any public or private agency, person, society, or corporation having custody of animals which are seized under the authority of the state or any political subdivision of the state and.*

(f) "Institution" means *a school or college of agriculture, veterinary medicine, medicine, pharmacy, or dentistry, or an educational or scientific establishment properly concerned with investigation or instruction concerning the structure or functions of living organisms or the cause, prevention, control, or cure of diseases or abnormal conditions of human beings or animals.*

Subd. 2. [APPLICATION FOR LICENSE.] An institution may apply to the board for a license to obtain animals, *other than dogs or cats*, from establishments. If, after investigation, the board finds that the institution requesting a license is a fit and proper agency to receive a license, and that the public interest will be served by granting it a license, the board may issue a license to the institution authorizing it to obtain animals under this section.

Subd. 3. [STRAY ANIMALS; SEIZURE, DISPOSITION.] All animals seized by public authority must be held for redemption by the owner for at least five regular business days of the impounding agency or for a longer time specified by municipal ordinance. For the purpose of this subdivision, "regular business day" means *a day during which the establishment having custody of an animal is open to the public not less than four consecutive hours between the hours of 8:00 A.M. and 7:00 P.M.* Establishments must maintain the following records of the animals in custody, and preserve the records for at least six months:

(a) the description of the animal by species, breed, sex, approximate age, and other distinguishing traits;

(b) the location at which the animal was seized;

(c) the date of the seizure;

(d) the name and address of the person from whom any animal three months of age or over was received;

(e) the name and address of the person to whom any animal three months of age or over was transferred.

The records must be maintained in a form permitting easy perusal by the public. A person may view the records and animals in custody at any time during which the establishment is open to the public. At the end of the five-day period, all animals, *other than dogs and cats*, which remain unredeemed must be made available to any licensed institution which has requested that number of animals. However, if a tag affixed to the animal or a statement by the animal's owner after the animal's seizure specifies that the animal may not be used for research, the animal must not be made available to any institution and may, in the discretion of the establishment, be destroyed after the expiration of the five-day period. If a request is made by a licensed institution to an establishment for more animals than are available at the time of the request, the establishment must withhold from destruction all unclaimed and unredeemed animals until the request has been filled. The actual expense of holding animals beyond the time of notice to the institution of their availability must be borne by the institution receiving them. An establishment which fails or refuses to comply with this section is ineligible for any further public funds from any county or municipality. Upon receipt of a sworn statement by an authorized officer or employee of a licensed institution of noncompliance by any establishment with this section, the treasurer of any municipality or other political subdivision of the state may not pay any public funds to the establishment until the complainant withdraws its statement of noncompliance or until the board either determines that the complaint of noncompliance was without foundation or that the establishment has given adequate assurance of future compliance and the treasurer of the municipality or other political subdivision has been notified of the determination in writing. If it appears upon a person's complaint that an officer, agent, or employee of an establishment is violating or failing to carry out the provisions of this section, the attorney general or county attorney of the county in which the establishment is located, in addition to any other remedies, may bring an action in the name of the state against the establishment, officer, agent, or employee to enjoin compliance with this section.

Subd. 4. [TRANSPORTATION OF ANIMALS.] A licensed institution must provide, at its own expense, for the transportation of animals from the establishment to the institution and must use them only in the conduct of its scientific and educational activities.

Subd. 5. [ANNUAL LICENSE FEE.] Each licensed institution must pay to the board a license fee of \$50 for each calendar year or part of a calendar year. License fees must be deposited in the general fund of the state treasury.

Subd. 6. [REVOCATION OF LICENSE.] After 15 days' written notice and an opportunity to be heard, the board may revoke the license granted any institution if the institution has (1) violated this section, or (2) failed to comply with the conditions of the board in respect to the issuance of its license.

Subd. 7. [DISPOSITION OF DOGS AND CATS.] *Any dog or cat not redeemed by its owner after five days must either be placed for adoption under the procedures of the establishment or be euthanized humanely.*

Subd. 8. [EXPERIMENTATION PROHIBITED.] *It is unlawful for any*

establishment or any person acting under the authority of an establishment to sell, give away, transfer, or otherwise make available any dog or cat coming into its possession for the purpose of experimentation, teaching, or research. It is unlawful for any person, firm, corporation, association, dealer, or institution to accept any dog or cat from any person or establishment by gift, sale, or transfer for the purpose of experimentation, teaching, or research, either directly or indirectly. This section does not prohibit the owner of a dog or cat from donating the dog or cat to a legally licensed supplier of dogs or cats.

Subd. 9. [RESTRICTION ON PETS IN RESEARCH.] Beginning July 1, 1987, no person or institution may accept dogs or cats for the purpose of experimentation, teaching, or research from any source including dealers and establishments, whether located inside or outside Minnesota, unless the dogs or cats can be shown to have been raised specifically for the purpose of experimentation and research, and no person may sell or distribute to a destination in Minnesota or elsewhere, any dogs or cats for the purpose of experimentation, teaching, or research unless the dogs or cats can be shown to have been raised specifically for the purpose of experimentation, teaching, or research.

Subd. 10. [NO ESTABLISHMENT TO BE A DEALER.] No establishment or person who has an interest in or who is employed by an establishment may be a dealer.

Subd. 11. [DEALERS TO PROVIDE PUBLIC ACCESS.] A person may view dogs and cats in the custody of a dealer during the time the dealer is open to the public. Dealers are required to be open at least four consecutive hours between 8:00 a.m. and 7:00 p.m. on at least five of the seven days of each week.

Subd. 12. [RULES.] The board may adopt rules consistent with this section necessary to carry out the provisions of this section, and may, if the board considers it advisable or in the public interest, inspect or investigate any institution which has applied for a license or has been granted a license under this section.

Subd. 8 13. [PENALTY.] It is a misdemeanor for any person or corporation to violate this section."

Delete the title and insert:

"A bill for an act relating to animals; prohibiting transfer of certain animals for use in experimentation, teaching, or research; imposing penalties; amending Minnesota Statutes 1985 Supplement, section 35.71."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 22 and nays 27, as follows:

Those who voted in the affirmative were:

Belanger	Frank	Merriam	Purfeerst	Vega
Chmielewski	Jude	Olson	Ramstad	Waldorf
Dahl	Laidig	Pehler	Reichgott	
Dicklich	Lantry	Petty	Sieloff	
Dieterich	McQuaid	Pogemiller	Taylor	

Those who voted in the negative were:

Adkins	Brataas	Isackson	Moe, R.D.	Solon
Anderson	Diessner	Johnson, D.E.	Peterson, D.C.	Spear
Benson	Frederick	Kamrath	Peterson, D.L.	Storm
Berglin	Frederickson	Kronebusch	Peterson, R.W.	
Bernhagen	Gustafson	Lessard	Renneke	
Bertram	Hughes	Mehrkens	Schmitz	

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

S.F. No. 1711 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 51 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kronebusch	Pehler	Sieloff
Anderson	Dieterich	Laidig	Peterson, D.C.	Solon
Belanger	Frank	Lantry	Peterson, D.L.	Spear
Benson	Frederick	Lessard	Peterson, R.W.	Storm
Berglin	Frederickson	McQuaid	Petty	Taylor
Bernhagen	Gustafson	Mehrkens	Pogemiller	Vega
Bertram	Hughes	Merriam	Purfeerst	Waldorf
Brataas	Isackson	Moe, D.M.	Ramstad	
Chmielewski	Johnson, D.E.	Moe, R.D.	Reichgott	
Dahl	Jude	Novak	Renneke	
Dicklich	Knaak	Olson	Schmitz	

Mr. Kamrath voted in the negative.

So the bill passed and its title was agreed to.

SPECIAL ORDER

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

Ms. Berglin moved to amend S.F. No. 1671 as follows:

Page 3, line 32, after "insurance," insert "performance" and after "taxes" insert "the cost of issuing bonds including the costs described in paragraphs (b), (c), (d), and (e) of section 3, acquisition of real and personal property, expenditures for replacement housing"

Page 3, line 33, delete "facilities" and insert "center"

Page 6, line 1, delete everything after the period

Page 6, delete lines 2 to 5 and insert "The tax authorized by this section shall be imposed, and adjusted at least annually by the city council such that the rate imposed, rounded to the next highest one-tenth of one percent, does not exceed the rate estimated to be required to produce revenue sufficient to finance the costs described in subdivision 3."

The motion prevailed. So the amendment was adopted.

Ms. Berglin then moved to amend S.F. No. 1671 as follows:

Page 6, line 33, delete "of not more than three percent"

Page 6, line 36, after "lodging" insert "; the tax imposed under this clause shall be at a rate that, when added to the sum of the rate of the sales tax imposed under Minnesota Statutes, chapter 297A, the rate of the sales tax imposed under section 4, and the rate of any other taxes on lodging in the city of Minneapolis, equals 12 percent"

The motion prevailed. So the amendment was adopted.

Mr. Knaak moved to amend S.F. No. 1671 as follows:

Page 5, line 2, after the period, insert "The city shall not use any of its bond issuance entitlement authority granted under Minnesota Statutes, section 474.17, subdivision 3a, or an allocation of bond issuance authority obtained from the competitive pool under Minnesota Statutes, section 474.19, or private activity bond issuance authority granted under any subsequent law to issue bonds for any related facilities."

The motion prevailed. So the amendment was adopted.

CALL OF THE SENATE

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

S.F. No. 1671 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 46 and nays 10, as follows:

Those who voted in the affirmative were:

Adkins	Dieterich	Kroening	Olson	Sieloff
Belanger	Frank	Laidig	Pehler	Spear
Berglin	Frederick	Lantry	Peterson, C.C.	Storm
Bernhagen	Freeman	Lessard	Peterson, D.C.	Taylor
Bertram	Gustafson	McQuaid	Pogemiller	Vega
Brataas	Hughes	Mehrkens	Purfeerst	Wegscheid
Chmielewski	Johnson, D.E.	Merriam	Ramstad	
Dahl	Johnson, D.J.	Moe, D.M.	Reichgott	
Dicklich	Jude	Moe, R.D.	Samuelson	
Diessner	Knutson	Novak	Schmitz	

Those who voted in the negative were:

Anderson	Frederickson	Knaak	Peterson, D.L.	Petty
Benson	Isackson	Kronebusch	Peterson, R.W.	Renneke

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

SPECIAL ORDER

S.F. No. 2279: A bill for an act relating to nonprofit corporations; adoption services corporations; providing that pledges to make contributions shall be voidable at the option of the person making the pledge; amending Minnesota Statutes 1984, section 317.65, subdivision 7.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 37 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Knutson	Moe, R.D.	Sieloff
Anderson	Frederick	Kronebusch	Pehler	Solon
Benson	Frederickson	Lantry	Peterson, C.C.	Storm
Berglin	Gustafson	Luther	Peterson, D.C.	Waldorf
Bernhagen	Hughes	McQuaid	Peterson, D.L.	Wegscheid
Bertram	Isackson	Mehrkins	Pogemiller	
Dahl	Jude	Merriam	Samuelson	
Dicklich	Kamrath	Moe, D.M.	Schmitz	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1928: A bill for an act relating to the city of Brooklyn Park; permitting the city to establish a port authority commission.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 40 and nays 7, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Kamrath	Olson	Schmitz
Anderson	Frederick	Kronebusch	Pehler	Sieloff
Bernhagen	Frederickson	Laidig	Peterson, D.C.	Solon
Bertram	Freeman	Lantry	Peterson, D.L.	Spear
Brataas	Gustafson	Lessard	Petty	Storm
Dahl	Hughes	Luther	Ramstad	Vega
Dicklich	Isackson	McQuaid	Reichgott	Waldorf
Diessner	Jude	Mehrkins	Samuelson	Wegscheid

Those who voted in the negative were:

Benson	Knutson	Peterson, R.W.	Pogemiller	Purfeerst
Knaak	Merriam			

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1993: A bill for an act relating to Minnesota Statutes; correcting erroneous, ambiguous, omitted, and obsolete references and text; eliminating certain redundant, conflicting, and superseded provisions; providing instructions to the revisor; amending Minnesota Statutes 1984, sections 8.32, subdivision 2; 10A.01, subdivision 11; 10A.04, subdivision 4a; 16A.631; 47.58, subdivision 5; 62D.22, subdivision 8; 116J.70, subdivision 2a; 116M.08, subdivision 17; 121.15, subdivision 2; 124.155, subdivision 1; 124A.02, subdivision 14; 136D.74, subdivision 2; 144.224; 176A.01, subdivision 1; 179A.10, subdivision 3; 253B.02, subdivision 4a; 260.015, subdivision 24; 260.245; 327C.07, subdivision 3a; 349.214, subdivision 2; 383A.23, subdivision 5; 385.24; 403.12, subdivision 1; 414.061, subdivisions 4 and 4a; 462A.21, subdivision 8a; 494.03; 518B.01, subdivision 2; 571.495, subdivision 2; 590.01, subdivision 1; 609.346, subdivision 3; 609.347, subdivision 3; 609.348; 609.35; 611A.03, subdivision 3; 628.26; Minnesota Statutes 1985 Supplement, sections 47.20, subdivision 6c;

64B.05, subdivision 1; 64B.37, subdivision 2; 69.011, subdivision 1; 97.50, subdivision 1; 116M.03, subdivision 28; 124.32, subdivision 1d; 145.917, subdivision 4; 147.01, subdivision 4; 147.073, subdivision 1; 168.27, subdivision 11; 248.07, subdivision 7; 256B.091, subdivision 4; 256D.37, subdivision 1; 256F.05, subdivision 4; 256F.06, subdivision 1; 273.124, subdivision 5; 297C.03, subdivision 1; 298.02, subdivision 1; 340A.702; 356.216; 358.44; 414.061, subdivision 5; 458.16, subdivision 6; 473.831, subdivision 1; 527.41; 527.42; 527.43; 528.15; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivision 2; 609.3471; 626.556, subdivision 2; 631.045; proposing coding for new law in Minnesota Statutes, chapter 206; repealing Minnesota Statutes 1984, section 35.067; 383A.23, subdivisions 2, 3, and 4; 403.12, subdivisions 2 and 3; Laws 1984, chapter 560, section 24; Laws 1985, chapters 248, sections 28 and 29; 252, section 24; Laws 1985, First Special Session: chapters 9, article 2, section 89; 14, article 3, section 13; 14, article 4, sections 37 and 91.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 44 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Jude	Mehrkens	Purfeerst
Anderson	Dieterich	Kamrath	Merriam	Ramstad
Belanger	Frank	Knaak	Olson	Reichgott
Benson	Frederick	Knutson	Pehler	Schmitz
Bertram	Frederickson	Kronebusch	Peterson, D.C.	Sieloff
Brataas	Freeman	Laidig	Peterson, D.L.	Solon
Chmielewski	Gustafson	Lantry	Peterson, R.W.	Vega
Dahl	Hughes	Lessard	Petty	Waldorf
Dicklich	Isackson	McQuaid	Pogemiller	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 2245: A bill for an act relating to elections; providing for the use of certain optical scan electronic voting systems; proposing coding for new law in Minnesota Statutes, chapter 206.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 45 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kamrath	Moe, R.D.	Ramstad
Anderson	Dieterich	Knaak	Olson	Reichgott
Belanger	Frank	Knutson	Pehler	Schmitz
Benson	Frederickson	Kronebusch	Peterson, D.C.	Sieloff
Bernhagen	Freeman	Laidig	Peterson, D.L.	Solon
Bertram	Gustafson	Lantry	Peterson, R.W.	Spear
Chmielewski	Hughes	Lessard	Petty	Storm
Dahl	Johnson, D.E.	McQuaid	Pogemiller	Taylor
Dicklich	Jude	Mehrkens	Purfeerst	Waldorf

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 1664: A bill for an act relating to local government; regulating contracts for the purchase of fuel by a municipality required for generation of municipal power; amending Minnesota Statutes 1984, section 471.345, by adding a subdivision.

Mr. Frederickson moved to amend H.F. No. 1664, as amended pursuant to Rule 49, adopted by the Senate February 24, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1547.)

Page 1, after line 15, insert:

“Sec. 2. Minnesota Statutes 1984, section 471.345, is amended by adding a subdivision to read:

Subd. 12. [PROCUREMENT FROM SHELTERED WORKSHOPS.] Nothing in this section prohibits a municipality from adopting a resolution, rule, regulation, or ordinance that on an annual basis designates and sets aside for awarding to sheltered workshops as described in section 129A.06 a percentage of the value of its anticipated total procurement of goods and services, including construction, and which uses either a negotiated price or bid contract procedure in the awarding of a procurement contract under a set-aside program as allowed in this subdivision, provided that any award based on a negotiated price shall not exceed by more than five percent the municipality's estimated price for the goods and services if they were purchased on the open market and not under the set-aside program.”

Amend the title as follows:

Page 1, line 4, after the semicolon, insert “allowing municipalities to contract to buy sheltered workshop products without getting competitive bids;”

Page 1, lines 5 and 6, delete “a subdivision” and insert “subdivisions”

The motion prevailed. So the amendment was adopted.

H.F. No. 1664 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 42 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Knaak	Moe, R.D.	Reichgott
Anderson	Dieterich	Knutson	Olson	Renneke
Belanger	Frederickson	Kronebusch	Pehler	Samuelson
Benson	Freeman	Laidig	Peterson, D.C.	Schmitz
Bernhagen	Hughes	Lantry	Peterson, D.L.	Sieloff
Bertram	Isackson	Luther	Peterson, R.W.	Spear
Brataas	Johnson, D.E.	McQuaid	Petty	
Chmielewski	Jude	Mehrkins	Pogemiller	
Dahl	Kamrath	Moe, D.M.	Purfeerst	

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

SPECIAL ORDER

H.F. No. 1860: A bill for an act relating to metropolitan government; per-

mitting the metropolitan mosquito control commission to issue certificates of indebtedness; amending Minnesota Statutes 1984, section 473.711, by adding a subdivision.

Mrs. Lantry moved to amend H.F. No. 1860 as follows:

Page 1, after line 8, insert:

“Section 1. 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.”

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 1860 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 39 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Laidig	Pehler	Reichgott
Belanger	Frederickson	Lantry	Peterson, D.C.	Renneke
Bertram	Freeman	Lessard	Peterson, D.L.	Samuelson
Brataas	Gustafson	Luther	Peterson, R.W.	Schmitz
Chmielewski	Hughes	McQuaid	Petty	Spear
Dahl	Johnson, D.E.	Mehrkens	Pogemiller	Taylor
Dicklich	Jude	Moe, R.D.	Purfeerst	Wegscheid
Diessner	Kronebusch	Olson	Ramstad	

Messrs. Benson and Knutson voted in the negative.

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

SPECIAL ORDER

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.

Mr. Bertram moved to amend H.F. No. 1940 as follows:

Page 1, line 7, after the period, insert "[STEARNS COUNTY; LOCAL REGISTRAR.]"

Page 1, after line 11, insert:

"Sec. 2. [STEARNS COUNTY; MARRIAGE LICENSING.]

Notwithstanding Minnesota Statutes, chapter 517, the county board of Stearns county may authorize the county auditor to perform the functions and duties of the court administrator required under Minnesota Statutes, chapter 517, with the approval of the court administrator."

The motion prevailed. So the amendment was adopted.

H.F. No. 1940 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 40 and nays 5, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Isackson	Luther	Purfeerst
Anderson	Diessner	Johnson, D.E.	McQuaid	Reichgott
Belanger	Dieterich	Jude	Olson	Renneke
Bernhagen	Frank	Kamrath	Pehler	Samuelson
Bertram	Frederickson	Knaak	Peterson, D.C.	Schmitz
Brataas	Freeman	Kronebusch	Peterson, D.L.	Sieloff
Chmielewski	Gustafson	Laidig	Peterson, R.W.	Spear
Dahl	Hughes	Lantry	Pogemiller	Waldorf

Those who voted in the negative were:

Knutson	Mehrkens	Ramstad	Storm	Taylor
---------	----------	---------	-------	--------

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

SPECIAL ORDER

H.F. No. 1886: A bill for an act relating to local government; changing the notice requirements for proposed special assessments; amending Minnesota Statutes 1984, section 429.061, subdivision 2; Minnesota Statutes 1985 Supplement, section 429.061, subdivision 1.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 42 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Kamrath	Pehler	Sieloff
Anderson	Frederick	Knaak	Peterson, D.C.	Solon
Belanger	Frederickson	Knutson	Peterson, D.L.	Spear
Benson	Freeman	Kronebusch	Peterson, R.W.	Storm
Bernhagen	Gustafson	Laidig	Pogemiller	Taylor
Dahl	Hughes	Lantry	Ramstad	Waldorf
Dicklich	Isackson	Luther	Reichgott	
Diessner	Johnson, D.E.	McQuaid	Renneke	
Dieterich	Jude	Olson	Schmitz	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1842: A bill for an act relating to public safety; motor vehicles; eliminating redundant and surplus language; correcting inconsistent provisions in statutes; requiring certain information on petition for judicial review of license revocation determination; changing fee for motorized bicycle permit renewal for persons 18 years of age; permitting donor designation on minor donor's driver's license or identification card; abolishing automatic reinstatement of revoked or suspended driving privilege of nonresident in certain circumstances; extending effective period for provisional drivers' licenses by one year; amending Minnesota Statutes 1984, sections 168.28; 169.123, subdivision 5c; 171.02, subdivision 3; and 171.07, subdivision 5; and Minnesota Statutes 1985 Supplement, sections 168.013, subdivisions 1c and 1e; 171.27; and 221.033, subdivision 3; repealing Minnesota Statutes 1984, section 171.15, subdivision 2.

Mr. Frank moved to amend S.F. No. 1842 as follows:

Page 1, after line 21, insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 168.012, subdivision 1c, is amended to read:

Subd. 1c. (a) The annual *administrative* fee for ~~trailer~~ license plates issued to a tax-exempt vehicle under this section is \$5 for each plate. ~~(b) The annual fee for license plates issued to all other tax-exempt vehicles is a \$5 administrative handling fee and \$10 for two plates per vehicle. The license plate fee for a tax-exempt vehicle, except a trailer, is \$10 for two plates per vehicle, payable only on the first tax-exempt registration of the vehicle. (c) On or after March 1, 1986, The registration period for a tax-exempt vehicle is biennial and new plates will be issued for the life of the vehicle. Fees are The administrative fee is due on March 1 biennially and payable the preceding January 1, with validating stickers issued at time of payment. If the tax-exempt vehicle is newly registered for less than the two-year period, the fee must be apportioned by six-month increments, but in no event may the fee be less than \$5 per vehicle.~~

(b) The owner of a tax-exempt vehicle shall apply for tax-exempt license plates, and pay the administrative and plate fees, and the filing fee under section 168.33, subdivision 7, only to a deputy registrar in the county in which the vehicle is domiciled."

Page 9, after line 34, insert:

"Sec. 10. [PREPAID FEES FOR TAX-EXEMPT VEHICLES CARRIED FORWARD.]

The owner of a tax-exempt vehicle registered for the two-year period beginning March 1, 1986, whose fees for administrative handling, license plates, and filing exceeded \$20 per vehicle, may apply the excess toward payment of administrative handling fees for tax-exempt vehicles in subsequent registration periods, as provided in this section. Only payments made before the effective date of section 1 may be applied to subsequent administrative handling fees. The registrar shall notify each owner of a tax-exempt vehicle of the amount of the credit, if any, for which the owner is eligible under this section."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Moe, R.D. moved to amend S.F. No. 1842 as follows:

Page 7, after line 9, insert:

“Sec. 5. Minnesota Statutes 1984, section 169.44, is amended by adding a subdivision to read:

Subd. 16. [MOTOR COACH USED FOR SCHOOL ACTIVITIES.] After January 1, 1986, a school district or an area vocational technical institute shall not acquire a motor coach. Motor coaches acquired by school districts or area vocational technical institutes before January 1, 1986, may be used by school districts or area vocational technical institutes only to transport students participating in school activities, their instructors, and supporting personnel, to and from school activities. The motor coaches shall not in any way be outwardly equipped and identified as school buses. A motor coach operated under this subdivision is not a school bus for purposes of section 124.225. By August 1, 1986, the state board of education shall adopt rules governing the equipment, identification, operation, inspection, and certification of motor coaches operated under this subdivision. After January 1, 1998, a school district or area vocational technical institute shall not own or operate a motor coach for any purpose.”

Page 10, after line 1, insert:

“Sec. 11. [EFFECTIVE DATE.]

Section 5 is effective the day following final enactment.”

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Kamrath moved to amend S.F. No. 1842 as follows:

Page 1, after line 21, insert:

“Section 1. Minnesota Statutes 1984, section 168.011, subdivision 17, is amended to read:

Subd. 17. [FARM TRUCK.] “Farm truck” means all single unit trucks, truck-tractors, tractors, semitrailers, and trailers used by the owner thereof to transport agricultural, horticultural, dairy, and other farm products, including livestock, produced or finished by the owner of the truck, and any other personal property owned by the farmer to whom the license for the truck is issued, from the farm to market, and to transport property and supplies to the farm of the owner. Trucks, truck-tractors, tractors, semitrailers, and trailers registered as “farm trucks” may be used by the owner thereof to occasionally transport up to five truckloads each year of unprocessed and raw farm products, not produced by the owner of the truck, from the place of production to market when the transportation constitutes the first haul of the products, and may be used by the owner thereof, either farmer or logger who harvests and hauls forest products only, to transport logs, pulpwood, lumber,

chips, railroad ties and other raw and unfinished forest products from the place of production to an assembly yard or railhead when the transportation constitutes the first haul thereof, provided that the owner and operator of the vehicle transporting planed lumber shall have in his immediate possession a statement signed by the producer of the lumber designating the governmental subdivision, section and township where the lumber was produced and that this haul, indicating the date, is the first haul thereof. The licensed vehicles may also be used by the owner thereof to transport, to and from timber harvesting areas, equipment and appurtenances incidental to timber harvesting, and gravel and other road building materials for timber haul roads.

"Farm trucks" shall also include only single unit trucks, which, because of their construction, cannot be used for any other purpose and are used exclusively to transport milk and cream enroute from farm to an assembly point or place for final manufacture, and for transporting milk and cream from an assembly point to a place for final processing or manufacture. This section shall not be construed to mean that the owner or operator of the truck cannot carry on his usual accommodation services for his patrons on regular return trips, such as butter, cream, cheese, and other dairy supplies."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "limiting the use of farm trucks to haul farm products not produced by the truck owner;"

Page 1, line 14, after "sections" insert "168.011, subdivision 17;"

The motion prevailed. So the amendment was adopted.

S.F. No. 1842 was then progressed.

SPECIAL ORDER

S.F. No. 1869: A bill for an act relating to utilities; changing the powers and responsibilities of the chair of the public utilities commission; requiring the governor to appoint the chair of the commission; changing qualification for commissioners; requiring commissioners to file certain financial information before taking office; prohibiting commissioners and certain employees from engaging in certain activity after leaving the commission; requiring the commission to adopt a code of conduct; providing penalties; amending Minnesota Statutes 1984, sections 216A.03, subdivisions 1 and 3; and 216A.035; proposing coding for new law in Minnesota Statutes, chapter 216A.

Mr. Dieterich moved to amend S.F. No. 1869 as follows:

Page 4, line 12, after "to" insert:

"(1)"

Page 4, line 13, before the period, insert: ";

(2) a material issue in a rulemaking proceeding after the beginning of commission deliberations;

(3) a material issue in a disputed formal petition; and

(4) *any other communication impermissible by law*"

The motion prevailed. So the amendment was adopted.

S.F. No. 1869 was then progressed.

SPECIAL ORDER

S.F. No. 2078: A bill for an act relating to insurance; authorizing and regulating the use of nonprofit risk indemnification trusts; prescribing the powers and duties of the commissioner; proposing coding for new law in Minnesota Statutes, chapter 60A.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 37 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kronebusch	Peterson, D. C.	Schmitz
Benson	Freeman	Laidig	Peterson, R. W.	Sieloff
Bertram	Gustafson	Lantry	Petty	Solon
Brataas	Hughes	Luther	Pogemiller	Spear
Chmielewski	Isackson	Mehrkens	Purfeerst	Storm
Dahl	Jude	Moe, D. M.	Ramstad	
Dicklich	Kamrath	Olson	Reichgott	
Frank	Knutson	Pehler	Renneke	

So the bill passed and its title was agreed to.

SPECIAL ORDER

The question recurred on S.F. No. 1842.

S.F. No. 1842: A bill for an act relating to public safety; motor vehicles; eliminating redundant and surplus language; correcting inconsistent provisions in statutes; requiring certain information on petition for judicial review of license revocation determination; changing fee for motorized bicycle permit renewal for persons 18 years of age; permitting donor designation on minor donor's driver's license or identification card; abolishing automatic reinstatement of revoked or suspended driving privilege of nonresident in certain circumstances; extending effective period for provisional drivers' licenses by one year; amending Minnesota Statutes 1984, sections 168.28; 169.123, subdivision 5c; 171.02, subdivision 3; and 171.07, subdivision 5; and Minnesota Statutes 1985 Supplement, sections 168.013, subdivisions 1c and 1e; 171.27; and 221.033, subdivision 3; repealing Minnesota Statutes 1984, section 171.15, subdivision 2.

Ms. Reichgott moved to amend S.F. No. 1842 as follows:

Page 1, after line 21, insert:

"Section 1. [65B.481] [DRIVER TO HAVE PROOF OF INSURANCE IN POSSESSION.]

Every driver shall have in his immediate possession at all times when operating a motor vehicle evidence that insurance covering the vehicle is in effect. On demand of a peace officer, an authorized representative of the

department of public safety, or an officer authorized by law to enforce the laws relating to the operation of motor vehicles on public streets and highways, the driver must produce proof of insurance in the form of a valid insurance policy or an identification card issued by an insurer. No person shall be in violation of this section if the person provides the required proof of insurance to the officer within seven days. The commissioner of public safety may suspend the license of any operator who violates this section. Commercial vehicles required to file proof of insurance pursuant to chapter 221 are exempt from this section.

Sec. 2. Minnesota Statutes 1984, section 65B.67, subdivision 3, is amended to read:

Subd. 3. [VIOLATION BY DRIVER.] Any other person who operates a motor vehicle or motorcycle upon a public highway, street or road in this state ~~with knowledge~~ *who knows or has reason to know* that the owner does not have security complying with the terms of section 65B.48 in full force and effect is guilty of a misdemeanor and shall be sentenced as provided in subdivision 4.

Sec. 3. Minnesota Statutes 1984, section 65B.67, subdivision 4a, is amended to read:

Subd. 4a. The commissioner of public safety ~~may~~ *shall* revoke the registration of any motor vehicle or motorcycle, and may suspend the driver's license of any operator, without preliminary hearing upon a showing by department records, including accident reports required to be submitted by section 169.09, or other sufficient evidence that security required by section 65B.48 has not been provided and maintained. Before reinstatement of the registration, there shall be filed with the commissioner of public safety the written certificate of an insurance carrier authorized to do business in the state stating that security has been provided as required by section 65B.48. The commissioner of public safety may require the certificate of insurance provided to satisfy this subdivision to be certified by the insurance carrier to be noncancelable for a period not to exceed one year. The commissioner of public safety may also require a certificate of insurance to be filed with respect to all vehicles required to be insured under section 65B.48 and owned by any person whose driving privileges have been suspended or revoked as provided in this section before reinstating the person's driver's license."

Renumber the sections in sequence

Correct the internal references

Amend the title as follows:

Page 1, line 2, after the second semicolon, insert "requiring revocation of motor vehicle registration for failure to maintain insurance; requiring drivers to maintain proof of insurance;"

Page 1, line 14, after "sections" insert "65B.67, subdivisions 3 and 4a;"

Page 1, line 18, after "3" insert "; proposing coding for new law in Minnesota Statutes, chapter 65B"

The motion prevailed. So the amendment was adopted.

Ms. Reichgott then moved to amend the Reichgott amendment to S.F. No.

1842 as follows:

Page 1, line 15, after "days" insert "or to the court on or before the date set for appearance"

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

Mr. Frederickson moved to amend the Frank amendment to S.F. No. 1842 as follows:

Page 1 of the Frank amendment, after line 2, insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 168.011, subdivision 4, is amended to read:

Subd. 4. [MOTOR VEHICLE.] "Motor vehicle" means any self-propelled vehicle not operated exclusively upon railroad tracks and any vehicle propelled or drawn by a self-propelled vehicle and includes vehicles known as trackless trolleys which are propelled by electric power obtained from overhead trolley wires but not operated upon rails, except snowmobiles and manufactured homes. *After July 31, 1985, motor vehicle does not include a three-wheel off-road vehicle as defined in section 84.92, subdivision 8; except that if the three-wheel off-road vehicle was licensed as a motor vehicle before August 1, 1985, the owner may continue to license it as a motor vehicle until it is conveyed or otherwise transferred to another owner, is destroyed, or fails to comply with the registration and licensing requirements of this chapter.*"

Renumber the sections in sequence and correct the internal references.

Amend the title accordingly

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

RECONSIDERATION

Having voted on the prevailing side, Mr. Frank moved that the vote whereby the Kamrath amendment to S.F. No. 1842 was adopted on March 12, 1986, be now reconsidered. The motion prevailed. So the vote was reconsidered.

Mr. Kamrath withdrew his amendment.

S.F. No. 1842 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 50 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kamrath	Moe, D. M.	Reichgott
Anderson	Frank	Knaak	Moe, R. D.	Schmitz
Belanger	Frederick	Knutson	Olson	Sieloff
Benson	Frederickson	Kronebusch	Pehler	Solon
Bernhagen	Freeman	Laidig	Peterson, D.C.	Spear
Bertram	Gustafson	Lantry	Peterson, D.L.	Storm
Brataas	Hughes	Lessard	Petty	Taylor
Chmielewski	Isackson	McQuaid	Pogemiller	Vega
Dahl	Johnson, D.E.	Mehrkins	Purfeerst	Waldorf
Dicklich	Jude	Merriam	Ramstad	Wegscheid

Messrs. Dieterich and Peterson, R.W. voted in the negative.

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

SPECIAL ORDER

The question recurred on S.F. No. 1869.

S.F. No. 1869: A bill for an act relating to utilities; changing the powers and responsibilities of the chair of the public utilities commission; requiring the governor to appoint the chair of the commission; changing qualification for commissioners; requiring commissioners to file certain financial information before taking office; prohibiting commissioners and certain employees from engaging in certain activity after leaving the commission; requiring the commission to adopt a code of conduct; providing penalties; amending Minnesota Statutes 1984, sections 216A.03, subdivisions 1 and 3; and 216A.035; proposing coding for new law in Minnesota Statutes, chapter 216A.

Mr. Vega moved to amend S.F. No. 1869 as follows:

Pages 1 and 2, delete section 1

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 1869 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 44 and nays 4, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knaak	Pehler	Schmitz
Anderson	Dieterich	Knutson	Peterson, D. C.	Sieloff
Belanger	Frank	Kronebusch	Peterson, R. W.	Solon
Benson	Frederick	Laidig	Petty	Spear
Bernhagen	Frederickson	Lantry	Pogemiller	Storm
Bertram	Freeman	Lessard	Purfeerst	Taylor
Brataas	Gustafson	McQuaid	Ramstad	Vega
Chmielewski	Hughes	Moe, D. M.	Reichgott	Waldorf
Dahl	Jude	Olson	Renneke	

Messrs. Isackson; Johnson, D.E.; Kamrath and Mehrkens voted in the negative.

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

SPECIAL ORDER

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

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 43 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Knaak	Olson	Schmitz
Anderson	Frederick	Knutson	Pehler	Sieloff
Belanger	Frederickson	Kronebusch	Peterson, D. C.	Spear
Bernhagen	Gustafson	Laidig	Peterson, R. W.	Storm
Bertram	Hughes	Lantry	Petty	Taylor
Chmielewski	Isackson	Luther	Pogemiller	Vega
Dahl	Johnson, D. E.	McQuaid	Purfeerst	Waldorf
Dicklich	Jude	Mehrkins	Ramstad	
Dieterich	Kamrath	Moe, D. M.	Reichgott	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 1185: A bill for an act relating to transportation; advertising devices; authorizing advertising on certain telephone booths; amending Minnesota Statutes 1984, section 160.27, subdivision 3.

Mr. Pehler moved to amend H.F. No. 1185 as follows:

Page 1, after line 22, insert:

“Sec. 2. [TRUNK HIGHWAY 15 RIGHT-OF-WAY.]

The commissioner of transportation shall not sell, dispose of, or certify as surplus property under Minnesota Statutes, section 94.10, any real property owned by the department of transportation that adjoins, or lies within, the right-of-way of trunk highway 15 in St. Cloud. This prohibition does not apply to a sale or disposal of the property that occurs after a date that is two years before the date established by the commissioner for the letting of bids for construction on, or expansion of, the bridge on trunk highway 15 that crosses the Mississippi river.”

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 1185 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 47 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Frederick	Knutson	Pehler	Schmitz
Anderson	Frederickson	Kronebusch	Peterson, C. C.	Sieloff
Belanger	Freeman	Laidig	Peterson, D. C.	Spear
Bernhagen	Gustafson	Lantry	Peterson, D. L.	Storm
Bertram	Hughes	Luther	Peterson, R. W.	Taylor
Chmielewski	Isackson	McQuaid	Petty	Waldorf
Dahl	Johnson, D. E.	Mehrkins	Pogemiller	Wegscheid
Dicklich	Jude	Moe, D. M.	Purfeerst	
Diessner	Kamrath	Novak	Ramstad	
Dieterich	Knaak	Olson	Reichgott	

Messrs. Frank and Merriam voted in the negative.

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

SPECIAL ORDER

H.F. No. 2014: A bill for an act relating to elections; making changes in registration, caucuses, ballots, affidavits of candidacy and withdrawal, nominations, election certificates, and election judge qualifications; amending Minnesota Statutes 1984, sections 201.018, subdivision 2; 201.12, subdivision 2; 201.15, subdivision 1; 202A.11, subdivision 2; 202A.16, subdivision 1; 204B.03; 204B.06, subdivision 1; 204B.07, subdivision 4; 204B.09, subdivision 1; 204B.10, by adding a subdivision; 204B.12, subdivision 3; 204B.35, subdivision 2; 204C.40, subdivision 1; 204D.11, subdivisions 3, 5, and 6; 206.71, by adding a subdivision; and 208.03.

Mr. Hughes moved to amend H.F. No. 2014, as amended pursuant to Rule 49, adopted by the Senate March 4, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1838.)

Page 4, after line 35, insert:

“Sec. 9. Minnesota Statutes 1984, section 204B.07, subdivision 1, is amended to read:

Subdivision 1. [FORM OF PETITION.] A nominating petition may consist of one or more separate pages each of which shall state:

(a) The office sought;

(b) The candidate's name and residence address, including street and number if any; and

(c) The candidate's political party or political principle expressed in not more than three words. No candidate who files for a partisan office by nominating petition shall use the term “nonpartisan” as a statement of his political principle or the name of his political party. *No part of the name of a major political party may be used to designate the political party or principle of a candidate who files for a partisan office by nominating petition, except that the word “independent” may be used to designate the party or principle.* A candidate who files by nominating petition to fill a vacancy in nomination for a nonpartisan office pursuant to section 204B.13, shall not state any political principle or the name of any political party on the petition.”

Renumber the sections in sequence

Amend the title as follows:

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

The motion prevailed. So the amendment was adopted.

Ms. Peterson, D.C. moved to amend H.F. No. 2014, as amended pursuant to Rule 49, adopted by the Senate March 4, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1838.)

Page 9, after line 32, insert:

“Sec. 20. Laws 1980, chapter 362, section 8, subdivision 1, is amended to read:

Sec. 8. [CAMPAIGN REPORTS.] Subdivision 1. [COMMITTEES REQUIRED TO REPORT; DEADLINES.] The treasurer of any political committee, political fund or principal campaign committee required to register pursuant to section 6 shall also file campaign reports with the filing officer. *In each year in which the name of the candidate is on the ballot, the report of the principal campaign committee shall be filed ten days before a regular primary and a regular election. Political committees and political funds other than principal campaign committees shall file campaign reports shall be filed ten days before any a regular primary or regular election.* The treasurer of a principal campaign committee shall file additional reports ten days before a special primary or other special election and 30 days after a special election. The reports shall cover the period from the last day of the previous reporting period to seven days before the filing date. An additional campaign report shall be filed by all treasurers on January 31 of each year covering the period from the last day of the previous reporting period to December 31 of the preceding calendar year."

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Ms. Peterson, D.C. then moved to amend H.F. No. 2014, as amended pursuant to Rule 49, adopted by the Senate March 4, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1838.)

Page 9, after line 32, insert:

"Sec. 20. Minnesota Statutes 1984, section 210A.04, is amended by adding a subdivision to read:

Subd. 1a. [ACTION BY CANDIDATE.] A candidate is guilty of a gross misdemeanor if the candidate intentionally participates in the preparation, dissemination, or broadcast of paid political advertising, campaign material, or a letter to the editor with respect to the personal or political character or acts of a candidate, whether or not defamatory, which the participating candidate knows or has reason to believe is false and which is designed or tends to elect, injure, or defeat a candidate for nomination or election to a public office."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "prohibiting certain actions by candidates; imposing a penalty;"

Page 1, line 14, delete "and" and before the period, insert "; and 210A.04, by adding a subdivision"

The motion prevailed. So the amendment was adopted.

Mr. Pogemiller moved to amend H.F. No. 2014, as amended pursuant to Rule 49, adopted by the Senate March 4, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1838.)

Page 1, after line 16, insert:

"Section 1. [10A.241] [TRANSFER OF FUNDS AND DEBTS.]

Notwithstanding any provisions of this chapter to the contrary, a candidate may terminate the candidate's principal campaign committee for one state office by transferring any debts of that committee to the candidate's principal campaign committee for another state office, provided that any outstanding unpaid bills or loans from the committee being terminated are assumed and continuously reported by the committee to which the transfer is being made until paid or forgiven."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2014 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 50 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

SPECIAL ORDER

H.F. No. 1806: A bill for an act relating to financial institutions; permitting state banks and credit unions to offer self-directed individual retirement accounts; amending Minnesota Statutes 1984, section 48.15, by adding a subdivision; and Minnesota Statutes 1985 Supplement, section 52.04, subdivision 1.

Mr. Benson moved to amend H.F. No. 1806 as follows:

Page 2, after line 14, insert:

"Sec. 2. Minnesota Statutes 1984, section 48.24, subdivision 5, is amended to read:

Subd. 5. Loans or obligations shall not be subject under this section to any limitation based upon such capital and surplus to the extent that they are secured or covered by guarantees, or by commitments or agreements to take over or to purchase the same, made by:

(1) the commissioner of agriculture on the purchase of agricultural land or

by;

(2) any Federal Reserve bank ~~or by~~;

(3) the United States or any department, bureau, board, commission, or establishment of the United States, including any corporation wholly owned directly or indirectly by the United States; *or*

(4) *the Minnesota energy and economic development authority."*

Page 7, line 15, delete "*This act is*" and insert "*Sections 1 and 3 are*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "removing loans made by the energy and economic development authority from a bank's lending limitations;"

Page 1, line 5, delete "section" and insert "sections" and after the semicolon, insert "48.24, subdivision 5;"

The motion prevailed. So the amendment was adopted.

H.F. No. 1806 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 50 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dieterich	Kamrath	Merriam	Pogemiller
Anderson	Frank	Knaak	Moe, D. M.	Ramstad
Belanger	Frederick	Knutson	Moe, R. D.	Reichgott
Benson	Frederickson	Kronebusch	Olson	Renneke
Bernhagen	Freeman	Laidig	Pehler	Schmitz
Bertram	Gustafson	Lantry	Peterson, C. C.	Sieloff
Chmielewski	Hughes	Lessard	Peterson, D. C.	Storm
Dahl	Isackson	Luther	Peterson, D. L.	Taylor
Dicklich	Johnson, D.E.	McQuaid	Peterson, R. W.	Waldorf
Diessner	Jude	Mehrrens	Petty	Wegscheid

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

SPECIAL ORDER

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.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kamrath	Merriam	Pogemiller
Anderson	Frank	Knaak	Moe, D. M.	Ramstad
Belanger	Frederick	Knutson	Moe, R. D.	Reichgott
Benson	Frederickson	Kronebusch	Olson	Renneke
Bernhagen	Freeman	Laidig	Pehler	Schmitz
Bertram	Gustafson	Lantry	Peterson, C. C.	Sieloff
Chmielewski	Hughes	Lessard	Peterson, D. C.	Storm
Dahl	Isackson	Luther	Peterson, D. L.	Taylor
DeCramer	Johnson, D.E.	McQuaid	Peterson, R. W.	Vega
Dicklich	Jude	Mehrkins	Petty	Waldorf

So the bill passed and its title was agreed to.

SPECIAL ORDER

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.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 49 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Jude	Mehrkins	Petty
Anderson	Dieterich	Kamrath	Merriam	Pogemiller
Belanger	Frank	Knaak	Moe, D. M.	Ramstad
Benson	Frederick	Knutson	Moe, R. D.	Reichgott
Bernhagen	Frederickson	Kronebusch	Olson	Schmitz
Bertram	Freeman	Laidig	Pehler	Sieloff
Chmielewski	Gustafson	Lantry	Peterson, C. C.	Storm
Dahl	Hughes	Lessard	Peterson, D. C.	Waldorf
DeCramer	Isackson	Luther	Peterson, D. L.	Wegscheid
Dicklich	Johnson, D.E.	McQuaid	Peterson, R. W.	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 1871: A bill for an act relating to veterans; clarifying certain terms; providing for payment of compensation to certain patients and residents of state institutions; amending Minnesota Statutes 1984, section 246.151; and Minnesota Statutes 1985 Supplement, section 136C.13, subdivision 4.

Mr. Bertram moved to amend H.F. No. 1871 as follows:

Pages 1 and 2, delete section 1

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete everything after the first semicolon

Page 1, line 5, delete “; and” and insert a period

Page 1, delete lines 6 and 7

The motion prevailed. So the amendment was adopted.

H.F. No. 1871 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 49 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Jude	Moe, D. M.	Ramstad
Anderson	Dicklich	Kamrath	Moe, R. D.	Reichgott
Belanger	Diessner	Knaak	Olson	Renneke
Benson	Frank	Knutson	Pehler	Schmitz
Berglin	Frederick	Kronebusch	Peterson, C. C.	Sieloff
Bernhagen	Frederickson	Laidig	Peterson, D. C.	Storm
Bertram	Gustafson	Lantry	Peterson, D. L.	Vega
Brataas	Hughes	Lessard	Peterson, R. W.	Waldorf
Chmielewski	Isackson	Luther	Petty	Wegscheid
Dahl	Johnson, D.E.	McQuaid	Pogemiller	

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

SPECIAL ORDER

H.F. No. 1730: A bill for an act relating to crime; correcting certain erroneous, omitted and obsolete references in and to the criminal sexual conduct statutes; amending Minnesota Statutes 1984, sections 253B.02, subdivision 4a; 260.015, subdivision 24; 494.03; 518B.01, subdivision 2; 609.11, subdivision 9; 609.341, subdivision 3; 609.347, subdivision 3; 609.348; 609.349; 609.35; 611A.03, subdivision 3; and 628.26; and Minnesota Statutes 1985 Supplement, sections 609.341, subdivision 11; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivisions 2 and 3; 609.3471; 609.531, subdivision 1; 626.556, subdivision 2; and 631.045.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 49 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Jude	Moe, D. M.	Ramstad
Anderson	Dicklich	Kamrath	Moe, R. D.	Reichgott
Belanger	Diessner	Knaak	Novak	Renneke
Benson	Frank	Knutson	Olson	Schmitz
Berg	Frederick	Kronebusch	Pehler	Sieloff
Berglin	Frederickson	Laidig	Peterson, C. C.	Storm
Bernhagen	Gustafson	Lantry	Peterson, D. C.	Vega
Bertram	Hughes	Lessard	Peterson, R. W.	Waldorf
Brataas	Isackson	Luther	Petty	Wegscheid
Chmielewski	Johnson, D.E.	McQuaid	Pogemiller	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 1824: A bill for an act relating to statutes; adopting as amended a

gender neutral revision of Minnesota Statutes; providing for no substantive change; granting certain editorial authority to the revisor of statutes; amending Minnesota Statutes 1984, sections 3C.10, subdivision 1; and 645.44, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 645.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 47 and nays 6, as follows:

Those who voted in the affirmative were:

Belanger	Frank	Knutson	Pehler	Schmitz
Benson	Frederick	Kronebusch	Peterson, C.C.	Sieloff
Berglin	Frederickson	Laidig	Peterson, D.C.	Storm
Bernhagen	Freeman	Lantry	Peterson, D.L.	Taylor
Bertram	Hughes	McQuaid	Peterson, R.W.	Vega
Brataas	Johnson, D.E.	Mehrkins	Petty	Waldorf
Dahl	Johnson, D.J.	Merriam	Pogemiller	Wegscheid
Dicklich	Jude	Moe, D. M.	Ramstad	
Diessner	Kamrath	Moe, R. D.	Reichgott	
Dieterich	Knaak	Novak	Renneke	

Those who voted in the negative were:

Adkins	Chmielewski	Gustafson	Isackson	Lessard
Anderson				

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 1980: A bill for an act relating to state government; authorizing the Indian affairs council to enter contracts and to accept grants and gifts; amending Minnesota Statutes 1984, section 3.922, subdivision 5.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Kamrath	Moe, R. D.	Reichgott
Anderson	Dieterich	Knaak	Novak	Renneke
Belanger	Frank	Knutson	Olson	Schmitz
Benson	Frederick	Kronebusch	Pehler	Solon
Berg	Frederickson	Laidig	Peterson, C.C.	Storm
Berglin	Gustafson	Lantry	Peterson, D.C.	Taylor
Bernhagen	Hughes	Lessard	Peterson, D.L.	Vega
Bertram	Isackson	McQuaid	Peterson, R.W.	Waldorf
Brataas	Johnson, D.E.	Mehrkins	Petty	Wegscheid
Chmielewski	Johnson, D.J.	Merriam	Pogemiller	
Dahl	Jude	Moe, D. M.	Ramstad	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 2179: A bill for an act relating to commerce; consumer protec-

tion; requiring the repair, refund, or replacement of new motor vehicles and new farm tractors under certain circumstances; prescribing certain settlement procedures; amending Minnesota Statutes 1984, section 325F.665, as amended; proposing coding for new law in Minnesota Statutes, chapter 325F.

Mr. Dahl moved to amend S.F. No. 2179 as follows:

Page 1, after line 11, insert:

“Section 1. [168.79] [USED MOTOR VEHICLE GENERAL CONDITION DISCLOSURE.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(a) “Consumer” means the purchaser, other than for purposes of resale, of a used motor vehicle used for personal, family, or household purposes at least 40 percent of the time.

(b) “Motor vehicle” means (1) a passenger automobile as defined in section 168.011, subdivision 7, including pickup trucks and vans; and (2) recreational equipment as defined in section 168.011, subdivision 25, which is sold to a consumer in this state.

(c) “Dealer” means licensed motor vehicle dealer as defined in section 168.27, subdivisions 1 and 3, or its agent.

Subd. 2. [USED MOTOR VEHICLE GENERAL CONDITION DISCLOSURE.] A dealer of used motor vehicles or its agent shall inform prospective retail purchasers of used motor vehicles in writing before the purchase contract is executed in the manner and on the form prescribed in subdivision 3 of all significant existing mechanical and electrical and structural defects and damage. The dealer must disclose information that can be ascertained as a result of reasonable diligence, which shall consist of, but is not limited to, a walk-around and interior inspection, under-hood inspection, under-vehicle inspection and a test drive. Any sale not meeting the requirements of this subdivision is voidable within 30 days at the option of the retail purchaser. No dealer may knowingly give false information to a purchaser in making any disclosure required by this section.

Subd. 3. [USED VEHICLE DISCLOSURE LABEL.] Each motor vehicle subject to the provisions of this section, displayed or offered for sale by a dealer, shall include a disclosure label displayed within the motor vehicle and readable from the outside, and it shall become the possession of the purchaser upon delivery. The label shall be signed and completed in duplicate prior to delivery of the vehicle. The dealer shall retain a copy of the signed disclosure label for at least four years. The used motor vehicle disclosure label required by this section shall, without exception, be in the form prescribed by the attorney general. The attorney general is exempt from the rulemaking provisions of chapter 14 in prescribing the form of the used motor vehicle disclosure label, but the attorney general may comply with section 14.38, subdivision 7.

Subd. 4. [EFFECT AS WARRANTIES.] Unless otherwise agreed to by the parties in the purchase contract, the inspection disclosures required in subdivisions 2 and 3 do not create any warranties express or implied and do

not affect warranty coverage provided for in the purchase contract.

Subd. 5. [EXCEPTIONS.] Subdivisions 2 and 3 shall not apply to:

(a) A used motor vehicle prior to being displayed or offered for sale, provided a written statement "Not inspected for sale" is conspicuously displayed on each vehicle.

(b) A demonstrator or executive vehicle until removed from executive or demonstrator service and displayed or offered for sale on the sales lot.

(c) A used motor vehicle which is operated between point of wholesale or point of purchase and the licensee's business premises by the licensee or agent if a valid dealer registration plate is affixed to the vehicle.

(d) A business selling a used vehicle to an employee of that business, a lessor selling a used vehicle to an employee of the lessor, a lessor selling a leased vehicle by or to that vehicle's lessee or to an employee of the lessee.

Subd. 6. [SERVICE FEES.] A dealer licensee shall not assess a purchaser an additional service fee or charge for completing any sales-related vehicle inspection or forms which are required by law or rule.

Subd. 7. [CIVIL REMEDY.] Any dealer who is found to have violated this section shall be subject to the penalties and remedies provided in sections 8.31 and 168.27.

Subd. 8. [WAIVER.] Waiver of any requirements of this chapter, except as specifically provided for in this chapter, is prohibited and void.

Sec. 2. Minnesota Statutes 1984, section 168.27, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(1) "Leasing motor vehicles" means furnishing a motor vehicle for a fee under a bailor-bailee relationship where no incidences of ownership are intended to be transferred other than the right to use the vehicle for a stated period of time.

(2) "Brokering motor vehicles" means arranging sales between willing buyers and sellers of motor vehicles and receiving a fee for said service.

(3) "Wholesaling motor vehicles" means selling new or used motor vehicles to dealers for resale to the public.

(4) "Auctioning motor vehicles" means arranging for and handling the sale of motor vehicles, not the property of the auctioneer, to the highest bidder.

(5) "Dealer" includes new motor vehicle dealers, used motor vehicle dealers, brokers, wholesalers, auctioneers and lessors of new or used motor vehicles.

(6) "Commercial building" means a building adapted to commercial use and located in an area zoned for commercial or other less restrictive nonresidential use by the governmental unit in which it is located.

(7) "Isolated or occasional sales or leases" means the sale or lease of not

to exceed five vehicles in a 12-month period.

Sec. 3. Minnesota Statutes 1984, section 168.27, subdivision 8, is amended to read:

Subd. 8. [EXEMPTIONS.] (1) Salesmen and other employees of licensed dealers under this section shall not be required to obtain individual licenses.

(2) Isolated or occasional sales or leases of new or used motor vehicles shall be exempt from the provisions of this section. *A person who makes only isolated or occasional sales or leases is not considered to be in the business of selling or leasing motor vehicles and does not qualify to receive dealer plates pursuant to subdivision 16.*

Sec. 4. Minnesota Statutes 1985 Supplement, section 168.27, subdivision 10, is amended to read:

Subd. 10. [PLACE OF DOING BUSINESS.] All licensees under this section shall have an established place of business which shall include as a minimum,

(1) For a new motor vehicle dealer, the following:

(a) a permanent enclosed commercial building on a permanent foundation, owned or under lease by the licensee. The lease shall be for a minimum term of one year. The building shall contain office space where the books, records and files necessary to conduct the business are kept and maintained with personnel available during normal business hours;

(b) a bona fide contract or franchise (1) in effect with a manufacturer or distributor of the new motor vehicles he proposes to sell, broker, wholesale or auction, or (2) in effect with the first-stage manufacturer or distributor of new motor vehicles purchased from a van converter or modifier which he proposes to sell, broker, wholesale, or auction, or (3) in effect with the final stage manufacturer of the new type A, B or C motor homes which he proposes to sell, broker, wholesale, or auction;

(c) a facility for the repair and servicing of motor vehicles and the storage of parts and accessories, not to exceed ten miles distance from the principal place of business. Such service may be provided through contract with bona fide operators actually engaged in such services.

(2) For a used motor vehicle dealer the following: a permanent enclosed commercial building on a permanent foundation, owned or under lease by the licensee *and an area adjacent to the building of sufficient size to permit the display of at least five vehicles.* The lease shall be for a minimum term of one year. The building shall contain office space for the books, records and files necessary to conduct the business and maintained with personnel available during normal business hours or automatic telephone answering service during normal working hours.

(3) For a motor vehicle lessor, the following: a commercial office space where the books, records and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.

(4) For a motor vehicle broker, the following: a commercial office space where the books, records and files necessary to conduct the business are kept

and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.

(5) For a motor vehicle wholesaler, the following: a commercial office space where the books, records and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.

(6) For a motor vehicle auctioneer, the following: a permanent enclosed commercial building, within or without the state, on a permanent foundation, owned or under lease by the licensee. The lease shall be for a minimum term of one year. The building shall contain office space where the books, records and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.

(7) If a new or used motor vehicle dealer maintains more than one place of doing business in a county, the separate places shall be listed on the application. If additional places of business are maintained outside of one county, separate licenses shall be obtained for each county.

(8) If a motor vehicle lessor, broker or auctioneer maintains more than one permanent place of doing business, either in one or more counties, the separate places shall be listed in the application, but only one license shall be required.

Sec. 5. [168A.088] [APPLICATIONS.]

No application for certificate of title and no application for registration may be issued for any vehicle which was not manufactured to comply with federal emission standards as provided by the Clean Air Act, United States Code, title 42, sections 7401 through 7642, and regulations adopted pursuant to the act, and safety standards as provided by the National Traffic and Motor Safety Act, United States Code, title 15, sections 1381 through 1431, and regulations adopted pursuant to the act, unless the applicant furnishes:

(1) *a bond release letter, with all attachments, issued by the United States Department of Transportation acknowledging receipt of a statement of compliance submitted by the importer of the vehicle and that the statement meets the safety requirements as provided by Code of Federal Regulations, title 19, section 12.80(e);*

(2) *a bond release letter, with all attachments, issued by the United States Environmental Protection Agency stating that the vehicle has been tested and known to be in conformity with federal emission requirements; and*

(3) *a receipt or certificate issued by the United States Department of the Treasury showing that any gas-guzzler taxes due on the vehicle as provided by Public Law Number 95-618, title 2, section 201(a), have been fully paid; or*

(4) *proof satisfactory to the agent that the vehicle was not brought into the United States from outside the country.*

The application for certificate of title and the application for registration must be accompanied by:

(1) a manufacturer's certificate of origin in the English language issued by the actual vehicle manufacturer,

(2) the original documents constituting valid proof of ownership in the country in which the vehicle was originally purchased, together with a translation of the documents into the English language verified as to accuracy of the translation by affidavit of the translator, or

(3) with regard to a vehicle imported from a country that cancels the vehicle registration and title for export, the documents assigned to the vehicle after the registration and title have been canceled, together with a translation of the documents into the English language, verified as to accuracy of translation by affidavit of the translator."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Mehrkens questioned whether the amendment was germane.

The President ruled that the amendment was germane.

Mr. Dahl moved to amend the Dahl amendment to S.F. No. 2179 as follows:

Page 7, after line 7, insert:

"Sec. 6. Minnesota Statutes 1985 Supplement, section 325E.0951, is amended by adding a subdivision to read:

Subd. 3a. [DISCLOSURE.] No person may transfer a motor vehicle without certifying in writing to the best of the transferee's knowledge that the pollution control system and restricted gasoline pipe are functional. The registrar of motor vehicles must prescribe the manner and form in which this written disclosure must be made. No transferor may knowingly give a false statement to a transferee in making any disclosure required by this subdivision."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

S.F. No. 2179 was then progressed.

MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate revert to the Orders of Business of Messages From the House, First Reading of House Bills, Reports of Committees, Second Reading of Senate Bills and Second Reading of House Bills. The motion prevailed.

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. 1950: A bill for an act relating to taxation; limiting application of the open space property tax law to facilities that do not discriminate on the basis of sex; amending Minnesota Statutes 1984, section 273.112, subdivisions 3 and 4, and by adding a subdivision.

Senate File No. 1950 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 12, 1986

Mr. Merriam moved that the Senate do not concur in the amendments by the House to S.F. No. 1950, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

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

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

Senate File No. 2035 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 12, 1986

CONCURRENCE AND REPASSAGE

Mr. Laidig moved that the Senate concur in the amendments by the House to S.F. No. 2035 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2035: A bill for an act relating to motor vehicles; designating category of collector military vehicle for registration purposes; exempting certain collector military vehicles and trailers from requirement to display license plates under certain conditions; amending Minnesota Statutes 1984, sections 168.012, subdivision 1; 168.10, subdivisions 1, 1e, 1f, and by adding a subdivision; and 169.73, subdivision 1.

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 42 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Frederick	Knutson	Moe, R. D.	Renneke
Anderson	Frederickson	Kronebusch	Olson	Sieloff
Belanger	Gustafson	Laidig	Pehler	Solon
Bernhagen	Hughes	Lantry	Peterson, D. C.	Spear
Bertram	Isackson	Lessard	Peterson, D. L.	Waldorf
Brataas	Johnson, D. E.	Luther	Pogemiller	Wegscheid
Chmielewski	Jude	McQuaid	Purfeerst	
Dahl	Kamrath	Mehrkens	Ramstad	
Dieterich	Knaak	Merriam	Reichgott	

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 File, herewith transmitted: H.F. No. 1919.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 11, 1986

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 1803.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 12, 1986

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2010.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 12, 1986

FIRST READING OF HOUSE BILLS

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

H.F. No. 1919: A bill for an act relating to education; imposing a limit on participation; eliminating state tuition reimbursement for courses taken for post-secondary credit; making other modifications to the post-secondary enrollment options program; providing options for swimming classes in junior high schools; amending Minnesota Statutes 1984, sections 123.35, by adding a subdivision; 124A.034, subdivisions 1 and 2; 363.03, subdivision 5; Minnesota Statutes 1985 Supplement, section 123.3514, subdivisions 3, 4, 5, 6, 8, and 10, and by adding subdivisions; and Laws 1985, First Special Session chapter 12, article 5, section 7; proposing coding for new law in Minnesota Statutes, chapter 126.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1771, now on General Orders.

H.F. No. 1803: A bill for an act relating to traffic regulations; authorizing

municipalities to permit handicapped persons to operate four-wheel all-terrain vehicles on city streets and roads under certain conditions; amending Minnesota Statutes 1984, section 169.045.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1690, now on General Orders.

H.F. No. 2010: A bill for an act relating to the state high school league; providing for the appointment of certain board members; providing penalties for recruiting students; providing for student athletics and activity eligibility after certain transfers; providing standards for student participation in non-scholastic activities; providing administrative appeals from various decisions; amending Minnesota Statutes 1984, section 129.121, subdivision 1, and by adding subdivisions.

Mr. Merriam moved that H.F. No. 2010 be laid on the table. The motion prevailed.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 2231, 2246 and H.F. No. 450 and reports pertaining to appointments. The motion prevailed.

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

S.F. No. 2217: A bill for an act relating to natural resources; authorizing additions to and deletions from certain state parks and recreation areas.

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

Page 2, after line 7, insert:

“Subd. 2. [85.012] [Subd. 21.] [FRONTENAC STATE PARK.]

The following area is added to Frontenac State Park:

Government Lot 1 and that part of Government Lot 2 lying easterly of the center line of said Government Lot 2 of Section 33; Government Lot 1 of Section 34; all in Township 113 North, Range 13 West. The West Half of the Northwest Quarter and that part of the West Half of the Southwest Quarter lying northerly of the township road of Section 3; that part of Sections 4 and 5 lying northerly of the township road; and the Northeast Quarter of the Northeast Quarter of Section 6; all in Township 112 North, Range 13 West.

The following area is deleted from Frontenac State Park:

That part of the East Half of the Southwest Quarter and the Southwest Quarter of the Southeast Quarter of Section 3 lying southerly of the township road; all of the Southeast Quarter of the Northeast Quarter and the Northeast Quarter of the Southeast Quarter of Section 9; all of that part of the South Half of the Southeast Quarter of Section 9 except the rights-of-way of U.S. Highway 61 and the Chicago, Milwaukee, St. Paul and Pacific Railroad; all that part of Section 10 lying northwesterly of C.S.A.H. 2 and southerly of the township road; all that part of the North Half of Section 15

lying northerly of the northerly right-of-way line of U.S. Highway 61 and westerly of C.S.A.H. 2; all that part of the Southeast Quarter of Section 10 and the Northeast Quarter of the Northeast Quarter of Section 15 lying southeasterly of C.S.A.H. 2 and northerly and easterly of the following described line: Beginning at the intersection of C.S.A.H. 2 and a line 300 feet north of and parallel with the northerly line of Hibernia Avenue of the town of Frontenac Station, thence easterly along said line to its intersection with the northerly extension of the easterly line of Ludlow Avenue, thence southerly along the easterly line of Ludlow Avenue and its extension to a point 270 feet north of the northerly line of Columbia Avenue, thence deflecting left at a right angle to a line parallel with and 100 feet distance from the easterly line of Ludlow Avenue, thence southerly along said line to its intersection with the northerly right-of-way line of U.S. Highway 61, thence easterly along said northerly right-of-way line to the east line of Section 15 and there terminating; all that part of the West Half of the Southwest Quarter of Section 11 and the West Half of the Northwest Quarter of Section 14 lying southeasterly of C.S.A.H. 2, northerly of the northerly right-of-way line of U.S. Highway 61, and westerly of the following described line: Commencing at the southwest corner of said Section 11; thence on an assumed bearing of North 00 degrees 25 minutes 27 seconds West 1519.93 feet along the west line of said Section 11; thence North 89 degrees 34 minutes 33 seconds East 490.90 feet to Point "A"; thence North 42 degrees 46 minutes 45 seconds West 507.40 feet to the center line of C.S.A.H. 2 (a/k/a Frontenac and Wells Creek Road and road from old Village of Frontenac to new Village of Frontenac) and the point of beginning; thence South 42 degrees 46 minutes 45 seconds East 507.40 feet to Point "A"; thence South 00 degrees 00 minutes 18 seconds West 1416.61 feet; thence South 55 degrees 09 minutes 18 seconds East 1027.56 feet to the east line of said Northwest Quarter of the Northwest Quarter of said Section 14 and there terminating; all that part of the East Half of the Northwest Quarter of Section 14 described as follows: Beginning at the intersection of the north-south quarter section line of the Northwest Quarter of said Section 14 and the northerly right-of-way line of U.S. Highway 61 as now located, run thence North 400 feet, thence East 100 feet, thence South 200 feet, thence East 100 feet, thence South 200 feet more or less to the northerly line of said U.S. Highway 61, thence westerly and along said northerly line of said highway, 200 feet more or less to the point of beginning; all in Township 112 North, Range 13 West."

Page 2, delete lines 20 to 34

Renumber the subdivisions in sequence

Page 3, after line 24, insert:

"Sec. 3. Laws 1984, chapter 599, section 3, is amended to read:

Sec. 3. [85.013] [Subd. 10.] [FLOOD BAY STATE WAYSIDE.]

The following areas are deleted from the Flood Bay State Wayside:

(a) That part of Government Lot 2, Section 32, Township 53 North, Range 10 West of the fourth principal meridian, lying southeasterly of the southeasterly right-of-way line of U.S. Highway 61 and northeasterly of a line described as follows: beginning at the Northwest Corner of said Government Lot 2, run southeasterly at an angle of 59 degrees with the West Line of said

Government Lot 2 to the low water mark of Lake Superior, and said line there terminating, except a strip of land one hundred twenty-five feet in width lying northwesterly of the low water mark of Lake Superior.

(b) That part of Government Lot 1, Section 32, Township 53 North, Range 10 West of the fourth principal meridian, lying southeasterly of the southeasterly right-of-way line of U.S. Highway 61 and southwesterly of a line described as follows: commencing at the intersection of the West Line of said Section 32 with the centerline of said U.S. Highway 61, thence northeasterly along said centerline a distance of nine hundred thirty feet to the beginning of the line to be described; thence deflect 90 degrees 00 minutes to the right in a southeasterly direction to the low water mark of Lake Superior and said line there terminating, except a strip of land one hundred twenty-five feet in width lying northwesterly of the low water mark of Lake Superior.

These deletions are effective only if: (1) the commissioner of natural resources determines that the deletions and the proposed subsequent developments are in the public interest and consistent with the continued operation and preservation of the remainder of the wayside, considering the environmental impacts as described by an environmental impact statement found to be adequate by the environmental quality board under section 116D.04, any proposed mitigation measures and the economic and engineering feasibility of the project; and (2) the senate agriculture and natural resources committee and the house environment and natural resources committee review and approve the commissioner's determination. If these committees do not approve his determination, the commissioner shall submit it as a recommendation to the 1985 legislature. If the deletions become effective, notwithstanding any limitations contained in Minnesota Statutes, sections 92.45, 94.342, or 94.343 restricting the sale or exchange of state park land or land devoted to a specific public use, or of land bordering public waters, the commissioner may sell, *lease for a period of up to 40 years with the option for renewal*, or exchange the deleted portions of Flood Bay State Wayside in the manner otherwise provided by law. The commissioner shall include in any deed issued for the area a condition requiring that this area be developed and operated in a manner consistent with the continued operation and preservation of the remaining portions of Flood Bay State Wayside."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, before the period, insert "; amending Laws 1984, chapter 599, section 3"

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

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

H.F. No. 654: A bill for an act relating to crimes; establishing mandatory minimum terms of imprisonment for the crimes of residential burglary, burglary of an occupied dwelling, aggravated robbery of a pharmacy, and selling cocaine, heroin, and hallucinogens; amending Minnesota Statutes 1984, sections 152.15, by adding subdivisions; 609.245; and 609.582, by adding

subdivisions.

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

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

S.F. No. 2067: A bill for an act relating to local government; permitting the establishment of special service districts in the city of Mendota Heights; providing taxing and other financial authority for the city.

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

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

S.F. No. 2255: A bill for an act relating to the city of Cloquet; permitting the establishment of a port authority; authorizing the port authority to exercise the powers of a municipal housing and redevelopment authority.

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

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

H.F. No. 2464: A bill for an act relating to the city of Bowlus; permitting the city to exceed its debt limit for a firehall.

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

Mr. Willet from the Committee on Finance, to which was re-referred

S.F. No. 2015: A bill for an act relating to natural resources; establishing a wild rice management account; disposition of wild rice license fees; amending Minnesota Statutes 1984, section 97.49, by adding a subdivision; and by adding a subdivision to article 4, section 9, of S.F. No. 1526, if enacted.

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

Mr. Willet from the Committee on Finance, to which was re-referred

H.F. No. 450: A bill for an act relating to children; replacing the state election campaign fund with a child abuse prevention trust fund; providing for disbursement of funds for child abuse prevention; creating a tax return checkoff to fund the child abuse prevention trust fund; appropriating money; amending Minnesota Statutes 1984, sections 10A.25, subdivision 10, and by adding a subdivision; 290.06, subdivision 11; and 290.39, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 257 and 290; repealing Minnesota Statutes 1984, sections 10A.30 to 10A.335.

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

as follows:

Delete everything after the enacting clause and insert:

“Section 1. [116K.20] [CITATION.]

Sections 2 to 7 may be cited as the “children’s trust fund for the prevention of child abuse act.”

Sec. 2. [116K.21] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 1 to 9.

Subd. 2. [ACT.] “Act” means the children’s trust fund for the prevention of child abuse act.

Subd. 3. [ADVISORY COUNCIL.] “Advisory council” means the advisory council established under section 4.

Subd. 4. [CHILD.] “Child” means a person under 18 years of age.

Subd. 5. [CHILD ABUSE.] “Child abuse” means sexual abuse, neglect, or physical abuse as defined in section 626.556, subdivision 2, paragraphs (a), (c), and (d).

Subd. 6. [DIRECTOR.] “Director” means the state planning director.

Subd. 7. [LOCAL COUNCIL.] “Local council” means a child abuse prevention council established under section 5.

Subd. 8. [PREVENTION PROGRAM.] “Prevention program” means a system that directly provides primary or secondary child abuse prevention services to a child, parent or prospective parent, guardian, or professional who works regularly with children, and may also include a research program related to the prevention of child abuse.

Subd. 9. [PRIMARY PREVENTION.] “Primary prevention” means a program or service designed to promote the general welfare of children and families.

Subd. 10. [SECONDARY PREVENTION.] “Secondary prevention” means a program or service designed to prevent abuse of children who are in circumstances where there is a high risk that abuse will occur.

Subd. 11. [TERTIARY PREVENTION.] “Tertiary prevention” means a program or service provided after child abuse has occurred that is designed to prevent its recurrence.

Subd. 12. [TRUST FUND.] “Trust fund” means the children’s trust fund for the prevention of child abuse established under section 3.

Sec. 3. [116K.22] [TRUST FUND.]

Subdivision 1. [CREATION OF TRUST FUND.] A children’s trust fund for the prevention of child abuse is established as an account in the state treasury. The commissioner of finance shall credit to the trust fund all amounts received under sections 7 and 8 and shall ensure that trust fund money is invested under section 11A.25. All money earned by the trust fund must be credited to the trust fund. The trust fund earns its proportionate share of the total annual state investment income.

Subd. 2. [AVAILABILITY OF FUNDS FOR DISBURSEMENT.] Until the total amount of assets in the trust fund exceeds \$20,000,000, not more than 60 percent of the gross amount contributed to the trust fund each year under section 8, plus 100 percent of all earnings credited to the trust fund the previous fiscal year, are available for disbursement. When the commissioner of finance certifies that the assets in the trust fund exceed \$20,000,000, only the annual earnings and the funds received under section 7 that are credited to the trust fund are available for disbursement.

Subd. 3. [EXCEPTION.] Notwithstanding subdivision 2, money received under section 7 may be disbursed in its entirety. This money must not be taken into account when calculating the annual contributions to the trust fund under this section.

Sec. 4. [116K.23] [DISBURSEMENT OF FUNDS FOR CHILD ABUSE PREVENTION.]

Subdivision 1. [AUTHORITY TO DISBURSE FUNDS.] The director, acting upon the recommendations of the advisory council established under this section, may disburse trust fund money to any public or private nonprofit agency to fund a child abuse prevention program.

Subd. 2. [ADVISORY COUNCIL.] An advisory council of 15 members is established under section 15.059. The commissioners of human services, health, education, public safety, and corrections, and the attorney general shall each appoint one member. The president of the senate and the speaker of the house of representatives shall each appoint one member of their respective bodies. The governor shall appoint an additional seven members who shall demonstrate knowledge in the area of child abuse and shall represent the demographic and geographic composition of the state, and to the extent possible, represent the following groups: local government, parents, racial and ethnic minority communities, the religious community, professional providers of child abuse prevention and treatment services, and volunteers in child abuse prevention and treatment services. The council shall make recommendations for the disbursement of trust fund money and otherwise advise and assist the director to carry out this act.

Subd. 3. [PLAN FOR DISBURSEMENT OF FUNDS.] By June 1, 1987, and biennially thereafter, the director, assisted by the advisory council, shall develop a plan to disburse money from the trust fund. In developing the plan, the director shall review prevention programs. The plan must ensure that all geographic areas of the state have an equal opportunity to establish prevention programs and receive trust fund money. The director shall send the plan to the legislature and the governor by June 1 of each odd-numbered year.

Subd. 4. [RESPONSIBILITIES OF THE DIRECTOR.] (a) The director shall:

(1) provide for the coordination and exchange of information on the establishment and maintenance of prevention programs;

(2) develop and publish criteria for receiving trust fund money by prevention programs;

(3) review, approve, and monitor the spending of trust fund money by

prevention programs;

(4) provide statewide educational and public informational seminars to develop public awareness on preventing child abuse; to encourage professional persons and groups to recognize instances of child abuse and work to prevent them; to make information on child abuse prevention available to the public and to organizations and agencies; and to encourage the development of prevention programs;

(5) establish a procedure for an annual, internal evaluation of the functions, responsibilities, and performance of the director in carrying out this act. In a year in which the state plan is prepared, the evaluation must be coordinated with the preparation of the state plan;

(6) provide technical assistance to local councils and agencies working in the area of child abuse prevention; and

(7) accept and review grant applications beginning June 1, 1987.

(b) The director shall recommend to the governor and the legislature changes in state programs, statutes, policies, budgets, and standards that will reduce the problems of child abuse, improve coordination among state agencies that provide prevention services, and improve the condition of children, parents, or guardians in need of prevention program services.

Sec. 5. [116K.24] [LOCAL CHILD ABUSE PREVENTION COUNCILS.]

Subdivision 1. [ESTABLISHMENT OF COUNCIL.] A child abuse prevention council may be established in any county or group of counties that was eligible to receive funds under section 145.917 as of January 1, 1986. A council organized in such a county or group of counties shall be authorized by the director to review programs seeking trust fund money on finding that the council meets the criteria in this subdivision:

(a) The council has submitted a plan for the prevention of child abuse that includes a survey of programs and services, assesses the need for additional programs or services, and demonstrates that standards and procedures have been established to ensure that funds will be distributed and used according to this act.

(b) A single-county council shall consist of:

(1) members of a multidisciplinary child protection team which must be established under section 626.558; and

(2) if necessary, enough additional members appointed by the county with knowledge in the area of child abuse so that a majority of the council is composed of members who do not represent public agencies.

(c) A multi-county council shall be selected by the combined membership of those multidisciplinary teams which have been established in the counties under section 626.558 and shall consist of:

(1) one representative each from local human services agencies, county attorney offices, county sheriff offices, and health and education agencies, chosen from among the membership of all the teams;

(2) one representative from any other public agency group represented

among the combined teams; and

(3) enough additional members from the public who have knowledge in the area of child abuse so that a majority of the council is composed of members who do not represent public agencies.

(d) In any multi-county group eligible to establish a council under this subdivision, at least 50 percent of the counties must have established a multidisciplinary team under section 626.558 before a council may be established.

Subd. 2. [REVIEW BY COUNCIL.] To be eligible to receive a grant from the trust fund, an applicant must have had its program reviewed by a child abuse prevention council from the applicant's geographic area found by the director to meet the criteria in this section. In reviewing all such programs, the council shall consider the extent to which the applicant meets the criteria and standards in this act and the degree to which the program meets the needs of the geographic area. The council shall provide to the advisory council its comments and recommendations concerning each program reviewed and shall provide the advisory council with its prioritization by rank ordering of all programs reviewed.

Sec. 6. [116K.25] [PROCEDURES AND CRITERIA FOR DISBURSEMENT.]

Subdivision 1. [ESTABLISHMENT.] The director shall establish in the plan for prevention of child abuse the criteria for distribution of trust fund money. All money shall be distributed for programs and services involving primary or secondary prevention, and no money shall be distributed for programs and services involving tertiary prevention.

Subd. 2. [MATCHING AND OTHER REQUIREMENTS.] Trust fund money shall only be distributed to applicants that demonstrate an ability to match 30 percent of the amount of trust fund money requested and whose proposals meet the other criteria. The matching requirement may be met through in-kind donations. In awarding grants, the director shall consider the extent to which the applicant has demonstrated a willingness and ability to:

(1) continue the prevention program or service if trust fund money is eliminated or reduced; and

(2) provide prevention program models and consultation to other organizations and communities.

Subd. 3. [USE OF FUNDS.] Matching funds must not consist, in whole or in part, of state or federal funds. Any trust fund money received must not be used to compensate for a decrease in previously existing funding levels unless that decrease is attributable to a decision made by state, federal, or other entities not controlled by the applicant and the applicant demonstrates that it has made reasonable efforts to retain all previously existing funding.

Subd. 4. [STATEWIDE OR REGIONAL PROGRAMS.] The director may fund programs that intend to serve the entire state or a region larger than the area served by any local council even if the program has not been reviewed by any local council. The director may, however, solicit comments or recommendations about the applicant or the program from a local council

covering any area to be served by the applicant's proposed program.

Subd. 5. [LOCAL COUNCIL AS RECIPIENT OF FUNDS.] The director may disburse funds to a local council on the same basis as to any other applicant, or as administrative costs in carrying out this act, if all criteria and standards are met. Funds disbursed as administrative costs to a local council must not exceed five percent of total funds disbursed to the area served by the local council.

Subd. 6. [ADMINISTRATIVE EXPENSES.] The director may keep up to five percent of trust fund money collected in any year under sections 7 and 8 for administering and otherwise carrying out responsibilities under this act, except that during fiscal year 1987 the director may keep up to \$75,000 of trust fund money collected for these purposes.

Subd. 7. [CONTRACTS.] The director shall use state or local resources and staff if practicable, but may enter into contracts with public or nonprofit private agencies to fulfill the requirements of this act.

Subd. 8. [RULES.] The director may adopt rules to carry out this act.

Sec. 7. [116K.26] [ACCEPTANCE OF FEDERAL FUNDS AND OTHER DONATIONS.]

The director may accept federal money and gifts, donations, and bequests for the purposes of this act. Money so received must be deposited in the trust fund and must be made available annually to the director for disbursement.

Sec. 8. Minnesota Statutes 1984, section 144.226, is amended by adding a subdivision to read:

Subd. 3. [BIRTH CERTIFICATE COPY SURCHARGE.] In addition to any fee prescribed under subdivision 1, there shall be a surcharge of \$2 for each certified copy of a birth certificate. The local or state registrar shall forward this amount to the commissioner of finance for deposit into the account for the children's trust fund for the prevention of child abuse established under section 3. This surcharge shall not be charged under those circumstances in which no fee for a certified copy of a birth certificate is permitted under subdivision 1, paragraph (a). Upon certification by the commissioner of finance that the assets in that fund exceed \$20,000,000, this surcharge shall be discontinued.

Sec. 9. [ANNUAL APPROPRIATION.]

All earnings from trust fund assets, all sums received under section 7, and 60 percent of the amount collected under section 8 are appropriated annually from the children's trust fund for the prevention of child abuse to the director of state planning to carry out sections 1 to 7. In fiscal year 1987 only, the first \$75,000 collected under section 8 is appropriated from the children's trust fund for the prevention of child abuse to the director of state planning to carry out sections 1 to 7.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective August 1, 1986."

Delete the title and insert:

"A bill for an act relating to children; establishing a state children's trust

fund for the prevention of child abuse and neglect; establishing an advisory council to assist the state planning director in administering the fund; creating a surcharge on certified copies of birth certificates to fund the trust fund; appropriating money; amending Minnesota Statutes 1984, section 144.226, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 116K."

And when so amended the bill do pass. Mr. Merriam questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

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

S.F. No. 2231: A bill for an act relating to employment; regulating systems of sharing or pooling gratuities; defining service charges; amending Minnesota Statutes 1984, section 177.23, subdivision 9; Minnesota Statutes 1985 Supplement, section 177.24, subdivision 3.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 177.23, subdivision 9, is amended to read:

Subd. 9. "Gratuities" means monetary contributions received directly or indirectly by an employee from a guest, patron, or customer for services rendered and includes an obligatory charge assessed to customers, guests or patrons which might reasonably be construed by the guest, customer, or patron as being a payment for personal services rendered by an employee and for which no clear and conspicuous notice is given by the employer to the customer, guest, or patron that the charge is not the property of the employee where the customer is entirely free to determine whether to make any payment at all and, if so, the amount.

A "service charge" is an obligatory sum of money included in the statement of charges. Clear and conspicuous notice must be made on either the menu, placard, the front of the statement of charges, or other notice given to the customer indicating that all or part of the service charge is the property of the management. Such notice must be clearly printed, stamped, or written in bold type. A service charge assessed to customers, patrons, or guests without such notice is the property of the direct service employees. Type which is at least 18 point (one-fourth inch) on the placard, or 10 point (one-eighth inch) or larger on all other notices shall be considered clear and conspicuous.

Sec. 2. Minnesota Statutes 1985 Supplement, section 177.24, subdivision 3, is amended to read:

Subd. 3. [SHARING OF GRATUITIES.] For purposes of this chapter, any gratuity received by an employee or deposited in or about a place of business for personal services rendered by an employee is the sole property of the employee. No employer may require an employee to contribute or share a gratuity received by the employee with the employer or other

employees or to contribute any or all of the gratuity to a fund or pool operated for the benefit of the employer or his employees. This section does not prevent an employee from voluntarily and individually sharing his gratuities with other employees. The agreement to share gratuities must be made by the employees free of any employer participation. Employees may establish a system for the sharing or pooling of gratuities among direct service employees or other employees, provided that the employer shall not in any fashion coerce employees to initiate or agree upon such a system. However, where more than one direct service employee provides personal service to the same customer from whom gratuities are received, the employer may require that such employees establish a tip pooling or sharing system that shall be limited to the direct service employees serving the same customer. The employer may not, however, participate in the establishment and conditions for such a system. If an employee requests the employer to distribute a portion of the employee's tips, the amount of which shall be determined by the employee, to other employees, the employer shall be permitted to do so. Neither the employer nor any management personnel shall, under any circumstances, receive any portion of the gratuities received by the employees.

The commissioner may require the employer to pay restitution in the amount of the gratuities diverted. If the records maintained by the employer do not provide sufficient information to determine the exact amount of gratuities diverted, the commissioner may make a determination of gratuities diverted based on available evidence and mediate a settlement with the employer. *The commissioner shall not deny the tip credit solely because the employer participated in a tip pooling or sharing arrangement in violation of this subdivision.*

Delete the title and insert:

"A bill for an act relating to employment; regulating systems of sharing or pooling gratuities; defining service charges; amending Minnesota Statutes 1984, section 177.23, subdivision 9; Minnesota Statutes 1985 Supplement, section 177.24, subdivision 3."

And when so amended the bill do pass. Mr. Solon questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Willet from the Committee on Finance, to which was re-referred

S.F. No. 2060: A bill for an act relating to game and fish; establishing a special elk season; prescribing application for licenses, and application and license fees; providing for the removal and relocation of elk; appropriating money to reimburse nongame wildlife fund for elk removal and relocation; dedicating license and application fees for elk depredation; amending Minnesota Statutes 1985 Supplement, section 98.46, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 100; repealing Laws 1985, chapter 272, section 2.

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

Page 3, line 36, after "on" insert "all"

Page 4, line 1, delete "and" and insert "or"

Page 4, line 4, after "*shall*" insert "*attempt to*"

Page 4, line 6, after "*remove*" insert "*some of the*"

Page 4, line 7, delete "*requests*" and insert "*request*"

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

Mr. Willet from the Committee on Finance, to which was re-referred

S.F. No. 1978: A bill for an act relating to environment; providing terms and conditions for the administration of wastewater treatment plant construction grants and loans; appropriating money; amending Minnesota Statutes 1984, sections 115.07, subdivision 1; 115A.14, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 115 and 116.

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

Page 4, delete lines 26 to 30

Page 4, line 32, delete "7" and insert "6"

Re-number the sections in sequence

Amend the title as follows:

Page 1, line 5, delete "appropriating money;"

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

Mr. Willet from the Committee on Finance, to which was re-referred

S.F. No. 2151: A bill for an act relating to occupations and professions; providing for the regulation of the practice of chiropractic; providing grounds for license revocation; prescribing penalties; appropriating money; amending Minnesota Statutes 1984, sections 148.06, subdivision 1; 148.07, subdivision 2; 148.08, subdivision 3; 148.10; and 319A.02, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 1984, section 148.101.

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

Page 3, line 18, delete "*two student*" and insert "*all college*" and delete "*trimester*" and insert "*requirements*"

Page 3, line 19, delete everything before the period

Page 4, line 27, delete everything after "*chiropractic*"

Page 4, line 28, delete everything before the period

Page 14, line 29, delete "*account for health boards*" and insert "*fund*"

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 re-referred

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 bill be amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [_____]

If a petition is filed with the public utilities commission under Minnesota Statutes, section 216B.164, subdivision 5, before April 1, 1986, by either a utility or a qualifying facility in connection with the operation of a solid waste recovery facility located in Hennepin county, the commission shall resolve the dispute within 120 days of filing. If the decision of the commission is appealed to court, the surety bond provisions of Minnesota Statutes, sections 562.01 to 562.03 and 562.05 shall apply.”

Amend the title as follows:

Page 1, line 2, delete “providing for compensation by”

Page 1, delete lines 3 to 6 and insert “establishing a deadline for action by the public utilities commission in certain disputes involving cogeneration of electricity; providing for a bond.”

And when so amended the bill do pass and be re-referred to the Committee on Rules and Administration.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

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

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.

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

Pages 1 and 2, delete section 1 and insert:

“Section 1. [260.012] [DUTY TO INSURE FAMILY REUNIFICATION.]

At all stages of juvenile court proceedings, it shall be the duty of the court to insure that all reasonable efforts are made to reunite a child with the child's family at the earliest possible time, consistent with the safety of the child and the public."

Page 2, line 31, delete "2" and insert "1a"

Page 3, line 15, delete "3" and reinstate the stricken "2"

Page 3, line 36, delete "4" and reinstate the stricken "3"

Page 4, line 11, delete "not related by blood, adoption, or"

Page 4, line 12, delete "marriage to the prostitute,"

Page 4, lines 14, 22, and 31, delete "believe" and insert "know"

Page 4, line 19, delete "2" and insert "1a" and strike "not related by blood, adoption, or"

Page 4, line 20, strike "marriage to the prostitute,"

Page 4, line 25, delete "2" and insert "1a"

Page 4, line 28, delete "3" and reinstate the stricken "2"

Page 4, line 34, delete "3" and reinstate the stricken "2"

Page 5, lines 1 and 9, delete the new language and reinstate the stricken language

Page 5, line 4, delete "believe" and insert "know"

Page 5, after line 11, insert:

"Sec. 4. Minnesota Statutes 1984, section 609.324, subdivision 1, is amended to read:

Subdivision 1. (a) *Whoever intentionally does any of the following may be sentenced to imprisonment for not more than 20 years or to payment of a fine of not more than \$40,000, or both:*

(1) *Engages in prostitution with an individual under the age of 13 years; or*

(2) *Hires or offers or agrees to hire an individual under the age of 13 years to engage in sexual penetration or sexual contact.*

(b) *Whoever intentionally does any of the following may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both:*

(1) *Engages in prostitution with an individual under the age of 16 years but at least 13 years; or*

(2) *Hires or offers or agrees to hire an individual under the age of 16 years but at least 13 years to engage in sexual penetration or sexual contact.*

(c) *Whoever intentionally does any of the following may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both:*

(1) *Engages in prostitution with an individual under the age of 18 years but at least 16 years; or*

(2) Hires or offers or agrees to hire an individual under the age of 18 years but at least 16 years to engage in sexual penetration or sexual contact."

Page 5, line 14, delete "A person who intentionally" and insert "Any person, other than one related by blood, adoption, or marriage to the minor, who"

Page 5, line 16, before the comma, insert "or guardian" and after the comma, insert "and who receives money from the minor,"

Page 5, line 17, delete "believe" and insert "know"

Page 5, line 23, delete "a person" and insert "an adult"

Page 5, line 24, delete "while acting other than as a prostitute,"

Page 5, line 26, delete "12" and insert "7"

Page 5, line 28, delete everything after the period

Page 5, delete lines 29 and 30

Pages 5 to 10, delete sections 6 to 11

Page 10, line 22, delete "OUTREACH" and insert "INTERVENTION" and delete "As"

Page 10, line 23, delete "needed," and delete "shall" and insert "may"

Page 10, line 26, delete "outreach" and insert "intervention" and delete "or appear to be"

Page 10, line 27, delete everything after the period

Page 10, delete lines 28 to 31

Page 10, line 32, delete everything before "These"

Page 10, line 33, delete ", but need not be limited to"

Page 10, line 36, delete "5 and shall require" and insert "6. A juvenile's receipt of intervention services under this subdivision may not be conditioned upon the juvenile providing any evidence or testimony."

Page 11, delete lines 1 to 3

Page 11, delete section 13

Page 11, line 33, delete "10, 12 and 13" and insert "7"

Page 11, line 34, delete "Section 11"

Page 11, delete line 35

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "imposing a duty on the juvenile court to insure family reunification;"

Page 1, line 6, delete "believe" and insert "know"

Page 1, line 10, delete "outreach" and insert "intervention"

Page 1, line 11, delete "providing"

Page 1, delete lines 12 to 15

Page 1, line 16, delete "609.115,"

Page 1, line 17, delete "subdivision 1c;" and before "by" insert "subdivision 1, and"

Page 1, line 18, delete "611A.03, subdivision 1;" and insert "and"

Page 1, line 19, delete "and Minnesota Statutes 1985"

Page 1, line 20, delete "Supplement, section 631.046;"

Page 1, line 21, after "chapters" insert "260 and" and delete "and 611A"

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. 2418 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.
2418	2205				

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. 2263 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.
2263	2122				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2263 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2263 and insert the language after the enacting clause of S.F. No. 2122, the first engrossment; further, delete the title of H.F. No. 2263 and insert the title of S.F. No. 2122, the first engrossment.

And when so amended H.F. No. 2263 will be identical to S.F. No. 2122, and further recommends that H.F. No. 2263 be given its second reading and substituted for S.F. No. 2122, 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. 1782 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.
1782	1599				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1782 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1782 and insert the language after the enacting clause of S.F. No. 1599, the first engrossment; further, delete the title of H.F. No. 1782 and insert the title of S.F. No. 1599, the first engrossment.

And when so amended H.F. No. 1782 will be identical to S.F. No. 1599, and further recommends that H.F. No. 1782 be given its second reading and substituted for S.F. No. 1599, 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. 1838 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.
1838	1834				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1838 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1838 and insert the language after the enacting clause of S.F. No. 1834, the first engrossment; further, delete the title of H.F. No. 1838 and insert the title of S.F. No. 1834, the first engrossment.

And when so amended H.F. No. 1838 will be identical to S.F. No. 1834, and further recommends that H.F. No. 1838 be given its second reading and substituted for S.F. No. 1834, and that the Senate File be indefinitely postponed.

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

Mr. Spear from the Committee on Judiciary, to which were referred the following appointments as reported in the Journal for February 10, 1986:

HAZARDOUS SUBSTANCE INJURY COMPENSATION BOARD

Corrin John Hodgson
Richard A. Mergens
David R. Miller
Byron E. Starns

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. Spear from the Committee on Judiciary, to which were referred the following appointments as reported in the Journal for February 20, 1986:

HAZARDOUS SUBSTANCE INJURY COMPENSATION BOARD

Constance N. Pries

BOARD ON JUDICIAL STANDARDS

Ruth Plotnicky
Lawrence D. Cohen

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. Lessard from the Committee on Veterans and General Legislation, to which were referred the following appointments as reported in the Journal for February 10, 1986:

BOARD OF THE ARTS

Dee Knaak
Allegra W. Parker

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. Lessard from the Committee on Veterans and General Legislation, to which was referred the following appointment as reported in the Journal for February 24, 1986:

BOARD OF THE ARTS

Carol Ann MacKay

Reports the same back with the recommendation that the appointment be

confirmed.

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

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

S.F. No. 1847: A bill for an act relating to public finance; providing a method for determining compliance with proposed federal tax law relating to state and local government obligations; amending Minnesota Statutes 1985 Supplement, section 462.445, subdivision 13; proposing coding for new law as Minnesota Statutes, chapter 474A; repealing Minnesota Statutes 1984, sections 462C.09, subdivision 1; 474.16, subdivisions 1, 2, and 5; 474.21; and 474.25; Minnesota Statutes 1985 Supplement, sections 462C.09, subdivisions 2a and 3; 462C.11; 474.16, subdivisions 3, and 6 to 15; 474.17; 474.19; 474.191; 474.20; 474.22; 474.23; and 474.26.

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 273.1314, is amended by adding a subdivision to read:

Subd. 8a. [ADDITIONAL ENTERPRISE ZONE ALLOCATIONS.] (a) In addition to tax reductions authorized in subdivision 8, the commissioner may allocate \$1,000,000 for tax reductions pursuant to subdivision 9 to enterprise zones designated under section 273.1312, subdivision 4, paragraph (c), clauses (1) and (3). Of this amount, a minimum of \$200,000 must be allocated to an area added to an enterprise zone pursuant to section 2. Allocations made pursuant to this subdivision may not be used to reduce a tax liability, or increase a tax refund, prior to July 1, 1987. Limits on the maximum allocation to a zone imposed by subdivision 8 shall not apply to allocations made under this subdivision.

(b) A city encompassing an enterprise zone, or portion of an enterprise zone, qualifies for an additional allocation under this subdivision if the following requirements are met:

(1) the city encompassing an enterprise zone, or portion of an enterprise zone, has signed contracts with qualifying businesses that commit the city's total initial allocation received pursuant to subdivision 8.

(2) the city encompassing an enterprise zone, or portion of an enterprise zone, submits an application to the commissioner requesting an additional allocation for tax reductions authorized by subdivision 9. The application must identify a specific business expansion project which would not take place but for the availability of enterprise zone tax incentives.

(c) The commissioner shall use the following criteria when determining which qualifying cities shall receive an additional allocation under this subdivision and the amount of the additional allocation the city is to receive:

(1) Additional allocations to qualifying cities under this subdivision shall be made within 60 days of receipt of an application.

(2) *Applications from cities with the highest level of economic distress, as determined using criteria listed in section 273.1312, subdivision 4, paragraph (c), clauses (A) to (E), shall receive priority for an additional allocation under this subdivision.*

(3) *If the commissioner determines that two cities submitting applications within one week of each other have equal levels of economic distress, the application from the city with the business prospect which will have the greatest positive economic impact shall receive priority for an additional allocation. Criteria used by the commissioner to determine the potential economic impact a business would have shall include the number of jobs created and retained, the amount of private investment which will be made by the business, and the extent to which the business would help alleviate the economic distress in the immediate community.*

(4) *The commissioner shall determine the amount of any additional allocation a city may receive. The commissioner shall base the amount of additional allocations on the commissioner's determination of the amount of tax incentives which are necessary to ensure the business prospect will expand in the city. No single allocation under this subdivision may exceed \$200,000. No city may receive more than \$500,000 under this subdivision.*

Sec. 2. Minnesota Statutes 1985 Supplement, section 273.1314, subdivision 16a, is amended to read:

Subd. 16a. [ZONE BOUNDARY REALIGNMENT.] The commissioner may approve specific applications by a municipality to amend the boundaries of a zone or of an area or areas designated pursuant to subdivision 9, paragraph (e) at any time. Boundaries of a zone may not be amended to create noncontiguous subdivisions. If the commissioner approves the amended boundaries, the change is effective on the date of approval. Notwithstanding the area limitation under section 273.1312, subdivision 4, paragraph (b), the commissioner may approve a specific application to amend the boundaries of an enterprise zone which is located within five municipalities and was designated in 1984, to increase its area to not more than 800 acres, and may approve an additional specific application to amend the boundaries of that enterprise zone to include a sixth municipality.

Sec. 3. Minnesota Statutes 1984, section 412.301, is amended to read:

412.301 [FINANCING PURCHASE OF CERTAIN EQUIPMENT.]

The council may issue certificates of indebtedness ~~within existing or capital notes subject to the city debt limits for the purpose of purchasing fire or police to purchase public safety equipment or, ambulance equipment or street, road construction or maintenance equipment, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes.~~ Such certificates or notes shall be payable in not more than five years and shall be issued on such terms and in such manner as the council may determine. If the amount of the certificates or notes to be issued to finance any such purchase exceeds one percent of the assessed valuation of the city, excluding money and credits, they shall not be issued for at least ten days after publication in the official newspaper of a council resolution determining to issue them; and if before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the

number of voters at the last regular municipal election is filed with the clerk, such certificates or notes shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made for the payment of the principal and interest on such certificates or notes, in accordance with section 475.61, as in the case of bonds.

Sec. 4. Minnesota Statutes 1985 Supplement, section 462.445, subdivision 13, is amended to read:

Subd. 13. [INTEREST REDUCTION PROGRAM.] The authority to authorize payment of interest reduction assistance pursuant to subdivisions 10, 11 and 12 shall expire on January 1, ~~1987~~ 1993. Interest reduction assistance payments authorized prior to January 1, ~~1987~~ 1993 may be paid after January 1, ~~1987~~ 1993.

Sec. 5. Minnesota Statutes 1984, section 462C.02, subdivision 6, is amended to read:

Subd. 6. "City" means any statutory or home rule charter city, *any county housing and redevelopment authority created by special law or authorized by its county to exercise its powers pursuant to section 462.426,* or any public body which (a) is the housing and redevelopment authority in and for a statutory or home rule charter city, or the port authority of a statutory or home rule charter city, and (b) is authorized by ordinance to exercise, on behalf of a statutory or home rule charter city, the powers conferred by sections 462C.01 to ~~462C.08~~ 462C.10.

Sec. 6. Minnesota Statutes 1984, section 462C.06, is amended to read:

462C.06 [COUNTY HOUSING AND REDEVELOPMENT AUTHORITY ACTING ON BEHALF OF CITY.]

A housing and redevelopment authority in and for a county may exercise the powers conferred by sections 462C.01 to ~~462C.07~~ 462C.10 *either (a) on its own behalf, or (b) on behalf of a city, if the city authorizes the housing and redevelopment authority in and for the county in which the city is located to exercise such powers and the county has authorized its housing and redevelopment authority to exercise its powers pursuant to section 462.426 or the county housing and redevelopment authority has been created by special law; provided, however, that any program undertaken pursuant to this section shall be included in the limitations provided in section 462C.07, subdivision 2, and also shall be subject to the limitations of sections 462C.03 and 462C.04 in the case of a single family housing program, and subject to the limitations of section 462C.05 in the case of a multifamily housing development program.*

Sec. 7. Minnesota Statutes 1984, section 471.59, subdivision 11, is amended to read:

Subd. 11. [JOINT POWERS BOARD.] Two or more governmental units, through action of their governing bodies, may *by adoption of a joint powers agreement which complies with the provisions of subdivisions 1 to 5* establish a joint board to issue bonds or obligations pursuant to any law by which any of the governmental units establishing the joint board may independently issue bonds or obligations and may use the proceeds of the bonds or obliga-

tions to carry out the purposes of the law under which the bonds or obligations are issued. A joint board created pursuant to this section ~~may~~ is *authorized* to issue obligations and other forms of indebtedness ~~only pursuant to chapters 458, 462C, 474, and section 273.77, and pursuant to express~~ authority granted by the action of the governing bodies of the governmental units which established the joint board. The joint board established pursuant to this subdivision shall be composed solely of members of the governing bodies of the governmental unit which established the joint board, and the joint board may not pledge the full faith and credit or taxing power of any of the governmental units which established the joint board. The obligations or other forms of indebtedness shall be obligations of the joint board *issued on behalf of the governmental units creating the joint board*. The obligations or other forms of indebtedness shall be issued in the same manner and subject to the same conditions and limitations which would apply if the obligations were issued or indebtedness incurred by one of the governmental units which established the joint board provided that any reference to a governmental unit in the statute, law, or charter provision authorizing the issuance of the bonds or the incurring of the indebtedness shall be considered a reference to the joint board.

Sec. 8. Minnesota Statutes 1984, section 474.01, subdivision 6, is amended to read:

Subd. 6. In order to further these purposes and policies the *department of energy and economic development* ~~authority~~ shall investigate, shall assist and advise municipalities, and shall report to the governor and the legislature concerning the operation of sections 474.01 to 474.13 and the projects undertaken hereunder, and shall have all of the powers and duties in connection therewith which are granted to him by chapter 362 with respect to other aspects of business development and research.

Sec. 9. Minnesota Statutes 1984, section 474.01, subdivision 7b, is amended to read:

Subd. 7b. Prior to submitting an application to the *department of energy and economic development* ~~authority~~ requesting approval of a project pursuant to subdivision 7a, the governing body or a committee of the governing body of the municipality or redevelopment agency shall conduct a public hearing on the proposal to undertake and finance the project. Notice of the time and place of hearing, and stating the general nature of the project and an estimate of the principal amount of bonds or other obligations to be issued to finance the project, shall be published at least once not less than ~~15~~ 14 days nor more than 30 days prior to the date fixed for the hearing, in the official newspaper and a newspaper of general circulation of the municipality or redevelopment agency. The notice shall state that a draft copy of the proposed application to the *department of energy and economic development* ~~authority~~, together with all attachments and exhibits thereto, shall be available for public inspection following the publication of the notice and shall specify the place and times where and when it will be so available. At the time and place fixed for the public hearing, the governing body of the municipality or the redevelopment agency shall give all parties who appear at the hearing an opportunity to express their views with respect to the proposal to undertake and finance the project. Following the completion of the public hearing, the governing body of the municipality or redevelopment agency

shall adopt a resolution determining whether or not to proceed with the project and its financing and may thereafter apply to the department of energy and economic development ~~authority~~ for approval of the project.

Sec. 10. [474A.01] [CITATION.]

Sections 10 to 30 may be cited as the "Minnesota bond allocation act."

Sec. 11. [474A.02] [DEFINITIONS.]

Subdivision 1. [TERMS DEFINED.] For the purposes of sections 10 to 30, the terms defined in this section shall have the following meanings:

Subd. 2. [ANNUAL VOLUME CAP.] "Annual volume cap" means the aggregate dollar amount of obligations bearing interest excluded from gross income for purposes of federal income taxation which, under the provisions of existing federal tax law or a federal volume limitation act, may be issued in one year by issuers.

Subd. 3. [CERTIFICATE OF ALLOCATION.] "Certificate of allocation" means a certificate provided to an issuer by the department under section 22.

Subd. 4. [CITY.] "City" means a statutory or home rule charter city.

Subd. 5. [COMMERCIAL REDEVELOPMENT PROJECT.] "Commercial redevelopment project" means a project as defined in section 474.02, if it is not a manufacturing project or pollution control project and one of the following conditions is met:

(a) The project site would qualify as a redevelopment district as defined in section 273.73, subdivision 10. To qualify the project need not be included in a tax increment financing district.

(b) At least 75 percent of the proceeds of the obligations will be used to acquire and rehabilitate or replace an existing structure which is functionally obsolete or contains structural or other defects justifying substantial renovation or clearance.

(c) The project will be undertaken and the obligations issued pursuant to a written program administered by the local issuer and the financing provides for a substantial commitment of local public funds.

(d) At least 90 percent of the proceeds of the obligations will be used to finance facilities with respect to which an urban development action grant has been made under section 119 of the federal Housing and Community Development Act of 1974.

Subd. 6. [DEPARTMENT; DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT.] "Department" or "department of energy and economic development" means the department of energy and economic development or its successor agency or agencies with respect to the duties that the department is to perform under sections 10 to 30.

Subd. 7. [ENTITLEMENT ISSUER.] "Entitlement issuer" means an issuer to which an allocation is made under sections 13, 17, or 18.

Subd. 8. [EXISTING FEDERAL TAX LAW.] "Existing federal tax law" means those provisions of the Internal Revenue Code of 1954, as amended

through December 31, 1985, that limit the aggregate amount of obligations of a specified type or types which may be issued by an issuer during any calendar year whose interest is exempt from inclusion in gross income for purposes of federal income taxation.

Subd. 9. [FEDERAL VOLUME LIMITATION ACT.] "Federal Volume Limitation Act" means Title VII of the bill that was adopted by the United States House of Representatives on December 17, 1985, as H.R. 3838, 99th Cong. 1st Sess. (1985), or any law of the United States which is effective January 1, 1986, or any time thereafter that does the following:

- (1) imposes an annual volume cap;
- (2) provides for an allocation of the annual volume cap among various uses for which the proceeds of the obligations may be used or among various issuers of obligations or both; and
- (3) allows the governor during a specified interim period or the state legislature by law to provide for a different allocation of the annual volume cap among uses and among issuers.

Subd. 10. [GENERAL OBLIGATION.] "General obligation" means any obligations which pledge the full faith and credit of an issuer with general taxing powers, other than a state issuer, to the payment of the obligation.

Subd. 11. [GOVERNMENTAL VOLUME CAP.] "Governmental volume cap" means the annual volume cap less the amount, if any, that a federal volume limitation act requires be set aside or reserved for qualified 501(c)(3) bonds.

Subd. 12. [ISSUER.] "Issuer" means any entitlement issuer or other issuer.

Subd. 13. [LOCAL PUBLIC FUNDS.] "Local public funds" means the funds of a governmental unit except the following:

- (1) the proceeds of an obligation subject to existing federal tax law or a federal volume limitation act;
- (2) payments or property furnished by a nonexempt person to repay or secure the loan of proceeds of an obligation subject to existing federal tax law or a federal volume limitation act or other payments made in consideration of the issuance of an obligation subject to existing federal tax law or a federal volume limitation act;
- (3) payments furnished by a nonexempt person for its right to use in its trade or business a facility financed with the proceeds of obligations subject to existing federal tax law or a federal volume limitation act;
- (4) tax increments, as defined in section 273.76; or
- (5) tax reductions provided pursuant to sections 273.1312 to 273.1314.

Subd. 14. [MANUFACTURING PROJECT.] "Manufacturing project" means properties, real or personal, used in connection with a revenue producing enterprise in connection with assembling, fabricating, manufacturing, mixing, or processing any products of agriculture, forestry, mining, or manufacture. Properties used for storing, warehousing, or distributing

qualify under this definition (1) if they are used as part of or in connection with an assembly, fabricating, manufacturing, mixing, or processing facility, or (2) if they are used for the storing of agricultural products and are located outside of the metropolitan area, as defined in section 473.121, subdivision 2. Manufacturing project includes properties, real or personal, used in connection with research and development activity to develop or improve products, production processes, or materials. For purposes of this subdivision, "a product of manufacture" includes information and directions which dictate the functions to be performed by data processing equipment, commonly called computer software, regardless of whether they are embodied in or recorded on tangible personal property. A project qualifies as a manufacturing project only if 75 percent of the proceeds of the proposed obligations will be used for construction, acquisition, installation, or addition of properties described in this subdivision.

Subd. 15. [MORTGAGE CREDIT CERTIFICATE.] "Mortgage credit certificate" means any certificate which satisfies the definition of such term as contained in section 25(c)(1) of the Internal Revenue Code of 1954, as amended through July 18, 1984.

Subd. 16. [MULTIFAMILY HOUSING PROJECT.] "Multifamily housing project" means a development defined in section 462C.02, subdivision 5, for which the applicable housing plan and program approval requirements of chapter 462C have been met.

Subd. 17. [NONEXEMPT PERSON.] "Nonexempt person" means a person or entity other than an exempt person as defined in section 103(b)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1985.

Subd. 18. [NOTICE OF ENTITLEMENT ALLOCATION.] "Notice of entitlement allocation" means a notice provided to an entitlement issuer under section 13, subdivision 5, or under section 17, subdivision 2.

Subd. 19. [OTHER ISSUER.] "Other issuer" means any entity other than an entitlement issuer which may issue obligations subject to an annual volume cap, including but not limited to the University of Minnesota, any city, any town, any federally recognized American Indian tribe or subdivision thereof located in Minnesota, any housing and redevelopment authority referred to in chapter 462, or any body authorized to exercise the powers of a housing and redevelopment authority, any port authority referred to in chapter 458, or any body authorized to exercise the powers of a port authority, any area or municipal redevelopment agency referred to in chapter 472, any county, or any other municipal authority or agency established pursuant to special law, or any entity issuing on behalf of the foregoing.

Subd. 20. [POLLUTION CONTROL PROJECT.] "Pollution control project" means properties, real or personal, used in the abatement or control of noise, air, or water pollution, or in the disposal of solid waste, in connection with a revenue producing enterprise, engaged in or to be engaged in any business or industry. A project qualifies as a pollution control project only:

(1) if at least 75 percent of the proceeds of the obligations will be used for

the construction, acquisition, installation, or addition of properties described in this subdivision; or

(2) if it is not a manufacturing project and at least 75 percent of the proceeds of the obligations will be used for the construction, acquisition, installation, or addition of properties described in this subdivision and in subdivision 14.

Subd. 21. [PRELIMINARY RESOLUTION.] *"Preliminary resolution" means a resolution adopted by the governing body of the issuer or in the case of the iron range resources and rehabilitation board by the commissioner of the board. The resolution must express a preliminary intention of the issuer to issue obligations for a specific project and must identify the proposed project, the proposed site for the project, and the proposed amount of the obligations to be issued. The resolution for a waste management project need not include the site for the project if the resolution identifies a specific process and a deadline for site selection. The resolution for a qualified multifamily housing project or a project consisting of equipment or owner-occupied housing units need not include the site for the project.*

Subd. 22. [QUALIFIED 501(c)(3) BONDS.] *"Qualified 501(c)(3) bonds" mean obligations the proceeds of which are to be used by, or loaned or otherwise made available to, an organization described in section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1985, so defined or obligations with a comparable definition in a federal volume limitation act.*

Subd. 23. [QUALIFIED MORTGAGE BONDS.] *"Qualified mortgage bonds" mean obligations which are qualified mortgage bonds as defined by section 103A(c) of existing federal tax law.*

Subd. 24. [QUALIFIED MORTGAGE CREDIT CERTIFICATE PROGRAM.] *"Qualified mortgage credit certificate program" means any program which satisfies the definition of such term as contained in section 25(c)(2) of the Internal Revenue Code of 1954, as amended through July 18, 1984.*

Subd. 25. [QUALIFIED MULTIFAMILY HOUSING PROJECT.] *"Qualified multifamily housing project" means a multifamily housing project in which at least 50 percent of the units will be held for occupancy by families or individuals with adjusted gross income not in excess of 80 percent of the median family income as estimated by the United States Department of Housing and Urban Development for the metropolitan statistical area.*

Subd. 26. [STATE ISSUER.] *"State issuer" means the state of Minnesota or any agency or instrumentality thereof.*

Subd. 27. [SUBSTANTIAL COMMITMENT OF LOCAL PUBLIC FUNDS.] *"Substantial commitment of local public funds" means that either of the following two conditions is satisfied.*

(a) Under the project financing the governmental unit appropriates, pledges, guarantees, or otherwise provides local public funds to pay part of the cost of financing the obligations, including bond issuance, debt service, loan origination, and carrying expenses, or of the facility financed with the proceeds of the obligations. This condition is satisfied only if at the time the obligations are issued, the issuer reasonably expects that the aggregate value of the local public funds will exceed the lesser of \$1,000,000 or one percent of the face amount of the obligations. No provision may be made for

a nonexempt person to reimburse the governmental unit for the local public funds.

(b) The governmental unit appropriates, pledges, guarantees, or otherwise provides a program contribution of local public funds or governmental services to the program or a facility financed with the proceeds of the obligations. This condition is satisfied only if the issuer reasonably expects at the time the obligations are issued that the aggregate value of the local public funds will exceed \$5,000,000 or five percent of the aggregate face amount of the obligations. The issuer must value the services at the reasonable cost of delivering them. The program contribution must be used for one or more of the following purposes:

(i) reducing the cost of financing the obligations, as described in clause (a);

(ii) securing the payment of debt service on obligations issued pursuant to the program;

(iii) financing public improvements under a comprehensive redevelopment or renewal program, if the costs are reasonably allocable to a facility financed with the proceeds of the obligations and if the improvements are made no earlier than three years prior to issuance of the obligations to which the contribution applies or more than one year after issuance; or

(iv) other costs reasonably related to the program.

If the governmental unit is reimbursed by a nonexempt person for any part of the program within five years after the contribution was made, the reimbursement must be applied for one or more of the purposes described in this paragraph.

For purposes of this subdivision, "governmental unit" means the issuer that issues the obligations for the project or the governmental unit that approves the obligations for purposes of section 103(k)(2) of the Internal Revenue Code of 1954, as amended through December 31, 1985, or both.

Subd. 28. [WASTE MANAGEMENT PROJECT.] "Waste management project" means a project which is authorized by chapter 115A or 400, sections 473.801 to 473.834, or by any other law or home rule charter authorizing substantially the same type of project.

Subd. 29. [WRITTEN DEVELOPMENT PROGRAM.] "Written development program" or "program" means a written economic development plan that contains at least substantially all of the following:

(1) a description of the area subject to the plan, which may not exceed 20 percent of the total acreage of the issuer;

(2) a statement of the objectives for the development of the area subject to the plan;

(3) a statement of the development plan for the area subject to the plan, including the property within the area, if any, which is to be acquired by a governmental unit;

(4) a description of the type of specific development reasonably expected to take place within the area subject to the plan; and

(5) a description of the kind and an estimate of the amount of public funds, including local public funds, expected to be spent in connection with the development of the area subject to the plan.

Sec. 12. [474A.03] [DETERMINATION OF ANNUAL VOLUME CAP.]

Subdivision 1. [ANNUAL VOLUME CAP UNDER EXISTING FEDERAL TAX LAW.] At the beginning of each calendar year, the department shall determine the aggregate dollar amount of the annual volume cap under existing federal tax law for such calendar year, and of this amount the department shall determine the following amounts:

- (1) the amount that is allocated to entitlement issuers under section 13;
- (2) the amount initially available for allocation through the pool under section 14, which shall be the annual volume cap determined under this subdivision less the amount determined under clause (1); and
- (3) the amount available for issuance of qualified mortgage bonds under section 16.

Subd. 2. [ANNUAL VOLUME CAP UNDER FEDERAL VOLUME LIMITATION ACT.] At the beginning of each calendar year, the department shall determine the aggregate dollar amount of the annual volume cap under a federal volume limitation act during such calendar year, and of this amount the department shall determine the following amounts:

- (1) the amount, if any, that a federal volume limitation act requires be reserved for qualified 501(c)(3) bonds;
- (2) the amount of the governmental volume cap allocated to entitlement issuers under section 17, stating separately (i) the amount available for issuance of "qualified mortgage bonds" or obligations with a comparable definition in a federal volume limitation act, and (ii) the amount available for issuance of any other obligations; and
- (3) the amount initially available for allocation through the pool under section 20, which shall be the amount of the governmental volume cap less the aggregate of the amounts determined in clause (2).

Notwithstanding the foregoing, for the period from and including January 1, 1987, to and including June 30, 1987, the following limitations shall apply: (i) one-half of the amount determined pursuant to clause (2)(ii) shall be allocated to entitlement issuers under section 17; (ii) the entire amount determined pursuant to clause (2)(i) shall be allocated to entitlement issuers under section 17; (iii) one-half of the amount determined pursuant to clause (3) shall be made available for allocation under section 20; and (iv) one-half of the amount, if any, determined pursuant to clause (1) shall be made available for allocation under section 21. The remaining amount of annual volume cap for calendar year 1987 not so allocated, or made available for allocation, shall remain unallocated unless otherwise provided by law.

Subd. 3. [ADJUSTMENTS FOR CHANGES TO VOLUME CAP IN FEDERAL VOLUME LIMITATION ACT.] If the annual volume cap in a federal volume limitation act that becomes law is greater than or less than the annual volume cap that existed in a federal volume limitation act in the

form that existed as of January 1, 1986, the department shall adjust the calculations made under subdivisions 2 and 3.

Sec. 13. [474A.04] [ENTITLEMENT ALLOCATIONS UNDER EXISTING FEDERAL TAX LAW.]

Subdivision 1. [HIGHER EDUCATION COORDINATING BOARD ALLOCATION.] *Of the aggregate annual volume cap under the existing federal tax law, \$25,000,000 for each calendar year is allocated to the higher education coordinating board for the issuance of obligations pursuant to chapter 136A. On September 1, any unused portion of the amount allocated to the higher education coordinating board pursuant to this subdivision shall be canceled and the authority shall be allocated pursuant to section 14.*

Subd. 2. [IRON RANGE RESOURCES AND REHABILITATION ALLOCATION.] *Of the aggregate annual volume cap under the existing federal tax law, \$30,000,000 for each calendar year is allocated to the iron range resources and rehabilitation commissioner. After September 1 of each year, the iron range resources and rehabilitation commissioner may retain any unused portion of such allocation only if the commissioner has submitted to the department on or before September 1 a preliminary resolution for a specific project and a letter which states (1) the intent to issue obligations pursuant to such allocation or a portion of it before the end of the calendar year or within the time period permitted under existing federal tax law, and (2) a description of the specific project or projects for which the obligations will be issued, together with an application deposit in the amount of one percent of the amount of the unused allocation or the portion of it pursuant to which the commissioner intends to issue obligations; provided that nothing herein shall preclude the commissioner from subsequently reallocating the retained allocation among the projects described in clause (2). On September 1, any unused portion of the amount allocated to the iron range resources and rehabilitation commissioner and not reserved by a preliminary resolution, a letter of intent, and an application deposit shall be canceled and subject to reallocation in accordance with section 14. If the iron range resources and rehabilitation commissioner returns for reallocation all or any part of the allocation on or before October 31, that portion of the application deposit equal to one percent of the amount returned shall be refunded within 30 days, except to the extent that the deposit is required to be retained pursuant to section 22.*

Upon the request of a statutory city located in the taconite tax relief area which received an entitlement allocation under Minnesota Statutes 1984, section 474.18, of \$5,000,000 or more for calendar year 1985, the iron range resources and rehabilitation commissioner shall enter into an agreement with the city whereby the commissioner issues obligations, in an amount requested by the city but not to exceed \$5,000,000, on behalf of the city.

Subd. 3. [ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY ALLOCATION.] *Of the aggregate annual volume cap under the existing federal tax law, \$60,000,000 for each calendar year is allocated to the energy and economic development authority. After September 1 of each year, the energy and economic development authority or any entity which receives an allocation from the energy and economic development authority*

may retain any unused portion of its allocation only if it has submitted to the department, on or before September 1 a preliminary resolution for a specific project and a letter which states (1) its intent to issue obligations pursuant to its allocation or a portion of it before the end of the calendar year or within the time period permitted under existing federal tax law, and (2) a description of the specific project or projects for which the obligations will be issued, together with an application deposit in the amount of one percent of the amount of its unused allocation or the portion of it pursuant to which it intends to issue obligations; provided that nothing herein shall preclude the energy and economic development authority from subsequently reallocating the retained allocation among the projects described in clause (2). On September 1 any unused portion of the amount allocated to the energy and economic development authority and not reserved by a preliminary resolution, a letter of intent, and an application deposit shall be canceled and subject to reallocation in accordance with section 14. If the energy and economic development authority returns for reallocation all or any part of its allocation on or before October 31, that portion of its application deposit equal to one percent of the amount returned shall be refunded within 30 days, except to the extent that the deposit is required to be retained under section 22.

Subd. 4. [ENTITLEMENT CITIES.] Of the aggregate annual volume cap under existing federal tax law, for each calendar year the amount determined pursuant to this subdivision shall be allocated to (1) cities of the first class, and (2) the largest Minnesota city located in a metropolitan statistical area that does not contain a city of the first class, if the city has a population of 25,000 or more. The amount allocated to a first class city shall be an amount equal to \$200 multiplied by the city's population. The amount allocated to each city qualifying under clause (2) is \$5,000,000. After September 1 of each year, an issuer receiving an allocation under this subdivision may retain any unused portion of its allocation only if it has submitted to the department by September 1 a letter stating its intent to issue obligations pursuant to its allocation before the end of the calendar year or within the time permitted under existing federal tax law and an application deposit equal to one percent of the amount of the unused allocation for which it intends to issue obligations. Any unused portion of an allocation for which an application deposit and letter of intent has not been received by the department by September 1 must be canceled and reallocated under section 14. If an issuer returns for reallocation all or part of its allocation under this subdivision by October 31, the application deposit equal to one percent of the amount returned must be refunded to the issuer, except to the extent that the deposit is required to be retained under section 22.

For purposes of this subdivision, "population" means the population determined under section 477A.011, subdivision 3.

Subd. 5. [NOTICE OF ENTITLEMENT ALLOCATION.] As soon as possible in each calendar year, the department shall provide to each entitlement issuer a written notice of the amount of its entitlement allocation under this section.

Subd. 6. [ENTITLEMENT TRANSFERS.] An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues obligations pursuant to issuance authority allocated to the original entitlement issuer under this section.

Sec. 14. [474A.05] [ALLOCATION OF POOL AMOUNT UNDER EXISTING FEDERAL TAX LAW.]

Subdivision 1. [POOL AMOUNT.] Of the aggregate annual volume cap under existing federal tax law, the amount determined pursuant to section 12, subdivision 1, clause (2), shall be allocated among issuers pursuant to this section for each calendar year. An entitlement issuer may apply for an allocation pursuant to this section only after September 1. An entitlement issuer may apply for an allocation before November 1 only if the entitlement issuer has adopted a final resolution authorizing the sale of obligations equal to any allocation received under section 13 or has returned all of its unused allocation for reallocation under this section.

Notwithstanding the preceding paragraph, the following entitlement issuers may apply for an allocation under this section:

(a) A city of the first class may apply for an allocation for a manufacturing project at any time.

(b) State issuers, other than the iron range resources and rehabilitation commissioner, may apply for and receive allocations under this section at any time in an aggregate amount not to exceed that portion of its entitlement allocation returned for reallocation under section 13.

(c) The iron range resources and rehabilitation commissioner may apply for an allocation under this section after September 1, if the commissioner has adopted preliminary resolutions for the amount of issuance authority retained by the commissioner under section 13, subdivision 2.

Subd. 2. [APPLICATION.] An issuer may apply for an allocation pursuant to this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution, and (2) an application deposit in the amount of one percent of the requested allocation. An issuer may elect not to submit an application for an allocation for a project for which the issuer previously adopted a preliminary resolution.

Subd. 3. [ALLOCATION CRITERIA.] The department shall rank each application received pursuant to this section on the basis of the number of points awarded to it, with one point being awarded for each of the following criteria satisfied:

(a) The current rate of unemployment for the applicant is at or above 110 percent of the statewide average unemployment rate for the most recently available reporting period, as determined by the department of economic security. The unemployment rate for the applicant shall be the greater of (1) the most recent estimate available for the smallest jurisdiction which wholly includes the jurisdiction of the applicant, as reported by the department of economic security, or (2) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.

(b) The number of individuals employed in the applicant's jurisdiction declined from the second calendar year before the application, to the first calendar year before the application. The estimate of the number of individuals employed for each year shall be based on the same source, and shall be (1) the most recent estimate available for the smallest jurisdiction which

wholly includes the applicant, as reported by the department of economic security, or (2) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.

(c) The project will provide additional general tax revenue to the taxing jurisdictions in which the project is located beginning not later than three years after issuance of the obligations.

(d) The number of jobs to be created by the project is at least two jobs for each \$100,000 of issuance authority requested for the project.

(e) As of the date of application the total market value of all taxable property in the applicant's jurisdiction, based on the most recent certification of assessed value to the commissioner of revenue, has either (1) declined in relation to the first calendar year before the certification, or (2) increased in relation to the first calendar year before the certification at a rate which is not in excess of 90 percent of the rate of increase of the state average market value over the same period.

(f) The total capital expenditures for the project exceed by ten percent the amount of the proceeds of the obligations to be issued for the project.

(g) The project is wholly located in an enterprise zone designated pursuant to section 273.1312.

(h) The project site meets the criteria necessary to qualify as a tax increment redevelopment district as defined in section 273.73, subdivision 10. To qualify under this clause the project need not be included in a tax increment financing district.

(i) The project meets one of the following energy conservation criteria: (1) the project is eligible for the additional federal investment tax credits for energy property, (2) the project involves construction or expansion of a district heating system as defined in section 116J.36, or (3) the project involves construction of an energy source as described in section 116J.26, clause (a), (b), or (d) or 116M.03, subdivisions 22, 23 and 26.

(j) The project consists of the renovation, rehabilitation, or reconstruction of an existing building which is (1) located in a historic district designated under section 138.73, or on a site listed in the state registry of historical sites under sections 138.53 to 138.5819; or (2) designated in the National Register pursuant to United States Code, title 16, section 470a.

(k) Service connections to sewer and water systems are available to the project at the time the application is submitted.

(l) As provided by a binding agreement by the principal user or users of the project with the applicant, at least ten percent of the individuals employed by the principal user or users of the project will be minority or low income individuals.

(m) When the application is submitted either (1) the anticipated owner of the project, or any party of which the owner is a controlling partner or shareholder, or which is a controlling shareholder or partner of the owner, does not own or operate a substantially similar business within the state or (2) the project is an expansion of the operations of an existing business which is not likely to have the effect of transferring existing employment from one

or more other municipalities within the state to the municipality in which the project is located.

(n) A controlling interest in the project will be owned by one or more women or minority persons.

(o) Seventy-five percent or more of the proceeds of the proposed issue will be used to rehabilitate an existing structure.

Subd. 4. [ALLOCATION PROCEDURE.] (a) The department shall allocate available issuance authority under this section on Monday of each week to applications received on or before Monday of the preceding week in the following order of priority and available issuance authority may not be allocated to any other project:

(1) applications for manufacturing projects;

(2) applications for pollution control projects or waste management projects; and

(3) applications for commercial redevelopment projects.

Within each category of applications available authority shall be allocated on the basis of the numerical rank determined pursuant to this section. In the case of an application for issuance authority that includes more than one project to be financed by one issue of obligations, the points assigned to the application shall be computed on the basis of the weighted average of points for the projects. The projects must all be of the same category of projects to be submitted as a multiproject application. If two or more applications have the same numerical rank, the allocation between the applications shall be by lot unless otherwise agreed by the respective issuers. If an application is rejected, the department shall return the application deposit to the applicant within 30 days.

(b)(1) From January 1 through September 1, no more than 20 percent of the total amount available for allocation during the calendar year pursuant to this section may be allocated to pollution control and waste management projects.

(2) From January 1 to September 1, no more than 35 percent of the total amount available for allocation during the calendar year pursuant to this section may be allocated to commercial redevelopment projects. This amount is increased to 50 percent of the total available authority for the next month's allocation if the following two conditions occur: (i) on or after June 30 the total amount of issuance authority available under this section which has not been allocated or has been allocated to but was returned by an issuer exceeds 45 percent of the total amount of issuance authority available for allocation under this section for the calendar year; or (ii) The entire amount of issuance authority available under this subparagraph for commercial redevelopment projects has been allocated.

Subd. 5. [LETTER OF INTENT.] After September 1 of each year, an issuer which has received an allocation pursuant to this section prior to September 1 may retain any unused portion of such allocation only if such issuer has submitted to the department on or before September 1 a letter stating its intent to issue obligations pursuant to such allocation before the end of the calendar year or within the time period permitted by existing

federal tax law. If the letter of intent is not submitted to the department of energy and economic development, the one percent application deposit shall be returned to the issuer, the allocation shall be canceled, and the issuance authority shall be available for reallocation pursuant to this section. If an issuer returns for reallocation all or any part of its allocation on or before October 31, that portion of its application deposit equal to one percent of the amount returned shall be refunded within 30 days, except to the extent that the deposit is required to be retained under section 22.

Subd. 6. [FINAL ALLOCATION.] From September 1 to December 31 of each year, the annual volume cap under existing federal tax law, which is not both previously allocated and subject to a preliminary resolution for a specific project, whether or not committed pursuant to a letter of intent, or which is not reserved for qualified mortgage bonds, is available for allocation or reallocation and shall be allocated among issuers; provided that nothing herein shall be construed as preventing the iron range resources and rehabilitation commissioner, the energy and economic development authority, or an entitlement issuer from reallocating subsequent to August 31 its retained allocation among projects identified in preliminary resolutions filed with the department prior to September 1 of that year. An application for this allocation must include evidence of passage of a preliminary resolution and state that it is the intent of the applicant that the obligations will be issued by the end of the year or within the time period permitted by existing federal tax law, and must be accompanied by an application deposit in the amount of one percent of the requested allocation. Applications must be made and allocations shall be awarded in accordance with subdivisions 3 and 4.

Authority may be allocated under this subdivision to any project, notwithstanding the percentage limits and other restrictions contained in subdivision 4. Applications must be ranked and authority allocated first according to the order of priority and ranking of points under subdivisions 3 and 4. The remaining authority must be allocated according to the ranking of points under subdivision 3. If two or more applications receive an equal number of points, allocations among them must be made by lot unless otherwise agreed by the respective applicants.

If issuance authority remains or becomes available following the last Monday on which allocations are made for any calendar year, the department must allocate the available authority to the department of finance. The department of finance shall allocate the remaining authority between the Minnesota housing finance agency and the higher education coordinating board. Amounts allocated to the Minnesota housing finance agency shall be used for the issuance of mortgage credit certificates, and amounts allocated to the higher education coordinating board shall be used for the issuance of obligations under chapter 136A.

Subd. 7. [RETURN OF ALLOCATION.] If on or after November 1 but prior to December 1 of any year, an issuer determines that it will not issue obligations pursuant to an allocation received by it pursuant to this section or section 13 by the end of that year or within the time period permitted by existing federal tax law, the issuer may notify the department and such amount will be available for reallocation pursuant to this subdivision. In such case, the department shall refund to the issuer within 30 days that portion of any application deposit equal to one-third of one percent of the

amount returned for reallocation, except to the extent the deposit is required to be retained under section 22. The amounts available for reallocation shall be allocated on or before December 31 pursuant to subdivision 6.

Sec. 15. [474A.06] [NOTICE OF ISSUE UNDER EXISTING FEDERAL TAX LAW.]

Issuers that issue obligations subject to existing federal tax law shall file with the department within five days after such obligations are issued a written notice of issue stating the date of issuance of the obligations, the allocation under which the obligations are issued, and the principal amount of the obligations. If obligations are to be issued as a series of obligations, the notice of issue must be filed for each series of obligations that is issued. If the notice of issue is not filed within five days after the obligations are issued, the obligations shall be considered not to have received an allocation under existing federal tax law. Within 30 days after receipt of the notice, the department shall refund a portion of the application deposit required under section 13 or section 14 equal to one percent of the principal amount of the obligations issued.

Sec. 16. [474A.07] [QUALIFIED MORTGAGE BONDS UNDER EXISTING FEDERAL TAX LAW.]

Subdivision 1. [HOUSING FINANCE AGENCY ALLOCATION.] The applicable volume limit for qualified mortgage bonds for the Minnesota housing finance agency, pursuant to existing federal tax law, for any calendar year shall be 100 percent of the state ceiling for qualified mortgage bonds that year, reduced only by (1) any amounts of qualified mortgage bonds which have been or may be allocated by law to specified cities, and (2) any amounts of qualified mortgage bonds which are allocated to cities pursuant to subdivisions 2 and 3. The aggregate amount allocated to cities, under clause (1) or (2), together with the amount of qualified mortgage bonds reserved for the agency, shall not exceed the limit for the state under existing federal tax law.

By August 1 of each year, any city which has received by law an allocation of the state ceiling for qualified mortgage bonds shall submit its housing programs to the Minnesota housing finance agency for approval pursuant to section 462C.04, subdivision 2, in an amount of bonds equal to or less than, the city's allocation. If the amount of qualified mortgage bonds, for which program approval is granted on or before September 1 is less than the amount allocated by law to the city, the applicable limit for the agency shall be increased by the difference between the amount allocated by law to the city, and the amount for which program approval has been granted.

Subd. 2. [CITY ALLOCATION.] Unless otherwise authorized by law, a city that intends to issue during any calendar year qualified mortgage bonds that are subject to existing federal tax law, shall by January 2 of that year submit to the Minnesota housing finance agency a program that will use a portion of the state qualified mortgage bond ceiling. The total amount of qualified mortgage bonds included in all programs submitted pursuant to this subdivision by a city may not exceed \$10,000,000. Each program shall be accompanied by a certificate from the city that states that the qualified mortgage bond issue is feasible. By February 1, the Minnesota housing finance agency shall review each program pursuant to section 462C.04,

subdivision 2. The Minnesota housing finance agency shall approve all programs that the agency determines are consistent with chapter 462C, and that meet the following conditions:

(1) all of the loans must be reserved for a period of not less than six months for persons and families whose adjusted family income is below 80 percent of the limits on adjusted gross income provided in section 462C.03, subdivision 2; and

(2) loans must be made only to finance homes that are serviced by municipal water and sewer utilities; provided that if the approval of all programs would result in an allocation to cities in excess of 27-1/2 percent of the state ceiling for the calendar year 1985, reduced by the amount of qualified mortgage bonds that are allocated by law to specified cities, the Minnesota housing finance agency shall approve programs that are submitted by a city which meets any of the following three criteria: (i) a city of the first class, (ii) a city that did not receive an allocation under this subdivision or Minnesota Statutes 1984, section 462C.09, subdivision 2(a), or Minnesota Statutes 1985 Supplement, section 462C.09, subdivision 2(a), during the preceding two calendar years, or (iii) a group of cities that plan to jointly issue bonds for the program provided further that if approval of all of the programs submitted by cities that meet one or more of the criteria in (i), (ii), or (iii) would result in a total allocation to cities in excess of the portion of the state ceiling available for allocation, then from among those programs the agency shall select by lot the programs to be approved. If a portion of the state ceiling remains unallocated after the agency has approved all programs submitted by cities that meet one or more of the criteria in (i), (ii), or (iii), the Minnesota housing finance agency shall select by lot from among the remaining programs the programs to be approved. The Minnesota housing finance agency shall determine if a program meets the conditions in clauses (1) and (2) based solely upon the program with accompanying information submitted to the agency. Approval of a program shall constitute an allocation of a portion of the state ceiling for qualified mortgage bonds equal to the proposed bond issue or issues contained in the program, provided that the allocation for the last selected program that receives an allocation may be equal to or less than the amount of the bond issue or issues proposed in the program.

If a city which received an allocation pursuant to this subdivision, or which has been allocated a portion of the state ceiling by law and has received approval of one or more programs, has not issued bonds by September 1 in an amount equal to the allocation, and the city intends to issue qualified mortgage bonds prior to the end of the calendar year, the city shall by September 1 submit to the Minnesota housing finance agency for each program a letter that states the city's intent to issue the qualified mortgage bonds prior to the end of the calendar year. If the Minnesota housing finance agency does not receive the letter from the city, then the allocation of the state ceiling for that program shall expire on September 1, and the applicable limit for the Minnesota housing finance agency shall be increased by an amount equal to the unused portion of the allocation to the city. A city referred to in subdivision 1, clause (1), shall not be required to apply under this subdivision with respect to bonds allocated by law to any such city. Nothing in this subdivision shall prevent any such city from applying for an

additional allocation of bonds under this subdivision.

Subd. 3. [ADDITIONAL CITY ALLOCATION.] *On or before September 1 of each year, the Minnesota housing finance agency shall identify the amount, if any, of its applicable limit for qualified mortgage bonds for that calendar year that it does not intend to issue. Any city that intends to issue qualified mortgage bonds prior to the end of the calendar year for which it has not received an allocation of the state ceiling may submit a program for approval on or before September 1 to the Minnesota housing finance agency for a portion of the amount of the Minnesota housing finance agency's applicable limit as provided in subdivision 1 which the agency does not intend to issue. The total amount of qualified mortgage bonds included in all programs of any city submitted pursuant to this subdivision shall not exceed \$10,000,000. The program shall be accompanied by the same certificate required by subdivision 2. The Minnesota housing finance agency shall allocate the amount of the state ceiling to be allocated pursuant to this subdivision using the same factors listed in subdivision 2, provided that a program for any city receiving an allocation pursuant to subdivision 2 during the calendar year shall be ranked below all other programs if the bonds proposed in the program, when added to the bonds included in programs approved pursuant to subdivision 2, exceed \$10,000,000. A city that submitted a program pursuant to subdivision 2 but that did not receive an allocation may renew its application with a letter of intent to issue. Nothing in this subdivision shall prevent any city referred to in subdivision 1, clause (1), from applying for an additional allocation of bonds under this subdivision.*

Subd. 4. [AGENCY REVIEW.] *The 30-day review requirement in section 462C.04, subdivision 2, shall not apply to programs submitted to the agency that require an allocation of the state ceiling pursuant to this section. A failure by the agency to complete any action by the dates set forth in this section shall not result in the approval of any program or the allocation of any portion of the applicable limit of the agency. Approval by the agency of programs after the dates provided in this section shall be effective in allocating a portion of the state ceiling. Programs approved by the agency may be amended with the approval of the agency under section 462C.04, subdivision 2, provided that the dollar amount of bonds for the program may not be increased.*

Subd. 5. [STATE CERTIFICATION.] *The executive director of the Minnesota housing finance agency is designated as the state official to provide the preissuance certification required by section 103A(j)(4)(A) of the Internal Revenue Code of 1954, as amended through December 31, 1985.*

Subd. 6. [CORRECTION AMOUNTS FOR MORTGAGE CREDIT CERTIFICATE PROGRAMS.] *A reduction in the state ceiling for qualified mortgage bonds caused by the failure of a mortgage credit certificate program to comply with a federal statute or regulation shall be assessed against the amount of qualified mortgage bonds allocated by law, other than by way of this section, to the city which adopted the program; provided that if no such allocation exists or it is less than the correction amount determined by the secretary of the treasury, then the amount of the correction amount in excess of the allocation shall be assessed against the 27-1/2 percent of the state ceiling allocated to the cities under subdivision 2.*

Sec. 17. [474A.08] [DETERMINATION OF ENTITLEMENT ALLO-

CATIONS UNDER FEDERAL VOLUME LIMITATION ACT.]

Subdivision 1. [ENTITLEMENT ISSUERS.] The dollar amount of the governmental volume cap allocated to entitlement issuers under a federal volume limitation act for each calendar year shall be determined by the department as follows:

(1) to the department of finance 24 percent of the governmental volume cap to be allocated among state issuers under section 18;

(2) to the first-class city with the largest population among first-class cities, 8.7 percent of the governmental volume cap, plus an additional 3.5 percent of the governmental volume cap or \$16,000,000, whichever is less, which additional amount is to be used solely for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition as used in a federal volume limitation act prior to September 1, and thereafter may also be used for the issuance of obligations to finance multifamily housing projects;

(3) to the first-class city with the second largest population among first-class cities, 6.4 percent of the governmental volume cap, plus an additional 1.4 percent of the governmental volume cap or \$8,500,000, whichever is less, which additional amount is to be used solely for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition as used in a federal volume limitation act prior to September 1, and thereafter may also be used for the issuance of obligations to finance multifamily housing projects;

(4) to the first class city with the third largest population among first class cities, 2.1 percent of the governmental volume cap, plus an additional five-tenths of one percent of the governmental volume cap or \$3,000,000, whichever is less, which additional amount is to be used solely for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition as used in a federal volume limitation act prior to September 1 and thereafter may also be used for the issuance of obligations to finance multifamily housing projects;

(5) to each city identified in section 13, subdivision 4, clause (2), six-tenths of one percent of the governmental volume cap;

(6) to a city or cities that received an allocation to issue qualified mortgage bonds during 1986 under Minnesota Statutes 1985 Supplement, section 462C.09, subdivision 2a, an amount or amounts for 1986 equal to such allocation, which amount may be used prior to September 1 for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition in a federal volume limitation act, and thereafter may also be used for the issuance of obligations to finance multifamily housing projects; and

(7) to a city or cities determined in accordance with the procedure set forth in section 16, subdivisions 2 and 3, an allocation to issue qualified mortgage bonds during 1987, in an amount determined in accordance with such procedure contained in section 16, subdivisions 2 and 3, which amount may be used prior to September 1 for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition in a federal volume limitation act, and thereafter may also be used for the issuance of obligations to finance multifamily housing projects.

For any entitlement issuer that received an allocation for a qualified multifamily housing project and did not issue obligations for the project within the time period specified under section 22, subdivision 3, the amount allocated to the entitlement issuer under this subdivision for 1987 must be reduced by the amount of the unused allocation and the amount of any other allocation retained by that issuer after September 1, 1986, for which obligations have not been issued in 1986. The amount of any reduction in allocation must be added to the amounts available for pool allocation under section 20.

For purposes of this subdivision, "population" means the population determined under section 477A.011, subdivision 3.

Subd. 2. [NOTICE OF OF ENTITLEMENT ALLOCATION.] As soon as possible in each calendar year, the department shall provide a notice of entitlement allocation to each entitlement issuer stating separately the amount that may be issued for "qualified mortgage bonds" or for obligations with a comparable definition, a federal volume limitation act and the amount that may be issued for other obligations.

Sec. 18. [474A.09] [ALLOCATION OF STATE ENTITLEMENTS UNDER FEDERAL VOLUME LIMITATION ACT.]

The amount allocated to the department of finance under section 17, subdivision 1, clause (1), may be allocated or reallocated by the commissioner of the department of finance internally among state issuers, provided that 11.5 percent of such entitlement allocation is allocated to the iron range resources and rehabilitation commissioner. Upon the request of a statutory city located in the taconite tax relief area that received an entitlement allocation under Minnesota Statutes 1985 Supplement, section 474.18, of \$5,000,000 or more for calendar year 1985, the iron range resources and rehabilitation commissioner shall enter into an agreement with the city whereby the commissioner issues obligations on behalf of the city, in an amount requested by the city but not to exceed 17 percent of the amount allocated to the commissioner under this subdivision.

Sec. 19. [474A.10] [ENTITLEMENT ISSUERS UNDER THE FEDERAL VOLUME LIMITATION ACT.]

Subdivision 1. [NOTICE OF ISSUE.] Each entitlement issuer that issues obligations pursuant to an entitlement allocation received under section 17 shall provide a notice of issue to the department on forms provided by the department stating (1) the date of issuance of the obligations; (2) the title of the issue; (3) the principal amount of the obligations; and (4) the dollar amount of the obligations subject to the governmental volume cap of a federal volume limitation act. For obligations that are issued as a part of a series of obligations, a notice must be provided for each series. Any issue of obligations for which a notice of issue is not provided to the department within five days after issuance shall be deemed not to have received an allocation under a federal volume limitation act. Within 30 days after receipt of the notice of issue, the department shall refund a portion of any deposit made pursuant to subdivision 3 equal to one percent of the principal amount of the obligations issued.

Subd. 2. [ENTITLEMENT TRANSFERS.] Any entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipi-

ent entitlement issuer issues obligations pursuant to issuance authority allocated to the original entitlement issuer.

Subd. 3. [RESERVATION OR CANCELLATION OF ENTITLEMENT ALLOCATIONS.] After September 1, 1986, an entitlement issuer may retain all or a portion of its entitlement allocation under a federal volume limitation act only if the department has received by September 1 a letter stating the intent of the entitlement issuer to issue obligations under its entitlement allocation before the end of the calendar year or within the time permitted by a federal volume limitation act and an application deposit equal to one percent of the unused allocation for which it intends to issue obligations, provided that there shall be credited against the required deposit, any deposit made in accordance with section 13 for a corresponding allocation under existing federal tax law. Any unused portion of an allocation for which an application deposit and letter of intent have not been received by the department by September 1, 1986, is canceled and shall be reallocated under section 20. Notwithstanding the provisions of this subdivision, the department of finance may retain \$15,000,000 of its entitlement allocation for the issuance of obligations. If any time after August 31, 1986, the department of finance determines that part or all of such retained allocation will not be required for obligations issued by the state, the portion not required shall be canceled and shall be reallocated under section 20.

Sec. 20. [474A.11] [ALLOCATION OF POOL AMOUNT UNDER THE FEDERAL VOLUME LIMITATION ACT.]

Subdivision 1. [POOL AMOUNT.] For calendar year 1986 and from January 1 to June 30 of calendar year 1987, the portion of the governmental volume cap and any allocations canceled or returned for reallocation under section 19 shall be allocated to issuers, other than state issuers, under this section.

An entitlement issuer, other than state issuers, may apply for an allocation under this section only after September 1. If an entitlement issuer, other than state issuers, applies for an allocation prior to November 1, the entitlement issuer must have either adopted a final resolution authorizing the sale of obligations in an amount equal to any allocation received under section 17 or returned any remaining allocation for reallocation under this section.

Notwithstanding the preceding paragraph, the following entitlement issuers may apply for an allocation under this section:

(a) Entitlement issuers that received an allocation only under section 17, subdivision 1, clause (6) or (7), may apply for an allocation at any time.

(b) A city of the first class may apply for an allocation for a manufacturing project at any time.

(c) Any entitlement issuer, other than state issuers, may apply for an allocation for a qualified multifamily housing project after September 1 if (1) it has adopted a preliminary resolution for specific projects for the amount of any of its retained entitlement allocation, and (2) the amount of allocation applied for does not exceed \$10,000,000.

(d) State issuers, other than the iron range resources and rehabilitation commissioner, may apply for and receive allocations under this section in an

aggregate amount not to exceed that portion of the state's entitlement allocation returned for reallocation under section 19.

(e) The iron range resources and rehabilitation commissioner may apply for an allocation under this section only after September 1, if the commissioner has adopted preliminary resolutions for the amount of issuance authority retained by the commissioner under section 19.

Subd. 2. [APPLICATION.] An issuer may apply for an allocation pursuant to this section by submitting to the department an application on forms provided by the department accompanied by (1) a preliminary resolution, and (2) if the application is submitted prior to September 1 of any calendar year, an application deposit in the amount of one percent of the requested allocation, or if the application is submitted on or after September 1 of 1986, an application deposit in the amount of two percent of the requested allocation, provided that there shall be credited against the required deposit any deposit made with respect to the same project in accordance with section 14.

An application deposit for a qualified multifamily housing project must include an additional application deposit in the amount of one percent of the requested allocation. An application pursuant to this section may be combined with an application under section 14.

Subd. 3. [ALLOCATION CRITERIA.] The department shall rank each application received under this section on the basis of the number of points awarded to it, with one point being awarded for each of the criteria listed in section 14, subdivision 3, that are satisfied, and one point being awarded for each of the following criteria:

- (1) the project is a multifamily housing project; and
- (2) the project is a multifamily housing project designed for rental primarily to handicapped persons or to elderly persons.

An application for an allocation relating to an issue of obligations the proceeds of which are to be used to refund outstanding obligations shall be ranked as if the proceeds were to be used to finance the related project and based on the satisfaction of the criteria by the project and the applicant as of the time that the application is submitted.

Subd. 4. [ALLOCATION PROCEDURE.] (a) The department shall allocate available issuance authority on Monday of each week to applications received by Monday of the preceding week, in the following order of priority and available issuance authority may not be allocated to any other project prior to September 1, 1986:

- (1) applications for manufacturing projects;
- (2) applications for pollution control projects or waste management projects; and
- (3) applications for commercial redevelopment projects or multifamily housing projects.

Within each category of applications available authority shall be allocated on the basis of the numerical rank determined under this section. In the case of an application for an allocation relating to more than one project to be financed by one issue of obligations, the points assigned to the application

shall be computed on the basis of the weighted average of points for the projects. The projects must all be of the same category of projects to be submitted as a multiproject application. If two or more applications have the same numerical rank, the allocation of issuance authority as between the applications shall be by lot unless otherwise agreed by the respective issuers. If an application is rejected, the department shall so notify the applicant and shall return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted.

(b) From January 1 to September 1, no more than 20 percent of the total amount of issuance authority available for allocation during the calendar year pursuant to this section may be allocated to pollution control and waste management projects.

(c) From January 1 to September 1, no more than 35 percent of the total amount of issuance authority available for allocation during the calendar year pursuant to this section may be allocated to commercial redevelopment projects and multifamily housing projects. This amount is increased to 50 percent of the total available authority for the next month's allocation if the following two conditions occur: (1) on or after June 30 the total amount of issuance authority available under this section which has not been allocated or has been allocated to but was returned by an issuer exceeds 45 percent of the total amount of issuance authority available for allocation under this section for the calendar year; and (2) the entire amount of issuance authority available under this clause for commercial redevelopment and multifamily housing projects has been allocated.

After September 1, allocations shall be made under this subdivision to any project including, without limitation, projects for owner-occupied housing; notwithstanding the percentage limits and other restrictions contained in this subdivision. Applications must be ranked and allocations made first according to the order of priority and ranking of points under subdivision 3 and this subdivision. Any remaining amount must be allocated according to the ranking of points under subdivision 3. If two or more applications receive an equal number of points, allocations among such applications must be made by lot unless otherwise agreed by the respective applicants.

Subd. 5. [CERTIFICATE OF ALLOCATION.] The granting of an allocation of issuance authority by the department pursuant to this section shall be evidenced by issuance of a certificate of allocation provided to the applicant in accordance with section 22.

Subd. 6. [FINAL ALLOCATION.] If issuance remains or becomes available following the last Monday on which allocations are made during any calendar year, the department must allocate the remaining authority to the department of finance, and the department of finance shall allocate such remaining authority between the Minnesota housing finance agency and the higher education coordinating board. Amounts so allocated to the Minnesota housing finance agency shall be used for the issuance of mortgage credit certificates, and amounts allocated to the higher education coordinating board shall be used for the issuance of obligations under chapter 136A.

Sec. 21. [474A.12] [501(c)(3) POOL; FEDERAL VOLUME LIMITATION ACT.]

Subdivision 1. [501(c)(3) POOL.] This section applies only to allocations made under a federal volume limitation act. The amount, if any, of the aggregate annual volume cap that must be set aside for qualified 501(c)(3) bonds in 1986 or in 1987 shall be allocated under this section.

Subd. 2. [HIGHER EDUCATION FACILITIES AUTHORITY.] Of the portion of the annual volume cap allocated under this section, \$20,000,000 for each calendar year is allocated to the higher education facilities authority for the issuance of obligations under sections 136A.25 through 136A.42. After September 1 of each year, the higher education facilities authority may retain any unused portion of such allocation only if the higher education facilities authority submits to the department on or before September 1 a letter which states (1) its intent to issue obligations pursuant to its allocation or a portion of it before the end of the calendar year or within the time period permitted under a federal volume limitation act, and (2) a description of the specific project or projects for which the obligations will be issued, together with an application deposit in the amount of one percent of the amount of the unused allocation or the portion of it pursuant to which it intends to issue obligations; provided that nothing herein shall preclude the commissioner from subsequently reallocating the retained allocation among the projects described in clause (2). On September 1 any unused portion of the amount allocated to the higher education facilities authority and not reserved by a letter of intent and an application deposit shall be canceled and subject to reallocation in accordance with subdivision 3. If the higher education facilities authority returns for reallocation all or any part of such allocation on or before October 31, that portion of the application deposit equal to one percent of the amount returned shall be refunded within 30 days.

Subd. 3. [APPLICATION.] An issuer may apply for an allocation of bond issuance authority under this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution of the issuer, and (2) an application deposit in the amount of one percent of the requested allocation. The higher education facilities authority may apply for an allocation under subdivision 4 or subdivision 6 only if it has adopted a final resolution authorizing the sale of obligations in an amount equal to the allocation received and not returned for reallocation under subdivision 2.

Subd. 4. [ALLOCATION.] As of the 10th and 25th day of each month prior to September 1, the department shall allocate issuance authority available under this section on the basis of applications then on hand, assigning allocations in the order in which the applications are received by the department; provided that if two or more applications are filed with the department on the same day and if there is insufficient issuance authority for the applications, the allocation between or among such applications shall be by lot unless otherwise agreed by the respective applicants; and provided further that before September 1 of any year the amount allocated to any one issuer for any one 501(c)(3) organization shall not exceed \$15,000,000.

Subd. 5. [LETTER OF INTENT.] After September 1 of each calendar year, an issuer which has received an allocation pursuant to this section prior to September 1, may retain any unused portion of such allocation only if the issuer has submitted to the department on or before September 1 a letter stating its intent to issue obligations before the end of the calendar year

or within the time period permitted by a federal volume limitation act. If the letter of intent is not submitted to the department, the one percent application deposit shall be returned to the issuer, the allocation shall be canceled and is available for reallocation pursuant to subdivision 6. If an issuer returns for reallocation all or any part of its allocation on or before October 31, that portion of its application deposit equal to one percent of the amount returned shall be refunded within 30 days.

Subd. 6. [ALLOCATION AFTER SEPTEMBER 1.] On September 1 of each year the aggregate amount set aside for qualified 501(c)(3) bonds, less any amounts previously allocated or reallocated and either reserved by an issuer with a letter of intent or with respect to which a notice of issue has been filed shall be reallocated in accordance with this subdivision.

Bond issuance authority subject to reallocation under this subdivision on and after September 1 in any year shall be allocated by the department in the order in which the applications were received by the department; provided that if two or more applications are filed with the department on the same day and if there is insufficient issuance authority for the applications, the allocation between or among such applications shall be by lot unless otherwise agreed by the respective applicants. As soon as practicable after September 1, the department shall publish in the State Register a notice of the aggregate amount available for reallocation pursuant to this subdivision. Within five days after September 10, October 10, November 10, December 10, and December 20, the department shall allocate available authority under this subdivision. If issuance remains or becomes available following the final December 20th allocation, the department must allocate the remaining authority to the department of finance, and the department of finance shall allocate such remaining authority between the Minnesota housing finance agency and the higher education coordinating board. Amounts so allocated to the Minnesota housing finance agency shall be used for the issuance of mortgage credit certificates, and amounts allocated to the higher education coordinating board shall be used for the issuance of obligations under chapter 136A.

Subd. 7. [NOTICE OF 501(c)(3) ALLOCATION.] The department shall issue a notice granting an allocation of issuance authority under this section. No allocation shall be made if the sum of the principal amount of proposed allocation and the aggregate principal amount of allocations previously made and not returned for reallocation is in excess of the amount of issuance authority set aside for qualified 501(c)(3) bonds under a federal volume limitation act.

Subd. 8. [NOTICE OF ISSUE.] Issuers that issue obligations under this section shall provide a notice of issue to the department on forms provided by the department stating (1) the date of issuance of the obligations; (2) the title of the issue; (3) the principal amount of the obligations; and (4) the dollar amount of the obligations subject to the annual volume cap of a federal volume limitation act. For obligations issued as a part of a series of obligations, a notice must be provided for each series. Any issue of obligations for which a notice of issue is not provided to the department within five days after issuance shall be deemed not to have received an allocation under a federal volume limitation act. Within 30 days after receipt of the notice of issue, the department shall refund a portion of any deposit made pursuant to subdivi-

sion 3 equal to one percent of the principal amount of the obligations issued.

Sec. 22. [474A.13] [CERTIFICATE OF ALLOCATION UNDER FEDERAL VOLUME LIMITATION ACT.]

Subdivision 1. [ISSUANCE OF CERTIFICATE OF ALLOCATION.] *The department shall issue a certificate of allocation for any allocation granted under section 20, except as provided in subdivision 4.*

Subd. 2. [ISSUANCE OF CERTIFICATE OF ALLOCATION; GENERAL OBLIGATIONS.] *The department shall issue a certificate of allocation for any general obligation for which an allocation request is received upon forms provided by the department, except as provided in subdivision 4. Such forms shall contain:*

- (1) the name and address of the issuer;*
- (2) the address, telephone number, and name of an authorized representative of the issuer;*
- (3) the principal amount of general obligations proposed to be issued by the issuer;*
- (4) the title of the proposed issue;*
- (5) a statement of the issuer that the proposed issue of obligations is expected to be offered for sale on or before the expiration date of the certificate of allocation for which the request is being made;*
- (6) the amount of the allocation requested; and*
- (7) a certification that the general obligations do not constitute "industrial development bonds" as defined in section 103(b) of the Internal Revenue Code of 1954, as amended through December 31, 1985, which certification shall be accompanied by an opinion of bond counsel to such effect.*

No certificate of allocation shall be issued pursuant to this authorization in excess of \$10,000,000. If submitted on or after September 1 for calendar year 1986, an allocation request shall be accompanied by a deposit in the amount of one percent of the amount of allocation requested. The department shall issue certificates of allocation on Monday of each week for applications received by Monday of the preceding week and shall make the allocations among the applications by lot.

Subd. 3. [NOTICE OF ISSUE.] *A certificate of allocation shall expire and be deemed not to have been issued if the department has not received a notice of issue on a form provided by the department stating that the obligations for which the certificate of allocation was provided were issued, or in the case of a general obligation, a final resolution providing for sale was adopted, within the following periods:*

- (1) for a certificate of allocation issued on or prior to August 15, 1986, or anytime in 1987, within 30 days of the date of issuance of the certificate;*
- (2) for a certificate of allocation issued between August 16 and September 1, 1986, by September 16, 1986;*
- (3) for a certificate of allocation issued on or after September 1, within 15 days of the date of issuance of the certificate; and*

(4) for a certificate of allocation issued to an entitlement issuer for a qualified multifamily housing project, within 30 days of issuance of the certificate of allocation.

Any of the periods specified in clauses (1), (2), or (3) may be extended for an additional period of the same number of days if an additional deposit in the amount of three percent of the amount of the certificate of allocation is provided before the end of the initial period. The period specified in clause (4) may be extended for an additional 30 days if an additional deposit in the amount of four percent of the amount of the certificate of allocation is provided before the end of the initial period.

The notice of issue shall be executed by an officer of the issuer or by the bond counsel approving the issue and shall state the principal amount of the obligations issued or to be issued and the difference, if any, between the amount issued or to be issued and the amount stated in the certificate of allocation. If the notice of issue is not provided to the department by the time required, then (1) the certificate of allocation shall expire and the issue shall be deemed not to have received an allocation for the purpose of complying with a federal volume limitation act, and (2) the deposit required by section 19, 20, or this section shall be forfeited by the issuer. If such notice is received by the department on or prior to the prescribed deadline, then within 30 days after receipt of this notice, the department shall refund a portion of any application deposit equal to one percent of the principal amount of the obligations issued.

Subd. 4. [LIMITATIONS ON THE ISSUANCE OF CERTIFICATES.] No certificate of allocation shall be granted under a federal volume limitation act under any of the following circumstances:

(1) the amount of the allocation requested, when added to (i) the aggregate amount of certificates of allocation issued and not expired; (ii) amounts remaining available to be allocated pursuant to section 20; and (iii) entitlement authority allocated pursuant to section 17 and not returned pursuant to section 19, subdivision 3, for reallocation would cause the governmental volume cap to be exceeded. If two or more applications for a certificate of allocation are filed with the department on the same day and there is insufficient issuance authority for the applications, certificates shall be issued first for applications made pursuant to subdivision 2 and thereafter for applications made pursuant to subdivision 1; or

(2) the principal amount of the proposed allocation exceeds \$25,000,000 unless the issuer is the Minnesota housing finance agency or the Minnesota higher education coordinating board, or unless the issue is a pooled or joint issue or any issue of a joint powers board, provided that for joint or pooled issues or issues of a joint powers board the aggregate amount of the issue cannot exceed \$100,000,000.

Subd. 5. [CERTIFICATES ARE NOT TRANSFERABLE.] Certificates of allocation are not transferable.

Sec. 23. [474A.14] [NOTICE OF AVAILABLE AUTHORITY.]

The department shall publish in the State Register at least twice monthly, a notice of the amount of issuance authority, if any, available for allocation pursuant to sections 14, 20, and 21.

Sec. 24. [474A.15] [STATE HELD HARMLESS.]

The state shall not be liable in any manner to any issuer, holder of obligations, or other person for carrying out the duties imposed on it under sections 10 to 30.

Sec. 25. [474A.16] [EXCLUSIVE METHOD OF ALLOCATION.]

Sections 10 to 30 shall be the exclusive method for allocating authority to issue obligations for the purposes of complying with the volume limitation of a federal volume limitation act and existing federal tax law. An issuer of obligations may elect to obtain an allocation of authority under either existing federal tax law, a federal volume limitation act, or both.

Sec. 26. [474A.17] [ADMINISTRATIVE PROCEDURE ACT NOT APPLICABLE.]

Minnesota Statutes, chapter 14, shall not apply to actions taken by any state agency, entity, or the governor under sections 10 to 30.

Sec. 27. [474A.18] [PROSPECTIVE OVERRIDE OF FEDERAL VOLUME LIMITATION ACT.]

Sections 10 to 30 prospectively override and replace the method of allocating the authority to issue obligations among uses and among issuers as provided in a federal volume limitation act to the extent allowed by a federal volume limitation act.

Sec. 28. [474A.19] [GOVERNOR'S ACTION.]

If at any time before June 30, 1987, a federal volume limitation act is enacted into law in a form different from that existing as of December 31, 1985, which (1) eliminates or adds any requirement that a specific type of obligation is subject to a volume limitation that is inconsistent with the allocation mechanism provided for in sections 10 to 30, or (2) provides for other restrictions on the allocation of issuance authority that are inconsistent with the allocation mechanism provided for in sections 10 to 30, the governor may, consistent with a federal volume limitation act as enacted, by executive order or proclamation, establish such revisions to the allocation system as may be necessary and appropriate and which the governor, in consultation with the legislative advisory commission and the attorney general, shall determine are most consistent with the purposes of and the allocation mechanism provided for in this sections 10 to 30. Any executive order or proclamation made by the governor under this section shall not withdraw or impair any allocation made if obligations have been issued under such allocations unless the obligations are not subject to the volume cap of a federal volume limitation act and written notice is provided to the issuer.

Sec. 29. [474A.20] [STATE CERTIFICATION.]

The commissioner of the department is designated as the state official to provide any pre-issuance or post-issuance certification required by a federal volume limitation act.

Sec. 30. [474A.21] [APPROPRIATION; RECEIPTS.]

Any fees collected by the department under sections 10 to 30 are appropriated to the general fund except the amount which is necessary to repay

application deposits, which amount is appropriated to the department from the general fund for that purpose.

Sec. 31. Minnesota Statutes 1984, section 475.55, is amended by adding a subdivision to read:

Subd. 7. [OBLIGATIONS SUBJECT TO FEDERAL TAXATION.] Notwithstanding subdivision 1, if the governing body determines that interest on any obligations is subject to federal income taxation, the obligations may bear interest at the rate determined in accordance with subdivision 1 plus three percent per annum.

Obligations may also be issued which provide that, if interest on the obligations becomes subject to federal income taxation or if certain events occur that under the terms of the obligations cause the interest on the obligations to be deemed to be subject to federal income taxation, the obligations may provide for payment of interest from the date of issuance or another date provided by them at a rate which does not exceed the greater of (a) the maximum rate determined under subdivision 1 plus three percent per annum, or (b) the maximum rate determined under subdivision 1 at the time the interest on the obligations becomes or is deemed to become subject to federal income taxation.

Sec. 32. Minnesota Statutes 1985 Supplement, section 475.56, is amended to read:

475.56 [INTEREST RATE.]

(a) Any municipality issuing obligations under any law may issue obligations bearing interest at a single rate or at rates varying from year to year which may be lower or higher in later years than in earlier years. Such higher rate for any period prior to maturity may be represented in part by separate coupons designated as additional coupons, extra coupons, or B coupons, but the highest aggregate rate of interest contracted to be so paid for any period shall not exceed the maximum rate authorized by law. Such higher rate may also be represented in part by the issuance of additional obligations of the same series, over and above but not exceeding two percent of the amount otherwise authorized to be issued, and the amount of such additional obligations shall not be included in the amount required by section 475.59 to be stated in any bond resolution, notice, or ballot, or in the sale price required by section 475.60 or any other law to be paid; but if the principal amount of the entire series exceeds its cash sale price, such excess shall not, when added to the total amount of interest payable on all obligations of the series to their stated maturity dates, cause the average annual rate of such interest to exceed the maximum rate authorized by law. This section does not authorize a provision in any such obligations for the payment of a higher rate of interest after maturity than before.

(b) Any obligation of an issue of obligations otherwise subject to section 475.55, ~~subdivision~~ *subdivisions 1 and 7*, may bear interest at a rate varying periodically at the time or times and on the terms, including convertibility to a fixed rate of interest, determined by the governing body of the municipality, but the rate of interest for any period shall not exceed the maximum rate of interest for the obligations determined in accordance with section 475.55,

~~subdivision subdivisions 1 and 7.~~ For purposes of section 475.61, subdivisions 1 and 3, the interest payable on variable rate obligations for their term shall be determined as if their rate of interest is the maximum rate permitted for the obligations under section 475.55, ~~subdivision subdivisions 1 and 7,~~ or the lesser maximum rate of interest payable on the obligations in accordance with their terms, but if the interest rate is subsequently converted to a fixed rate the levy may be modified to provide at least five percent in excess of amounts necessary to pay principal of and interest at the fixed rate on the obligations when due. For purposes of computing debt service or interest pursuant to section 475.67, subdivision 12, interest throughout the term of bonds issued pursuant to this subdivision is deemed to accrue at the rate of interest first borne by the bonds. The provisions of this paragraph do not apply to obligations issued by a statutory or home rule charter city with a population of less than 10,000, as defined in section 477A.011, subdivision 3, or to obligations that are not rated A or better, or an equivalent subsequently established rating, by Standard and Poor's Corporation, Moody's Investors Service or other similar nationally-recognized rating agency, *except that any statutory or home rule charter city, regardless of population or bond rating, may issue variable rate obligations as a participant in a bond pooling program established by the league of Minnesota cities that meets this bond rating requirement.*

Sec. 33. [REPEALER.]

Minnesota Statutes 1984, sections 462C.09, subdivision 4; 474.16, subdivisions 1, 2, and 5; 474.21; and 474.25; and Minnesota Statutes 1985 Supplement, sections 462C.09, subdivisions 1, 2a, 3, 5, and 6; 474.16, subdivisions 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 474.17; 474.19; 474.20; 474.23; and 474.26 are repealed. Nothing in this section is intended to affect the validity of any allocation granted pursuant to the repealed sections prior to the effective date of this act, including any allocation carried forward for use in a later calendar year.

Sec. 34. [EFFECTIVE DATE; SUNSET.]

Sections 10 to 30 and 33 are effective the day following final enactment and are repealed effective July 2, 1987."

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "providing for additional enterprise zone credits and expansion of an enterprise zone; authorizing certain capital notes; extending the interest reduction program; providing certain powers to county housing and redevelopment authorities and joint powers agreements;"

Page 1, line 5, after the semicolon, insert "amending Minnesota Statutes 1984, sections 273.1314, by adding a subdivision; 412.301; 462C.02, subdivision 6; 462C.06; 471.59, subdivision 11; 474.01, subdivisions 6 and 7b; 475.55, by adding a subdivision;"

Page 1, line 5, delete "section" and insert "sections 273.1314, subdivision 16a;"

Page 1, line 6, after the semicolon, insert "475.56;"

Page 1, line 9, delete "1;" and insert "4;"

Page 1, line 11, delete "2a and 3; 462C.11," and insert "1, 2a, 3, 5 and 6,"

Page 1, line 12, delete "474.191;"

Page 1, line 13, delete "474.22;"

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

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

S.F. No. 2026: A bill for an act relating to charitable gambling; exempting certain organizations from regulation by the charitable gambling control board; exempting certain organizations who conduct bingo and raffles from the sales tax; clarifying what expenses may be deducted from gross receipts; permitting the board to impose civil penalties; requiring organizations to pay an investigation fee; changing reporting requirements; changing requirements for licensed distributors; providing for a tax amnesty for organizations who have conducted lawful gambling; amending Minnesota Statutes 1984, sections 297A.25, by adding a subdivision; 349.12, subdivisions 13 and 17; 349.151, subdivision 4; 349.16, subdivision 3, and by adding a subdivision; 349.161, subdivision 1; 349.162; 349.18, subdivision 2; 349.19, subdivision 5; 349.212, subdivision 2; 349.213, subdivision 1; 349.214, subdivision 2; and 609.75, subdivision 3; Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1.

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

Page 1, after line 22, insert:

"Section 1. Minnesota Statutes 1984, section 240.25, subdivision 2, is amended to read:

Subd. 2. [OFF-TRACK BETS.] No person ~~may, as part of an organized commercial activity, place or accept a bet off the premises of a licensed racetrack for delivery to a licensed racetrack shall:~~

(1) for a fee, directly or indirectly, accept anything of value from another to be transmitted or delivered for wager in any licensed pari-mutuel system of wagering on horse races, or for a fee deliver anything of value which has been received outside of the enclosure of a licensed racetrack holding a race meet licensed under this chapter, to be placed as wagers in the pari-mutuel system of wagering on horse racing within the enclosure; or

(2) give anything of value to be transmitted or delivered for wager in any licensed pari-mutuel system of wagering on horse races to another who charges a fee, directly or indirectly, for the transmission or delivery.

Sec. 2. Minnesota Statutes 1984, section 240.26, subdivision 1, is amended to read:

Subdivision 1. [FELONIES.] A violation of the prohibition against accepting a bet in section 240.25, ~~subdivisions subdivision 1 and 2, a violation of section 240.25, subdivision 2, clause (1), and a violation of section~~

240.25, subdivisions 3, 4, and 7 is a felony.

Sec. 3. Minnesota Statutes 1984, section 240.26, subdivision 2, is amended to read:

Subd. 2. [GROSS MISDEMEANORS.] A violation of the prohibition against placing a bet in section 240.25, ~~subdivisions subdivision 1 and 2, a violation of section 240.25, subdivision 2, clause (2), and a violation of section 240.25, subdivisions 5 and 6,~~ is a gross misdemeanor."

Page 1, line 32, strike "gambling supplies and equipment," and strike "rent, and"

Page 1, strike line 33

Page 2, line 1, strike everything before "taxes" and insert "and"

Page 2, line 2, strike everything after "chapter" and delete the new language

Page 2, delete lines 3 to 8

Page 2, line 9, delete the new language

Page 2, after line 14, insert:

"Sec. 7. Minnesota Statutes 1984, section 349.12, is amended by adding a subdivision to read:

Subd. 18. [DEAL.] "Deal" means each separate package, or series of packages, consisting of one game of pull-tabs with the same serial number purchased from a distributor.

Sec. 8. Minnesota Statutes 1984, section 349.151, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] The board consists of 13 members appointed as follows:

(1) eleven persons appointed by the governor *with the advice and consent of the senate*, at least four of whom must reside outside of the seven-county metropolitan area;

(2) the commissioner of public safety or his designee; and

(3) the attorney general or his designee.

A member serving on the board by appointment must have been a resident of Minnesota for at least five years. Of the appointees of the governor not more than six may belong to the same political party. A member appointed to the board may be removed at any time by the appointing authority. Vacancies on the board are filled in the same manner as the original appointment. Of the members appointed by the governor, three are for terms expiring June 30, 1985, four are for terms expiring June 30, 1986, and four are for terms expiring June 30, 1987. After the expiration of the initial terms, appointments are for three years. The governor shall appoint the chairperson from among his appointees."

Page 3, after line 5, insert:

"Sec. 10. Minnesota Statutes 1984, section 349.15, is amended to read:

349.15 [USE OF PROFITS.]

Profits from lawful gambling may be expended only for lawful purposes or expenses as authorized at a regular meeting of the conducting organization. *Not less than 60 percent of the profit may be expended for lawful purposes.*"

Page 3, line 15, delete "INVESTIGATION FEE" and insert "TAX"

Page 3, delete lines 17 to 19 and insert "impose a tax on organizations conducting lawful gambling within its jurisdiction. The tax imposed under this subdivision may not be greater than the tax imposed under section 349.212."

Page 3, after line 33, insert:

"Sec. 14. Minnesota Statutes 1984, section 349.161, is amended by adding a subdivision to read:

Subd. 8. [EMPLOYEES OF DISTRIBUTORS.] Licensed distributors shall provide the board upon request with the names and business addresses of all employees. Each person eligible to conduct sales on behalf of a distributor must have in possession a picture identification card approved by the board."

Page 4, line 8, delete everything after "refund" and insert "for unused stamps and replacement for stamps which are defective or"

Page 4, strike lines 29 to 31

Page 4, line 32, strike the old language and delete the new language

Page 4, delete lines 33 and 34

Page 4, line 35, delete "4" and insert "3"

Page 5, after line 15, insert:

"Sec. 17. [349.163] [MANUFACTURER LICENSES.]

All manufacturers of registered gambling equipment must be licensed and registered by the board before their products can be offered for sale to licensed distributors. The license fee is \$500 and is for a term of one year. The conditions of registration shall be determined by the board.

Sec. 18. Minnesota Statutes 1984, section 349.17, is amended by adding a subdivision to read:

Subd. 2a. [DISTRIBUTOR LICENSE EXEMPTION FOR LESSOR.] As part of a lease agreement on a leased bingo premises, the lessor may furnish bingo equipment without being a licensed distributor."

Page 5, delete section 10

Page 5, line 36, strike the first "section" and insert "subdivision"

Page 6, line 1, strike "taxes" and delete the new language

Page 6, line 2, delete the new language and strike "and"

Page 6, lines 10 to 12, delete the new language

Page 6, line 18, delete "subdivision 1,"

Page 6, after line 29, insert:

"Subd. 2. [LOCAL APPROVAL.] Before issuing or renewing an organi-

zation license, the board must notify the city council of the statutory or home rule city in which the organization's premises are located or, if the premises are located outside a city, by the county board of the county *and the town board of the town* where the premises are located. If the city council or county board adopts a resolution disapproving the license and so informs the board within 30 days of receiving notice of the license, the license may not be issued or renewed."

Page 6, line 32, strike "RAFFLES" and insert "LAWFUL GAMBLING"

Page 6, line 33, strike "13" and insert "12"

Page 6, line 34, after "to" insert "349.14 and 349.151 to"

Page 6, line 36, after the period insert:

"(b) Lawful gambling may be conducted by an organization as defined in section 349.12, subdivision 12, without complying with sections 349.11 to 349.14 and 349.151 to 349.213 if:

(1) the organization conducts lawful gambling for four or fewer calendar days in a calendar year;

(2) the organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;

(3) the organization notifies the board in writing not less than 30 days before each lawful gambling occasion of the date and location of the occasion, the types of lawful gambling to be conducted, the prizes to be awarded, and receives an exemption identification number;

(4) the organization notifies the local government unit not less than 30 days before the lawful gambling occasion;

(5) the organization purchases all gambling equipment and supplies from a licensed distributor; and

(6) the organization reports to the board, on a single page form prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased."

Page 6, line 36, before "Merchandise" insert:

"(c)"

Page 7, delete lines 2 to 12

Page 8, line 20, delete "This act is" and insert "Sections 1 to 16 and 18 to 25 are" and after the period insert "Section 17 is effective July 1, 1986."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "charitable" and after the semicolon insert "prohibiting certain betting practices relating to horse racing;"

Page 1, line 9, after "fee;" insert "requiring licenses for certain manufacturers; regulating use of profits;"

Page 1, line 12, after the semicolon, insert "requiring persons appointed to the charitable gambling control board to be confirmed by the senate;"

Page 1, line 13, after "sections" insert "240.25, subdivision 2; 240.26, subdivisions 1 and 2;"

Page 1, line 14, after "17" insert ", and by adding a subdivision; 349.15" and delete "subdivision" and insert "subdivisions 2 and"

Page 1, line 16, after "1" insert ", and by adding a subdivision" and after "349.162;" insert "349.17, by adding a subdivision;"

Page 1, line 17, delete "349.19, subdivision 5;"

Page 1, line 18, delete ", subdivision 1"

Page 1, line 20, before the period, insert "; proposing coding for new law in Minnesota Statutes, chapter 349"

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

SECOND READING OF SENATE BILLS

S.F. Nos. 2217, 2067, 2255, 2015, 2060, 1978, 2151, 1847 and 2026 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 654, 2464, 2012, 2418, 2263, 1782 and 1838 were read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Merriam moved that his name be stricken as chief author and the name of Mr. Moe, R.D. be added as chief author to S.F. No. 2015. The motion prevailed.

Mr. Bertram moved that the names of Messrs. Pehler and Johnson, D.E. be added as co-authors to S.F. No. 1860. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate revert to the Order of Business of Messages From the House. The motion prevailed.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1950:

H.F. No. 1950: A bill for an act relating to civil liability; limiting the liability of practitioners for the violent acts of patients; providing immunity to municipalities for certain claims that occur as a result of the use of parks and recreation areas; providing for the manner of claiming punitive damages in civil actions; amending Minnesota Statutes 1984, sections 466.03, by adding a subdivision; 549.20, by adding a subdivision; proposing coding for new

law in Minnesota Statutes, chapter 148.

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

Halberg; Blatz; Poppenhagen; Olsen, S. and Kalis have been appointed as such committee on the part of the House.

House File No. 1950 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 12, 1986

Mr. Luther moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1950, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Messrs. Pogemiller; Moe, R.D.; Luther; Taylor and Laidig introduced—

Senate Concurrent Resolution No. 21: A Senate concurrent resolution relating to the legislature; requiring a study of a legislative public affairs broadcasting network.

Mr. Moe, R.D. moved that Senate Concurrent Resolution No. 21 be laid on the table. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate 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 bill was read the first time and referred to the committee indicated.

Mr. DeCramer, by request, introduced—

S.F. No. 2313: A bill for an act relating to agriculture; raising certain exemptions, including the homestead exemption and the exemptions on implements used in farming operations; amending Minnesota Statutes 1984, sections 510.02; and 550.37, subdivision 10; Minnesota Statutes 1985 Supplement, section 550.37, subdivisions 5 and 7.

Referred to the Committee on Agriculture and Natural Resources.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that

the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 1793: Mr. Chmielewski, Mrs. Adkins and Mr. Gustafson.

S.F. No. 1950: Messrs. Merriam; Johnson, D.E. and Peterson, R.W.

H.F. No. 1950: Messrs. Luther, Petty, Spear, Dahl and Knaak.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Frederickson moved that S.F. No. 467, No. 42 on Special Orders, be stricken and re-referred to the Committee on Governmental Operations. The motion prevailed.

MEMBERS EXCUSED

Mr. Willet was excused from the Session of today from 10:00 to 11:30 a.m. Mr. Kroening was excused from the Session of today from 11:45 a.m. to 12:30 p.m. Mr. Knutson was excused from the Session of today from 10:00 a.m. to 1:30 p.m. Mr. Lessard was excused from the Session of today from 3:00 to 4:15 p.m. Mr. Bertram was excused from the Session of today from 3:00 to 3:35 p.m. Mr. Mehrkens was excused from the Session of today at 6:15 p.m.

The following members were excused from today's Session for brief periods of time: Mr. Wegscheid and Ms. Reichgott.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:30 a.m., Thursday, March 13, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate