

## NINETIETH DAY

St. Paul, Minnesota, Wednesday, March 19, 1986

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

### CALL OF THE SENATE

Mr. Sieloff 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. M.E. Sandness.

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

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

The President declared a quorum present.

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

### REPORTS FILED WITH THE SECRETARY OF THE SENATE

The following reports were received and filed by the Secretary of the Senate: State Planning Agency, Governor's Advisory Council on State-Local Relations, Annual Report, 1985; Department of Administration, Establishing a Citizen Suggestion System for Minnesota, 1986; Department of Energy and Economic Development, Industrial Revenue Bond Issues in Minnesota, 1985; Minnesota Housing Finance Agency, Role of Home Equity in Financing Long Term Care, Executive Summary, 1986; Department of Administration, Small Business Procurement Act, Annual Report, 1985.

### 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. 1648: Mr. Belanger, Ms. Berglin and Mr. Nelson.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2280, and repassed said bill in accordance with the report of the Committee, so adopted.

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; appropriating money; amending Minnesota Statutes 1984, sections 275.125, subdivision 9; 275.50, subdivision 2; 275.51, subdivision 3f; 298.225, by adding a subdivision; and 298.24, subdivision 1; Minnesota Statutes 1985 Supplement, sections 294.22; 298.01, subdivision 1; 298.03; 298.225, subdivision 1; 298.28, subdivision 1; and 299.01, subdivision 1.

Senate File No. 2280 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 17, 1986

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1793, and repassed said bill in accordance with the report of the Committee, so adopted.

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

Senate File No. 1793 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 17, 1986

Mr. President:

I have the honor to announce that the House has adopted the recommen-

dation and report of the Conference Committee on Senate File No. 1725, and repassed said bill in accordance with the report of the Committee, so adopted.

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.

Senate File No. 1725 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 17, 1986

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1949, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1949: A bill for an act relating to natural resources; requiring public access restrictions to be the same as lake use restrictions; amending Minnesota Statutes 1984, sections 378.32, subdivisions 2, 6, and 7; and 459.20; proposing coding for new law in Minnesota Statutes, chapter 378.

Senate File No. 1949 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 17, 1986

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1910, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1910: A bill for an act relating to transportation; adding new route to trunk highway system in substitution of existing route; allowing old highway to be turned back to city of Willmar; directing revisor of statutes to make route substitution; amending Laws 1974, chapter 151, section 3.

Senate File No. 1910 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 17, 1986

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1869, and repassed said bill in accordance with the report of the Committee, so adopted.

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 infor-

mation 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, subdivision 3; and 216A.035; proposing coding for new law in Minnesota Statutes, chapter 216A.

Senate File No. 1869 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 17, 1986

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 2114, 1193 and 1930.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 17, 1986

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1860, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1860 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 17, 1986

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 1860

A bill for an act relating to metropolitan government; permitting the metropolitan mosquito control commission to issue certificates of indebtedness; amending Minnesota Statutes 1984, section 473.711, by adding a subdivision.

March 15, 1986

The Honorable David M. Jennings  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 1860, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 1860 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 473.121, is amended by adding a subdivision to read:

*Subd. 5a. "Metropolitan agency" means the metropolitan parks and open space commission, regional transit board, metropolitan transit commission.*

*metropolitan waste control commission, metropolitan airports commission, and metropolitan sports facilities commission.*

Sec. 2. Minnesota Statutes 1984, section 473.121, subdivision 6, is amended to read:

Subd. 6. "Local governmental unit" means any county, city, town, school district, special district or other political subdivisions or public corporation, other than *the council or a metropolitan commission agency*, lying in whole or part within the metropolitan area.

Sec. 3. Minnesota Statutes 1984, section 473.121, subdivision 11, is amended to read:

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

Sec. 4. Minnesota Statutes 1984, section 473.123, subdivision 2a, is amended to read:

Subd. 2a. [TERMS.] Following each apportionment of council districts, as provided under subdivision 3a, ~~the terms of council members shall commence on the effective date of that apportionment,~~ *must be appointed from newly drawn districts as provided in subdivision 3a.* The terms of members are as follows: members representing even-numbered districts for terms ending the first Monday in January of the year ending in the numeral "7"; members representing odd-numbered districts for terms ending the first Monday in January of the year ending in the numeral "5." Thereafter the term of each member is four years, *with terms ending the first Monday in January,* except that all terms expire on the effective date of the next apportionment. A member shall continue to serve his district until a successor is appointed and qualified; except that, following each apportionment, the member shall continue to serve at large until the governor appoints 16 council members, one from each of the newly drawn council districts as provided under subdivision 3a, to serve terms as provided under this section. *The appointment to the council must be made by the first Monday in March of the year in which the term ends.*

Sec. 5. Minnesota Statutes 1984, section 473.123, subdivision 3, is amended to read:

Subd. 3. [MEMBERSHIP; APPOINTMENT; QUALIFICATIONS.] (a) ~~The council shall be composed of 16~~ *Sixteen members must be appointed by the governor from districts defined by this section. The governor shall appoint members on a nonpartisan basis after consultation with all members of the legislature from the council district for which the member is to be appointed. Appointments are subject to the advice and consent of the senate.* Each council member ~~shall~~ *must* reside in the council district which he represents. Each council district ~~shall~~ *must* be represented by one member of the council.

(b) In addition to the notice required by section 15.0597, subdivision 4, notice of vacancies and expiration of terms ~~shall~~ *must* be published in newspapers of general circulation in the metropolitan area and the appropriate

districts. The governing bodies of the statutory and home rule charter cities, counties, and towns having territory in the district for which a member is to be appointed must be notified in writing. The notices must describe the appointments process and invite participation and recommendations on the appointment.

(c) The governor shall create a nominating committee, composed of seven metropolitan citizens appointed by the governor, to nominate persons for appointment to the council from districts. Three of the committee members must be local elected officials. Following the submission of applications as provided under section 15.0597, subdivision 5, the nominating committee shall conduct public meetings, after appropriate notice, to accept statements from or on behalf of persons who have applied or been nominated for appointment and to allow consultation with and secure the advice of the public and local elected officials. The committee shall hold the meeting on each appointment in the district or in a reasonably convenient and accessible location in the part of the metropolitan area in which the district is located. The committee may consolidate meetings. Following the meetings, the committee shall submit to the governor a list of nominees for each appointment. The governor is not required to appoint from the list.

(d) Before making an appointment, the governor shall consult with all members of the legislature from the council district for which the member is to be appointed.

(e) Appointments to the council are subject to the advice and consent of the senate as provided in section 15.066.

(f) Members of the council must be appointed to reflect fairly the various demographic, political, and other interests in the metropolitan area and the districts.

(g) Members of the council must be persons knowledgeable about urban and metropolitan affairs.

Sec. 6. Minnesota Statutes 1984, section 473.123, subdivision 3a, is amended to read:

Subd. 3a. [APPORTIONMENT.] The legislature shall redraw the boundaries of the council districts after each decennial federal census so that each district has substantially equal population. Redistricting is effective on the first Monday in January in the year ending in the numeral "3." ~~Within two months thereafter~~ By the first Monday in March of that year, the governor shall appoint members from the newly drawn districts to serve terms as provided under subdivision 2a.

#### Sec. 7. [473.13] [BUDGET, FINANCIAL AID.]

Subdivision 1. [BUDGET.] On or before October 1 of each year the council, after a public hearing, shall adopt a budget covering its anticipated receipts and disbursements for the ensuing year and shall decide upon the total amount necessary to be raised from ad valorem tax levies to meet its budget. After adoption of the budget and no later than October 1, the council shall certify to the auditor of each metropolitan county the county share of the tax, which must be an amount bearing the same proportion to the total levy agreed on by the council as the assessed valuation of the county bears to

*the assessed valuation of the metropolitan area. The maximum amount of any levy made for the purpose of this chapter may not exceed the limits set by sections 473.167 and 473.249.*

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

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

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

*Sec. 8. Minnesota Statutes 1984, section 473.141, subdivision 1, is amended to read:*

*Subdivision 1. [GENERAL APPLICATION.] Metropolitan commissions shall be organized, structured and administered as prescribed in this section. This section applies to metropolitan agencies as provided in the enabling law of each agency.*

*Sec. 9. Minnesota Statutes 1984, section 473.141, subdivision 2, is amended to read:*

*Subd. 2. [MEMBERSHIP; APPOINTMENTS.] (a) Each commission shall consist agency consists of eight members, plus a chairman appointed as provided in subdivision 3. The metropolitan council shall appoint the eight members on a nonpartisan basis after consultation with the members of the legislature from the commission district for which the member is to be appointed. Appointments are subject to the advice and consent of the senate.*

*(b) In addition to the notice required in section 15.0597, subdivision 4, notice of vacancies and expiration of terms must be published in newspapers of general circulation in the metropolitan area and the appropriate districts. The council shall notify in writing the governing bodies of the statutory and home rule charter cities, counties, and towns having territory in the district for which the member is to be appointed. The notices must describe the appointment process and invite participation and recommendations on the appointment.*

*(c) The council shall establish an appointments committee, composed of*

*members of the council, to screen and review candidates. Following the submission of ~~commission~~ member applications to the metropolitan council as provided under section 15.0597, subdivision 5, the ~~council~~ appointments committee shall conduct one or more public hearings on the matter of the appointments for the ~~commission~~ districts meetings, following appropriate notice, to accept statements from or on behalf of persons who have applied or been nominated for appointment and to allow consultation with and secure the advice of the public and local elected officials. The committee shall hold the meeting on each appointment in the district or in a reasonably convenient and accessible location in the part of the metropolitan area in which the district is located. The committee may consolidate meetings. Following the meetings, the committee shall submit to the council a written report that lists the persons who have applied or been nominated or recommended for the position, along with a description of the background and qualifications of each.*

~~(e)~~ (d) One member shall be appointed from each of the following ~~commission~~ agency districts:

- (1) ~~Commission~~ district A, consisting of council districts 1 and 2;
- (2) ~~Commission~~ district B, consisting of council districts 3 and 7;
- (3) ~~Commission~~ district C, consisting of council districts 4 and 5;
- (4) ~~Commission~~ district D, consisting of council districts 6 and 10;
- (5) ~~Commission~~ district E, consisting of council districts 8 and 9;
- (6) ~~Commission~~ district F, consisting of council districts 11 and 12;
- (7) ~~Commission~~ district G, consisting of council districts 13 and 14; and
- (8) ~~Commission~~ district H, consisting of council districts 15 and 16.

Sec. 10. Minnesota Statutes 1984, section 473.141, subdivision 3, is amended to read:

Subd. 3. [CHAIRMAN.] The chairman of each ~~commission~~ agency shall be appointed by the governor with the advice and consent of the senate ~~and~~, shall be the ninth voting member of the ~~commission~~ and shall meet all qualifications established for members, except the chairman need only reside within the metropolitan area. *The council, by resolution after a public meeting on the subject, shall provide the governor with a list of nominees for the position.* Senate confirmation ~~shall be~~ is as provided by section 15.066. The chairman shall preside at all meetings of the ~~commission~~ agency, if present, and shall perform all other duties and functions assigned to him by the ~~commission~~ agency or by law. Each ~~commission~~ agency may appoint from among its members a vice-chairman to act for the chairman during his temporary absence or disability.

Sec. 11. Minnesota Statutes 1984, section 473.141, subdivision 4, is amended to read:

Subd. 4. [QUALIFICATIONS.] Each member shall be a resident of the commission district for which he is appointed and shall not during his term of office hold the office of metropolitan council member, or be a member of another metropolitan ~~commission~~ agency *subject to this section, the metro-*



politan airports commission or the metropolitan sports facilities commission or hold any judicial office. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, Article 5, Section 5. Such oath, duly certified by the official administering the same, shall be filed with the executive director of the metropolitan council.

Sec. 12. Minnesota Statutes 1984, section 473.141, subdivision 4a, is amended to read:

Subd. 4a. [TERMS.] Following each apportionment of metropolitan council districts, as provided under section 473.123, subdivision 3a, ~~the terms of members and the chairman of each commission shall commence on the effective date of that apportionment, the metropolitan council, newly appointed as~~ provided in section 473.123, subdivision 3a, *shall appoint eight agency board members from newly drawn districts.* The terms of members and chairmen are as follows: members representing ~~commission~~ districts A, B, C, and D, and the chairman of ~~each commission~~, 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 "5." Thereafter the term of each member and the chairman is four years, *with terms ending the first Monday in January*, except that all terms expire on the effective date of the next apportionment. A chairman shall continue to serve until a successor is appointed and qualified. A member shall continue to serve his ~~commission~~ district until a successor is appointed and qualified; except that, following each apportionment, the member shall continue to serve at large until the metropolitan council appointed pursuant to section 473.123, subdivision 3a appoints eight ~~commission~~ members as provided under subdivision 2, to serve terms as provided under this subdivision. *The appointments to the agency must be made by the first Monday in May of the year in which the term ends.*

Sec. 13. Minnesota Statutes 1984, section 473.146, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] ~~Within 12 months after April 12, 1974. The council shall adopt after appropriate study and such public hearings as may be necessary, as a part of its development guide, a long-range comprehensive policy plans plan for each metropolitan commission and when adopted, the policy plans shall be followed by the council and the affected commissions agency required to prepare an implementation plan under section 473.161. The plans shall must substantially conform to all policy statements, purposes, goals, standards, and maps in the development guide sections and comprehensive plans as developed and adopted by the council pursuant to the chapters of the Minnesota Statutes directly relating to the council and the metropolitan commissions. In preparing or amending a policy plan the council shall consult with and make maximum use of the expertise of the affected commission, and each such commission shall cooperate with and make its employees, records, studies, plans and other information available to the council under chapter 473. Each such policy plan shall must include, to the extent appropriate to the functions, services, and systems covered thereby, the following:~~

- (a) A statement of the needs of the metropolitan area with respect to the

functions covered and the objective of and the policies to be forwarded by the policy plan;

(b) A general description of the physical facilities and services to be developed by the metropolitan commission in performing its functions;

(c) A statement as to the general location of physical facilities and service areas;

(d) A general statement of timing and priorities in the development by the metropolitan commission of those physical facilities and service areas;

(e) A general statement on the level of public expenditure both capital and operating appropriate to the facilities and

(1) forecasts of changes in the general levels and distribution of population, households, employment, land uses, and other relevant matters, for the metropolitan area and appropriate subareas, to be used in preparing the implementation plan of the affected metropolitan agency;

(2) a statement of issues, problems, needs, and opportunities with respect to the functions, services, and systems covered;

(3) a statement of the council's goals, objectives, and priorities with respect to the functions, services, and systems covered, addressing areas and populations to be served, the levels, distribution, and staging of services; a general description of the facility systems required to support the services, and other similar matters;

(4) a statement of policies to effectuate the council's goals, objectives, and priorities;

(5) a statement of the fiscal implications of the council's plan, including a statement of: (i) the resources available under existing fiscal policy; (ii) the adequacy of resources under existing fiscal policy and any shortfalls and unattended needs; (iii) additional resources, if any, that are or may be required to effectuate the council's goals, objectives, and priorities; and (iv) any changes in existing fiscal policy, on regional revenues and intergovernmental aids respectively, that are expected or that the council has recommended or may recommend;

(6) a statement of the standards, criteria, and procedures that the council will use in monitoring and evaluating the implementation of the plan;

(7) a statement of the matters that must be addressed in the implementation plan of the affected metropolitan agency;

(8) a statement of the relationship of the policy plan to other policy plans and chapters of the metropolitan development guide;

(f) (9) a statement of the relationships to any current local comprehensive plans and any related development programs on file with the council prepared under sections 473.851 to 473.872; and

(g) Such (10) additional general information as may be necessary to develop the policy plan or as may be required by the laws relating to the metropolitan commission agency and function covered by the policy plan; and

(h) A general statement relating to future population, employment levels;

and land use in the metropolitan area and in the individual local governmental units located therein, including population densities and anticipated rates of change in such densities.

Sec. 14. Minnesota Statutes 1984, section 473.146, subdivision 2, is amended to read:

Subd. 2. [CONSULTATION WITH AGENCY; PRE-DRAFTING NOTICE.] *In preparing or amending the policy plan, the council shall consult with and make maximum use of the expertise of the affected metropolitan agency. The agency shall cooperate with the council and make its records, studies, plans, and other information available to the council.*

*Before beginning to prepare a substantial revision of a policy plan, the council shall publish notice and request comments from the public. At least 90 days before publication of the pre-drafting notice, the council shall submit a draft of the notice to the affected metropolitan agency for review and comment. The pre-drafting notice must include a statement of the subjects expected to be covered by the policy and implementation plans; a summary of important problems, issues, and matters that are expected to be addressed in the plans; and a summary of the studies and other information required as the basis of the plans. All interested persons must be afforded an opportunity to submit data or views on the pre-drafting notice, either orally or in writing.*

*Before adopting a policy plan or substantial revision thereof, the council shall submit the proposed plan to the affected metropolitan ~~commission~~ agency for its review, and the ~~commission~~ agency shall report its comments to the council within 60 90 days and may, within that period request the council to hold a special public hearing for the purpose of receiving the ~~commission's~~ report and comments. Within 60 days after the submission of the proposed plan to the ~~commission~~, any local governmental unit may request a public hearing for the purpose of receiving testimony from local governmental units and the general public concerning the proposed policy plan prior to the adoption of a policy plan. Within a reasonable time, not to exceed 60 days, after receiving a request for a hearing.*

Subd. 2a. [HEARING; ADOPTION.] *The council shall hold a public hearing on the proposed policy plan at ~~such a~~ time and place in the metropolitan area as it ~~shall determine~~ determined by the council. Not less than 15 days before the hearing, the council shall publish notice ~~thereof~~ in a newspaper or newspapers having general circulation in the metropolitan area, stating the date, time and place of hearing, and the place where the proposed policy plan and ~~commission~~ agency comments may be examined by any interested person. At any hearing interested persons ~~shall~~ must be permitted to present their views on the policy plan, and the hearing may be continued from time to time. After receipt of the ~~commission's~~ agency's report and ~~such~~ the hearing, if any, the council may revise the proposed plan giving appropriate consideration to all comments received, and thereafter shall adopt the plan by resolution.*

Subd. 2b. [EFFECT.] *Adopted policy plans must be followed by the council and the affected metropolitan agency.*

Subd. 2c. [AMENDMENT.] *An amendment to a policy plan may be initiated by the council or by an affected ~~commission~~ metropolitan agency. At*

least every four five years the council shall engage in a comprehensive review of the policy plan *and revise the plan as necessary*. ~~Development guide sections, comprehensive plans, capital improvement programs and other plans in substantial conformance with the requirements of subdivision 1 which have been adopted by the council pursuant to Minnesota Statutes 1971, Chapters 473A, 473B and 473C, shall continue in force and effect until expressly superseded by a policy plan adopted pursuant to this subdivision. The council shall not amend a policy plan except in accordance with the procedures herein established in this section.~~

Sec. 15. Minnesota Statutes 1984, section 473.146, subdivision 3, is amended to read:

Subd. 3. [TRANSPORTATION POLICY PLAN CHAPTER OF THE DEVELOPMENT GUIDE.] The council shall adopt a transportation policy plan as a part of its comprehensive development guide as provided in subdivisions 1 and 2. The regional transit board shall perform the functions and have the responsibility and authority provided for a metropolitan commission. The policy plan chapter must include policies relating to all transportation forms and be designed to promote the legislative determinations, policies and goals set forth in section 473.371. In addition to the requirements of subdivision 1 regarding the contents of the policy plan, the transit elements of the plan must include the following:

(1) a statement of service objectives, policies, and standards that should govern the distribution, coordination, and general location of facilities, services, and service areas to be planned, deployed, or developed by or under the direction or auspices of the transit board;

(2) a general statement of timing and priorities in the planning, deployment, and development of services;

(3) a statement of the policies and standards that should govern the levels of public expenditure, both capital and operating, for various services and service areas;

(4) a statement of the policies and standards that should govern total annual regional funding levels, the sources of funds, and the distribution of funds among the facilities, services, and service areas; and

(5) a description of the contents that should be included in the implementation plans prepared by the transit board.

In addition to the requirements of subdivisions 1 and 2 regarding the use of the expertise of the affected agency, the state transportation department, metropolitan transit commission, and affected counties and municipalities may provide technical assistance requested by the council. The council shall amend its policy plan to conform to the requirements of this subdivision by January 1, 1986 nontransit element of the transportation chapter must include the following:

(1) a statement of the needs of the metropolitan area with respect to the functions covered and the objectives of and the policies to be forwarded by the policy plan;

(2) a general description of the physical facilities and services to be developed;

*(3) a statement as to the general location of physical facilities and service areas;*

*(4) a general statement of timing and priorities in the development of those physical facilities and service areas; and*

*(5) a general statement on the level of public expenditure appropriate to the facilities.*

Sec. 16. Minnesota Statutes 1984, section 473.149, subdivision 3, is amended to read:

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

Sec. 17. Minnesota Statutes 1984, section 473.161, is amended to read:

**473.161 [DEVELOPMENT PROGRAMS IMPLEMENTATION PLANS OF METROPOLITAN COMMISSIONS.]**

Subdivision 1. [PREPARATION OF DEVELOPMENT PROGRAMS.] Each metropolitan ~~commission~~ shall prepare a development program covering the detailed technical planning, engineering, financing, scheduling and other information necessary to the development of the program elements to be performed by the ~~commission~~ in implementing the policy plan adopted by the council pursuant to section 473.146. The program may include such other technical information as the metropolitan ~~commission~~ deems necessary. The program shall prescribe and delineate the functions to be performed and activities to be undertaken by the metropolitan ~~commission~~ and shall cover at least the five year period commencing with the first calendar year beginning after its approval or such longer period as the council may prescribe. The program shall describe all capital improvements to be undertaken in such period and with respect to each improvement shall include the following:

(a) A description of the improvement, its location, function and estimated cost;

(b) The proposed manner of financing the capital costs of the improvement, and the sources of revenue available for payment of such costs;

(c) A schedule showing on a yearly basis the timing of land acquisition, construction and capital expenditures for the improvements;

(d) A review and description of the public need for the improvement, alternatives to the improvement, (including alternatives not involving capital expenditures), the environmental and social effects of the improvement and all actions and steps theretofore taken by the commission with respect to the improvement;

(e) An estimate of the probable impact of the improvement on the responsibilities of the other metropolitan commissions;

(f) An estimate of the annual operating costs of the improvement and the sources of revenue available for payment of such costs;

(g) An evaluation of the relative priority of the improvement taking into consideration other capital improvements described in the program;

(h) Each program shall include such additional information as the council or commission may deem appropriate.

Upon a request from any local governmental unit, the commission shall hold a public hearing for the purpose of receiving testimony from local governmental units and the public prior to submission to the council as provided in subdivision 2.

*Subd. 1a. [REQUIREMENT; PURPOSE.] Each metropolitan agency that is subject to this section by its enabling law shall adopt an implementation plan meeting the requirements of this section. The implementation plan must implement and effectuate the policy plan adopted by the council under section 473.146. Elements of the implementation plan must cover the period or periods prescribed in the council's policy plan.*

*Subd. 1b. [CONTENT.] The implementation plan must include the following:*

*(1) a statement of objectives and priorities for capital development, services, and system management;*

*(2) a statement of agency plans to achieve the objectives, describing the functions, services, and systems that will be provided by or under the direction or auspices of the agency;*

*(3) a statement of how the agency's objectives, priorities, and plans will implement and effectuate the council's policy plan;*

*(4) a statement of the fiscal implications of the agency's plan, including a statement of: (i) the anticipated expenditure of public and private funds, for capital developments, services, and system administration and management, and the changes in expenditure levels that the plan represents; (ii) the resources available under existing fiscal policy and additional resources, if any, that are or may be required to effectuate the agency's plan; (iii) any changes in agency policy on regional sources of revenue and changes in*

levels of debt, user charges, and taxes; (iv) other changes in existing fiscal policy, on regional revenues and intergovernmental aids respectively, that are expected or that the agency has recommended or may recommend; and (v) the effect on functions and levels and types of services, and the agency's contingency and cost-containment strategies, if the additional resources required to effectuate the agency's plan do not become available;

(5) a statement of the standards, criteria, and procedures that the agency will use in monitoring and evaluating the results of the implementation plan;

(6) a statement of the effect of the plan on the responsibilities of other governmental units;

(7) the services and systems management component required by subdivision 1c and the capital investment component required by subdivision 1d; and

(8) other information that the council or agency deems appropriate.

**Subd. 1c. [SERVICES AND SYSTEMS MANAGEMENT.]** The plan must include a services and systems management component that describes the levels and costs of services that will be provided to service areas and populations within the metropolitan area. The component must describe: (1) service needs, objectives, and priorities; (2) changes in existing services; (3) deployment of new services; (4) distribution and coordination of services; (5) delivery methods and providers; (6) system management and administration; (7) costs; (8) manner of finance and revenue sources, including federal and state funds, private funds, taxes, and user charges; and (9) fiscal effects.

**Subd. 1d. [CAPITAL INVESTMENT.]** The plan must include a capital investment component that sets forth a capital investment strategy and estimates the fiscal and other effects of the strategy. The component must specify, to the extent practicable, the capital improvements to be undertaken. For each improvement specified, the plan must describe: (1) need, function, objective, and relative priority; (2) alternatives, including alternatives not involving capital expenditures; (3) ownership and operating entity; (4) location and schedule of development; (5) environmental, social, and economic effects; (6) cost; (7) manner of finance and revenue sources, including federal and state funds, private funds, taxes, and user charges; and (8) fiscal effects, including an estimate of annual operating costs and sources of revenue to pay the costs.

**Subd. 2. [SUBMISSION TO PROCEDURE; REVIEW AND APPROVAL BY COUNCIL.]** The development program implementation plan prepared by the metropolitan commission shall agency must be submitted to the council for review and approval or disapproval at the time or times stated in the policy plan. The agency shall hold a public hearing on the plan before submitting it to the council and shall transmit a report of the hearing to the council along with the plan. The council shall complete its review within 90 days after receipt of the proposed development program implementation plan. In the course of its review of the implementation plan the council shall publish an analysis and evaluation of the success of the agency in effectuating the council's policy plan. If the council determines that the program implementation plan is consistent with the policy plan it shall approve the

program plan as submitted. If it determines that the program implementation plan or part thereof is inconsistent with the policy plan, it shall disapprove it and return it to require the submitting commission with comments and the commission shall agency to make appropriate revisions in the program and resubmit it to the council for review and approval or disapproval. Before approving a program or returning it to the submitting commission, the council shall hold a public hearing for the purpose of considering the program and the council's comments thereon, if requested to do so by the affected commission. The council may approve or disapprove a development program in whole or in part implementation plan necessary to bring it into conformance with the policy plan. The agency shall make the revisions required by the council within 60 days, or a longer period agreed to by the council, and resubmit the plan to the council for review. If the agency does not make the revisions required by the council in the time allowed, the council shall hold a public hearing on the matter in dispute. At the hearing the council shall make an affirmative presentation of its position on the required revisions, shall allow the agency to present its objections to the revisions, and shall allow all persons to present their views on the matter. Following the hearing the council shall prepare a report on the hearing, including a summary of the disagreeing positions of the council and the agency, and shall make a final decision on the revision. If the council decides to require revision, the council's decision shall contain specific changes in the implementation plan. The changes contained in the council's decision are binding on the agency and are part of the implementation plan required to be adopted and implemented by the agency under subdivision 3.

Subd. 2a. [AMENDMENT.] Within two years of the approval of its first development program by the council and At least biennially thereafter each commission metropolitan agency shall review the program implementation plan, make such the revisions as are necessary, including an updating of the five year capital improvement program, and submit the program plan to the council for its review and approval or disapproval as herein provided in this section.

Subd. 3. [ADOPTION; EFFECT OF DEVELOPMENT PROGRAM.] After approval by the council of a development program the commission The metropolitan agency shall adopt and implement the program implementation plan, with the revisions required by the council, within 60 days following council approval. No capital improvements shall be undertaken by the metropolitan commission unless authorized by the program or The activities of the agency, including its priorities and timing, must be consistent with its approved and adopted implementation plan or be specifically approved by the council. The council shall may not approve any improvement activity not in substantial conformance with the appropriate policy plan.

Sec. 18. [473.1623] [METROPOLITAN COUNCIL; METROPOLITAN AGENCIES; FINANCIAL REPORTING AND MANAGEMENT.]

Subdivision 1. [PURPOSE.] The purpose of this section is to enhance the efficiency, effectiveness, and responsiveness of metropolitan agencies and services, by improving coordination among metropolitan agencies in financial reporting and management for metropolitan systems and services.

Subd. 2. [FINANCIAL REPORTING AND MANAGEMENT ADVI-



SORY COMMITTEE.] A financial reporting and management advisory committee is created, consisting of the chairs of the council and the following metropolitan agencies: the waste control commission, transit board, metropolitan airports commission, and sports facilities commission. The committee is established to assist and advise the council and other governing boards in meeting the requirements of this section. Staff and administrative services for the committee must be provided by the council and the member agencies. Other agencies shall make financial information available upon request.

Subd. 3. [FINANCIAL REPORT.] By December 15 of even-numbered years, the council, in consultation with the advisory committee, shall publish a consolidated financial report for the council and all metropolitan agencies and their functions, services, and systems. The financial report must cover the calendar year in which the report is published and the two years preceding and three years succeeding that year. The financial report must contain the following information, for each agency, function, or system, respectively, and in the aggregate, in a consistent format that allows comparison over time and among agencies in expenditure and revenue categories:

- (1) financial policies, goals, and priorities;
- (2) levels and allocation of public expenditure, including capital, debt, operating, and pass-through funds, stated in the aggregate and by appropriate functional, programmatic, administrative, and geographic categories, and the changes in expenditure levels and allocations that the report represents;
- (3) the resources available under existing fiscal policy;
- (4) additional resources, if any, that are or may be required;
- (5) changes in council or agency policies on regional sources of revenue and in levels of debt, user charges, and taxes;
- (6) other changes in existing fiscal policy, on regional revenues and intergovernmental aids respectively, that are expected or that have been or may be recommended by the council or the respective agencies;
- (7) an analysis that links, as far as practicable, the uses of funds and the sources of funds, by appropriate categories and in the aggregate;
- (8) a description of how the fiscal policies effectuate current policy and implementation plans of the council and agencies concerned; and
- (9) a summary of significant changes in council and agency finance and an analysis of fiscal trends.

The council shall present the report for discussion and comment at a public meeting in the metropolitan area and request, in writing, an opportunity to make presentations on the report before appropriate committees of the legislature.

Subd. 4. [FINANCIAL REPORTING; BUDGETING.] The advisory committee, with the assistance of the state auditor and the legislative auditor, shall develop uniform or consistent standards, formats, and procedures for the budgets and financial reports of the council and all metropolitan agencies. The council shall report to the legislature from time to time on progress made by the committee in improving the uniformity and quality of

*budgets and financial reports and on legislation that may be needed for this purpose.*

*Subd. 5. [ADMINISTRATIVE COORDINATION.] The advisory committee shall evaluate the benefits, costs, methods, and effects, including operational effects, of joint or uniform and coordinated exercise of powers by the council and metropolitan agencies for appropriate administrative functions. The study must include at least ongoing managerial reporting, contracts, purchasing, data processing, and personnel. The council shall report to the legislature on the findings and recommendations of the advisory committee to date by January 1, 1987, and on legal and other impediments to increased coordination of administrative functions. Before submitting the report, the council shall request comments on the report from the affected metropolitan agencies, and the comments must be submitted along with the report.*

Sec. 19. Minnesota Statutes 1984, section 473.163, subdivision 1, is amended to read:

*Subdivision 1. [REQUIREMENT.] Each metropolitan ~~commission~~ agency that is subject to this section by its enabling law shall prepare a proposed budget for calendar year 1976 and each calendar year thereafter. The proposed budget shall be prepared on or before by August 1, 1975 and of each year thereafter. The budget must be consistent with and effectuate the implementation plan. The budget shall must show for each such year:*

*(a) The estimated operating revenues from all sources including funds on hand at the beginning of the year, and estimated expenditures for costs of operation, administration, maintenance, and debt service; and*

*(b) Capital improvement funds estimated to be on hand at the beginning of the year and estimated to be received during the year from all sources and estimated cost of capital improvements to be paid out or expended during the year; all in such detail and form as the council may prescribe; and*

*(c) The estimated source and use of pass-through funds.*

Sec. 20. Minnesota Statutes 1984, section 473.163, subdivision 2, is amended to read:

*Subd. 2. [PROCEDURE; APPROVAL OF COUNCIL.] Between As early as practicable before August 1 and September 15 of each year, the ~~commission~~ agency shall hold a public hearing on a draft of the proposed budget. Along with the draft, the agency shall publish a report on user charges. The report must include an estimate and analysis of the changes in user charges, rates, and fees that will be required by the agency's budget. Not less than 14 days before the hearing, the ~~commission~~ agency shall publish notice thereof of the hearing in a newspaper having general circulation in the metropolitan area, stating the date, time and place of hearing, and the place where the proposed budget and report on user charges may be examined by any interested person. Following the hearing, the agency shall publish a report of the hearing that summarizes the comments received and the agency's response. Until the budget for agency fiscal year 1990, those parts of the budget relating to revenues and expenditures for capital improvements shall must be submitted to the council on or before by August 15 of each year and shall be subject to for review and approval by the council. If council*

*approval is required* the council shall act to approve or disapprove by October 1 of each year. Before December 15 of each year the ~~commission,~~ *after obtaining approval of the council for any changes in the capital improvements budget,* agency shall by resolution adopt a final budget. Each ~~commission~~ agency shall file its final budget with the council on or before December 20 of each year. *The council shall file the budgets with the secretary of the senate and the clerk of the house of representatives not later than January 1 of each year.*

*Subd. 2a. [EFFECT.]* Except in an emergency, for which procedures ~~shall~~ *must* be established by the ~~commission~~ agency, the ~~commission~~ agency and its officers, agents and employees ~~shall may~~ not spend money for any purpose, other than debt service, without an appropriation by the ~~commission~~ or ~~in excess of the amount appropriated therefor~~ agency, and no obligation to make such an expenditure shall be enforceable except as the obligation of the person or persons incurring it. The creation of any debt obligation or the receipt of any federal or state grant is a sufficient appropriation of the proceeds for the purpose for which it is authorized, and of the tax or other revenues pledged to pay the obligation and interest on it whether or not specifically included in any annual budget. ~~The commission may,~~ After obtaining approval of the council, *if required under subdivision 2, the agency may* amend the ~~capital improvements~~ budget at any time by transferring any appropriation from one purpose to another, except appropriations of the proceeds of bonds issued for a specific purpose. ~~The council shall file the budgets of all commissions with the secretary of the senate and the clerk of the house of representatives not later than January 15 of each year.~~

Sec. 21. Minnesota Statutes 1985 Supplement, section 473.167, subdivision 3, is amended to read:

*Subd. 3. [TAX.]* The council may levy a tax on all taxable property in the metropolitan area, as defined in section 473.121, to provide funds for loans made pursuant to subdivisions 2 and 2a. The tax shall be certified by the council, levied, and collected in the manner provided by section ~~473.08 7 of~~ *this act*. The tax shall be in addition to that authorized by section 473.249 and any other law and shall not affect the amount or rate of taxes which may be levied by the council or any metropolitan agency or local governmental unit. The amount of the levy shall be as determined and certified by the council, except as otherwise provided in this subdivision. The tax shall not be levied at a rate higher than five one-hundredths of one mill. The tax shall not be levied at a rate higher than that determined by the council to be sufficient, considering the other anticipated revenues of and disbursements from the loan fund, to produce a balance in the loan fund at the end of the next calendar year equal to twice the amount that a tax levy of five one-hundredths of a mill would raise in that year.

Sec. 22. Minnesota Statutes 1984, section 473.171, subdivision 1, is amended to read:

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

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

Sec. 23. Minnesota Statutes 1984, section 473.171, subdivision 2, is amended to read:

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

Sec. 24. Minnesota Statutes 1984, section 473.173, subdivision 3, is amended to read:

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

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

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

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

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

Sec. 25. Minnesota Statutes 1984, section 473.173, subdivision 4, is amended to read:

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

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

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

(2) The council shall be empowered to suspend action on a proposed mat-

ter during the period of review and for a period not to exceed 12 months following the issuance of its final determination. In its final determination, the council may prescribe appropriate conditions with regard to a proposed matter which, if incorporated or complied with, would cause the council to remove the suspension.

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

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

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

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

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

Sec. 26. Minnesota Statutes 1984, section 473.194, is amended to read:

#### 473.194 [DEFINITIONS.]

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

Sec. 27. Minnesota Statutes 1984, section 473.195, subdivision 4, is amended to read:

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

Sec. 28. Minnesota Statutes 1984, section 473.199, is amended to read:

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

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

Sec. 29. Minnesota Statutes 1984, section 473.201, subdivision 2, is

amended to read:

Subd. 2. The council may expend for the purposes of sections 473.193 to 473.201 any revenues derived pursuant to section 473.249.

Sec. 30. Minnesota Statutes 1984, section 473.245, is amended to read:

473.245 [REPORTS.]

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

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

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

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

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

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

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

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

Sec. 31. Minnesota Statutes 1984, section 473.249, subdivision 1, is amended to read:

Subdivision 1. The metropolitan council may levy a tax on all taxable property in the metropolitan area defined in section 473.121 to provide funds for the purposes of sections 473.121 to 473.249 and for the purpose of carrying out other responsibilities of the council as provided by law. The tax shall not exceed eight-thirtieths of one mill on the total assessed valuation of all such taxable property located in the metropolitan area, and shall be levied and collected in the manner provided by section 473.08 7 of this act.

Sec. 32. Minnesota Statutes 1984, section 473.303, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] The commission shall consist of eight members, plus a chairman appointed as provided in subdivision 3. The metropolitan council shall appoint the eight members on a nonpartisan basis. One member shall be appointed from each of the following commission districts:

(1) Commission district A, consisting of council districts 1 and 2;

(2) Commission district B, consisting of council districts 3 and 7;

(3) Commission district C, consisting of council districts 4 and 5;

- (4) Commission district D, consisting of council districts 6 and 10;
- (5) Commission district E, consisting of council districts 8 and 9;
- (6) Commission district F, consisting of council districts 11 and 12;
- (7) Commission district G, consisting of council districts 13 and 14; and
- (8) Commission district H, consisting of council districts 15 and 16 in accordance with the provisions of section 473.141.

Sec. 33. Minnesota Statutes 1984, section 473.303, subdivision 4a, is amended to read:

Subd. 4a. [TERMS.] Following each apportionment of metropolitan council districts, as provided under section 473.123, subdivision 3a, the ~~terms of members and the chairman of the commission shall commence on the effective date of that apportionment; metropolitan council appointed as~~ provided in section 473.123, subdivision 3a, ~~shall appoint a chair and eight commission members from newly drawn districts.~~ The terms of members and chairmen are as follows: members representing commission districts A, B, C, and D, and the chairman of the commission, 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 "5." Thereafter the term of each member and the chairman is four years, ~~with terms ending the first Monday in January,~~ except that all terms expire on the effective date of the next apportionment. The chairman shall continue to serve until a successor is appointed and qualified. A member shall continue to serve his commission district until a successor is appointed and qualified; except that, following each apportionment, the member shall continue to serve at large until the metropolitan council appointed pursuant to section 473.123, subdivision 3a appoints eight commission members as provided under subdivision 2, to serve terms as provided under this subdivision. ~~The appointments to the commission must be made by the first Monday in May of the year in which the term ends.~~

Sec. 34. Minnesota Statutes 1984, section 473.303, subdivision 6, is amended to read:

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

Sec. 35. Minnesota Statutes 1984, section 473.373, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] To carry out the policy and achieve the goals of section 473.371 there is established a regional transit board as a public corporation and a political subdivision of the state. Except as provided in this section, the board is organized, structured, and administered as provided ~~for metropolitan commissions in section 473.141.~~

Sec. 36. Minnesota Statutes 1985 Supplement, section 473.373, subdivision 4, is amended to read:

Subd. 4. [TERMS.] The initial terms of members and the chair appointed under Laws 1984, chapter 654, article 3, section 116, commence on the first

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

Sec. 37. Minnesota Statutes 1984, section 473.377, subdivision 1, is amended to read:

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

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

Sec. 38. Minnesota Statutes 1985 Supplement, section 473.38, subdivision 2, is amended to read:

Subd. 2. [FINANCIAL PLAN; COUNCIL APPROVAL.] Along with its annual budget, each *even-numbered* year the board shall prepare a financial plan for the succeeding three calendar years, in half-year segments. The financial plan must be consistent with the board's implementation plan and must contain the elements specified in section 473.377, ~~subdivision 2, clauses (a), (c), (f), and (g) 18, subdivision 3.~~ The financial plan ~~prepared in even-numbered years~~ must contain a proposed request for state financial assistance for the succeeding biennium. The board shall submit the financial plan to the council for review and approval or disapproval. The council may approve or disapprove in whole or in part. The council may disapprove only for inconsistency with the policy plan of the council.

Sec. 39. Minnesota Statutes 1985 Supplement, section 473.39, subdivision 1, is amended to read:

Subdivision 1. [GENERAL AUTHORITY.] The council, if requested by vote of at least two-thirds of all of the members of the transit board, may issue



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

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

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

Sec. 41. Minnesota Statutes 1984, section 473.409, is amended to read:

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

A state department or agency, including the legislative branch, any local governmental unit, the metropolitan council, or other metropolitan ~~commission~~ agency may enter into an agreement with the transit commission and other operators for the purpose of encouraging the use of transit by its

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

Sec. 42. Minnesota Statutes 1984, section 473.516, subdivision 2, is amended to read:

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

Sec. 43. Minnesota Statutes 1984, section 473.523, subdivision 1, is amended to read:

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

Sec. 44. Minnesota Statutes 1984, section 473.523, subdivision 2, is

amended to read:

Subd. 2. The administrator may, without prior approval of the commission and without advertising for bids, enter into any contract of the type referred to in subdivision 1 which is not in excess of ~~\$5,000~~ \$15,000.

Sec. 45. Minnesota Statutes 1984, section 473.535, is amended to read:

473.535 [WASTE CONTROL COMMISSION IMPLEMENTATION PLAN; BUDGET.]

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

Sec. 46. Minnesota Statutes 1984, section 473.553, subdivision 4, is amended to read:

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

Sec. 47. [473.636] [NEW MAJOR AIRPORT; AIRPORT DEVELOPMENT AREA.]

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

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

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

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

Subd. 4. [CONTROL MEASURE REVIEW BEFORE SITE SELECTION.] *After the metropolitan airports commission has called a hearing for the selection of a site for a new major airport in the metropolitan area under section 473.641, and until the commission has determined not to use the site described in the notice of hearing for a new major airport, the governing body of each government unit in the metropolitan area shall submit to the council for review and comment in accordance with section 473.175 any land use and development control measure, amendment, or variance applicable to or proposed for the site described in the notice of hearing or to any property within five miles of the site. During the period described in this subdivision, no government unit may construct a public building or facility on the proposed airport site or within five miles of it until it has submitted its plan for the building or facility to the metropolitan council for review and comment as provided in this subdivision.*

Sec. 48. [473.637] [AIRCRAFT NOISE ZONES.]

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

Sec. 49. [473.638] [CONTROL MEASURE INVOLVING TAKING; CONDEMNATION BY METROPOLITAN AIRPORTS COMMISSION.]

Subdivision 1. [EMINENT DOMAIN.] *If either the provisions or the*

application of section 473.215, subdivision 2, or any land use and development control measure applicable to public or private property in an airport development area is determined by a court of competent jurisdiction to constitute a taking, the metropolitan airports commission in the exercise of its power to acquire lands for the airport has the power to acquire the property or any similar property, or an interest in it, to the extent needed for the application of the measure, by eminent domain exercised in accordance with chapter 117. The right of eminent domain must be exercised if the commission has or will have funds to pay the condemnation award and the council determines that it is necessary to protect the airport from encroachment or hazards, to protect residents in the area, to encourage the most appropriate use of property in the airport development area, or to protect and conserve the natural resources of the metropolitan area.

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

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

#### Sec. 50. [473.639] [RELATION TO AIRPORT HAZARD ZONING.]

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

#### Sec. 51. [473.64] [GOVERNMENT UNITS IN AIRPORT DEVELOPMENT AREA; TAX SHARING.]

*The governing bodies of government units located wholly or partly in an airport development area shall jointly study and decide upon a plan for the sharing of property tax revenues derived from property located in an airport development area. If 80 percent of the government units having territory within the airport development area agree upon a plan, the plan is effective, and all government units shall enter into whatever agreements may be nec-*

*essary for this purpose. The plan, however, may not impair the existing contract obligations of any government unit. This section does not apply to the metropolitan airports commission or the council.*

Sec. 52. Minnesota Statutes 1984, section 473.704, is amended by adding a subdivision to read:

*Subd. 19. The commission, by December 15 of each even-numbered year, shall prepare and submit to the legislature a financial report that contains the information required by section 18, subdivision 3, in a format consistent with the consolidated financial report required by that subdivision.*

Sec. 53. Minnesota Statutes 1984, section 473.711, is amended by adding a subdivision to read:

*Subd. 4. [CERTIFICATES OF INDEBTEDNESS.] The commission may issue certificates of indebtedness in anticipation of the collection and payment of a tax levied under this section in the same manner as a statutory city under section 412.261 and use their proceeds to accomplish its duties.*

Sec. 54. Minnesota Statutes 1984, section 473.811, subdivision 7, is amended to read:

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

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

Sec. 55. Minnesota Statutes 1984, section 473.823, subdivision 3, is amended to read:

Subd. 3. [SOLID WASTE FACILITIES; REVIEW PROCEDURES.] The agency shall request applicants for solid waste facility permits to submit all information deemed relevant by the council to its review, including without limitation information relating to the geographic areas and population served, the need, the effect on existing facilities and services, the anticipated public

cost and benefit, the anticipated rates and charges, the manner of financing, the effect on metropolitan plans and development programs, the supply of waste, anticipated markets for any product, and alternative means of disposal or energy production. No permit may be issued for the operation of a solid waste facility in the metropolitan area which is not in accordance with the metropolitan council's solid waste policy plan. The metropolitan council shall determine whether a permit is in accordance with the policy plan. In making its determination, the council shall consider the area-wide need and benefit of the applicant facility and may consider, without limitation, the effect of the applicant facility on existing and planned solid waste facilities described in a waste control commission ~~development program~~ *implementation plan* or county report or master plan. If the council determines that a permit is in accordance with its policy plan, the council shall approve the permit. If the council determines that a permit is not in accordance with its policy plan, it shall disapprove the permit. The council's approval of permits may be subject to conditions necessary to satisfy criteria and standards in its policy plan, including conditions respecting the type, character, and quantities of waste to be processed at a solid waste facility used primarily for resource recovery and the geographic territory from which a resource recovery facility or transfer station serving such a facility may draw its waste. For the purpose of this review and approval by the council, the agency shall send a copy of each permit application and any supporting information furnished by the applicant to the metropolitan council within 15 days after receipt of the application and all other information requested from the applicant. Within 60 days after the application and supporting information are received by the council, unless a time extension is authorized by the agency, the council shall issue to the agency in writing its determination whether the permit is disapproved, approved, or approved with conditions. If the council does not issue its determination to the agency within the 60 day period, unless a time extension is authorized by the agency, the permit shall be deemed to be in accordance with the council's policy plan. No permit shall be issued in the metropolitan area for a solid waste facility used primarily for resource recovery or a transfer station serving such a facility, if the facility or station is owned or operated by a public agency or if the acquisition or betterment of the facility or station is secured by public funds or obligations issued by a public agency, unless the council finds and determines that adequate markets exist for the products recovered and that establishment of the facility is consistent with the criteria and standards in the metropolitan and county plans respecting the protection of existing resource recovery facilities and transfer stations serving such facilities.

Sec. 56. Minnesota Statutes 1984, section 473.852, subdivision 8, is amended to read:

Subd. 8. "Metropolitan system plans" means the airports ~~portion~~ *and transportation portions* of the metropolitan development guide, and the policy plans, ~~development programs~~ *implementation plans*, and capital budgets for metropolitan waste control, transportation, and regional recreation open space.

Sec. 57. [REPORT.]

*The report required in 1986 by section 18, subdivision 3, of this act should be in the scope and detail that the council, in consultation with the advisory*



*committee, deems appropriate and practicable.*

Sec. 58. [EXISTING PLANS.]

*Existing plans and development programs of the council and affected agencies remain in effect until expressly superseded by plans adopted in accordance with this act.*

Sec. 59. [REPEALER.]

*Minnesota Statutes 1984, sections 473.01; 473.02; 473.03; 473.04; 473.05; 473.06; 473.07; 473.08; 473.09; 473.10; 473.11; 473.121, subdivisions 7 and 9; 473.128; 473.163, subdivisions 3 and 4; 473.193; 473.203; 473.215; 473.216; 473.217; 473.218; 473.219; 473.373, subdivision 3; 473.377, subdivisions 2 and 3; 473.38, subdivision 1; 473.502; 473.523, subdivision 3; and 473.802 are repealed.*

Sec. 60. [APPLICATION.]

*Sections 1 to 59 of this act apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. Sections 13 to 17 of this act are effective for plans and plan amendments adopted after January 1, 1987, and do not apply to the amendments to the transportation policy plan and transit implementation plan required to be adopted in 1986 by Laws 1984, chapter 654, article 3, sections 108 and 118."*

Delete the title and insert:

"A bill for an act relating to metropolitan government; defining metropolitan agency; providing for appointments, administration, reports, and duties of metropolitan agencies; recodifying certain provisions; amending Minnesota Statutes 1984, sections 473.121, subdivisions 6 and 11, and by adding a subdivision; 473.123, subdivisions 2a, 3, and 3a; 473.141, subdivisions 1, 2, 3, 4, and 4a; 473.146, subdivisions 1, 2, and 3; 473.149, subdivision 3; 473.161; 473.163, subdivisions 1 and 2; 473.171, subdivisions 1 and 2; 473.173, subdivisions 3 and 4; 473.194; 473.195, subdivision 4; 473.199; 473.201, subdivision 2; 473.245; 473.249, subdivision 1; 473.303, subdivisions 2, 4a, and 6; 473.373, subdivision 1; 473.377, subdivision 1; 473.409; 473.516, subdivision 2; 473.523, subdivisions 1 and 2; 473.535; 473.553, subdivision 4; 473.704, by adding a subdivision; 473.711, subdivision 4; 473.811, subdivision 7; 473.823, subdivision 3; 473.852, subdivision 8; Minnesota Statutes 1985 Supplement, sections 473.167, subdivision 3; 473.373, subdivision 4; 473.38, subdivision 2; and 473.39, subdivisions 1 and 1a; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1984, sections 473.01 to 473.11; 473.121, subdivisions 7 and 9; 473.128; 473.163, subdivisions 3 and 4; 473.193; 473.203; 473.215 to 473.219; 473.373, subdivision 3; 473.377, subdivisions 2 and 3; 473.38, subdivision 1; 473.502; 473.523, subdivision 3; and 473.802."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Mary M. Forsythe, Brad G. Stanius, John D. Tomlinson

Senate Conferees: (Signed) A. W. "Bill" Diessner, Darril Wegscheid, Fritz Knaak

Mr. Diessner moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1860 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1860 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 53 and nays 13, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Knaak	Olson	Schmitz
Anderson	Diessner	Kroening	Peterson, C.C.	Sieloff
Belanger	Dieterich	Kronebusch	Peterson, D.C.	Solon
Benson	Frank	Langseth	Peterson, D.L.	Spear
Berg	Frederickson	Lantry	Peterson, R.W.	Storm
Bernhagen	Gustafson	Lessard	Petty	Stumpf
Bertram	Hughes	Luther	Puricerst	Vega
Brataas	Johnson, D.E.	McQuaid	Ramstad	Wegscheid
Chmielewski	Johnson, D.J.	Mehrkins	Reichgott	Willet
Dahl	Jude	Moe, D.M.	Renneke	
Davis	Kamrath	Moe, R.D.	Samuelson	

Those who voted in the negative were:

Berglin	Freeman	Laidig	Pehler	Waldorf
Dicklich	Isackson	Merriam	Pogemiller	
Frederick	Knutson	Novak	Taylor	

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2294, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2294 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 17, 1986

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2294

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

March 15, 1986

The Honorable David M. Jennings  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes

President of the Senate

We, the undersigned conferees for H.F. No. 2294, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 2294 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Laws 1967, chapter 252, section 2, as amended by Laws 1971, chapter 683, section 1, Laws 1983, chapter 161, section 1, Laws 1984, chapter 608, section 5, and Laws 1985, chapter 176, section 1, is amended to read:

Sec. 2. [INDEPENDENT SCHOOL DISTRICT NO. 709; EMPLOYEES; EXCEPTIONS.] The term "employees," as used in this act, shall not include members of the school board, superintendent of schools, assistant superintendents of schools, teachers, other employees of the school district whose positions require them to be certified pursuant to rules and regulations adopted by the state board of education, directors, administrative assistants, clerical or similar workers, food service workers, educational assistants *except for classification and reclassification of positions*, deputy clerk and purchasing agent, supervisors, advisors, coordinators, physicians, attorney, nurses, and temporary employees.

Sec. 2. [383C.392] [GRANTS FOR HOT LUNCHES IN CERTAIN RURAL SCHOOLS.]

*Subdivision 1. [ST. LOUIS COUNTY GRANTS.] In St. Louis county, the social services board shall award grants each year for St. Louis county school district No. 710 to carry on a nutrition program in the schools and to provide hot lunches for needy school children. The total amount of the grants shall be not more than \$20,000. The county shall appropriate the amount needed each year from the general fund to the social services department.*

*Subd. 2. [ADMINISTRATION.] A committee of the chair of the county board, chair of the social services board, county health officer, and the superintendent of St. Louis county school district No. 710 shall award the grants. The committee shall establish the time and manner of grant applications and the criteria for awarding grants. The committee shall recommend to the social services board recipients for the grants and the recommended amount for each grant.*

Sec. 3. [REPEALER.]

*Minnesota Statutes 1984, section 383C.391 is repealed.*

Sec. 4. [EFFECTIVE DATE.]

*Section 1 is effective upon compliance with Minnesota Statutes, section 645.021."*

Delete the title and insert:

"A bill for an act relating to St. Louis county; education and labor; removing persons from civil service in independent school district No. 709, Duluth; providing for grants for hot lunches in rural schools; amending Laws 1967, chapter 252, section 2, as amended; proposing coding for new law in

Minnesota Statutes, chapter 383C; repealing Minnesota Statutes 1984, section 383C.391."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Mike Jaros, Ben Boo, Wendell O. Erickson

Senate Conferees: (Signed) Sam G. Solon, Ronald R. Dicklich, Jim Gustafson

Mr. Solon moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2294 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2294 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 67 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Knutson	Novak	Schmitz
Anderson	Dietrich	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
Berram	Hughes	Luther	Petty	Vega
Brataas	Isackson	McQuaid	Pogemiller	Waldorf
Chmielewski	Johnson, D.E.	Mehrkens	Purfeerst	Wegscheid
Dahl	Johnson, D.J.	Merriam	Ramstad	Willet
Davis	Jude	Moe, D.M.	Reichgott	
DeCramer	Kamrath	Moe, R.D.	Renneke	
Dicklich	Knaak	Nelson	Samuelson	

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

## MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1875, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1875 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 17, 1986

## CONFERENCE COMMITTEE REPORT ON 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.

March 17, 1986

The Honorable David M. Jennings  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 1875, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendment and that H.F. No. 1875 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [246A.01] [DEFINITIONS.]

*Subdivision 1. [TERMS.] For the purposes of sections 1 to 27, the terms defined in this section have the meanings given them unless the context clearly indicates otherwise.*

*Subd. 2. [CORPORATION.] “Corporation” means the public corporation created by section 2.*

*Subd. 3. [HOSPITAL SUBSIDIARY CORPORATION.] “Hospital subsidiary corporation” means the subsidiary corporation created pursuant to section 6, subdivisions 1, clause (9), and 3, and charged with the governance and operation of the St. Paul Ramsey Medical Center.*

Sec. 2. [246A.02] [CREATION OF CORPORATION.]

*There is created a corporation which shall be public in nature. The corporation shall be known as \_\_\_\_\_. The purpose of the corporation is to engage in the provision and delivery of health care and related services, including education and research.*

Sec. 3. [246A.03] [BOARD OF DIRECTORS.]

*Subdivision 1. [GOVERNANCE.] The corporation shall be governed by a board of directors consisting of 15 members. The initial members of the board shall be selected as specified in subdivision 2. The terms of office of members of the board shall be as provided in the corporation's bylaws. No term of office will exceed three years.*

*Subd. 2. [SELECTION PANEL.] The chairperson of the Ramsey county board of commissioners, the chairperson of the St. Paul Ramsey Medical Center commission, and the chairperson of Ramsey clinic associates shall each appoint three persons to a selection panel. The selection panel shall name the initial 15 members of the board of directors established in subdivision 1. When the initial members of the board of directors have taken office, the selection panel shall dissolve.*

*Subd. 3. [NOMINATING COMMITTEE.] Whenever a vacancy occurs on the board of directors of the corporation, whether through resignation, removal, expiration of a director's term of office, or otherwise, the board*

shall appoint a nominating committee composed of five members, at least one of whom shall be a member of the board of commissioners of Ramsey county. The nominating committee shall meet as soon as practicable for the purpose of nominating individuals to fill the vacancy. The nominating committee shall nominate two candidates in the event there is one vacancy on the board and 1-1/2 candidates for each vacancy should there be more than one vacancy to be filled. In the event an odd number of positions on the board is vacant, the nominating committee is authorized to propose the next highest whole number of candidates when applying the foregoing formula. The board shall elect individuals to fill any vacancy from those individuals nominated by the committee, but no director may vote if that director's position is to be filled by the election.

Subd. 4. [QUORUM.] Unless otherwise specified in the bylaws, eight members of the board of directors constitutes a quorum for the transaction of business.

Subd. 5. [BOARD MEETINGS.] Except when the bylaws prescribe otherwise:

(1) notice of every meeting shall be given;

(2) an act of the majority of the directors present at a meeting at which a quorum is present is the act of the board, except that a vote of a majority of the board shall be required to adopt the annual budget or to hire or discharge the chief executive officer;

(3)(a) A conference among directors, or among members of any committee designated by the board of directors, by any means of communication through which the participants may simultaneously hear each other during the conference, constitutes a meeting of the board, or the committee, if the same notice is given of the conference as would be required for a meeting, and if the number of person participating in the conference would be sufficient to constitute a quorum at the meeting. Participation in a meeting in this manner constitutes personal presence at the meeting. Except as authorized by section 16, subdivision 2, if a meeting is conducted pursuant to this clause, a location and means by which members of the public may listen to the meeting shall be provided, and where such a meeting includes visual media, means by which members of the public may observe the meeting shall be provided. Notice of the meeting shall be provided and it shall specify that location, as well as the electronic method to be used.

(b) A director may participate in a meeting of the board or any committee designated by the board not described in paragraph (a) by any means of communication through which the director, other persons so participating, and all persons physically present at the meeting may simultaneously hear each other during the meeting. Participation in a meeting in this manner constitutes personal presence at the meeting.

#### Sec. 4. [246A.04] [OFFICERS.]

Subdivision 1. [ELECTION, APPOINTMENT.] (a) Unless the bylaws provide otherwise, the board of directors shall elect persons to exercise the functions of the offices of president, secretary, and treasurer and may elect or appoint any other officers and agents deemed to be necessary.

(b) Unless the bylaws prescribe that only directors may be officers,

*officers need not be directors.*

*(c) Any of the offices or functions of the offices may be held or exercised by the same person.*

*Subd. 2. [QUALIFICATIONS.] The president, secretary, and treasurer shall be adult natural persons. The bylaws may prescribe special qualifications for these offices.*

*Subd. 3. [REMOVAL.] An officer may be removed, with or without cause, by the persons authorized to elect or appoint officers. The removal is without prejudice to the officer's contract rights.*

*Subd. 4. [AUTHORITY, DUTIES.] (a) Officers have the authority and duties in the management of the business of the corporation that the bylaws prescribe or, in the absence of the prescription, as the board of directors determines.*

*(b) An officer shall discharge the duties in good faith and with the diligence and care which an ordinarily prudent person, in a like position and under similar circumstances, would exercise.*

**Sec. 5. [246A.05] [BYLAWS.]**

*Subdivision 1. [BOARD ADOPTS OR AMENDS.] The board of directors may adopt or amend bylaws which may contain any provision for the purpose of administering and regulating the affairs of the corporation not inconsistent with law.*

*Subd. 2. [PROCEDURE AND NOTICE.] The procedure for amending the bylaws shall be specified in the bylaws. Notice of the meeting at which the amendment shall be considered and notice of the amendment shall be given as provided in the bylaws.*

**Sec. 6. [246A.06] [CORPORATE POWERS.]**

*Subdivision 1. [AUTHORITY AND POWERS OF THE BOARD.] The corporation, through its board of directors, shall have the authority and all necessary power to do the following:*

- (1) prepare an annual budget governing the affairs of the corporation;*
- (2) hire and discharge a chief executive officer and assistants or other employees deemed necessary to carry out the corporation's affairs;*
- (3) establish personnel policies and a system of personnel management governing the employees of the corporation;*
- (4) acquire, encumber, hold, and convey through lease, purchase, gift, or otherwise any property, either real or personal;*
- (5) contract for the purchase of or furnishing of medical care and services, including the furnishing of medical care for the indigent;*
- (6) enter shared service and other cooperative ventures;*
- (7) join or sponsor membership in organizations intended to benefit the hospital or hospitals in general;*
- (8) enter partnerships;*
- (9) incorporate other corporations, both for profit and not for profit;*

(10) have members of its governing authority or its officers or administrators serve as directors, officers, or employees of the ventures, associations, or corporations;

(11) own shares of stock in business corporations;

(12) offer, directly or indirectly, products and services of the hospital, organization, association, partnership, or corporation to the general public;

(13) sue and be sued;

(14) continue as a public corporation perpetually;

(15) enter into obligations or contracts and do any act incidental to the transaction of its business or expedient to its purposes, including purchasing insurance;

(16) acquire, hold, mortgage, pledge, or dispose of shares, bonds, securities, and other evidences of indebtedness of any domestic or foreign corporation, either profit or nonprofit and either public or private, and, if the owner thereof, to exercise all the rights, powers, and privileges of ownership, including the right to vote;

(17) conduct its affairs within and without this state;

(18) merge and consolidate with other corporations, domestic or foreign, organized for related purposes;

(19) make donations to other corporations, domestic or foreign, organized for related purposes;

(20) be a member of other corporations, whether domestic or foreign;

(21) obtain funds necessary for its operations by borrowing upon terms and conditions which the corporation finds to be in its best interests;

(22) accept from the United States, the state of Minnesota or its agencies or political subdivisions of government, and from private sources land, money, or other assistance;

(23) take any action relative to the delivery of health care services which could be taken by a nonprofit corporation under chapter 317, and shall, when so acting, have, in addition to any authority vested by law, the authority and legal capacity of a nonprofit corporation under chapter 317;

(24) pay a per diem and expenses to the members of the board of directors; and

(25) exercise any power conferred upon a private nonprofit corporation by chapter 317.

Subd. 2. [OTHER POWERS.] The corporation shall have all the powers necessary and convenient for the operation, administration, management, and control of the corporation's affairs. The enumeration of specific powers in this chapter is not intended to restrict the power of the corporation to take any action which in the exercise of its discretion is necessary or convenient to further the purposes for which the corporation exists, and that is not otherwise prohibited by law, whether or not the power to take the action is necessarily implied from the powers expressly granted.

Subd. 3. [SUBSIDIARY CORPORATIONS.] Pursuant to the authority



granted to the corporation in subdivision 1, clause (9), the corporation shall, at a minimum, create two subsidiary corporations. One subsidiary corporation shall be charged with the governance and operation of the St. Paul Ramsey Medical Center. The other subsidiary corporation shall be an association of physicians and dentists. Both subsidiaries shall be governed by boards of directors that are elected by the corporation's board of directors. The bylaws of both subsidiaries must be ratified by the corporation's board of directors prior to taking effect.

Subd. 4. [EXCEPTION TO OTHER LAW.] Notwithstanding any law to the contrary, the hospital subsidiary corporation shall not be subject to the provisions of chapter 179A and sections 471.345 to 471.37. Notwithstanding any law to the contrary, any organization, association, partnership, or corporation created by, controlled by, or owned by the corporation shall not be subject to the provisions of chapters 13 and 179A, and sections 471.345 to 471.37 and 471.705.

Sec. 7. [246A.07] [CORPORATE SEAL.]

*The corporation shall not have a corporate seal.*

Sec. 8. [246A.08] [ANNUAL MEETING.]

*Each year the corporation shall hold a meeting which must be open to the public. At this meeting the board of directors and the chief executive officers of the corporation shall report on the affairs of the corporation and goals for the future.*

Sec. 9. [246A.09] [ANNUAL AUDIT.]

*Each year an audit must be conducted regarding the corporation's finances. The audit must be conducted by an independent accountant selected by the board of directors and be performed in accordance with generally accepted accounting practices and auditing standards. The audit report must be available for public inspection.*

Sec. 10. [246A.10] [PUBLIC DEPOSITORY.]

*The corporation shall have jurisdiction over its accounts and payrolls and shall establish and maintain a public depository. The depository must be subject to chapter 118, except that the corporation shall determine the appropriate security. The corporation shall establish and maintain all necessary accounts. The corporation may establish reserve accounts, depreciation accounts, and working capital funds in order to operate on an accrual basis.*

Sec. 11. [246A.11] [TRANSFER OF ASSETS.]

Subdivision 1. [TRANSFER.] Notwithstanding any other law to the contrary, Ramsey county and the city of St. Paul, or either of them, may lease any property, real or personal, acquired by either or both for the establishment, operation, or maintenance of St. Paul Ramsey Medical Center, created by section 383A.41, or that has been turned over to the center for its use; however, the lease must only be to the corporation or one of its subsidiaries.

Subd. 2. [NO ADVERTISING OR BIDS.] In the event Ramsey county and the city of St. Paul, or either of them, choose to exercise the authority

granted in subdivision 1, they may do so without first advertising for bids and without receipt of any bids.

**Subd. 3. [CORPORATE STATUS.]** *The corporation shall be considered a "public corporation" for purposes of section 465.035.*

**Subd. 4. [REQUIREMENTS OF TRANSFER.]** *In the event Ramsey county and the city of St. Paul, or either of them, choose to exercise the authority granted in subdivision 1, the lease must also address the following:*

- (1) continued primary use of the property for health and hospital services;*
- (2) indigent care; and*
- (3) consideration to be paid for the property.*

**Subd. 5. [PROPERTY TRANSFER TO CORPORATION.]** *All property, both real and personal, that is held by the St. Paul Ramsey Medical Center commission on the effective date of sections 1 to 27 is transferred to the corporation.*

**Sec. 12. [246A.12] [TRANSITIONAL PROVISIONS: STATUS OF PRESENT EMPLOYEES.]**

**Subdivision 1. [EMPLOYEE TRANSFER.]** *All employees of the St. Paul Ramsey Medical Center commission, section 383A.41, shall be transferred to the hospital subsidiary corporation.*

**Subd. 2. [CURRENT POSITIONS.]** *Each person holding a position with the St. Paul Ramsey Medical Center commission who has acquired permanent tenure or who was serving a probationary period on the effective date of this section may retain employment, seniority, and accrued benefits, including participation in deferred compensation programs. These persons shall not be subject to the Ramsey county civil service personnel system law and the rules related to it.*

**Subd. 3. [CHARITABLE HOSPITAL ACT.]** *Employees of the hospital subsidiary corporation shall be subject to the charitable hospitals act, sections 179.35 to 179.39.*

**Subd. 4. [BARGAINING UNITS.]** *The hospital subsidiary corporation shall recognize existing bargaining units organized by employees of the St. Paul Ramsey Medical Center commission. The hospital subsidiary corporation shall recognize all current labor agreements and the terms of those agreements shall remain in force until the agreements expire by their terms.*

**Subd. 5. [RETIREMENT EXCLUSION.]** *Persons initially employed by the hospital subsidiary corporation following the effective date of this section shall be excluded from the definition of "public employee" pursuant to the public employees retirement act, chapter 353.*

**Subd. 6. [RETIREMENT ELECTION.]** *All employees presently members of the public employees retirement association transferred to the hospital subsidiary corporation pursuant to subdivision 2 shall continue to be included in the definition of "public employee" pursuant to the public employees retirement act, chapter 353. The transferred employees shall not have the election to terminate their participation in the public employees retirement association created pursuant to chapter 353 prior to June 30,*

1987.

*Subd. 7. [POLITICAL SUBDIVISION.] Solely for the purpose of establishing equitable compensation relationships, the hospital subsidiary corporation shall be considered a political subdivision pursuant to Laws 1984, chapter 651. Unless expressly provided otherwise in sections 1 through 29, this subdivision shall not be construed to mean that the hospital subsidiary corporation is a political subdivision for any other purpose.*

**Sec. 13. [246A.13] [TRANSFER OF RIGHTS.]**

*Subdivision 1. [CORPORATION AS CONTINUATION OF COMMISSION.] The hospital subsidiary corporation created by section 2 shall be considered a continuation of the Saint Paul Ramsey Medical Center commission and not the creation of a new authority. The subsidiary corporation succeeds to all rights and contractual obligations of the commission with the same force and effect as if those rights and obligations had been continued in the commission itself.*

*Subd. 2. [PENDING MATTERS.] The hospital subsidiary corporation may conduct and complete a legal action, administrative proceeding, or other matter commenced by the Saint Paul Ramsey Medical commission before the effective date of sections 1 to 27, and still pending on that date, in the same manner, under the same conditions, and with the same effect as though the action, proceeding, or other matter were conducted or completed by the commission.*

*Subd. 3. [TRANSFER OF DOCUMENTS REQUIRED.] The Saint Paul Ramsey Medical commission shall transfer and deliver to the hospital subsidiary corporation all contracts, books, bonds, plans, papers, records, and other property of every description within the jurisdiction or control of the commission.*

*Subd. 4. [TRANSFER OF FUNDS.] All unspent funds appropriated to the Saint Paul Ramsey Medical Center commission are transferred and appropriated to the hospital subsidiary corporation.*

**Sec. 14. [246A.14] [LEGAL COUNSEL.]**

*The corporation and its subsidiaries may retain the Ramsey county attorney as its attorney and legal advisor. If legal services are provided by the Ramsey county attorney, the corporation and its subsidiaries shall reimburse Ramsey county for the services and the reimbursement is to be credited to the budget of the Ramsey county attorney.*

**Sec. 15. [246A.15] [BONDING AUTHORITY.]**

*Subdivision 1. [MUNICIPALITY.] The corporation shall be considered a "municipality" pursuant to section 475.51, subdivision 2, for purposes of bond issuance and shall have all the authority conferred on municipalities by chapter 475 unless that authority is modified in this section.*

*Subd. 2. [SALE OF BONDS.] Notwithstanding any enumerated powers, the corporation may issue and sell revenue bonds or other revenue obligations to finance capital improvements or for the acquisition and betterment of additional facilities to be utilized for the delivery of health care and related research or for other proper corporate purposes. The revenue bonds or*

*other revenue obligations must be payable solely from all or a portion of the revenues of the corporation.*

*Subd. 3. [SECURITY FOR BONDS.] The bonds may be secured by a mortgage of the site and facilities, or any part of it. The bonds must be in an amount and shall mature as provided by resolution of the board of directors and may be issued in one or more series and shall bear a date or dates, bear interest at a rate or rates, be in a denomination or denominations, be in the form either coupon or registered, carry the conversion or registration privileges, have rank or priority, be executed in the manner, be payable in medium of payment at the place or places, and be subject to the terms of redemption with or without premium as the resolution may provide. The bonds may be sold at public or private sale at a price or prices determined by the resolution. Notwithstanding any law to the contrary, the bonds must be fully negotiable. The corporation may enter into the covenants the board by resolution shall deem necessary and proper to secure payment of the bonds. The revenue bonds must state on their face that they are not payable from nor may be a charge upon any funds other than the revenues and property pledged or mortgaged for their payment, nor shall the corporation be subject to any liability on them or have the power to obligate itself to pay or pay the revenue bonds from funds other than the revenues and property pledged and mortgaged. No holder or holders of the bonds shall ever have the right to compel any exercise of any taxing power of Ramsey county or any other public body to pay the principal of or interest on any of them, nor to enforce payment of them against any property of Ramsey county; the corporation, or any other public body other than that expressly pledged or mortgaged for their payment.*

**Sec. 16. [246A.16] [OPEN MEETINGS.]**

*Subdivision 1. [CORPORATION AND HOSPITAL SUBSIDIARY SUBJECT TO OPEN MEETING LAW.] The corporation and the hospital subsidiary corporation shall each be a "public body" for purposes of the Minnesota open meeting law, section 471.705.*

*Subd. 2. [BOARD ACTION.] Notwithstanding any law to the contrary, the corporation and the hospital subsidiary corporation may meet in closed session to discuss and take action on specific matters involving contracts or marketing activity in cases where the corporation or its subsidiaries are in competition with health care providers that offer similar goods or services, and where the disclosure of information pertaining to such matters would cause harm to the competitive position of the corporation or its subsidiaries.*

*Subd. 3. [CLOSED MEETINGS; RECORDING.] The board of directors may by a majority vote in a public meeting decide to hold a closed meeting pursuant to subdivision 2. The time of commencement and place of the closed meeting shall be announced at the public meeting. A written roll of members present at the closed meeting shall be made available to the public after the closed meeting. The proceedings of a closed meeting shall be tape recorded at the expense of the board of directors and shall be preserved by it for two years. The data on the tape are considered nonpublic data pursuant to Minnesota Statutes, section 13.02, subdivision 9.*

**Sec. 17. [246A.17] [GOVERNMENT DATA PRACTICES ACT.]**

*Subdivision 1. [POLITICAL SUBDIVISION.] The corporation and the*

*hospital subsidiary corporation shall each be a "political subdivision" for purposes of the Minnesota government data practices act, chapter 13.*

*Subd. 2. [TRADE SECRET INFORMATION.] Notwithstanding any law to the contrary, data concerning specific matters involving contracts or marketing activity in cases where the corporation or its subsidiaries are in competition with health care providers that offer similar goods or services are "trade secret information" for purposes of section 13.37, subdivision 2, to the extent disclosure of information pertaining to such matters would cause harm to the competitive position of the corporation or its subsidiaries.*

**Sec. 18. [246A.18] [TORT LIABILITY.]**

*The corporation and the hospital subsidiary corporation shall each be a "municipality" for purposes of tort liability pursuant to chapter 466.*

**Sec. 19. [246A.19] [PURCHASING.]**

*Subdivision 1. [MUNICIPALITY STATUS.] The corporation shall not be a "municipality" pursuant to section 471.345, subdivision 1, for the purposes of the uniform municipal contracting law, sections 471.345 to 471.37.*

*Subd. 2. [SERVICE CONTRACTS.] Notwithstanding any law to the contrary, the corporation may purchase directly or utilize the services of a nonprofit cooperative hospital service organization, the city of St. Paul, the state, the University of Minnesota, or any other political subdivision or agency of the state in the purchase of all goods, materials, and services that the corporation may require. These purchases must be made in compliance with laws of the state, except that purchase through a nonprofit cooperative hospital service organization is not subject to sections 471.345 to 471.37.*

**Sec. 20. [246A.20] [PUBLIC EMPLOYMENT.]**

*Unless otherwise provided by sections 1 to 27, the employees of the corporation and its subsidiaries are not "public employees" and the corporation is not a "public employer" for purposes of the public employment labor relations act, chapter 179A and the public employees retirement act, chapter 353.*

**Sec. 21. [246A.21] [EMPLOYEE SALARY LIMITS AND COMPENSATION.]**

*Subdivision 1. [EMPLOYEE SALARIES.] Notwithstanding section 43A.17, subdivision 9, or any other law to the contrary, the corporation and its subsidiaries have the discretion to set all employee salaries at levels which are considered appropriate by the respective boards of directors.*

*Subd. 2. [EMPLOYEE COMPENSATION; CONSTRUCTION AND BUILDING TRADE.] The total compensation package, including wage plus benefit rates, of all employees that are members of a construction or building trade for which there is a generally established and recognized scale of wages inside the county, shall be equal to the total compensation package of private sector construction trade employees within the county as established by collective bargaining agreements.*

**Sec. 22. [246A.22] [WORKERS' COMPENSATION.]**

*Subdivision 1. [SELF-INSURANCE.] The corporation and its subsid-*

aries are permitted to self-insure their liability pursuant to section 176.181, subdivision 2.

*Subd. 2. [BENEFITS.] The appointing authority may provide for the payment of additional benefits to employees from their accumulated vacation, sick leave, or overtime credits if the employees of the corporation and any of its subsidiaries are entitled to the benefits of the workers' compensation law and have at the time of compensable injury accumulated credits under a vacation, sick leave, or overtime plan or system maintained by the corporation by which they are employed. The additional payments to an employee may not exceed the amount of the total sick leave, vacation, or overtime credits accumulated by the employee and shall not result in the payment of a total weekly rate of compensation that exceeds the weekly wage of the employee. The additional payments to any employee shall be charged against the sick leave, vacation, and overtime credits accumulated by the employee. Employees of the corporation and any of its subsidiaries entitled to the benefits of the workers' compensation law may receive additional benefits pursuant to a collective bargaining agreement or other plan, entered into or in effect on or after January 1, 1980, providing payments by or on behalf of the employer and these additional benefits may be unrelated to any accumulated sick leave, holiday, or overtime credits and need not be charged against any accumulation; provided that the additional payments must not result in the payment of a total weekly rate of compensation that exceeds the weekly wage of the employee. The corporation and its subsidiaries may adopt rules and regulations consistent with chapter 179 to carry out this section relating to payment of additional benefits to employees from accumulated sick leave, vacation, overtime credits, or other sources.*

**Sec. 23. [246A.23] [DEFERRED COMPENSATION; INDIVIDUAL ANNUITY CONTRACTS.]**

*Subdivision 1. [DEFERRAL OF COMPENSATION.] Notwithstanding any law to the contrary, at the request of an employee of the corporation or any of its subsidiaries, the appointing authority shall by payroll deduction defer the payment of part of the compensation of the employee, as provided in a written agreement between the employee and the appointing authority, in a manner that will qualify the deferred amount for benefits afforded under federal and state tax laws, regulations, and rulings.*

*Subd. 2. [ANNUITY CONTRACT.] At the request of an employee and as part of the employee's compensation arrangement, the corporation, or any of its subsidiaries may negotiate and purchase an individual annuity contract from a company licensed to do business in the state of Minnesota for an employee for retirement or other purposes and may make payroll allocations in accordance with the arrangement for the purpose of paying the entire premium due or to become due under the annuity contract. The allocation shall be made in a manner that will qualify the annuity premiums, or a portion of them, for the benefit afforded under section 403(b) of the Internal Revenue Code of 1954, or any equivalent provisions of subsequent federal income tax law. The employee is the owner of the contract and the employee's rights under the contract are nonforfeitable except for failure to pay premiums.*

**Sec. 24. [246A.24] [TAX EXEMPT STATUS.]**

*The corporation is an organization exempt from taxation pursuant to chapter 290 and chapter 297A.*

Sec. 25. [246A.25] [PREPAID HEALTH PLAN.]

*The hospital subsidiary corporation is a county affiliated public teaching hospital for purposes of section 256D.03, subdivision 4.*

Sec. 26. [246A.26] [LIMITATIONS UPON CORPORATE POWERS.]

*Subdivision 1. [ATTEMPTS TO INFLUENCE LEGISLATION.] The corporation shall not create propaganda or otherwise attempt to influence legislation to such an extent as would result in the loss of exemption under section 501(c)(3) of the Internal Revenue Code of 1954. The corporation shall not participate by the publication or distribution of statements or by any other means, in any political campaign on behalf of any candidate for public office.*

*Subd. 2. [USE OF INCOME.] No part of the assets or income of the corporation shall be used for objects or purposes which are not exclusively charitable, educational, or scientific under section 501(c)(3) of the Internal Revenue Code of 1954, and the laws of the state of Minnesota.*

*Subd. 3. [COMPENSATION LIMITATIONS.] No compensation or payment shall ever be made or paid to any officer, director, or trustee or the corporation except as reimbursement for actual expenditures made on behalf of the corporation and as reasonable compensation for services actually rendered. No part of the net earnings and assets of the corporation shall inure to the benefit of any private individual, nor shall any part of the income or assets of the corporation be distributed to or divided among any private individual as dividends or otherwise. The corporation shall not afford pecuniary gain, incidentally or otherwise, to its members except that the corporation may afford pecuniary gain to any member, as designated in the bylaws, that is a nonprofit corporation described in section 501(c)(3) of the Internal Revenue Code of 1954.*

*Subd. 4. [TRANSFER UPON LIQUIDATION.] In the event of the liquidation or dissolution of the corporation, the net assets of the corporation shall be distributed to an entity qualified for exemption under section 501(c)(3) of the Internal Revenue Code of 1954 or to any federal, state, or local governmental unit for use by it for public purposes.*

Sec. 27. [246A.27] [INDIGENT CARE.]

*Subdivision 1. [SERVICES.] The hospital subsidiary corporation shall provide hospital and medical services for the indigent of Ramsey county. The services shall be equivalent to those made available to nonindigent patients.*

*Subd. 2. [FUNDS.] Notwithstanding any law to the contrary, Ramsey county may provide funds for the purchase of medical care for the indigent of Ramsey county from a provider selected by the county with or without public bid.*

Sec. 28. Laws of 1982, chapter 523, article 25, section 1, is amended to read:

Section 1. [HOTEL AND MOTEL TAX.]

A tax, supplemental to the general sales tax imposed by Minnesota Stat-

utes, Chapter 297A, is imposed on transient lodging in the city of St. Paul at a rate equal to three percent of the consideration paid for lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp or for the granting of any similar license to use real property. The tax does not apply to a rental or lease for 30 or more days continuously. This tax supersedes any similar tax imposed pursuant to city charter. The tax shall be collected by and its proceeds paid to the city. *At least 25 Twenty-five percent of the revenues generated by the tax shall be used for the payment of the bonds and any interest or premium on the bonds authorized by section 2. Seventy-five percent of the revenues generated by the tax shall be deposited in the city's general fund.*

Sec. 29. Laws 1977, chapter 402, section 2, is amended to read:

Sec. 2. [LEXINGTON AVENUE SOUTH OF LARPENTEUR.]

The city of Saint Paul may ~~not~~ take or use existing park land for the redesign, reconstruction or widening of Lexington avenue south of Larpenteur avenue *only if the redesign, reconstruction or widening:*

*(a) does not result in a traveled way on Lexington avenue between Horton avenue and Hoyt avenue greater than 32 feet, except for turning lanes, and*

*(b) is consistent with the Como Park master plan approved by the metropolitan council.*

Sec. 30. [VARIANCE NOT REQUIRED.]

*Notwithstanding any other provision of law, the section of Lexington avenue that is located within Como Park in the city of Saint Paul does not require a variance from municipal state-aid engineering standards in order to be redesigned, reconstructed, or widened, and is eligible for inclusion in the money needs of the city on the same basis as other municipal state-aid streets in the city.*

Sec. 31. [AUTHORITY FOR TAXATION.]

*Notwithstanding Minnesota Statutes, section 477A.016, or any other law, and supplemental to the tax imposed by Laws 1982, chapter 523, article 25, section 1, the city of St. Paul may impose, by ordinance, a tax, at a rate not greater than two percent, on the gross receipts from the furnishing for consideration of lodging at a hotel, rooming house, tourist court, motel, or resort, other than the renting or leasing of space for a continuous period of 30 days or more. The tax does not apply to the furnishing of lodging by a business having less than 50 lodging rooms. The tax shall be collected by and its proceeds paid to the city. Ninety-five percent of the revenues generated by this tax shall be used to fund a convention bureau to market and promote the city as a tourist or convention center.*

Sec. 32. [REPEALER.]

*Minnesota Statutes 1984, section 383A.41, as amended by Laws 1985, chapter 89, section 21, is repealed.*

Sec. 33. [EFFECTIVE DATE.]

*Sections 11, 12, 13, and 32 are effective when the initial board of directors take office according to section 3. Sections 1 to 10, and 14 to 27 are effective*



*the day after the Ramsey county board files a certificate of local approval in compliance with section 645.021, subdivision 3.*

*Sections 28, 29, and 30 are effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the St. Paul city council. Section 31 is effective the day after final enactment."*

Delete the title and insert:

"A bill for an act relating to public and municipal corporations; 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; providing for the imposition and use of certain taxes on lodging; providing for the redesign, reconstruction, and widening of Lexington avenue south of Larpenteur avenue; amending Laws 1977, chapter 402, section 2; Laws 1982, chapter 523, article 25, section 1; proposing coding for new law as Minnesota Statutes, chapter 246A; repealing Minnesota Statutes 1984, section 383A.41, as amended."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Randy C. Kelly, Gerald Knickerbocker, Rich O'Connor

Senate Conferees: (Signed) Marilyn M. Lantry, Neil Dieterich, Ron Sieloff

Mrs. Lantry moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1875 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1875 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

## MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 229, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 229 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 17, 1986

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 229

A bill for an act relating to retirement; early retirement without reduction in annuities; amending Minnesota Statutes 1984, section 356.70, subdivision 1.

March 17, 1986

The Honorable David M. Jennings  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 229, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 229, be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [62E.081] [HEALTH INSURANCE FOR RETIRED TEACHERS.]

*Subdivision 1. [TEACHERS ELIGIBLE FOR HEALTH INSURANCE.] A teacher who retired before May 1, 1974, from the basic plan of the Minneapolis teachers retirement fund association and who is not currently eligible for the health insurance benefits of the federal Medicare Program of the Social Security Act is entitled to have health insurance premiums paid and to receive the benefits of a number two qualified plan offered by the Minnesota comprehensive health association under sections 62E.01 to 62E.17. The premium payments must be made through contributions from employed teachers in special school district No. 1 and from special school district No. 1 in the manner described in subdivision 2. To qualify for a benefit under this subdivision a retiree shall permit the school district to verify with the Social Security Administration that the retiree does not qualify for Medicare. The permission must be granted on a form prescribed by the school district.*

*Subd. 2. [DETERMINATION OF PREMIUM.] Before June 30 of each year, the writing carrier for the Minnesota comprehensive health association under section 62E.13 shall notify the school district of the total premium payment for the following school year required for coverage of the eligible teachers enrolled under subdivision 1 in the comprehensive health insurance plan. The school district shall remit the required premium payment on a monthly basis thereafter to the writing carrier. The employer contribution to the required premium payment must be one-half of the total premium pay-*

*ment and must be paid from the school district's general fund. The school district shall calculate the percentage of total annual payroll for teachers necessary to raise one-half of the total premium payment. The school district shall withhold the appropriate amount from each teacher's paychecks.*

Sec. 2. Minnesota Statutes 1984, section 62E.14, subdivision 1, is amended to read:

Subdivision 1. [CERTIFICATE, CONTENTS.] The comprehensive health insurance plan shall be open for enrollment by eligible persons. An eligible person shall enroll by submission of a certificate of eligibility to the writing carrier. The certificate shall provide the following:

(a) Name, address, age, and length of time at residence of the applicant;

(b) Name, address, and age of spouse and children if any, if they are to be insured;

(c) Evidence of rejection, a requirement of restrictive riders, a rate up, or a pre-existing conditions limitation on a qualified plan, the effect of which is to substantially reduce coverage from that received by a person considered a standard risk, by at least one association members within six months of the date of the certificate, or other eligibility requirements adopted by rule by the commissioner which are not inconsistent with this chapter and which evidence that a person is unable to obtain coverage substantially similar to that which may be obtained by a person who is considered a standard risk; and

(d) *Evidence that the applicant meets the eligibility requirements of section 1, subdivision 1, of this act; and*

(e) A designation of the coverage desired.

An eligible person may not purchase more than one policy from the state plan. Upon ceasing to be a resident of Minnesota a person is no longer eligible to purchase or renew coverage under the state plan.

Sec. 3. Minnesota Statutes 1985 Supplement, section 136C.50, subdivision 7, is amended to read:

Subd. 7. [STAFF.] The council may employ an executive director and other staff needed to carry out its duties. The executive director *shall serve in the unclassified service and* may be paid an allowance not to exceed \$2,000 annually for miscellaneous expenses in connection with duties of the office. The council may contract with professional, technical, and clerical consultants and interns needed to carry out its functions.

Sec. 4. Minnesota Statutes 1984, section 352.12, subdivision 2, is amended to read:

Subd. 2. [SURVIVING SPOUSE BENEFIT.] If an employee or former employee who has attained the age of at least 55 50 years and has credit for not less than ten years allowable service or who has credit for not less than 30 years of allowable service, regardless of age attained, dies before an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, his or her surviving spouse may elect to receive, in lieu of the refund with interest provided in subdivision 1, an annuity equal to the joint and 100 percent survivor annuity which the employee could have qualified for had he or she terminated service on the date of death. *The sur-*

*viving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service.* The annuity shall be computed as provided in section 352.115, subdivisions 1, 2, and 3, and section 352.116, subdivisions 1 and 3. *Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred annuity payable under this subdivision.* The annuity shall cease with the last payment received by the surviving spouse in his or her lifetime. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the benefits paid and payable to the surviving spouse shall be paid to the deceased employee's last designated beneficiary or, if none, to the surviving children of the deceased spouse in equal shares or, if none, to the surviving parents of the deceased spouse or, if none, to the representative of the estate of such deceased spouse. Any employee may request in writing that this subdivision not apply and that payment be made only to his designated beneficiary as otherwise provided by this chapter.

Sec. 5. Minnesota Statutes 1984, section 352D.01, is amended to read:

352D.01 [ESTABLISHMENT.]

There is hereby established within the Minnesota state retirement system a retirement program for certain ~~unclassified public~~ *employees in state service* to be known as the Minnesota unclassified employees retirement program, which shall be administered by the Minnesota state retirement system.

Sec. 6. Minnesota Statutes 1984, section 352D.015, subdivision 5, is amended to read:

Subd. 5. "Covered employment" means employment covered by ~~chapter 352, or~~ this chapter.

Sec. 7. Minnesota Statutes 1984, section 352D.02, as amended by Laws 1985, First Special Session chapter 10, section 88, is amended to read:

352D.02 [COVERAGE.]

Subdivision 1. [COVERAGE.] The following employees, if they are in the unclassified service of the state and are eligible for coverage under the ~~Minnesota state employees retirement system fund~~, shall participate in the unclassified program unless an employee gives notice to the executive director of the state retirement system within one year following the commencement of employment in the unclassified service that the employee desires coverage under the regular employee plan. For the purposes of this chapter, an employee who does not file notice with the executive director shall be deemed to have exercised the option to participate in the unclassified plan.

(1) any employee in the office of the governor, lieutenant governor, secretary of state, state auditor, state treasurer, attorney general or the state board of investment,

(2) the head of any department, division, or agency created by statute in the unclassified service, an acting department head subsequently appointed to the position, or any employee enumerated in section 15A.081, subdivision 1 or 15A.083, subdivision 4,

(3) any permanent, full-time unclassified employee of the legislature or any commission or agency of the legislature or a temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota state retirement system,

(4) any person employed in a position established pursuant to section 43A.08, subdivision 1, clause (c), or subdivision 1a or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level,

(5) the chair, chief administrator, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan waste control commission as designated by the commission; the chair, executive director, and not to exceed three positions at the division director or assistant to the chair level of the regional transit board; a chief administrator who is an employee of the metropolitan transit commission; and the chair, executive director, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan council as designated by the council; provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations shall be made without approval of the board of directors of the Minnesota state retirement system,

(6) the executive director, associate executive director, and not to exceed nine positions of the higher education coordinating board in the unclassified service, as designated by the higher education coordinating board; provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations shall be made without approval of the board of directors of the Minnesota state retirement system,

(7) the clerk of the appellate courts appointed pursuant to Article VI, Section 2, of the Constitution of the state of Minnesota,

(8) the chief executive officers of correctional facilities operated by the department of corrections and of hospitals and nursing homes operated by the department of human services,

(9) any employee whose principal employment is at the state ceremonial house,

(10) employees of the Minnesota educational computing corporation, and

(11) any employee of the world trade center board.

*Subd. 1a. The following employees if they are eligible for coverage under the state employees retirement fund, or the teachers retirement association, or would have been eligible for coverage under those funds but for this subdivision, shall participate in the plan, subject to the provisions of subdivision 5 and section 36, and have social security coverage under the agreement between the state and the secretary of health and human services: the chancellor, university presidents, and unclassified managerial employees in the state university system employed at the level of dean or higher.*

*Subd. 1b. Any person who on the day before June 30, 1982 is a participant in the state unclassified employees retirement program, whose position is placed in the classified service pursuant to Laws 1982, Chapter 560, may*

elect to maintain membership in the unclassified program as long as the person holds the position or a position in a higher class in the same agency. When an unclassified position which entitles a person to participate in the unclassified retirement program is placed in the classified service, the commissioner of employee relations shall send written notice to the incumbent of the position, and to the director of the Minnesota state retirement system. This notice shall state the incumbent's option under this subdivision. A person eligible to maintain membership in the unclassified plan shall notify the executive director of the state retirement system of the person's election to maintain membership in the unclassified plan within 60 days of the date on which the commissioner sends the notice stating that the position has been placed in the classified service. A person who does not file this notice shall be deemed to have waived the right to remain in the unclassified plan.

Subd. ~~H~~ 1c. An employee covered by the regular plan who is subsequently employed as a permanent, full-time unclassified employee of the legislature or any commission or agency of the legislature may elect to transfer accumulated employee and matching employer contributions, as provided in section 352D.03.

Subd. 2. A person becoming a participant in the unclassified program by virtue of employment in a position specified in subdivision 1, clause (2) and remaining in the unclassified service shall remain a participant in the program even though the position the person occupies is deleted from any of the sections referenced in subdivision 1, clause (2) by subsequent amendment, except that a person shall not be eligible to elect the unclassified program after separation from unclassified service if on the return of the person to service, that position is not specified in subdivision 1, clause (2). Any person employed in a position specified in subdivision 1 shall cease to participate in the unclassified program in the event his position is placed in the classified service.

Subd. 3. An election to not participate is irrevocable during any period of covered employment. An employee with employee shares to his credit in the unclassified program, after acquiring credit for ten years of allowable service but prior to termination of covered employment, may, notwithstanding other provisions of this subdivision, elect to terminate his participation in the unclassified plan and be covered by the regular plan by filing such election with the executive director. The executive director shall thereupon redeem the employee's total shares and shall credit to the employee's account in the regular plan the amount of contributions that would have been so credited had the employee been covered by the regular plan during his entire covered employment. The balance of moneys so redeemed and not credited to the employee's account shall be transferred to the state contribution reserve of the state employees retirement fund, except that the employee contribution paid to the unclassified plan in excess of that required by the general employee plan shall be refunded to the employee as provided in section 352.22.

Subd. 4. When any person elects participation in the unclassified program all contributions from the time first eligible to make such an election shall be covered by the program.

*Subd. 5. An employee in a position with retirement coverage under the*

*basic program in the teachers retirement association is not entitled to participate in the plan unless the employee leaves the position and begins employment more than 30 days later in a position with retirement coverage under the plan.*

Sec. 8. Minnesota Statutes 1984, section 352D.06, subdivision 1, is amended to read:

Subdivision 1. When a participant attains at least age 58, is retired from covered service, and applies for a retirement annuity, the cash value of his shares shall be transferred to the Minnesota post-retirement investment fund and used to provide an annuity for the retired employee based upon his age when the benefit begins to accrue according to the reserve basis used by the ~~regular state employees retirement~~ fund in determining pensions and reserves.

Sec. 9. Minnesota Statutes 1984, section 352D.065, subdivision 5, is amended to read:

Subd. 5. ~~An unclassified employee~~ A participant who returns to covered service after receiving benefits under this section shall not be required or allowed to repay such benefits.

Sec. 10. Minnesota Statutes 1984, section 352D.085, subdivision 1, is amended to read:

Subdivision 1. Service under the unclassified program for which the employee has employee shares to his credit, may be used for the limited purpose of qualifying for benefits under sections 352.115, 352.72, subdivision 1, and 352.113, 354.44, 354.45, 354.48, and 354.60; provided such service may not be used to qualify for a disability benefit under section 352.113, or 354.48 if a participant was under the unclassified program at the time of the disability, and provided further that the years of service and salary paid while ~~such~~ the participant was in the unclassified program shall not be used in determining the amount of benefits.

Sec. 11. Minnesota Statutes 1985 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. [INCLUDED EMPLOYEES.] The following persons are included in the meaning of "public employee":

- (a) Elected or appointed officers and employees of elected officers.
- (b) District court reporters.
- (c) Officers and employees of the public employees retirement association.
- (d) Employees of the League of Minnesota Cities.
- (e) Officers and employees of public hospitals, owned or operated by or an integral part of, any governmental subdivision or governmental subdivisions.
- (f) Employees of a school district who receive separate salaries for driving their own buses.
- (g) Employees of the Association of Minnesota Counties.
- (h) Employees of the Metropolitan Inter-County Association.

(i) Employees of the Minnesota Municipal Utilities Association.

(j) Employees of the metropolitan airports commission if employment initially commences on or after July 1, 1979.

(k) Employees of the Minneapolis employees retirement fund, if employment initially commences on or after July 1, 1979.

(l) Employees of the Range Association of Municipalities and Schools.

(m) Employees of the soil and water conservation districts.

(n) Employees of a county historical society *who are county employees*.

Sec. 12. Minnesota Statutes 1984, section 353.32, subdivision 1a, is amended to read:

Subd. 1a. [SURVIVING SPOUSE OPTIONAL ANNUITY.] If a member or former member who has attained the age of at least ~~55~~ 50 years and has credit for not less than ten years of allowable service, or who has credit for not less than 30 years of allowable service, regardless of age attained, dies before the annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, in lieu of a refund with interest provided in subdivision 1, or survivor benefits otherwise payable pursuant to section 353.31, an annuity equal to the 100 percent joint and survivor annuity which the member could have qualified for had the member terminated service on the date of death. *The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service.* The annuity shall be computed as provided in sections 353.29, subdivisions 2 and 3; and 353.30, subdivisions 1, 1a, 1b and 1c. *Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity payable under this subdivision.* No payment shall accrue beyond the end of the month in which entitlement to the annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse shall be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of the deceased member. Any member may specify in writing that this subdivision shall not apply and that payment shall be made only to the designated beneficiary, as otherwise provided by this chapter.

Sec. 13. Minnesota Statutes 1985 Supplement, section 353.657, subdivision 2a, is amended to read:

Subd. 2a. If a member who has attained the age of at least ~~55~~ 50 years and has credit for not less than ten years allowable service dies before public service has terminated, or if an employee who has filed a valid application for an annuity or disability benefit prior to termination of public service dies before the annuity or benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, in lieu of a refund with interest provided in section 353.32, subdivision 1, or survivor benefits otherwise payable pursuant to subdivisions 1 and 2, an annuity equal to the 100 percent joint and survivor annuity which the member could have qualified for on the date of death, computed as provided



in sections 353.651, subdivisions 2 and 3, and 353.30, subdivision 3. *The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity payable under this subdivision.* No payment shall accrue beyond the end of the month in which entitlement to such annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse shall be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of such deceased member. Any member may request in writing that this subdivision not apply and that payment be made only to the designated beneficiary, as otherwise provided by this chapter.

Sec. 14. Minnesota Statutes 1984, section 354.05, subdivision 2, is amended to read:

Subd. 2. [TEACHER.] "Teacher" includes any person who renders service as a teacher, supervisor, principal, superintendent, or librarian in the public schools of the state located outside of the corporate limits of the cities of the first class as those cities were so classified on January 1, 1979, or in the state universities, or in any charitable or state institution including penal and corrective institutions supported, in whole or in part, by public funds, or who is engaged in educational administration in connection with the state public school system, including the state university system and state community college system, but excluding the University of Minnesota, whether the position be a public office or an employment, not including members of any general governing or managing board or body connected with the systems, or the officers of common, independent, special, or associated school districts, or unorganized territory. The term shall also include an employee of the teachers retirement association unless the employee is covered by the Minnesota state retirement system by virtue of prior employment by the association, and any nurse, counselor, social worker, therapist or psychologist who renders service in the public schools as defined above or in state universities. The term shall also include any person who renders teaching service on a part time basis and who also renders other services for a school district. In such cases, the teachers retirement association shall have the authority to determine whether all or none of the combined employment shall be covered by the teachers retirement association. *The term does not include an employee described in section 352D.02, subdivision 1a, clause (1), who is hired after the effective date of this act.* The term does not mean any person who works for a school or institution as an independent contractor. The term shall not include any person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act from and after March 30, 1978, unless the person has as of the later of March 30, 1978 or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive training and employment act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution. The term shall not include any person hold-

ing a part time adult supplementary vocational-technical school license who renders part time teaching service in a vocational-technical school if (1) the service is incidental to the regular nonteaching occupation of the person; and (2) the applicable vocational-technical school stipulates annually in advance that the part time teaching service will not exceed 300 hours in a fiscal year; and (3) the part time teaching service actually does not exceed 300 hours in a fiscal year. The term also shall not include a person exempt from licensure pursuant to section 125.031 or any person who was excluded from membership prior to January 1, 1981 pursuant to Laws 1978, chapter 556, section 1 and Laws 1980, chapter 342, section 8, if the person annually certifies on a form prescribed by the executive director that the person has established and is contributing to an individual retirement account which is based on non-teaching employment.

Sec. 15. Minnesota Statutes 1984, section 354.05, subdivision 26, is amended to read:

Subd. 26. [POST RETIREMENT INVESTMENT FUND ANNUITY.] "Post retirement investment fund annuity" means the payments made by the fund to an annuitant after retirement in accordance with the provisions of section 354.63. It also means that the payments made by the fund shall never be an amount less than the amount originally determined on the date of retirement ~~or as adjusted on each succeeding January 1, 1974 whichever is later but not including the adjustments provided in section 11A.18.~~

Sec. 16. Minnesota Statutes 1984, section 354.44, subdivision 4, is amended to read:

Subd. 4. [TIME AND MANNER OF PAYMENTS.] A member may make application to the board for a retirement annuity any time after the member has satisfied the age and service requirements of this chapter for retirement except that no application for retirement may be made more than 60 days before termination of teaching service. The annuity payment shall begin to accrue after the termination of teaching service, or after the application for retirement has been filed with the board, whichever is later, as follows:

(a) on the sixteenth day of the month of termination or filing if the termination or filing occurs on or before the fifteenth day of the month or

(b) on the first day of the month following the month of termination or filing if the termination or filing occurs on or after the sixteenth day of the month ~~but in no event shall an annuity begin to accrue more than one month prior to the date of final salary receipt.~~

*If an application for retirement is filed with the board during the 90-day period immediately following the termination of teaching service, the annuity may begin to accrue as if the application for retirement had been filed with the board on the date teaching service terminated. In no event may an annuity begin to accrue more than one month before the date of final salary receipt.*

Sec. 17. Minnesota Statutes 1984, section 354.46, subdivision 2, is amended to read:

Subd. 2. [DEATH WHILE ELIGIBLE DESIGNATED BENEFICIARY

**BENEFIT.]** The surviving spouse of any member or former member who has attained the age of at least 55 50 years and has credit for at least ten years of allowable service or who has credit for at least 30 years of allowable service irrespective of age shall be entitled to joint and survivor annuity coverage in the event of death of the member prior to retirement. If the surviving spouse does not elect to receive a surviving spouse benefit provided pursuant to subdivision 1, if applicable, or does not elect to receive a refund of accumulated member contributions provided pursuant to sections 354.47, subdivision 1, or 354.62, subdivision 5, clause (3), whichever is applicable, the surviving spouse shall be entitled to receive, upon written application on a form prescribed by the executive director, a benefit equal to the second portion of a 100 percent joint and survivor annuity as provided pursuant to section 354.45 and computed pursuant to section 354.44, subdivisions 2, 6 or 7, whichever is applicable. *The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. Sections 354.44, subdivisions 6 and 7, and 354.60 apply to a deferred annuity payable under this section.* If the member was a participant in the variable annuity division, the applicable portion of the benefit shall be computed pursuant to section 354.62, subdivision 5, clause (1). The benefit shall be payable for life.

Sec. 18. Minnesota Statutes 1985 Supplement, section 354.55, subdivision 11, is amended to read:

Subd. 11. Any person covered under section 354.44, subdivisions 6 and 7, who ceases to render teaching service may leave the person's accumulated deductions in the fund for the purpose of receiving a deferred annuity at retirement. Eligibility for an annuity under this subdivision shall be governed pursuant to section 354.44, subdivision 1, or 354.60.

The amount of the deferred retirement annuity shall be determined by section 354.44, subdivisions 6 and 7, and augmented as provided herein. The required reserves related to that portion of the annuity which had accrued at the time the member ceased to render teaching service shall be augmented by interest compounded annually from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement. There shall be no augmentation if this period is less than three months or if this period commences prior to July 1, 1971. The rates of interest used for this purpose shall be five percent commencing July 1, 1971, until January 1, 1981, and three percent thereafter. If a person has more than one period of uninterrupted service, *a separate average salary determined under section 354.44, subdivision 6, must be used for each period* and the required reserves related to each period shall be augmented by interest pursuant to this subdivision. The sum of the augmented required reserves so determined shall be the basis for purchasing the deferred annuity. If a person does not render teaching service in any one or more consecutive fiscal years and then resumes teaching service, the formula percentages used from date of resumption will be those applicable to new members. The mortality table and interest assumption contained therein used to compute the annuity shall be determined by the law in effect at the time of the member's retirement. A period of uninterrupted service for the purposes of this subdivision shall mean a period of covered teaching service during which the

member has not been separated from active service for more than one fiscal year.

The provisions of this subdivision shall not apply to variable account accumulations as defined in section 354.05, subdivision 23.

In no case shall the annuity payable herein be less than the amount of annuity payable pursuant to section 354.44, subdivisions 6 and 7.

The requirements and provisions for retirement prior to age 65 contained in section 354.44, subdivision 6, clause (2) shall also apply to an employee fulfilling the requirements with a combination of service as provided in section 354.60.

The augmentation provided by this subdivision shall not apply to any period in which a person is on an approved leave of absence from an employer unit covered by the provisions of this chapter.

Sec. 19. Minnesota Statutes 1984, section 354A.35, subdivision 2, is amended to read:

Subd. 2. [DEATH WHILE ELIGIBLE TO RETIRE; SURVIVING SPOUSE OPTIONAL ANNUITY.] The surviving spouse of any coordinated member who has attained the age of at least 55 50 years and has credit for at least 20 ten years of service or has credit for at least 30 years of service regardless of age shall be entitled to joint and survivor annuity coverage in the event of death of the member prior to retirement. *The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service.* The member's surviving spouse shall be paid a joint and survivor annuity as provided in section 354A.32 and computed pursuant to section 354A.31. *Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity payable under this section.* The benefits shall be payable for life.

Sec. 20. Minnesota Statutes 1985 Supplement, section 356.215, subdivision 4d, is amended to read:

Subd. 4d. [INTEREST ASSUMPTIONS.] For funds governed by chapters 3A, 352, 352B, 352C, 353, 354 (*except the variable annuity fund, which is governed by section 354.62*), and 490, a preretirement interest assumption of eight percent, a postretirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.065 multiplied by the salary for the preceding year must be used. For funds governed by chapter 354A, preretirement and postretirement assumptions of eight percent and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.065 multiplied by the salary for the preceding year, but the payment of postretirement adjustments to retirees shall be based on the methods specified in the bylaws of the fund as approved by the legislature. For all other funds, a preretirement interest assumption of five percent, a postretirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.035 multiplied by the salary for the preceding year must be used.

Sec. 21. Minnesota Statutes 1985 Supplement, section 356.70, subdivi-

sion 1, is amended to read:

Subdivision 1. [COMBINED AGE AND SERVICE REQUIREMENT.] Any member of a retirement plan established pursuant to chapter 352, 353, 354, or 354A who by January 1, 1987, has attained the age of at least 55 years and whose attained age plus credited allowable service totals at least 85, is entitled, upon valid application and termination of service prior to ~~January~~ July 1, 1987, to the normal retirement annuity provided in these chapters without any reduction in annuity by reason of such early retirement.

Sec. 22. Laws 1985, First Special Session chapter 7, section 31, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE EMPLOYEES.] From the public employees retirement association, a member who is currently employed by independent school district No. 281, who was absent from employment due to illness between ~~April 22~~ March 20, 1981, and ~~September 4~~ April 17, 1981, and between June 13, 1981, and October 23, 1981, and who did not have the required deductions made from income received between ~~July 1, 1981, and September 1, 1981~~ during those two periods of absence, shall be entitled to pay the voluntary assessments.

Sec. 23. [BUHL POLICE SURVIVOR BENEFITS.]

*Notwithstanding the limitations in Minnesota Statutes, section 423.58, or any other law, the bylaws of the Buhl police relief association may be amended to provide for the payment of a survivor benefit to the surviving spouse of a deceased member, or the surviving children equally if there is no surviving spouse, in an amount equal to 85 percent of the pension the deceased member was to receive on the date of his death. Benefits calculated in accordance with this section must continue until the surviving spouse remarries or until a dependent child reaches the age of 18 years or, if a full-time student, 22 years, and may be made retroactive to June 30, 1985.*

Sec. 24. [EVELETH POLICE AND FIREFIGHTERS; BENEFIT INCREASE.]

*Notwithstanding any general or special law to the contrary, in addition to other benefits payable, retirement benefits payable to retired police officers and firefighters and their surviving spouses by the Eveleth police and fire trust fund may be increased by \$25 a month. Increases may be made retroactive to January 1, 1986.*

Sec. 25. [ANDOVER FIREFIGHTERS BYLAW AMENDMENT.]

*Notwithstanding any provision of Minnesota Statutes, sections 69.771 to 69.776 or chapter 424A, the Andover firefighters relief association may amend its bylaws to allow computation of service pensions utilizing a member's period of service as an active member of the municipal fire department during the period prior to incorporation of the relief association.*

Sec. 26. [FALLS NURSING HOME EMPLOYEES.]

*Subdivision 1. [REFUND OF CONTRIBUTIONS.] A member of the public employees retirement association who was employed by the Falls nursing home on the date the nursing home was taken over by a private corporation or organization must be paid a refund of accumulated employee*

and employer contributions made by or on behalf of the employee to the association, plus interest at the rate of six percent a year. If an employee has previously received a refund of employee contributions, only the employer contributions plus the total interest must be refunded. No employer additional contributions may be refunded.

**Subd. 2. [DEFERRED ANNUITY.]** *If an employee described in subdivision 1 had at least five years of allowable service credit, the employee may elect to receive, in lieu of the refund, a deferred annuity under section 353.34, subdivision 3, notwithstanding the length of service requirements contained in that subdivision. An employee eligible for a deferred annuity who has previously received a refund of employee contributions may reinstate his or her eligibility for a deferred annuity by repaying the amount refunded, including any interest received, to the association.*

**Subd. 3. [DEADLINE.]** *Refunds must be paid or options exercised and repayments of refunds made before July 1, 1987.*

**Sec. 27. [PURCHASE OF PRIOR SERVICE CREDIT BY CERTAIN EMPLOYEES.]**

*Notwithstanding the limitations in Minnesota Statutes, section 353.36, subdivision 2, or any other law, a person who was employed by the Becker county highway department from May, 1952, to June, 1954, and who does not have the required number of years of allowable service credit to qualify for early retirement under section 356.70, subdivision 1, solely because of prior public service for which salary deductions were not taken out for the association, and who otherwise meets the requirements of section 353.36, subdivision 2, may, by paying before December 31, 1986, an amount calculated in accordance with section 353.36, subdivision 2, purchase the period of prior public service necessary to bring the person's total allowable service to the minimum required for retirement under section 356.70, subdivision 1, although the person's public service did not terminate before July 1, 1982.*

**Sec. 28. [PURCHASE OF PRIOR SERVICE CREDIT.]**

*Notwithstanding any provision of law to the contrary, a person who was employed as a public health nurse by the suburban Hennepin county public health nursing service from June, 1957, to February, 1961, and who is currently employed by the city of Bloomington as a health administrator, may purchase prior service credit from the public employees retirement association for the period from June 10, 1957, to February 26, 1961.*

**Sec. 29. [PAYMENT.]**

*The provisions of Laws 1982, chapter 578, article II, section 2, govern the amount and manner of payment for the purchase of prior service credit. Payment may be made either by the city of Bloomington or by the person entitled to purchase prior service.*

**Sec. 30. [PAYMENT OF VOLUNTARY ASSESSMENTS.]**

*Subdivision 1. Notwithstanding Minnesota Statutes, section 353.01, subdivision 16, or any other law, the person described in subdivision 2 may pay the public employees retirement association voluntary assessments. The amount of the payment is governed by section 353.27, subdivision 2.*

*Subd. 2. A member of the public employees retirement association who is currently employed by the Hennepin county medical center who was absent from employment due to injury between December 3, 1982, and February 7, 1983, and who did not have the required deductions made from income received between December 3, 1982, and February 7, 1983, may pay the voluntary assessments.*

*Subd. 3. Payment of employee contributions must be made by the member, and the current employer of the person must pay the employer and additional employer contribution required by section 353.27, subdivisions 3 and 3a. All employee, employer, and employer additional contributions must include interest at the rate of six percent a year, compounded annually, from December 3, 1982. Payments must be completed by July 1, 1986.*

**Sec. 31. Minnesota Statutes 1984, section 352.91, is amended by adding a subdivision to read:**

*Subd. 3b. Covered correctional service also means service performed by certain state employees in positions usually covered by this section who were excluded by law from coverage between July 1973 and July 1980 if they were 45 years of age or over when hired, provided they are state employees on the effective date of this subdivision and provided they elect coverage. Eligible employees who elect coverage must file written notice of their election with the director prior to July 1, 1986.*

**Sec. 32. [CONTRIBUTIONS.]**

*State employees electing coverage under section 31 must pay employee contributions in an amount equal to the difference between employee contributions previously made and employee contributions under the correctional employee plan for the appropriate period of employment between July 1973 and July 1980. The employer of an employee electing coverage shall pay the difference in employer contributions. Employee and employer contributions paid pursuant to this section shall include interest at six percent per annum compounded annually. No service credit shall be awarded in the correctional plan until all contributions are paid.*

**Sec. 33. [REFUNDS FOR COUNTY HISTORICAL SOCIETY EMPLOYEES.]**

*Upon application prior to January 1, 1987, refunds of employee and equal employer contributions must be made to employees of a county historical society who are not county employees. Refunds must include interest at a rate of six percent a year compounded annually.*

**Sec. 34. [MANKATO POLICE PROBATIONARY PERIOD.]**

*Notwithstanding Minnesota Statutes, section 423.372 or any other law, a member of the Mankato police relief association who served a probationary period during which the member was not eligible for membership in the association, may elect to purchase service credit for the probationary period. A member electing to purchase service credit shall pay to the association an amount equal to the employee contribution which would have been required of a member during the probationary period plus interest thereon at a rate equal to the annual average rate of return on investments of the special fund of the association. An election to purchase service credit and all pay-*

ments of contributions must be completed by December 31, 1987 or the date the member retires, if earlier.

#### Sec. 35. [FALLS NURSING HOME EMPLOYEES.]

*Subdivision 1. [ELIGIBLE EMPLOYEES.] Notwithstanding any other provision of law, a person who was employed by the Minneapolis public library in a temporary or part time position prior to July 1, 1979, and is currently a member of the public employees retirement association, may purchase prior service credit from the public employees retirement association for a period of service between 1972 and 1985 that has not been credited in the public employees retirement association. Purchase may be only for months actually employed.*

*Subd. 2. [PAYMENT.] The amount of payment will be the higher of the payment required by section 353.36, subdivision 2, or the payment required by Laws 1982, chapter 578, article II, section 2. Payments must be made prior to July 1, 1987.*

#### Sec. 36. [ELECTION OF COVERAGE; TRANSITION.]

*A current employee or official enumerated in Minnesota Statutes, section 352D.02, subdivision 1a, as added by section 7, may elect prospective coverage in the unclassified plan. The employee may elect to transfer prior service credit to the plan under the provisions of section 352D.12.*

*The executive director of the state retirement system, or teachers retirement association, as appropriate, shall notify current employees or officials of the option within six months following the effective date of this act. An employee or official eligible to elect coverage by the plan shall notify the appropriate director within six months after the date of notice. An election to participate in the plan is irrevocable during any current or subsequent period of employment.*

#### Sec. 37. [OPTION TO CHOOSE PLAN.]

*Subdivision 1. Each legislative employee who while being employed by the legislature exercised an option to retain coverage in the state employees retirement fund has an option to choose future coverage in the unclassified plan and to transfer to the unclassified plan prior service credit accrued in the state employees retirement fund.*

*For an employee who elects to transfer service credit, the executive director of the fund shall transfer to the unclassified plan accumulated employee and equal employer contributions with interest at six percent a year compounded annually, based on fiscal year balances. The employee must complete the application for the transfer before July 1, 1987.*

*Subd. 2. The legislative body for which the employee is employed has the option to pay to the employee's account in the unclassified plan an amount equal to the difference between the employer contribution that would have been deposited in the employee's account had the employee been a member of the plan and the employer contribution that was contributed to the state employees retirement fund on behalf of the employee during the period the employee retained coverage in the state employees retirement fund. The legislative body must exercise its option before July 1, 1987.*

#### Sec. 38. [INCREASE IN CERTAIN ANNUITIES.]



*A former member of the public employees retirement association, the state patrol retirement fund, or the state retirement system who terminated employment before July 1, 1973, or the teachers retirement association who terminated employment before July 1, 1972, and was at least 55 years of age with at least ten years of service at the time of termination, and who deferred receipt of an annuity until after June 30, 1973, must be paid the annuity increase granted to pre-1973 retirees by Laws 1973, chapter 653, sections 32 and 34; chapter 728, section 25, subdivisions 13 and 14; chapter 753, sections 2 and 36; and chapter 755, section 5, commencing with the first annuity payment made after the effective date of this section. Retirement funds covered by this section shall transfer to the post retirement fund the required reserves necessary to support the increases granted by this section.*

Sec. 39. [EFFECTIVE DATE.]

*Sections 1 and 2 are effective upon approval by the governing board of Special School District No. 1. Section 23 is effective upon approval by the Buhl city council. Section 24 is effective upon approval by the Eveleth city council. Section 25 is effective upon approval by the Andover city council. Section 34 is effective upon approval by the Mankato city council. All local approvals must comply with Minnesota Statutes, section 645.021. Sections 3 to 22, 26 to 33, and 35 to 38 are effective the day following final enactment. Sections 4, 12, 13, 17, and 19 apply to members whose deaths occur after June 30, 1985."*

Delete the title and insert:

"A bill for an act relating to retirement; public plans generally; extending the time for termination of service to qualify for early retirement without reduction of annuities; providing health insurance benefits for certain retired teachers; changing eligibility requirements for surviving spouse benefits; regulating coverage under the unclassified employees retirement program; amending Minnesota Statutes 1984, sections 62E.14, subdivision 1; 352.12, subdivision 2; 352.91, by adding a subdivision; 352D.01; 352D.015, subdivision 5; 352D.02; 352D.06, subdivision 1; 352D.065, subdivision 5; 352D.085, subdivision 1; 353.32, subdivision 1a; 354.05, subdivisions 2 and 26; 354.44, subdivision 4; 354.46, subdivision 2; and 354A.35, subdivision 2; Minnesota Statutes 1985 Supplement, sections 136C.50, subdivision 7; 353.01, subdivision 2a; 353.657, subdivision 2a; 354.55, subdivision 11; 356.215, subdivision 4d; and 356.70, subdivision 1; Laws 1985, First Special Session chapter 7, section 31, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 62E."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Terry M. Dempsey, Steve A. Sviggum, Gil Gutknecht

Senate Conferees: (Signed) Donald M. Moe, Allan H. Spear, Earl W. Renneke

Mr. Moe, D.M. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 229 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 229 was read the third time, as amended by the Conference

Committee, and placed on its repassage.

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

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1599, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1599 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 17, 1986

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 1599

A bill for an act relating to state monuments; authorizing development of a plan for a memorial to Native Americans; amending Minnesota Statutes 1984, section 138.585, by adding a subdivision.

March 17, 1986

The Honorable David M. Jennings  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 1599, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 1599 be further amended as follows:

Delete everything after the enacting clause and insert:

## "ARTICLE I

## MEDIATION

Section 1. Minnesota Statutes 1984, section 336.9-501, is amended to read:

336.9-501 [DEFAULT; PROCEDURE WHEN SECURITY AGREEMENT COVERS BOTH REAL AND PERSONAL PROPERTY.]

(1) When a debtor is in default under a security agreement, a secured party has the rights and remedies provided in this part and except as limited by subsection (3) those provided in the security agreement. He may reduce his claim to judgment, foreclose, or otherwise enforce the security interest by any available judicial procedure. If the collateral is documents the secured party may proceed either as to the documents or as to the goods covered thereby. A secured party in possession has the rights, remedies, and duties provided in section 336.9-207. The rights and remedies referred to in this subsection are cumulative.

(2) After default, the debtor has the rights and remedies provided in this part, those provided in the security agreement, and those provided in section 336.9-207.

(3) To the extent that they give rights to the debtor and impose duties on the secured party, the rules stated in the subsections referred to below may not be waived or varied except as provided with respect to compulsory disposition of collateral (subsection (3) of section 336.9-504 and section 336.9-505) and with respect to redemption of collateral (section 336.9-506) but the parties may by agreement determine the standards by which the fulfillment of these rights and duties is to be measured if such standards are not manifestly unreasonable:

(a) Subsection (2) of section 336.9-502 and subsection (2) of section 336.9-504 insofar as they require accounting for surplus proceeds of collateral;

(b) Subsection (3) of section 336.9-504 and subsection (1) of section 336.9-505 which deal with disposition of collateral;

(c) Subsection (2) of section 336.9-505 which deals with acceptance of collateral as discharge of obligation;

(d) Section 336.9-506 which deals with redemption of collateral; and

(e) Subsection (1) of section 336.9-507 which deals with the secured party's liability for failure to comply with this part.

(4) If the security agreement covers both real and personal property, the secured party may proceed under this part as to the personal property or he may proceed as to both the real and the personal property in accordance with his rights and remedies in respect of the real property in which case the provisions of this part do not apply.

(5) When a secured party has reduced his claim to judgment the lien of any levy which may be made upon his collateral by virtue of any execution based upon the judgment shall relate back to the date of the perfection of the security interest in such collateral. A judicial sale, pursuant to such execution, is

a foreclosure of the security interest by judicial procedure within the meaning of this section, and the secured party may purchase at the sale and thereafter hold the collateral free of any other requirements of this article.

(6) A person may not begin to enforce a security interest in collateral that is agricultural property subject to sections 5 to 17 that has secured a debt of more than \$5,000 unless: a mediation notice under subsection (7) is served on the debtor and a copy filed with the director; and the debtor and creditor have completed mediation under sections 5 to 17.

(7) A mediation notice under subsection (6) must contain the following notice with the blanks properly filled in.

"TO: \_\_\_\_\_(Name of Debtor)\_\_\_\_\_

YOU HAVE DEFAULTED ON THE \_\_\_\_\_(Debt in Default)\_\_\_\_\_  
SECURED BY AGRICULTURAL PROPERTY DESCRIBED AS  
\_\_\_\_\_(Reasonable Description of Agricultural Property  
Collateral)\_\_\_\_\_.

AS A SECURED PARTY, \_\_\_\_\_(Name of Secured Party)\_\_\_\_\_  
INTENDS TO ENFORCE THE SECURITY AGREEMENT AGAINST THE  
AGRICULTURAL PROPERTY DESCRIBED ABOVE BY REPOSSESSING,  
FORECLOSING ON, OR OBTAINING A COURT JUDGMENT AGAINST  
THE PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDI-  
ATION. IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF  
THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE A CREDIT  
ANALYST TO HELP YOU TO PREPARE FINANCIAL INFORMATION.  
MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR  
HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE  
A MEDIATION REQUEST WITH THE DIRECTOR \_\_\_\_\_(Date of 14  
Days after Service of the Mediation Notice)\_\_\_\_\_. THE MEDIATION  
REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR  
COUNTY EXTENSION OFFICE.

FROM: \_\_\_\_\_(Name and Address of Secured Party)\_\_\_\_\_."

Sec. 2. [550.365] [MEDIATION NOTICE AND CONDITIONS FOR  
AGRICULTURAL PROPERTY.]

Subdivision 1. [REQUIREMENT.] A person may not attach, execute on,  
levy on, or seize agricultural property subject to sections 5 to 17 that has  
secured a debt of more than \$5,000 unless: (1) a mediation notice is served  
on the judgment debtor and a copy filed with the director; and (2) the debtor  
and creditor have completed mediation under sections 5 to 17.

Subd. 2. [CONTENTS.] A mediation notice must contain the following  
notice with the blanks properly filled in.

"TO: \_\_\_\_\_(Name of Judgment Debtor)\_\_\_\_\_

A JUDGMENT WAS ORDERED AGAINST YOU BY \_\_\_\_\_(Name of  
Court)\_\_\_\_\_ ON \_\_\_\_\_(Date of Judgment)\_\_\_\_\_.

AS A JUDGMENT CREDITOR, \_\_\_\_\_(Name of Judgment Credi-

tor) \_\_\_\_\_ INTENDS TO TAKE ACTION AGAINST THE AGRICULTURAL PROPERTY DESCRIBED AS \_\_\_\_\_ (Description of Agricultural Property) \_\_\_\_\_ TO SATISFY THE JUDGMENT.

YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDIATION. IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE A CREDIT ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR \_\_\_\_\_ (Date of 14 Days after Service of the Mediation Notice) \_\_\_\_\_. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

FROM: \_\_\_\_\_ (Name and Address of Judgment Creditor) \_\_\_\_\_

Sec. 3. [559.209] [MEDIATION NOTICE AND CONDITIONS FOR AGRICULTURAL PROPERTY.]

Subdivision 1. [REQUIREMENT.] A person may not begin to terminate a contract for deed under section 559.21 to purchase agricultural property subject to sections 5 to 17 that secured a debt of more than \$5,000 unless: (1) a mediation notice is served on the contract for deed purchaser and a copy filed with the director; and (2) the contract for deed vendor and purchaser have completed mediation under sections 5 to 17.

Subd. 2. [CONTENTS.] A mediation notice must contain the following notice with the blanks properly filled in.

"TO: \_\_\_\_\_ (Name of Contract for Deed Purchaser) \_\_\_\_\_

YOU HAVE DEFAULTED ON THE CONTRACT FOR DEED OF THE AGRICULTURAL PROPERTY DESCRIBED AS \_\_\_\_\_ (Size and Reasonable Location of Property, Not Legal Description) \_\_\_\_\_.

AS THE CONTRACT FOR DEED VENDOR, \_\_\_\_\_ (Contract for Deed Vendor) \_\_\_\_\_, INTENDS TO TERMINATE THE CONTRACT AND TAKE BACK THE PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE CONTRACT FOR DEED DEBT REVIEWED FOR MEDIATION. IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE A CREDIT ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE CONTRACT FOR DEED DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR BY \_\_\_\_\_ (Date of 14 Days after Service of the Mediation Notice) \_\_\_\_\_. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

FROM: \_\_\_\_\_ (Name and Address of Contract for Deed Vendor) \_\_\_\_\_

Sec. 4. [581.015] [MEDIATION NOTICE AND CONDITIONS FOR AGRICULTURAL PROPERTY.]

*Subdivision 1. [REQUIREMENT.] A person may not begin a proceeding under this chapter to foreclose a mortgage on agricultural property subject to sections 5 to 17 that has a secured debt of more than \$5,000 unless: (1) a mediation notice is served on the mortgagor and a copy is filed with the director; and (2) the mortgagor and mortgagee have completed mediation under sections 5 to 17.*

*Subd. 2. [CONTENTS.] A mediation notice must contain the following notice with the blanks properly filled in.*

*"TO: \_\_\_\_\_(Name of Record Owner)\_\_\_\_\_*

*YOU HAVE DEFAULTED ON THE MORTGAGE OF THE AGRICULTURAL PROPERTY DESCRIBED AS \_\_\_\_\_(Size and Reasonable Location, Not Legal Description)\_\_\_\_\_.*

*AS HOLDER OF THE MORTGAGE, \_\_\_\_\_(Name of Holder of Mortgage)\_\_\_\_\_ INTENDS TO FORECLOSE ON THE PROPERTY DESCRIBED ABOVE.*

*YOU HAVE THE RIGHT TO HAVE THE MORTGAGE DEBT REVIEWED FOR MEDIATION. IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE A CREDIT ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.*

*TO HAVE THE MORTGAGE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR \_\_\_\_\_(Date of 14 Days after Service of the Mediation Notice)\_\_\_\_\_. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.*

*FROM: \_\_\_\_\_(Name and Address of Holder of Mortgage)\_\_\_\_\_"*

Sec. 5. [583.20] [CITATION.]

*Sections 5 to 17 may be cited as the "farmer-lender mediation act."*

Sec. 6. [583.21] [LEGISLATIVE FINDINGS.]

*The legislature finds that the agricultural sector of the state's economy is under severe financial stress due to low farm commodity prices, continuing high interest rates, and reduced net farm income. The suffering agricultural economy adversely affects economic conditions for all other businesses in rural communities as well. Thousands of this state's farmers are unable to meet current payments of interest and principal payable on mortgages and other loan and land contracts and are threatened with the loss of their farmland, equipment, crops, and livestock through mortgage and lien foreclosures, cancellation of contracts for deed, and other collection actions. The agricultural economic emergency requires an orderly process with state assistance to adjust agricultural indebtedness to prevent civil unrest and to preserve the general welfare and fiscal integrity of the state.*

Sec. 7. [583.22] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 7 to 17.*

*Subd. 2. [AGRICULTURAL PROPERTY.] "Agricultural property" means real property that is principally used for farming as defined in section 500.24, subdivision 2, paragraph (a), and raising poultry, and personal property that is used as security to finance a farm operation or used as part of a farm operation including equipment, crops, livestock, and proceeds of the security. "Agricultural property" shall also include agriculturally related businesses as defined by the commission.*

*Subd. 3. [COMMISSION.] "Commission" means the commissioners of agriculture, finance, and commerce.*

*Subd. 4. [CREDITOR.] "Creditor" means the holder of a mortgage on agricultural property, a vendor of a contract for deed of agricultural property, a person with a lien or security interest in agricultural property, or a judgment creditor with a judgment against a debtor with agricultural property.*

*Subd. 5. [DIRECTOR.] "Director" means the director of the agricultural extension service or the director's designee.*

*Subd. 6. [FILE.] "File" means to deliver by the required date by certified mail or another method acknowledging receipt.*

*Subd. 7. [MEDIATOR.] "Mediator" means a farm mediator appointed by the director.*

*Subd. 8. [SERVE.] "Serve" means personal service as in a district court civil action.*

**Sec. 8. [583.23] [FARM MEDIATION.]**

*Subdivision 1. [TRAINING.] The director must provide training and support for mediators.*

*Subd. 2. [APPOINTMENT.] The director must provide mediators by contracting with qualified persons experienced in farm finance, agricultural law, and negotiation.*

*Subd. 3. [ADMINISTRATION.] The director may appoint a farm mediation administrator. The administrator and director shall provide training for farm mediators and credit analysts and coordinate community legal education programs for farmers.*

**Sec. 9. [583.24] [APPLICABILITY.]**

*Subdivision 1. [CREDITORS.] (a) The farmer-lender mediation act applies to creditors who are:*

- (1) the United States or an agency of the United States;*
- (2) corporations, partnerships, and other business entities; and*
- (3) individuals.*

*(b) The farmer-lender mediation act does not apply to creditors of a debtor described under subdivision 2, paragraph (b).*

*Subd. 2. [DEBTORS.] (a) Except as provided in paragraph (b) the*

*farmer-lender mediation act applies to a debtor who is:*

- (1) a person operating a family farm as defined in section 500.24, subdivision 2;*
- (2) a family farm corporation as defined in section 500.24, subdivision 2;*
- (3) an authorized farm corporation as defined in section 500.24, subdivision 2; or*
- (4) an owner of an agriculturally related business.*

*(b) The farmer-lender mediation act does not apply to a debtor who owns and leases less than 60 acres with less than \$20,000 in gross sales of agricultural products the preceding year, except for an owner of an agriculturally related business as defined by the director.*

#### Sec. 10. [583.25] [VOLUNTARY MEDIATION PROCEEDINGS.]

*A debtor that owns agricultural property or a creditor of the debtor may request mediation of the indebtedness by a farm mediator by applying to the director. The director shall make voluntary mediation application forms available at the county recorder's and county extension office in each county. The director must evaluate each request and may direct a mediator to meet with the debtor and creditor to assist in mediation.*

#### Sec. 11. [583.26] [MANDATORY MEDIATION PROCEEDINGS.]

*Subdivision 1. [MEDIATION NOTICE.] A creditor desiring to start a proceeding to enforce a debt against agricultural property under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property, must serve an applicable mediation notice under sections 1, 2, 3, and 4 on the debtor and the director. The creditor may not begin the proceeding until the creditor and debtor have completed mediation or as allowed under sections 5 to 17.*

*Subd. 2. [MEDIATION REQUEST.] (a) A debtor must file a mediation request form with the director by 14 days after receiving a mediation notice. The mediation request form must state all known creditors. The director shall make mediation request forms available in the county recorder's and county extension office of each county.*

*(b) A debtor who fails to file a timely mediation request waives the right to mediation under the farmer-lender mediation act. The director shall notify a creditor stating that the creditor may proceed against the agricultural property because the debtor has failed to file a mediation request.*

*(c) If a debtor has not received a mediation notice and is subject to a proceeding of a creditor enforcing a debt against agricultural property under chapter 580 or 581 or sections 336.9-501 to 336.9-508, terminating a contract for deed to purchase agricultural property under section 559.21, or garnishing, levying on, executing on, seizing, or attaching agricultural property, the debtor may file a mediation request with the commission. The mediation request form must indicate that the debtor has not received a mediation notice.*

#### *Subd. 3. [CREDIT ANALYST AND FARM ADVOCATE.] (a) After*



receiving a mediation notice, the director shall provide a credit analyst knowledgeable in agricultural and financial matters to meet with the debtor and assure that information relative to the finances of the debtor is prepared for the initial mediation meeting.

(b) After receiving the mediation notice, the director shall notify the debtor that a farm advocate may be available without charge to assist the debtor and the credit analyst.

**Subd. 4. [INITIAL MEDIATION MEETING.]** (a) By ten days after receiving a mediation request, the director shall send: (1) a mediation meeting notice to the debtor; and (2) a mediation meeting notice and claim form to all known creditors of the debtor.

(b) The mediation meeting notice must include a time and place for an initial mediation meeting between the debtor, all known creditors of the debtor, and a list of three mediators. An initial mediation meeting must be held within 20 days of the notice.

(c) Each creditor and the debtor may request the director to exclude one mediator from the list by sending the director a notice to such effect within 3 days after receiving the mediation meeting notice. In the event that requests from the creditors to remove mediators from the list would result in the exclusion of all of the remaining mediators the director shall appoint the mediator not excluded by the creditor owed the largest debt. In the event that a debtor and creditor request the same mediator, the director shall appoint that mediator.

**Subd. 5. [EFFECT OF MEDIATION MEETING NOTICE.]** (a) Except as provided in paragraph (b), if a creditor receives a mediation meeting notice under subdivision 4 the creditor and the creditor's successors in interest may not continue proceedings to enforce a debt against agricultural property of the debtor under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property. Time periods under and affecting those procedures stop running until (1) 90 days after the conclusion of mediation, or (2) a mediation agreement is reached.

(b) If a creditor is an agency of the United States and receives a mediation meeting notice under subdivision 4, the creditor and the creditor's successors in interest may not continue proceedings to enforce a debt against agricultural property of the debtor under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property. Time periods under and affecting those procedures stop running until (1) 180 days after the conclusion of mediation, or (2) a mediation agreement is reached.

**Subd. 6. [DUTIES OF MEDIATOR.]** At the initial mediation meeting and subsequent meetings, the mediator shall:

- (1) listen to the debtor and the creditors desiring to be heard;
- (2) attempt to mediate between the debtor and the creditors;
- (3) advise the debtor and creditors of assistance programs available;

(4) attempt to arrive at an agreement to fairly adjust, refinance, or pay the debts; and

(5) advise, counsel, and assist the debtor and creditors in attempting to arrive at an agreement for the future conduct of financial relations among them.

**Subd. 7. [MEDIATOR LIABILITY AND IMMUNITY.]** (a) A mediator is immune from civil liability for actions within the scope of the position as mediator. A mediator does not have a duty to advise a creditor or debtor about the law or to encourage or assist a debtor or creditor in reserving or establishing legal rights. This subdivision is an addition to and not a limitation of immunity otherwise accorded to a mediator under law.

(b) A mediator cannot be examined about a communication or document, including worknotes, made or used in the course of or because of mediation under this section and section 12. This paragraph does not apply to the parties in the dispute in an application to a court by a party to have a mediated settlement agreement set aside or reformed. A communication or document otherwise not privileged does not become privileged because it is used in the cause of mediation. This paragraph is not intended to limit the privilege accorded to communication during mediation by the common law.

**Subd. 8. [MEDIATION PERIOD.]** The mediator may call mediation meetings during the mediation period, which is up to 60 days after the initial mediation meeting.

**Subd. 9. [MEDIATION AGREEMENT.]** (a) If an agreement is reached among the debtor and creditors the mediator shall draft a written mediation agreement, have it signed by the creditors, and, if applicable, submit the agreement to the Minnesota rural finance administration for approval of debt restructuring.

(b) The debtor and creditors who are parties to the approved mediation agreement and creditors who have filed claim forms and have not objected to the mediation agreement:

(1) are bound by the terms of the agreement;

(2) may enforce the mediation agreement as a legal contract; and

(3) may use the mediation agreement as a defense against an action contrary to the mediation agreement.

**Sec. 12. [583.27] [GOOD FAITH REQUIRED; COURT SUPERVISED MEDIATION.]**

**Subdivision 1. [OBLIGATION OF GOOD FAITH.]** The parties must engage in mediation in good faith. Not participating in good faith includes: (1) a failure on a regular or continuing basis to attend and participate in mediation sessions without cause; (2) failure to provide full information regarding the financial obligations of the parties and other creditors; (3) failure of the creditor to designate a representative to participate in the mediation with adequate authority to fully settle, compromise, or otherwise mediate the matter; (4) lack of a written statement of debt restructuring alternatives and a statement of reasons why alternatives are unacceptable to one of the parties; (5) failure of the creditor to release to the debtor neces-

sary living and farm operating expenses; or (6) other similar behavior which evidences lack of good faith by the party. A failure to agree to reduce, restructure, refinance, or forgive debt does not, in itself, evidence lack of good faith by the creditor.

*Subd. 2. [LACK OF GOOD FAITH AFFIDAVIT; MEDIATOR'S RESPONSIBILITY.] If the mediator determines that either party is not participating in good faith as defined in subdivision 1, the mediator shall file an affidavit indicating the reasons for the finding with the agricultural extension service and both parties.*

*Subd. 3. [CREDITOR'S LACK OF GOOD FAITH; COURT SUPERVISED MEDIATION.] If the mediator finds the creditor has not participated in mediation in good faith, the debtor may require court supervised mandatory mediation by filing the affidavit with the district court of the county where the property is located with a request for court supervision of mediation and filing a copy of the request with the creditor. Upon request the court shall require both parties to mediate under the supervision of the court in good faith for a period of not less than 60 days. All creditor remedies must be suspended during this period. The court may issue orders necessary to effect good faith mediation. Following the 60-day period, if the court finds the creditor has not participated in mediation in good faith, the court shall by order suspend the creditor's remedies for an additional period of 180 days. A creditor found by the mediator not to have participated in good faith shall pay attorneys' fees and costs of the debtor requesting court-supervision of mediation or additional suspension of creditor's remedies.*

*Subd. 4. [DEBTOR LACK OF GOOD FAITH.] A creditor may immediately proceed with creditor's remedies upon receipt of a mediator's affidavit of a debtor's lack of good faith notwithstanding any other requirements of sections 5 to 17.*

**Sec. 13. [583.28] [CREDITOR NOT ATTENDING MEDIATION MEETING.]**

*Subdivision 1. [FILING AND EFFECT OF CLAIM FORM.] A creditor that is notified of the initial mediation meeting is subject to and bound by a mediation agreement if the creditor does not attend mediation meetings unless the creditor files a claim form. In lieu of attending a mediation meeting, a creditor may file a notice of claim and proof of claim on a claim form with the mediator before the scheduled meeting. By filing a claim form the creditor agrees to be bound by a mediation agreement reached at the mediation meeting unless an objection is filed within the time specified. The mediator must notify the creditors who have filed claim forms of the terms of any agreement reached at the farm mediation board meeting.*

*Subd. 2. [OBJECTIONS TO AGREEMENTS.] A creditor who has filed a claim form may serve a written objection to the terms of the agreement on the mediator and the debtor by ten days after receiving notice of the agreement. If a creditor files an objection to the terms of an agreement, the mediator may meet again with debtors and creditors by ten days after receiving the objection to attempt to reach a new agreement. Notwithstanding the mediation period under section 11, subdivision 8, if an objection is filed, the mediator may call mediation meetings during the ten-day period following receipt of the objection.*

**Sec. 14. [583.29] [PRIVATE DATA.]**

*All data regarding the finances of individual debtors and creditors created, collected, and maintained by the mediators or the debt restructuring commission are classified as private data on individuals under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9.*

**Sec. 15. [583.30] [FORMS AND COMPENSATION.]**

*Subdivision 1. [COMPENSATION.] The director shall set the compensation of mediators and credit analysts.*

*Subd. 2. [FORMS.] The director shall adopt voluntary mediation application, mediation request, and claim forms.*

**Sec. 16. [583.31] [ENFORCEMENT.]**

*The mediation agreement must be enforced by the district court.*

**Sec. 17. [583.32] [INCONSISTENT LAWS.]**

*The farmer-lender mediation act has precedence over any inconsistent or conflicting laws and statutes including chapters 336, 580, and 581, and section 559.21.*

**Sec. 18. [REPEALER.]**

*Sections 1 to 17 and Minnesota Statutes, section 336.9-501, subsections (6) and (7), are repealed on July 1, 1988.*

**Sec. 19. [EFFECTIVE DATE.]**

*The article is effective the day following final enactment.*

**ARTICLE 2****REDEMPTION OF AGRICULTURAL HOMESTEADS****Section 1. [550.175] [EXECUTION ON REAL PROPERTY THAT INCLUDES HOMESTEAD.]**

*Subdivision 1. [NOTIFICATION OF HOMESTEAD DESIGNATION.] If real property is to be sold on execution and the property contains a portion of the homestead of the debtor, the debtor must be notified by the executing creditor that the homestead may be sold and redeemed separately from the remaining property. The notice in subdivision 2 must be included in the notice of execution served on the debtor under section 550.19.*

*Subd. 2. [HOMESTEAD DESIGNATION NOTICE.] The following notice must be included in the execution notice of real property containing a homestead that is served on a debtor under section 550.19. The notice must be in 10 point capitalized letters.*

**"PART OF THE PROPERTY TO BE SOLD CONTAINS YOUR HOUSE. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.**

**YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND ANY AMOUNT OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREA-**

SONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.

**YOU MUST PROVIDE THE CREDITOR CAUSING THIS PROPERTY TO BE SOLD, THE SHERIFF, AND THE COUNTY RECORDER WITH A COPY OF THE LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED BY TEN BUSINESS DAYS BEFORE THE DATE THE PROPERTY IS TO BE SOLD."**

**Subd. 3. [DESIGNATION OF HOMESTEAD PROPERTY.]** *The debtor must designate the legal description of the homestead property to be sold separately. The homestead property designated may include any amount of the property. The designation must conform to local zoning, include the dwelling occupied by the debtor, and be compact so that it does not unreasonably affect the value of the remaining property. The debtor must serve a copy of the designation on the executing creditor, the sheriff, and the county recorder by ten business days before the sale is scheduled.*

**Subd. 4. [SALE OF PROPERTY.]** *If the sheriff receives a homestead property designation under subdivision 3, the sheriff must offer and sell the designated homestead property, and the remaining property, separately.*

**Subd. 5. [REDEMPTION.]** *The debtor may redeem the designated homestead, the remaining property, or the entire property including the homestead. The period of redemption for the designated homestead or the remaining property is the same as the period of redemption for the entire property including the designated homestead.*

**Sec. 2. [550.205] [REDEMPTION OF HOMESTEAD AFTER FORECLOSURE OR EXECUTION SALE.]**

**Subdivision 1. [APPLICABILITY.]** *This section applies to mortgagors or debtors who have had real property used in agricultural production executed on or foreclosed and have not received notices under sections 1 and 3, and is effective until the redemption period ends.*

**Subd. 2. [AGREEMENT.]** *(a) A buyer that purchases real property used in agricultural production at a foreclosure or execution sale, and a party with the right to redeem, may agree to have the homestead redeemed separately. The written agreement must be recorded and include:*

- (1) a legal description of the homestead; and*
- (2) the amount to be paid to redeem the homestead.*
- (b) The homestead must comply with local zoning requirements.*

**Subd. 3. [PETITION.]** *(a) After a foreclosure or execution sale of real property used in agricultural production that contains a homestead, the party entitled to redeem the property may petition to have the homestead redeemed separately. The petition must be directed to the district court of the county where the foreclosure or execution sale was held and include:*

- (1) a request that the homestead be appraised and redeemed separately;*
- (2) a description designating the dwelling occupied by the mortgagor, and up to 80 acres of the property that conforms to local zoning and is compact so that it does not unreasonably affect the value of the remaining property.*
- (b) The court shall appoint an appraiser to make the appraisal and have*

the determination returned to the court within 30 days after the petition is filed.

**Subd. 4. [DETERMINATION OF REDEMPTION COST.]** (a) The district court shall schedule and hold a hearing within 30 days after receiving the appraiser's determination. The court shall consider whether redeeming the homestead separately would unjustly affect the party who purchased the property at the foreclosure or execution sale. The court may equitably adjust the size of the homestead. If the petitioner is entitled to redeem the homestead separately, the court shall determine the cost of redeeming the designated homestead and the remaining property. The cost of redeeming the homestead must include:

- (1) the appraised value of the homestead;
- (2) the interest attributable to the portion of the debt allocated to the homestead; and
- (3) the reasonable appraisal, court, and survey costs.

(b) The order of the court must be made and filed within five days of the hearing.

**Subd. 5. [REDEMPTION.]** The party entitled to redeem may redeem the designated homestead, the remaining property, or the entire property including the homestead. The period of redemption is the period for the entire property including the designated homestead.

**Sec. 3. [582.041] [FORECLOSURE OF MORTGAGE THAT INCLUDES HOMESTEAD.]**

**Subdivision 1. [NOTIFICATION OF HOMESTEAD DESIGNATION.]** If a mortgage on real property is foreclosed and the property contains a portion of the homestead of the mortgagor, the mortgagor must be notified by the foreclosing mortgagee that the homestead may be sold and redeemed separately from the remaining property. The notice in subdivision 2 must be included in the notice of foreclosure served on the mortgagor under section 580.04 or for a foreclosure by action under chapter 581, in the summons and complaint.

**Subd. 2. [HOMESTEAD DESIGNATION NOTICE.]** (a) The following notice must be included in the foreclosure notice of property containing a homestead that is served on the mortgagor under section 580.04. The notice must be in 10 point capitalized letters.

**"PART OF THE PROPERTY TO BE SOLD CONTAINS YOUR HOUSE. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.**

**YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND ANY AMOUNT OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREASONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.**

**YOU MUST PROVIDE THE PERSON FORECLOSING ON THE PROPERTY, THE SHERIFF, AND THE COUNTY RECORDER WITH A COPY OF THE LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DES-**

IGNATED BY TEN BUSINESS DAYS BEFORE THE DATE THE PROPERTY IS TO BE SOLD."

(b) The following notice must be served with the summons and complaint in an action to foreclose a mortgage of property containing a homestead under chapter 581. The notice must be in 10 point capitalized letters.

"PART OF THE PROPERTY TO BE SOLD CONTAINS YOUR HOUSE. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.

YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND UP TO 80 ACRES OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREASONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.

YOU MUST PROVIDE THE COURT WITH A LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED."

Subd. 3. [DESIGNATION OF HOMESTEAD PROPERTY.] The mortgagor must designate a legal description of the homestead property to be sold separately. The homestead property designated may include any amount of the property. The designation must conform to local zoning, include the dwelling occupied by the mortgagor, and be compact so that it does not unreasonably affect the value of the remaining property. The mortgagor must serve a copy of the designation on the foreclosing mortgagee, the sheriff, and the county recorder by ten business days before the sale is scheduled, or for a foreclosure by action under chapter 581, a copy of the designation must be provided to the court.

Subd. 4. [SALE OF PROPERTY.] If the sheriff receives a homestead property designation under subdivision 3, or is ordered by the court, the sheriff must offer and sell the designated homestead property, and the remaining property, separately.

Subd. 5. [REDEMPTION.] The mortgagor may redeem the designated homestead, the remaining property, or the entire property including the homestead. The period of redemption is the period for the entire property including the designated homestead.

#### Sec. 4. [REPEALER.]

Minnesota Statutes 1984, section 582.04, is repealed. Section 2 is repealed effective August 30, 1987.

#### Sec. 5. [EFFECTIVE DATE.]

This article is effective the day after final enactment and applies to all foreclosures or executions on real property that have foreclosure notices or summons and complaint served on the mortgagor or execution notices served on the debtor on or after the effective date.

### ARTICLE 3

#### FAMILY FARM LEGAL ASSISTANCE PROGRAM

Section 1. [480.250] [ADMINISTRATION OF FAMILY FARM LEGAL ASSISTANCE PROGRAM.]

*Subdivision 1. [CONTRACT AND ADMINISTRATION.] The supreme court shall contract with one or more established nonprofit corporations to provide a family farmer legal assistance program for financially distressed state farmers by 60 days after funding is available. The family farmer legal assistance must be directed at farm financial problems, including, but not limited to, bankruptcy, discharge of debt, general debtor-creditor relations, and tax considerations. The supreme court may delegate responsibility for administering funds under the contract to the advisory committee established under section 480.242, subdivision 1.*

*Subd. 2. [LEGAL ASSISTANCE PROVIDER.] The supreme court may contract only with a legal assistance provider that:*

*(1) is established as a nonprofit corporation under chapter 317 and tax exempt under section 501(c)(3) of the Internal Revenue Code as amended through December 31, 1985;*

*(2) is organized principally to provide legal assistance;*

*(3) has a proven record of delivery of effective, high quality legal assistance;*

*(4) has experience and demonstrated expertise in addressing legal issues affecting financially distressed family farmers;*

*(5) can begin providing delivery of legal assistance to financially distressed farmers within 30 days after the contract is awarded; and*

*(6) can provide legal assistance to farmers throughout the state.*

*Subd. 3. [DISTRIBUTION OF FUNDS; LIMITATIONS.] (a) None of the funds distributed to recipients selected in accordance with the provisions of this section may be used for activities promoting nonjudicial changes in the law. Actions precluded include:*

*(1) appearance before legislative or administrative rulemaking bodies for the purpose of promoting changes in existing law, unless the appearance is requested by a member of that body; and*

*(2) preparation or assisting in the preparation of written statements promoting changes in existing law intended to be entered into the record of a legislative or rulemaking procedure.*

*(b) The preceding restrictions limit only those activities for which contract funding is received and in no way limit the activities of any attorney acting in a pro bono capacity.*

## **Sec. 2. [480.252] [FAMILY FARM LEGAL ASSISTANCE PROGRAM.]**

*Subdivision 1. [REQUIREMENTS.] The family farmer legal support program shall provide:*

*(1) legal backup and research support to attorneys throughout the state who represent financially distressed farmers;*

*(2) direct legal advice and representation to eligible farmers in the most effective and efficient manner, giving special emphasis to enforcement of legal rights affecting large numbers of farmers;*



(3) legal information to individual farmers;

(4) general farm related legal education and training to farmers, private attorneys, legal services staff, and the public;

(5) an incoming, statewide, toll free telephone line to provide the advice and referral requirements in this subdivision; and

(6) legal advice and representation to farmers and small business operators whose loans are currently held by the Federal Deposit Insurance Corporation.

*Subd. 2. [PRIORITIES.] In meeting the requirements of subdivision 1, recipients of funds under the family farm legal support program shall adhere to the following priorities:*

(1) provide legal services to eligible persons whose bank loans are held by the Federal Deposit Insurance Corporation;

(2) provide basic legal information relating to liquidation of farm property, farm credit, farm foreclosure, repossession of farm assets, restructuring of farm debt and other farm financial problems upon request by farmers, state and local officials, and state-supported farm management advisors;

(3) represent and provide advice to individual eligible farmers in pursuit of legal remedies relating to liquidation of farm property, farm credit, farm foreclosure, repossession of farm assets, restructuring of farm debt, and other farm financial problems; and

(4) provide legal backup and research support to private attorneys who are representing farmers in matters relating to liquidation of farm property, farm credit, farm foreclosure, repossession of farm assets, restructuring of farm debt, and other farm financial problems.

*Subd. 3. [REPORT.] The legal assistance provider shall submit a report to the supreme court each six months during the contract period demonstrating that the requirements in subdivision 1 have been met.*

*Subd. 4. [TERMINATION.] A contract under sections 1 to 4 may be terminated by the supreme court, or denied for renewal, upon reasonable written notice and good cause shown. A contract under sections 1 to 4 must be terminated if funds are used in a manner inconsistent with section 1.*

**Sec. 3. [480.254] [LEGAL ASSISTANCE ELIGIBILITY.]**

(a) A person is eligible for legal assistance under section 2 if the person:

(1) is a state resident;

(2) is or has been a farmer, or a family shareholder of a family farm corporation within the preceding 24 months;

(3) has a debt-to-asset ratio greater than 50 percent;

(4) has a reportable federal adjusted gross income of \$15,000 or less in the previous tax year; and

(5) is financially unable to retain legal representation.

(b) Qualifying farmers and small business operators whose bank loans are held by the Federal Deposit Insurance Corporation are eligible for legal

assistance under section 2.

Sec. 4. [480.256] [ANNUAL REPORT.]

*A legal assistance provider shall submit a report to the supreme court, the senate committee on agriculture and natural resources, and the agriculture committee of the house of representatives by January 15 after each year of funding. The report must describe the activities and expenses under the contract during the previous calendar year and a summary of additional legal representation needed by distressed family farmers.*

Sec. 5. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

ARTICLE 4

INTERSTATE COMPACT ON AGRICULTURAL  
GRAIN MARKETING

Section 1. [236A.01] [INTERSTATE COMPACT ON AGRICULTURAL GRAIN MARKETING.]

*The state of Minnesota ratifies and approves the following compact:*

*Interstate Compact on Agricultural*

*Grain Marketing*

*Article I. - Purpose*

*It is the purpose of this compact to protect, preserve, and enhance:*

*(a) the economic and general welfare of citizens of the joining states engaged in the production and sale of agricultural grains;*

*(b) the economies and very existence of local communities in such states, the economies of which are dependent upon the production and sale of agricultural grains; and*

*(c) the continued production of agricultural grains in such states in quantities necessary to feed the increasing population of the United States and the world.*

*Article II. - Definitions*

*As used in this compact:*

*(a) "State" means any state of the United States in which agricultural grains are produced for the markets of the nation and world.*

*(b) "Agricultural grains" means wheat, durum, spelt, triticale, oats, rye, corn, barley, buckwheat, flaxseed, safflower, sunflower seed, soybeans, sorghum grains, peas, and beans.*

*Article III. - Commission*

*(a) Organization and Management*

*(1) There is hereby created an agency of the member states to be known as the Interstate Agricultural Grain Marketing Commission, hereinafter called the commission. The commission shall consist of three residents of each*

member state who shall have an agricultural background and who shall be appointed as follows: (i) one member appointed by the governor, who shall serve at the pleasure of the governor; (ii) one senator appointed in the manner prescribed by the senate of such state, except that two senators may be appointed by the Governor of the State of Nebraska from the unicameral legislature of the state of Nebraska; and (iii) one member of the house of representatives appointed in the manner prescribed by the house of representatives of such state.

The member first appointed by the governor shall serve for a term of one year and the senator and representative first appointed shall each serve for a term of two years; thereafter all members appointed shall serve for two-year terms. The attorneys general of member states or assistants designated thereby shall be nonvoting members of the commission.

(2) Each member shall be entitled to one vote. A member must be present to vote and no voting by proxy shall be permitted. The commission shall not act unless a majority of the voting members are present, and no action shall be binding unless approved by a majority of the total number of voting members present.

(3) The commission shall be a body corporate of each member state and shall adopt an official seal to be used as it may provide.

(4) The commission shall hold an annual meeting and such other regular meetings as its bylaws may provide and such special meetings as its executive committee may determine. The commission bylaws shall specify the dates of the annual and any other regular meetings, and shall provide for the giving of notice of annual, regular, and special meetings. Notices of special meetings shall include the reasons therefor and an agenda of the items to be considered.

(5) The commission shall elect annually, from among its voting members, a chairperson, a vice-chairperson, and a treasurer. The commission shall appoint an executive director who shall serve at its pleasure, and shall fix the duties and compensation of such director. The executive director shall be secretary of the commission. The commission shall make provision for the bonding of such of its officers and employees as it may deem appropriate.

(6) Irrespective of the civil service, personnel, or other merit system laws of any member state, the executive director shall appoint or discharge such personnel as may be necessary for the performance of the functions of the commission and shall fix, with the approval of the commission, their duties and compensation. The commission bylaws shall provide for personnel policies and programs. The commission may establish and maintain, independently of or in conjunction with any one or more of the member states, a suitable retirement system for its full-time employees. Employees of the commission shall be eligible for social security coverage in respect of old age and survivors insurance provided that the commission takes such steps as may be necessary pursuant to federal law to participate in such program of insurance as a governmental agency or unit. The commission may establish and maintain or participate in such additional programs of employee benefits as may be appropriate. The commission may borrow, accept, or contract for the services of personnel from any state, the United States, or any other governmental entity.

(7) *The commission may accept for any of its purposes and functions any and all donations and grants of money, equipment, supplies, materials, and services, conditional or otherwise, from any governmental entity, and may utilize and dispose of the same.*

(8) *The commission may establish one or more offices for the transacting of its business.*

(9) *The commission shall adopt bylaws for the conduct of its business. The commission shall publish its bylaws in convenient form, and shall file a copy of the bylaws and any amendments thereto with the appropriate agency or officer in each of the member states.*

(10) *The commission annually shall make to the governor and legislature of each member state a report covering its activities for the preceding year. Any donation or grant accepted by the commission or services borrowed shall be reported in the annual report of the commission, and shall include the nature, amount, and conditions, if any, of the donation, gift, grant, or services borrowed and the identity of the donor or lender. The commission may make additional reports as it may deem desirable.*

#### *(b) Committees*

(1) *The commission may establish such committees from its membership as its bylaws may provide for the carrying out of its functions.*

#### *Article IV. - Powers and Duties of Commission*

(a) *The commission shall conduct comprehensive and continuing studies and investigations of agricultural grain marketing practices, procedures, and controls and their relationship to and effect upon the citizens and economies of the member states.*

(b) *The commission shall make recommendations for the correction of weaknesses and solutions to problems in the present system of agricultural grain marketing or the development of alternatives thereto, including the development, drafting, and recommendation of proposed state or federal legislation.*

(c) *The commission is hereby authorized to do all things necessary and incidental to the administration of its functions under this compact.*

#### *Article V. - Finance*

(a) *The commission shall submit to the governor of each member state a budget of its estimated expenditures for such period as may be required by the laws of that state for presentation to the legislature thereof.*

(b) *The money necessary to finance the general operations of the commission not otherwise provided for in carrying forth its duties, responsibilities, and powers as stated herein shall be appropriated to the commission by the member states, when authorized by the respective legislatures. Appropriations by member states for the financing of the operations of the commission in the initial biennium of the compact shall be in the amount of \$50,000 for each member state; thereafter the total amount of appropriations requested shall be apportioned among the member states in the manner determined by the commission. Failure of a member state to provide its share of financing shall be cause for the state to lose its membership in the compact.*

(c) *The commission shall not incur any obligations of any kind prior to the making of appropriations adequate to meet the same; nor shall the commission pledge the credit of any of the member states, except by and with the authority of the member state.*

(d) *The commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the audit and accounting procedures established under its bylaws. However, all receipts and disbursements of funds handled by the commission shall be audited yearly by a certified or licensed public accountant and the report of the audit shall be included in and become part of the annual report of the commission.*

(e) *The accounts of the commission shall be open for inspection at any reasonable time.*

Article VI. - Eligible Parties, Entry  
Into Force, Withdrawal and Termination

(a) *Any agricultural grain marketing state may become a member of this compact.*

(b) *This compact shall become effective initially when enacted into law by any five states prior to July 1, 1988, and in additional states upon their enactment of the same into law.*

(c) *Any member state may withdraw from this compact by enacting a statute repealing the compact, but such withdrawal shall not become effective until one year after the enactment of such statute and the notification of the commission thereof by the governor of the withdrawing state. A withdrawing state shall be liable for any obligations which it incurred on account of its membership up to the effective date of withdrawal, and if the withdrawing state has specifically undertaken or committed itself to any performance of an obligation extending beyond the effective date of withdrawal, it shall remain liable to the extent of such obligation.*

(d) *This compact shall terminate one year after the notification of withdrawal by the governor of any member state which reduces the total membership in the compact to less than five states.*

Sec. 2. [EFFECTIVE DATE.]

*This article is effective the day after final enactment.*

ARTICLE 5

ASSET EXEMPTION

Section 1. Minnesota Statutes 1985 Supplement, section 256.73, subdivision 2, is amended to read:

Subd. 2. [ALLOWANCE BARRED BY OWNERSHIP OF PROPERTY.] Ownership by an assistance unit of property as follows is a bar to any allowance under sections 256.72 to 256.87:

(1) The value of real property other than the homestead, which when combined with other assets exceeds the limits of paragraph (2), unless the assistance unit is making a good faith effort to sell the nonexcludable real property. The time period for disposal must not exceed nine months and the assistance unit shall execute an agreement to dispose of the property to repay

assistance received during the nine months up to the amount of the net sale proceeds. The payment must be made when the property is sold. If the property is not sold within the required time or the assistance unit becomes ineligible for any reason the entire amount received during the nine months is an overpayment and subject to recovery. For the purposes of this section "homestead" means the house owned and occupied by the child, relative or other member of the assistance unit as his dwelling place, together with the land upon which it is situated in an area no greater than two contiguous lots in a platted or laid out city or town or ~~80~~ all contiguous acres in rural areas; or

(2) Personal property of an equity value in excess of \$1,000 for the entire assistance unit, exclusive of personal property used as the home, one motor vehicle of an equity value not exceeding \$1,500, one burial plot for each member of the assistance unit, one prepaid burial contract with an equity value of no more than \$1,000 for each member of the assistance unit, clothing and necessary household furniture and equipment and other basic maintenance items essential for daily living, in accordance with rules promulgated by and standards established by the commissioner of human services.

#### Sec. 2. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

### ARTICLE 6

#### MINNESOTA RURAL FINANCE ADMINISTRATION

##### Section 1. [41B.01] [CITATION; PURPOSE.]

*Subdivision 1. [CITATION.] This article shall be known as and may be cited as the "Minnesota rural finance administration act of 1986."*

*Subd. 2. [PURPOSE.] This article creates and establishes the Minnesota rural finance administration and establishes a program under which state bonds are authorized to be issued and proceeds of their sale are appropriated under the authority of article XI, section 5, clause (h) of the Minnesota Constitution, to develop the state's agricultural resources by extending credit on real estate security. The purpose of the program and of the bonds issued to finance or provide security for the program is to purchase participation interests in loans to be made available by agricultural lenders to farmers in order to restructure existing debt and to make available additional credit to farmers who own or purchase agricultural properties on terms and conditions not otherwise available from other credit sources. It is hereby found and declared that there presently exist in the state economic conditions which have severely adversely affected the economic viability of farms to the detriment of the rural economy and to the detriment of the economy of the state of Minnesota as a whole. It is further found and declared that as a result of public agricultural policies, agricultural market conditions, and other causes, the condition of the farm economy of the state of Minnesota is such as to jeopardize the continued existence and successful operation of farms in this state, necessitating the establishment of the program in this article to provide new sources of credit on favorable terms and conditions. It is further found and declared that providing credit for farmers on favorable terms and conditions will serve and promote the public welfare by assuring the viability of farm operations, by preventing erosion of the tax base in rural areas, by reducing foreclosures on farm property, and by enhancing the*

*financial stability of farmers and of the businesses which depend on farmers as customers. It is further found and declared that in establishing a Minnesota rural finance administration and in authorizing the programs in this article, the legislature is acting in all respects for the benefit of the people of the state of Minnesota to serve the public purpose of improving and otherwise promoting their health, welfare, and prosperity and that the Minnesota rural finance administration, as created and established, is empowered to act on behalf of the people of the state of Minnesota in serving this public purpose for the benefit of the general public.*

**Sec. 2. [41B.02] [DEFINITIONS.]**

*Subdivision 1. [SCOPE.] For the purposes of this article the terms defined in this section have the meanings given them.*

*Subd. 2. [ADMINISTRATION.] "Administration" means the Minnesota rural finance administration created in section 3.*

*Subd. 3. [FARM.] "Farm" means a family farm as defined in section 500.24, located in Minnesota.*

*Subd. 4. [ELIGIBLE AGRICULTURAL LENDER; ELIGIBLE LENDER.] "Eligible agricultural lender" or "eligible lender" means an entity of the kind described in section 5, subdivision 6, which enters into an agreement with the administration providing for the purchase by the administration of participation interests in eligible agricultural loans originated and serviced by the qualified agricultural lender.*

*Subd. 5. [ELIGIBLE BORROWER.] "Eligible borrower" means a borrower who meets the eligibility criteria in section 3.*

*Subd. 6. [QUALIFIED AGRICULTURAL LOAN.] "Qualified agricultural loan" means a loan to an eligible borrower made by an eligible agricultural lender which the administration purchases or in which the administration purchases a participation interest.*

*Subd. 7. [BONDS.] "Bonds" means bonds, notes, or other obligations issued by the administration. For the purposes of section 19, "bonds" also includes bonds or other obligations issued by the state.*

*Subd. 8. [SECURITY ACCOUNT.] "Security account" means the rural finance administration security account established in section 19, subdivision 5.*

*Subd. 9. [PRIMARY PRINCIPAL.] "Primary principal" means that portion of the principal outstanding on a loan covered by this article that is equal to the current market value of the property secured by the loan.*

*Subd. 10. [SECONDARY PRINCIPAL.] "Secondary principal" means that portion of the principal outstanding on a loan covered by this article that is in excess of the current market value of the property secured by the loan.*

*Subd. 11. [BASIC INTEREST.] "Basic interest" means that part of interest on primary principal that is payable annually.*

*Subd. 12. [DEFERRED INTEREST.] "Deferred interest" means that portion of the interest on primary principal and secondary principal the payment of which is deferred for the term of the loan. The deferred interest*

on primary principal may accrue at a different rate from the deferred interest on secondary principal as described in section 5.

Subd. 13. [CURRENT MARKET VALUE.] "Current market value" means the value determined by an appraisal considering comparable sales in the area where the real estate is located and the reasonable productive value of the property based on past production history. The state and the eligible agricultural lender must mutually agree on the current market value.

Subd. 14. [BORROWER.] "Borrower" means the person or persons liable on a restructured note.

Subd. 15. [ORIGINAL LOAN.] "Original loan" means a loan prior to restructuring.

Subd. 16. [RESTRUCTURED LOAN.] "Restructured loan" means a loan after it is modified pursuant to section 5.

Subd. 17. [MARKET RATE.] "Market rate" means an interest rate based on a formula established in rule and certified each month by the commissioner of finance.

### Sec. 3. [41B.03] [BORROWER ELIGIBILITY CRITERIA.]

To be eligible for a program in this article:

(a) A borrower must be a resident of Minnesota or a domestic family farm corporation, as defined in section 500.24, subdivision 2.

(b) The borrower or one of the borrowers must be the principal operator of the farm.

(c) The borrower or one of the borrowers must have received at least 50 percent of his or her annual gross income from farming, and farming must be the principal occupation of the borrower.

(d) The borrower must have a debt to asset ratio equal to or greater than 50 percent. In determining this ratio, the assets must be determined by the current market value of the assets.

(e) The borrower's projected annual expenses, including operating expenses, family living, and interest expenses after the restructuring, must not exceed 95 percent of the borrower's projected annual income considering prior production history and projected prices for farm production.

(f) The borrower must be unable to meet projected annual expenses without restructuring the loan.

(g) The borrower must not previously have received restructuring assistance pursuant to this article.

### Sec. 4. [41B.035] [RURAL FINANCE ADMINISTRATION.]

Subdivision 1. [ESTABLISHMENT.] There is created a public body corporate and politic to be known as the "Minnesota rural finance administration," which shall perform the governmental functions and exercise the sovereign powers delegated to it in this article in furtherance of the public policies and purposes declared in section 1. The board of the administration consists of the commissioners of agriculture, commerce, and finance, the state auditor, and three public members appointed by the governor with the



*advice and consent of the senate. No public member may reside within the metropolitan area, as defined in section 473.02, subdivision 5. Each member shall hold office until a successor has been appointed and has qualified. A certificate of appointment or reappointment of any member is conclusive evidence of the proper appointment of the member.*

*Subd. 2. [TERMS; COMPENSATION; REMOVAL; VACANCIES.] The membership terms, compensation, removal of members, and filling of vacancies for the public members of the administration are as provided in section 15.0575.*

*Subd. 3. [CHAIRPERSON.] The commissioner of finance is the chairperson of the board. The commissioner of agriculture is the vice-chairperson of the board.*

*Subd. 4. [MANAGEMENT AND CONTROL.] The management and control of the administration is vested solely in the board in accordance with this article.*

*Subd. 5. [BOARD ACTIONS.] The powers of the board are vested in the members in office from time to time. A majority of the members of the board, excluding vacancies, constitutes a quorum for the purpose of conducting its business and exercising its powers and for all other purposes. Action may be taken by the board upon a vote of a majority of a quorum present.*

*Subd. 6. [ADMINISTRATIVE CONTROL.] The administration is under the administrative control of the commissioner of finance.*

*Subd. 7. [PERSONAL LIABILITY.] The members and officers of the administration are not liable personally, either jointly or severally, for any debt or obligation created or incurred by the administration.*

#### **Sec. 5. [LOAN RESTRUCTURING PROGRAM.]**

*Subdivision 1. [RESTRUCTURING AUTHORITY.] The administration may enter into agreements or programs with eligible agricultural lenders for the restructuring of mortgage loans on real property located in Minnesota which is farmed by Minnesota residents, on such terms and conditions as the administration determines are not inconsistent with this article. This section governs the programs of the administration.*

*Subd. 2. [IMPLEMENTATION OF PROGRAM.] The administration may implement a program to restructure agricultural loans and to purchase loan participation interests in qualified restructuring loans made by eligible agricultural lenders to eligible borrowers. Each such purchase shall be made only upon determination by or on behalf of the administration that the loan is a qualified restructuring loan as provided in this section.*

*Subd. 3. [CRITERIA.] Loans must comply with the following criteria:*

*(a) Each loan must be for the purpose of developing the state's agricultural resources and must be an extension of credit on real estate security. The loan may be secured by eligible security in addition to real estate. The security interests granted by the eligible borrower must be senior and prior to any other security interest in the pledged assets.*

*(b) No loan may be made to finance activities of the borrower which are not an agricultural use as defined in section 40A.02, subdivision 3.*

(c) A participation interest in a restructuring loan may be purchased by the administration only if the eligible agricultural lender has determined and has certified to the administration that the borrower is an eligible borrower who has the reasonable ability to make timely payment of principal and interest on the loan when due over the term of the loan. The eligible agricultural lender shall further certify to the administration that the loan is a qualified agricultural loan.

Subd. 4. [PROGRAM AVAILABILITY.] The administration shall exercise its best efforts to assure that credit made available through the loan restructuring program is made available throughout the agricultural areas of the state, and that the number or amount of loans are not unduly concentrated in any one area of the state.

Subd. 5. [BENEFITS.] The administration shall exercise its best efforts to assure that the program provides the maximum feasible benefits to as many eligible borrowers as is reasonably possible.

Subd. 6. [TYPES OF LENDERS.] Any bank, credit union, savings and loan association chartered by the state or federal government, unit of the farm credit system, the federal deposit insurance corporation, the federal savings and loan insurance corporation, and any insurance company, fund, or other financial institution doing business as an agricultural lender within the state is eligible for consideration as an eligible agricultural lender if the administration determines that the lender has sufficient personnel and other resources to efficiently and properly originate and service the qualified agricultural loans. Each such eligible agricultural lender shall enter into one or more agreements with the administration providing for the origination and servicing of qualified restructuring loans on the terms and conditions the administration determines to be appropriate.

Subd. 7. [RESTRUCTURING PROCEDURE.] The eligible agricultural lender or borrower shall propose restructuring a loan to the administration. Within 30 days of receiving adequate information concerning a proposal, the administration and the eligible lender shall notify the borrower of their determination of eligibility. An eligible agricultural lender shall then expeditiously conduct necessary appraisals and draft the loan restructuring agreement which must be consistent with this section and documents previously approved by the administration and eligible lenders. The loan restructuring agreement must be approved by the eligible lender, the administration, and the borrower.

An eligible borrower may participate in the restructured loan or the homestead redemption loan, but not both loans.

Subd. 8. [STATE'S PARTICIPATION.] With respect to loans that are eligible for restructuring under this article and upon acceptance by the administration, the administration shall enter into a participation agreement or other financial arrangement whereby it shall participate in a restructured loan to the extent of one quarter of the primary principal or \$50,000, whichever is less, except that the administration may participate in restructured loans made for the redemption of homesteads to the extent of one-half of the primary principal or \$25,000, whichever is less. The administration's portion of the loan must thereafter be protected by the first mortgage held by the eligible lender to the extent of its participation in the loan.

*Subd. 9. [RESTRUCTURED LOAN AGREEMENT.] (a) All payments on the primary and secondary principal of the restructured loan, all payments of interest on the secondary principal, and an agreed portion of the interest payable to the eligible agricultural lender on the primary principal must be deferred to the end of the term of the loan.*

*(b) A borrower may prepay the restructured loan, with all primary and secondary principal and interest and deferred interest at any time without prepayment penalty.*

*(c) Interest on secondary principal must accrue at a below market interest rate.*

*(d) At the conclusion of the term of the restructured loan, the borrower owes primary principal, secondary principal, and deferred interest on primary and secondary principal. However, part of this balloon payment may be forgiven following an appraisal by the lender and the administration to determine the current market value of the real estate subject to the mortgage. If the current market value of the land after appraisal is less than the amount of debt owed by the borrower to the lender and administration on this obligation, that portion of the obligation that exceeds the current market value of the real property must be forgiven by the lender and the administration in the following order:*

*(1) deferred interest on secondary principal;*

*(2) secondary principal;*

*(3) deferred interest on primary principal;*

*(4) primary principal as provided in an agreement between the administration and the lender; and*

*(5) accrued but not deferred interest on primary principal.*

*The debt forgiveness may be combined with a renegotiated loan on the unforgiven balance due if the borrower is able to establish that there are reasonable prospects of repayment on a debt equal to the current market value of real estate at then existing interest rates. If so, the loan must be reamortized on terms and conditions acceptable to the lender, the administration, and the farmer.*

*Subd. 10. [INTEREST RATE.] The interest rate per annum on the portion of the restructuring loan represented by the participation interest purchased by the administration must be that rate of interest determined by the administration to be necessary to provide for the timely payment of principal and interest when due on bonds or other obligations issued by the administration, and to provide for the reasonable and necessary costs of issuing, carrying, administering, and securing the bonds or notes and to pay the costs incurred and to be incurred by the administration in the implementation of the program. The interest rate per annum borne by the primary principal portion of the restructuring loan retained by the eligible agricultural lender must be a rate of interest approved by the administration. The administration may specify the points, fees, and other charges which the eligible agricultural lender may charge to the eligible borrower.*

*Subd. 11. [ADMINISTRATION.] The eligible lender shall administer the*

loans and shall bear all costs of the loan administration. Ordinary costs of administration include appraisals, litigation, abstracts of title, and similar costs. The administration agrees to share in any other responsibilities common to a loan participation agreement.

*Subd. 12. [ASSIGNABILITY.]* Loans restructured under this section may not be assigned to anyone other than a direct descendant of the original borrower and the assignee must intend to engage in the direct operation and management of the farm which is subject to the mortgage. If such an assignment is contemplated, the borrower must obtain prior written approval of the eligible lender and the administration and the assignee shall thereafter be subject to the same terms and conditions and events of default as the original borrower. If assigned to some other party, the eligible agricultural lender may exercise its foreclosure remedies as provided by its contracts and by law.

*Subd. 13. [DEFAULT.]* In addition to default caused by nonpayment of the basic interest on the primary principal, it is intended that the documents establishing the restructured loans will include the following conditions, which, if violated, constitute default.

(a) The borrower must submit an annual operating budget to the eligible agricultural lender at a time specified by the lender.

(b) The borrower must submit quarterly, semiannual, and annual financial statements which must include balance sheets and income and expense records maintained pursuant to an acceptable farm record system as specified by the eligible agricultural lender.

(c) The borrower must comply with capital expenditure limitations imposed by the eligible agricultural lender.

(d) The borrower must obtain an annual commitment for an operating loan or assured sources of operating expenses sufficient to adequately operate the farm.

(e) The eligible agricultural lender may impose other reasonable requirements to reduce overall risk such as requiring purchase of crop insurance.

The lender may not waive any default specified in this subdivision without the consent of the administration.

*Subd. 14. [GUARANTEED PAYMENT.]* The administration may enter into agreements with qualified agricultural lenders, insurance companies, or others insuring or guaranteeing to the state the payment of all or a portion of qualified agricultural loans.

*Subd. 15. [ADVANCE RESERVATIONS.]* The administration may enter into agreements with eligible agricultural lenders providing for advance reservations of purchases of participation interests in restructuring loans, if the agreements provide that the administration may only purchase participation interests in restructuring loans pursuant to normal procedure. The administration may provide in an agreement for special procedures or requirements designed to meet specific conditions or requirements.

*Subd. 16. [DATA PRIVACY.]* Financial information, including but not limited to credit reports, financial statements, and net worth calculations,

received or prepared by the administration regarding any administration loan or grant and the name of each individual who is the recipient of a loan are private data on individuals, pursuant to section 13.02, subdivision 12.

Sec. 6. [41B.05] [GENERAL POWERS OF THE ADMINISTRATION.]

For the purpose of exercising the specific powers granted in section 5 and effectuating the other purposes of this article the administration has the general powers granted in this section.

- (a) It may sue and be sued.
- (b) It may have a seal and alter the seal.
- (c) It may make, and from time to time, amend and repeal rules consistent with this article.
- (d) It may acquire, hold, and dispose of personal property for its corporate purposes.
- (e) It may enter into agreements, contracts, or other transactions with any federal or state agency, any person and any domestic or foreign partnership, corporation, association, or organization, including contracts or agreements for administration and implementation of all or part of this article.
- (f) It may acquire real property, or an interest therein, in its own name, by purchase or foreclosure, where such acquisition is necessary or appropriate.
- (g) It may provide general technical services related to rural finance.
- (h) It may provide general consultative assistance services related to rural finance, and shall make available technical assistance to potential lenders and applicants to encourage applications for loans.
- (i) It may promote research and development in matters related to rural finance.
- (j) It may enter into agreements with lenders, borrowers, or the issuers of securities for the purpose of regulating the development and management of farms financed in whole or in part by the proceeds of qualified agricultural loans.
- (k) It may enter into agreements with other appropriate federal, state, or local governmental units to foster rural finance. It may give advance reservations of loan financing as part of the agreements, with the understanding that the administration will only approve the loans pursuant to normal procedures, and may adopt special procedures designed to meet problems inherent in such programs.
- (l) It may undertake and carry out studies and analyses of rural financing needs within the state and ways of meeting such needs including: data with respect to geographical distribution; farm size; the distribution of farm credit needs according to debt ratios and similar factors; the amount and quality of available financing and its distribution according to factors affecting rural financing needs and the meeting thereof; and may make the results of such studies and analyses available to the public and may engage in research and disseminate information on rural finance.
- (m) It may survey and investigate the rural financing needs throughout the

state and make recommendations to the governor and the legislature as to legislation and other measures necessary or advisable to alleviate any existing shortage in the state.

(n) It may establish cooperative relationships with such county and multi-county authorities as may be established and may develop priorities for the utilization of administration resources and assistance within a region in cooperation with county and multicounty authorities.

(o) It may contract with, use, or employ any federal, state, regional, or local public or private agency or organization, legal counsel, financial advisors, investment bankers or others, upon terms it deems necessary or desirable, to assist in the exercise of any of the powers granted in this article and to carry out the objectives of this article and may pay for the services from administration funds.

(p) It may establish cooperative relationships with counties to develop priorities for the use of administration resources and assistance within counties and to consider county plans and programs in the process of setting the priorities.

#### Sec. 7. [41B.07] [RULES.]

The administration may adopt rules for the efficient administration of this article. The rules need not be adopted in compliance with chapter 14.

#### Sec. 8. [41B.08] [REVENUE BONDS; PURPOSES, TERMS, APPROVAL.]

*Subdivision 1. [BONDS FOR PROGRAM.] The administration from time to time may issue its negotiable bonds in a principal amount which, in the opinion of the administration, is necessary to provide sufficient funds for achieving its purposes including the making of qualified agricultural loans or the purchase of interests in those loans, the payment of interest on bonds of the administration, the establishment of reserves to secure the bonds, and the payment of all other expenditures of the administration incident to and necessary or convenient to carry out its corporate purposes and powers. Bonds of the administration may be issued as bonds or notes or in any other form authorized by law.*

*Subd. 2. [REFUNDING OF BONDS.] The administration from time to time may issue bonds for the purpose of refunding any bonds of the administration then outstanding, including the payment of any redemption premiums thereon and any interest accrued or to accrue to the redemption date next succeeding the date of delivery of those refunding bonds. The proceeds of any refunding bonds may, in the discretion of the administration, be applied to the purchase or payment at maturity of the bonds to be refunded, or to the redemption of such outstanding bonds on the redemption date next succeeding the date of delivery of such refunding bonds and may, pending such application, be placed in escrow to be applied to such purchase, retirement, or redemption. Any such escrowed proceeds, pending such use, may be invested and reinvested in obligations issued or guaranteed by the state or the United States or by any agency or instrumentality thereof, or in certificates of deposit or time deposits secured in a manner determined by the administration, maturing at a time or times appropriate to assure the prompt payment of the principal of and interest and redemption premiums, if any, on*

*the bonds to be refunded. The income earned or realized on any such investment may also be applied to the payment of the bonds to be refunded. After the terms of the escrow have been fully satisfied, any balance of such proceeds and any investment income may be returned to the administration for use by it in any lawful manner. All refunding bonds issued under the provisions of this subdivision must be issued and secured in the manner provided by resolution of the administration.*

*Subd. 3. [KIND OF BONDS.] All bonds issued under this section must be negotiable investment securities within the meaning and for all purposes of the uniform commercial code, subject only to any provisions of the bonds and notes for registration. All bonds so issued may be either general obligations of the administration, secured by its full faith and credit, and payable out of any money, assets, or revenues of the administration, subject to the provisions of resolutions or indentures pledging and appropriating particular money, assets, or revenues to particular bonds, or limited obligations of the administration not secured by its full faith and credit, and payable solely from specified sources or assets.*

*Subd. 4. [REQUIRED RATING.] No bonds may be issued unless a rating of "A" or better has been awarded to the bonds by a national bond rating agency.*

**Sec. 9. [41B.09] [REVENUE BONDS; RESOLUTIONS AUTHORIZING, ADDITIONAL TERMS, SALE.]**

*The bonds of the administration must be authorized by a resolution or resolutions adopted by the administration, bear such date or dates, mature at such time or times, bear interest at such rate or rates, be in such denominations, be in such form, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States, at such place or places within or without the state, and be subject to such terms of redemption or purchase prior to maturity as the resolutions or certificates may provide. If, for any reason, whether existing at the date of issue of any bonds or at the date of making or purchasing any loan or securities from the proceeds or after that date, the interest on any bonds is or becomes subject to federal income taxation, this shall not impair or affect the validity or the provisions made for the security of the bonds. The administration may make covenants and take or cause to be taken actions which are in its judgment necessary or desirable and possible to comply with conditions established by federal law or regulations for the exemption of interest on its obligations. The administration may refrain from compliance with those conditions if in its judgment this would serve the purposes and policies set forth in this article with respect to any particular issue of bonds, unless this would violate covenants made by the administration. The bonds of the administration may be sold at public or private sale at a price or prices determined by the administration. The underwriting discount, spread, or commission paid or allowed to the underwriters of the bonds, however, must be an amount not in excess of the amount determined by the administration to be reasonable in the light of the risk assumed and the expenses of issuance, if any, required to be paid by the underwriters.*

**Sec. 10. [41B.10] [REVENUE BONDS; OPTIONAL RESOLUTION AND CONTRACT PROVISIONS.]**

*Any resolution authorizing any bonds or any issue of bonds may contain provisions, which must be a part of the contract with the holders of the bonds, as to the matters referred to in this section.*

*(a) It may pledge or create a lien on all or any part of the money or property of the administration and any money held in trust or otherwise by others to secure the payment of the bonds or of any issue of bonds, subject to any agreements with bondholders which exist.*

*(b) It may provide for the custody, collection, securing, investment, and payment of any money of the administration.*

*(c) It may set aside reserves or sinking funds and provide for their regulation and disposition and may create other special funds into which any money of the administration may be deposited.*

*(d) It may limit the loans and securities to which the proceeds of sale of bonds may be applied and may pledge repayments thereon to secure the payment of the notes or bonds or of any issue of notes or bonds.*

*(e) It may limit the issuance of additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding or other bonds.*

*(f) It may prescribe the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent to the amendment or abrogation, and the manner in which that consent may be given.*

*(g) It may vest in a trustee or trustees property, rights, powers, and duties in trust determined by the administration, which may include any or all of the rights, powers, and duties of the bondholders, or may limit the rights, powers, and duties of the trustee.*

*(h) It may define the acts or omissions to act which constitute a default in the obligations and duties of the administration and may provide for the rights and remedies of the holders of bonds in the event of a default, and provide any other matters of like or different character, consistent with the general laws of the state and other provisions of this article, which in any way affect the security or protection of the bonds and the rights of the bondholders.*

#### Sec. 11. [41B:11] [PLEDGES.]

*Any pledge made by the administration is valid and binding from the time the pledge is made. The money or property pledged and later received by the administration is immediately subject to the lien of the pledge without any physical delivery of the property or money or further act, and the lien of any pledge is valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the administration, whether or not those parties have notice of the lien or pledge. Neither the resolution nor any other instrument by which a pledge is created need be recorded.*

#### Sec. 12. [41B:12] [REVENUE BONDS; NONLIABILITY OF INDIVIDUALS.]

*Neither the members of the administration nor any person executing the bonds is liable personally on the bonds or subject to any personal liability or*



*accountability by reason of their issuance.*

**Sec. 13. [41B.13] [REVENUE BONDS: PURCHASE AND CANCELLATION BY ADMINISTRATION.]**

*The administration, subject to agreements with bondholders which may then exist, has power out of any funds available for the purpose to purchase bonds of the administration at a price not exceeding (a) if the bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date thereon, or (b) if the bonds are not redeemable, the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption plus accrued interest to that date.*

**Sec. 14. [41B.14] [REVENUE BONDS; NONLIABILITY OF STATE.]**

*The state of Minnesota is not liable on bonds of the administration issued under section 8 and those bonds are not a debt of the state. The bonds must contain on their face a statement to that effect.*

**Sec. 15. [41B.15] [STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS.]**

*The state pledges and agrees with the holders of any bonds issued under section 8, that the state will not limit or alter the rights vested in the administration to fulfill the terms of any agreements made with the bondholders, or in any way impair the rights and remedies of the holders until the bonds, together with interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders, are fully met and discharged. The administration may include this pledge and agreement of the state in any agreement with the holders of bonds issued under section 8.*

**Sec. 16. [41B.16] [SECURITY ACCOUNT.]**

*Upon determining that a default may occur in the payment of principal or interest on any issue of bonds issued under section 8, or if any debt service reserve fund established in connection with those bonds is drawn upon because the revenues of the program are not then sufficient to make any payment of the principal or interest on them, the administration shall certify those facts to the commissioner of finance and shall request that the commissioner of finance transfer from the security account established under section 19, subdivision 5, to accounts or funds designated by the administration an amount required to cure the deficiency.*

**Sec. 17. [41B.17] [POWERS AND DUTIES OF TRUSTEE.]**

*Subdivision 1. [GENERAL.] The trustee designated in any indenture or resolution securing an issue of bonds may, and upon written request of the holders of 25 percent in principal amount of the notes or bonds then outstanding shall, in the trustee's own name, subject to the provisions of the indenture or resolution:*

*(1) enforce all rights of the bondholders, including the right to require the administration to collect fees, charges, interest, and payments on loans or interests therein held by the administration and eligible securities purchased by it adequate to carry out any agreement as to, or pledge of, those fees,*

charges, and payments, and to require the administration to carry out any other agreements with the holders of the notes or bonds and to perform its duties under this article;

(2) bring suit upon the bonds;

(3) require the administration to account as if it were the trustee of any express trust for the holders of the bonds;

(4) enjoin any acts or things which may be unlawful or in violation of the rights of holders of the bonds; or

(5) declare all the bonds due and payable, and if all defaults are made good, then, with the consent of the holders of 25 percent of the principal amount of the bonds then outstanding, the trustee may annul the declaration and consequences.

*Subd. 2. [ADDITIONAL POWERS.] In addition to the powers in subdivision 1, the trustee has all of the powers necessary or appropriate for the exercise of any functions specifically set forth in this section or incident to the general representation of bondholders or noteholders in the enforcement and protection of their rights.*

*Subd. 3. [VENUE; NOTICE.] The venue of any action or proceedings brought by a trustee under this article, is in Ramsey county. Before declaring the principal of bonds due and payable, the trustee shall first give 30 days notice in writing to the governor, the administration, and the state treasurer.*

#### Sec. 18. [41B.18] [REVENUE BOND FUND; REPORTS.]

*Subdivision 1. [AUTHORITY.] The administration may create and establish a special fund or funds for the security of one or more or all series of its bonds, which funds are known as debt service reserve funds. The administration may pay into each debt service reserve fund:*

*(1) any money appropriated by the state only for the purposes of that fund;*

*(2) any money transferred from the security fund for the purposes of that fund;*

*(3) any proceeds of sale of bonds to the extent provided in the resolution or indenture authorizing their issuance;*

*(4) any funds directed to be transferred by the administration to that debt service reserve fund; and*

*(5) any other money made available to the administration only for the purpose of that fund from any other source.*

*Subd. 2. [USE OF MONEY.] The money held in or credited to each debt service reserve fund, except as provided in this section, must be used solely for the payment of the principal of bonds of the administration as the bonds mature, the purchase of the bonds, the payment of interest on the bonds, or the payment of any premium required when the bonds or notes are redeemed before maturity; provided, that money in a debt service reserve fund may not be withdrawn at any time in an amount which would reduce the amount of the fund to less than the amount which the administration determines to be reasonably necessary for the purposes of the fund, except for the purpose of paying principal or interest due on bonds secured by the fund, for the pay-*

ment of which other money of the administration is not available.

Subd. 3. [LIMITATION.] *If the administration creates a debt service reserve fund for the security of any series of bonds, it shall not issue any additional bonds which are similarly secured if the amount of any of the debt service reserve funds at the time of issuance does not equal or exceed the minimum amount, if any, required by the resolution creating that fund, unless the administration deposits in each fund at the time of issuance, from the proceeds of the bonds or otherwise, an amount which, together with the amount then in the fund, will not be less than the minimum amount required.*

Subd. 4. [EXCESS FUNDS.] *To the extent consistent with the resolutions and indentures securing outstanding bonds, the administration may, at the close of any fiscal year, transfer to any other fund or account from any debt service reserve fund, any excess in that fund over the amount deemed by the administration to be reasonably necessary for the purpose of the fund. Any excess must be transferred first to the security fund to the extent of any prior withdrawals from the security fund which have not previously been restored to the security fund.*

Subd. 5. [CONSTRUCTION.] *Nothing in this section may be construed to limit the right of the administration to create and establish by resolution or indenture other funds or security in addition to debt service reserve funds which are necessary or desirable in connection with any bonds or programs.*

Subd. 6. [REPORT.] *The administration shall submit a biennial report of its activities, projected activities, receipts, and expenditures for the next biennium, to the governor and the legislature on or before January 15 in each odd-numbered year. The report must include the distribution of money under each administration program by county. In addition, the report must include the cost to the administration of the issuance of its bonds for each issue in the biennium.*

Subd. 7. [AUDIT.] *The books and records of the administration are subject to audit by the legislative auditor in the manner prescribed for other state agencies. The administration may also employ and contract in its resolutions and indentures for the employment of public accountants for the audit of books and records pertaining to any fund.*

## Sec. 19. [41B.19] [GENERAL OBLIGATION BONDS.]

Subdivision 1. [PROCEDURE.] *For the purpose of developing the state's agricultural resources by providing for the extension of credit on real estate security and to assure the timely payment of the principal of and interest on the bonds or other obligations issued by the rural finance administration, and upon request of the rural finance administration under section 8, the commissioner of finance may at the direction of the administration, issue general obligation bonds of the state in a principal amount not exceeding \$50,000,000. The bonds must be secured as provided in the Minnesota Constitution, article XI, section 7, and, except as provided in this section, must be issued and secured as provided in Minnesota Statutes, section 16A.641. The proceeds of the bonds, except any premium and accrued interest, must be deposited in the security account established by this section and used solely for the purposes specified in this section. The premium and accrued interest, if any, must be deposited in the the rural renewal bond account in*

*the state bond fund.*

*Subd. 2. [TERMS OF BONDS.] Notwithstanding any provision of section 16A.641 to the contrary, the commissioner of finance may fix the terms of the bonds as provided in sections 475.54, subdivision 5a, and 475.56, paragraph (b), and may enter into, on behalf of the state all agreements deemed necessary for this purpose, including those authorized to be entered into by municipalities by that section. The proceeds of the general obligation bonds may be used to reimburse the commissioner of finance for the costs of issuance of the bonds and the costs of development of programs authorized in this article.*

*Subd. 3. [SALE OF BONDS.] If determined by the commissioner of finance to be necessary in order to reduce costs of issuance, to secure a favorable prevailing interest rate, or to receive the bond proceeds by a specified date, or if the terms of the bonds are fixed as provided in sections 475.54, subdivision 5a, and 475.56, paragraph (b), the bonds may be sold by negotiation and without solicitation of sealed bids.*

*Subd. 4. [BOND FUND ACCOUNT.] The commissioner of finance shall maintain in the state bond fund a separate bookkeeping account designated as the rural renewal bond account, to record receipts and disbursements of money transferred to the account to pay bonds issued under this section and to record income from the investment of the money in the account. The income must be credited to the account in each fiscal year in an amount equal to the approximate average return that year on all funds invested by the commissioner of finance, as determined by the commissioner of finance, times the average balance in the account that year.*

*Subd. 5. [RURAL FINANCE ADMINISTRATION SECURITY ACCOUNT.] The commissioner of finance shall maintain a separate state building fund account designated as the rural finance administration security account, into which must be deposited the proceeds of the rural renewal general obligation bonds issued as provided in this section. The commissioner of finance shall maintain a separate bookkeeping account to record receipts and disbursements of money transferred to or from the security account and to record income from the investment of money in the account. Upon the written request of the administration, the commissioner of finance shall transfer from the security account to an account or accounts the administration shall designate, a sum of money sufficient in amount, if available, when added to the balances then on hand in the designated accounts, to pay bonds issued by the administration under this article and the interest on them due and to become due on the next succeeding date for the payment of the principal of and interest on the bonds of the administration or to restore to any debt service reserve fund established in connection with the bonds any amount withdrawn from the debt service reserve account to pay the bonds. The commissioner of finance shall further transfer from the security account on or before the date on which any installment of the principal of and interest on bonds authorized by this section is due, a sum sufficient in amount, when added to the balance then on hand in the rural renewal bond account, to pay all bonds issued under this section and the interest on them due and to become due on the next succeeding date for payment of the bonds.*

*Subd. 6. [INVESTMENT OF SECURITY ACCOUNT.] Money from time*

to time on deposit in the security account must be invested by the state board of investment at the request of the administration in any investment authorized by this subdivision. Money on deposit in the security account may be invested in (1) certificates of deposit insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation; (2) certificates of deposit issued by eligible agricultural lenders, whether or not fully insured or secured; (3) deposits secured by obligations of the United States or of the state of a market value equal at all times to the amount of the deposit and all banks and trust companies are authorized to give security for those deposits; (4) in qualified agricultural loans or in participation interests in qualified agricultural loans; or (5) qualified restructured loans. If and to the extent money has been transferred from the security account to provide for the timely payment of the principal of and interest on bonds issued by the administration, or to transfer money to a debt service reserve fund established in connection with the bonds, the administration shall transfer to the security account on or before December 1 of each succeeding year an amount equal to that previously transferred from the security account, provided that the administration's obligation to transfer money to the security account is limited to money then on hand in funds or accounts of the administration in excess of those appropriated to other purposes or required to provide for the payment of the principal of and interest on bonds issued by the administration and to pay the costs of issuing, carrying, administering, and securing the bonds of the administration and of administering and implementing the programs of the administration financed by the bonds.

**Subd. 7. [TRANSFERS, APPROPRIATION.]** In addition to the money required to be transferred to the rural renewal bond account under subdivision 5, and in order to reduce the amount of taxes otherwise required by the Minnesota Constitution to be levied for the state bond fund, the commissioner of finance shall transfer from the general fund to the rural renewal bond account, on December 1 in each year, a sum of money sufficient in amount, when added to the balance then on hand in that account, to pay all bonds issued under this section and the interest on them due and to become due to and including July 1 in the second ensuing year. All money to be so credited and all income from its investment is annually appropriated for the payment of the bonds and interest on them, and shall be available in the rural renewal bond account before the levy of the tax in any year required by the Minnesota Constitution, article XI, section 7. The legislature may also appropriate to the rural renewal bond account any other money in the state treasury not otherwise appropriated, for the security of bonds issued under this section in the event that sufficient money is not available in the account from the appropriation in this section, before the levy of the tax in any year. The commissioner of finance shall make the appropriate entries in the accounts of the respective funds.

**Subd. 8. [CONSTITUTIONAL LEVY.]** On or before December 1 in each year the state auditor shall levy on all taxable property within the state whatever tax may be necessary to produce an amount sufficient, with all money then in the rural renewal bond account, to pay the entire amount of principal and interest due on or before July 1 in the second year thereafter on bonds issued under this section. This tax must be levied upon all real property used for a homestead, as well as other taxable property, notwithstanding section 273.13, subdivision 22. The tax must not be limited in rate or amount until all the bonds and interest on them are fully paid. The proceeds of this tax are appropriated and must be credited to the state bond fund, and the principal and interest on the bonds are payable from all the proceeds. As

*much of the proceeds as is necessary is appropriated for the payments. If at any time there is insufficient money from the proceeds of the taxes to pay the principal and interest when due on the bonds, the principal and interest must be paid out of the general fund in the state treasury, and the amount necessary for the payment is hereby appropriated.*

*Subd. 9. [COMPLIANCE WITH FEDERAL LAW.] The commissioner of finance may covenant and agree with the holders of the bonds issued under this section that the state will comply, insofar as possible, with the provisions of the United States Internal Revenue Code now or hereafter enacted that are applicable to the bonds and that establish conditions under which the interest to be paid on the bonds will not be includable in gross income for federal tax purposes.*

*Subd. 10. [TAXABILITY OF INTEREST.] Interest on the bonds authorized by this section may be issued without regard to whether the interest to be paid on them is includable in gross income for federal tax purposes.*

**Sec. 20. [41B.20] [EXEMPTION FROM TAXES.]**

*The property of the administration and its income and operation shall be exempt from all taxation by the state or any of its political subdivisions.*

**Sec. 21. [41B.21] [CERTAIN ACTIONS.]**

*Any action brought by any person with respect to the rights or powers of the administration or calling into question the validity or enforceability of bonds or obligations authorized by this article is a remedial case of which the supreme court has original jurisdiction pursuant to article VI, section 2 of the constitution. The action may be commenced solely by service upon the state auditor, the commissioner of agriculture, or the executive director of the administration and by filing of the summons and complaint with the supreme court. Upon filing of an answer to the complaint, the court shall order a hearing which must be held not later than 30 days from the date of filing of the answer. At the hearing, the court shall establish an expedited schedule for the action.*

**Sec. 22. [41B.22] [CONSTRUCTION.]**

*This article is necessary for the welfare of the state of Minnesota and its inhabitants; therefore, it shall be liberally construed to effect its purpose.*

**Sec. 23. [SEVERABILITY; ACTIONS.]**

*Each of the provisions of this article, and each application thereof to particular circumstances, is severable. If any provision or application is found to be unconstitutional and void, it is the intention that the remaining provisions and applications shall be valid and enforceable to the full extent possible under section 645.20. The supreme court shall have original jurisdiction, pursuant to article VI, section 2 of the constitution, in all cases seeking a remedy based upon an issue raised as to the validity of any such provision or application.*

**Sec. 24. [EFFECTIVE DATE.]**

*This article is effective the day after final enactment.*

**ARTICLE 7**

**PROTECTION OF CONSERVATION PRACTICES**

Section 1. Minnesota Statutes 1985 Supplement, section 40.26, is amended to read:

40.26 [APPLICATION FOR COST-SHARING FUNDS.]

*Subdivision 1. [COST-SHARE REQUIRED.]* ~~(a)~~ Except for a development activity, a land occupier may not be required to establish soil conservation practices unless state cost-sharing funds have been specifically approved for that land and have been made available to the land occupier under sections 40.23 and 40.242, equal to at least 75 percent of the cost of the permanent conservation practices on a voluntary basis; or a 50 percent cost share if an application for cost share is not made within 90 days after the board approves a mediated written agreement or within 90 days after the court orders implementation of a plan and time schedule prepared by the landowner or the court. For mediated settlements, a court order that implements the landowner's alternatives or the court's alternatives must state the time schedule for application for 50 percent cost share. If the court orders implementation of the district's plan and time schedule, a landowner is only eligible for 50 percent cost share.

*Subd. 2. [REVIEW OF REQUIREMENTS.]* ~~(b)~~ The state soil and water conservation board shall review these requirements at least once each year, and may authorize a district to provide a higher percentage of cost sharing than is required by this section. To aid in this determination, the state board may consider the location of the affected area in relation to the priority areas as established in the soil and water conservation district annual and long-range plans.

*Subd. 3. [RECORDING.]* *The permanent conservation practices must be recorded with the county recorder on the tracts where they occur if the cost-sharing funds are issued to the landowner.*

Sec. 2. Minnesota Statutes 1984, section 500.24, is amended by adding a subdivision to read:

*Subd. 3a. [LEASE AGREEMENT; CONSERVATION PRACTICE PROTECTION CLAUSE.]* *A corporation, other than a family farm corporation or an authorized farm corporation, when leasing farm land to a family farm unit, a family farm corporation, or an authorized farm corporation under provisions of section 500.24, subdivision 3, clause (i), must include within the lease agreement a provision prohibiting intentional damage or destruction to a conservation practice on the agricultural land.*

Sec. 3. Minnesota Statutes 1984, section 500.24, is amended by adding a subdivision to read:

*Subd. 3b. [PROTECTION OF CONSERVATION PRACTICES.]* *If a corporation, other than a family farm corporation or an authorized farm corporation, during the period of time it holds agricultural land under section 500.24, subdivision 3, clause (i), intentionally destroys a conservation practice as defined in section 40.19, subdivision 5, to which the state has made a financial contribution, the corporation must pay the commissioner of agriculture, for deposit in the general fund, an amount equal to the state's total contributions to that conservation practice plus interest from the time of investment in the conservation practice. Interest must be calculated at an annual percentage rate of 12 percent.*

## Sec. 4. [EFFECTIVE DATE.]

*This article is effective April 1, 1986.*

## ARTICLE 8

## FAMILY FARM SECURITY INTEREST EXCLUSION

## Section 1. [FAMILY FARM SECURITY INTEREST EXCLUSIONS.]

*(a) The commissioner shall annually pay to qualified sellers of property, financed by a family farm security loan, an amount approximately equal to the additional state income tax paid as a result of the inclusion in gross income of the interest and payment adjustment earned on a seller-sponsored family farm security loan.*

*(b) The payment amount must be determined as follows:*

*(1) In order to qualify for a payment, the seller must apply to the commissioner. The application must include a copy of the seller's 1985 state income tax return and any other information that the commissioner requests to verify that the applicant is a qualified seller. The commissioner shall recompute the seller's total state income tax liability that would be due if the interest and payment adjustment amounts were not includable in gross income for state income tax purposes. The commissioner may require the seller to compute these amounts as part of the application. For calendar year 1986 the amount of the payment equals the reduction in state income tax liability that would occur if the interest and payment adjustment were not included in gross income for state tax purposes.*

*(2) For calendar years beginning with 1987, the additional payment amount must be determined as follows:*

*(i) The calendar year 1986 payment must be divided by the amount of interest and payment adjustment received during calendar year 1986.*

*(ii) The resulting quotient must be multiplied by the interest and payment adjustment received for the calendar year.*

*(iii) The product determined under clause (ii) is the payment for the calendar year.*

*(c) If for a tax year after 1986 the qualified seller's taxable income has changed substantially, the commissioner may provide by rule that upon reapplication a later tax year will be used to compute the quotient under clause (b)(2)(i).*

*(d) The commissioner may make the payments under this subdivision in the same manner provided for the payment adjustment under subdivision 2.*

*(e) For purposes of this subdivision, the following terms have the meanings given:*

*(1) "Gross income" means gross income as defined for purposes of chapter 290.*

*(2) "Qualified seller" means an individual who sold farm land under a seller-sponsored loan prior to July 1, 1985, and who is a resident of Minnesota during the calendar year and subject to the payment of Minnesota income taxes.*



## Sec. 2. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

## ARTICLE 9

## VETERINARIAN LIEN

Section 1. Minnesota Statutes 1984, section 514.92, is amended to read:

**514.92 [VETERINARIAN'S LIEN; STATEMENT OF CLAIM; FORECLOSURE.]**

Subdivision 1. [ATTACHMENT.] Every duly A licensed and registered veterinarian shall have a lien for all who performs emergency veterinary services over that cost more than \$25 rendered upon any animal or for animals at the request of the owner or lawful possessor of same; including but not limited to a person in possession of the animals has a lien on the animals for the value of the services. Veterinary services include emergency surgical procedures, administering vaccines, antisera, virus, and antibiotics, or and other veterinary treatment, from the date of filing the lien. Within 180 days from the day on which the treatment was completed, the claimant of the lien shall file in the appropriate filing office under the Uniform Commercial Code, Minnesota Statutes, section 336.9-401, a verified lien statement setting forth the kind and number of animals treated; the reasonable value for the treatment or services rendered; or the price contracted between the parties; the name of the person for whom the treatment was done; the reasonable identification of the animal or group of animals treated; dates when the treatment was commenced and was completed; the name of the owner, or reputed owner, of the animals; the name and address of the veterinarian claiming the lien. Within one year after the date the last service was rendered, but not thereafter, the lien claimant may foreclose his lien in the manner prescribed for security interests under article 9 of the Uniform Commercial Code medicines and treatments. Veterinary services also include services performed primarily to protect human health, prevent the spread of animal diseases, or to preserve the immediate health of an animal.

Subd. 1a. [FILING AND PERFECTING LIEN.] The veterinarian must file a lien statement in the appropriate filing office for a financing statement covering the animals to be filed under section 336.9-401 by 180 days after the veterinary services are performed. The lien is perfected by properly filing the lien statement.

Subd. 2. [LIEN STATEMENT.] Minnesota Statutes, Section 514.74 shall apply to all liens created under subdivision 1. (a) A lien statement must be verified and state:

- (1) the name of the owner, or reputed owner, of the animals;
- (2) the name of the person for whom the veterinary services were performed;
- (3) the kind, number, and reasonable identification of animals treated;
- (4) the dates when the veterinary services were begun and finished;
- (5) the fraction of veterinary services performed which were primarily for the purpose of protecting human health, preventing the spread of animal

diseases, or preserving the health of the animal or animals treated;

(6) the reasonable value of the veterinary services rendered, or the price contracted between the parties; and

(7) the name and address of the veterinarian claiming the lien.

(b) The provisions of section 514.74 relating to inaccuracies in lien statements apply to lien statements under this subdivision.

Subd. 3. [ENFORCEMENT OF LIEN.] An action to enforce a perfected lien under this section must be started by one year after the date the last veterinary service was performed. A perfected lien may be enforced in the manner prescribed for security interests under section 336.9-501 to 336.9-508.

Subd. 4. [PRIORITY OF LIEN.] (a) A perfected veterinarian's lien under this section has priority over other liens and security interests on the same animals to the extent the veterinary services were performed primarily for the purpose of protecting human health, preventing the spread of animal diseases, or preserving the health of the animal or animals treated.

(b) A veterinarian's lien has priority over a security interest perfected before the veterinarian's lien only if the security interest is perfected after the effective date of this article.

(c) The priority among veterinarian's liens filed under this section is according to the first lien filed.

Subd. 5. [TERMINATION.] (a) A veterinarian's lien under this section terminates:

(1) 180 days after the last veterinarian's services was performed if a proper lien statement is not filed; or

(2) one year after the lien is filed if an action to enforce the lien has not been started.

(b) A filing officer may remove and destroy terminated lien statements in the same manner as provided for a financing statement under section 336.9-410.

## Sec. 2. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

## ARTICLE 10

### NATIVE AMERICAN MEMORIAL

#### Section 1. [NATIVE AMERICAN MEMORIAL PLAN.]

The Minnesota historical society shall develop a plan for selecting a design for a capitol mall memorial to Native Americans. The selection may involve a design competition with a prize for the winning design. Funding may involve state funds or gifts from private or public sources.

Sec. 2. Minnesota Statutes 1984, section 138.585, is amended by adding a subdivision to read:

Subd. 31. Native American monument, in Ramsey county, to memorialize

*Native Americans, located in a place of honor in the capitol complex in St. Paul.*

## ARTICLE 11

### AGRICULTURAL DATA TASK FORCE

Section 1. [REACTIVATION OF THE AGRICULTURAL DATA TASK FORCE.]

*The agricultural data collection task force created by Laws 1985, chapter 19, is reactivated.*

Sec. 2. Laws 1985, chapter 19, section 2, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] The duties of the data collection task force are to:

(1) ~~develop~~ *a continue the* uniform procedure for collecting data on the financial status of agriculture in Minnesota;

(2) ~~oversee the implementation of the farm crisis intervention act;~~ and

(3) report the results of the program to the legislature no later than December 31, ~~1985~~ 1986.

Sec. 3. Laws 1985, chapter 19, section 2, is amended by adding a subdivision to read:

*Subd. 3a. [INFORMATION HELD BY TASK FORCE "NOT PUBLIC DATA" UNTIL RELEASED.] All information gathered by or for the task force or processed by staff and provided to the task force is "not public data" as defined in Minnesota Statutes, section 13.02, subdivision 8a, until it is released by a majority vote of the members of the task force.*

Sec. 4. Laws 1985, chapter 19, section 6, subdivision 6 is amended to read:

Subd. 6. [EXPIRATION.] The data collection task force ~~shall cease to exist within ten days of submitting its report~~ *expires January 15, 1987, or 15 days after reporting to the legislature whichever date comes later, but in no circumstance later than March 1, 1987.*

Sec. 5. [EFFECTIVE DATE.]

*This act is effective the day following final enactment.*

## ARTICLE 12

### CROP RIGHTS ON FORECLOSED LAND

Section 1. Minnesota Statutes 1984, section 542.06, is amended to read:

542.06 [REPLEVIN.]

Actions to recover the possession of personal property wrongfully taken shall be tried in the county in which the taking occurred, or, ~~at claimant's election, in the county in which he resides; in other cases in the county in which the property is situated.~~

Sec. 2. [557.10] [OWNERSHIP OF CROPS.]

*Planted and growing crops are personal property of the person or entity*

*that has the property right to plant the crops.*

**Sec. 3. [557.11] [DEFINITIONS.]**

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to this section and section 4.*

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

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

**Sec. 4. [557.12] [HARVESTING CROPS AFTER TERMINATION OF PROPERTY INTERESTS.]**

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

*Subd. 2. [PLANTING CROP OWNER'S LIEN.] A planting crop owner has a lien for the crop value that attaches to the crop and crop products, and if the lien is not satisfied under subdivision 3, a planting crop owner has a lien for the crop value that attaches to the real property where the crop was planted.*

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

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

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

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

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

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

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

**Sec. 5. [REPEALER.]**

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

**Sec. 6. [EFFECTIVE DATE.]**

*This article is effective the day after final enactment.*

**ARTICLE 13**

**TRANSPORTATION**

Section 1. Minnesota Statutes 1985 Supplement, section 168.013, subdivision 1e, is amended to read:

**Subd. 1e. [TRUCKS; TRACTORS; COMBINATIONS; EXCEPTIONS.]**  
On trucks and tractors except those in this chapter defined as farm trucks, on truck-tractor and semitrailer combinations except those defined as farm combinations, and on commercial zone vehicles, the tax based on total gross weight shall be graduated according to the Minnesota base rate schedule prescribed in this subdivision, but in no event less than \$120.

**Minnesota Base Rate Schedule**

Scheduled taxes include five percent  
surtax provided for in subdivision 14

TOTAL GROSS WEIGHT IN POUNDS		TAX
A	0 - 1,500	\$ 15
B	1,501 - 3,000	20
C	3,001 - 4,500	25
D	4,501 - 6,000	35
E	6,001 - 9,000	45
F	9,001 - 12,000	70
G	12,001 - 15,000	105
H	15,001 - 18,000	145
I	18,001 - 21,000	190
J	21,001 - 26,000	270
K	26,001 - 33,000	360
L	33,001 - 39,000	475
M	39,001 - 45,000	595

N	45,001 - 51,000	715
O	51,001 - 57,000	865
P	57,001 - 63,000	1015
Q	63,001 - 69,000	1185
R	69,001 - 73,280	1325
S	73,281 - 78,000	<del>1525</del> 1595
T	78,001 - 81,000	<del>1625</del> 1760

For each vehicle with a gross weight in excess of 81,000 pounds an additional tax of \$50 is imposed for each ton or fraction thereof in excess of 81,000 pounds, subject to subdivision 12.

Truck-tractors except those herein defined as farm and commercial zone vehicles shall be taxed in accord with the foregoing gross weight tax schedule on the basis of the combined gross weight of the truck-tractor and any semitrailer or semitrailers which the applicant proposes to combine with the truck-tractor.

Commercial zone trucks include only trucks, truck-tractors, and semitrailer combinations which are:

(1) used by an authorized local cartage carrier operating under a permit issued under section 221.296 and whose gross transportation revenue consists of at least 60 percent obtained solely from local cartage carriage, and are operated solely within an area composed of two contiguous cities of the first class and municipalities contiguous thereto as defined by section 221.011, subdivision 17; or,

(2) operated by an interstate carrier registered under section 221.60, or by an authorized local cartage carrier or other carrier receiving operating authority under chapter 221, and operated solely within a zone exempt from regulation by the interstate commerce commission pursuant to United States Code, title 49, section 10526(b).

The license plates issued for commercial zone vehicles shall be plainly marked. A person operating a commercial zone vehicle outside the zone or area in which its operation is authorized is guilty of a misdemeanor and, in addition to the penalty therefor, shall have the registration of the vehicle as a commercial zone vehicle revoked by the registrar and shall be required to reregister the vehicle at 100 percent of the full annual tax prescribed in the Minnesota base rate schedule, and no part of this tax shall be refunded during the balance of the registration year.

On commercial zone trucks the tax shall be based on the total gross weight of the vehicle and during the first eight years of vehicle life shall be 75 percent of the Minnesota base rate schedule. During the ninth and succeeding years of vehicle life the tax shall be 50 percent of the Minnesota base rate schedule, except as otherwise provided in this subdivision. On commercial zone trucks, during the ninth and succeeding years of vehicle life, the tax shall be 50 percent of the tax imposed in the Minnesota base rate schedule.

On trucks, truck-tractors and semitrailer combinations, except those defined as farm trucks and farm combinations, and except for those urban trucks and combinations and commercial zone vehicles specifically provided for in this subdivision, the tax for the first eight years of vehicle life shall be 100 percent of the tax imposed in the Minnesota base rate schedule, and during the ninth and succeeding years of vehicle life, the tax shall be 75 percent of the Minnesota base rate prescribed by this subdivision, except as otherwise provided in this subdivision.

On trucks, truck-tractors and semitrailer combinations, except those defined as farm trucks and farm combinations, and except for those commercial zone vehicles specifically provided for in this subdivision, during each of the first eight years of vehicle life the tax shall be 100 percent of the tax imposed in the Minnesota base rate schedule.

Sec. 2. Minnesota Statutes 1984, section 169.01, subdivision 7, is amended to read:

Subd. 7. [TRUCK-TRACTOR.] "Truck-tractor" means:

(a) a motor vehicle designed and used primarily for drawing other vehicles and not constructed to carry a load other than a part of the weight of the vehicle and load drawn; and

(b) a motor vehicle designed and used primarily for drawing other vehicles used exclusively for transporting motor vehicles *or boats* and capable of carrying motor vehicles *or boats* on its own structure.

Sec. 3. Minnesota Statutes 1984, section 169.80, subdivision 1, is amended to read:

Subdivision 1. [LIMITATIONS.] It is a misdemeanor for a person to drive or move, or for the owner to cause or knowingly permit to be driven or moved, on a highway a vehicle or vehicles of a size or weight exceeding the limitations stated in sections 169.80 to 169.88, or otherwise in violation of sections 169.80 to 169.88, and the maximum size and weight of vehicles as prescribed in sections 169.80 to 169.88 shall be lawful throughout this state, and local authorities shall have no power or authority to alter these limitations except as express authority may be granted in sections 169.80 to 169.88.

When all the axles of a vehicle or combination of vehicles are weighed separately the sum of the weights of the axles so weighed shall be evidence of the total gross weight of the vehicle or combination of vehicles so weighed.

When each of the axles of any group that contains two or more consecutive axles of a vehicle or combination of vehicles have been weighed separately the sum of the weights of the axles so weighed shall be evidence of the total gross weight on the group of axles so weighed.

When, in any group of three or more consecutive axles of a vehicle or combination of vehicles any axles have been weighed separately and two or more axles consecutive to each other in the group have been weighed together, the sum of the weights of the axles weighed separately and the axles weighed together shall be evidence of the total gross weight of the group of axles so weighed.

The provisions of sections 169.80 to 169.88 governing size, weight, and load shall not apply to fire apparatus, or to implements of husbandry temporarily moved upon a highway, or to loads of loose hay or corn stalks if transported by a horse-drawn vehicle or drawn by a farm tractor, or to a vehicle operated under the terms of a special permit issued as provided by law. For purposes of sections 169.80 to 169.88, a specialized vehicle resembling a low-slung two wheel trailer having a short bed or platform shall be deemed to be an implement of husbandry when the vehicle is used exclusively to transport implements of husbandry; and the term "temporarily moved upon a highway" shall mean a movement not to exceed 50 miles.

In addition to any other special permits authorized, an annual permit may be issued authorizing movements on interstate highways and movements exceeding 50 miles on non-interstate highways of oversize vehicles and loads when the vehicles or combination of vehicles are used exclusively to transport implements of husbandry. Annual permits are issued in accordance with the applicable provisions of section 169.86, except that the transporting vehicle or combination of vehicles may be moved at the discretion of the permittee without prior route approval from the permit issuing office of the department of transportation if:

(a) The overall width of the transporting vehicle, including load, does not exceed ~~42~~ 14 feet;

(b) The transporting vehicle otherwise complies with equipment requirements and length, height and weight limitations prescribed by this chapter;

(c) The movement is made after the hour of sunrise and not later than 30 minutes after sunset;

(d) The movement is not made when visibility is impaired by weather, fog or other conditions rendering persons and vehicles not clearly visible at a distance of 500 feet, or on Sundays after twelve o'clock noon, and holidays;

(e) The transporting vehicle shall display at the front and rear end of the load or vehicle a pair of flashing amber lights, as provided in section 169.59, subdivision 4, whenever the overall width of the vehicle exceeds ten feet, six inches; and

(f) The movement, if made on a trunk highway, is made on a trunk highway with a surfaced roadway width of not less than 24 feet.

The fee for an annual permit is \$24.

Sec. 4. Minnesota Statutes 1984, section 169.81, subdivision 2, is amended to read:

Subd. 2. [LENGTH OF VEHICLES.] (a) No single unit motor vehicle, except truck cranes which may not exceed 45 feet, unladen or with load may exceed a length of 40 feet extreme overall dimensions inclusive of front and rear bumpers, except that the governing body of a city is authorized by permit to provide for the maximum length of a motor vehicle, or combination of motor vehicles, or the number of vehicles that may be fastened together, and which may be operated upon the streets or highways of a city; provided, that the permit may not prescribe a length less than that permitted by state law. A motor vehicle operated in compliance with the permit on the streets or highways of the city is not in violation of this chapter.

(b) No single semitrailer may have an overall length, exclusive of non-cargo-carrying accessory equipment, including refrigeration units or air compressors, necessary for safe and efficient operation mounted or located on the end of the semitrailer adjacent to the truck or truck-tractor, in excess of 48 feet, except as provided in paragraph (d) that a single semitrailer may have an overall length in excess of 48 feet if (1) the distance from the kingpin to the centerline of the rear axle group of the semitrailer does not exceed 41 feet, and (2) if the semitrailer is operated only in a combination of vehicles which does not exceed an overall length of 65 feet. No single trailer may have an overall length inclusive of tow bar assembly and exclusive of rear protec-



tive bumpers which do not increase the overall length by more than six inches, in excess of 45 feet. For determining compliance with the provisions of this subdivision, the length of the semitrailer or trailer must be determined separately from the overall length of the combination of vehicles.

(c) No semitrailer or trailer used in a three-vehicle combination may have an overall length, exclusive of non-cargo-carrying accessory equipment, including refrigeration units or air compressors, necessary for safe and efficient operation mounted or located on the end of the semitrailer or trailer adjacent to the truck or truck-tractor, and further exclusive of the tow bar assembly, in excess of 28-1/2 feet. The commissioner may not grant a permit authorizing the movement, in a three-vehicle combination, of a semitrailer or trailer that exceeds 28-1/2 feet, except that the commissioner may renew a permit that was granted before April 16, 1984 for the movement of a semitrailer or trailer that exceeds the length limitation in this paragraph.

(d) The commissioner may issue an annual permit for a semitrailer in excess of 48 feet in length, if the distance from the kingpin to the centerline of the rear axle group of the semitrailer does not exceed 44 feet and if a combination of vehicles, which includes a semitrailer in excess of 48 feet for which a permit has been issued under this paragraph, does not exceed an overall length of 65 feet. The annual fee for a permit issued under this paragraph is \$36.

Sec. 5. Minnesota Statutes 1984, section 169.81, subdivision 3, is amended to read:

Subd. 3. [LENGTH OF VEHICLE COMBINATIONS.] (a) Statewide, except as provided in paragraph (b), no combination of vehicles coupled together, including truck-tractor and semitrailer, may consist of more than two units and no combination of vehicles, unladen or with load, may exceed a total length of 65 feet. The length limitation does not apply to the transportation of telegraph poles, telephone poles, electric light and power poles, piling, or pole length pulpwood, and is subject to the following further exceptions: the length limitations do not apply to vehicles transporting pipe or other objects by a public utility when required for emergency or repair of public service facilities or when operated under special permits as provided in this subdivision, but with respect to night transportation, a vehicle and the load must be equipped with a sufficient number of clearance lamps and marker lamps on both sides and upon the extreme ends of a projecting load to clearly mark the dimensions of the load. Mount combinations may be drawn but the combinations may not exceed 65 feet in length. The limitation on the number of units does not apply to vehicles used for transporting milk from point of production to point of first processing, in which case no combination of vehicles coupled together unladen or with load, including truck-tractor and semitrailers, may consist of more than three units and no combination of those vehicles may exceed a total length of 65 feet. Notwithstanding other provisions of this section, and except as provided in paragraph (b), no combination of vehicles consisting of a truck-tractor and semitrailer designed and used exclusively for the transportation of motor vehicles or boats may exceed 65 feet in length. The load may extend a total of seven feet, but may not extend more than three feet beyond the front or four feet beyond the rear, and in no case may the overall length of the combination of vehicles, unladen or with load, exceed 65 feet. For the purpose of registration, trailers coupled

with a truck-tractor, semitrailer combination are semitrailers. The state as to state trunk highways, and a city or town as to roads or streets located within the city or town, may issue permits authorizing the transportation of combinations of vehicles exceeding the limitations in this subdivision over highways, roads, or streets within their boundaries. Combinations of vehicles authorized by this subdivision may be restricted as to the use of highways by the commissioner as to state trunk highways, and a road authority as to highways or streets subject to its jurisdiction. Nothing in this subdivision alters or changes the authority vested in local authorities under the provisions of section 169.04.

(b) The following combination of vehicles regularly engaged in the transportation of commodities may operate only on divided highways having four or more lanes of travel, and on other highways as may be designated by the commissioner of transportation subject to section 169.87, subdivision 1, and subject to the approval of the authority having jurisdiction over the highway, for the purpose of providing reasonable access between the divided highways of four or more lanes of travel and terminals, facilities for food, fuel, repair, and rest, and points of loading and unloading for household goods carriers, livestock carriers, or for the purpose of providing continuity of route:

(1) a truck-tractor and semitrailer exceeding 65 feet in length;

(2) a combination of vehicles with an overall length exceeding 55 feet and including a truck-tractor and semitrailer drawing one additional semitrailer which may be equipped with an auxiliary dolly;

(3) a combination of vehicles with an overall length exceeding 55 feet and including a truck-tractor and semitrailer drawing one full trailer; and

(4) a truck-tractor and semitrailer designed and used exclusively for the transportation of motor vehicles or boats and exceeding an overall length of 65 feet including the load *except as restricted by applicable federal law*.

Vehicles operated under the provisions of this section must conform to the standards for those vehicles prescribed by the United States Department of Transportation, Federal Highway Administration, Bureau of Motor Carrier Safety, as amended.

Sec. 6. Minnesota Statutes 1984, section 169.825, is amended by adding a subdivision to read:

*Subd. 3a. [TANDEM.] "Tandem axles" means two consecutive axles whose centers are spaced more than 40 inches and not more than 96 inches apart.*

Sec. 7. Minnesota Statutes 1984, section 169.825, subdivision 8, is amended to read:

**Subd. 8. [PNEUMATIC-TIRED VEHICLES.]** No vehicle or combination of vehicles equipped with pneumatic tires shall be operated upon the highways of this state:

(a) Where the gross weight on any wheel exceeds 9,000 pounds, except that on designated *local routes and state trunk highways* the gross weight on any single wheel shall not exceed 10,000 pounds;

(b) Where the gross weight on any single axle exceeds 18,000 pounds,

except that on designated *local routes and state trunk highways* the gross weight on any single axle shall not exceed 20,000 pounds;

(c) Where the maximum wheel load exceeds 600 pounds per inch of tire width or the manufacturer's recommended load, whichever is less;

(d) Where the gross weight on any axle of a tridem exceeds 15,000 pounds, except that for vehicles to which an additional axle has been added prior to June 1, 1981, the maximum gross weight on any axle of a tridem may be up to 16,000 pounds provided the gross weight of the tridem combination does not exceed 37,000 pounds where the first and third axles of the tridem are spaced seven feet apart; 38,500 pounds where the first and third axles of the tridem are spaced eight feet apart; and 39,900 pounds where the first and third axles of the tridem are spaced nine feet apart.

(e) Where the gross weight on any group of axles exceeds the weights permitted under this section with any or all of the interior axles disregarded and their gross weights subtracted from the gross weight of all axles of the group under consideration.

Sec. 8. Minnesota Statutes 1984, section 169.825, subdivision 10, is amended to read:

Subd. 10. [GROSS WEIGHT SCHEDULE.] (a) No vehicle or combination of vehicles equipped with pneumatic tires shall be operated upon the highways of this state where the total gross weight on any group of two or more consecutive axles of any vehicle or combination of vehicles exceeds that given in the following table for the distance between the centers of the first and last axles of any group of two or more consecutive axles under consideration; the distance between axles being measured longitudinally to the nearest even foot, and when the measurement is a fraction of exactly one-half foot the next largest whole number in feet shall be used, except that when the distance between axles is more than three feet four inches and less than three feet six inches the distance of four feet shall be used:

Maximum gross weight in pounds on a group of

	2	3	4
Distances in feet between centers of fore- most and rearmost axles of a group	consecutive axles of a 2-axle vehicle or of any vehicle or combination of vehicles having a total of 2 or more axles	consecutive axles of a 3-axle vehicle or of any vehicle or combination of vehicles having a total of 3 or more axles	consecutive axles of a 4-axle vehicle or any com- bination of vehicles having a total of 4 or more axles
4	34,000		
5	34,000 (35,000)		
6	34,000 (36,000)		
7	34,000 (37,000)	41,500	
8	34,000 (38,000)	42,000	
9	35,000	43,000	

	(39,000)		
10	36,000	43,500	49,000
	(40,000)		
11	36,000	44,500	49,500
12		45,000	50,000
13		46,000	51,000
14		46,500	51,500
15		47,500	52,000
16		48,000	53,000
17		49,000	53,500
18		49,500	54,000
19		50,500	55,000
20		51,000	55,500
21		52,000	56,000
22		52,500	57,000
23		53,500	57,500
24		54,000	58,000
25		(55,000)	59,000
26		(55,500)	59,500
27		(56,500)	60,000
28		(57,000)	61,000
29		(58,000)	61,500
30		(58,500)	62,000
31		(59,500)	63,000
32		(60,000)	63,500
33			64,000
34			65,000
35			65,500
36			66,000
37			67,000
38			67,500
39			68,000
40			69,000
41			69,500
42			70,000
43			71,000
44			71,500
45			72,000
46			72,500
47			(73,500)
48			(74,000)
49			(\$4,500)
50			(75,500)
51			(76,000)

Maximum gross weight in pounds on a group of

	5	6	7
Distances in feet between centers of foremost and rearmost axles of	consecutive axles of a 5-axle vehicle or any combination of vehicles having a total of 5 or more	consecutive axles of a combination of vehicles having a total of 6 or more axles	consecutive axles of a combination of vehicles having a total of 7 or more axles

a group	axles		
14	57,000		
15	57,500		
16	58,000		
17	59,000		
18	59,500		
19	60,000		
20	60,500	66,000	72,000
21	61,500	67,000	72,500
22	62,000	67,500	73,000
23	62,500	68,000	73,500
24	63,000	68,500	74,000
25	64,000	69,000	75,000
26	64,500	70,000	75,500
27	65,000	70,500	76,000
28	65,500	71,000	76,500
29	66,500	71,500	77,000
30	67,000	72,000	77,500
31	67,500	73,000	78,500
32	68,000	73,500	79,000
33	69,000	74,000	79,500
34	69,500	74,500	80,000
35	70,000	75,000	
36	70,500	76,000	
37	71,500	76,500	
38	72,000	77,000	
39	72,500	77,500	
40	73,000	78,000	
41	<del>74,000</del> (74,000)	79,000	
42	<del>74,500</del> (74,500)	79,500	
43	<del>75,000</del> (75,000)	80,000	
44	<del>75,500</del> (75,500)		
45	<del>76,500</del> (76,500)		
46	<del>77,000</del> (77,000)		
47	<del>77,500</del> (77,500)		
48	<del>78,000</del> (78,000)		
49	<del>79,000</del> (79,000)		
50	<del>79,500</del> (79,500)		
51	<del>80,000</del> (80,000)		

The gross weights shown in parentheses in this clause are permitted only on *state trunk highways* and routes designated under section 169.832, subdivision 11.

(b) Notwithstanding any lesser weight in pounds shown in this table but subject to the restrictions on gross vehicle weights in clause (c), two consecutive sets of tandem axles may carry a gross load of 34,000 pounds each and a combined gross load of 68,000 pounds provided the overall distance between the first and last axles of the consecutive sets of tandem axles is 36 feet or more.

(c) Notwithstanding the provisions of section 169.85, the gross vehicle weight of all axles of a vehicle or combination of vehicles shall not exceed the following:

(1) 80,000 pounds for any vehicle or combination of vehicles on all *state trunk highways* as defined in section 160.02, subdivision 2, and for all routes

designated under section 169.832, subdivision 11; and

(2) 73,280 pounds for any vehicle or combination of vehicles with five axles or less on all routes, *other than state trunk highways and routes that are not* designated under section 169.832, subdivision 11; and

(3) 80,000 pounds for any vehicle or combination of vehicles with six or more axles on all routes, *other than state trunk highways and routes that are not* designated under section 169.832, subdivision 11;

(d) The maximum weights specified in this subdivision for five consecutive axles shall not apply to a combination of vehicles that includes a three axle semi-trailer first registered before August 1, 1981. All other weight limitations in this section are applicable;

(e) The maximum weights specified in this subdivision for five consecutive axles shall not apply to a four axle ready mix concrete truck which was equipped with a fifth axle prior to June 1, 1981. The maximum gross weight on four or fewer consecutive axles of vehicles excepted by this clause shall not exceed any maximum weight specified for four or fewer consecutive axles in this subdivision.

Sec. 9. Minnesota Statutes 1984, section 169.825, subdivision 11, is amended to read:

Subd. 11. [GROSS WEIGHT SEASONAL INCREASES.] (a) The limitations provided in this section are increased:

(1) by ten percent from January 1 to March 7 each winter, statewide;

(2) by ten percent from December 1 through December 31 each winter in the zone bounded as follows: beginning at Pigeon River in the northeast corner of Minnesota; thence in a southwesterly direction along the north shore of Lake Superior along Trunk Highway No. 61 to the junction with Trunk Highway No. 210; thence westerly along Trunk Highway No. 210 to the junction with Trunk Highway No. 10; thence northwesterly along Trunk Highway No. 10 to the junction with Trunk Highway No. 59; thence ~~north-~~  
~~erly~~ along Trunk Highway No. 59 to the junction with Trunk Highway No. 2; thence ~~westerly~~ along Trunk Highway No. 2 to the junction with Trunk Highway No. 32; thence ~~northerly~~ along Trunk Highway No. 32 to the junction with Trunk Highway No. 11; thence northeast along Trunk Highway No. 11 to the east line of Range 43W to the Minnesota-North Dakota border; thence ~~northerly~~ along that border to the Minnesota-Canadian Border; thence easterly along said Border to Lake Superior; and

(3) by ten percent from October 1 to November 30 each year for the movement of sugar beets and potatoes from the field of harvest to the point of the first unloading. The commissioner shall not issue permits under this clause if to do so will result in a loss of federal highway funding to the state.

(b) The duration of a ten percent increase in load limits is subject to limitation by order of the commissioner, subject to implementation of springtime load restrictions, or March 7.

(c) When the ten percent increase is in effect, a permit is required for a motor vehicle, trailer, or semitrailer combination that has a gross weight in excess of 80,000 pounds, an axle group weight in excess of that prescribed in subdivision 10, or a single axle weight in excess of 20,000 pounds and which travels on interstate routes.

(d) In cases where gross weights in an amount less than that set forth in this

section are fixed, limited, or restricted on a highway or bridge by or under another section of this chapter, the lesser gross weight as fixed, limited, or restricted may not be exceeded and must control instead of the gross weights set forth in this section.

(e) Notwithstanding any other provision of this subdivision, no vehicle may exceed a total gross vehicle weight of 80,000 pounds on routes which have not been designated by the commissioner under section 169.832, subdivision 11.

Sec. 10. Minnesota Statutes 1984, section 169.832, is amended by adding a subdivision to read:

*Subd. 13. [RESTRICTIONS ON TRUNK HIGHWAYS.] (a) For purposes of this section a "market artery" is a trunk highway or segment thereof that:*

- (i) connects significant centers of population or commerce;*
- (ii) connects highways described in clause (i);*
- (iii) provides access to a transportation terminal; or*
- (iv) provides temporary emergency service to a particular shipping or receiving point on a market artery.*

*(b) The commissioner may impose seasonal load restrictions under section 169.87 on a market artery only after giving 30 days' notice to the chairs of the transportation and appropriations committees of the house of representatives, and the chairs of the transportation and finance committees of the senate. The commissioner shall provide with each notice a plan to improve the market artery within the next three years so that seasonal load restrictions will not be necessary on it.*

*(c) The commissioner shall adopt rules under chapter 14 defining "significant centers of population and commerce" and "temporary emergency service" for purposes of this section. In drafting the rules, the commissioner shall consult with major highway users, representatives of manufacturing, retail trade and agriculture, local government and regional development commissions. The commissioner shall consider the importance of manufacturing, retailing, agriculture and natural resources in promulgating the rule, and shall hold at least four public meetings in various parts of the state prior to preparing the final draft of the rule. Between the effective date of this section and the effective date of the rule, "significant centers of population and commerce" means all home rule charter or statutory cities that had total retail sales of at least \$50,000,000 as reported in the 1982 census of retail trade of the United States department of commerce.*

Sec. 11. Minnesota Statutes 1984, section 169.86, subdivision 2, is amended to read:

*Subd. 2. [REQUIRED INFORMATION.] The application for any such a permit shall specifically describe in writing the vehicle or vehicles and loads to be moved and the particular highways for which permit to so use is requested, and the period of time for which such a permit is requested.*

Sec. 12. Minnesota Statutes 1984, section 169.86, subdivision 5, is amended to read:

*Subd. 5. [FEES.] The commissioner, with respect to highways under his jurisdiction, may charge a fee for each permit issued. All such fees for permits issued by the commissioner of transportation shall be deposited in the*

state treasury and credited to the trunk highway fund. Except for those annual permits for which the permit fees are specified elsewhere in this chapter, the fees shall be:

(a) \$15 for each single trip permit.

(b) \$36 for each job permit. A job permit may be issued for like loads carried on a specific route for a period not to exceed two months. "Like loads" means loads of the same product, weight and dimension.

(c) \$60 for an annual permit to be issued for a period not to exceed 12 consecutive months. Annual permits may be issued for:

(1) refuse compactor vehicles that carry a gross weight up to but not in excess of 22,000 pounds on a single rear axle and not in excess of 38,000 pounds on a tandem rear axle;

(2) motor vehicles used to alleviate a temporary crisis adversely affecting the safety or well-being of the public;

(3) motor vehicles which travel on interstate highways and carry loads authorized under subdivision 1a;

*(4) motor vehicles operating with gross weights authorized under section 169.825, subdivision 11, paragraph (a), clause (3).*

(d) \$120 for an oversize annual permit to be issued for a period not to exceed 12 consecutive months. Annual permits may be issued for:

(1) truck cranes;

(2) construction equipment, machinery, and supplies;

(3) manufactured homes;

(4) farm equipment when the movement is not made according to the provisions of section 169.80, subdivision 1, paragraphs (a) to (f);

(5) double-deck buses;

(6) commercial boat hauling.

(e) for vehicles which have axle weights exceeding the weight limitations of section 169.825, an additional cost added to the fees listed above. The additional cost is equal to the product of the distance traveled times the sum of the overweight axle group cost factors shown in the following chart:

#### Overweight Axle Group Cost Factors

Weight (pounds) exceeding weight limi- tations on axles	Cost Per Mile For Each Group Of:		
	Two consec- utive axles spaced within 8 feet or less	Three consec- utive axles spaced within 9 feet or less	Four consec- utive axles spaced with- in 14 feet or less
0-2,000	.100	.040	.036
2,001-4,000	.124	.050	.044
4,001-6,000	.150	.062	.050
6,001-8,000	Not permitted	.078	.056
8,001-10,000	Not permitted	.094	.070
10,001-12,000	Not permitted	.116	.078
12,001-14,000	Not permitted	.140	.094
14,001-16,000	Not permitted	.168	.106
16,001-18,000	Not permitted	.200	.128



18,001-20,000	Not permitted	Not permitted	.140
20,001-22,000	Not permitted	Not permitted	.168

The amounts added are rounded to the nearest cent for each axle or axle group. The additional cost does not apply to paragraph (c), clauses (1) and (3).

(f) As an alternative to paragraph (e), an annual permit may be issued for overweight, or oversize and overweight, construction equipment, machinery, and supplies. The fees for the permit are as follows:

Gross Weight (pounds) of vehicle  
Annual Permit Fee

90,000 or less	\$200.00
90,001 - 100,000	\$300.00
100,001 - 110,000	\$400.00
110,001 - 120,000	\$500.00
120,001 - 130,000	\$600.00
130,001 - 140,000	\$700.00
140,001 - 145,000	\$800.00

If the gross weight of the vehicle is more than ~~140,000~~ 145,000 pounds the permit fee is determined under paragraph (e).

(g) for vehicles which exceed the width limitations set forth in section 169.80 by more than 72 inches, an additional cost equal to \$120 added to the amount in paragraph (a) when the permit is issued while seasonal load restrictions pursuant to section 169.87 are in effect.

Sec. 13. Minnesota Statutes 1985 Supplement, section 169.862, is amended to read:

**169.862 [PERMITS FOR WIDE LOADS OF BALED AGRICULTURAL PRODUCTS.]**

The commissioner of transportation with respect to highways under the commissioner's jurisdiction, and local authorities with respect to highways under their jurisdiction, may issue an annual permit to enable a vehicle carrying round bales of ~~agricultural products~~ hay, straw, or cornstalks, with a total outside width of the vehicle or the load not exceeding 11-1/2 feet, to be operated on public streets and highways. Permits issued under this section are governed by the applicable provisions of section 169.86 except as otherwise provided herein and, in addition, carry the following restrictions:

(a) The vehicles may not be operated between sunset and sunrise, when visibility is impaired by weather, fog, or other conditions rendering persons and vehicles not clearly visible at a distance of 500 feet, or on Sunday from noon until sunset, or on the days the following holidays are observed: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

(b) The vehicles may not be operated on interstate highways.

(c) The vehicles may not be operated on a trunk highway with a pavement less than 24 feet wide.

(d) A vehicle operated under the permit must be equipped with a retractable or removable mirror on the left side so located that it will reflect to the driver a clear view of the highway for a distance of at least 200 feet to the rear

of the vehicle.

(e) A vehicle operated under the permit must display red, orange, or yellow flags, 18 inches square, as markers at the front and rear and on both sides of the load. The load must be securely bound to the transporting vehicle.

(f) *Farm vehicles not for hire carrying round baled hay less than 20 miles are exempt from the requirement to obtain a permit. All other requirements of this section apply to vehicles transporting round baled hay.*

The fee for the permit is \$24.

#### ARTICLE 14

#### RAILROAD PROPERTY FIRST REFUSAL

##### Section 1. [222.631] [DEFINITIONS.]

*Subdivision 1. [TERMS.] For purposes of sections 1 to 3, the following terms have the meanings given them.*

*Subd. 2. [FAIR MARKET VALUE.] "Fair market value" means the price negotiated between the parties under section 2, or the market value of the property minus the value of any leasehold improvements, as determined by independent appraisers.*

*Subd. 3. [LEASEHOLDER.] "Leaseholder" means a person who holds a lease, license, or permit with respect to property within a right-of-way, and who has erected eligible leasehold improvements on the property with a total fair market value of \$7,500 or more.*

*Subd. 4. [RAILROAD INTEREST.] "Railroad interest" includes a railroad corporation, its trustee or successor in interest, a railroad corporation which is in proceedings for bankruptcy under federal law, and a nonrailroad holding corporation that owns a controlling interest in a railroad.*

*Subd. 5. [RIGHT-OF-WAY.] "Right-of-way" has the meaning given it in section 222.63, subdivision 1.*

##### Sec. 2. [222.632] [RIGHT OF FIRST REFUSAL.]

*A railroad interest that is in bankruptcy proceedings may not sell or offer for sale an interest in real property that is within the right-of-way, and a railroad interest that is abandoning a railroad line may not sell or offer for sale an interest in real property within the right-of-way to be abandoned, unless it first extends a written offer to sell that interest at a fair market value price to each person who is a leaseholder with respect to the property. Leaseholders must respond to the offer within 60 days of receipt of the notice and the railroad interest must negotiate in good faith with an interested leaseholder for a period of 90 days following the leaseholder's response. After the 90-day negotiation period, either party may file a notice of dispute with the board under section 3. The property may not be sold to a party other than the leaseholder during the response and negotiation periods or while a dispute is pending before the board. This section does not apply to a sale of an entire operating railroad line by one operating railroad to another for the purpose of operating a railroad.*

##### Sec. 3. [222.633] [TRANSPORTATION REGULATION BOARD TO RESOLVE DISPUTES.]

*(a) A railroad interest or leaseholder may apply to the transportation regulation board to resolve a dispute concerning fair market value or other*

terms arising from negotiations under section 2. The board must adopt guidelines without regard to chapter 14 to implement section 2 and this section. The guidelines must define the terms "leaseholders" and "railroad interest," establish a procedure to resolve disputes, and provide for the use of independent appraisers. Final rules must be adopted no later than 360 days from the effective date of this section.

(b) The board's decision is final for purposes of judicial review and may be reviewed in the district court for the jurisdiction where the property is located. The scope of judicial review is limited to a determination whether substantial evidence exists to support the board's decision.

#### Sec. 4. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

### ARTICLE 15

## LANDLORD LIEN

#### Section 1. [514.960] [LANDLORD LIEN.]

*Subdivision 1. [LIEN; ATTACHMENT.] A person or entity that leases property for agricultural production has a lien for unpaid rent on the crops produced on the property in the crop year and on the crop products and their proceeds.*

*Subd. 2. [PERFECTION.] (a) To perfect a landlord lien, the lien must attach and the person or entity entitled to the lien must file a lien statement with the appropriate filing office under section 336.9-401 by 30 days after the crops become growing crops.*

*(b) A landlord lien that is not perfected has the priority of an unperfected security interest under section 336.9-312.*

*Subd. 3. [DUTIES OF FILING OFFICER.] The filing officer shall enter on the lien statement the time of day and date of filing. The filing officer shall file, amend, terminate, note the filing of a lien statement, and charge the fee for filing under this section in the manner provided by section 336.9-403 for a financing statement. A lien statement is void and may be removed from the filing system 18 months after the date of filing. The lien statement may be physically destroyed after 30 months from the date of filing.*

*Subd. 4. [PRIORITY.] A landlord lien has priority over all other liens or security interests in crops grown or produced on the property that was leased and the crop products and proceeds.*

*Subd. 5. [ENFORCEMENT OF LIEN.] The holder of a landlord lien may enforce the lien in the manner provided in sections 336.9-501 to 336.9-508, subject to section 550.17. For enforcement of the lien, the lienholder is the secured party and the person leasing the property is the debtor, and each has the respective rights and duties of a secured party and a debtor under sections 336.9-501 to 336.9-508. If a right or duty under sections 336.9-501 to 336.9-508 is contingent upon the existence of express language in a security agreement or may be waived by express language in a security agreement, the requisite language does not exist.*

*Subd. 6. [ENFORCEMENT ACTIONS; LIEN EXTINGUISHED.] An action to enforce a landlord lien may be brought in district court in a county where the property is located after the lien is perfected. A lien statement may be amended, except the amount demanded, by leave of the court in the furtherance of justice. A landlord lien is extinguished if an action to enforce the*

*lien is not brought within 18 months after the date the lien statement is filed.*

Sec. 2. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

ARTICLE 16

160 ACRE HOMESTEAD DECLARATION

Section 1. Minnesota Statutes 1984, section 510.02, is amended to read:

510.02 [AREA, HOW LIMITED.]

The homestead may include any quantity of land not exceeding ~~80~~ 160 acres, and not included in the laid out or platted portion of any city. If it be within the laid out or platted portion of such place its area shall not exceed one-half of an acre.

Sec. 2. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

ARTICLE 17

ALTERNATIVE DISPUTE RESOLUTION

Section 1. Minnesota Statutes 1984, section 480.24, is amended by adding a subdivision to read:

*Subd. 5. [NONPROFIT REGIONAL ALTERNATIVE DISPUTE RESOLUTION CORPORATION.] "Nonprofit regional alternative dispute resolution corporation" means a nonprofit corporation which trains and makes available to the public individuals who provide fact-finding, conciliation, mediation, or nonbinding or binding arbitration services.*

Sec. 2. Minnesota Statutes 1984, section 480.242, subdivision 2, is amended to read:

Subd. 2. [REVIEW OF APPLICATIONS; SELECTION OF RECIPIENTS.] At times and in accordance with any procedures as the supreme court adopts in the form of court rules, applications for the expenditure of funds collected pursuant to section 480.241 shall be accepted from qualified legal services programs or from local government agencies and nonprofit organizations seeking to establish qualified alternative dispute resolution programs. The applications shall be reviewed by the advisory committee, and the advisory committee, subject to review by the supreme court, shall distribute the funds received pursuant to section 480.241, subdivision 2 to qualified legal services programs or to qualified alternative dispute resolution programs submitting applications. Subject to the provisions of subdivision 4, the funds shall be distributed in accordance with the following formula:

(a) Eighty-five percent of the funds distributed shall be distributed to qualified legal services programs that have demonstrated an ability as of July 1, 1982, to provide legal services to persons unable to afford private counsel with funds provided by the federal Legal Services Corporation. The allocation of funds among the programs selected shall be based upon the number of persons with incomes below the poverty level established by the United States Census Bureau who reside in the geographical area served by each

program, as determined by the supreme court on the basis of the 1980 national census. All funds distributed pursuant to this clause shall be used for the provision of legal services in civil matters to eligible clients.

(b) Fifteen percent of the funds distributed may be distributed (1) to other qualified legal services programs for the provision of legal services in civil matters to eligible clients, including programs which organize members of the private bar to perform services and programs for qualified alternative dispute resolution, or (2) to programs for training mediators operated by nonprofit alternative dispute resolution corporations. Grants may be made pursuant to this clause only until June 30, 1987. If all the funds to be distributed pursuant to this clause cannot be distributed because of insufficient acceptable applications, the remaining funds shall be distributed pursuant to clause (a).

Sec. 3. Minnesota Statutes 1984, section 572.33, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] When used in ~~Laws 1984, chapter 646, sections 4 to 7~~ sections 572.31 to 572.40 and section 6 the terms defined in this section have the meanings given them.

Sec. 4. Minnesota Statutes 1984, section 572.33, is amended by adding a subdivision to read:

Subd. 5. [NONPROFIT REGIONAL ALTERNATIVE DISPUTE RESOLUTION CORPORATION.] *"Nonprofit regional alternative dispute resolution corporation"* has the meaning given in section 1.

Sec. 5. Minnesota Statutes 1984, section 572.35, is amended to read:

572.35 [EFFECT OF MEDIATED SETTLEMENT AGREEMENT.]

Subdivision 1. [GENERAL.] The effect of a mediated settlement agreement shall be determined under principles of law applicable to contract. A mediated settlement agreement is not binding unless it contains a provision stating that it is binding and a provision stating substantially that the parties were advised in writing that (a) the mediator has no duty to protect their interests or provide them with information about their legal rights; (b) signing a mediated settlement agreement may adversely affect their legal rights; and (c) they should consult an attorney before signing a mediated settlement agreement if they are uncertain of their rights.

Subd. 2. [DEBTOR AND CREDITOR MEDIATION.] *In addition to the requirements of subdivision 1, a mediated settlement agreement between a debtor and creditor is not binding until 72 hours after it is signed by the debtor and creditor, during which time either party may withdraw consent to the binding character of the agreement.*

Sec. 6. [572.41] [DEBTOR AND CREDITOR MEDIATION.]

Subdivision 1. [GENERAL.] *The debtor and creditor in any transaction may request the other party to the transaction to enter mediation concerning possible adjustment, refinancing, or payment under this section and sections 572.31 to 572.40.*

Subd. 2. [MEDIATORS.] *An individual who meets the qualifications established under subdivision 5 and who is willing to mediate in matters*

*involving debtors and creditors may register with a nonprofit regional alternative dispute resolution corporation or, in a county where one does not exist, with the court administrator. The court administrator shall develop a list of mediators available in the county. It is desirable but not necessary that mediators under this section have knowledge of debtor and creditor law and relevant areas of finance. A mediator must not mediate a matter involving a debtor or creditor with whom the mediator has or has had a credit relationship.*

*Subd. 3. [REQUEST FOR MEDIATOR.] A debtor and creditor who agree to mediate may submit a written request for referral to a mediator to the court administrator in the county where either party resides or has a place of business. The court administrator shall assign a mediator from the list developed under subdivision 2. The court administrator may charge a fee for the referral not to exceed the conciliation court fee in that county.*

*Subd. 4. [COMPENSATION.] Prior to commencing mediation the debtor and creditor shall agree with each other and the mediator on the amount and allocation between them of any fee for the mediator's services.*

*Subd. 5. [RULES.] The state court administrator, in consultation with the bureau of mediation services, shall adopt rules to implement this section and may use portions of existing rules on certification of alternative dispute resolution programs that satisfy the purposes of this section. The rules must include qualifications of mediators under this section and grounds for challenging and removing mediators.*

#### Sec. 7. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

### ARTICLE 18

#### WILD RICE LAND

Section 1. Minnesota Statutes 1985 Supplement, section 92.50, subdivision 1, is amended to read:

Subdivision 1. [LEASE TERMS.] The commissioner of natural resources may lease, at public or private vendue and at the prices and under the terms and conditions he or she may prescribe, any state-owned lands under his or her jurisdiction and control for the purpose of taking and removing sand, gravel, clay, rock, marl, peat, and black dirt, for storing ore, waste materials from mines, or rock and tailings from ore milling plants, for roads or railroads, or for any other uses consistent with the interests of the state. Except as otherwise provided in this subdivision, the term of the lease may not exceed ten years. Leases of lands for storage sites for ore, waste materials from mines, or rock and tailings from ore milling plants, for the removal of peat, or for the use of peat lands for agricultural purposes may not exceed a term of 25 years. Leases for the removal of peat must be approved by the executive council.

All leases must be subject to sale and leasing of the land for mineral purposes and contain a provision for cancellation for just cause at any time by the commissioner upon ~~three~~ six months' written notice. A longer notice period, not exceeding three years, may be provided in leases for storing ore, waste materials from mines or rock or tailings from ore milling plants. The

commissioner may determine the terms and conditions, including the notice period, for cancellation of a lease for the removal of peat. Money received from leases under this section must be credited to the fund to which the land belongs.

Sec. 2. Minnesota Statutes 1985 Supplement, section 92.501, subdivision 1, is amended to read:

92.501 [LEASING OF PEAT LANDS FOR WILD RICE FARMING.]

Subdivision 1. [AUTHORITY TO LEASE.] The commissioner of natural resources *in consultation with the commissioner of agriculture* may, at a public or private lease sale and at the prices and under the terms and conditions the ~~commissioner~~ *commissioners* may prescribe, lease any state-owned lands under the commissioner's jurisdiction and control for the purpose of farming of wild rice. *Priority must be given to lands which are accessible and adjacent to existing wild rice production areas and requested for leasing by wild rice producers.* The term of a lease under this section ~~shall~~ *must* be offered for a minimum of 20 years but may be for a shorter period at the option of the lessee. *If a lease is issued prior to the adoption of the rules for the implementation of this section and for a period of less than 20 years, the lease must be converted to a minimum 20-year lease after the rules have been adopted, at the option of the lessee. Leases must be accepted or denied within 60 days of application. If a lease is denied, written notice must be given stating reasons for denial.* The lease rate ~~shall~~ *must* be adjusted every five years to reflect market values. The money received from the leases under this section ~~shall~~ *must* be credited to the account that receives the proceeds of a sale of the land.

Sec. 3. Minnesota Statutes 1985 Supplement, section 92.501, subdivision 2, is amended to read:

Subd. 2. [WILD RICE LAND DESIGNATION AND DEVELOPMENT.] The commissioner of natural resources *and the commissioner of agriculture* shall prepare a plan *that designates state land for wild rice production* including an inventory of the number of acres of land appropriate and suitable for wild rice development and leasing in each county. *Proposed mineral exploration does not exempt land from being designated for wild rice development.*

Sec. 4. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

## ARTICLE 19

### DEFICIENCY JUDGMENTS

#### Section 1. [LEGISLATIVE FINDINGS.]

*The legislature finds that there is a rural economic emergency resulting from the agricultural economic depression. Foreclosure sales and subsequent deficiency judgments are debilitating the people foreclosed and taking away their hope for readjustment after foreclosure, which is detrimental to the welfare of the state.*

#### Sec. 2. [580.225] [SATISFACTION OF JUDGMENT.]

*The amount received from foreclosure sale under this chapter is full satisfaction of the mortgage debt, except as provided in section 5.*

Sec. 3. Minnesota Statutes 1984, section 580.23, subdivision 1, is amended to read:

**580.23 [REDEMPTION BY MORTGAGOR.]**

Subdivision 1. When lands have been sold in conformity with the preceding sections of this chapter the mortgagor, his personal representatives or assigns, within six months after such sale, except as otherwise provided in subdivision 2, may redeem such lands, as hereinafter provided, by paying the sum of money for which the same were sold, with interest from the time of sale at the rate provided to be paid on the mortgage debt and, if no rate be provided in the mortgage note, at the rate of six percent per annum, together with any further sums which may be payable pursuant to section 582.03. ~~Where the redemption period is as provided in this subdivision the mortgagee, or his successors, assigns, or personal representative, or any other purchaser so purchasing at the sheriff's sale shall by purchasing the property at the sheriff's sale thereby waive his right to a deficiency judgment against the mortgagor.~~

Sec. 4. Minnesota Statutes 1984, section 581.09, is amended to read:

**581.09 [SATISFACTION OF JUDGMENT; EXECUTION FOR DEFICIENCY.]**

Upon confirmation of the report of sale, the clerk shall enter satisfaction of the judgment to the extent of the sum bid for the premises, less expenses and costs; ~~and for any balance of such judgment, execution may issue as in other cases; but no such execution shall issue on the judgment until after a sale of the mortgaged premises, and the application of the amount realized as aforesaid. The amount entered is full satisfaction of the judgment unless a deficiency is allowed under section 5. If a deficiency judgment is allowed under section 5, the balance of the judgment remaining unpaid may be executed and satisfied in the same manner as a personal judgment against the mortgagor.~~

**Sec. 5. [582.30] [DEFICIENCY JUDGMENTS.]**

Subdivision 1. [DEFICIENCY ALLOWED.] (a) *Except as provided in this section, a person holding a mortgage may obtain a deficiency judgment against the mortgagor if the amount a person holding a mortgage receives from a foreclosure sale is less than:*

- (1) *the amount remaining unpaid on the mortgage under chapter 580; or*
- (2) *the amount of the judgment entered under chapter 581.*

(b) *Except as provided in subdivision 3, the judgment may not be for more than the difference between the amount received from the foreclosure sale less expenses and costs and:*

(1) *for a foreclosure by advertisement, the total amount that attaches to the sale proceeds under chapter 580; or*

(2) *for a foreclosure by action, the amount of the judgment entered under chapter 581.*

Subd. 2. [GENERAL PROHIBITION FOR PROPERTY WITH A SIX-MONTH REDEMPTION PERIOD.] *A deficiency judgment is not allowed if*



*a mortgage is foreclosed by advertisement under chapter 580, and has a redemption period of six months under section 580.23, subdivision 1.*

**Subd. 3. [MORTGAGE ON AGRICULTURAL PROPERTY ENTERED AFTER THE EFFECTIVE DATE OF THIS ARTICLE.]** *(a) If a mortgage entered after the effective date of this article on property used in agricultural production is foreclosed and sold, a deficiency judgment may only be obtained by filing a separate action for a deficiency judgment within 90 days after the foreclosure sale. A court may allow a deficiency judgment only if it determines that the sale of the property was conducted in a commercially reasonable manner.*

*(b) The amount of the deficiency judgment is limited to the difference of the fair market value of the property, and the amount remaining unpaid on the mortgage if the foreclosure is under chapter 580 or the amount of the judgment if the foreclosure is under chapter 581. A separate jury proceeding must be brought to determine the fair market value of the property. The property may not be presumed to be sold for its fair market value. A party adversely affected by a deficiency judgment may submit evidence relevant to establishing the fair market value of the property. Notice of the time and place where the fair market value of the property is to be determined must be given to all parties adversely affected by the judgment.*

**Subd. 4. [JUDGMENT ON MORTGAGE NOTE.]** *A personal judgment may not be executed against a mortgagor liable on a mortgage note entered after the effective date of this article secured by real property used in agricultural production, unless the fair market value of the property is determined by a jury in a separate proceeding as provided in subdivision 3, paragraph (b). The personal judgment on the mortgage note may not be for more than the difference of the amount due on the note and the fair market value of the property.*

**Subd. 5. [MORTGAGE ON AGRICULTURAL PROPERTY ENTERED ON OR BEFORE THE EFFECTIVE DATE OF THIS ARTICLE.]** *(a) If a mortgage entered on or before the effective date of this article on property used in agricultural production is foreclosed and sold, a deficiency judgment may only be obtained by filing a separate action for a deficiency judgment within 90 days after the foreclosure sale. A court may allow a deficiency judgment only if it determines that the sale of the property was conducted in a commercially reasonable manner.*

*(b) The amount of the deficiency judgment is limited to the difference of the fair market value of the property, and the amount remaining unpaid on the mortgage if the foreclosure is under chapter 580 or the amount of the judgment if the foreclosure is under chapter 581. A separate jury proceeding must be brought to determine the fair market value of the property. The property may not be presumed to be sold for its fair market value. A party adversely affected by a deficiency judgment may submit evidence relevant to establishing the fair market value of the property. Notice of the time and place where the fair market value of the property is to be determined must be given to all parties adversely affected by the judgment.*

**Subd. 6. [JUDGMENT ON MORTGAGE NOTE.]** *A personal judgment may not be executed against a mortgagor liable on a mortgage note entered on or before the effective date of this article secured by real property used in*

agricultural production, unless the fair market value of the property is determined by a jury in a separate proceeding as provided in subdivision 5, paragraph (b). The personal judgment on the mortgage note may not be for more than the difference of the amount due on the note and the fair market value of the property.

*Subd. 7. [STATUTE OF LIMITATIONS ON EXECUTING JUDGMENT.] A deficiency judgment or personal judgment obtained to enforce a mortgage debt on property used in agricultural production may be enforced by execution, but the judgment may not be executed after three years from the date judgment was entered.*

*Subd. 8. [POSTPONEMENT ON EXECUTING JUDGMENTS ON OR BEFORE THE EFFECTIVE DATE OF THIS ARTICLE.] For a mortgage on property used in agricultural production entered on or before the effective date of this article, a deficiency judgment or personal judgment to enforce the mortgage debt may not be executed on real or personal property used for agricultural production until one year after the effective date of this article.*

*Subd. 9. [ATTACHMENT OF JUDGMENT AFTER JUDGMENT IS ENTERED.] A deficiency judgment or personal judgment obtained to enforce a mortgage debt on property used in agricultural production does not attach to real or personal property that is acquired by the mortgagor or debtor after the judgment is entered.*

**Sec. 6. [582.31] [ONE ACTION ALLOWED TO ENFORCE AGRICULTURAL MORTGAGE.]**

*(a) For a mortgage on property used in agricultural production entered into on or before the effective date of this article, the mortgagee may only proceed to:*

*(1) obtain a personal judgment for the debt owed on the note secured by the mortgage and execute on the judgment; or*

*(2) foreclose the mortgage and obtain a deficiency judgment, if allowed.*

*(b) An action under paragraph (a), either clause (1) or (2), bars an action under the other clause.*

**Sec. 7. [EFFECTIVE DATE.]**

*This article is effective the day after final enactment.*

## ARTICLE 20

### RIGHT OF FIRST REFUSAL

Section 1. Minnesota Statutes 1984, section 500.24, is amended by adding a subdivision to read:

*Subd. 6. [DISPOSAL OF LAND.] A state or federal agency or a corporation, other than a family farm corporation or an authorized farm corporation, when leasing or selling farm land or a farm homestead, must offer or make a good faith effort to offer land for sale or lease to the immediately preceding former owner at a price no higher than the highest price offered by a third party that is acceptable to the seller or lessor. An offer delivered by certified mail to the former owner's last known address is a good faith offer. This subdivision does not apply to a sale or lease that occurs after the seller*

*or lessor has held the property for five years.*

*The former owner must exercise the right to lease farm land within 30 days after receiving an offer to lease under this subdivision. The former owner must exercise the right to buy farm land within 90 days after receiving an offer to buy under this subdivision.*

**Sec. 2. [EFFECTIVE DATE.]**

*This article is effective the day following final enactment.*

**ARTICLE 21**

**INVOLUNTARY FARM TRANSFER INCOME EXCLUSION**

Section 1. Minnesota Statutes 1985 Supplement, section 290.01, subdivision 20b, is amended to read:

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

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

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

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

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

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

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

(7) the first \$3,000 of compensation for personal services in the armed forces of the United States or the United Nations, and the next \$2,000 of compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside the state of Minnesota. This modification does not apply to compensation defined in clause (6);

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

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

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

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

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

(13) to the extent included in federal adjusted gross income, income related to disposition of property used in a family farm business as provided by section 290.08, subdivision 27.

Sec. 2. Minnesota Statutes 1984, section 290.08, is amended by adding a subdivision to read:

*Subd. 27. [FARM PROPERTY DISPOSITION INCOME.] For a person, a family farm corporation, or an authorized farm corporation, gross income does not include any gain realized upon termination of a contract for deed, foreclosure of a mortgage, or deed in lieu of foreclosure if a foreclosure proceeding has been initiated or threatened in writing on real or personal property used in a farm business that was owned and operated by the taxpayer as the taxpayer's principal business. For the purposes of this subdivision, real property includes any dwellings located on the property. This modification does not apply to any net cash proceeds distributed to the taxpayer after discharge of the debt. For purposes of this subdivision "family farm corporation" and "authorized farm corporation" are as defined in section 500.24, subdivision 2, except that the term "farming" as used in*

*those definitions includes the production of livestock, dairy animals or dairy products, poultry or poultry products, fur-bearing animals, horticultural and nursery stock that is covered by sections 18.44 to 18.61, fruit, vegetables, forage, grain, and bees and apiary products.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 290.091, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal adjusted gross income as defined in the Internal Revenue Code;

(2) the taxpayer's federal tax preference items; less the sum of

(i) interest income as defined in section 290.01, subdivision 20b, clause (1); and

(ii) the amount of interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed qualified net investment income, as defined in section 55(e)(5) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income or amounts that are not allowable under section 55(e)(8) of the Internal Revenue Code; and

(iii) *to the extent included in the taxpayer's federal adjusted gross income, gain excluded from gross income under section 290.01, subdivision 20b, clause (13).*

In the case of an estate or trust, adjusted gross income must be modified as provided in section 55(e)(6)(B) of the Internal Revenue Code.

(b) "Federal tax preference items" means items as defined in sections 57, 58, and 443(d) of the Internal Revenue Code, modified as follows:

(1) The capital gain preference item shall be reduced

(i) where the gain would be modified because some or all of the assets have a higher basis for Minnesota purposes than for federal purposes; and

(ii) *to the extent it includes gain excluded from gross income under section 290.01, subdivision 20b, clause (13).*

(2) In the case of a nonresident individual, or an estate or trust, with a net operating loss that is a larger amount for Minnesota than for federal, the capital gain preference item shall be reduced to the extent it was reduced in the allowance of the net operating loss.

(3) Federal preference items from the business of mining or producing iron ore and other ores which are subject to the occupation tax and exempt from taxation under section 290.05, subdivision 1, shall not be a preference item for Minnesota.

(4) Other federal preference items to the extent not allowed in the computation of Minnesota gross income, as determined by the commissioner, are not preference items for Minnesota.

(c) "Internal Revenue Code" means the Internal Revenue Code of 1954, as amended through December 31, 1984.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section), reduced by the sum of the nonrefundable credits allowed under this chapter.

Sec. 4. Minnesota Statutes 1985 Supplement, section 290.491, is amended to read:

#### 290.491 [TAX ON GAIN; DISCHARGE IN BANKRUPTCY.]

(a) Any tax due under this chapter on a gain realized on a forced sale pursuant to foreclosure of a mortgage or other security interest in agricultural production property, other real property, or equipment, used in a farm business that was owned and operated by the taxpayer shall be a dischargeable debt in a bankruptcy proceeding under United States Code, title 11, section 727.

~~A gain~~ (b) *Income realized on a sale or exchange of agricultural production property, other real property, or equipment, used in a farm business that was owned and operated by the taxpayer shall be exempt from taxation under this chapter, if the taxpayer was insolvent at the time of the sale and the proceeds of the sale were used solely to discharge indebtedness secured by a mortgage, lien or other security interest on the property sold. For purposes of this section, "insolvent" means insolvent as defined in section 108(d)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1984. This paragraph applies only to the extent that the gain is includable in federal adjusted gross income or in the computation of the alternative minimum taxable income under section 290.091 for purposes of the alternative minimum tax. The amount of the exemption is limited to the excess of the taxpayer's (1) liabilities over (2) the total assets and any exclusion claimed under section 108 of the Internal Revenue Code of 1954, as amended through December 31, 1985, determined immediately before application of this paragraph.*

(c) *For purposes of this section, any tax due under this chapter specifically includes, but is not limited to, tax imposed under sections 290.02 and 290.03 on income derived from a sale or exchange, whether constituting gain, discharge of indebtedness or recapture of depreciation deductions, or the alternative minimum tax imposed under section 290.091.*

#### Sec. 5. [AMENDED RETURNS.]

*Subdivision 1. [SPECIAL RULES.] An amended return filed on the basis of this article for a taxable year beginning after December 31, 1982, and before January 1, 1985, shall be filed no later than June 30, 1987. Such a return may include a reduction in gross income to effect subtraction of any amount added to gross income for that year pursuant to Minnesota Statutes 1984, section 290.01, subdivision 20a, clause (3), if the increase in the federal tax liability was a result of recapture of the investment tax credit attributable to disposition of property described in section 2. Any reduction in income arising from a farm pursuant to this article shall not be considered in the computation of the farm loss modification under Minnesota Statutes 1984, section 290.09, subdivision 29, in an amended return. On an amended return for a taxable year beginning after December 31, 1982, and before*

*January 1, 1985, the minimum tax imposed under Minnesota Statutes 1984, section 290.091, shall be computed by subtracting from federal preference items the amount of any gain excluded from gross income under section 290.01, subdivision 20b, clause (13), that was included in the taxpayer's federal preference items in that taxable year.*

*Subd. 2. [PAYMENT OF REFUNDS.] The commissioner of revenue shall pay refunds to claimants who file amended returns based on this article notwithstanding expiration of the period of limitations in Minnesota Statutes, section 290.50, or any other law. No interest will be paid on refunds paid on claims filed for periods for which the statute of limitations had expired.*

**Sec. 6. [EFFECTIVE DATE.]**

*Sections 1, 2, and 4 are effective for taxable years beginning after December 31, 1982. Section 3 is effective for taxable years beginning after December 31, 1984.*

**ARTICLE 22**

**FARM ADVOCATE ETHICAL GUIDELINES**

**Section 1. [17.039] [ETHICAL GUIDELINES FOR FARM ADVOCATES.]**

*The commissioner of agriculture shall establish not later than August 1, 1986, ethical guidelines for farm advocates who perform the duties of an advocate. The ethical guidelines must be part of the contract with each advocate.*

**Sec. 2. [EFFECTIVE DATE.]**

*This article is effective the day following final enactment.*

**ARTICLE 23**

**FARM LOAN INTEREST BUY-DOWN**

**Section 1. [DEFINITIONS.]**

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

*Subd. 2. [APPROVED ADULT FARM MANAGEMENT PROGRAM.] "Approved adult farm management program" means a farm management training program designed for persons currently engaged in farming that has been approved by the commissioner under section 4, subdivision 4.*

*Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of commerce.*

*Subd. 4. [COMMISSIONER'S INTEREST INDEX.] "Commissioner's interest index" means an interest rate that is three percent above the current lending rate of the Federal Interest Credit Bank to production credit associations as certified each month by the commissioner.*

*Subd. 5. [ELIGIBLE BORROWER.] "Eligible borrower" means a farmer who applies to a lender for a farm operating loan between the dates January 1, 1986, and December 30, 1986, and who meets all qualifications established in section 2 and any further qualifications that may be estab-*

lished in the program guidelines adopted by the commissioner under section 4, subdivision 1.

Subd. 6. [FARM OPERATING LOAN.] "Farm operating loan" means an original, extended, or renegotiated loan or line of credit obtained by a farmer from a lender for the purpose of financing the operations of a farm. A farm operating loan includes an open line of credit even though the maximum principal amount of the line of credit may not be drawn at any one time. A farm operating loan eligible for interest rate buy-down must have a maturity date of June 30, 1987, or earlier.

Subd. 7. [FARMER.] "Farmer" means a state resident or a domestic family farm corporation as defined in section 500.24, subdivision 2, operating a farm within the state.

Subd. 8. [INTEREST RATE BUY-DOWN; BUY-DOWN.] "Interest rate buy-down" or "buy-down" means a reduction in the effective interest rate on a farm operating loan made pursuant to sections 1 to 9 to an eligible borrower due to partial payment of interest costs by the commissioner and partial payment of interest costs by the participating lender.

Subd. 9. [LENDER.] "Lender" means a bank, a credit union, or a savings and loan association chartered by the state or federal government, a unit of the farm credit system, the federal deposit insurance corporation, and other financial institutions that the commissioner deems appropriate.

Subd. 10. [PARTICIPATING LENDER.] "Participating lender" means a lender who has been granted participating lender status by the commissioner.

## Sec. 2. [FARMER ELIGIBILITY.]

Subdivision 1. [DEBT-TO-ASSET RATIO.] Only a farmer with a debt-to-asset ratio exceeding 50 percent at the time of application for a farm operating loan is an eligible borrower for purposes of interest rate buy-down. The debt-to-asset ratio of a farmer must be determined by the lender. A debt-to-asset ratio determined by a lender is deemed to be reasonable and accurate without further audit or substantiation.

Subd. 2. [ASSESSMENT OF CONTINUED VIABILITY.] Only a farmer determined by the lender to have a reasonable opportunity for long-term financial viability in the farmer's current farm operation is an eligible borrower. A determination of financial viability by a lender is deemed to be reasonable and accurate without further audit or substantiation.

Subd. 3. [ENROLLMENT IN ADULT FARM MANAGEMENT PROGRAM.] To be an eligible borrower, a farmer must agree to enroll in an approved adult farm management program offered not more than 50 miles from the farmer's residence if enrollment is a condition of receiving a farm operating loan from a participating lender.

## Sec. 3. [LENDER ELIGIBILITY.]

Subdivision 1. [ELIGIBLE PARTICIPATING LENDER STATUS.] A lender who meets all requirements established by the commissioner must be certified as a participating lender.

## Subd. 2. [PARTIAL PAYMENT FOR ADULT FARM MANAGEMENT



TRAINING.] A participating lender must agree to pay one-half of the enrollment and tuition costs of an approved adult farm management program for an eligible borrower approved by the commissioner for interest rate buy-down. A participating lender is not required to assist with enrollment or tuition costs for a period longer than the term of the farm operating loan, and a lender is not required to assist with the enrollment and tuition costs for more than one individual for each farm operating loan.

#### Sec. 4. [RESPONSIBILITIES OF THE COMMISSIONER.]

Subdivision 1. [ADOPTION OF PROGRAM GUIDELINES.] Within 30 days after the effective date of sections 1 to 9, the commissioner shall adopt and make available to any interested party guidelines for the interest rate buy-down program established in sections 1 to 9. To the maximum extent practicable, the commissioner shall adopt guidelines that coordinate the state program with any federal farm financial relief program and make benefits of the state interest rate buy-down program additive to the federal program. The commissioner may adopt program guidelines without regard to chapter 14.

Subd. 2. [PREPARATION AND DISTRIBUTION OF LENDER PARTICIPATION FORMS.] The commissioner shall prepare and distribute to all lenders in the state forms and instructions for the program.

Subd. 3. [PREPARATION AND DISTRIBUTION OF LOAN APPLICATION FORMS.] The commissioner shall prepare and distribute to all participating lenders forms and instructions to be used in applying for state interest rate buy-down payments.

Subd. 4. [APPROVAL OF ADULT FARM MANAGEMENT PROGRAMS.] The commissioner, in consultation with the commissioner of agriculture, shall prepare and distribute to all participating lenders a list of adult farm management training programs approved for eligible borrowers.

Subd. 5. [REVIEW OF APPLICATIONS FOR BUY-DOWN PAYMENT.] The commissioner must review within five working days of submission by a participating lender a properly completed application for interest rate buy-down payments on a farm operating loan made to a farmer. If a qualified lender does not receive written notice that the commissioner has denied interest rate buy-down payments within seven working days, the farmer is an eligible borrower and interest rate buy-down payments on the farm operating loan are approved by the commissioner.

Subd. 6. [BUY-DOWN PAYMENTS TO PARTICIPATING LENDERS.] The commissioner shall make interest rate buy-down payments to participating lenders as provided in this subdivision. An amount equal to half of the expected interest rate buy-down amount may be paid to the participating lender 30 days after the loan is reviewed by the commissioner. If the participating lender elects to receive the first half payment at a date later than 30 days after the loan is reviewed by the commissioner, the commissioner shall make the payment on the date requested. The balance of the interest rate buy-down payment must be paid to the participating lender not more than 30 days after the request for final payment is received.

#### Sec. 5. [FARMER APPLICATION FOR INTEREST RATE BUY-DOWN.]

*A participating lender must receive and evaluate loan applications from any farmer who has transacted farm-related borrowing with the lender within the prior three years, or from a farmer who has not previously established farm-related borrowing or whose previous lender is no longer in the business of making farm-related loans. The participating lender may use criteria beyond those in section 2 in determining whether to make a farm operating loan to a farmer.*

#### Sec. 6. [APPLICATION BY PARTICIPATING LENDERS.]

*In order to receive interest rate buy-down payments from the state, a participating lender must submit to the commissioner a properly completed application form for each farm operating loan eligible for interest rate buy-down payments.*

#### Sec. 7. [MAXIMUM INTEREST RATE.]

*To qualify for interest rate buy-down payments, a participating lender must offer to make a farm operating loan to an eligible borrower at a rate of interest equivalent to that offered to other farmers having similar security and financial status but in no case may the interest rate exceed the current commissioner's interest index. The commissioner may use appropriate means to verify that the operating loan interest rate available to an eligible borrower is substantially the same as that available to other borrowers.*

#### Sec. 8. [STATE CONTRIBUTION TO INTEREST BUY-DOWN.]

*As provided in section 4, subdivision 6, the commissioner shall pay to a participating lender for the first \$100,000 of a farm operating loan made to an eligible borrower an amount equivalent to 37.5 percent of the contract interest to be paid during the term of the farm operating loan.*

#### Sec. 9. [LENDER CONTRIBUTION TO INTEREST BUY-DOWN.]

*A participating lender must provide a reduction in interest rate for the first \$100,000 of a farm operating loan made to an eligible borrower in an amount equivalent to 12.5 percent of the contract interest rate to be paid during the term of the farm operating loan.*

#### Sec. 10. [EXISTING RESTRUCTURING PROGRAM; DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 10 to 12.*

*Subd. 2. [CLASSIFIED FARM LOAN.] "Classified farm loan" means a farm loan that the lender determines to have a substantial risk of nonpayment, so that the lender is likely to sustain some loss if the borrower's paying capacity, net worth, or collateral is not improved. The loan need not already have been classified by a bank examiner.*

*Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of commerce.*

*Subd. 4. [COMMISSIONER'S INTEREST INDEX.] "Commissioner's interest index" means an interest rate that is 2.3 percent above the current lending rates of the federal intermediate credit bank to production credit associations as certified each month by the commissioner.*

*Subd. 5. [FARMER.] "Farmer" means a state resident individual, or a*

*domestic family farm corporation defined in Minnesota Statutes, section 500.24, engaged in the business of farming property in this state.*

*Subd. 6. [FARMERS HOME ADMINISTRATION.] "Farmers home administration" means the farmers home administration of the United States Department of Agriculture.*

*Subd. 7. [FARM LOAN.] "Farm loan" means a loan for operating expenses or the purchase of property for a farm business.*

*Subd. 8. [LENDER.] "Lender" means a bank, savings and loan association, or credit union chartered by the state or federal government, a farm credit system lender, and the Federal Deposit Insurance Corporation.*

#### **Sec. 11. [QUALIFICATION OF LENDERS.]**

*(a) To qualify for an interest payment under sections 10 to 12, a lender must first sign an agreement with the commissioner to follow the guidelines.*

*(b) A lender may not foreclose on a farm loan of a farmer who has had a loan application submitted to the farmers home administration under section 12 until (1) the lender certifies to the commissioner that the farmer's loans have been submitted to the farmers home administration for debt restructuring and that the loan debt restructuring has been approved or denied, or (2) 90 days have expired, whichever is earlier.*

*(c) The commissioner may not make an interest payment to a lender for a loan under sections 10 to 12, if the lender has foreclosed the loan.*

#### **Sec. 12. [INTEREST PAYMENT PROGRAM ON EXISTING FARM LOANS.]**

*Subdivision 1. [COMMISSIONER PAYS INTEREST.] The commissioner shall pay the interest attributable to the first 60 days of a 120-day period, on the first \$25,000 of operating farm loans and the first \$25,000 of ownership farm loans of each borrower submitted by a lender that signs an agreement under section 11 to the farmers home administration for loan guarantees and debt restructuring.*

*Subd. 2. [INTEREST.] The interest to be paid is the amount that becomes attributable to the first 60-day period after the lender signs the agreement with the commissioner under section 11. The amount to be paid is determined by the loan agreement between the lender and the borrower.*

*Subd. 3. [CLASSIFIED FARM LOAN REVIEW.] During the first 60 days of the 120-day period after the agreement with the commissioner in section 11 is signed, the lender must review all classified farm loans and determine which farm loans the lender will submit to the farmers home administration for loan guarantees and debt restructuring.*

*Subd. 4. [LENDER-BORROWER AGREEMENT.] For each farm loan that the lender submits to the farmers home administration for loan guarantees and debt restructuring, the lender and the borrower of the farm loan must sign an agreement. The agreement must:*

*(1) state that the lender has agreed with the commissioner not to foreclose on farm loans submitted, as specified in section 11;*

*(2) state that the commissioner will pay the interest attributable to the*

eligible portion of the farm loan submitted to the farmers home administration for the first 60 days of the 120-day period if the lender qualifies for state interest payment;

(3) state that the borrower is not liable for interest paid by the commissioner;

(4) provide that if the lender qualifies for state interest payments, the lender will assume responsibility for the interest attributable to the eligible portion of the farm loan submitted and the borrower is not liable for the interest except as provided in clause (5); and

(5) provide that if the borrower agrees to have the farm loan submitted and the farmers home administration guarantees the loan, the lender may add the interest attributable to the second 60 days of the period to the principal of the borrower's farm loan.

Subd. 5. [PAYMENT APPLICATION.] The lender must apply to the commissioner for the 60-day state interest payment on a farm loan that is submitted to the farmers home administration. The lender must give the commissioner evidence of the farm loan submitted to the farmers home administration guaranteed loan program and application for the farmers home administration approved lenders program. A lender that complies with this section is qualified to receive payment from the commissioner.

#### Sec. 13. [ELIGIBLE FARM OPERATING LOANS.]

Notwithstanding Laws 1985, chapter 4, as amended by Laws 1985, chapter 114, a farm operating loan due and payable by April 1, 1986, and is otherwise eligible for the state interest payment and the commissioner of commerce shall make the payment if the loan was submitted by December 31, 1985.

#### Sec. 14. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

### ARTICLE 24

#### TANK SAFETY

Section 1. Minnesota Statutes 1985 Supplement, section 221.033, subdivision 3, is amended to read:

Subd. 3. [VARIANCE, RULES.] The commissioner shall adopt rules which provide a procedure for granting a variance from those regulations adopted under subdivision 1 which prescribe specifications for tank motor vehicles used to transport gasoline. The variance may be granted only to ~~persons who transport gasoline in~~ for tank motor vehicles with a capacity of 3,000 gallons or less which are used to transport gasoline and were designed and manufactured between 1950 and 1975 ~~according to American society of mechanical engineers specifications in effect at the time of manufacture to transport petroleum products~~. The commissioner shall prescribe alternative requirements to assure the safety of the tank motor vehicles operated under the variance, and shall register each tank motor vehicle operated under the variance.

### ARTICLE 25

#### PRIORITY LIEN STUDY

## Section 1. [PROPERTY LIEN STUDY.]

*The chairs of the house agriculture committee and the senate agriculture and natural resources committee shall each appoint eight members to a joint interim legislative committee to study priority liens on agricultural products and the impact of restricting short sales of raw agricultural products. At least three members from each political party must be represented by each house. The joint committee shall submit a written report to the legislature by December 15, 1986.*

## Sec. 2. [EFFECTIVE DATE.]

*This article is effective the day after final enactment.*

## ARTICLE 26

## SOIL AND WATER PURIFICATION TEST

## Section 1. [116.54] [INJECTION OF CERTAIN MATERIALS.]

*Subdivision 1. [POLLUTION CONTROL AGENCY TO AUTHORIZE, MONITOR.] The pollution control agency shall authorize and may monitor not less than one or more than five projects to test the controlled injection of oxygen-bearing materials and appropriate microbiological systems into sites of water or soil contamination. An applicant for authority to conduct one of the tests shall describe to the agency plans for the test injection project including at least the following:*

*(1) the quantity and type of chemicals and microbes to be used in the injection project;*

*(2) the frequency and planned duration of the injections;*

*(3) test monitoring and evaluation equipment that will be maintained at the site; and*

*(4) procedures for recording, analyzing, and maintaining information on the injection project.*

*The applicant shall make available to the agency all significant test results from the injection project. Trade secret information, as defined in section 13.37, made available by an applicant is classified as nonpublic data, pursuant to section 13.02, subdivision 9, or private data on individuals, pursuant to section 13.02, subdivision 12.*

## Sec. 2. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

## ARTICLE 27

## DITCH CONSERVATION

Section 1. Minnesota Statutes 1985 Supplement, section 160.232, is amended to read:

## 160.232 [MOWING DITCHES OUTSIDE CITIES.]

Road authorities may not mow or till the right-of-way of a highway located outside of a home rule charter or statutory city except as allowed in this section and section 160.23.

(a) On any highway, the first eight feet away from the road surface, or shoulder if one exists, may be mowed at any time.

(b) An entire right-of-way may be mowed after July 31. From August 31 to the following July 31, the entire right-of-way may only be mowed if necessary for safety reasons, and may not be mowed to a height of less than 12 inches.

(c) A right-of-way may be mowed as necessary to maintain sight distance for safety and may be mowed at other times under rules of the commissioner, or by resolution of a local road authority.

*(d) A right-of-way may be mowed, burned, or tilled to prepare the right-of-way for the establishment of permanent vegetative cover or for prairie vegetation management.*

Sec. 2. Minnesota Statutes 1984, section 160.27, subdivision 5, is amended to read:

Subd. 5. [MISDEMEANORS.] Except for the actions of the road authorities, their agents, employees, contractors, and utilities in carrying out their duties imposed by law or contract, and except as herein provided, it shall be unlawful to:

(1) Obstruct any highway or deposit snow or ice thereon;

(2) Plow or perform any other detrimental operation within the road right of way except in the preparation of the land for planting a ~~perennial hay crop, and the harvesting of said crop~~ permanent vegetative cover;

(3) Erect a fence on the right of way of a trunk highway, county state-aid highway, county highway or town road, except to erect a lane fence to the ends of a livestock pass;

(4) Dig any holes in any highway; except to locate markers placed to identify sectional corner positions and private boundary corners.

(5) Remove any earth, gravel or rock from any highway;

(6) Obstruct any ditch draining any highway or drain any noisome materials into any ditch;

(7) Place or maintain any building or structure within the limits of any highway;

(8) Place or maintain any advertisement within the limits of any highway;

(9) Paint, print, place, or affix any advertisement or any object within the limits of any highway;

(10) Deface, mar, damage, or tamper with any structure, work, material, equipment, tools, signs, markers, signals, paving, guardrails, drains, or any other highway appurtenance on or along any highway;

(11) Remove, injure, displace, or destroy right of way markers, or reference or witness monuments, or markers placed to preserve section or quarter section corners;

(12) Improperly place or fail to place warning signs and detour signs as provided by law;

(13) Drive over, through, or around any barricade, fence, or obstruction erected for the purpose of preventing traffic from passing over a portion of a highway closed to public travel or to remove, deface, or damage any such barricade, fence, or obstruction.

Violations hereof shall be prosecuted by the county attorney of the county where the violations occur. Any person convicted of such violations shall be guilty of a misdemeanor.

Sec. 3. [REPORT.]

*Subdivision 1. [INVESTIGATION.] The state soil and water conservation board shall determine the length and area of drainage ditches that are required to be planted with permanent grass under section 106A.021 and prior law, and the enforcement actions taken by the commissioner of natural resources or enforcement personnel to maintain the grass strips.*

*Subd. 2. [COOPERATION.] The commissioner of transportation, county highway engineers, the road authorities, drainage authorities, and county auditors shall cooperate with the state soil and water conservation board in conducting the investigations.*

*Subd. 3. [REPORT TO LEGISLATURE.] The state soil and water conservation board shall prepare a report on the information collected under subdivision 1 and submit it to the legislature by January 15, 1987.*

Sec. 4. [EFFECTIVE DATE.]

*This article is effective the day after final enactment.*

ARTICLE 28

AGRICULTURAL LAND PRESERVATION

Section 1. [40A.151] [MINNESOTA CONSERVATION FUND.]

*Subdivision 1. [ESTABLISHMENT.] The Minnesota conservation fund is established as an account in the state treasury. Money from counties under section 2 must be deposited in the state treasury and credited to the Minnesota conservation fund account.*

*Subd. 2. [USE OF FUND.] Money in the fund is annually appropriated to the commissioner of revenue to reimburse taxing jurisdictions as provided in section 3 and section 473H.10.*

Sec. 2. [40A.152] [COUNTY CONSERVATION FEE; ACCOUNT.]

*Subdivision 1. [FEE.] A county that has allowed exclusive agricultural zones to be created under chapter 40A, that has designated lands eligible for agricultural preserves under section 473H.04, or that has elected to become an agricultural land preservation pilot county, shall impose an additional fee of \$3 per transaction on the recording or registration of a mortgage subject to the tax under section 287.05 and an additional \$3 on the recording or registration of a deed subject to the tax under section 287.21. One-half of the fee must be deposited in a special conservation account to be created in the county general revenue fund and one-half must be transferred to the commissioner of revenue for deposit in the state treasury and credited to the Minnesota conservation fund.*

*Subd. 2. [USE OF ACCOUNT.] Money from the county conservation*

account must be spent by the county to reimburse the county and taxing jurisdictions within the county for revenue lost under the conservation tax credit under section 3 or the valuation of agricultural preserves under section 473H.10. Money remaining in the account after those payments may be spent for the following purposes:

(1) agricultural land preservation and conservation planning and implementation of official controls under this chapter or chapter 473H;

(2) soil conservation activities and enforcement of soil loss ordinances;

(3) incentives for landowners who create exclusive agricultural use zones;

(4) payments to municipalities within the county for the purposes of clauses (1) to (3).

Subd. 3. [TRANSFER TO STATE FUND.] Money in the county conservation account that is not encumbered by the county within one year of deposit in the account must be transferred to the commissioner of revenue for deposit in the Minnesota conservation fund.

### Sec. 3. [273.119] [CONSERVATION TAX CREDIT.]

Subdivision 1. [ELIGIBILITY; AMOUNT OF CREDIT.] Land located in an exclusive agricultural use zone created under chapter 40A is eligible for a property tax credit of \$1.50 per acre. To qualify for the tax credit in any year the owner shall file with the assessor by June 30 of that year a record of the restrictive covenant received by the owner under section 40A.10, subdivision 3. An owner who has given notice of termination of the exclusive agricultural use zone under section 40A.11, subdivision 2, is not eligible for the credit. The assessor shall indicate the amount of the property tax reduction on the property tax statement of each taxpayer receiving a credit under this section. The credit paid pursuant to this section shall be deducted from the tax due on the property before computation of the homestead credit paid pursuant to section 273.13 and the state agricultural credit paid pursuant to section 124.2137.

Subd. 2. [REIMBURSEMENT FOR LOST REVENUE.] The county may transfer money from the county conservation account created in section 2 to the county revenue fund to reimburse the fund for the cost of the property tax credit. The county auditor shall certify to the commissioner of revenue on or before June 1 of each year the amount of tax lost to the county from the property tax credit under subdivision 1 and the extent that the tax lost exceeds funds available in the county conservation account. On or before July 15 of each year, the commissioner shall reimburse the county from the Minnesota conservation fund under section 1 for the taxes lost in excess of the county account.

Sec. 4. Minnesota Statutes 1985 Supplement, section 473H.10, subdivision 3, is amended to read:

Subd. 3. [COMPUTATION OF TAX; STATE REIMBURSEMENT.] (a) After the assessor has determined the market value of all land valued according to subdivision 2, he shall compute the assessed value of those properties by applying the appropriate classification percentages. When the county auditor computes the rate of tax pursuant to section 275.08, he shall include the assessed value of land as provided in this clause.



(b) The county auditor shall compute the tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the assessed value times the total rate of tax for all purposes as provided in clause (a).

(c) The county auditor shall then compute the maximum ad valorem property tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the assessed value times 105 percent of the previous year's statewide average mill rate levied on property located within townships for all purposes.

(d) The tax due and payable by the owner of preserve land valued according to subdivision 2 and nonresidential buildings will be the amount determined in clause (b) or (c), whichever is less. If the gross tax in clause (c) is less than the gross tax in clause (b), the state shall reimburse the taxing jurisdictions for the amount of difference. Residential buildings shall continue to be valued and classified according to the provisions of sections 273.11 and 273.13, as they would be in the absence of this section, and the tax on those buildings shall not be subject to the limitation contained in this clause.

*The county may transfer money from the county conservation account created in section 2 to the county revenue fund to reimburse the fund for the tax lost as a result of this subdivision or to pay taxing jurisdictions within the county for the tax lost. The county auditor shall certify to the commissioner of revenue on or before June 1 the total amount of tax lost to the county and taxing jurisdictions located within his county as a result of this subdivision and the extent that the tax lost exceeds funds available in the county conservation account. Payments shall be made by the state as provided in section 273.13, subdivision 15a to each of the affected taxing jurisdictions if the county conservation account is insufficient to make the reimbursement. There is annually appropriated from the general fund in the state treasury Minnesota conservation fund under section 1 to the commissioner of revenue an amount sufficient to make the reimbursement provided in this subdivision.*

#### Sec. 5. [EFFECTIVE DATE.]

*Section 3 is effective for taxes levied in 1987 and payable in 1988 and after. Section 4 is effective June 1, 1987.*

### ARTICLE 29

#### APPROPRIATION

##### Section 1. [APPROPRIATIONS.]

*Subdivision 1. [LEGAL ASSISTANCE PROGRAM.] \$650,000 is appropriated from the general fund to the supreme court for the purposes of article 3, for the biennium ending June 30, 1987.*

*Subd. 2. [MEDIATION.] \$360,000 is appropriated from the general fund to the University of Minnesota agricultural extension service for purposes of article 1 for the biennium ending June 30, 1987.*

*Subd. 3. [INTEREST RATE BUY-DOWN.] \$5,000,000 is appropriated from the general fund to the commissioner of commerce for purposes of article 23 and \$75,000 of it may be spent for administrative expenses related to article 23 for the biennium ending June 30, 1987.*

*Subd. 4. [FAMILY FARM ADVOCATE PROGRAM.] \$300,000 is appropriated from the general fund to the commissioner of agriculture for the farm advocates program, for the biennium ending June 30, 1987.*

*Subd. 5. [DATA COLLECTION TASK FORCE.] \$10,500 is appropriated from the general fund to the legislative advisory commission to fund the activities of the agricultural data collection task force pursuant to article 11.*

*Subd. 6. [FAMILY FARM SECURITY ACT ADDITIONAL INTEREST PAYMENTS.] \$740,000 is appropriated to the commissioner of agriculture from the general fund for the biennium ending June 30, 1987 in order to make the payments required by article 8.*

*Subd. 7. [AVTI AND UNIVERSITY OF MINNESOTA TECHNICAL COLLEGES TUITION SUPPLEMENT.] \$1,350,000 is appropriated from the general fund to the state board of vocational technical education, for the biennium ending June 30, 1987, for the following services in proportions deemed necessary by the board to the agricultural vocational technical institutes and the University of Minnesota two-year technical colleges for:*

*(1) reduced tuition costs for existing farm business management and small business management programs; and*

*(2) additional farm business management programs and workshops.*

*Subd. 8. [AGRICULTURAL EXTENSION SERVICE PROJECTS.] \$1,250,000 is appropriated from the general fund to the board of regents of the University of Minnesota, to be available until June 30, 1987, for the following agricultural extension service projects: voluntary mediation training, project support program, farm financial management program, family financial and stress management education, community economy development education, information exchange for sustainable farming methods including methods that decrease per unit cost of production and increase net income, and forest product marketing.*

*Subd. 9. [MINNESOTA RURAL FINANCE ADMINISTRATION.] \$4,802,000 is appropriated to the commissioner of finance from the general fund for purposes of article 6. Of this amount, \$4,564,000 is exclusively for debt service of bonds issued under article 6, and \$238,000 is for administrative costs. The complement of the department is increased by 5.0 positions. If the program is found to be unconstitutional, the balance of this appropriation shall be transferred to the interest buy-down program in article 23.*

*Subd. 10. ["FINPAC."] \$72,500 is appropriated from the general fund to the commissioner of finance to be available for grants to the Farmers Home Administration to continue the administration's FINPAC capability on the University of Minnesota's mainframe computer and to upgrade the administration's "FINPAC" farm financial analysis software for micro computers as needed to establish compatibility with "FINPAC" analyses prepared by county extension agents or adult farm management instructors. This appropriation is for the biennium ending June 30, 1987.*

*Subd. 11. [AGRICULTURAL EXPERIMENT STATION RESEARCH PROJECTS.] \$250,000 is appropriated from the general fund to the board of*

*regents of the University of Minnesota for agricultural experiment station research projects relating to water quality problems associated with the application of chemical inputs in production agriculture, for the biennium ending June 30, 1987.*

*Subd. 12. [AGRICULTURAL EXTENSION SERVICE RETRENCHMENT.] \$115,000 is appropriated from the general fund to the board of regents of the University of Minnesota for the Minnesota extension service to offset scheduled reduction of county extension agents. It is requested that consideration be made for those counties with the greatest need for mediation services. This appropriation is for the biennium ending June 30, 1987.*

*Subd. 13. [SWEET SORGHUM RESEARCH.] \$60,000 is appropriated to the state board of vocational technical education for continuation of a demonstration project at the Mankato vocational technical institute involving butanol and ethanol production from sweet sorghum, for the biennium ending June 30, 1987.*

*Subd. 14. [WILD RICE RESEARCH.] \$40,000 is appropriated from the general fund to the University of Minnesota agricultural experimental stations for wild rice research to be available until June 30, 1987, as follows:*

<i>(a) for elimination of volunteer seeds</i>	<i>\$10,000</i>
<i>(b) to develop plants resistant to leaf diseases</i>	<i>10,000</i>
<i>(c) to develop higher yielding wild rice</i>	<i>10,000</i>
<i>(d) acquisition and preparation of a peat research site</i>	<i>5,000</i>
<i>(e) approving herbicides and pesticides that will not affect food value of rice</i>	<i>5,000</i>

*Subd. 15. [FARM LAND CAPITAL GAIN EXCLUSION.] \$1,000,000 is appropriated from the general fund to the commissioner of revenue to make the payments required in article 21, to be available for the biennium ending June 30, 1987."*

Delete the title and insert:

"A bill for an act relating to agriculture; establishing the rural finance administration; authorizing the sale of state bonds; ratifying and approving an interstate compact on agricultural grain marketing; authorizing development of a plan for a memorial to Native Americans; establishing a mediation procedure; re-enacting an interest buydown program; authorizing certain deficiency judgments; prescribing a procedure to determine the amount of certain agricultural deficiency judgments; providing for farm advocate guidelines; reactivating the data collection task force; authorizing additional interest payments to certain family farm security program sellers; increasing the allowable width of certain trucks; authorizing trucks hauling sugar beets or potatoes to be overweight during certain periods; declaring crop ownership; prescribing a procedure for planting crop owners to recover crop value; providing for a lien; prescribing satisfaction and enforcement of liens; modifying venue to recover possession of personal property; allowing designation, sale

and redemption of an agricultural homestead that is executed on and sold as part of other property; allowing designation, sale, and redemption of a homestead foreclosed on or part of other property; establishing filing requirements, enforcement, and priority of veterinarian's liens; declaring state policy relating to wild rice; increasing the homestead exemption to 160 acres; exempting agricultural property for certain purposes; providing certain rights of first refusal; establishing a legal services support program; protecting certain conservation practices; changing the agricultural land preservation pilot program; protecting certain rights-of-way from erosion; changing certain variances requiring a study; authorizing certain soil and water purification tests; appropriating money and authorizing issuance of bonds; excluding certain capital gains; amending Minnesota Statutes 1984, sections 138.585, by adding a subdivision; 160.27, subdivision 5; 169.01, subdivision 7; 169.80, subdivision 1; 169.81, subdivisions 2 and 3; 169.825, subdivisions 8, 10, 11, and by adding a subdivision; 169.832, by adding a subdivision; 169.86, subdivisions 2 and 5; 290.08, by adding a subdivision; 336.9-501; 480.24, by adding a subdivision; 480.242, subdivision 2; 500.24, by adding subdivisions; 510.02; 514.92; 542.06; 572.33, subdivision 1, and by adding a subdivision; 572.35; 580.23, subdivision 1; 581.09; Minnesota Statutes 1985 Supplement, sections 40.26; 92.50, subdivision 1; 92.501, subdivisions 1 and 2; 160.232; 168.013, subdivision 1e; 169.862; 221.033, subdivision 3; 256.73, subdivision 2; 290.01, subdivision 20b; 290.091, subdivision 2; 290.491; 473H.10, subdivision 3; Laws 1985, chapter 19, section 2, subdivision 2, and by adding a subdivision, and section 6, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 17; 40A; 116; 222; 273; 480; 514; 550; 557; 559; 572; 580; 581; 582; and 583; proposing coding for new law as Minnesota Statutes, chapters 41B; and 236A; repealing Minnesota Statutes 1984, sections 561.11; 561.12; 561.13; 561.14; 561.15; 561.16; and 582.04."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) K.J. McDonald, Dennis C. Frederickson, Jim Boerboom, Merlyn O. Valan, Jerry Schoenfeld

Senate Conferees: (Signed) Charles R. Davis, Charles A. Berg, LeRoy A. Stumpf, Gary M. DeCramer, Keith Langseth

Mr. Stumpf moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1599 be now adopted, and that the bill be repassed as amended by the Conference Committee.

### CALL OF THE SENATE

Mr. Stumpf imposed a call of the Senate for the balance of the proceedings on H.F. No. 1599. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the motion of Mr. Stumpf. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1599 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

## Conference Committee.

The roll was called, and there were yeas 64 and nays 2, as follows:

Those who voted in the affirmative were:

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

Messrs. Knutson and Waldorf voted in the negative.

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

### MOTIONS AND RESOLUTIONS

Mr. Pogemiller moved that the name of Mr. Ramstad be added as a co-author to S.F. No. 1868. The motion prevailed.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2014, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2014 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 17, 1986

### CONFERENCE COMMITTEE REPORT ON 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.

March 14, 1986

The Honorable David M. Jennings  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2014, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 2014 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [10A.241] [TRANSFER OF DEBTS.]

*Notwithstanding any provisions of this chapter to the contrary except as provided in this section, 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. A loan that is forgiven is covered by section 10A.20 and, for purposes of section 10A.32, is a contribution to the principal campaign committee from which the debt was transferred under this section.*

Sec. 2. Minnesota Statutes 1984, section 201.018, subdivision 2, is amended to read:

Subd. 2. [COUNTY WITH PERMANENT SYSTEM REGISTRATION REQUIRED.] An eligible voter ~~who maintains residence in a county with a permanent voter registration system~~ must register in a manner specified by section 201.054, in order to vote in any primary, special primary, general, or special election held in the county. An eligible voter who maintains residence in a school district which uses the county voter registration system as authorized by section 201.095, must register in a manner specified by section 201.054, in order to vote in any school election held in that district.

Sec. 3. Minnesota Statutes 1984, section 201.12, subdivision 2, is amended to read:

Subd. 2. [CHALLENGES.] Upon return of the notice by the postal service, the county auditor or his staff shall personally ascertain the name and address of that individual. If the individual is no longer at the address recorded in the original registration file, the county auditor shall affix the word “challenged” to the duplicate registration card. Any individual challenged in accordance with this subdivision shall comply with the provisions of section 204C.12, before being allowed to vote. *If a second notice mailed at least 60 days after the return of the first notice is also returned by the postal service, the county auditor may remove the original and duplicate cards from the registration file.*

Sec. 4. Minnesota Statutes 1984, section 201.15, subdivision 1, is amended to read:

Subdivision 1. [GUARDIANSHIPS, INCOMPETENTS AND PSYCHOPATHS.] The probate judge in each county shall report monthly to the

county auditor the name and address of each individual 18 years of age or over, who maintains residence in that county and who, during the month preceding the date of the report:

- (a) was placed under a guardianship of the person;
- (b) adjudged legally incompetent by reason of mental illness, mental deficiency, or inebriation; or
- (c) was adjudged a psychopathic personality.

The judge shall also report the same information for each individual transferred to the jurisdiction of the court who meets a condition specified in clause (a), (b) or (c). Upon receipt of the report, the county auditor shall determine whether any individual named in the report is registered to vote. The county auditor shall attach a notice to the original and duplicate registration cards of any individual named in the report informing the election judges that the individual is not eligible to reregister or vote. The notice shall contain the reason for ineligibility, the date of the determination, and the dated signature of the county auditor. *The cards may be retained in the registration file for the entire period of the voter's ineligibility and need not be purged in accordance with section 201.171.*

Sec. 5. Minnesota Statutes 1984, section 202A.11, subdivision 2, is amended to read:

Subd. 2. [RIGHT TO USE.] A major political party which has adopted a party name is entitled to the exclusive use of that name for the designation of its candidates on all ballots, and no candidate of any other ~~major~~ political party is entitled to have printed on a ballot as a party designation any part of that name.

Sec. 6. Minnesota Statutes 1984, section 202A.16, subdivision 1, is amended to read:

Subdivision 1. Only those individuals who are or will be eligible to vote ~~in the precinct~~ at the time of the next state general election, may vote or be elected a delegate or officer at the precinct caucus. *An eligible voter may vote or be elected a delegate or officer only in the precinct where the voter resides at the time of the caucus.*

Sec. 7. Minnesota Statutes 1984, section 204B.03, is amended to read:

#### 204B.03 [MANNER OF NOMINATION.]

Candidates of a major political party for a ~~any~~ partisan office *except presidential elector* and all candidates for nonpartisan office shall apply for a place on the primary ballot by filing an affidavit of candidacy as provided in section 204B.06, and except as otherwise provided in section 204D.07, subdivision 3, shall be nominated by primary. Candidates for any partisan office who do not seek the nomination of a major political party shall be nominated by nominating petition as provided in sections 204B.07 and 204B.08, and, *except for presidential elector candidates*, shall file an affidavit of candidacy as provided in section 204B.06.

Sec. 8. Minnesota Statutes 1984, section 204B.06, subdivision 1, is amended to read:

Subdivision 1. [FORM OF AFFIDAVIT.] An affidavit of candidacy shall

state the name of the office sought and shall state that the candidate:

(a) Is an eligible voter;

(b) Has no other affidavit on file as a candidate for any ~~other~~ office at the same primary or next ensuing general election; and

(c) Is, or will be on assuming the office, 21 years of age or more, and will have maintained residence in the district from which he seeks election for 30 days before the general election.

*An affidavit of candidacy must include a statement that the candidate's name as written on the affidavit for ballot designation is the candidate's true name or the name by which the candidate is commonly and generally known in the community.*

An affidavit of candidacy for partisan office shall also state the name of the candidate's political party or political principle, stated in three words or less.

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.

Sec. 10. Minnesota Statutes 1984, section 204B.07, subdivision 4, is amended to read:

Subd. 4. [OATH AND ADDRESS OF SIGNER.] Following the information required by subdivisions 1 and 2 and before the space for signing, each separate page that is part of the petition shall include an oath in the following form:

"I solemnly swear (or affirm) that I know the contents and purpose of this petition, that I do not intend to vote at the primary election for the office for which this nominating petition is made, and that I signed this petition of my own free will."

Notarization or certification of the signatures on a nominating petition is not required. ~~After the name of each signer shall be written~~ *Immediately after the signature, the signer shall write on the petition* the signer's residence address including street and number, if any, and mailing address if different from residence address.



Sec. 11. Minnesota Statutes 1984, section 204B.09, subdivision 1, is amended to read:

Subdivision 1. [CANDIDATES IN STATE AND COUNTY GENERAL ELECTIONS.] Except as otherwise provided by this subdivision, affidavits of candidacy and nominating petitions for county, state and federal offices filled at the state general election shall be filed not more than 70 days nor less than 56 days before the state primary. Candidates for presidential electors may file affidavits and petitions on or before the state primary day. Nominating petitions to fill vacancies in nominations shall be filed as provided in section 204B.13. No affidavit or petition shall be accepted later than 5:00 p.m. on the last day for filing. Affidavits and petitions for offices to be voted on in only one county shall be filed with the county auditor of that county. Affidavits and petitions for offices to be voted on in more than one county shall be filed with the secretary of state.

Sec. 12. Minnesota Statutes 1984, section 204B.10, is amended by adding a subdivision to read:

*Subd. 5. [IMPROPER NAME.] If the filing officer determines that use on the ballot of the candidate's name as written on the affidavit of candidacy would violate section 204B.35, subdivision 2, the filing officer shall immediately notify the candidate and shall certify for the ballot the candidate's true name instead of the name as written on the affidavit.*

Sec. 13. Minnesota Statutes 1984, section 204B.12, subdivision 3, is amended to read:

Subd. 3. [TIME FOR FILING.] An affidavit of withdrawal filed pursuant to subdivision 1 ~~or 2~~ shall not be accepted later than 5:00 p.m. on the last day for withdrawal.

Sec. 14. Minnesota Statutes 1984, section 204B.35, subdivision 2, is amended to read:

Subd. 2. [MANNER OF PREPARATION.] Ballots shall be prepared in a manner that enables the voters to understand which questions are to be voted upon and the identity and number of candidates to be voted for in each office and to designate their choices easily and accurately. The name of a candidate shall not appear on a ballot in any way that gives the candidate an advantage over his opponent, *including words descriptive of the candidate's occupation, qualifications, principles, or opinions*, except as otherwise provided by law.

Sec. 15. Minnesota Statutes 1984, section 204C.40, subdivision 1, is amended to read:

Subdivision 1. [PREPARATION; METHOD OF DELIVERY.] The county auditor shall prepare an election certificate for every candidate declared elected by the county canvassing board, and the secretary of state shall prepare a certificate for every candidate declared elected by the state canvassing board. Except as otherwise provided in this section, the secretary of state or county auditor, as appropriate, shall deliver an election certificate on demand to the elected candidate. *In an election for United States representative in congress the filing officer shall deliver the original election certificate to the chief clerk of the United States house of representatives. In an*

*election for United States senator, the governor shall prepare an original certificate of election, countersigned by the secretary of state, and deliver it to the secretary of the United States senate. In an election for state representative or state senator, the county auditor or secretary of state filing officer shall deliver the original election certificate to the chief clerk of the house or the secretary of the senate. The chief clerk of the house or the secretary of the senate shall give a copy of the certificate to the representative-elect or senator-elect. Upon taking the oath of office, the representative or senator shall receive the original certificate of election. If a recount is undertaken by a canvassing board pursuant to section 204C.35, no certificate of election shall be prepared or delivered until after the recount is completed. In case of a contest, the court may invalidate and revoke the certificate as provided in chapter 209.*

Sec. 16. Minnesota Statutes 1984, section 204D.11, subdivision 3, is amended to read:

Subd. 3. [CANARY BALLOT; GRAY BALLOT.] All questions and the names of all candidates for offices to be voted on at the state general election which are not placed on the white ballot shall be placed on a single ballot printed on canary paper which shall be known as the "canary ballot". The canary ballot shall be prepared by the county auditor.

~~When the length of the canary ballot would exceed 30 inches, all of the municipal judicial offices that are to be placed on the canary ballot may be placed instead on a single separate ballot printed on gray paper. Separate ballot boxes must be provided for these gray ballots.~~

Sec. 17. Minnesota Statutes 1984, section 204D.11, subdivision 5, is amended to read:

Subd. 5. [BALLOT HEADINGS.] The white, pink and special federal white ballot shall be headed with the words "State General Election Ballot." The canary ballot shall be headed with the words "County and Judicial District Nonpartisan General Election Ballot." ~~When the canary ballot is divided into two separate ballots as provided in subdivision 3, the ballot printed on canary paper must be headed "County Nonpartisan General Election Ballot" and the ballot printed on gray paper must be headed "Judicial Municipal Nonpartisan General Election Ballot."~~

Sec. 18. Minnesota Statutes 1984, section 204D.11, subdivision 6, is amended to read:

Subd. 6. [GRAY BALLOT.] ~~All soil and water conservation district supervisor offices that are to be placed on the canary ballot under the provisions of section 40.05 may be placed instead on a single separate ballot printed on gray paper. When the canary ballot would be longer than 30 inches, the following offices that should be placed on the canary ballot may be placed instead on a separate gray ballot:~~

*(a) all soil and water conservation district supervisor offices; or*

*(b) all soil and water conservation district supervisor and all county or municipal judicial offices; or*

*(c) all soil and water conservation district supervisor, all county or municipal judicial offices, and all district judicial offices.*

*The gray ballot must be headed with the words: "District Nonpartisan General Election Ballot."* Separate ballot boxes must be provided for these gray ballots. So far as is practicable, gray ballots must be distributed to voters, handled, counted, and canvassed in the manner provided by law for precincts using only paper ballots. The canvass of the gray paper ballots must not delay the canvass of votes recorded on the voting machines. A separate summary statement may be provided for reporting of the canvass of the gray paper ballots. The returns from the voting machines may be filed as provided in section 206.21 before the canvass of the gray paper ballots is completed. Additional or replacement election judges may be appointed to count the gray paper ballots. Soil and water district supervisor offices may be placed on the same separate gray paper ballot used for any other offices which are placed on a separate gray paper ballot under the provisions of state law.

Sec. 19. Minnesota Statutes 1984, section 206.71, is amended by adding a subdivision to read:

*Subd. 4. [INADEQUATE SPACE ON MACHINE.] When the number of offices and questions to be voted on exceeds the maximum number that can be included on the lever voting machines in use in any precinct, a separate gray paper ballot shall be prepared as provided in section 204D.11, subdivision 6. Separate ballot boxes must be provided for these gray ballots. So far as is practicable, gray ballots must be distributed to voters, handled, counted, and canvassed in the manner provided by law for precincts using only paper ballots. The canvass of the gray paper ballots must not delay the canvass of votes recorded on the voting machines. A separate summary statement may be provided for reporting of the canvass of the gray paper ballots. The returns from the voting machines may be filed as provided in section 206.75, subdivision 2, before the canvass of the gray paper ballots is completed. Additional or replacement election judges may be appointed to count the gray paper ballots.*

Sec. 20. Minnesota Statutes 1984, section 208.03, is amended to read:

#### 208.03 [NOMINATION OF PRESIDENTIAL ELECTORS.]

Presidential electors for the ~~several~~ major political parties of this state shall be nominated by delegate conventions called and held under the supervision of the respective state central committees of the parties of this state. ~~The names of the persons nominated as presidential electors shall be certified to the secretary of state by the chairperson of the convention for the office of presidential elector.~~ On or before primary election day the chairperson of the major political party shall certify to the secretary of state the names of the persons nominated as presidential electors and the names of the party candidates for president and vice president.

Sec. 21. 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.*

Sec. 22. [EFFECTIVE DATE.]

*This act is effective the day after final enactment."*

Delete the title and insert:

"A bill for an act relating to elections; providing for transfer of certain campaign debts; making changes in registration, caucuses, ballots, affidavits of candidacy and withdrawal, nominations, and election certificates; changing certain reporting requirements; 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, subdivisions 1 and 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; Laws 1980, chapter 362, section 8, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 10A."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Gordon Backlund, Tom Osthoff, Craig H. Shaver

Senate Conferees: (Signed) Jerome M. Hughes, Dean E. Johnson, Donna C. Peterson

Mr. Hughes moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2014 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2014 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

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

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce 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. 1912: A bill for an act relating to intoxicating liquor; authorizing various municipalities to issue on-sale licenses; amending Laws 1973, chapter 663, section 1, as amended by Laws 1974, chapter 335, section 1; repealing Laws 1978, chapter 677.

Senate File No. 1912 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 17, 1986

### CONCURRENCE AND REPASSAGE

Mr. Knaak moved that the Senate concur in the amendments by the House to S.F. No. 1912 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1912 was read the third time, as amended by the House, and placed on its repassage.

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

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

Those who voted in the affirmative were:

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

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

**MESSAGES FROM THE HOUSE - CONTINUED**

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 654, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 654 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 17, 1986

**CONFERENCE COMMITTEE REPORT ON 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.

March 15, 1986

The Honorable David M. Jennings  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 654, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 654 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1984, section 152.15, subdivision 1, is amended to read:

Subdivision 1. Any person who violates section 152.09, subdivision 1, clause (1) with respect to:

*(1) Seven or more grams or ten or more dosage units, when the substance is not sold by weight, of any controlled substance classified in schedule I or II which is a narcotic drug, or of phencyclidine or any hallucinogen listed in section 152.02, subdivision 2, clause (3), or Minnesota Rules, part 6800.4210, item C, except marijuana or tetrahydrocannabinols, is guilty of a crime and upon conviction may be imprisoned for not more than 20 years or fined not more than \$60,000, or both for a first violation, and for a second or subsequent violation, upon conviction, shall be imprisoned for not less than two years nor more than 30 years or fined not more than \$100,000, or both;*

*(2) Any other amount of any controlled substance classified in Schedule I or II which is a narcotic drug, is guilty of a crime and upon*

conviction may be imprisoned for not more than 15 years or fined not more than \$40,000, or both for a first violation, and for a second or subsequent violation, upon conviction, shall be imprisoned for not less than one year nor more than 30 years or fined not more than \$50,000, or both;

(2) (3) Any other controlled substance classified in Schedule I, II, or III, is guilty of a crime and upon conviction may be imprisoned for not more than five years, fined not more than \$30,000, or both for a first violation, and for a second or subsequent violation, upon conviction, shall be imprisoned for not less than one year nor more than ten years or fined not more than \$45,000, or both;

(3) (4) A substance classified in Schedule IV, is guilty of a crime and upon conviction may be imprisoned for not more than three years, fined not more than \$20,000, or both for a first violation, and for a second or subsequent violation, upon conviction, shall be imprisoned for not less than six months nor more than six years or fined not more than \$35,000, or both;

(4) (5) A substance classified in Schedule V, is guilty of a crime and upon conviction may be imprisoned for not more than one year, fined not more than \$3,000, or both;

(5) (6) The distribution of a small amount of marijuana for no remuneration, shall be treated as provided in subdivision 2, clause (5).

Sec. 2. Minnesota Statutes 1984, section 152.15, subdivision 4, is amended to read:

Subd. 4. Any person 18 years of age or over who violates section 152.09, subdivision 1, clause (1), by distributing a controlled substance listed in Schedules I or II which is a narcotic drug to a person under 18 years of age who is at least three years his junior is punishable by the fine authorized by section 152.15, subdivision 1, ~~clause clauses~~ (1) or (2); by a term of imprisonment of up to twice that authorized by section 152.15, subdivision 1, ~~clause clauses~~ (1) or (2), or by both. Any person 18 years of age or over, who violates section 152.09, subdivision 1, by distributing any other controlled substance listed in Schedules I, II, III, IV, and V, except marijuana, to a person under 18 years of age who is at least three years his junior is punishable by the fine authorized by section 152.15, subdivision 1, clauses (2), (3), or (4), or (5), by a term of imprisonment up to twice that authorized by section 152.15, subdivision 1, clauses (2), (3), or (4), or (5), or both.

Sec. 3. Minnesota Statutes 1984, section 152.15, subdivision 5, is amended to read:

Subd. 5. Any person convicted of a second or subsequent offense under ~~Laws 1971, Chapter 937~~ this chapter, except as provided in subdivision 1, clauses (1), (2), (3), (4), and (5) (6) may be imprisoned for a term up to twice the term otherwise authorized, fined an amount up to twice that otherwise authorized, or both.

Sec. 4. [297D.01] [DEFINITIONS.]

*Subdivision 1. "Marijuana" means any marijuana, whether real or counterfeit, as defined in section 152.01, subdivision 9, that is held, possessed, transported, transferred, sold, or offered to be sold in violation of Minnesota laws.*

*Subd. 2. "Controlled substance" means any drug or substance, whether real or counterfeit, as defined in section 152.01, subdivision 4, that is held, possessed, transported, transferred, sold, or offered to be sold in violation of Minnesota laws. "Controlled substance" does not include marijuana.*

*Subd. 3. "Dealer" means a person who in violation of Minnesota law manufactures, produces, ships, transports, or imports into Minnesota or in any manner acquires or possesses more than 42-1/2 grams of marijuana, or seven or more grams of any controlled substance, or ten or more dosage units of any controlled substance which is not sold by weight.*

*Subd. 4. "Commissioner" means the commissioner of revenue.*

**Sec. 5. [297D.02] [ADMINISTRATION.]**

*The commissioner of revenue shall administer this chapter. Payments required by this chapter must be made to the commissioner on the form provided by the commissioner. The commissioner shall collect all taxes under this chapter.*

**Sec. 6. [297D.03] [RULES.]**

*The commissioner may adopt rules necessary to enforce this chapter. The commissioner shall adopt a uniform system of providing, affixing, and displaying official stamps, official labels, or other official indicia for marijuana and controlled substances on which a tax is imposed.*

**Sec. 7. [297D.04] [TAX PAYMENT REQUIRED FOR POSSESSION.]**

*No dealer may possess any marijuana or controlled substance upon which a tax is imposed by section 11 unless the tax has been paid on the marijuana or other controlled substance as evidenced by a stamp or other official indicia.*

**Sec. 8. [297D.05] [NO IMMUNITY.]**

*Nothing in this chapter may in any manner provide immunity for a dealer from criminal prosecution pursuant to Minnesota law.*

**Sec. 9. [297D.06] [PHARMACEUTICALS.]**

*Nothing in this chapter requires persons registered under chapter 151 or otherwise lawfully in possession of marijuana or a controlled substance to pay the tax required under this chapter.*

**Sec. 10. [297D.07] [MEASUREMENT.]**

*For the purpose of calculating the tax under section 11, an ounce of marijuana or other controlled substance is measured by the weight of the substance in the dealer's possession.*

**Sec. 11. [297D.08] [TAX RATE.]**

*A tax is imposed on marijuana and controlled substances as defined in section 4 at the following rates:*

- (1) on each gram of marijuana, or each portion of a gram, \$3.50; and*
- (2) on each gram of controlled substance, or portion of a gram, \$200; or*
- (3) on each 50 dosage units of a controlled substance that is not sold by*



weight, or portion thereof, \$2,000.

**Sec. 12. [297D.09] [FAILURE TO FILE, FILING FALSE OR FRAUDULENT RETURN; INTENT TO EVADE TAX; CRIMINAL PROVISIONS.]**

*Subdivision 1. [PENALTIES.] Any dealer violating this chapter is subject to a penalty of 100 percent of the tax in addition to the tax imposed by section 11. In addition to the tax penalty imposed, a dealer distributing or possessing marijuana or controlled substances without affixing the appropriate stamps, labels, or other indicia is guilty of a crime and, upon conviction, 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.*

*Subd. 2. [STATUTE OF LIMITATIONS.] Notwithstanding section 628.26, or any other provision of the criminal laws of this state, an indictment may be found and filed upon any criminal offense specified in this section, in the proper court within six years after the commission of this offense.*

**Sec. 13. [297D.10] [STAMP PRICE.]**

*Official stamps, labels, or other indicia to be affixed to all marijuana or controlled substances shall be purchased from the department. The purchaser shall pay 100 percent of face value for each stamp, label, or other indicia at the time of the purchase. The department shall make the stamps, labels, or other indicia in denominations in multiples of ten dollars.*

**Sec. 14. [297D.11] [PAYMENT DUE.]**

*Subdivision 1. [STAMPS AFFIXED.] When a dealer purchases, acquires, transports, or imports into this state marijuana or controlled substances on which a tax is imposed by section 11, and if the indicia evidencing the payment of the tax have not already been affixed, the dealer shall have them permanently affixed on the marijuana or controlled substance immediately after receiving the substance. Each stamp or other official indicia may be used only once.*

*Subd. 2. [PAYABLE ON POSSESSION.] Taxes imposed upon marijuana or controlled substances by this chapter are due and payable immediately upon acquisition or possession in this state by a dealer.*

**Sec. 15. [297D.12] [ALL ASSESSMENTS ARE JEOPARDY.]**

*Subdivision 1. [ASSESSMENT PROCEDURE.] An assessment for a dealer not possessing stamps or other official indicia showing that the tax has been paid shall be considered a jeopardy assessment or collection, as provided in section 270.70. The commissioner shall assess a tax based on personal knowledge or information available to the commissioner; mail the taxpayer at the taxpayer's last known address or serve in person, a written notice of the amount of tax; demand its immediate payment; and, if payment is not immediately made, collect the tax by any method prescribed in chapter 270, except that the commissioner need not await the expiration of the times specified in chapter 270. Section 270.70, subdivision 4, paragraph (a), does not apply to this chapter.*

*Subd. 2. [INJUNCTION PROHIBITED.] No person may bring suit to enjoin the assessment or collection of any taxes, interest, or penalties*

imposed by this chapter.

Subd. 3. [STANDARD OF PROOF.] *The tax and penalties assessed by the commissioner are presumed to be valid and correctly determined and assessed. The burden is upon the taxpayer to show their incorrectness or invalidity. Any statement filed by the commissioner with the court administrator, or any other certificate by the commissioner of the amount of tax and penalties determined or assessed is admissible in evidence and is prima facie evidence of the facts it contains.*

Sec. 16. [297D.13] [CONFIDENTIAL NATURE OF INFORMATION.]

*Neither the commissioner nor a public employee may reveal facts contained in a report or return required by this chapter, nor can any information contained in such a report or return be used against the dealer in any criminal proceeding, unless independently obtained, except in connection with a proceeding involving taxes due under this chapter from the taxpayer making the return.*

Sec. 17. [297D.14] [INVESTIGATORY POWERS.]

*For the purpose of determining the correctness of any return, determining the amount of tax that should have been paid, determining whether or not the dealer should have made a return or paid taxes, or collecting any taxes under this chapter, the commissioner may examine, or cause to be examined, any books, papers, records, or memoranda, that may be relevant to making such determinations, whether the books, papers, records, or memoranda, are the property of or in the possession of the dealer or another person. The commissioner may require the attendance of any person having knowledge or information that may be relevant, compel the production of books, papers, records, or memoranda by persons required to attend, take testimony on matters material to the determination, and administer oaths or affirmations. Upon demand of the commissioner or any examiner or investigator, the court administrator of any court shall issue a subpoena for the attendance of a witness or the production of books, papers, records, and memoranda. The commissioner may also issue subpoenas. Disobedience of subpoenas issued under this chapter is punishable by the district court of the district in which the subpoena is issued, or, if the subpoena is issued by the commissioner, by the district court of the district in which the party served with the subpoena is located, in the same manner as contempt of district court.*

Sec. 18. Minnesota Statutes 1984, section 609.50, is amended to read:

609.50 [OBSTRUCTING LEGAL PROCESS OR ARREST.]

*Whoever intentionally obstructs, hinders or prevents the lawful execution of any legal process, civil or criminal, or apprehension of another on a charge or conviction of a criminal offense or interferes with a peace officer while the officer is engaged in the performance of his official duties, or by force or threat of force endeavors to obstruct any employee of the department of revenue while the employee is lawfully engaged in the performance of official duties for the purpose of deterring or interfering with the performance of those duties, may be sentenced as follows:*

(1) If the act was accompanied by force or violence or the threat thereof, to

imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both; or

(2) In other cases to imprisonment for not more than 90 days or to payment of a fine of not more than \$700, or both.

Sec. 19. Minnesota Statutes 1984, section 609.582, is amended by adding a subdivision to read:

*Subd. 1a. [MANDATORY MINIMUM SENTENCE FOR BURGLARY OF OCCUPIED DWELLING.] A person convicted of committing burglary of an occupied dwelling, as defined in subdivision 1, clause (a), must be committed to the commissioner of corrections or county workhouse for a mandatory minimum term of imprisonment of not less than six months.*

Sec. 20. Minnesota Statutes 1984, section 609.583, is amended to read:

609.583 [SENTENCING; FIRST BURGLARY OF A DWELLING.]

*Except as provided in section 609.582, subdivision 1a, in determining an appropriate disposition for a first offense of burglary of a dwelling, the court shall presume that a stay of execution with a 90-day period of incarceration as a condition of probation shall be imposed unless the defendant's criminal history score determined according to the sentencing guidelines indicates a presumptive executed sentence, in which case the presumptive executed sentence shall be imposed unless the court departs from the sentencing guidelines pursuant to section 244.10. A stay of imposition of sentence may be granted only if accompanied by a statement on the record of the reasons for it. The presumptive period of incarceration may be waived in whole or in part by the court if the defendant provides restitution or performs community work service.*

Sec. 21. [EFFECTIVE DATE.]

*Sections 1 to 3 and 18 to 20 are effective August 1, 1986, and apply to crimes committed on or after that date. Sections 4 to 17 are effective August 1, 1986."*

Delete the title and insert:

*"A bill for an act relating to crime; establishing terms of imprisonment for the crime of selling larger quantities of schedule II narcotics and hallucinogens; imposing a tax on marijuana and controlled substances; providing for the crime of using force or threats against revenue department employees; establishing a minimum jail term for burglary of a dwelling; amending Minnesota Statutes 1984, sections 152.15, subdivisions 1, 4, and 5; 609.50; 609.582, by adding a subdivision; and 609.583; proposing coding for new law as Minnesota Statutes, chapter 297D."*

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Marcus M. Marsh, Kathleen A. Blatz, Randy C. Kelly

Senate Conferees: (Signed) Tad Jude, Allan H. Spear, Gene Merriam

Mr. Jude moved that the foregoing recommendations and Conference Committee Report on H.F. No. 654 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

So the recommendations and Conference Committee Report were adopted.

H.F. No. 654 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

## MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 1974: A bill for an act relating to courts; providing for the standard of care of trustees; authorizing certain investments of trust property; providing for powers of trustees; providing for the exclusion of the homestead from the augmented estate; providing for the inclusion of certain items in the augmented estate; amending Minnesota Statutes 1984, sections 501.125, subdivision 1, and by adding a subdivision; and 501.66, subdivision 28, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 501.125, subdivision 6; 524.2-109; 524.2-202; 524.2-205; and 525.145.

Senate File No. 1974 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 17, 1986

Mr. Merriam moved that S.F. No. 1974 be laid on the table. The motion prevailed.

## MOTIONS AND RESOLUTIONS - CONTINUED

### CONFIRMATION

Mr. Lessard moved that the report from the Committee on Veterans and

General Legislation, reported March 12, 1986, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Lessard moved that the foregoing report be now adopted. The motion prevailed.

Mr. Lessard moved that in accordance with the report from the Committee on Veterans and General Legislation, reported March 12, 1986, the Senate, having given its advice, do now consent to and confirm the appointments of:

#### BOARD OF THE ARTS

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

Carol Ann MacKay, 5925 Christmas Lake Rd., Excelsior, Hennepin County, effective August 6, 1985, for a term expiring the first Monday in January, 1987.

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

The motion prevailed. So the appointments were confirmed.

Mr. Benson moved that the name of Ms. Berglin be added as a co-author to S.F. No. 2147. The motion prevailed.

#### MEMBERS EXCUSED

Mr. Solon was excused from the Session of today at 3:45 p.m. Mr. Luther was excused from the Session of today at 5:15 p.m. Mr. Peterson, R.W. was excused from the Session of today at 5:20 p.m.

#### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:00 a.m., Friday, March 21, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate