

THIRTY-NINTH DAY

St. Paul, Minnesota, Wednesday, April 29, 1987

The Senate met at 3:00 p.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Luther 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. James D. Gorman.

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

Adkins	Davis	Knaak	Moe, D.M.	Samuelson
Anderson	DeCramer	Knutson	Moe, R.D.	Schmitz
Beckman	Dicklich	Kroening	Morse	Solon
Belanger	Diessner	Laidig	Novak	Spear
Benson	Frank	Langseth	Olson	Storm
Berg	Frederick	Lantry	Pehler	Stumpf
Berglin	Frederickson, D.J.	Larson	Peterson, D.C.	Taylor
Bernhagen	Frederickson, D.R.	Lessard	Peterson, R.W.	Vickerman
Bertram	Freeman	Luther	Piper	Waldorf
Brandl	Gustafson	Marty	Pogemiller	Wegscheid
Brataas	Hughes	McQuaid	Purfeerst	Willet
Chmielewski	Johnson, D.E.	Mehrkins	Ramstad	
Cohen	Johnson, D.J.	Merriam	Reichgott	
Dahl	Jude	Metzen	Renneke	

The President declared a quorum present.

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

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

April 28, 1987

The Honorable Jerome M. Hughes
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. No. 440.

Sincerely,

Rudy Perpich, Governor

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 59, 324, 365, 341 and 698.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 27, 1987

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. 89: A bill for an act relating to agriculture; clarifying and amending the farmer-lender mediation act; amending Minnesota Statutes 1986, sections 336.9-501; 550.365; 559.209; 581.015; 583.22, subdivisions 2 and 8, and by adding a subdivision; 583.24, subdivisions 1, 3, and by adding a subdivision; 583.26, subdivisions 1, 2, 3, 4, 5, 6, 8, 9, and by adding a subdivision; 583.27, subdivisions 1, 3, and 4; 583.28; and 583.285; proposing coding for new law in Minnesota Statutes, chapter 583.

Senate File No. 89 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 27, 1987

Mr. Berg moved that the Senate do not concur in the amendments by the House to S.F. No. 89, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

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

S.F. No. 248: A bill for an act relating to elections; ensuring the availability of absentee ballots for statewide elections; amending Minnesota Statutes 1986, sections 40.05, subdivision 3; 203B.05, subdivision 2; 204B.09, subdivision 2; 204B.35, subdivision 4; 205.065, subdivisions 2 and 3; and 205.13, subdivision 1.

Senate File No. 248 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 27, 1987

CONCURRENCE AND REPASSAGE

Ms. Peterson, D.C. moved that the Senate concur in the amendments by the House to S.F. No. 248 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 248: A bill for an act relating to elections; ensuring the availability of absentee ballots for statewide elections; amending Minnesota Statutes 1986, sections 40.05, subdivision 3; 123.32, subdivision 4; 203B.05, subdivision 2; 204B.35, subdivision 4; 205.02, subdivision 2; 205.065, subdivisions 2 and 3; and 205.13, subdivision 1.

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

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

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.J.	Moe, R.D.	Solon
Anderson	Davis	Jude	Morse	Spear
Beckman	Dicklich	Knaak	Olson	Storm
Belanger	Diessner	Kroening	Pehler	Stumpf
Benson	Frank	Lantry	Peterson, D.C.	Taylor
Berg	Frederick	Larson	Peterson, R.W.	Vickerman
Berglin	Frederickson, D.J.	Luther	Piper	Waldorf
Bertram	Frederickson, D.R.	Marty	Pogemiller	Willet
Brandl	Freeman	McQuaid	Purfeerst	
Brataas	Gustafson	Mehrkens	Ramstad	
Chmielewski	Hughes	Merriam	Renneke	
Cohen	Johnson, D.E.	Metzen	Schmitz	

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 1015: A bill for an act relating to public safety; regulating boilers and their operation; amending Minnesota Statutes 1986, sections 183.375, subdivision 2; 183.411, by adding a subdivision; 183.42; 183.545, subdivision 4; and 183.56; repealing Minnesota Statutes 1986, section 183.545, subdivision 5.

Senate File No. 1015 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 27, 1987

CONCURRENCE AND REPASSAGE

Mrs. Lantry moved that the Senate concur in the amendments by the House to S.F. No. 1015 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1015: A bill for an act relating to public safety; regulating boilers

and their operation; amending Minnesota Statutes 1986, sections 183.375, subdivision 2; 183.411, subdivision 2, and by adding a subdivision; 183.42; 183.545, subdivision 4; and 183.56; repealing Minnesota Statutes 1986, section 183.545, subdivision 5.

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 59 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.J.	Merriam	Ramstad
Anderson	Davis	Jude	Metzen	Reichgott
Beckman	Dicklich	Knaak	Moe, R.D.	Renneke
Belanger	Diessner	Kroening	Morse	Schmitz
Benson	Frank	Langseth	Novak	Storm
Berg	Frederick	Lantry	Olson	Stumpf
Berglin	Frederickson, D.J.	Larson	Pehler	Taylor
Bertram	Frederickson, D.R.	Lessard	Peterson, D.C.	Vickerman
Brandl	Freeman	Luther	Peterson, R.W.	Waldorf
Brataas	Gustafson	Marty	Piper	Wegscheid
Chmielewski	Hughes	McQuaid	Pogemiller	Willett
Cohen	Johnson, D.E.	Mehrkins	Purfeerst	

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 142, 1185, 1495, 464, 521, 909, 1041, 1113, 654, 1281, 291, 1103, 1263, 1312, 853, 1230, 1412, 969, 990 and 1015.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 27, 1987

FIRST READING OF HOUSE BILLS

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

H.F. No. 142: A bill for an act relating to drivers' licenses; permitting limited license for homemaker; amending Minnesota Statutes 1986, section 171.30, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 29, now on General Orders.

H.F. No. 1185: A bill for an act relating to education; clarifying that funds may not be transferred from the debt redemption fund; amending Minnesota Statutes 1986, section 121.9121, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 371, now on General Orders.

H.F. No. 1495: A bill for an act relating to liquor; authorizing the city of Little Falls to issue a temporary on-sale intoxicating liquor license.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 990, now on General Orders.

H.F. No. 464: A bill for an act relating to insurance; accident and health; increasing the maximum lifetime benefit for major medical coverage; amending Minnesota Statutes 1986, sections 62E.04, subdivision 4; and 62E.06, subdivision 1.

Referred to the Committee on Commerce.

H.F. No. 521: A bill for an act relating to lake improvement districts; providing for notice of their annual meetings; amending Minnesota Statutes 1986, section 378.545, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 378.

Referred to the Committee on Environment and Natural Resources.

H.F. No. 909: A bill for an act relating to waters; changing the posting and publication of notice requirements for aeration operations by a permittee of the commissioner of natural resources; providing an exclusion from government tort liability; amending Minnesota Statutes 1986, sections 3.736, subdivision 3; and 378.22, subdivisions 2 and 3.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 801.

H.F. No. 1041: A bill for an act relating to adoption; requiring certain notifications to parents placing a child for adoption and to proposed adoptive parents; specifying that adoptive parents may not voluntarily terminate parental rights for any reason not available to birth parents; amending Minnesota Statutes 1986, sections 259.24, subdivision 5; 259.25, subdivision 1; and 260.221; proposing coding for new law in Minnesota Statutes, chapter 259.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1478.

H.F. No. 1113: A bill for an act relating to state departments and agencies; abolishing the Minnesota humane society as a state agency and authorizing its formation as a state federation of county and district societies; providing for the powers and duties of county and district societies and for the prevention of cruelty to animals; amending Minnesota Statutes 1986, sections 16B.51, subdivision 1; 43A.27, subdivision 2; 343.01; 343.06; 343.10; 343.12; 343.22, subdivision 1; 343.29, subdivision 1; 346.37, subdivision 6; and 347.37; repealing Minnesota Statutes 1986, section 343.08.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1452.

H.F. No. 654: A bill for an act relating to metropolitan government; providing for the composition of the metropolitan airports commission; requiring plans and reports on noise, capacity, and other matters at Minneapolis-St. Paul International Airport; amending Minnesota Statutes 1986, sections 473.604, subdivision 1; 473.612; and 473.621, subdivision 1a.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 923, now on General Orders.

H.F. No. 1281: A bill for an act relating to local government; authorizing Lake county to issue seasonal on-sale liquor licenses; authorizing St. Louis county to set the compensation of certain board and commission members;

amending Minnesota Statutes 1986, section 383C.073.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 873, now on General Orders.

H.F. No. 291: A bill for an act relating to financial institutions; regulating incorporations and operations of banks; requiring approval of certain insider agreements; regulating acquisitions by bank holding companies; authorizing the commissioner to borrow money to satisfy obligations of certain closed institutions; regulating bank or trust company investments; regulating claims against liquidated institutions; providing for the organization of credit unions; regulating interest and dividends paid on deposits; regulating industrial loan and thrifts; providing for the submission of certain reports; modifying the maximum allowable interest rate on certain loans used to satisfy the balances owed on contracts for deed; requiring the periodic examination of collection agencies; regulating consumer deficiency judgments; modifying the examination requirement for safe deposit companies and insurance premium finance companies; regulating motor vehicle installment sales; regulating bank applications; amending Minnesota Statutes 1986, sections 46.041; 46.042; 46.07, subdivision 2; 46.131, subdivision 9; 47.10, subdivision 3, and by adding a subdivision; 47.204, subdivision 1; 47.205, subdivisions 2 and 4; 48.055, subdivision 5; 48.15, subdivision 2; 48.51; 48.61, subdivisions 3 and 5; 48.92, subdivision 10; 48.97, subdivision 2; 48.98, subdivision 1; 48.99, subdivision 1; 49.04, subdivision 1; 49.05, by adding a subdivision; 49.24, subdivision 5; 51A.58; 52.01; 52.02, subdivision 3; 52.09, subdivision 2; 52.18; 53.04, subdivisions 3a and 5; 53.09, subdivision 2; 55.095; 55.15; 56.12; 59A.06, subdivision 3; 168.66, subdivisions 5 and 9; 168.705; 168.71; 168.72, subdivisions 1 and 4; 168.73; 168.74; 325G.36; and 332.29, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 46 and 47; repealing Minnesota Statutes 1986, sections 48.60 and 55.13.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 691, now on General Orders.

H.F. No. 1103: A bill for an act relating to retirement; providing benefit portability for disability benefits, survivor annuities, and survivor benefits; establishing a combined service disability benefit and a combined service survivor benefit; proposing coding for new law in Minnesota Statutes, chapter 356.

Referred to the Committee on Governmental Operations.

H.F. No. 1263: A bill for an act relating to the administration of state property; extending the period for which the commissioner of administration may lease state property; amending Minnesota Statutes 1986, section 16B.24, subdivision 5.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1143, now on General Orders.

H.F. No. 1312: A bill for an act relating to peace officers; requiring licensure as a prerequisite to exercising the authority of a peace officer unless otherwise authorized by law; prohibiting persons from misrepresenting themselves as peace officers or part-time peace officers; prescribing penalties; amending Minnesota Statutes 1986, sections 169.98, by adding subdivisions; 367.41, subdivision 1; and 626.84; proposing coding for new law in Minnesota Statutes, chapter 626.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1199.

H.F. No. 853: A bill for an act relating to education; clarifying the authority of contracting school districts to select an individual to provide services as a superintendent; amending Minnesota Statutes 1986, section 123.34, subdivision 9.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 759, now on General Orders.

H.F. No. 1230: A bill for an act relating to insurance; clarifying the authority of school districts to self-insure for property and casualty coverage; amending Minnesota Statutes 1986, section 471.98, subdivision 2.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1426, now on General Orders.

H.F. No. 1412: A bill for an act relating to state land; authorizing private sale of certain tax-forfeited land in Lake county to city of Two Harbors; providing timing for 1987 sales of lakeshore lots; amending Minnesota Statutes 1986, section 92.67, subdivision 4.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1276, now on General Orders.

H.F. No. 969: A bill for an act relating to the sentencing guidelines commission; including a crime victim as a member of the commission; providing that terms of members appointed by the governor are coterminous with the governor; changing the date on which the commission's report to the legislature is due; amending Minnesota Statutes 1986, section 244.09, subdivisions 2, 3, and 11.

Referred to the Committee on Judiciary.

H.F. No. 990: A bill for an act relating to crimes; providing that persons convicted of a crime of violence may not ship, transport, possess, or receive a firearm for ten years following restoration of civil rights, the setting aside of a conviction, or a pardon; amending Minnesota Statutes 1986, sections 609.165, by adding a subdivision; 609.168; 624.712, subdivision 5; and 638.02, subdivision 2.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1321.

H.F. No. 1015: A bill for an act relating to motorboat safety; providing for enforcement of sanctions for operation of a motorboat while under the influence of alcohol or a controlled substance; amending Minnesota Statutes 1986, section 361.121, subdivisions 2 and 3, and by adding subdivisions.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 992.

REPORTS OF COMMITTEES

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

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

S.F. No. 90: A bill for an act relating to public safety; pipelines and underground facilities; enacting the Minnesota pipeline safety act; requiring a routing permit to construct a new pipeline; creating the office of pipeline safety and providing for its powers and duties; authorizing rulemaking for purposes of delegation of federal authority; creating the pipeline safety advisory commission; regulating the operation of certain pipelines; requiring the adoption of pipeline setback ordinances; providing for notification of excavation in the area of underground facilities; providing for a pipeline inspection fee; establishing the pipeline safety fund; requiring a study; providing penalties; appropriating money; amending Minnesota Statutes 1986, sections 116I.02, subdivisions 2 and 3; 216B.16, by adding a subdivision; 299F56, by adding a subdivision; 299F57; 299F58; 299F60; 299F61; 299F62; 299F63; and 299F64; proposing coding for new law in Minnesota Statutes, chapter 116I; proposing coding for new law as Minnesota Statutes, chapters 216C and 299J.

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

Page 2, line 19, delete the comma and insert "and to"

Page 3, line 18, after "local" insert a comma

Page 5, line 1, delete "37" and insert "11, sections 299F56 to 299F64, or sections 20 to 36"

Page 5, lines 15 and 26, delete "any" and insert "an"

Page 6, line 9, delete "single statewide"

Page 6, line 13, delete "may" and insert "is" and delete "be"

Page 6, line 25, delete "communication" and insert "communications"

Page 9, line 21, delete "discharging" and insert "discharge"

Page 12, line 3, delete "office" and insert "director"

Page 12, line 33, delete "37" and insert "36"

Page 17, lines 22, 24, and 34, reinstate the old language and delete the new language

Page 17, line 36, before the headnote, insert "[299J.01]"

Page 18, lines 12 and 15, delete "37" and insert "36"

Page 19, line 25, delete "a division of the department of public safety"

Page 19, line 32, delete "interested and"

Page 20, lines 32 and 36, delete "37" and insert "36"

Page 20, line 36, delete "The rules" and insert:

"The rules adopted under clause (7)"

Page 21, line 10, delete "federal department" and insert "United States secretary"

Pages 22 and 23, delete section 25 and insert:

"Sec. 25. [299J.06] [PIPELINE SAFETY ADVISORY COMMISSION.]

Subdivision 1. [MEMBERSHIP] The pipeline safety advisory commis-

sion consists of seven members appointed by the commissioner. One member must be chosen from the hazardous liquid pipeline industry, and one from the gas pipeline industry. Two members must be state employees and three members must be state residents unaffiliated with state government or the pipeline or utility industries. The members serve on a part-time basis.

Subd. 2. [POWERS AND DUTIES.] *The commission shall advise the director and other appropriate federal, state, and local government agencies and officials on matters relating to pipeline safety and operation. The commission shall advise the director on the implementation of sections 20 to 36 and shall review and comment on proposed rules and on the operation of the office of pipeline safety.*

Subd. 3. [ADMINISTRATIVE ASSISTANCE.] *The commissioner shall provide offices and administrative assistance necessary for the performance of the commission's duties.*

Subd. 4. [TERMS; COMPENSATION; REMOVAL.] *The terms, compensation, and removal of members are governed by section 15.0575."*

Page 23, lines 26 and 34, delete "department" and insert "commissioner"

Page 24, line 11, after "office" insert "of pipeline safety"

Page 25, line 26, delete "37" and insert "36"

Page 27, line 3, delete "shall" and insert "must"

Page 28, line 27, delete "37" and insert "36,"

Page 28, line 29, delete the comma

Page 28, line 33, delete "pursuant to" and insert "under"

Page 28, line 36, delete "which" and insert "that"

Page 29, lines 6 and 7, delete "37" and insert "36"

Page 29, line 12, after "pipeline" insert a comma

Page 29, line 26, delete "the provisions of"

Page 29, line 36, delete "may not be construed to" and insert "does not"

Page 30, line 33, delete everything before "abolish" and insert "Sections 20 to 36 do not"

Page 30, line 34, delete "any" and insert "a"

Page 30, line 35, delete the first "any" and insert "a"

Page 31, delete sections 37 and 38

Page 31, delete lines 33 to 35 and insert:

"\$418,300 is appropriated from the general fund to the agencies indicated in this section for the purposes of this act, to be available for the fiscal year ending June 30 in the years indicated.

	1988	1989
(a) State planning director	\$ 73,000	-0-

Any unencumbered balance remaining in the first year does not cancel and is available for the second year.

(b) Commissioner of public safety	\$184,400	\$160,900
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The approved complement of the department of public safety is increased by three positions."

Renumber the sections in sequence

Amend the title as follows:

Page 1, lines 3 and 4, delete "enacting the Minnesota pipeline safety act;"

Page 1, lines 13 and 14, delete "establishing the pipeline safety fund; requiring a study;"

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

Mr. Hughes from the Committee on Elections and Ethics, to which was referred

S.F. No. 381: A bill for an act relating to elections; requiring school district elections to comply with the Minnesota election laws; amending Minnesota Statutes 1986, sections 123.11; and 123.32, subdivision 1; repealing Minnesota Statutes 1986, sections 123.32, subdivisions 2, 3, 4, 5, 6, 8, 8a, 24, and 25; and 200.015.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

ELECTION LAWS

Section 1. Minnesota Statutes 1986, section 200.01, is amended to read:
200.01 [CITATION, MINNESOTA ELECTION LAW.]

This chapter and chapters 201, 202A, 203B, 204B, 204C, 204D, 205, sections 48 to 60, 206, 208, 209 and 210A shall be known as the Minnesota election law.

Sec. 2. Minnesota Statutes 1986, section 200.015, is amended to read:
200.015 [SCHOOL DISTRICT ELECTIONS EXCLUDED APPLICATION.]

~~This chapter and chapters 201, 202A, 203B, 204B, 204C, 204D, 205, 206, 208, 209 and 210A do not apply~~ The Minnesota election law applies to school district all elections held in this state unless otherwise specifically provided by law.

Sec. 3. Minnesota Statutes 1986, section 200.02, is amended by adding a subdivision to read:

Subd. 19. [SCHOOL DISTRICT.] "School district" means an independent, special, or county school district.

Sec. 4. Minnesota Statutes 1986, section 201.016, subdivision 2, is amended to read:

Subd. 2. [DURATION OF RESIDENCE.] The governing body of any city by resolution may require an eligible voter to maintain residence in a precinct for a period of 30 days prior to voting on any question affecting only that precinct or voting to elect public officials representing only that precinct. The governing body of any town by resolution may require an eligible voter to maintain residence in that town for a period of 30 days prior to voting in a town election. *The school board of any school district by resolution may require an eligible voter to maintain residence in that school district for a period of 30 days prior to voting in a school district election.*

Sec. 5. Minnesota Statutes 1986, section 201.018, subdivision 2, is amended to read:

Subd. 2. [REGISTRATION REQUIRED.] An eligible voter must register in a manner specified by section 201.054, in order to vote in any primary, special primary, general, *school district*, 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. 6. Minnesota Statutes 1986, section 201.061, subdivision 3, is amended to read:

Subd. 3. [ELECTION DAY REGISTRATION.] An individual who is eligible to vote may register on election day by appearing in person at the polling place for the precinct in which the individual maintains residence, by completing a registration card, making an oath in the form prescribed by the secretary of state and providing proof of residence. An individual may prove residence for purposes of registering by:

(1) showing a drivers license or Minnesota identification card issued pursuant to section 171.07;

(2) showing any document approved by the secretary of state as proper identification; or

(3) having a voter who is registered to vote in the precinct sign an oath in the presence of the election judge vouching that the voter personally knows that the individual is a resident of the precinct. A voter who has been vouched for on election day may not sign a proof of residence oath vouching for any other individual on that election day.

A county, *school district*, or municipality may require that an election judge responsible for election day registration initial each completed registration card.

Sec. 7. Minnesota Statutes 1986, section 201.061, subdivision 6, is amended to read:

Subd. 6. [PRECINCT MAP] Except as otherwise provided by this subdivision, the county auditor shall provide each precinct with an accurate precinct map or precinct finder to assist the election judges in determining whether an address is located in that precinct. A county auditor may delegate

this responsibility as provided in section 201.221, subdivision 4, to a municipal or school district clerk who prepares precinct maps as provided in section 204B.14, subdivision 5.

Sec. 8. Minnesota Statutes 1986, section 201.071, subdivision 3, is amended to read:

Subd. 3. [DEFICIENT REGISTRATION.] No registration is deficient if it contains the voter's name, address, date of birth, prior registration if any and signature. The absence of a zip code number does not cause the registration to be deficient. The election judges shall request an individual to correct a registration card if it is deficient or illegible or *may request the name or number of the voter's school district*. No eligible voter may be prevented from voting unless the voter's registration card is deficient or the voter is duly and successfully challenged in accordance with sections 201.195 or 204C.12.

A registration card accepted prior to August 1, 1983, is not deficient for lack of date of birth. The county or municipality may attempt to obtain the date of birth for a registration card accepted prior to August 1, 1983, by a request to the voter at any time except at the polling place. Failure by the voter to comply with this request does not make the card deficient.

Sec. 9. Minnesota Statutes 1986, section 201.071, is amended by adding a subdivision to read:

Subd. 8. [SCHOOL DISTRICT ASSISTANCE.] *School districts shall assist county auditors in determining the school district in which a voter resides.*

Sec. 10. Minnesota Statutes 1986, section 201.221, subdivision 3, is amended to read:

Subd. 3. [PROCEDURES FOR DUPLICATE REGISTRATION FILE.] The secretary of state shall prescribe the form of the duplicate registration file so that a duplicate card contains spaces for the voter's name, address, telephone number, *school district number*, and signature, and space to indicate whether the voter has voted in a given election. The secretary of state shall prescribe procedures for transporting the duplicate registration files to the election judges for use on election day.

The secretary of state shall prescribe an alternate form of the duplicate registration file for counties and cities which make the election authorized by section 201.071, subdivision 5. The alternate form shall not require a duplicate card or voter's signature. Information contained in the duplicate registration file shall include the voter's name, address, month and day of birth, last registration (if any), *school district number*, and a record of the vote history for the previous four years of elections. The secretary of state shall prescribe the form for the duplicate registration file to be used on election day in the polling place and the file shall include the name, address, month and day of birth, *school district number*, and a space for the voters to sign the file when they vote. The secretary of state shall prescribe the form for a county or municipality to request the day and month of birth from currently registered voters. The county or municipality shall not request the day and month of birth from currently registered voters by any communication other than the prescribed form and the form shall clearly indicate that a currently registered voter does not lose registration status by failing to provide the day and month of birth. The secretary of state shall prescribe procedures for transporting the duplicate registration files

to the judges on election day. In accordance with section 204B.40, the county auditor and the clerk of any municipality shall retain the prescribed duplicate registration file used on the date of election for one year following the election.

Sec. 11. Minnesota Statutes 1986, section 201.27, subdivision 2, is amended to read:

Subd. 2. [KNOWLEDGE OF VIOLATION.] A deputy, clerk, employee or other subordinate of a county auditor or municipal *or school district* clerk who has knowledge or reason to believe that a violation of this chapter has occurred shall immediately transmit a report of the knowledge or belief to the county auditor or municipal *or school district* clerk, together with any possessed evidence of the violation. Any county auditor or municipal *or school district* clerk who has knowledge or reason to believe that a violation of this chapter has occurred shall immediately transmit a report of the knowledge or belief to the county attorney of the county where the violation is thought to have occurred, together with any possessed evidence of the violation. The county auditor or municipal *or school district* clerk shall also immediately send a copy of the report to the secretary of state. A violation of this subdivision is a misdemeanor.

Sec. 12. Minnesota Statutes 1986, section 203B.01, subdivision 2, is amended to read:

Subd. 2. [MUNICIPAL CLERK.] "Municipal clerk" means a full-time town or city clerk who is authorized or required to administer the provisions of sections 203B.04 to 203B.15, as provided in section 203B.05. "*Municipal clerk*" also means *clerk of the school district who is authorized or required to administer the provisions of sections 203B.04 to 203B.15, as provided in section 203B.05 for a school district election not held on the same day as a statewide election.*

Sec. 13. Minnesota Statutes 1986, section 203B.04, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION PROCEDURES.] Except as otherwise allowed by subdivision 2, an application for absentee ballots for any election may be submitted at any time not less than one day before the day of that election. An application submitted pursuant to this subdivision shall be in writing and shall be submitted to:

(a) the county auditor of the county where the applicant maintains residence; or

(b) the municipal clerk of the municipality, *or school district if applicable*, where the applicant maintains residence.

An application shall be accepted if it is signed and dated by the applicant, contains the applicant's residence and mailing addresses, and states that the applicant is eligible to vote by absentee ballot for one of the reasons specified in section 203B.02.

Sec. 14. Minnesota Statutes 1986, section 203B.05, subdivision 2, is amended to read:

Subd. 2. [CITY, SCHOOL DISTRICT, AND TOWN ELECTIONS.] For city elections not held on the same day as a statewide election, *for school district elections not held on the same day as a statewide election*, and for town elections conducted under the Australian ballot system, applications

for absentee ballots shall be filed with the city, *school district*, or town clerk and the duties prescribed by this chapter for the county auditor shall be performed by the city, *school district*, or town clerk unless the county auditor agrees to perform those duties on behalf of the city, *school district*, or town clerk. The costs incurred to provide absentee ballots and perform the duties prescribed by this subdivision shall be paid by the city ~~or~~ town, *or school district* holding the election.

Sec. 15. Minnesota Statutes 1986, section 203B.06, subdivision 2, is amended to read:

Subd. 2. [APPLICATIONS TO WRONG OFFICIAL.] If for any reason an application for absentee ballots is submitted to the wrong county auditor or ~~city or town municipal~~ clerk, that official shall promptly forward it to the proper county auditor or municipal clerk.

Sec. 16. Minnesota Statutes 1986, section 203B.08, subdivision 4, is amended to read:

Subd. 4. [RULES.] The secretary of state shall adopt rules establishing procedures to be followed by county auditors and ~~town and city municipal~~ clerks to assure accurate and timely return of absentee ballots. The rules of the secretary of state may authorize procedures and methods of return in addition to those specified in this section.

Sec. 17. Minnesota Statutes 1986, section 203B.10, is amended to read:

203B.10 [DELIVERY OF ABSENTEE BALLOT APPLICATIONS TO ELECTION JUDGES.]

On the day before an election:

(a) The county auditor shall deliver to the ~~town and city municipal~~ clerks within that county the applications for absentee ballots theretofore received and endorsed as provided in section 203B.06, subdivision 5; and

(b) The ~~town and city municipal~~ clerks shall deliver the applications received from the county auditor and the applications for absentee ballots filed with their respective offices and endorsed as provided in section 203B.06, subdivision 5, to the appropriate election judges. Applications received on election day pursuant to section 203B.04, subdivision 2, shall be promptly delivered to the election judges in the precincts or to the judges of an absentee ballot counting board.

Sec. 18. Minnesota Statutes 1986, section 203B.12, subdivision 6, is amended to read:

Subd. 6. [EXCEPTION FOR MUNICIPALITIES OR SCHOOL DISTRICTS WITH ABSENTEE BALLOT COUNTING BOARDS.] In municipalities *or school districts* with an absentee ballot counting board, the election judges in each precinct shall receive and process return envelopes and ballot envelopes as provided in this section except that the ballot envelopes from return envelopes marked "Accepted" shall be delivered in an absentee ballot container to the absentee ballot counting board for the counting of ballots as soon as possible after processing. Other law to the contrary notwithstanding, the governing body of a municipality *or the school board of a school district* with an absentee ballot precinct may authorize the judges of the absentee ballot precinct to validate ballots in the manner provided in this section. The vote totals provided by the absentee ballot counting board shall be included in the vote totals on the summary

statements of the returns for the precinct in which they were received.

Sec. 19. Minnesota Statutes 1986, section 203B.13, is amended to read:
203B.13 [ABSENTEE BALLOT COUNTING BOARDS.]

Subdivision 1. [ESTABLISHMENT.] The governing body of any municipality may by ordinance, *or the school board of any school district may by resolution*, authorize an absentee ballot counting board for the purpose of counting all absentee ballots cast in that municipality *or school district*. The board shall consist of a sufficient number of election judges appointed as provided in sections 204B.19 to 204B.22.

Subd. 2. [DUTIES.] The absentee ballot counting board shall:

(a) Receive from each precinct in the municipality *or school district* all ballot envelopes marked "Accepted" by the election judges; provided that the governing body of a municipality *or the school board of a school district* may authorize the board to examine all return absentee ballot envelopes and receive or reject absentee ballots in the manner provided in section 203B.12;

(b) Open and count the absentee ballots, tabulating the vote in a manner that indicates each vote of the absentee voter and the total absentee vote cast for each candidate or question in each precinct; and

(c) Report the vote totals tabulated for each precinct.

Subd. 3. [COMPENSATION OF MEMBERS.] The ~~city or town~~ *municipal* clerk shall pay a reasonable compensation to each member of the absentee ballot counting board for services rendered during each election.

Subd. 3a. [DUPLICATE REGISTRATION FILES.] If the election judges of an absentee ballot counting board are authorized to receive, examine, and validate absentee ballots, the county auditor or ~~city~~ *municipal* clerk shall remove from the duplicate registration files the cards of all persons who have applied for absentee ballots at the election and deliver them to the election judges of the absentee ballot counting board along with the applications for absentee ballots. When a duplicate registration card has been removed from the file for this purpose it shall be replaced with a notification to the election judges that the voter's card has been removed and directing them to contact the election judges of the absentee ballot counting board if that voter should appear at the polling place for the purpose of voting in person. If contacted by the judges of the precinct, the election judges of the absentee ballot counting board shall examine the duplicate registration card of the voter to determine if an absentee ballot has been cast. They shall notify the precinct election judges of their findings and, if the absentee ballot has not yet been cast, the voter shall be allowed to vote in person. The election judges of the absentee ballot counting board shall make a notation on the duplicate registration card that the voter has voted and no absentee ballot shall be counted for that voter.

Subd. 4. [APPLICABLE LAWS.] Except as otherwise provided by this section, all of the laws applicable to absentee ballots and absentee voters and all other provisions of the Minnesota election law shall apply to an absentee ballot counting board.

Sec. 20. Minnesota Statutes 1986, section 203B.15, is amended to read:
203B.15 [ADMINISTRATIVE EXPENSES.]

Each county shall pay the expenses incurred by its county auditor and each municipality *or school district* shall pay the expenses incurred by its clerk for administering the provisions of sections 203B.04 to 203B.15.

Sec. 21. Minnesota Statutes 1986, section 203B.19, is amended to read:
203B.19 [RECORDING APPLICATIONS.]

Upon accepting an application, the county auditor shall record in a permanent register the voter's name, address of present or former residence in Minnesota, mailing address, *school district number*, and the category under section 203B.16, to which the voter belongs. After recording this information, the county auditor shall retain the application for two years after the date of the next general election. A voter whose name is recorded as provided in this section shall not be required to register under any other provision of law in order to vote under sections 203B.16 to 203B.27.

Sec. 22. Minnesota Statutes 1986, section 203B.23, is amended to read:

203B.23 [APPLICATION RECORDS; DELIVERY TO ELECTION JUDGES.]

When election materials are transmitted to the ~~town and city~~ *municipal* clerks as provided in section 204B.28, subdivision 2, the county auditor shall also transmit a certified copy of the record of applications compiled as provided in section 203B.19, for absentee ballots to be cast at that election in that town, *school district*, or city. A certified copy of the record of additional applications received by the county auditor after the ballots have been delivered shall also be delivered to the appropriate ~~town or city~~ *municipal* clerk. Each ~~town and city~~ *municipal* clerk shall in turn deliver to the election judges in the appropriate precincts the application records received from the county auditor.

Sec. 23. Minnesota Statutes 1986, section 204B.02, is amended to read:
204B.02 [APPLICATION.]

This chapter applies to all elections held in this state, ~~except school district elections and~~ except as otherwise provided by law.

Sec. 24. Minnesota Statutes 1986, section 204B.09, subdivision 2, is amended to read:

Subd. 2. [OTHER ELECTIONS.] Affidavits of candidacy and nominating petitions for city, town or other elective offices shall be filed during the time and with the official specified in chapter 205 or other applicable law or charter. *Affidavits of candidacy and applications filed on behalf of eligible voters for school board office shall be filed during the time and with the official specified in chapter 205A or other applicable law.*

Sec. 25. Minnesota Statutes 1986, section 204B.16, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY; LOCATION.] The governing body of each municipality and of each county with precincts in unorganized territory shall designate by ordinance or resolution a polling place for each election precinct. *Polling places must be designated and ballots must be distributed so that no one is required to go to more than one polling place to vote in a school district and municipal election held on the same day.* The polling place for a precinct in a municipality shall be located within the boundaries of the precinct or within 1,500 feet of one of those boundaries unless a

single polling place is designated for a city pursuant to subdivision 2. The polling place for a precinct may be located up to 3,000 feet outside one of the boundaries of the precinct if necessary to locate a polling place that is accessible to and usable by elderly and handicapped individuals as required in subdivision 5. The polling place for a precinct in unorganized territory may be located outside the precinct at a place which is convenient to the voters of the precinct. If no suitable place is available within the town, then the polling place for a town may be located outside the town within five miles of one of the boundaries of the town.

Sec. 26. Minnesota Statutes 1986, section 204B.18, subdivision 2, is amended to read:

Subd. 2. [BALLOT BOXES.] Each polling place shall be provided with one ballot box for each kind of ballot to be cast at the election. The boxes shall be substantially the same color as the ballots to be deposited in them. Each box shall be of sufficient size and shall have a sufficient opening to receive and contain all the ballots likely to be deposited in it. *When buff or goldenrod ballot boxes are required, a separate box must be provided for each school district for which ballots are to be cast at that polling place. The number and name of the school district must appear conspicuously on the top of each buff or goldenrod ballot box.*

Sec. 27. Minnesota Statutes 1986, section 204B.19, subdivision 1, is amended to read:

Subdivision 1. [INDIVIDUALS QUALIFIED TO BE ELECTION JUDGES.] Any individual who is eligible to vote in an election precinct is qualified to be appointed as an election judge for that precinct subject to this section. If the files of the appointing authority do not contain sufficient voters within a precinct who are qualified and willing to serve as election judges, election judges may be appointed who reside in another precinct in the same municipality, *or for school district elections, in the same school district.* If there are not sufficient voters within the municipality *or school district* who are qualified and willing to serve as election judges, election judges may be appointed who reside in the county where the precinct is located.

Sec. 28. Minnesota Statutes 1986, section 204B.25, subdivision 1, is amended to read:

Subdivision 1. [DUTIES OF COUNTY AUDITOR.] Each county auditor shall provide training for all election judges who are appointed to serve at any election to be held in the county. The county auditor shall also provide a procedure for emergency training of election judges elected to fill vacancies. The county auditor may delegate to a municipal election official the duty to provide training of election judges in that municipality *or school district.*

Sec. 29. Minnesota Statutes 1986, section 204B.29, is amended to read:

204B.29 [ELECTION JUDGES; ELECTION SUPPLIES; DUTIES.]

Subdivision 1. [SECURING ELECTION MATERIALS.] Before 9:00 p.m. on the day preceding an election, at least one election judge from each precinct in each municipality, *or school district if applicable,* shall secure voter registration files, ballots, forms, envelopes and other required supplies from the municipal clerk, *school district clerk,* or other legal custodian. The election judge shall deliver the materials to the polling place

before the time when voting is scheduled to begin on election day. The county auditor shall send or deliver the election supplies enumerated in this section to the election judges in the precincts in unorganized territory. The election supplies may be sent by certified mail, parcel post, express mail or any other postal service providing assured delivery by no later than the day before the election. If the election supplies are delivered by any other means, they shall be delivered by no later than the day before the election.

Each precinct shall be furnished with 100 ballots of each kind for every 85 individuals who voted in that precinct at the last election for the same office or on similar questions, or with ballots of each kind in an amount at least ten percent greater than the number of votes which are reasonably expected to be cast in that precinct in that election, whichever supply of ballots is greater. No precinct shall be furnished with any ballots containing the name of any candidate who cannot properly be voted for in that precinct.

The election judges shall be responsible for the preservation of all election materials received by them until returned to the appropriate election officials after the voting has ended.

Subd. 2. [FAILURE OF ELECTION JUDGES TO SECURE MATERIALS.] If no election judge secures the election materials for a precinct in any municipality, *or school district if applicable*, as provided in subdivision 1, the municipal *or school district* clerk shall deliver them to an election judge for that precinct not later than the time when voting is scheduled to begin. The municipal *or school district* clerk shall require the election judge accepting delivery of the election supplies to sign a receipt for them. The election judges of that precinct shall pay the expenses of delivery of the materials and shall be liable for the penalty provided by law for neglect of duty.

Sec. 30. Minnesota Statutes 1986, section 204B.31, is amended to read:
204B.31 [COMPENSATION FOR ELECTION SERVICES.]

The compensation for services performed under the Minnesota election law shall be as follows:

(a) To presidential electors from funds appropriated to the secretary of state for this purpose, \$35 for each day of attendance at the capitol and mileage for travel to and from the capitol in the amount allowed for state employees in accordance with section 43A.18, subdivision 2;

(b) To individuals, other than county, city, *school district*, or town employees during their normal work day, who are appointed by the county auditor to carry ballots to or from the county auditor's office, a sum not less than the prevailing Minnesota minimum wage for each hour spent in carrying ballots and mileage in the amount allowed pursuant to section 471.665, subdivision 1;

(c) To members of county canvassing boards, a sum not less than the prevailing Minnesota minimum wage for each hour necessarily spent and an amount for each mile of necessary travel equal to the amount allowed pursuant to section 471.665, subdivision 1;

(d) To election judges serving in any city, an amount fixed by the governing body of the city; *to election judges serving in any school district election which is not held in conjunction with a state election, an amount fixed by the school board of the school district*; to election judges serving

in unorganized territory, an amount fixed by the county board; and to election judges serving in towns, an amount fixed by the town board. Election judges shall receive at least the prevailing Minnesota minimum wage for each hour spent carrying out their duties at the polling places and in attending training sessions required by section 204B.25. An election judge who travels to pick up election supplies or to deliver election returns to the county auditor shall receive, in addition to other compensation authorized by this section, a sum not less than the prevailing Minnesota minimum wage for each hour spent performing these duties, plus mileage in the same amount as allowed pursuant to section 471.665, subdivision 1; and

(e) To sergeants at arms, an amount for each hour of service performed at the direction of the election judges, fixed in the same manner as compensation for election judges.

Sec. 31. Minnesota Statutes 1986, section 204B.32, is amended to read:
204B.32 [ELECTION EXPENSES; PAYMENT.]

The secretary of state shall pay the compensation for presidential electors, the cost of printing the pink paper ballots, and all necessary expenses incurred by the secretary of state in connection with elections. The counties shall pay the compensation prescribed in section 204B.31, clauses (b) and (c), the cost of printing the canary ballots, the white ballots, the pink ballots when machines are used, the state partisan primary ballots, and the state and county nonpartisan primary ballots, all necessary expenses incurred by county auditors in connection with elections, and the expenses of special county elections. The municipalities shall pay the compensation prescribed for election judges and sergeants at arms, the cost of printing the municipal ballots, providing ballot boxes, providing and equipping polling places and all necessary expenses of the municipal clerks in connection with elections, except special county elections. *The school districts shall pay the compensation prescribed for election judges and sergeants at arms, the cost of printing the school district ballots, providing ballot boxes, providing and equipping polling places and all necessary expenses of the school district clerks in connection with school district elections not held in conjunction with state elections. When school district elections are held in conjunction with state elections, the school district shall pay the costs of printing the school district ballots, providing ballot boxes and all necessary expenses of the school district clerk.* All disbursements under this section shall be presented, audited, and paid as in the case of other public expenses.

Sec. 32. Minnesota Statutes 1986, section 204B.34, is amended by adding a subdivision to read:

Subd. 4. [SCHOOL DISTRICT ELECTIONS.] Notice of school district elections shall be given as provided in sections 53, subdivision 2; and 54, subdivision 1.

Sec. 33. Minnesota Statutes 1986, section 204B.35, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] All ballots for every election, ~~except a school district election,~~ shall be prepared in accordance with sections 204B.35 to 204B.44 and chapter 204D, except for voting machine ballots or as otherwise provided by law.

Sec. 34. Minnesota Statutes 1986, section 204C.02, is amended to read:
204C.02 [APPLICATION.]

This chapter applies to all elections held in this state, ~~except school district elections and~~ except as otherwise provided by law.

Sec. 35. Minnesota Statutes 1986, section 204C.06, subdivision 2, is amended to read:

Subd. 2. [INDIVIDUALS ALLOWED IN POLLING PLACE.] Representatives of the secretary of state's office, the county auditor's office, and the municipal *or school district* clerk's office may be present at the polling place to observe election procedures. Except for these representatives, election judges, sergeants-at-arms, and challengers, an individual may remain inside the polling place during voting hours only while voting or registering to vote, providing proof of residence for an individual who is registering to vote, or assisting a handicapped voter or a voter who is unable to read English. During voting hours no one except individuals receiving, marking, or depositing ballots shall approach within six feet of a voting booth, unless lawfully authorized to do so by an election judge.

Sec. 36. Minnesota Statutes 1986, section 204C.07, subdivision 3, is amended to read:

Subd. 3. [ELECTIONS ON A QUESTION.] At an election where a question is to be voted upon, the mayor of a city, *or the school board of a school district*, or the board of supervisors of a town, upon receiving a written petition signed by at least 25 eligible voters, shall appoint by written certificate one voter for each precinct in the municipality, *or school district if applicable*, to act as a challenger of voters in the polling place for that precinct.

Sec. 37. Minnesota Statutes 1986, section 204C.08, subdivision 4, is amended to read:

Subd. 4. [BALLOT BOXES, BOXCAR SEALS.] The governing body of a municipality *or school district* by resolution may direct the municipal *or school district* clerk to furnish a boxcar seal for each ballot box in place of a lock and key. Each seal shall consist of a numbered metal strap with a self-locking device securely attached to one end of the strap so that the other end may be inserted and securely locked in the seal. No two metal straps shall bear the same number.

Sec. 38. Minnesota Statutes 1986, section 204C.19, subdivision 2, is amended to read:

Subd. 2. [BALLOTS; ORDER OF COUNTING.] Except as otherwise provided in this subdivision, the ballot boxes shall be opened, the votes counted, and the total declared one box at a time in the following order: the white box, the pink box, the canary box, the light green box, *the blue box, the buff box, the goldenrod box*, and then the other kinds of ballots voted at the election. If enough election judges are available to provide counting teams of four or more election judges for each box, more than one box may be opened and counted at the same time. The election judges on each counting team shall be evenly divided between the major political parties. The numbers entered on the summary sheet shall not be considered final until the ballots in all the boxes have been counted and corrections have been made if ballots have been deposited in the wrong boxes.

Sec. 39. Minnesota Statutes 1986, section 204C.20, subdivision 4, is amended to read:

Subd. 4. [BALLOTS NOT COUNTED; DISPOSITION.] When the final count of ballots agrees with the number of ballots to be counted, those ballots not counted shall be attached to a certificate made by the election judges which states why the ballots were not counted. The certificate and uncounted ballots shall be sealed in a separate envelope and returned to the county auditor or municipal or school district clerk from whom they were received.

Sec. 40. Minnesota Statutes 1986, section 204C.24, subdivision 2, is amended to read:

Subd. 2. [SEALING IN ENVELOPES.] The election judges shall place a full set of completed summary statements in each of three separate envelopes and seal them so that the envelopes cannot be opened without leaving evidence that they have been opened. The election judges shall then sign each envelope over the sealed part so that no envelope can be opened without disturbing the continuity of the signatures. Each of the envelopes shall show substantially the following information on its face:

"Summary statements of the returns of the _____ election precinct, (Town) or (City) of _____, or (School District Number) _____, in the County of _____, State of Minnesota."

Sec. 41. Minnesota Statutes 1986, section 204C.25, is amended to read:

204C.25 [DISPOSITION OF BALLOTS.]

After the count and the summary statements have been completed, in the presence of all the election judges, the counted, defective and blank ballots shall be placed in envelopes marked or printed to distinguish the color of the ballots contained, and the envelopes shall be sealed. The election judges shall sign each envelope over the sealed part so that the envelope cannot be opened without disturbing the continuity of the signatures. The number and kind of ballots in each envelope, the name of the town or city, and the name of the precinct shall be plainly written upon the envelopes. *The number and name of the district must be plainly written on envelopes containing school district ballots.* The spoiled ballots shall be placed in separate envelopes and returned with the unused ballots to the county auditor or municipal or school district clerk from whom they were received.

Sec. 42. Minnesota Statutes 1986, section 204C.26, subdivision 2, is amended to read:

Subd. 2. [SUMMARY STATEMENTS; CONTENTS.] The blank summary statement forms furnished to each precinct shall identify the precinct, ward number if any, city, *school district if applicable*, or town, date, and kind of election and, under appropriate headings identifying each color ballot, shall contain spaces for the election judges to enter the information required by section 204C.24, subdivision 1.

Each blank summary statement form shall also contain a certificate to be signed by the election judges stating that the national flag was displayed on a suitable staff during voting hours; that all of the ballots cast were properly piled, checked, and counted; and that the numbers entered by the election judges on the summary statements correctly show the number of votes cast for each candidate and for and against each question.

Sec. 43. Minnesota Statutes 1986, section 204C.26, subdivision 3, is amended to read:

Subd. 3. [SECRETARY OF STATE.] On or before July 1 of each even numbered year, the secretary of state shall prescribe the form for summary statements of election returns and the methods by which returns for the state primary and state general election shall be recorded by precinct, county, and state election officials. Each county auditor and municipal or school district clerk required to furnish summary statements shall prepare them in the manner prescribed by the secretary of state. The summary statement of the primary returns shall be in the same form as the summary statement of the general election returns except that a separate part of the summary statement shall be provided for the partisan primary ballot and a separate part for the nonpartisan primary ballot.

Sec. 44. Minnesota Statutes 1986, section 204C.27, is amended to read:
204C.27 [DELIVERY OF RETURNS TO COUNTY AUDITORS.]

One or more of the election judges in each precinct shall deliver two sets of summary statements; all unused and spoiled white, pink, and canary ballots; and the envelopes containing the white, pink, and canary ballots either directly to the municipal clerk for transmittal to the county auditor's office or directly to the county auditor's office within 24 hours after the end of the hours for voting. One or more election judges shall deliver the remaining set of summary statements and returns, all unused and spoiled municipal and school district ballots, the envelopes containing municipal and school district ballots, and all other things furnished by the municipal or school district clerk, to the municipal or school district clerk's office within 24 hours after the end of the hours for voting.

Sec. 45. Minnesota Statutes 1986, section 204C.28, is amended by adding a subdivision to read:

Subd. 3. [SCHOOL DISTRICT RETURNS AND MATERIALS.] *At a school district election held in conjunction with a state election, the county auditor or municipal clerk shall deliver the summary statements of the school district election returns, all unused and spoiled school district ballots, and the envelope containing the school district ballots from each precinct to the clerk of the appropriate school district within 48 hours after the polls close.*

Sec. 46. Minnesota Statutes 1986, section 204C.29, subdivision 1, is amended to read:

Subdivision 1. [FAILURE OF ELECTION JUDGES TO MAKE DELIVERY; PENALTY.] If the election judges fail to deliver returns as required by section 204C.27, the county auditor or municipal or school district clerk to whom the returns should have been delivered shall dispatch a special messenger to obtain them. The messenger shall receive the same compensation as an election judge would receive for performing the same service and shall be subject to the same penalties as an election judge for violation of any provision of the Minnesota election law.

Sec. 47. Minnesota Statutes 1986, section 204C.36, is amended to read:

204C.36 [RECOUNTS IN COUNTY, SCHOOL DISTRICT, AND MUNICIPAL ELECTIONS.]

A losing candidate for nomination or election to a county or, municipal,

or school district office may request a recount of the votes cast for the nomination or election to that office if the difference between the vote cast for that candidate and for a winning candidate for nomination or election is:

- (a) Five votes or less when the total vote cast for nomination or election to that office is 100 votes or less;
- (b) Ten votes or less when the total vote cast for nomination or election to that office is more than 100 but not more than 500 votes;
- (c) Twenty votes or less when the total vote cast for nomination or election to that office is more than 500 but not more than 2,000 votes;
- (d) One percent of the votes or less when the total vote cast for nomination or election to that office is more than 2,000 but less than 10,000 votes; or
- (e) ~~400~~ *One hundred* votes or less when the total vote cast for nomination or election to that office is 10,000 votes or more.

Candidates for county offices shall file a written request for the recount with the county auditor. Candidates for municipal *or school district* offices shall file a written request with the municipal *or school district* clerk *as appropriate*. All requests shall be filed during the time for notice of contest of the primary or election for which a recount is sought.

Upon receipt of a request made pursuant to this section, the county auditor shall recount the votes for a county office at the expense of the county ~~and~~, the governing body of the municipality shall recount the votes for a municipal office at the expense of the municipality, *and the school board of the school district shall recount the votes for a school district office at the expense of the school district.*

A losing candidate for nomination or election to a county ~~or~~, municipal, *or school district* office may request a recount in the manner provided in this section at the candidate's own expense when the vote difference is greater than the difference required by clauses (a) to (e). The votes shall be recounted as provided in this section if the requesting candidate files with the county auditor ~~or~~, municipal clerk, *or school district clerk* a bond, cash or surety in an amount set by the governing body of the jurisdiction *or the school board of the school district* for the payment of the recount expenses.

Time for notice of contest of a nomination or election to a county office which is recounted pursuant to this section shall begin to run upon certification of the results of the recount by the county canvassing board. Time for notice of contest of a nomination or election to a municipal office which is recounted pursuant to this section shall begin to run upon certification of the results by the governing body of the municipality. *Time for notice of contest of a school district election that is recounted under this subdivision begins to run on certification of the results of the recount by the school board.*

Sec. 48. [205A.01] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in chapter 200 and in this section apply to this chapter.

Subd. 2. [SCHOOL DISTRICT.] "School district" means an independent or special school district, as defined in section 120.02.

Sec. 49. [205A.02] [ELECTION LAW APPLICABLE.]

Except as provided in this chapter, the Minnesota election law applies to school district elections, as far as practicable. Elections in common school districts shall be governed by section 123.11.

Sec. 50. [205A.03] [PRIMARY ELECTIONS.]

Subdivision 1. [RESOLUTION.] The school board of a school district may, by resolution adopted at least 12 weeks before the next school district general election, decide to choose nominees for school district elective offices by a primary as provided in subdivisions 1 to 6. The resolution, when adopted, is effective for all ensuing elections of board members in that school district until it is revoked.

Subd. 2. [DATE.] The school district primary must be held at a time designated by the school board in the resolution adopting the primary system, but no later than six weeks before the school district general election. The clerk shall give notice of the primary in the manner provided in section 54.

Subd. 3. [CANDIDATES, FILING.] The clerk shall place upon the primary ballot without partisan designation the names of individuals whose candidacies have been filed and for whom the proper filing fee has been paid. When not more than twice the number of individuals to be elected to a school district elective office file for nomination for the office, their names must not be placed upon the primary ballot and must be placed on the school district general election ballot as the nominees for that office.

Subd. 4. [RESULTS.] The school district primary must be conducted and the returns made in the manner provided for the state primary as far as practicable. Within two days after the primary, the school board of the school district shall canvass the returns, and the two candidates for each office who receive the highest number of votes, or a number of candidates equal to twice the number of individuals to be elected to the office who receive the highest number of votes, are the nominees for the office named. Their names must be certified to the school district clerk who shall place them on the school district general election ballot without partisan designation and without payment of an additional fee.

Subd. 5. [RECOUNT.] A losing candidate at the school district primary may request a recount of the votes for that nomination subject to section 204C.36.

Subd. 6. [VACANCY IN NOMINATION.] When a vacancy occurs in a nomination made at a school district primary, the vacancy must be filled in the manner provided in section 204B.13.

Sec. 51. [205A.04] [GENERAL ELECTION.]

Except as may be provided in a special law or charter provision to the contrary, the general election in each school district must be held on the third Tuesday in May, unless the school board provides by resolution for holding the school district general election on the first Tuesday after the first Monday in November. When the time of a school district's general election is changed from May to November, the terms of all board members shall be lengthened to expire on January 1; when the time of a school district's general election is changed from November to May, the terms of all board members shall be shortened to expire on July 1. Whenever the time of a school district election is changed, the school district clerk shall

immediately notify in writing the county auditor or auditors of the counties in which the school district is located and the secretary of state of the change of date.

Sec. 52. [205A.05] [SPECIAL ELECTIONS.]

Subdivision 1. [QUESTIONS.] *Special elections must be held for a school district on a question on which the voters are authorized by law to pass judgment. The school board may on its own motion, and upon petition of 50 or more voters of the school district or five percent of the number of voters voting at the preceding regular school district election, shall by resolution call a special election to vote on any matter requiring approval of the voters of a district. A question is carried only with the majority in its favor required by law. The election officials for a special election are the same as for the most recent school district general election unless changed according to law. Otherwise, special elections must be conducted and the returns made in the manner provided for the school district general election. A special election may not be held during the 20 days before and the 20 days after any scheduled statewide election.*

Subd. 2. [VACANCIES IN SCHOOL DISTRICT OFFICES.] *Special elections shall be held in school districts in conjunction with school district primary and general elections to fill vacancies in elective school district offices.*

Sec. 53. [205A.06] [CANDIDATES, FILING.]

Subdivision 1. [AFFIDAVIT OF CANDIDACY.] *Not more than ten nor less than eight weeks before a school district primary, or before the school district general election if there is no school district primary, an individual who is eligible and desires to become a candidate for an office to be voted on at the election must file an affidavit of candidacy with the school district clerk. The affidavit must be in substantially the same form as that in section 204B.06, subdivision 1. The school district clerk shall also accept an application signed by at least five voters and filed on behalf of an eligible voter in the school district whom they desire to be a candidate, if service of a copy of the application has been made on the candidate and proof of service is endorsed on the application being filed. No individual shall be nominated by nominating petition for a school district elective office except in the event of a vacancy in nomination as provided in section 50, subdivision 6. Upon receipt of the proper filing fee, the clerk shall place the name of the candidate on the official ballot without partisan designation.*

Subd. 2. [NOTICE OF FILING DATES.] *At least two weeks before the first day to file affidavits of candidacy, the school district clerk shall publish a notice in the official newspaper stating the first and last dates on which affidavits of candidacy may be filed in the clerk's office and the closing time for filing on the last day for filing. The clerk shall post a similar notice in the administrative offices of the school district at least ten days before the first day to file affidavits of candidacy.*

Subd. 3. [FILING FEES.] *The filing fee for a school district office is \$2.*

Subd. 4. [PETITION IN PLACE OF FEES.] *A candidate for school district office may file a petition in place of the filing fees in subdivision 3. The petition must meet the requirements of section 204B.11, subdivision 2.*

Subd. 5. [WITHDRAWAL.] A candidate for a school district elective office may withdraw from the election by filing an affidavit of withdrawal with the school district clerk by 12:00 noon of the day after the last day for filing affidavits of candidacy. After that date, no candidate may file an affidavit of withdrawal.

Sec. 54. [205A.07] [NOTICE.]

Subdivision 1. [PUBLICATION AND POSTING.] The clerk of a school district shall give two weeks' published notice and give ten days' posted notice of a school district primary, general or special election, stating the time of the election, the location of each polling place, the offices to be filled, and all propositions or questions to be voted upon at the primary, general or special election. The notice shall be posted in the administrative offices of the school district for public inspection.

Subd. 2. [SAMPLE BALLOT, POSTING.] For every school district primary, general or special election, the school district clerk shall at least four days before the primary, general or special election, post a sample ballot in the administrative offices of the school district for public inspection, and shall post a sample ballot in each polling place on election day.

Sec. 55. [205A.08] [BALLOTS.]

Subdivision 1. [BUFF BALLOT.] The names of all candidates for offices to be voted on at a school district general election must be placed on a single ballot printed on buff paper and known as the "buff ballot."

Subd. 2. [PRIMARY BALLOTS.] The school district primary ballot must conform as far as practicable with the school district general election ballot except that no blank spaces may be provided for writing in the names of candidates.

Subd. 3. [VACANCIES.] The names of candidates to fill vacancies at a school district special election held in conjunction with the primary or general election must be placed on the school district primary and general election ballots. The names of candidates to fill a vacancy in the office of school board member in a school district must be listed under the separate heading "Special election for school board member to fill vacancy in term expiring _____," with the date of expiration of the term and any other information necessary to distinguish the office.

Subd. 4. [GOLDENROD BALLOTS; QUESTIONS.] All questions relating to a proposition for the issuance of bonds, and all other questions relating to school district affairs submitted at an election to the voters of the school district, shall be printed on one separate goldenrod ballot and shall be prepared, printed, and distributed under the direction of the school district clerk at the same time and in the same manner as other school district ballots. The ballots, when voted, shall be deposited in a separate goldenrod ballot box provided by the local authorities for each voting precinct. The ballots shall be canvassed, counted, and returned in the same manner as other school district ballots. The returns shall provide appropriate blank spaces for the counting, canvassing, and return of the results of the questions submitted on the goldenrod ballot.

Sec. 56. [205A.09] [VOTING HOURS.]

Subdivision 1. [METROPOLITAN AREA SCHOOL DISTRICTS.] At a school district election in a school district located in whole or in part

within a metropolitan county as defined by section 473.121, the school board, by resolution adopted before giving notice of the election, may designate the time during which the polling places will remain open for voting at the next succeeding and all later school district elections. The polling places must open no later than 10:00 a.m. and close no earlier than 8:00 p.m. The resolution shall remain in force until it is revoked by the school board.

Subd. 2. [OTHER SCHOOL DISTRICTS.] At a school district election in a school district other than one described in subdivision 1, the school board, by resolution adopted before giving notice of the election, may designate the time, in no event less than three hours, during which the polling places will remain open for voting at the next succeeding and all later school district general elections. The resolution must remain in force until it is revoked by the school board or changed because of request by voters as provided in this subdivision. If a petition requesting longer voting hours, signed by a number of voters equal to 20 percent of the votes cast at the last school district election, is presented to the school district clerk no later than 30 days before a school district election, then the polling places for that election must open at 10:00 a.m. and close at 8:00 p.m. The school district clerk must give ten days' published notice and posted notice of the changed voting hours and notify appropriate county auditors of the change. School districts covered by this subdivision must certify their election hours to the county auditor in January of each year.

Sec. 57. [205A.10] [PROCEDURE.]

Subdivision 1. [MATERIALS, BALLOTS.] The school district clerk shall prepare and have printed the necessary election materials, including ballots, for a school district election. The name of each candidate for office shall be rotated with the names of the other candidates for the same office so that the name of each candidate appears substantially an equal number of times at the top, at the bottom, and at each intermediate place in the group of candidates for that office.

Subd. 2. [ELECTION, CONDUCT.] A school district election must be by secret ballot and must be held and the returns made in the manner provided for the state general election, as far as practicable. The vote totals from an absentee ballot counting board established pursuant to section 203B.13 may be tabulated and reported by the school district as a whole rather than by precinct. For school district elections not held in conjunction with a statewide election, the school board shall appoint election judges as provided in section 204B.21, subdivision 2.

Subd. 3. [CANVASS OF RETURNS, CERTIFICATE OF ELECTION, BALLOTS, DISPOSITION.] Within two days after a school district election, the school board shall canvass the returns and declare the results of the election. After the time for contesting elections has passed, the school district clerk shall issue a certificate of election to each successful candidate. If there is a contest, the certificate of election to that office must not be issued until the outcome of the contest has been determined by the proper court. If there is a tie vote, the school board shall determine the result by lot. The clerk shall deliver the certificate of election to the successful candidate by personal service or certified mail. The successful candidate shall file an acceptance and oath of office in writing with the clerk within 30 days of the date of mailing or personal service. A person who fails to qualify prior to the time specified shall be deemed to have

refused to serve, but that filing may be made at any time before action to fill the vacancy has been taken. The school district clerk shall certify the results of the election to the county auditor, and the clerk shall be the final custodian of the ballots and the returns of the election.

Subd. 4. [RECOUNT.] *A losing candidate at a school district election may request a recount of the votes for that office subject to the requirements of section 204C.36.*

Sec. 58. [205A.11] [PRECINCTS; POLLING PLACES.]

The precincts and polling places for school district elections are those precincts or parts of precincts and polling places set in sections 204B.14 to 204B.16, except that at a school district election not held on the day of a statewide election, the school board may combine several precincts into a single precinct with one polling place and one set of election judges. The school board shall establish combined precincts by resolution at least 30 days before an election, post a map of the combined precincts, and file a copy of the map and resolution with the county auditor.

Sec. 59. [205A.12] [SCHOOL BOARD ELECTION DISTRICTS.]

Subdivision 1. [GENERAL PROVISIONS.] *Any independent school district may alter its organization into separate election districts for the purpose of election of board members by following the procedures in this section.*

Subd. 2. [ELECTION.] *Except in a school district located wholly or partly within a city of the first class, upon resolution of the board, made on its own motion or on presentation of a petition substantially in the form required in section 60, signed by at least 50 electors of the district or ten percent of the number of votes cast in the most recent regular school board election, whichever is larger, the board shall adopt a proposal to divide the district into as many separate election districts as there are members of the board, which proposal must be submitted to an election under this chapter. If the election is initiated by petition, the resolution calling the election must be adopted within six months after the date of receipt of the petition. Only one election within any two-year period may be held under this section.*

Subd. 3. [BALLOT QUESTION.] *The question presented at the special election shall be: "Shall the school district be reorganized into election districts with boundaries as established in Resolution No. _____ of the school board, dated _____?"*

Yes _____

No _____"

Subd. 4. [ELECTION DISTRICT BOUNDARIES.] *Each proposed election district must be as equal in population as practicable and must be composed of compact, contiguous territory. The district may utilize the most recent federal decennial census figures available or may conduct a special census for this purpose. The board shall designate each election district by number.*

Subd. 5. [BOARD ELECTIONS.] *If the proposal for the establishment of election districts is approved by the voters, the board shall specify the election districts from which vacancies shall be filled as they occur until such time as each board member represents an election district. A candidate*

for school board in a subsequent election must file an affidavit of candidacy to be elected as a school board member for the election district in which the candidate resides. One and only one member of the board shall be elected from each election district. Each board member must be a resident of the election district for which elected but the creation of an election district or a change in election district boundaries shall not disqualify a board member from serving for the remainder of a term.

Subd. 6. [REDEFINING ELECTION DISTRICT BOUNDARIES.] The school board may by resolution redefine district boundaries after a school district general election. The board shall hold a public hearing on the proposed resolution before its adoption. One week's published notice of the hearing must be given. Within six months after the official certification of each federal decennial or special census, the school board shall either confirm the existing election district boundaries as conforming to the standards of subdivision 4 or redefine election district boundaries to conform to those standards. If the school board fails to take either action within the time required, no further compensation may be paid to the school board members until the districts are either reconfirmed or redefined as required by this section. A resolution establishing original or new election district boundaries shall apply to the first election held at least six months after adoption of the resolution.

Sec. 60. [205A.13] [REQUIREMENTS FOR PETITIONS.]

Any petition to a school board authorized in this chapter or sections 124A.03 and 275.125, or any other law which requires the board to submit an issue to referendum or election, shall meet the following requirements to be valid.

(1) Each page of the petition shall contain a heading at its top which specifies the particular action the board is being petitioned to take. The signatures on any page which does not contain such a heading shall all be invalidated. All pages of the petition shall be assembled and filed with the board as a single instrument.

(2) Each page of the petition shall contain an authentication signed by the circulator of the petition specifying as follows:

"I personally have circulated this page of the petition. All signatures were made in my presence. I believe that the signers signed their own names and that each person who has signed is eligible to vote in a school district election according to Minnesota election law.

Signed: _____ Signature of Petition Circulator

Date: _____."

The signatures on any page which does not contain such an authentication shall all be invalidated.

(3) Signers of the petition shall personally sign their own names in ink or indelible pencil and shall indicate after the name the place of residence by street and number, or other description sufficient to identify the place. Except as provided in clause (4) of this subdivision, any signature which does not meet these requirements shall be invalidated.

(4) Individuals who are unable to write their names shall be required to make their marks on the petition. The circulator of the petition shall certify the mark by signing the individual's name and address and shall

thereafter print the phrase "mark certified by petition circulator."

(5) A petition, to be valid, must contain the minimum number of valid signatures of eligible voters specified in the law authorizing the petition and election.

Sec. 61. Minnesota Statutes 1986, section 206.56, is amended by adding a subdivision to read:

Subd. 17. [MUNICIPALITY.] "Municipality" means city, town, or school district.

Sec. 62. Minnesota Statutes 1986, section 206.58, subdivision 2, is amended to read:

Subd. 2. [MAY USE EXPERIMENTAL MACHINES.] The governing body of a municipality may provide for the experimental use of lever voting machines or an electronic voting system in one or more precincts without formal adoption of the machines or system. Use of the machines or system at an election shall be as valid for all purposes as if the machines or system had been permanently adopted.

When the governing body of a municipality decides to use lever voting machines or an electronic voting system, it shall, at a regular or special meeting held not less than 30 days before the election, prescribe suitable rules and instructions consistent with the provisions of sections 206.55 to 206.87 and ~~123.32, subdivision 7,~~ for using the machine or system and shall submit the rules and instructions to the secretary of state for approval. When approved, a printed copy of the rules and instructions shall be posted prominently in the polling place and shall remain open to inspection by the voters throughout election day.

Sec. 63. [206.685] [VOTING MACHINES OR ELECTRONIC VOTING DEVICES AT SCHOOL ELECTIONS.]

Where lever voting machines or electronic voting devices are used in precincts containing more than one school district or more than one school election district, separate voting machines or devices must be used and must be allocated between the school districts or school election districts in proportion to the number of voters eligible to vote in the precinct from each district.

Sec. 64. Minnesota Statutes 1986, section 209.02, is amended to read:
209.02 [CONTESTANT; GROUNDS.]

Subdivision 1. Any eligible voter, including a candidate, may contest in the manner provided in this chapter: (1) the nomination or election of any person for whom the voter had the right to vote if that person is declared nominated or elected to the senate or the house of representatives of the United States, or to a statewide, county, legislative, ~~or~~ municipal, school, or district court office; or (2) the declared result of a constitutional amendment or other question voted upon at an election. The contest may be brought over an irregularity in the conduct of an election or canvass of votes, over the question of who received the largest number of votes legally cast, or on the grounds of deliberate, serious, and material violations of the Minnesota election law.

Sec. 65. Minnesota Statutes 1986, section 209.021, subdivision 3, is amended to read:

Subd. 3. [NOTICE SERVED ON PARTIES.] In all contests relating to the nomination or election of a candidate, the notice of contest must be served on the candidate who is the contestee, a copy of the notice must be sent to the contestee's last known address by certified mail, and a copy must be furnished to the official authorized to issue the certificate of election. If personal or substituted service on the contestee cannot be made, an affidavit of the attempt by the person attempting to make service and the affidavit of the person who sent a copy of the notice to the contestee by certified mail is sufficient to confer jurisdiction upon the court to decide the contest.

If the contest relates to a constitutional amendment or other question voted on statewide or voted on in more than one county, notice of contest must be served on the secretary of state, who is the contestee. If a contest relates to a question voted on within only one county, *school district*, or ~~one~~ municipality, a copy of the notice of contest must be served on the county auditor, *clerk of the school district*, or municipal clerk, respectively, who is the contestee. If the contest relates to an irregularity in the conduct of an election or canvass of votes, a copy of the notice of contest must be served on the county auditor of the county where the irregularity is said to have occurred. *If the contest is upon the question of consolidation or reorganization of a school district, a copy of the notice of contest must be served on the county auditor authorized by law to issue the order.*

Sec. 66. Minnesota Statutes 1986, section 210A.01, subdivision 3, is amended to read:

Subd. 3. [CANDIDATE.] "Candidate" means any individual for whom it is contemplated or desired that votes may be cast at any primary or election, and who either tacitly or expressly consents to be so considered, except candidates for president and vice president of the United States. In sections 210A.22 to 210A.28; 210A.32 and 210A.33, "candidate" does not mean an individual for whom it is contemplated or desired that votes may be cast at any primary or election, and who either tacitly or expressly consents to be considered for constitutional office, member of the legislature, *school board member*, justice of the supreme court, court of appeals, or district court, county court, probate court, or county municipal court judge.

Sec. 67. [REPEALER.]

Minnesota Statutes 1986, section 201.095, is repealed.

Sec. 68. [EFFECTIVE DATE.]

Sections 1 to 67 are effective July 1, 1988.

ARTICLE 2 ORGANIC LAWS OF SCHOOL DISTRICTS

Section 1. Minnesota Statutes 1986, section 6.54, is amended to read:

6.54 [EXAMINATION OF MUNICIPAL RECORDS PURSUANT TO PETITION.]

The registered voters in a home rule charter or statutory city or the electors at an annual or special town meeting of a town may petition the state auditor to examine the books, records, accounts, and affairs of the home rule charter or statutory city, town, or of any organizational unit, activity, project, enterprise, or fund thereof; and the scope of the exami-

nation may be limited by the petition, but the examination shall cover, at least, all cash received and disbursed and the transactions relating thereto, provided that the state auditor shall not examine more than the six latest years preceding the circulation of the petition, unless it appears to the state auditor during the examination that the audit period should be extended to permit a full recovery under bonds furnished by public officers or employees, and may if it appears to the auditor in the public interest confine the period or the scope of audit or both period and scope of audit, to less than that requested by the petition. In the case of a home rule charter or statutory city, the petition shall be signed by a number of registered voters at least equal to 20 percent of those voting in the last presidential election. The eligible voters of any school district, ~~as defined in section 123.32, subdivision 1a,~~ may petition the state auditor, who shall be subject to the same restrictions regarding the scope and period of audit, provided that the petition shall be signed by at least ten eligible voters for each 50 resident pupils in average daily membership during the preceding school year as shown on the records in the office of the commissioner of education. In the case of school districts, the petition shall be signed by at least ten eligible voters. At the time it is circulated, every petition shall contain a statement that the cost of the audit will be borne by the city or school district as provided by law. Thirty days before the petition is delivered to the state auditor it shall be presented to the appropriate city or school district clerk and the county auditor. The county auditor shall determine and certify whether the petition is signed by the required number of registered voters or eligible voters as the case may be. The certificate shall be conclusive evidence thereof in any action or proceeding for the recovery of the costs, charges and expenses of any examination made pursuant to the petition.

Sec. 2. Minnesota Statutes 1986, section 122.22, subdivision 2, is amended to read:

Subd. 2. Proceedings under this section may be instituted by:

(a) Resolution of the county board of the county containing the greatest land area of the district proposed for dissolution when the district is dissolved pursuant to sections 122.32 to 122.52.

(b) Petition executed by a majority of the eligible voters, ~~as defined in section 123.32, subdivision 1a,~~ of the district proposed for dissolution and addressed to the county board of the county containing the greatest land area of the district.

(c) Certification by the clerk of the district proposed for dissolution to the county board of the county containing the greatest land area of the district to the effect that a majority of votes cast at an election were in favor of dissolving the district.

Sec. 3. Minnesota Statutes 1986, section 122.22, subdivision 4, is amended to read:

Subd. 4. A petition executed pursuant to subdivision 2(b) shall be filed with the auditor. It shall contain the following:

(a) A statement that petitioners desire proceedings instituted leading to dissolution of the district and other provisions made for the education of the inhabitants of the territory and that petitioners are eligible voters, ~~as defined in section 123.32, subdivision 1a,~~ of the district;

(b) An identification of the district; and

(c) The reasons supporting the petition which may include recommendations as to disposition of territory to be dissolved. The recommendations are advisory in nature only and are not binding on any petitioners or county board for any purpose.

The persons circulating the petition shall attach their affidavit swearing or affirming that the persons executing the petition are eligible voters, as defined in section 123.32, subdivision 1a, of the district and that they signed in the presence of one of the circulators.

The auditor shall present the petition to the county board at its next meeting. At that meeting, the county board shall determine a date for a hearing. The hearing shall be not less than 20 nor more than 60 days from the date of that meeting.

Sec. 4. Minnesota Statutes 1986, section 122.23, subdivision 2, is amended to read:

Subd. 2. Upon a resolution of a school board in the area proposed for consolidation or upon receipt of a petition therefor executed by 25 percent of the voters resident in the area proposed for consolidation or by 50 such voters, whichever is lesser, the county auditor of the county which contains the greatest land area of the proposed new district shall forthwith cause a plat to be prepared. The resolution or petition shall show the approximate area proposed for consolidation. The resolution or petition may propose either that the bonded debt of the component districts will be paid according to the levies previously made for that debt under chapter 475, as provided in subdivision 16a, or that the taxable property in the newly created district will be taxable for the payment of the bonded debt previously incurred by any component district as provided in subdivision 16b. The resolution or petition may also propose that referendum levies previously approved by voters of the component districts pursuant to section 124A.03, subdivision 2, or its predecessor provision, be combined as provided in section 122.531, subdivision 2a or 2b, or that the referendum levies be discontinued. The resolution or petition may also propose that the board of the newly created district consist of seven members, and may also propose the establishment of separate election districts from which school board members will be elected, the boundaries of these election districts, and the initial term of the member elected from each of these election districts. If a county auditor receives more than one request for a plat and the requests involve parts of identical districts, the auditor shall forthwith prepare a plat which in the auditor's opinion best serves the educational interests of the inhabitants of the districts or areas affected. The plat shall show:

(a) Boundaries of the proposed district, as determined by the county auditor, and present district boundaries,

(b) The location of school buildings in the area proposed as a new district and the location of school buildings in adjoining districts,

(c) The boundaries of any proposed separate election districts, in accordance with the provisions of section 123.32, and

(d) Other pertinent information as determined by the county auditor.

Sec. 5. Minnesota Statutes 1986, section 122.23, subdivision 9, is amended to read:

Subd. 9. If the approved plat contains land area in more than one independent district maintaining a secondary school, or common district maintaining a secondary school, and if each board entitled to act on the plat approves the plat, each board shall cause notice of its action to be published at least once in its official newspaper. If five percent of the eligible voters, ~~as defined in section 123.32, subdivision 1a,~~ of any such district petition the clerk of the district, within 30 days after the publication of the notice, for an election on the question, the consolidation shall not become effective until approved by a majority vote in the district at an election held in the manner provided in subdivisions 11, 12, and 13.

Sec. 6. Minnesota Statutes 1986, section 122.23, subdivision 10, is amended to read:

Subd. 10. If an approved plat contains land area in any district not entitled to act on approval or rejection of the plat by action of its board, the plat may be approved by the residents of the land area within 60 days of approval of plat by the state board in the following manner:

A petition calling upon the county auditor to call and conduct an election on the question of adoption or rejection of the plat may be circulated in the land area by any person residing in the area. Upon the filing of the petition with the county auditor, executed by at least 25 percent of the eligible voters, ~~as defined in section 123.32, subdivision 1a,~~ in each district or part of a district contained in the land area, the county auditor shall forthwith call and conduct a special election of the electors resident in the whole land area on the question of adoption of the plat. For the purposes of this section, the term "electors resident in the whole land area" means any person residing on any remaining portion of land, a part of which is included in the consolidation plat. Any eligible voter, ~~as defined in section 123.32, subdivision 1a,~~ owning land included in the plat who lives upon land adjacent or contiguous to that part of the voter's land included in the plat shall be included and counted in computing the 25 percent of the eligible voters, ~~as defined in section 123.32, subdivision 1a,~~ necessary to sign the petition and shall also be qualified to sign the petition. Failure to file the petition within 60 days of approval of the plat by the state board terminates the proceedings.

Sec. 7. Minnesota Statutes 1986, section 122.25, subdivision 1, is amended to read:

Subdivision 1. If six or more eligible voters, ~~as defined in section 123.32, subdivision 1a,~~ of a common district desire to change the organization of their district to an independent district, they may call for a vote upon the question at the next annual meeting by filing a petition therefor with the clerk. In the notice for the meeting, the clerk shall include a statement that the question will be voted upon at the meeting.

Sec. 8. Minnesota Statutes 1986, section 123.11, subdivision 7, is amended to read:

Subd. 7. Upon the filing of a petition therefor, executed by five eligible voters, ~~as defined in section 123.32, subdivision 1a~~ *Minnesota election law*, of the common district, specifying the business to be acted upon, or upon the adoption of a proper resolution so specifying, signed by a majority of the members of the board, the clerk shall forthwith call a special meeting of the district upon ten days' posted notice and one week's published notice if there be a newspaper printed in the district and specify in the notice the

business named in the request or resolution and the time and place of the meeting. If there be no clerk in the district or if the clerk fails for three days after receiving a request or resolution to give notice of a meeting, it may be called by like notice by five eligible voters, as defined in ~~section 123.32, subdivision 4~~ *Minnesota election law*, of the district. No business except that named in the notice shall be transacted at the meeting. If there are not five eligible voters, as defined in ~~section 123.32, subdivision 4~~ *Minnesota election law*, or if there is not a board therein, the county auditor may call a special meeting by giving notice thereof as provided in this section. The voters at a special meeting have power to repeal or modify their proceedings.

Sec. 9. Minnesota Statutes 1986, section 123.33, subdivision 4, is amended to read:

Subd. 4. Any other vacancy in a board shall be filled by the board ~~appointment at any a regular or special meeting thereof. Such~~ The appointment shall be evidenced by a resolution entered in the minutes and shall continue until ~~July 4 next following such appointment~~ *an election is held under this subdivision*. All elections to fill vacancies shall be for the unexpired term. ~~If the vacancy occurs before the first day to file affidavits of candidacy for the next school district general election and more than two years remain in the unexpired term, a special election shall be held in conjunction with the school district general election. The appointed person shall serve until the qualification of the successor elected to fill the unexpired part of the term at that special election. If the vacancy occurs on or after the first day to file affidavits of candidacy for the school district general election, or when less than two years remain in the unexpired term, there shall be no special election to fill the vacancy and the appointed person shall serve the remainder of the unexpired term and until a successor is elected and qualifies at the school district election.~~

Sec. 10. Minnesota Statutes 1986, section 123.351, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] Two or more independent school districts may enter into an agreement to establish a cooperative center to provide for vocational education and other educational services upon the vote of a majority of the full membership of each of the boards of the districts entering into the agreement. When a resolution approving this action has been adopted by the board of a district, the resolution shall be published once in a newspaper of general circulation in the district. If a petition for referendum on the question of the district entering into the agreement, containing signatures of qualified voters of the district equal to five percent of the number of voters at the last ~~annual~~ *school district general election*, is filed with the clerk of the board within 60 days after publication of the resolution, the board shall not enter into the agreement until the question has been submitted to the voters of the district at a special election. This election shall be conducted and canvassed in ~~accordance with section 123.32~~ *the same manner as school district general elections*. If a majority of the total number of votes cast on the question within the district is in favor of the proposition, the board may ~~thereupon~~ enter into an agreement to establish the center for purposes ~~herein~~ *described in this section*.

Sec. 11. Minnesota Statutes 1986, section 123.51, is amended to read:

123.51 [SPECIAL SCHOOL DISTRICTS, LAWS APPLICABLE.]

Special districts as now organized shall continue to operate under the special legislation and charter provisions governing them until conversion to independent districts. The provisions of law relating to independent districts shall apply to and govern each special district unless the special laws and charter provisions governing the special district provide for the matter, in which case the special laws and charter provisions relating to the special district shall apply and control. *Article 1, sections 48 to 58, control and supersede inconsistent provisions of special laws or charters in the administration of school district elections in special districts.*

Sec. 12. Minnesota Statutes 1986, section 127.09, is amended to read:

127.09 [REFUSING TO SERVE ON SCHOOL BOARD.]

Any person who accepts election or appointment to any school board and who refuses or neglects to qualify or to serve or to perform any of the duties of the office, shall be fined \$10 for each offense. The fine shall be collected in an action before a county or municipal court. It may be prosecuted in the name of the district by any school board member or eligible voter, ~~as defined in section 123.32, subdivision 1a,~~ of the district.

Sec. 13. Minnesota Statutes 1986, section 127.11, is amended to read:

127.11 [DRAWING ILLEGAL ORDER.]

Any school district clerk who illegally draws an order upon the treasurer, any chair or other officer who attests the order, and any school district treasurer who knowingly pays the order, shall each forfeit to the district twice the amount of the order, to be collected in an action brought in the name of the district by any eligible voter, ~~as defined in section 123.32, subdivision 1a,~~ of the district.

Sec. 14. [REPEALER.]

Minnesota Statutes 1986, sections 123.015 and 123.32, are repealed.

Sec. 15. [EFFECTIVE DATE.]

Sections 1 to 14 are effective July 1, 1988."

Delete the title and insert:

"A bill for an act relating to elections; providing for school district elections to be conducted according to Minnesota election law; amending Minnesota Statutes 1986, sections 6.54; 122.22, subdivisions 2 and 4; 122.23, subdivisions 2, 9, and 10; 122.25, subdivision 1; 123.11, subdivision 7; 123.33, subdivision 4; 123.351, subdivision 1; 123.51; 127.09; 127.11; 200.01; 200.015; 200.02, by adding a subdivision; 201.016, subdivision 2; 201.018, subdivision 2; 201.061, subdivisions 3 and 6; 201.071, subdivision 3, and by adding a subdivision; 201.221, subdivision 3; 201.27, subdivision 2; 203B.01, subdivision 2; 203B.04, subdivision 1; 203B.05, subdivision 2; 203B.06, subdivision 2; 203B.08, subdivision 4; 203B.10; 203B.12, subdivision 6; 203B.13; 203B.15; 203B.19; 203B.23; 204B.02; 204B.09, subdivision 2; 204B.16, subdivision 1; 204B.18, subdivision 2; 204B.19, subdivision 1; 204B.25, subdivision 1; 204B.29; 204B.31; 204B.32; 204B.34, by adding a subdivision; 204B.35, subdivision 1; 204C.02; 204C.06, subdivision 2; 204C.07, subdivision 3; 204C.08, subdivision 4; 204C.19, subdivision 2; 204C.20, subdivision 4; 204C.24, subdivision 2; 204C.25; 204C.26, subdivisions 2 and 3; 204C.27; 204C.28, by adding a subdivision; 204C.29, subdivision 1; 204C.36; 206.56, by adding a subdivision; 206.58, subdivision 2; 209.02; 209.021, subdivision 3; 210A.01, subdivision 3;

proposing coding for new law in Minnesota Statutes, chapter 206; proposing coding for new law as Minnesota Statutes, chapter 205A; repealing Minnesota Statutes 1986, sections 123.015; 123.32; and 201.095."

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

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

H.F. No. 3: A bill for an act relating to labor; changing the minimum wage; amending Minnesota Statutes 1986, section 177.24, subdivision 1.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 177.24, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] (a) *For purposes of this subdivision, the terms defined in this paragraph have the meanings given them. "Federal covered employers" means those employers covered by the Federal Fair Labor Standards Act of 1938, as amended, (29 U.S.C. 201 seq.). "State covered employers" means those employers not covered by the Federal Fair Labor Standards Act of 1938, as amended, and covered by the Minnesota Fair Labor Standards Act, sections 177.21 to 177.35.*

(b) ~~Beginning January 1, 1982,~~ Except as otherwise provided in sections 177.21 to 177.35, every federal covered employer must pay each employee who is 18 years of age or older wages at a rate of at least ~~\$3.35~~ \$3.55 an hour ~~and beginning January 1, 1988, \$3.85 an hour beginning January 1, 1989, and \$3.95 an hour beginning January 1, 1990.~~ Every state covered employer must pay each employee \$3.50 an hour beginning January 1, 1988, \$3.65 an hour beginning January 1, 1989, and \$3.80 an hour beginning January 1, 1990. Every federal covered employer must pay each employee under 18 wages at a rate of at least ~~\$3.02~~ \$3.20 an hour beginning January 1, 1988, \$3.47 an hour beginning January 1, 1989, \$3.56 an hour beginning January 1, 1990. Every state covered employer must pay each employee under 18 wages at a rate of at least \$3.15 an hour beginning January 1, 1988, \$3.29 an hour beginning January 1, 1989, and \$3.42 an hour beginning January 1, 1990.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective January 1, 1988."

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

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

S.F. No. 421: A bill for an act relating to crimes; providing for attachment of financial assets of persons charged with committing a felony; enhancing penalties for using a false name to get a credit card; updating the wiretap law; prohibiting persons from defrauding insurers by concealing or removing property for the purpose of making a fraudulent insurance claim; amending Minnesota Statutes 1986, sections 609.611; 609.821, subdivisions 2 and 3; and 626A.05, subdivision 2; proposing coding for new law

in Minnesota Statutes, chapter 609.

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

Delete everything after the enacting clause and insert:

"Section 1. [609.532] [ATTACHMENT OF DEPOSITED FUNDS.]

Subdivision 1. [ATTACHMENT.] Upon application by the prosecuting authority, a court may issue an attachment order directing a financial institution to freeze some or all of the funds or assets deposited with or held by the financial institution by or on behalf of an account holder charged with the commission of a felony.

Subd. 2. [APPLICATION.] The application of the prosecuting authority required by this section must contain:

(1) a copy of a criminal complaint issued by a court of competent jurisdiction that alleges the commission of a felony by the account holder;

(2) a statement of the actual financial loss caused by the account holder in the commission of the alleged felony, if not already stated in the complaint; and

(3) identification of the account holder's name and financial institution account number.

Subd. 3. [ISSUANCE OF A COURT ORDER.] If the court finds that (1) there is probable cause that the account holder was involved in the commission of a felony; (2) the accounts of the account holder are specifically identified; (3) there was a loss of \$10,000 or more as a result of the commission of the alleged felony; and (4) it is necessary to freeze the account holder's funds or assets to ensure eventual restitution to victims of the alleged offense, the court may order the financial institution to freeze all or part of the account holder's deposited funds or assets so that the funds or assets may not be withdrawn or disposed of until further order of the court.

Subd. 4. [DUTY OF FINANCIAL INSTITUTIONS.] Upon receipt of the order authorized by this section, a financial institution must not permit any funds or assets that were frozen by the order to be withdrawn or disposed of until further order of the court.

Subd. 5. [RELEASE OF FUNDS.] (a) The account holder may, upon notice and motion, have a hearing to contest the freezing of funds or assets and to seek the release of all or part of them.

(b) The account holder is entitled to an order releasing the freeze by showing:

(1) that the account holder has posted a bond or other adequate surety, guaranteeing that, upon conviction, adequate funds or assets will be available to pay complete restitution to victims of the alleged offense;

(2) that there is no probable cause to believe that the account holder was involved in the alleged offense;

(3) that the amount of funds or assets frozen is more than is necessary to pay complete restitution to all victims of the alleged offense;

(4) that a joint account holder who is not involved in the alleged criminal activity has deposited all or part of the funds or assets; or

(5) that the funds or assets should be returned in the interests of justice.

(c) It is not grounds for the release of funds or assets that the particular accounts frozen do not contain funds or assets that were proceeds from or used in the commission of the alleged offense.

Subd. 6. [DISPOSITION OF FUNDS.] (a) If the account holder is convicted of a felony or a lesser offense, the funds or assets may be used to pay complete restitution to victims of the offense. The court may order the financial institution to remit all or part of the frozen funds or assets to the court.

(b) If the account holder is acquitted or the charges are dismissed, the court must issue an order releasing the freeze on the funds or assets.

Subd. 7. [TIME LIMIT.] The freeze permitted by this section expires 24 months after the date of the court's initial attachment order unless the time limit is extended by the court in writing upon a showing of good cause by the prosecution.

Subd. 8. [NOTICE.] Within ten days after a court issues an attachment order under this section, the prosecutor shall send a copy of the order to the account holder's last known address or to the account holder's attorney, if known.

Sec. 2. Minnesota Statutes 1986, section 609.611, is amended to read:
609.611 [DEFRAUDING INSURER.]

Whoever with intent to injure or defraud an insurer, damages, removes, or conceals any property real or personal, whether the actor's own or that of another, which is at the time insured by any person, firm or corporation against loss or damage;

(a) May be sentenced to imprisonment for not more than three years or to payment of fine of not more than \$5,000, or both if the value insured for is less than \$20,000; or

(b) May be sentenced to imprisonment for not more than five years or to payment of fine of not more than \$10,000, or both if the value insured for is \$20,000 or greater;

(c) Proof that the actor recovered or attempted to recover on a policy of insurance by reason of the fire is relevant but not essential to establish the actor's intent to defraud the insurer.

Sec. 3. Minnesota Statutes 1986, section 626A.05, subdivision 2, is amended to read:

Subd. 2. [OFFENSES FOR WHICH INTERCEPTION OF WIRE OR ORAL COMMUNICATION MAY BE AUTHORIZED.] A warrant authorizing interception of wire or oral communications by investigative or law enforcement officers may only be issued when the interception may provide evidence of the commission of gambling or any criminal, or of an attempt or conspiracy to commit, any of the following offenses:

(1) a felony offense involving murder, manslaughter, aggravated assault in the first, second, and third degrees, aggravated robbery, kidnapping, aggravated rape criminal sexual conduct in the first, second, and third degrees, prostitution, bribery, perjury, escape from custody, theft, receiving stolen property, embezzlement, burglary in the first, second, and third degrees, forgery, or aggravated forgery, and offenses relating to controlled

substances, or an attempt or conspiracy to commit any of these offenses, as punishable under sections 609.185, 609.19, 609.195, 609.20, 609.225, 609.221, 609.222, 609.223, 609.2231, 609.245, 609.25, 609.291, 609.321 to 609.324, 609.342, 609.343, 609.344, 609.42, 609.48, 609.485, subdivision 4, clause (1), 609.52, 609.53, 609.54, 609.58, 609.582, 609.625, 609.63, 609.76, and 609.825; and ; or

(2) an offense relating to gambling or controlled substances, as punishable under section 609.76 or chapter 152.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective August 1, 1987, and apply to crimes committed on or after that date."

Amend the title as follows:

Page 1, line 4, delete everything after the semicolon

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

Page 1, line 9, delete "609.821,"

Page 1, line 10, delete "subdivisions 2 and 3;"

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

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

H.F. No. 590: A bill for an act relating to crimes; sentencing; allowing a two year stay of sentence in misdemeanor cases involving driving under the influence and fifth degree assault; amending Minnesota Statutes 1986, section 609.135, by adding a subdivision.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 609.135, subdivision 2, is amended to read:

Subd. 2. (1) ~~In case~~ If the conviction is for a felony ~~such~~ the stay shall be for not more than three years or the maximum period for which the sentence of imprisonment might have been imposed, whichever is longer.

(2) ~~In case the conviction is for a misdemeanor the stay shall not be for more than one year.~~

(3) ~~In case~~ If the conviction is for a gross misdemeanor the stay shall ~~not~~ be for not more than two years.

(3) If the conviction is for a misdemeanor under section 169.121, the stay shall be for not more than two years. The court shall provide for unsupervised probation for the second year of the stay unless the court finds that the defendant needs supervised probation for all or part of the second year.

(4) If the conviction is for a misdemeanor not specified in clause (3), the stay shall be for not more than one year.

(5) At the expiration of such stay, unless the stay has been revoked or the defendant discharged prior thereto, The defendant shall be discharged

when the stay expires, unless the stay has been revoked or the defendant has already been discharged.

Sec. 2. Minnesota Statutes 1986, section 609.135, is amended by adding a subdivision to read:

Subd. 2a. [EXTENSION OF STAY OF EXECUTION.] Notwithstanding subdivision 2, the court may extend a stay up to two years if the conviction is for a misdemeanor under section 169.121 or 609.224, or for another misdemeanor violation arising out of the circumstances surrounding the initial charge under section 169.121 or 609.224. The court must require unsupervised probation for any extension of the stay beyond one year unless the court finds after the first year that the defendant needs supervised probation for all or a part of the second year.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective August 1, 1987, and apply to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to crimes; sentencing; allowing the extension of a stay of execution in misdemeanor cases involving driving under the influence and fifth degree assault; amending Minnesota Statutes 1986, section 609.135, subdivision 2, and by adding a subdivision."

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

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

H.F. No. 816: A bill for an act relating to drivers' licenses; traffic regulations; requiring courts to furnish information relating to previous convictions without charge in gross misdemeanor prosecutions of the driving while under the influence law; imposing a penalty on person who violates conditions attached to limited driver's license; amending Minnesota Statutes 1986, sections 169.121, subdivision 3; 171.17; and 171.30, by adding a subdivision.

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

Pages 2 and 3, delete section 2

Page 3, delete lines 22 to 25 and insert:

"Subd. 4. [PENALTY.] A person who violates a condition or limitation of a limited license issued under subdivision 1 is guilty of a misdemeanor.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 9, delete "171.17;"

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

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

H.F. No. 690: A bill for an act relating to traffic regulations; requiring a blood or urine test when there is probable cause to believe there is impairment by a controlled substance; requiring alternative test to be offered under certain conditions; amending Minnesota Statutes 1986, section 169.123, subdivisions 2 and 2a.

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

Page 1, delete section 1

Page 3, line 6, delete the new language

Page 3, line 7, delete everything before "action"

Page 3, after line 10, insert:

"Sec. 2. Minnesota Statutes 1986, section 169.123, subdivision 2a, is amended to read:

Subd. 2a. [REQUIREMENT OF URINE OR BLOOD TEST.] Notwithstanding subdivision 2, if there ~~are reasonable and probable grounds is~~ *probable cause* to believe there is impairment by a controlled substance ~~which that~~ is not subject to testing by a ~~blood or~~ breath test, a urine ~~or~~ blood test may be required even after a ~~blood or~~ breath test has been administered. *Action may be taken against a person who refuses to take a blood test under this subdivision only if a urine test was offered and action may be taken against a person who refuses to take a urine test only if a blood test was offered.*"

Renumber the sections in sequence

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

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

H.F. No. 470: A bill for an act relating to family law; eliminating the requirement that a husband's consent to donor insemination be filed with the commissioner of health; amending Minnesota Statutes 1986, section 257.56, subdivision 1.

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

Page 1, lines 20 and 21, delete "*Notwithstanding any law to the contrary,*"

Page 1, line 21, delete "*shall*" and insert "*must*"

Page 1, line 22, delete "*any*" and insert "*a*" and delete "*which*" and insert "*that*"

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

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

H.F. No. 427: A bill for an act relating to public safety; providing that violation of local DWI ordinance is counted for purposes of driver's license revocation; providing that courts must report juvenile traffic violations to the department of public safety; amending Minnesota Statutes 1986, sec-

tions 169.121, subdivision 4; 171.16, subdivision 5; 171.17; and 260.161, by adding a subdivision; repealing Minnesota Statutes 1986, section 260.193, subdivision 9.

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

Page 4, delete section 4 and insert:

"Sec. 4. Minnesota Statutes 1986, section 260.161, subdivision 2, is amended to read:

Subd. 2. Except as provided in this subdivision and in subdivision 1, none of the records of the juvenile court, including legal records, shall be open to public inspection or their contents disclosed except (a) by order of the court or (b) as required by sections 611A.03, 611A.04, and 611A.06. The records of juvenile probation officers and county home schools are records of the court for the purposes of this subdivision. This subdivision does not apply to proceedings under sections 260.255 and 260.261. The court shall maintain the confidentiality of adoption files and records in accordance with the provisions of laws relating to adoptions. In juvenile court proceedings any report or social history furnished to the court shall be open to inspection by the attorneys of record a reasonable time before it is used in connection with any proceeding before the court.

When a judge of a juvenile court, or duly authorized agent of the court, determines under a proceeding under this chapter that a child has violated a state or local law, ordinance, or regulation pertaining to the operation of a motor vehicle on streets and highways, except parking violations, the judge or agent shall immediately report the violation to the commissioner of public safety. The report must be made on a form provided by the department of public safety and must contain the information required under section 169.95."

Amend the title as follows:

Page 1, line 8, delete "by adding"

Page 1, line 9, delete "a" and after "subdivision" insert "2"

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

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

S.F. No. 1156: A bill for an act relating to public nuisances; defining a nuisance; providing for the enjoinder of nuisances; proposing coding for new law in Minnesota Statutes, chapter 617; repealing Minnesota Statutes 1986, sections 617.33; 617.34; 617.35; 617.36; 617.37; 617.38; 617.39; 617.40; and 617.41.

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

Delete everything after the enacting clause and insert:

"Section 1. [617.80] [DEFINITIONS.]

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

Subd. 2. [BUILDING.] "Building" means a structure suitable for human

shelter, a commercial structure that is maintained for business activities that involve human occupation, or a portion of the structure.

Subd. 3. [MOVABLE PROPERTY.] "Movable property" means furniture and fixtures.

Subd. 4. [PROSTITUTION.] "Prostitution" or "prostitution related offenses" means the conduct prohibited in sections 609.321 to 609.324.

Subd. 5. [GAMBLING.] "Gambling" or "gambling related offenses" means the conduct prohibited in sections 609.75 to 609.762.

Subd. 6. [DISORDERLY HOUSE.] "Disorderly house" has the meaning assigned to it in section 609.33.

Subd. 7. [OWNER.] "Owner" means the person in whose name the building or affected portion is recorded with the county auditor for taxation purposes.

Subd. 8. [INTERESTED PARTY.] "Interested party" means a lessee, tenant, or occupant of a building or affected portion of a building and a known agent of an owner, lessee, tenant, or occupant.

Sec. 2. [617.81] [NUISANCE; ACTS CONSTITUTING; INJUNCTION; NOTICE.]

Subdivision 1. [ACTS CONSTITUTING A NUISANCE.] For purposes of sections 1 to 9, a public nuisance exists upon proof of any of the following:

(1) three or more misdemeanor convictions or two or more convictions, of which at least one is a gross misdemeanor or felony, within the previous two years for acts of prostitution or prostitution related offenses committed within the building;

(2) three or more misdemeanor convictions or two or more convictions, of which at least one is a gross misdemeanor or felony, within the previous two years for acts of gambling or gambling related offenses committed within the building; or

(3) two or more convictions within the previous two years for keeping or permitting a disorderly house within the building.

Subd. 2. [NOTICE.] Notice of a conviction described in subdivision 1 must be mailed by the court administrator to the owner of the building where the offense was committed and all other interested parties and must be filed with the county recorder's office. This notice is sufficient to inform all interested parties that the building or a portion of it is being used for purposes constituting a public nuisance.

Sec. 3. [617.82] [TEMPORARY ORDER.]

Whenever a city attorney, county attorney, or the attorney general has cause to believe that a nuisance described in section 2, subdivision 1, exists within the jurisdiction the attorney serves, that attorney may by verified petition seek a temporary injunction in district court in the county in which the alleged public nuisance exists. No temporary injunction may be issued without a prior show cause notice of hearing to the respondents named in the petition and an opportunity for the respondents to be heard. Upon proof of a nuisance described in section 2, subdivision 1, the court shall issue a temporary injunction describing the conduct to be enjoined.

Sec. 4. [617.83] [INJUNCTION; ORDER OF ABATEMENT.]

Upon proof of a nuisance described in section 2, subdivision 1, the court shall issue a permanent injunction describing the conduct to be permanently enjoined and enter an order of abatement. The order of abatement must direct the closing of the building or a portion of it for one year, except as otherwise provided in section 5 or 6, unless sooner released pursuant to section 9. Before an abatement order is enforced against a building or portion of it, the owner must be served with the abatement order and a notice of the right to file a motion under section 6 in the same manner that a summons is served under the rules of civil procedure. A copy of the abatement order must also be posted in a conspicuous place on the building or affected portion.

Sec. 5. [617.84] [MOVABLE PROPERTY.]

The order of abatement may direct the removal of movable property used in conducting or maintaining the nuisance and direct the sale of property belonging to a respondent who was notified or appeared. The sale must be conducted pursuant to the provisions of chapter 550 on the sale of property on execution. A person appointed by the court as receiver of the building may use a building or portion of it that is the subject of an abatement order in a manner approved by the court. Costs of the sale on execution, moving and storage fees, and a receivership must be paid out of the receipts from the sale of the movable property or rents collected during the receivership. The balance from the sale of movable property must be paid to the owner of the property. The balance from rents collected during any receivership must be paid to the treasury of the unit of government that brought the abatement action.

Sec. 6. [617.85] [NUISANCE; MOTION TO CANCEL LEASE.]

Subdivision 1. [MOTION.] Where an abatement of a nuisance is sought and the circumstances that are the basis for the requested abatement involved the acts of a commercial or residential tenant of part or all of a building, the owner of the building that is subject to the abatement proceeding may file before the court that has jurisdiction over the abatement proceeding a motion to cancel the lease or otherwise secure restitution of the premises from the tenant who has maintained or conducted the nuisance. In addition to the grounds provided in chapter 566, the maintaining or conducting of a nuisance as defined in section 2, subdivision 1, by a tenant, is an additional ground for seeking the cancellation of a lease or the restitution of the premises. It is no defense to a motion under this section by the owner that the lease or other agreement controlling the tenancy does not provide for eviction or cancellation of the lease upon the ground provided in this section.

Subd. 2. [CANCELLATION.] Upon a finding by the court that the tenant has maintained or conducted a nuisance in any portion of the building under the control of the tenant, the court shall order cancellation of the lease and grant restitution of the premises to the owner. The court may not order abatement of the premises if the court:

(a) cancels a lease and grants restitution of that portion of the premises to the owner under this section; and

(b) finds that the acts constituting the nuisance as defined in section 2, subdivision 1, were committed in a portion of the building under the control of the tenant whose lease has been cancelled pursuant to this section.

Sec. 7. [617.86] [NONCONFORMING USE.]

If a building is a nonconforming use for municipal zoning purposes, the closure of the building under an order of abatement constitutes a discontinuance of the use and, after that, the use of the building must conform to the use permitted in the zoning district in which the building is located. If the abatement of a portion of the building results in a reduction of the degree of the building's nonconformity, the degree of nonconformity may not be returned to its original status.

The provisions of this section apply if the owner of the building has sought and secured from the court an order canceling a lease and granting restitution of the portion of the building controlled by the tenant as provided in section 6.

Sec. 8. [617.87] [CONTEMPT.]

Whoever violates a temporary injunction, permanent injunction, or abatement order granted under sections 1 to 9 may be adjudged in contempt of court.

Sec. 9. [617.88] [RELEASE OF PROPERTY.]

If, after an order of abatement has been entered, the owner appears and pays the costs of the action and files a bond in an amount determined by the court, but not to exceed \$50,000, conditioned that the owner will immediately abate the nuisance for a period of one year, the court may, if satisfied of the owner's good faith, order the release of the building or portion of it that is subject to the order of abatement. If the premises are released, for each day during the term of the bond that the owner knowingly permits any part of the premises to be used for any activity that was the basis of the abatement order, the owner shall forfeit \$1,000 under the bond. Forfeiture under the bond does not relieve the owner from prosecution for contempt. Release of the property pursuant to this section does not release it from an injunction issued under section 4 or any other judgment, penalty, lien, or liability to which it may be subject by law.

Sec. 10. [REPEALER.]

Minnesota Statutes 1986, sections 617.33; 617.34; 617.35; 617.36; 617.37; 617.38; 617.39; 617.40; and 617.41, are repealed."

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

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

S.F. No. 1321: A bill for an act relating to crimes; providing that persons convicted of a crime of violence may not ship, transport, possess, or receive a firearm for ten years following restoration of civil rights, the setting aside of a conviction, or a pardon; amending Minnesota Statutes 1986, sections 609.165, by adding a subdivision; 609.168; 624.712, subdivision 5; and 638.02, subdivision 2.

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

Page 1, line 18, delete "unless" and insert "until"

Page 2, line 3, delete "unless" and insert "until"

Page 3, line 17, delete "*unless*" and insert "*until*"

Page 3, after line 19, insert:

"Sec. 5. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

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

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

S.F. No. 953: A bill for an act relating to real property; taxation; requiring real property taxes payable for the year in which the property was conveyed to be paid before deed may be recorded; amending Minnesota Statutes 1986, section 272.12.

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

Delete everything after the enacting clause and insert:

"Section 1. [507.43] [PAYMENT OF PROPERTY TAXES.]

An agreement for the purchase of real property must provide for the payment of real estate taxes and installments of special assessments payable for the year in which the real property is conveyed. Real estate taxes and installments of special assessments payable by the seller must be accounted for at the time the real property is conveyed. The closer, or the seller in the event there is no closer, is liable for all costs and attorney fees resulting from failure to comply with this section.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective January 1, 1988, and applies to purchase agreements entered into on or after that date or conveyances made on or after that date."

Delete the title and insert:

"A bill for an act relating to real property; providing for payment of property taxes for the year in which property is conveyed; proposing coding for new law in Minnesota Statutes, chapter 507."

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

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

S.F. No. 868: A bill for an act relating to public guardianship; modifying standards and procedures for the appointment of public guardians for mentally retarded persons; providing for powers and duties of public guardians; amending Minnesota Statutes 1986, sections 252.291, subdivision 3; 252A.01; 252A.02, subdivisions 2, 4, 6, 7, 8, 11, 12, and by adding subdivisions; 252A.03, subdivisions 2 and 3; 252A.04, subdivisions 1 and 3; 252A.05; 252A.06; 252A.07, subdivisions 1 and 3; 252A.14; 252A.16; 252A.17; 252A.19, subdivisions 1, 2, and 3, and by adding a subdivision; 252A.20, subdivision 1; 252A.21, subdivision 2; 253B.03, subdivisions 1 and 6; and 525.56, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 252A; repealing Minnesota Statutes 1986, sections 252A.08; 252A.10; 252A.11; 252A.13; 252A.15; and 252A.18.

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

Page 11, line 29, delete "*quarterly*" and insert "*semiannually*"

Page 11, line 36, delete "*involvement*" and insert "*input*"

Page 15, line 6, delete the first "*quarterly*" and insert "*semiannual*"

Page 16, line 33, delete "*and only if*" and insert a period and delete "*has been*" and insert "*must be*" and before "*person*" insert "*mentally retarded*"

Page 16, line 34, before the period, insert ", *except for emergency procedures authorized under rules of the commissioner*"

Page 17, line 10, delete "*as defined*" and insert ", *except for emergency procedures authorized under rules of the commissioner adopted*"

Page 21, line 15, delete "*person*" and insert "*guardian or conservator*" and after "*consents*" insert "*in good faith*"

Page 21, line 17, delete "*the performance or*"

Page 21, line 18, delete everything after the period

Page 21, delete lines 19 to 23

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

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

S.F. No. 992: A bill for an act relating to motorboat safety; providing for enforcement of sanctions for operation of a motorboat while under the influence of alcohol or a controlled substance; amending Minnesota Statutes 1986, section 361.121, subdivision 2, and by adding subdivisions.

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

Page 2, line 21, delete "*administrative and*"

Page 3, lines 1 and 22, delete "*which*" and insert "*that*"

Page 3, line 5, delete "*No*" and insert "*A*" and delete "*must*" and insert "*may not*"

Page 3, line 6, delete "*no*" and delete "*must*" and insert "*may not*"

Page 3, line 9, delete "*in the name of*" and insert "*with*"

Page 3, line 11, after "*must*" insert "*specifically*" and delete "*with specificity*"

Page 3, line 12, delete "*upon*" and insert "*on*"

Page 3, line 15, after the period, insert "*However, the filing of a petition stays imposition of the civil penalty.*"

Page 3, line 28, delete the second "*which*" and insert "*that*"

Page 4, line 32, after "*penalty*" insert "*within 30 days of the time the penalty was*"

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

adopted.

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

H.F. No. 308: A bill for an act relating to crimes; including live performances in the statute regulating exposure of minors to sexually provocative material; amending Minnesota Statutes 1986, sections 617.291; and 617.294.

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

Pages 1 and 2, delete section 1 and insert:

"Section 1. Minnesota Statutes 1986, section 617.291, is amended to read:

Subdivision 1. ~~In enacting sections 617.291 to 617.297 the legislature declares its purposes and intent to be as follows:~~

~~There exists an urgent need to prevent commercial exposure of minors to sexually provocative written, photographic, printed, sound or published. The legislature finds that sexually explicit materials and exhibitions presented before an audience as these are hereafter defined in sections 617.291 to 617.297 and which are hereby declared to be are harmful to minors.~~

Subd. 2. It is in the best interest of the health, welfare and safety of the citizens of this state, and especially of minors within the state, that commercial dissemination, ~~and dissemination without monetary consideration in a place of public accommodation, of such sexually provocative explicit~~ written, photographic, printed, sound or published materials, ~~and of plays, dances, or other exhibitions presented before an audience, that are deemed~~ harmful to minors, be restricted to persons over the age of 17 years; or, if available to minors under the age of 18 years, that the availability of ~~such the~~ materials be restricted to sources within established and recognized schools, churches, museums, medical clinics and physicians, hospitals, public libraries, or government sponsored organizations."

Page 2, after line 17, insert:

"Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective August 1, 1987, and apply to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to crimes; obscenity; prohibiting exhibition of obscene live performances to juveniles in a place of public accommodation; prohibiting the admission of a minor to an obscene exhibition even if minor does not pay for admission; amending Minnesota Statutes 1986, sections 617.291; and 617.294."

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

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

H.F. No. 147: A bill for an act relating to crimes; expanding the crime of witness tampering to include the act of intimidating a witness to make false statements; amending Minnesota Statutes 1986, section 609.498, sub-

divisions 1 and 2.

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

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

S.F. No. 1205: A bill for an act relating to courts; authorizing additional judgeships in certain judicial districts; authorizing imposition of a judicial fee in civil actions; increasing the amount of penalty assessment levied for traffic offenses; amending Minnesota Statutes 1986, sections 2.722, subdivision 1; and 626.861, subdivisions 1 and 3; proposing coding for new law in Minnesota Statutes, chapter 480.

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

Pages 2 to 4, delete sections 2 to 4

Page 4, line 21, delete "(a)"

Page 5, delete lines 2 and 3

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, delete "authorizing imposition"

Page 1, delete lines 4 and 5

Page 1, line 6, delete "offenses;" and delete "sections" and insert "section"

Page 1, line 7, delete everything after "subdivision 1" and insert a period

Page 1, delete lines 8 and 9

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

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

S.F. No. 1250: A bill for an act relating to courts; conforming fees for the filing of an unlawful detainer action in Hennepin county with other civil fees and unlawful detainer fees collected throughout the state; changing Hennepin county conciliation court filing and counterclaim fees; amending Minnesota Statutes 1986, sections 488A.03, subdivision 11; and 488A.14, subdivisions 1 and 5.

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

Page 1, line 20, reinstate the stricken ". Library and filing fees are not"

Page 1, line 21, reinstate the stricken language

Page 2, after line 28, insert:

"(5) Upon the effective date of a \$2 increase in the expired meter fine schedule that is enacted on or after August 1, 1987, the amount payable to the court administrator must be increased by \$1 for each expired meter violation disposed of in a violations bureau."

Page 2, line 34, delete "\$11" and insert "\$9"

Page 3, line 11, delete "\$11" and insert "\$9"

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

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

H.F. No. 151: A bill for an act relating to crime victims; permitting the crime victims reparation board to file a claim for reparations; altering the manner of determining reparations claims; requiring law enforcement agencies to aid the board; providing for the classification of various data; clarifying ambiguous language; providing penalties; amending Minnesota Statutes 1986, sections 609.101; 611A.04, by adding a subdivision; 611A.52, subdivision 8; 611A.53, subdivision 2; 611A.57; 611A.66; and 611A.74, subdivision 2; repealing Minnesota Statutes 1986, section 611A.59.

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

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

H.F. No. 1024: A bill for an act relating to human rights; regulating access to public accommodation by certain persons and guide dogs; amending Minnesota Statutes 1986, sections 256C.02; and 363.03, subdivision 10.

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

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

S.F. No. 818: A bill for an act relating to environment; providing criminal penalties for violation of laws and rules relating to hazardous waste; providing for the distribution and expenditure of monetary penalties; amending Minnesota Statutes 1986, sections 115.071, subdivision 2; 609.531, subdivision 1; and 628.26; proposing coding for new law in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 1986, section 115.071, subdivisions 2a and 2b.

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

Page 7, line 5, delete "violations" and insert "acts"

Page 7, delete lines 15 to 21

Page 8, line 19, delete "4" and insert "5"

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

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

H.F. No. 375: A bill for an act relating to corrections; clarifying the commissioner of corrections authority in licensing and supervising institutions and facilities; providing for restitution by inmates for destruction of state property; clarifying terminology; authorizing the commissioner to adopt rules relating to payment of restitution by inmates; authorizing the forfeiture of contraband money or property; clarifying provisions relating to county probation reimbursement; providing a penalty for assaults on

correctional employees; amending Minnesota Statutes 1986, sections 241.021, subdivision 1; 241.08, subdivision 1; 241.26, subdivision 5; 241.69, subdivision 2; 243.23, subdivision 3; 243.24, subdivision 1, and by adding a subdivision; 260.311, subdivision 4; 609.2231, by adding a subdivision; and 641.264, subdivision 2.

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

Page 9, line 5, delete "a"

Page 9, delete line 6 and insert "*an employee of a correctional facility as defined in section 241.021, subdivision 1, clause (5), while the employee is engaged in the performance*"

Page 9, line 7, delete "*his or her duties or any other*" and insert "a"

Page 9, line 9, delete "*felony*" and insert "*gross misdemeanor*"

Page 9, line 10, delete "*and a day,*"

Page 9, line 11, after "\$3,000" insert a comma

Page 9, after line 33, insert:

"Sec. 11. [EFFECTIVE DATE.]

Section 9 is effective August 1, 1987, and applies to crimes committed on or after that date."

Amend the title as follows:

Page 1, line 2, after "the" insert "authority of the"

Page 1, line 3, delete "authority"

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

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

S.F. No. 392: A bill for an act relating to public safety; providing for the mandatory surrender of registration plates and certificates of motor vehicles operated by repeat DWI offenders; providing for administrative and judicial review; amending Minnesota Statutes 1986, sections 168.041; 169.123, subdivisions 5b, 5c, and 6; 169.1261; and 171.29, by adding a subdivision.

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

Page 1, line 18, strike "certificates" and insert "certificate"

Page 2, lines 12 and 21, strike "vehicles" and insert "vehicle"

Page 2, line 28, delete "certificates" and insert "certificate"

Page 2, line 32, after the period, insert "*This requirement does not apply to rental motor vehicles, as defined in subdivision 10.*"

Page 2, line 33, delete "any" and insert "a"

Page 3, line 9, delete "destroy"

Page 3, line 10, delete everything before "forward"

Page 3, line 12, before the period, insert "*within seven days. The court*

may destroy the surrendered registration plates"

Page 3, line 13, delete "*person,*" and after "*violator*" delete the comma

Page 3, line 15, delete "*person,*" and delete "*, or owner*"

Page 3, line 32, delete "*or be uniquely colored*"

Page 4, line 6, delete "*person's,*" and after "*violator's*" delete the comma

Page 4, line 7, delete "*person,*" and after "*violator*" delete the comma

Page 4, line 9, delete "\$100" and insert "\$25"

Page 4, line 10, after the period, insert "*The commissioner shall not authorize the issuance of special plates unless the court that impounded the vehicle's plates gives written approval for the issuance of the special plates.*"

Page 4, line 11, strike "*such*" and delete "*person,*" and insert "*the*"

Page 4, line 12, delete the first comma and delete "*person,*"

Page 4, line 13, delete the comma

Page 5, after line 19, insert:

"Subd. 10. "Rental motor vehicle" means a passenger vehicle, truck, motorcycle, or motorized bicycle:

(1) that is involved in a violation under subdivision 3a, leased in the name of the violator, or leased jointly in the name of the violator and the violator's spouse; and

(2) that is one of a fleet of two or more vehicles rented for periods of 30 days or less."

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

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

S.F. No. 882: A bill for an act relating to eminent domain; authorizing court having jurisdiction over an eminent domain proceeding to compel occupants of condemned real estate to deliver possession; proposing coding for new law in Minnesota Statutes, chapter 117.

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

Delete everything after the enacting clause and insert:

"Section 1. [117.043] [COMPELLING DELIVERY OF POSSESSION.]

Subdivision 1. [CONDITIONS REQUIRED FOR COURT TO ISSUE RELIEF] A court having jurisdiction over an eminent domain proceeding may issue an order compelling delivery of possession of the property under any of the following conditions:

(1) the court has issued an order authorizing transfer of title and possession and the petitioner has paid or deposited its approved appraisal value under section 117.042; or

(2) the petitioner has acquired title of the real estate.

If one of these conditions is met, the court may issue an order compelling

delivery of possession of the property upon: (1) the affidavit of the petitioner; (2) notice to the occupants of the acquired real estate and others claiming a right to remain in possession of it; and (3) a hearing. Notice of the hearing must be given in the same way as notice of a motion under the rules of civil procedure. In case of hardship the court may delay enforcement of an order compelling delivery of possession for a period not to exceed seven days. Unless otherwise allowed by the court, the matter must be considered solely on the basis of arguments of counsel and affidavits.

Subd. 2. [AWARD OF FEES AND COSTS.] Following notice and hearing, if the occupant, in bad faith, has failed to deliver possession of the real estate in accordance with either an order issued under section 117.042 or an order issued under this section, the court, upon application by the petitioner, may award to the petitioner, and against the occupant, the attorney fees, costs, and disbursements that were actually incurred by the petitioner in getting possession of the real estate.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment and applies to condemnation proceedings commenced on or after the effective date."

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

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

S.F. No. 1280: A bill for an act relating to public safety; increasing taxable gross weight of vehicles at which proof of payment of use tax is required; providing for permits for new vehicles used in events for promotion purposes; changing trip permit conditions; increasing fine for unlawful use of registration plates or certificates; allowing police to give age of parties in traffic accident to media; providing for the disclosure of certain information from accident reports; providing for service of notice of driver's license revocation by court; prescribing contents of petition for judicial review of driver's license revocation; subjecting alcohol problem assessment rules to administrative procedure act; prescribing actions by drivers on one-way road when emergency vehicle approaching; requiring school buses on one-way, separated roads with shoulders to load and unload without flashing lights; removing obsolete deadlines; providing for \$10 fee for class A classified provisional driver's license; allowing inspection of school buses for approved wheelchair devices; amending Minnesota Statutes 1986, sections 168.013, subdivision 20; 168.187, subdivision 17; 168.27, subdivision 16; 168.36, subdivision 2; 169.09, subdivision 13; 169.121, subdivision 7; 169.123, subdivision 5c; 169.124, subdivision 2; 169.20, subdivision 5; 169.44, subdivisions 2, 16, and 17; 171.06, subdivision 2; and 299A.11.

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

Page 6, line 7, delete everything after "same" and insert "incident"

Page 6, line 8, delete the new language

Page 11, after line 6, insert:

"Sec. 14. Minnesota Statutes 1986, section 171.182, subdivision 3, is amended to read:

Subd. 3. [CONDITIONS.] The commissioner, upon receipt of a certified

copy of a judgment, shall forthwith suspend the license or the nonresident's operating privilege, of the person against whom judgment was rendered if:

(a) At the time of the accident the ~~person did not maintain motor vehicle involved in the accident was not covered by~~ the reparation security required by section 65B.48, and

(b) The judgment has not been satisfied."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 21, after the semicolon, insert "allowing post-judgment suspension of driver's license of nonowner driver of uninsured vehicle;"

Page 1, line 28, after the second semicolon, insert "171.182, subdivision 3;"

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

Mr. Dicklich from the Committee on Public Utilities and Energy, to which was referred

S.F. No. 677: A bill for an act relating to public utilities; authorizing the public utilities commission to deregulate competitive telecommunications services; requiring interexchange companies to pay reasonable access fees; requiring certain companies to post a bond; prohibiting telephone companies from subsidizing competitive services from noncompetitive services; requiring telephone companies to provide full disclosure of their services and rates; authorizing the commission to require telephone companies to upgrade their services; providing that local telephone exchanges may not be sold without commission approval; requiring persons providing private shared tenant service to grant certain access; requiring the state planning agency to conduct a study on universal service assistance; amending Minnesota Statutes 1986, sections 237.01, subdivision 2, and by adding a subdivision; 237.081, subdivision 1a, and by adding a subdivision; 237.11; 237.12; 237.16, subdivision 1; 237.17; and 237.22; proposing coding for new law in Minnesota Statutes, chapter 237; repealing Minnesota Statutes 1986, sections 237.13; 237.41; 237.42; and 237.43.

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

Delete everything after the enacting clause and insert:

"Section 1. [237.50] [TELECOMMUNICATIONS POLICY.]

The legislature declares that it is the policy of the state to:

- (1) preserve affordable universal telecommunications service;*
- (2) maintain and advance the efficiency, quality, and availability of telecommunications service;*
- (3) ensure that customers pay only reasonable charges for telecommunications services;*
- (4) ensure that rates for noncompetitive telecommunications services do not subsidize the competitive ventures of regulated telecommunications companies;*

(5) *promote diversity in the supply of telecommunications services and products in telecommunications markets throughout the state;*

(6) *ensure that all telecommunications services bear a fair and reasonable share of the costs of facilities used in providing the services;*

(7) *ensure that customers throughout the state are not subject to unreasonable discrimination in the price or availability of telecommunications services;*

(8) *remove in an orderly manner unnecessary regulatory requirements on telecommunications providers or specific telecommunications services where effective and fair competition is found;*

(9) *make regulation of telephone companies administratively efficient;*

(10) *minimize disparities between urban and rural areas of the state; and*

(11) *foster development of the telecommunications infrastructure to encourage telecommunications-related economic development.*

Sec. 2. [237.51] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The terms used in sections 1 to 13 have the meanings given them in this section.

Subd. 2. [COMPETITIVE SERVICE.] "Competitive service" means a service that has been determined to be nonessential or to be subject to effective competition or emerging competition.

Subd. 3. [EFFECTIVE COMPETITION.] "Effective competition" exists when the criteria of section 4, subdivision 5, have been satisfied for a service.

Subd. 4. [EMERGING COMPETITION.] "Emerging competition" exists when the criteria of section 4, subdivision 5, have not been satisfied, but there is a trend toward effective competition.

Subd. 5. [LOCAL ACCESS AND TRANSPORT AREA.] "Local access and transport area (LATA)" means a geographical area designated by the Modification of Final Judgment in U.S. v. Western Electric Co., Inc., 552 F.Supp. 131 (D.D.C. 1982).

Subd. 6. [NONCOMPETITIVE SERVICE.] "Noncompetitive service" means a service that has not been classified as competitive by the commission.

Sec. 3. [237.52] [APPLICABILITY; REGULATION OF NONCOMPETITIVE SERVICES.]

Subdivision 1. [APPLICABILITY.] Sections 3, 4, 5, and 7 do not apply to a telephone company unless the company notifies the commission in writing of its decision to be subject to all of those sections. The company may not revoke its decision to be subject to those sections.

Subd. 2. [NONCOMPETITIVE SERVICES; RATE CHANGE PROCEDURES.] Except as provided in section 8, a telephone company may change its rates and charges for the noncompetitive services by complying with section 237.075 and section 7. The commission may also investigate matters related to the provision of these services and make orders relating to the services as may be appropriate under section 237.081.

Subd. 3. [DISCONTINUANCE OF SERVICE.] A telephone company

may not discontinue any noncompetitive services without the express approval of the commission.

Sec. 4. [237.53] [CLASSIFICATION OF COMPETITIVE SERVICES; HEARING.]

Subdivision 1. [EMERGING COMPETITIVE SERVICES.] *The following services provided by the telephone company are subject to emerging competition unless and until reclassified as noncompetitive or subject to effective competition under this section:*

- (1) apartment door answering services;*
- (2) automatic call distribution;*
- (3) billing and collection services;*
- (4) call waiting, call forwarding, and three-way calling services for businesses with three or more lines;*
- (5) central office-based pricing packages providing switched business access lines which substitute for private branch exchange systems which may or may not share intelligence with customer premises equipment;*
- (6) command link-type services for network reconfiguring to rearrange cross-connections between channel services;*
- (7) custom network services and special assemblies;*
- (8) digicom switchnet services for full duplex, synchronous, information transport;*
- (9) digital private line service;*
- (10) direct customer access services for telephone number information services video display;*
- (11) group access bridge services;*
- (12) inter-LATA and intra-LATA message toll service;*
- (13) inter-LATA and intra-LATA wide area telephone service;*
- (14) mobile radio services;*
- (15) operator-handled intercept services;*
- (16) public pay telephone services, excluding charges for access to the central office;*
- (17) seminars;*
- (18) services not previously offered prior to August 1, 1987;*
- (19) services which generate an annual revenue equal to or less than one-tenth of one percent of a telephone company's annual revenues in the year the company elects to be covered by this section;*
- (20) special construction of facilities;*
- (21) studies;*
- (22) systems for automatic dialing; and*
- (23) versanet-type service access line involving continuous monitoring and transmission of data from customer's premises to the central office.*

Subd. 2. [PETITION.] *A person, or the commission on its own motion,*

may petition to have a service of a telephone company classified as subject to effective competition or emerging competition. The petition must be served on the commission, the department of public service, the office of the attorney general, and any other person designated by the commission. The petition must contain at least:

(1) a list of the known alternative providers of the service available to the company's customers;

(2) an estimate of the company's current market share;

(3) identification of barriers to entry or exit from the market for the service; and

(4) a description of affiliate relationships with any other provider of the service in the company's market.

Subd. 3. [EXPEDITED PROCEEDING.] A person who files a petition under subdivision 2 may request that the commission determine the classification of the service through an expedited proceeding under section 6 or a contested case hearing. If an expedited proceeding is requested, the commission must provide interested persons an opportunity to comment on the appropriateness of the process and the merits of the petition.

When an expedited proceeding is requested, the commission must make a final determination within 60 days of the date on which all required information required pursuant to subdivision 2 is filed, unless during the 60 days the commission finds that a material issue of fact is in dispute in which case it must order a contested case hearing be conducted to evaluate the petition.

Subd. 4. [CONTESTED CASE HEARING.] If a contested case hearing is held under this section, the commission shall make a final determination on the petition within eight months from the date the petitioning party requests a contested case hearing or from the date the commission orders a contested case hearing under subdivision 3. When a contested case hearing is requested in the petition or when the commission acts on its own motion, this deadline may be extended for no more than 60 days by agreement of all parties or by order of the commission if the commission finds that the case cannot be completed within the required time and that without an extension there is substantial probability that the public interest will be harmed.

Subd. 5. [CRITERIA.] (a) In determining whether a service is subject to either effective competition or emerging competition from available alternative services, the commission shall consider and make findings on the following factors:

(1) the number and sizes of alternative providers of service and affiliation to other providers;

(2) the extent to which services are available from alternative providers in the relevant market;

(3) the ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms, and conditions of service;

(4) the market share, the ability of the market to hold prices close to cost, and other economic measures of market power; and

(5) *the necessity of the service to the well-being of the customer.*

(b) *In order for the commission to find a service subject to effective competition alternative services must be available to over 50 percent of the company's customers for that service.*

(c) *In order for the commission to find a service subject to emerging competition alternative services must be available to over 20 percent of the company's customers for that service.*

Subd. 6. [BURDEN OF PROOF.] *The person that files the petition under subdivision 2 has the burden of proving that competition exists and that classifying the service as other than noncompetitive will serve the public interest.*

Subd. 7. [INTER-LATA LONG-DISTANCE SERVICE.] *A petition filed under subdivision 2 to have an inter-LATA long-distance service classified as subject to effective competition shall be accepted by the commission as a petition to classify the inter-LATA long-distance service provided by all telephone companies as subject to effective competition. The commission may not find that a telephone company's inter-LATA long-distance service is subject to effective competition without a finding that the service is subject to effective competition for each telephone company providing that service in the state.*

Subd. 8. [INTERIM RELIEF.] *A telephone company that has a petition pending before the commission under this section to declare a service competitive may decrease its price for that service without notice while the commission considers the petition. A company must provide an incremental cost study if requested by the commission. The commission shall suspend a company's right under this subdivision to decrease rates if, after an expedited hearing conducted under section 6, the commission finds that the service is being priced below cost, or that the company has within the previous 12 months charged customers interim rates under this subdivision for the same service, and that service was determined by the commission to be noncompetitive.*

Subd. 9. [REPORTING REQUIREMENTS; EXCEPTION.] *A telephone company that offers only competitive services is not subject to the accounting and reporting requirements of this chapter unless otherwise ordered by the commission for good cause. A telephone company that offers both competitive and noncompetitive services is not subject to the reporting requirements with regard to its effective competition services unless otherwise ordered by the commission for good cause.*

Subd. 10. [REGULATION REINSTATED.] *The commission, on its own motion or upon complaint, shall reclassify a service as noncompetitive or as subject to emerging competition and reinstate, in whole or in part, rate regulation of the service, if, after notice and hearing, the commission finds either:*

(1) that the competitive market for that service, on review of the criteria found in subdivision 5, has failed so that rate regulation of that service is necessary to protect the interest of consumers, that it has considered the alternatives to rate regulation, and that the benefits of rate regulation outweigh the burdens of rate regulation; or

(2) that unreasonable discrimination has occurred between different areas of the state.

In a proceeding begun under this section to reclassify a service, except in a proceeding begun by a provider of telephone services, the telephone company bears the burden of proving that the services are appropriately classified. In a proceeding begun under this section by a provider of telephone services, that party bears the burden of proving that the existing classification is inappropriate.

Sec. 5. [237.54] [RATES; COMPETITIVE SERVICES.]

Subdivision 1. [EFFECTIVE COMPETITION.] A company whose service has been determined by the commission to be subject to effective competition may decrease the rate for that service effective without notice to its customers or the commission, and may increase the rate for that service effective upon notice to its customers at least 30 days in advance of the increase. A company whose service is declared subject to effective competition is not subject to the requirements of section 237.07 for that service.

Subd. 2. [EMERGING COMPETITION.] (a) A telephone company whose service has been determined to be subject to emerging competition must file a price list with the commission and the department. The price list must contain the rates, tolls, and charges for the service together with the rules, regulations, and classifications used in providing that service. This chapter does not prohibit a telephone company from including limitations on liability as terms or conditions in the price lists.

(b) A company may decrease the rate for a service subject to emerging competition that is listed in the price list, effective ten days after filing a new price list with the commission. A company may increase the rate for a service subject to emerging competition effective 30 days after notice is given to affected customers, the commission, and the department. The notice to the commission and the department for a rate increase must include an incremental, or other acceptable cost study as determined by the commission, supporting the increase. The department shall investigate an increase or decrease in rates for services subject to emerging competition, and report its findings to the commission. The commission may, after a contested case hearing or an expedited hearing under section 6 if there are no material facts in dispute, order the company to adjust its rates or charges for a service subject to emerging competition if the commission finds that the price charged is excessive. The commission may, within ten months of the date a price change went into effect, order price adjustments retroactive to the date the change went into effect and order the company to make any necessary refunds to affected customers.

Subd. 3. [DISCRIMINATION.] No telephone company shall offer telecommunications service within the state upon terms or rates that are unreasonably discriminatory. No telephone company shall unreasonably limit its service offerings to particular geographic areas unless facilities necessary for the service are not available and cannot be made available at reasonable costs. The rates of a telephone company must be the same in all geographic locations of the state unless for good cause the commission approves different rates. A company that offers long-distance services shall charge uniform rates and charges on all long-distance routes and in all geographic areas in the state where it offers the services. However, a company may offer or provide volume discounts in connection with intrastate long-distance services and may pass through any state, municipal, or local taxes in the specific geographic areas from which the taxes originate. Nothing in this subdivision authorizes a telephone company to pro-

vide service outside of its authorized service area except as provided in section 237.16.

Subd. 4. [COST OF SERVICE.] Prices or rates charged for competitive services must cover the incremental costs of providing the service. If a telephone company provides both local service and long-distance services, that company shall, in determining the cost of the long-distance service, include at least the same level of contribution to common and joint costs as is contained in the access charges to other telephone companies. The company may do so on an aggregate basis, instead of on a time or mileage band basis.

Subd. 5. [COMPLAINTS.] Competitive services are subject to the complaint procedures of section 237.081. In a complaint proceeding, the company providing the service bears the burden of proving that the prices charged cover its incremental costs and a reasonable contribution to the common and joint costs of the company and are fair, just, and reasonable.

Sec. 6. [237.55] [EXPEDITED PROCEEDINGS.]

Notwithstanding chapter 14, the commission may conduct an expedited proceeding when authorized under this chapter. In an expedited proceeding, the commission shall give prior notice to interested persons and provide them with an opportunity to present statements of fact and argument and to reply, either orally or in writing or both. In an expedited proceeding, the pleadings must be verified, and oral statements of fact must be made under oath or affirmation. The commission shall make a decision in an expedited proceeding based on the record.

Sec. 7. [237.56] [GENERAL RATE PROCEEDINGS; JOINT COSTS; NONCOMPETITIVE SERVICES.]

Subdivision 1. [FINANCIAL REQUIREMENTS.] Paragraph (a) or (b) governs a proceeding initiated under section 237.075 or 237.081 to change the rates for noncompetitive services. The company shall elect that rate changes be made in accordance with either paragraph (a) or (b) and that election is binding on the commission in all respects.

(a) The company may demonstrate the revenue requirement for its noncompetitive services by providing:

(1) revenues, expenses, and embedded investments directly related to the provision of the noncompetitive services;

(2) a reasonable portion of the net income generated jointly or arising from jointly competitive and noncompetitive services, and net income received by a telephone company as a result of the sale of telephone number listings, charges and advertising for use in white pages, yellow pages, other directory and other related services, must be treated as arising jointly from competitive and noncompetitive services; and

(3) a reasonable portion of the company's total joint and common costs to be attributable to the provision of the noncompetitive services.

(b) Alternatively, the company may demonstrate the revenue requirement for its noncompetitive services by providing:

(1) revenues, expenses, and embedded investments related to all of its services; and

(2) to the extent that the company's embedded costs for competitive

services, and a reasonable portion of the joint and common costs attributable to the competitive services, exceed the revenues produced by those competitive services, the difference must be added to the company's total revenues.

Subd. 2. [CROSS-SUBSIDIZATION.] A telephone company shall not subsidize its competitive services from its noncompetitive services through allocations of costs, cost-sharing agreements, or by other means, direct or indirect. Any cross-subsidization prohibited by this subdivision constitutes an illegal restraint of trade. When an investment is for both noncompetitive and competitive services, the company shall demonstrate that the benefits received by the noncompetitive customers justify the allocation of costs proposed by the company. Allocations and cost assignments must be reviewed at least every five years and a report detailing the methods and results must be filed with the department and the commission. An independent telephone company or a municipality or cooperative telephone association is not required to file a report as required by this subdivision provided that its allocations and cost assignments are subject to review upon order of the commission. If the commission determines that the methods chosen by the company are not satisfactory, the commission may order changes in the methods used and make necessary prospective adjustments in noncompetitive rates being charged to reflect the changes in cost.

Subd. 3. [ADDITIONAL INFORMATION.] The commission may require a telephone company to provide information regarding the revenues, expenses, investments, and costs for all of its services.

Sec. 8. [237.57] [MISCELLANEOUS TARIFFS.]

Subdivision 1. [GENERAL.] Notwithstanding section 237.075, rates for noncompetitive services may be set or changed subject to this section.

Subd. 2. [LANGUAGE CHANGES.] If language describing a rate, term, or condition of service in a tariff is changed, without substantially altering the application of the tariff, the change may take effect upon one-day notice to the public utilities commission.

Subd. 3. [COST INCREASES.] If the actual costs of providing a particular service have increased since the last proceeding under section 237.075, the rate for that service may be increased to recover those costs. The company requesting this rate increase shall file with its request the cost data it relies upon for the increase. The department shall review the request and make a recommendation to the commission regarding the appropriateness of the request within 20 calendar days of filing the request by the telephone company. If the department notifies the company within 15 days of the filing that additional information is required, the department shall make its recommendation to the commission within 20 calendar days after receipt of that additional information. If the company fails to provide adequate information within 20 calendar days of the department request, the department shall recommend denial of the company request on the basis of failure to provide adequate information. The commission shall either approve or reject the request under this subdivision within 20 calendar days of the receipt of the department recommendation. In order to qualify as a change in costs, it must be a cost change related to a particular service rather than a general overall increase applicable to most of the company's services, and an actual change in costs must have occurred rather than the discovery of a change in costs as a result of conducting a new cost study.

Subd. 4. [REDUCING RATES.] A company may reduce its rates for one or more services effective 20 days after filing the rates with the commission.

Subd. 5. [BURDEN OF PROOF.] The burden of proof that the requested rates are reasonable under this section is on the telephone company providing the service.

Subd. 6. [FILING OF DOCUMENTS.] A copy of filings made under this section must be served on the commission, the department, and the attorney general.

Subd. 7. [COMMISSION REVIEW.] Nothing in this section prevents the commission from ordering that a requested change not take effect, or from subsequently amending the rates either through a complaint proceeding, a commission investigation, or through a proceeding conducted under section 237.075.

Sec. 9. [237.58] [REGISTRATION; BOND.]

Subdivision 1. [REGISTRATION.] A person, firm, or corporation seeking to offer a telephone service to the public that is classified as competitive shall register with the department and the commission 30 days before beginning operation in the state. A telephone company that has been authorized by the commission to provide telephone services in this state prior to August 1, 1987, is not required to register under this subdivision. A person, firm, or corporation seeking to offer a noncompetitive service to the public must obtain authority from the commission under section 237.16.

Subd. 2. [BOND.] Telephone companies offering services that have been found to be competitive shall, unless waived by the commission, either post and maintain a bond or other security with the department to cover liabilities owed to customers for deposits or advance payments, or shall not require advance payments or deposits from customers.

Sec. 10. [237.59] [AFFILIATED TRANSACTIONS.]

Subdivision 1. [DEFINITION.] For the purposes of this section, "affiliated company" means a person, company, corporation, or other entity in which the telephone company has an affiliated interest as defined under section 216B.48, subdivision 1.

Subd. 2. [RECORDS.] Telephone companies, except companies that provide only services that have been found to be competitive, shall maintain records for a period of three years documenting transactions in excess of \$50,000 with an affiliated company. The documentation must contain:

(1) the name of the affiliate;

(2) a description of the transaction or contract;

(3) the dollar value of the transaction or contract;

(4) in the case of goods and services purchased from an affiliate, any evidence of efforts made by the telephone company to secure the same or functionally equivalent goods or services from a nonaffiliated supplier; and

(5) in the case of services provided to an affiliate, any evidence of the fair market value of those goods or services.

Subd. 3. [COMMISSION REVIEW.] In a proceeding for the approval of rates for noncompetitive services, the burden is on the company to prove

that goods or services acquired from or sold to affiliates were transferred at reasonable value. The determination of reasonable value shall include but not be limited to durability, quality, service, and price.

Sec. 11. [237.60] [DISCLOSURE.]

Subdivision 1. [NOTICE OF SERVICE OPTIONS.] A telephone company, when a residential customer initially requests service or requests a change of service, and annually in the form of a bill insert, shall advise each residential customer of the price of all service options available to that customer. The requirement of an annual notice through a bill insert does not apply to long-distance service.

Subd. 2. [FILING.] Copies of both the written notices and information provided to customer service representatives concerning the disclosure required under subdivision 1 must be filed once every 12 months with the commission and the department. Independent telephone companies, municipalities, and cooperative telephone associations are exempt from the requirements of this subdivision unless otherwise ordered by the commission.

Subd. 3. [ENFORCEMENT.] If, after an expedited procedure conducted under section 6, the commission finds that a telephone company is failing to provide disclosure as required under subdivision 1, it shall order the company to take corrective action as necessary.

Sec. 12. [237.61] [LEGISLATIVE REPORTS.]

Beginning January 1, 1988, the commission and the department shall annually report to the legislature on the implementation of this act and recommend changes necessary to assure high quality and affordable telephone services for the residents of the state.

Sec. 13. [237.62] [PRIVATE SHARED TELECOMMUNICATIONS SERVICE.]

Subdivision 1. [DEFINITION.] For the purposes of this section, "private shared telecommunications services" means the provision of telephone services and equipment within a user group located in discrete private premises, in building complexes, campuses, or high-rise buildings, by a commercial shared services provider or by a user association, through privately owned customer premises equipment and associated data processing and information management services and includes the provision of connections to the facilities of a local exchange and to long-distance telephone companies.

Subd. 2. [REQUIREMENTS.] A person who owns or operates a building, property, complex, or other facility where a private shared telecommunications system is operated shall establish a single demarcation point for services and facilities provided by the telephone company providing local exchange service in the area that is mutually agreeable to the property owner or operator and the telephone company. The obligation of a telephone company to provide service to a customer at a location where a private shared telecommunications system is operated is limited to providing telephone company service and facilities up to the demarcation point established for the property where the private shared telecommunications system is located.

Subd. 3. [ACCESS TO ALTERNATIVE PROVIDERS.] A tenant of a building, property, complex, or other facility where a private shared telecommunications system is operated may establish a direct connection to

and receive telephone service from the telephone company providing local exchange service in the area where the private shared telecommunications system is located. At the request of a tenant where a private shared telecommunications system is operated, the owner or manager of the property shall make facilities or conduit space available to the tenant to allow the tenant to make separate connection to and to receive telephone service directly from the telephone company operating local exchange service in the area. The tenant has the choice of installing the tenant's own facilities or using the existing facilities. The facilities or conduit space must be provided by the owner or operator to the tenant at a reasonable rate and on reasonable terms and conditions. It is the obligation of the tenant to arrange for premises wire, cable, or other equipment necessary to connect the tenant's telephone equipment with the facilities of the telephone company operating local exchange service at the location of the demarcation point.

Subd. 4. [ENFORCEMENT.] If the commission finds that the owner or operator of a private shared telecommunications system has failed to comply with a request under this section, the commission may order the owner or operator to make facilities or conduit space available sufficient to allow the tenant to make separate connection with the telephone company, and provide the services at reasonable prices and on reasonable terms and conditions.

Subd. 5. [EXEMPTION.] A provider of private shared telecommunications services is exempt from section 237.16 if the telecommunications services are only provided to tenants or for the provider's own use.

Subd. 6. [SERVICE BY LOCAL TELEPHONE COMPANY.] The telephone company providing local exchange service shall provide service to anyone located within a shared services building at the demarcation point within a reasonable time upon request.

Sec. 14. Minnesota Statutes 1986, section 237.01, subdivision 3, is amended to read:

Subd. 3. [INDEPENDENT TELEPHONE COMPANY.] "Independent telephone company" means a telephone company organized and operating under chapter 301 or 302A or authorized to do business in Minnesota under chapter 303 as of January 1, 1983, and providing local exchange service to fewer than ~~45,000~~ 30,000 subscribers within the state.

Sec. 15. Minnesota Statutes 1986, section 237.081, subdivision 1a, is amended to read:

Subd. 1a. Upon a complaint made against any cooperative telephone association, ~~independent~~ telephone company, or a municipal telephone utility by any other provider of telephone service, the governing body of any political subdivision, or by no fewer than five percent or 100, whichever is the lesser number, of the subscribers or spouses of subscribers of the particular cooperative telephone association, ~~independent~~ telephone company, or municipal telephone utility, that any of the rates, tolls, tariffs, charges or schedules or any regulation, measurement, practice, act or omission affecting or relating to the production, transmission, delivery or furnishing of telephone service or any service in connection therewith is in any respect unreasonable, insufficient or unjustly discriminatory, or that any service is inadequate or cannot be obtained, the commission shall proceed to make an investigation ~~as it may deem necessary~~. If the com-

mission may dismiss any complaint without a hearing if in its opinion a hearing is not in the public interest finds that all significant issues raised have not been resolved to its satisfaction, it shall order a hearing.

Sec. 16. Minnesota Statutes 1986, section 237.11, is amended to read:

237.11 [INSPECTION OF BOOKS OF TELEPHONE COMPANIES IN CASE OF FAILURE TO MAKE REPORTS.]

Every telephone company subject to the provisions of this chapter, wherever organized, shall keep an office in this state, and make such reports to the department as it shall from time to time require. All books, records, and files, *whether they relate to competitive or noncompetitive services*, and all of its property shall be at all times subject to inspection by the *commission and the department*. It shall close its accounts and take therefrom a balance sheet on December 31 of each year, and on or before May 1 following, such balance sheet, together with such other information as the department shall require, verified by an officer of the telephone company, shall be filed with the *commission and the department*.

In the event that any telephone company shall fail to file its annual report, as provided by this section, the department is authorized to make such an examination of the books, records, and vouchers of the company as is necessary to procure the necessary data for the annual report and cause the same to be prepared. The expense of procuring this data and preparing this report shall be paid by the telephone company failing to report, and the amount paid shall be credited by the state treasurer to funds appropriated for the expense of the department.

The department is authorized to force collection of such sum by an action at law in the name of the department.

Sec. 17. Minnesota Statutes 1986, section 237.12, is amended to read:

237.12 [CONNECTIONS BETWEEN TELEPHONE COMPANIES DISCONTINUED ONLY ON ORDER.]

Subdivision 1. [INTERCONNECTION.] When public convenience requires the same, every telephone company shall, for a reasonable compensation, permit a physical connection or connections to be made, and telephone service to be furnished between any telephone exchange system operated by it, and the telephone toll line or lines operated by another company, or between its telephone toll line or lines and the telephone exchange system of another telephone company, or between its toll line and the toll line of another company, whenever such physical connection or connections are practicable and will not result in irreparable injury to the telephone system so compelled to be connected. The term "physical connection," as used in this section, means such number of trunk lines or complete wire circuits and connections as may be required to furnish reasonable and adequate service between such telephone lines and exchanges and shall not be deemed to provide for any connection whereby one line or circuit is to be bridged upon another line or circuit. In case of failure of the telephone companies concerned to allow or agree upon such physical connection or connections, or the terms and conditions upon which the same shall be made, application may be made to the ~~department~~ *commission* for an order requiring such connection and fixing the compensation, terms and conditions thereof, and if after investigation and hearing the ~~department~~ *commission* shall find that such physical connections will not result in irreparable injury to such telephone properties, ~~it the commission~~

shall by order direct that such connections be made, and prescribe reasonable conditions and compensation therefor and for the joint use thereof, and by whom the expense of making and maintaining such connection or connections shall be paid. When application is made to the department requesting physical connection it shall be presumed that such connection is necessary, and that the public convenience will be promoted thereby, and the burden of overcoming such presumption shall be upon the party resisting such application. The telephone companies so connecting shall give service over the connecting line or lines without preference to or discrimination against any service or telephone company whatever.

Subd. 2. [DISCONTINUANCE.] Wherever a physical connection or connections exist between any telephone exchange system operated by a telephone company and the toll line or lines operated by another telephone company or between its toll line or lines and the telephone exchange system of another telephone company, or between its toll line and the toll line of another telephone company, neither of the companies shall cause such connection to be severed or the service between the companies to be discontinued without first obtaining an order from the department commission upon an application for permission to discontinue such physical connection. Upon the filing of an application for discontinuance of such a connection, the department shall investigate and ascertain whether public convenience requires the continuance of such physical connection, and if the department so finds, the commission shall fix the compensation, terms and conditions of the continuance of the physical connection and service between the telephone companies.

Subd. 3. [COMPENSATION.] Telephone companies providing long-distance telephone services shall pay compensation to telephone companies providing local telephone services that includes a fair and reasonable portion of:

(1) the costs of local exchange facilities used in connection with long-distance telephone services, including facilities connecting a customer to local switching facilities; and

(2) the common costs of companies providing local telephone services.

Sec. 18. Minnesota Statutes 1986, section 237.16, subdivision 1, is amended to read:

Subdivision 1. For the purpose of bringing about uniformity of practice, the commission shall have the exclusive right to grant authority to any telephone company to construct telephone lines or exchanges for furnishing local service to subscribers in any municipality of this state, and to prescribe the terms and conditions upon which construction may be carried on, and whenever the commission grants such authority, it shall be in the form of a permit of indeterminate duration — coupled with the right to the municipality to purchase the telephone plant within the city, as hereinafter provided. No lines or equipment shall be constructed or installed for the purpose of furnishing local rural or toll telephone service to the inhabitants or telephone users in any locality in this state, where there is then in operation in the locality or territory affected thereby another telephone company already furnishing such service, without first securing from the commission a declaration, after a public hearing, that public convenience requires such proposed telephone lines or equipment; but the governing body of any municipality shall have the same powers of regulation which it now possesses with reference to the location of poles and wires so as to

prevent any interference with the safe and convenient use of streets and alleys by the public.

Sec. 19. Minnesota Statutes 1986, section 237.17, is amended to read:

237.17 [EXTENSION OF LONG DISTANCE LINES.]

Any telephone company may extend its long distance lines into or through any city of this state for the furnishing of long distance service only, subject to the regulation of the governing body of such city relative to the location of the poles and wires and the preservation of the safe and convenient use of such streets and alleys to the public; ~~provided that if such lines are to furnish service between communities or localities then served by another company, a certificate of public convenience must first be obtained as required by section 237.16.~~

Sec. 20. Minnesota Statutes 1986, section 237.22, is amended to read:

237.22 [DEPRECIATION; AMORTIZATION.]

The commission shall fix proper and adequate rates and methods of depreciation and amortization with respect to telephone company property and every telephone company shall conform its depreciation accounts for *property used in whole or in part to provide noncompetitive services* to the rates and methods fixed by the commission.

Sec. 21. [UNIVERSAL SERVICE ASSISTANCE; STUDY AND REPORT.]

The state planning agency shall conduct a study to determine whether a universal service assistance program should be adopted in order to help low-income individuals obtain and retain telephone service. The state planning agency shall seek advice from the telephone industry, the human services department, the public utilities commission, the department of public service, the attorney general, and the various nongovernmental organizations representing consumers. The state planning agency shall report its findings to the legislature by January 1, 1988.

Sec. 22. [REPEALER.]

Minnesota Statutes 1986, sections 237.13, 237.41, 237.42, and 237.43, are repealed.

Sec. 23. [EFFECTIVE DATE.]

Sections 1 to 13 are effective August 1, 1987, and are repealed effective August 1, 1992."

Delete the title and insert:

"A bill for an act relating to public utilities; providing for the reduced regulation of certain competitive telephone services, with limitations and procedures; requiring persons providing private shared tenant service to grant certain access; requiring a study and report on universal service assistance; amending Minnesota Statutes 1986, sections 237.01, subdivision 3; 237.081, subdivision 1a; 237.11; 237.12; 237.16, subdivision 1; 237.17; and 237.22; proposing coding for new law in Minnesota Statutes, chapter 237; repealing Minnesota Statutes 1986, sections 237.13; 237.41; 237.42; and 237.43."

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

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

S.F. No. 1351: A bill for an act relating to Hennepin county; providing for the management of county health facilities; permitting the county board to hold closed meetings on certain medical center business; permitting certain data to be treated as trade secret information; amending Minnesota Statutes 1986, section 383B.217, subdivision 7.

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

Page 1, after line 10, insert:

"Section 1. Minnesota Statutes 1986, section 246A.16, subdivision 2, is amended to read:

Subd. 2. [BOARD ACTION.] Notwithstanding ~~any law to the contrary~~ *section 471.705*, 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.

Sec. 2. Minnesota Statutes 1986, section 246A.17, subdivision 2, is amended to read:

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."

Page 1, line 17, delete "*any contrary law*" and insert "*section 471.705*"

Page 1, line 19, before "*marketing*" insert "*specific*" and delete "*of*" and insert "*for*"

Page 1, line 20, delete "*which*" and insert "*that*"

Page 1, line 21, delete "*and*" in both places and insert "*or*" in both places

Page 1, line 23, delete "*financial*" and insert "*competitive*" and delete "*county board*"

Page 1, line 24, delete "*and the*"

Page 1, line 27, delete "*clause*" and insert "*paragraph*"

Page 2, line 2, delete "*clause*" and insert "*paragraph*"

Page 2, line 3, after "*may*" insert a comma

Page 2, line 4, delete "*pursuant to*" and insert "*under*"

Page 2, line 5, after "*The*" insert "*purpose,*" and delete "*of commencement*"

Page 2, lines 6, 7, and 9, delete "*shall*" and insert "*must*"

Page 2, lines 11 and 12, delete "*pursuant to Minnesota Statutes,*" and insert "*under*"

Page 2, line 14, delete "*Notwithstanding any contrary law,*"

Page 2, line 15, delete "*specific matters involving contracts or*" and delete "*of*" and insert "*for*"

Page 2, line 16, delete "*which*" and insert "*that*"

Page 2, lines 17 and 18, delete "*and*" and insert "*or*"

Page 2, line 18, delete "*may be*" and insert "*are*"

Page 2, line 21, delete everything after the period

Page 2, delete lines 22 to 32

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "*Hennepin county*" and insert "*health facilities*"

Page 1, line 3, after the semicolon, insert "*clarifying provisions relating to the St. Paul Ramsey medical center,*"

Page 1, line 4, before "*county*" insert "*Hennepin*"

Page 1, line 7, delete "*section*" and insert "*sections 246A.16, subdivision 2; 246A.17, subdivision 2; and*"

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

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

H.F. No. 270: A bill for an act relating to adoption; providing for notice of an adopted child or genetic parent's death; proposing coding for new law in Minnesota Statutes, chapter 259.

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

Delete everything after the enacting clause and insert:

"Section 1. [259.253] [NOTIFICATION OF DEATH OR TERMINAL ILLNESS.]

Subdivision 1. [DEATH NOTIFICATION.] (a) An agency authorized to place a child for adoption shall inform parents who adopt a child on or after August 1, 1987, that they must notify the agency if the child dies. The agency also shall inform the adoptive parents that the adoptive parents of an adopted child under age 19 or an adopted person age 19 or older may maintain a current address on file with the agency and indicate a desire to be notified if the agency receives information of the death of a genetic parent. The agency shall inform genetic parents who are entitled to notice under section 259.26 that the agency will notify them of the child's death and the cause of death, if known, provided that the genetic parents desire notice and maintain current addresses on file with the agency. The agency shall inform genetic parents entitled to notice under section 259.26 that they may designate individuals to notify the agency if a genetic parent dies and that the agency receiving information of the genetic parent's death will share it with adoptive parents, if the adopted person is under age 19.

or an adopted person age 19 or older who has indicated a desire to be notified of the death of a genetic parent and who maintains a current address on file with the agency.

(b) Notice to a genetic parent that a child has died or to the adoptive parents or an adopted person age 19 or older that a genetic parent has died shall be provided by an employee of the agency through personal, confidential contact, not by mail.

(c) Adoptive parents residing in this state whose child was adopted through an agency in another state shall, if the child dies, notify the agency of the child's death.

Subd. 2. [TERMINAL ILLNESS NOTIFICATION.] An agency authorized to place a child for adoption shall inform the adoptive parents and genetic parents of a child who is adopted on or after August 1, 1987, that the genetic parents, the adoptive parents of an adopted person under age 19, or an adopted person age 19 or older may request to be notified if a genetic parent or the child is terminally ill. The agency shall notify the other parties if a request is received under this subdivision and inform them that upon their request the agency will share information regarding a terminal illness with the adoptive or genetic parents or an adopted person age 19 or older."

Amend the title as follows:

Page 1, line 3, after "death" insert "or terminal illness"

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

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

S.F. No. 1199: A bill for an act relating to peace officers; requiring licensure as a prerequisite to exercising the authority of a peace officer; prohibiting persons from misrepresenting themselves as peace officers or part-time peace officers; prescribing penalties; amending Minnesota Statutes 1986, section 626.84; proposing coding for new law in Minnesota Statutes, chapter 626.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 169.98, is amended by adding a subdivision to read:

Subd. 1a. [VEHICLE STOPS.] Except as otherwise permitted under sections 221.221 and 299D.06, only a person who is licensed as a peace officer, constable, or part-time peace officer under sections 626.84 to section 6 may use a motor vehicle marked under subdivision 1 to stop a vehicle as defined in section 169.01, subdivision 2.

Sec. 2. Minnesota Statutes 1986, section 169.98, is amended by adding a subdivision to read:

Subd. 1b. [OPERATION OF MARKED VEHICLES.] Except as otherwise permitted under sections 221.221 and 299D.06, a motor vehicle marked under subdivision 1 may only be operated by a person licensed as a peace officer, constable, or part-time peace officer under sections 626.84 to

section 6. This prohibition does not apply to the following:

- (1) a marked vehicle that is operated for maintenance purposes only;
- (2) a marked vehicle that is operated during a skills course approved by the peace officers standards and training board;
- (3) a marked vehicle that is operated to transport prisoners or equipment; or
- (4) a marked vehicle that is operated by a reserve officer providing supplementary assistance at the direction of the chief law enforcement officer or the officer's designee, when a licensed peace officer as defined in section 626.84, subdivision 1, paragraph (c), who is employed by that political subdivision, is on duty within the political subdivision.

Sec. 3. Minnesota Statutes 1986, section 367.41, subdivision 1, is amended to read:

Subdivision 1. Notwithstanding any general or local law or charter to the contrary, ~~any~~ a constable employed on or after March 23, 1982, by ~~any~~ a political subdivision of the state of Minnesota ~~shall~~ is not be eligible for permanent appointment without being licensed by the Minnesota board of peace officer standards and training pursuant to under section 626.8463, clauses (a) to (e).

Sec. 4. Minnesota Statutes 1986, section 626.84, is amended to read:

626.84 [DEFINITIONS AND SCOPE.]

Subdivision 1. [DEFINITIONS.] For the purposes of sections 626.84 to ~~626.855~~ section 6, the following terms ~~shall~~ have the meanings given them:

(a) "Board" means the ~~Minnesota~~ board of peace officer standards and training.

(b) "Director" means the executive director of the board.

(c) "Peace officer" means an employee ~~or an elected or appointed official~~ of a political subdivision or ~~state~~ law enforcement agency who is licensed by the board, charged with the prevention and detection of crime and the enforcement of the general criminal laws of the state and who has the full power of arrest, and shall also include the Minnesota state patrol and state conservation officers.

(d) "Constable" ~~shall have~~ has the meaning assigned to it in section 367.40.

(e) "Deputy constable" ~~shall have~~ has the meaning assigned to it in section 367.40.

(f) "Part-time peace officer" means an individual licensed by the board whose services are utilized by law enforcement agencies no more than an average of 20 hours per week, not including time spent on call when no call to active duty is received, calculated on an annual basis, who has either full powers of arrest or authorization to carry a firearm while on active duty. The term shall apply even though the individual receives no compensation for time spent on active duty, and shall apply irrespective of the title conferred upon the individual by any law enforcement agency. The limitation on the average number of hours in which the services of a part-time peace officer may be utilized shall not apply to a part-time peace officer who has formally notified the board pursuant to rules adopted by

the board of the part-time peace officer's intention to pursue the specialized training for part-time peace officers who desire to become peace officers pursuant to sections 626.843, subdivision 1, clause (g) and 626.845, subdivision 1, clause (g).

(g) "Reserve peace officer" means an individual whose services are utilized by a law enforcement agency for purposes including, but not limited to, providing to provide supplementary assistance at special events, traffic or crowd control, or administrative or clerical assistance; provided that the individual's. A reserve officer's duties do not include enforcement of the general criminal laws of the state unless accompanied by a licensed peace officer; further provided that the individual, and the officer does not have full powers of arrest or authorization to carry a firearm on duty. The term shall apply even though the individual receives no compensation and irrespective of the number of hours worked by, or the title conferred upon, the individual by any law enforcement agency.

(h) "Law enforcement agency" means a unit of state or local government that is authorized by law to grant full powers of arrest and to charge a person with the duties of preventing and detecting crime and enforcing the general criminal laws of the state.

Subd. 2. [SCOPE.] Notwithstanding sections 12.03, subdivision 4, 12.25, or any other law to the contrary, no individual employed or acting as an agent of any political subdivision shall be authorized to carry a firearm when on duty unless the individual has been licensed pursuant to under sections 626.84 to 626.855 section 6. Nothing herein shall be construed as requiring licensure of a security guard as that term is defined in section 626.88, subdivision 1, clause (c).

Sec. 5. [626.862] [POWERS OF LAW ENFORCEMENT OFFICERS.]

Except as specifically provided by statute, only a peace officer, constable, and part-time peace officer may:

(1) issue a citation in lieu of arrest or continued detention unless specifically authorized by ordinance;

(2) ask a person receiving a citation to give a written promise to appear in court; or

(3) take a person into custody as permitted by section 629.34.

Sec. 6. [626.863] [UNAUTHORIZED PRACTICE.]

(a) A person who is not a peace officer, constable, or part-time peace officer is guilty of a misdemeanor if the person: (1) makes a representation of being a peace officer, constable, or part-time peace officer, or (2) performs or attempts to perform an act, duty, or responsibility reserved by law for licensed peace officers, constables, and part-time peace officers.

(b) The board shall designate the appropriate law enforcement agency to investigate violations of this section. The attorney general shall prosecute violations of this section."

Delete the title and insert:

"A bill for an act relating to peace officers; requiring licensure as a prerequisite to exercising the authority of a peace officer; prohibiting persons from misrepresenting themselves as peace officers or part-time peace officers; prescribing penalties; amending Minnesota Statutes 1986, sections

169.98, by adding subdivisions; 367.41, subdivision 1; and 626.84; proposing coding for new law in Minnesota Statutes, chapter 626."

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

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

H.F. No. 542: A bill for an act relating to transportation; providing an alternative procedure to record town roads; proposing coding for new law in Minnesota Statutes, chapter 164.

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

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

H.F. No. 713: A bill for an act relating to Minnesota Statutes; correcting erroneous, ambiguous, omitted, and obsolete references and text; eliminating certain redundant, conflicting, and superseded provisions; providing instructions to the revisor; amending Minnesota Statutes 1986, sections 1.135, subdivision 3; 8.31, subdivision 1; 13.43, subdivision 6; 14.02, subdivision 4; 15.61; 17.59, subdivision 5; 17A.04, subdivision 1; 28A.15, subdivision 4; 38.27, subdivision 3; 41A.05, subdivision 2; 48.13, subdivision 2; 48.26; 49.01, subdivision 3; 49.44; 60A.17, subdivision 12; 64B.18; 72A.41, subdivision 1; 79.38, subdivision 1; 84A.08; 97A.021, subdivision 2; 97A.065, subdivision 4; 97A.205; 97A.441, subdivision 5; 97A.445, subdivision 3; 97A.465, subdivision 4; 97A.501, subdivision 2; 97A.545, subdivision 4; 97B.315; 97B.921; 97B.925; 115A.07, subdivision 1; 115A.12, subdivision 1; 115A.14, subdivision 5; 115A.162; 116C.57, subdivision 3; 116E.03, subdivision 9; 116J.72; 120.17, subdivision 5a; 121.904, subdivisions 11a and 11b; 122.541, subdivision 2; 124.01, subdivision 1; 124.195, subdivisions 8 and 9; 124.2138, subdivisions 3 and 4; 124.32, subdivision 1c; 124.472; 126.39, subdivision 11; 136.44; 136A.04, subdivision 2; 136A.06; 136D.28, subdivision 2; 136D.89, subdivision 2; 147.09; 152.02, subdivision 12; 160.283, subdivision 1; 171.05, subdivision 3; 174.255, subdivisions 1 and 2; 174.29, subdivision 1; 176.83, subdivision 7; 177.24, subdivision 2; 179A.12, subdivision 1; 182.651, subdivision 18; 193.141, subdivision 2; 193.145, subdivision 2; 214.01, subdivision 3; 219.691; 219.692; 219.743; 219.755; 222.61; 241.31, subdivision 2; 243.24, subdivision 2; 246.51, subdivision 1; 246A.02; 246A.11, subdivision 1; 246A.12, subdivisions 1 and 7; 246A.13, subdivision 1; 250.05, subdivision 2; 256.12, subdivision 14; 256.462, subdivision 2; 256B.03, subdivision 2; 257.34, subdivision 1; 260.015, subdivision 3; 260.151, subdivision 1; 268.072, subdivision 6; 271.15; 273.13, subdivision 22; 275.125, subdivisions 6a, 8, and 11c; 278.06; 290.01, subdivision 20b; 295.34, subdivision 1; 296.14, subdivision 4; 297.03, subdivision 3; 297A.06; 297A.25, subdivision 10; 308.341; 317.03; 317.65, subdivision 6; 319A.03; 319A.05; 319A.12, subdivisions 1a and 2; 322A.70; 326.03, subdivision 2; 326.06; 327.18, subdivision 3; 327C.07, subdivision 3a; 349.2121, subdivision 3; 354.05, subdivision 2; 355.311, subdivision 1; 361.26, subdivision 2; 366.095, subdivision 1; 378.43, subdivision 1; 383A.404, subdivision 7; 383B.035, subdivision 1; 383B.237; 383C.76; 386.71; 393.13, subdivision 1; 412.381; 412.501; 447.42, subdivision 2; 453.53, subdivision 3; 458A.03, subdivision 8; 458C.17; 462.601; 462.605;

462A.04, subdivision 8; 462A.05, subdivision 18; 462A.20, subdivision 3; 462C.04, subdivision 2; 462C.12, subdivision 2; 471.467, subdivision 1; 471.74, subdivision 2; 471.993, subdivision 1; 471A.03, subdivision 2; 473.149, subdivision 4; 473.181, subdivision 3; 473.811, subdivisions 6, 7, 8, and 9; 473F06; 473F07, subdivision 1; 473F09; 474A.09; 604.06; 609.53, subdivisions 1 and 1a; 609.687, subdivision 4; 611.14; 626A.05, subdivision 2; 645.02; amending Laws 1982, chapter 523, article 30, section 4, subdivision 1; and Laws 1986, chapter 399, article 1, section 17; repealing Minnesota Statutes 1986, sections 193.145, subdivision 3; and 325D.69, subdivision 1; repealing Laws 1986, chapter 463, section 3; and Laws 1986, First Special Session chapter 3, article 1, section 84.

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

Page 39, after line 24, insert:

"Sec. 54. Minnesota Statutes 1986, section 176.011, subdivision 9, is amended to read:

Subd. 9. [EMPLOYEE.] "Employee" means any person who performs services for another for hire including the following:

(1) an alien;

(2) a minor;

(3) a sheriff, deputy sheriff, constable, marshal, police officer, firefighter, county highway engineer, and peace officer while engaged in the enforcement of peace or in the pursuit or capture of ~~any~~ a person charged with or suspected of crime ~~and any~~;

a person requested or commanded to aid an officer in arresting ~~any person~~, or in retaking ~~any~~ a person who has escaped from lawful custody, or in executing ~~any~~ legal process, in which ~~ease cases~~, for purposes of calculating compensation payable under this chapter, the daily wage of the person requested or commanded to assist an officer or to execute a legal process shall be the prevailing wage for similar services where the services are performed by paid employees;

(4) a county assessor;

(5) an elected or appointed official of the state, or of ~~any~~ a county, city, town, school district or governmental subdivision in ~~it~~ the state. An officer of a political subdivision elected or appointed for a regular term of office, or to complete the unexpired portion of a regular term, shall be included only after the governing body of the political subdivision has adopted an ordinance or resolution to that effect;

(6) an executive officer of a corporation, except an officer of a family farm corporation as defined in section 500.24, subdivision 1, clause (c), or an executive officer of a closely held corporation who is referred to in section 176.012;

(7) a voluntary uncompensated worker, other than an inmate, rendering services in state institutions under the ~~commissioner~~ commissioners of human services and state institutions under the ~~commissioner~~ of corrections similar to those of officers and employees of ~~these~~ the institutions, and whose services have been accepted or contracted for by the commissioner of human services or the ~~commissioner~~ of corrections as authorized by law; ~~shall be employees~~. In the event of injury or death of the ~~voluntary~~

uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services in institutions where the services are performed by paid employees;

(8) a voluntary uncompensated worker engaged in peace time in the civil defense program when ordered to training or other duty by the state or any political subdivision of it; ~~shall be an employee~~. The daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services ~~where the services are performed by paid employees~~;

(9) a voluntary uncompensated worker participating in a program established by a county welfare board ~~shall be an employee~~. In the event of injury or death of the ~~voluntary uncompensated~~ worker, the wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid in the county at the time of the injury or death for similar services ~~where the services are performed by paid employees working a normal day and week~~;

(10) a voluntary uncompensated worker accepted by the commissioner of natural resources who is rendering services as a volunteer pursuant to section 84.089 ~~shall be an employee~~. The daily wage of the worker for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of injury or death for similar services ~~where the services are performed by paid employees~~;

(11) a member of the military forces, as defined in section 190.05, while in state active service, as defined in section 190.05, subdivision 5a. The daily wage of the member for the purpose of calculating compensation payable under this chapter shall be based on the member's usual earnings in civil life. If there is no evidence of previous occupation or earning, the trier of fact shall consider the member's earnings as a member of the military forces;

(12) a voluntary uncompensated worker, accepted by the director of the Minnesota historical society, rendering services as a volunteer, pursuant to chapter 138, ~~shall be an employee~~. The daily wage of the worker, for the purposes of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of injury or death for similar services ~~where the services are performed by paid employees~~;

(13) a voluntary uncompensated worker, other than a student, who renders services at the Minnesota ~~School state academy~~ for the deaf or the Minnesota ~~Braille and Sight-Saving School state academy for the blind~~, and whose services have been accepted or contracted for by the state board of education, as authorized by law, ~~shall be an employee~~. In the event of injury or death of the ~~voluntary uncompensated~~ worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services ~~performed in institutions where the services are performed by paid employees~~;

(14) a voluntary uncompensated worker, other than a resident of the veterans home, who renders services at a Minnesota veterans home, and whose services have been accepted or contracted for by the commissioner of veterans affairs, as authorized by law, ~~is an employee~~. In the event of injury or death of the ~~voluntary uncompensated~~ worker, the daily wage of

the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services performed in institutions where the services are performed by paid employees;

(15) a worker who renders in-home attendant care services to a physically handicapped person, and who is paid directly by the commissioner of human services for these services, shall be an employee of the state within the meaning of this subdivision, but for no other purpose;

(16) ~~those~~ students enrolled in and regularly attending the medical school of the University of Minnesota, ~~whether in the graduate school program or the post-graduate program, notwithstanding that.~~ The students shall not be considered employees for any other purpose. In the event of the student's injury or death, the weekly wage of the student for the purpose of calculating compensation payable under this chapter, shall be the annualized educational stipend awarded to the student, divided by 52 weeks. The institution in which the student is enrolled shall be considered the "employer" for the limited purpose of determining responsibility for paying benefits payable under this chapter;

(17) a faculty member of the University of Minnesota employed for ~~the current~~ an academic year is also an employee for the period between that academic year and the succeeding academic year if:

(a) the ~~faculty~~ member has a contract or reasonable assurance of a contract from the University of Minnesota for the succeeding academic year; and

(b) the personal injury for which compensation is sought arises out of and in the course of activities related to the faculty member's employment by the University of Minnesota; and

(18) a worker who performs volunteer ambulance driver or attendant services is an employee of the political subdivision, nonprofit hospital, nonprofit corporation, or other entity for which the worker performs the services. The daily wage of the worker for the purpose of calculating compensation payable under this chapter ~~is shall be~~ the usual going wage paid at the time of injury or death for similar services ~~if the services are performed by paid employees; and~~

(19) a voluntary uncompensated worker, accepted by the commissioner of administration, rendering services as a volunteer at the department of administration. In the event of injury or death of the ~~voluntary uncompensated~~ worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services performed in institutions where the services were performed by paid employees.

~~In the event~~ If it is difficult to determine the daily wage as provided in this subdivision, ~~then~~ the trier of fact may determine the wage upon which the compensation is payable.

Sec. 55. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor shall substitute "Minnesota state academy for the blind" and Minnesota state academy for the deaf" for the former names of those institutions whenever they appear.

Sec. 56. Minnesota Statutes 1986, section 282.08, is amended to read:
282.08 [APPORTIONMENT OF PROCEEDS.]

The net proceeds from the sale or rental of any parcel of forfeited land, or from the sale of any products therefrom, shall be apportioned by the county auditor to the taxing districts interested therein, as follows:

(1) Such portion as may be required to pay any amounts included in the appraised value under section 282.01, subdivision 3, as representing increased value due to any public improvement made after forfeiture of such parcel to the state, but not exceeding the amount certified by the clerk of the municipality, shall be apportioned to the municipal subdivision entitled thereto;

(2) Such portion of the remainder as may be required to discharge any special assessment chargeable against such parcel for drainage or other purpose whether due or deferred at the time of forfeiture, shall be apportioned to the municipal subdivision entitled thereto; and

(3) Any balance shall be apportioned as follows:

(a) Any county board may annually by resolution set aside no more than 30 percent of the receipts remaining to be used for timber development on tax-forfeited land and dedicated memorial forests, to be expended under the supervision of the county board. It shall be expended only on projects approved by the commissioner of natural resources.

(b) Any county board may annually by resolution set aside no more than 20 percent of the receipts remaining to be used for the acquisition and maintenance of county parks or recreational areas as defined in sections 398.31 to 398.36, to be expended under the supervision of the county board.

(c) If the board does not avail itself of the authority under paragraph (a) or (b) any balance remaining shall be apportioned as follows: county, 40 percent; town or city, 20 percent; and school district, 40 percent, and if the board avails itself of the authority under paragraph (a) or (b) the balance remaining shall be apportioned among the county, town or city, and school district in the proportions in this paragraph above stated, provided, however, that in unorganized territory that portion which should have accrued to the township shall be administered by the county board of commissioners."

Amend the memorandum of explanation as follows:

Page 8, after line 36, insert:

"Secs. 54 and 55. *Explanation.* The names of the Minnesota state academy for the deaf and Minnesota state academy for the blind are corrected in clause (13) of section 54. Section 55 instructs the revisor to make similar changes throughout Minnesota Statutes. Other changes in section 54 are style changes suggested by a member.

Sec. 56. *Explanation.* The added phrase was inserted by Laws 1949, chapter 27, and overlooked by Laws 1949, chapter 401, and later amendments. It is necessary for consistency and sense."

Amend the title as follows:

Page 1, line 29, after the second semicolon, insert "176.011, subdivision 9;"

Page 1, line 42, after "278.06;" insert "282.08;"

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

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

H.F. No. 466 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
466	1372				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 466 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 466 and insert the language after the enacting clause of S.F. No. 1372, the first engrossment; further, delete the title of H.F. No. 466 and insert the title of S.F. No. 1372, the first engrossment.

And when so amended H.F. No. 466 will be identical to S.F. No. 1372, and further recommends that H.F. No. 466 be given its second reading and substituted for S.F. No. 1372, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 487 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
487	710				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 487 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 487 and insert the language after the enacting clause of S.F. No. 710, the first engrossment; further, delete the title of H.F. No. 487 and insert the title of S.F. No. 710, the first engrossment.

And when so amended H.F. No. 487 will be identical to S.F. No. 710, and further recommends that H.F. No. 487 be given its second reading and substituted for S.F. No. 710, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 490 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
490	1101				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 490 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 490 and insert the language after the enacting clause of S.F. No. 1101, the first engrossment; further, delete the title of H.F. No. 490 and insert the title of S.F. No. 1101, the first engrossment.

And when so amended H.F. No. 490 will be identical to S.F. No. 1101, and further recommends that H.F. No. 490 be given its second reading and substituted for S.F. No. 1101, and that the Senate File be indefinitely postponed.

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

SECOND READING OF SENATE BILLS

S.F. Nos. 90, 421, 1156, 1321, 953, 868, 992, 1250, 818, 882, 677, 1351 and 1199 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 3, 590, 816, 690, 470, 427, 308, 147, 151, 1024, 375, 270, 542, 713, 466, 487 and 490 were read the second time.

MOTIONS AND RESOLUTIONS

Ms. Berglin moved that the name of Mr. Chmielewski be added as a co-author to S.F. No. 787. The motion prevailed.

Mr. Brandl moved that his name be stricken as a co-author to S.F. No. 797. The motion prevailed.

Ms. Peterson, D.C. moved that the name of Mr. Pogemiller be added as a co-author to S.F. No. 1156. The motion prevailed.

Mr. Chmielewski moved that the name of Mr. Pehler be added as a co-author to S.F. No. 1161. The motion prevailed.

Ms. Berglin moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1237. The motion prevailed.

Ms. Berglin moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1296. The motion prevailed.

Mr. Purfeerst moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1370. The motion prevailed.

Mr. Pogemiller moved that the name of Mr. Merriam be added as a co-

author to S.F. No. 1468. The motion prevailed.

Mr. Lessard moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1507. The motion prevailed.

Messrs. Merriam and Dahl introduced—

Senate Resolution No. 63: A Senate resolution commending the Coon Rapids Angelettes Dance Group for its participation in the International Youth Culture Exchange Program.

Referred to the Committee on Rules and Administration.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the Calendar. The motion prevailed.

CALENDAR

H.F. No. 510: A bill for an act relating to Dakota county; providing for the creation, organization, powers, and duties of a personnel system; proposing coding for new law as Minnesota Statutes, chapter 383D.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Davis	Jude	Moe, R.D.	Renneke
Beckman	Dicklich	Knaak	Morse	Schmitz
Belanger	Diessner	Kroening	Novak	Spear
Benson	Frank	Langseth	Olson	Storm
Berg	Frederick	Larson	Pehler	Stumpf
Berglin	Frederickson, D.J.	Lessard	Peterson, D.C.	Taylor
Bertram	Frederickson, D.R.	Luther	Peterson, R.W.	Vickerman
Brandl	Freeman	Marty	Piper	Waldorf
Brataas	Gustafson	McQuaid	Pogemiller	Wegscheid
Chmielewski	Hughes	Mehrken	Purfeerst	Willet
Cohen	Johnson, D.E.	Merriam	Ramstad	
Dahl	Johnson, D.J.	Metzen	Reichgott	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the Consent Calendar. The motion prevailed.

CONSENT CALENDAR

S.F. No. 473: A bill for an act relating to health; requiring the commissioner of health to transmit the major reports on human health effects of low-level ionizing radiation.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Jude	Metzen	Reichgott
Anderson	Dicklich	Knaak	Moe, R.D.	Renneke
Beckman	Diessner	Kroening	Morse	Schmitz
Belanger	Frank	Langseth	Novak	Spear
Berg	Frederick	Lantry	Olson	Storm
Berglin	Frederickson, D.J.	Larson	Pehler	Stumpf
Bertram	Frederickson, D.R.	Lessard	Peterson, D.C.	Vickerman
Brandl	Freeman	Luther	Peterson, R.W.	Waldorf
Brataas	Gustafson	Marty	Piper	Wegscheid
Chmielewski	Hughes	McQuaid	Pogemiller	Willet
Cohen	Johnson, D.E.	Mehrkens	Purfeerst	
Dahl	Johnson, D.J.	Merriam	Ramstad	

So the bill passed and its title was agreed to.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the General Orders Calendar. The motion prevailed.

GENERAL ORDERS

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

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

S.F. Nos. 225, 183, 1183, 897, 1072, 1152, 1114, 751, 1078, 461, 1053, 764, 948, 605, 79, 607, 833 and H.F. Nos. 29 and 1009, which the committee recommends to pass.

H.F. No. 823, which the committee recommends to pass with the following amendment offered by Mr. Wegscheid:

Amend H.F. No. 823, as amended pursuant to Rule 49, adopted by the Senate April 20, 1987, as follows:

(The text of the amended House File is identical to S.F. No. 701.)

Page 2, line 34, before "*reason*" insert "*truthful*"

Page 3, line 17, after "*penalty*" insert "*of \$25 per day per injured employee*"

The motion prevailed. So the amendment was adopted.

H.F. No. 755, which the committee reports progress, subject to the following motion:

Mr. Metzen moved to amend H.F. No. 755, as amended pursuant to Rule 49, adopted by the Senate April 15, 1987, as follows:

(The text of the amended House File is identical to S.F. No. 904.)

Page 1, line 11, before "*Metropolitan*" insert "*For purposes of this section,*"

Page 1, line 14, delete "*means a statutory*"

Page 1, delete line 15 and insert "*has the meaning provided by section 462.352, subdivision 2.*"

Page 1, line 16, delete "*Any*" and insert "*A*"

Page 1, line 17, delete "*which*" and insert "*that*"

Page 1, line 22, delete "*Any*" and insert "*An*"

Page 1, line 25, delete "*pursuant to*" and insert "*under*"

The motion prevailed. So the amendment was adopted.

H.F. No. 755 was then progressed.

S.F. No. 1031, which the committee recommends to pass with the following amendment offered by Mr. Wegscheid:

Page 1, line 10, before the period, insert "*to be effective until January 15, 1988*"

The motion prevailed. So the amendment was adopted.

S.F. No. 353, which the committee recommends to pass with the following amendment offered by Mr. Jude:

Page 1, after line 9, insert:

"Section 1. Minnesota Statutes 1986, section 112.53, subdivision 2, is amended to read:

Subd. 2. [MAILING.] (a) The managers shall give notice by mail, within one week after the beginning of publication, to the director and to each person, corporation, and public body that owns property benefited or damaged by the proposed improvement as shown by the engineers and appraisers report. The notice shall contain a brief description of the proposed improvement and state: that the engineer's and appraisers' report are on file with the managers and available for public inspection; the time and place of hearing; and that the addressee's name appears as an affected party.

(b) For property located within a metropolitan county as defined in section 473.121, subdivision 4, the notice must also include:

- (1) the amount to be specially assessed against the property;
- (2) the right of the property owner to prepay the entire assessment and to whom prepayment must be made;
- (3) whether partial prepayment of the assessment is authorized;
- (4) the time within which prepayment may be made without interest being charged; and
- (5) the rate of interest to be charged if the assessment is not prepaid within the required time period."

Renumber the sections in sequence

Correct the internal references

Amend the title as follows:

Page 1, line 3, after "plans;" insert "relating to notice procedures in certain counties;"

Page 1, line 4, after "sections" insert "112.53, subdivision 2;"

The motion prevailed. So the amendment was adopted.

S.F. No. 604, which the committee recommends to pass with the following amendment offered by Mr. Berg:

✓ Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 10A.01, subdivision 15, is amended to read:

Subd. 15. "Political committee" means any association as defined in subdivision 3 whose major purpose is to influence the nomination or election of a candidate or to promote or defeat a ballot question.

Except for section 2, "political committee" includes a major political party as defined in subdivision 12, a minor political party as defined in subdivision 13, and any principal campaign committee formed pursuant to section 10A.19.

Sec. 2. [10A.065] [CONTRIBUTIONS AND SOLICITATIONS DURING LEGISLATIVE SESSION.]

Subdivision 1. [REGISTERED LOBBYIST CONTRIBUTIONS; REGULATION.] A registered lobbyist, political committee, or political fund may not make a contribution to a candidate for: (1) the state legislature; or (2) a state constitutional office, or to the candidate's principal campaign committee during a regular session of the legislature.

Subd. 2. [SOLICITATION PROHIBITED.] A candidate for: (1) the state legislature; or (2) a state constitutional office, or the candidate's principal campaign committee may not knowingly solicit a registered lobbyist, political committee, or political fund for a contribution during a regular session of the legislature.

Subd. 3. [PENALTY.] A candidate, registered lobbyist, political committee, or political fund that violates this section is subject to a civil fine of up to \$500. If the state ethical practices board makes a public finding that there is probable cause to believe a violation of this section has occurred, the board shall bring an action, or transmit the finding to a county attorney who shall bring an action, in the district court of Ramsey county, to impose a civil fine as prescribed by the board. Fines paid under this section must be deposited in the general fund in the state treasury."

Delete the title and insert:

"A bill for an act relating to elections; regulating lobbyist and candidate activities and contributions; amending Minnesota Statutes 1986, section 10A.01, subdivision 15; proposing coding for new law in Minnesota Statutes, chapter 10A."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 32 and nays 30, as follows:

Those who voted in the affirmative were:

Anderson	Dahl	Knaak	Moe, D.M.	Reichgott
Belanger	Davis	Laidig	Olson	Renneke
Benson	DeCramer	Lantry	Pehler	Storm
Berg	Frederick	Larson	Peterson, D.C.	Taylor
Berglin	Frederickson, D.R.	McQuaid	Peterson, R.W.	
Brataas	Gustafson	Mehrkens	Pogemiller	
Cohen	Johnson, D.E.	Merriam	Ramstad	

Those who voted in the negative were:

Adkins	Frank	Langseth	Novak	Spear
Beckman	Frederickson, D.J.	Lessard	Piper	Stumpf
Bertram	Freeman	Luther	Purfeerst	Vickerman
Chmielewski	Johnson, D.J.	Marty	Samuelson	Waldorf
Dicklich	Jude	Metzen	Sammitz	Wegscheid
Diessner	Kroening	Morse	Solom	Willett

The motion prevailed. So the amendment was adopted.

Mr. Freeman moved to amend the Berg amendment to S.F. No. 604, adopted by the Senate April 29, 1987, as follows:

Page 1, after line 12, insert:

"Sec. 2. Minnesota Statutes 1986, section 10A.04, subdivision 2, is amended to read:

Subd. 2. Each report shall cover the time from the last day of the period covered by the last report to 15 days prior to the current filing date. The reports shall be filed with the board by the following dates:

- (a) January ~~15~~ 30;
- (b) ~~April~~ March 15;
- (c) May 15;
- ~~(e)~~ (d) July 15; and
- ~~(d)~~ (e) October 15.

Sec. 3. Minnesota Statutes 1986, section 10A.04, subdivision 4, is amended to read:

Subd. 4. The report shall include such information as the board may require from the registration form and the following information for the reporting period:

(a) The lobbyist's total disbursements on lobbying and a breakdown of those disbursements into categories specified by the board, including but not limited to the cost of publication and distribution of each publication used in lobbying; other printing; media, including the cost of production; postage; travel; fees, including allowances; entertainment; telephone and telegraph; and other expenses;

(b) The amount and nature of each honorarium, gift, loan, item or benefit, excluding contributions to a candidate, equal in value to \$50 or more, given or paid to any public official by the lobbyist or any employer or any employee of the lobbyist. The list shall include the name and address of each public official to whom the honorarium, gift, loan, item or benefit was given or paid and the date it was given or paid; ~~and~~

(c) Each original source of funds in excess of \$500 in any year used for the purpose of lobbying. The list shall include the name, address and employer, or, if self-employed, the occupation and principal place of business, of each payer of funds in excess of \$500; *and*

(d) The lobbyist's expenses, by client, of \$500 or more for the client."

Renumber the sections in sequence

Correct the internal references

Amend the title amendment accordingly

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

Mr. Benson moved to amend the Berg amendment to S.F. No. 604, adopted by the Senate April 29, 1987, as follows:

\ Page 2, after line 12, insert:

"Sec. 5. Minnesota Statutes 1986, section 10A.15, is amended by adding a subdivision to read:

Subd. 3b. Contributions to a candidate or principal campaign committee by individual members of a political fund or political committee which are solicited by the political fund shall be reported as attributable to the political fund and count toward the contribution limits on that fund specified in section 10A.27, if the political fund was organized to direct the contributions and expenditures of its members, as well as to influence the nomination or election of a candidate."

Amend the title amendment accordingly

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

The roll was called, and there were yeas 58 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Laidig	Novak	Schmitz
Anderson	Davis	Langseth	Olson	Solon
Beckman	DeCramer	Lantry	Pehler	Spear
Belanger	Diessner	Larson	Peterson, D.C.	Storm
Benson	Frank	Lessard	Peterson, R.W.	Stumpf
Berg	Frederick	Luther	Piper	Taylor
Berglin	Frederickson, D.J.	Marty	Pogemiller	Vickerman
Bertram	Freeman	McQuaid	Purfeerst	Waldorf
Brandl	Johnson, D.E.	Mehrkens	Ramstad	Wegscheid
Brataas	Jude	Metzen	Reichgott	Willet
Chmielewski	Knaak	Moe, D.M.	Renneke	
Cohen	Kroening	Morse	Samuelson	

Mr. Gustafson voted in the negative.

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

Mr. Waldorf moved to amend the Berg amendment to S.F. No. 604, adopted by the Senate April 29, 1987, as follows:

Page 1, after line 20, insert:

"Subd. 1a. [REGISTERED LOBBYIST ACTIONS; PROHIBITION.] A registered lobbyist may not give, provide, or pay the expenses of giving or providing food, liquor, entertainment, or other thing of monetary value to a candidate for: (1) the state legislature; or (2) a state constitutional office during a regular session of the legislature."

Mr. Frederick moved to amend the Waldorf amendment to S.F. No. 604 as follows:

Page 1, line 7, after "to" insert ": (1)" and after "a" insert "member of or" and delete ": (1)"

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

The roll was called, and there were yeas 52 and nays 4, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Kroening	Morse	Schmitz
Anderson	DeCramer	Laidig	Olson	Solon
Beckman	Diessner	Langseth	Pehler	Spear
Belanger	Frank	Larson	Peterson, D.C.	Storm
Benson	Frederick	Lessard	Peterson, R.W.	Taylor
Berglin	Frederickson, D.J.	Luther	Piper	Vickerman
Bertram	Freeman	Marty	Purfeerst	Waldorf
Brataas	Gustafson	McQuaid	Ramstad	Willet
Chmielewski	Johnson, D.E.	Mehrkins	Reichgott	
Cohen	Jude	Metzen	Renneke	
Dahl	Knaak	Moe, D.M.	Samuelson	

Messrs. Berg, Brandl, Mrs. Lantry and Mr. Merriam voted in the negative.

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

The question recurred on the Waldorf amendment, as amended.

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

Mr. Willet moved to amend the Berg amendment to S.F. No. 604, adopted by the Senate April 29, 1987, as follows:

Page 2, after line 2, insert:

"Subd. 2a. [ASSOCIATION ACTIVITIES.] An association may not knowingly invite a candidate for: the state legislature or a state constitutional office to an activity or function sponsored by the association during a regular session of the legislature. A candidate for: the state legislature or a state constitutional office may not attend an activity or function sponsored by an association during a regular session of the legislature."

Amend the title amendment accordingly

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

The roll was called, and there were yeas 18 and nays 30, as follows:

Those who voted in the affirmative were:

Adkins	Frederickson, D.J.	Piper	Solon	Wegscheid
Beckman	Johnson, D.J.	Purfeerst	Stumpf	Willet
Dicklich	Kroening	Samuelson	Vickerman	
Frank	Metzen	Schmitz	Waldorf	

Those who voted in the negative were:

Berg	Cohen	Knaak	Merriam	Peterson, R.W.
Berglin	Dahl	Langseth	Moe, D.M.	Pogemiller
Bertram	Davis	Lantry	Morse	Ramstad
Brandl	DeCramer	Lessard	Olson	Reichgott
Brataas	Freeman	Luther	Pehler	Spear
Chmielewski	Jude	Marty	Peterson, D.C.	Taylor

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

Mr. Freeman moved to amend the Berg amendment to S.F. No. 604, adopted by the Senate April 29, 1987, as follows:

Page 1, after line 12, insert:

"Sec. 4. [10A.045] [LIMIT ON CONTRIBUTIONS.]

The total contributions by a person or a principal campaign committee to candidates for the legislature or legislators and a candidate for a con-

stitutional office or constitutional officers must not be more than \$2,500 each calendar year."

Renumber the sections in sequence

Correct the internal references

Amend the title amendment accordingly

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

The question was taken on the recommendation to pass S.F. No. 604.

The roll was called, and there were yeas 55 and nays 8, as follows:

Those who voted in the affirmative were:

Anderson	Dahl	Johnson, D.J.	McQuaid	Pogemiller
Beckman	Davis	Jude	Mehrkens	Ramstad
Belanger	DeCramer	Knaak	Merriam	Reichgott
Benson	Diessner	Kroening	Metzen	Renneke
Berg	Frank	Laidig	Moe, D.M.	Samuelson
Berglin	Frederick	Langseth	Morse	Storm
Bertram	Frederickson, D.J.	Lantry	Olson	Stumpf
Brandl	Frederickson, D.R.	Larson	Pehler	Taylor
Brataas	Freeman	Lessard	Peterson, D.C.	Vickerman
Chmielewski	Gustafson	Luther	Peterson, R.W.	Waldorf
Cohen	Johnson, D.E.	Marty	Piper	Wegscheid

Those who voted in the negative were:

Adkins	Novak	Schmitz	Spear	Willet
Dicklich	Purfeerst	Solon		

The motion prevailed. So S.F. No. 604 was recommended to pass.

S.F. No. 598, which the committee recommends to pass with the following amendment offered by Ms. Berglin:

Pages 1 and 2, delete section 1 and insert:

"Section 1. Laws 1984, chapter 654, article 5, section 57, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTED CONSTRUCTION OR MODIFICATION.] ~~Until Through June 30, 1987~~ 1990, the following construction or modification may not be commenced:

(1) any erection, building, alteration, reconstruction, modernization, improvement, extension, lease, or other acquisition by or on behalf of a hospital that increases the bed capacity of a hospital, relocates hospital beds from one physical facility, complex, or site to another, or otherwise results in an increase or redistribution of hospital beds within the state; and

(2) the establishment of a new hospital.

This section does not apply to:

(1) *construction or relocation within a county by a hospital, clinic, or other health care facility that is a national referral center engaged in substantial programs of patient care, medical research, and medical education meeting state and national needs that receives more than 40 percent of its patients from outside the state of Minnesota;*

(2) a project for construction or modification for which a health care facility held an approved certificate of need on May 1, 1984, regardless

of the date of expiration of the certificate;

(3) a project for which a certificate of need was denied prior to the date of enactment of this act if a timely appeal results in an order reversing the denial; or

(4) a project exempted from certificate of need requirements by Laws 1981, chapter 200, section 2-;

(5) a project involving consolidation of pediatric specialty hospital services within the Minneapolis-St. Paul metropolitan area that would not result in a net increase in the number of pediatric specialty hospital beds among the hospitals being consolidated;

(6) a project involving the temporary relocation of pediatric-orthopedic hospital beds to an existing licensed hospital that will allow for the reconstruction of a new philanthropic, pediatric-orthopedic hospital on an existing site and that will not result in a net increase in the number of hospital beds. Upon completion of the reconstruction, the licenses of both hospitals must be reinstated at the capacity that existed on each site prior to the relocation;

Nothing in this section prohibits (7) the relocation or redistribution of hospital beds within a hospital building or identifiable complex of buildings provided the relocation or redistribution does not result in: ~~(1)~~ (i) an increase in the overall bed capacity at that site; ~~(2)~~ (ii) relocation of hospital beds from one physical site or complex to another; or ~~(3)~~ (iii) redistribution of hospital beds within the state or a region of the state; or

(8) relocation or redistribution of hospital beds within a hospital corporate system that involves the transfer of beds from a closed facility site or complex to an existing site or complex provided that: (i) no more than 50 percent of the capacity of the closed facility is transferred; (ii) the capacity of the site or complex to which the beds are transferred does not increase by more than 50 percent; (iii) the beds are not transferred outside of a federal health systems agency boundary in place on July 1, 1983; and (iv) the relocation or redistribution does not involve the construction of a new hospital building."

Amend the title as follows:

Page 1, line 2, after "extending" insert "and creating exceptions to"

The motion prevailed. So the amendment was adopted.

S.F. No. 1237, which the committee recommends to pass with the following amendment offered by Ms. Berglin:

Page 1, line 15, delete everything after "must"

Page 1, delete line 16 and insert "not allow the coverage to lapse without notifying the covered employee of the lapse."

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, delete line 3

Page 1, line 4, after "a" insert "lapse or"

The motion prevailed. So the amendment was adopted.

S.F. No. 823, which the committee recommends to pass with the following

amendment offered by Mr. Solon:

Page 1, line 8, delete "CITY OF DULUTH;"

Page 1, delete section 2

Amend the title as follows:

Page 1, line 2, delete "the city of Duluth" and insert "banking"

The motion prevailed. So the amendment was adopted.

S.F. No. 1092, which the committee recommends to pass with the following amendment offered by Mr. Willet:

Page 1, line 14, delete everything after "means"

Page 1, line 15, delete everything before "of" and insert "the drainage basin"

Page 2, line 1, delete "in excess of" and insert "of more than"

Page 2, line 11, delete "No" and insert "(a) Except as provided in paragraph (b), a"

Page 2, lines 12 and 23, delete "nor any" and insert "or a"

Page 2, line 14, delete "in excess of" and insert "of more than"

Page 2, line 15, delete "any" and insert "a" and delete "shall" and insert "may not" and after "after" insert a colon

Page 2, after line 19, insert:

"(b) Legislative approval under paragraph (a), clause (2), is not required for a consumptive use in excess of 2,000,000 gallons per day average in a 30-day period for:

(1) a domestic water supply, excluding industrial and commercial uses of a municipal water supply; and

(2) agricultural irrigation and processing of agricultural products."

Page 2, line 22, delete "No" and insert "A"

Page 2, line 27, delete "in excess of" and insert "more than"

Page 2, line 28, delete "any" and insert "a" and delete "shall" and insert "may not"

Page 2, line 29, after "until" insert "after"

Page 3, line 11, delete "any" and insert "a"

Page 3, line 30, delete "in excess of" and insert "of more than" and delete "any" and insert "a"

Page 3, line 32, delete "in excess of" and insert "of more than"

Page 3, line 33, delete "any" and insert "a"

Page 3, after line 33, insert:

"Sec. 7. [APPLICABILITY.]

Sections 3, 4, and 5 apply to permits for consumptive uses and diversions that were not allowed by permit before the effective date of this act."

The motion prevailed. So the amendment was adopted.

S.F. No. 385, which the committee recommends to pass with the following amendment offered by Mr. Merriam:

Page 2, delete section 2

Page 3, line 29, reinstate the stricken "cougar,"

Page 15, line 27, after "containing" insert "*steel shot or*"

Page 15, line 28, delete "*or steel shot*"

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 830, which the committee recommends to pass, subject to the following motion:

Mr. Willet moved that the amendment made to H.F. No. 830 by the Committee on Rules and Administration in the report adopted April 27, 1987, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

S.F. No. 947, which the committee recommends to pass with the following amendment offered by Ms. Berglin:

Page 2, line 1, delete "*completes*" and insert "*complete*"

The motion prevailed. So the amendment was adopted.

S.F. No. 578, which the committee recommends to pass with the following amendment offered by Ms. Reichgott:

Page 29, line 10, delete "*13*" and insert "*18*"

The motion prevailed. So the amendment was adopted.

S.F. No. 170, which the committee recommends to pass with the following amendment offered by Mr. Pogemiller:

Page 300, line 24, after "issuer" insert "*or state issuer*"

Page 305, line 28, after "*has*" insert "*either*"

Page 305, line 30, after "*years*" insert "*or returned for reallocation all of its unused entitlement allocation*"

Page 307, line 21, after "*returned*" insert "*on or after the first Monday in December and*"

Page 307, line 24, after "*returned*" insert "*on or after the third Monday in December and*"

Page 309, line 27, after "*has*" insert "*either*"

Page 309, line 29, after "*years*" insert "*or returned for reallocation all of its unused entitlement allocation*"

Page 311, line 18, after "*returned*" insert "*on or after the first Monday in December and*"

Page 311, line 21, after "*returned*" insert "*on or after the third Monday in December and*"

Page 312, line 32, delete "*41*" and insert "*40*"

Page 314, lines 8, 12, 24, and 29, delete "41" and insert "40"

Page 315, line 9, delete "41" and insert "40"

Page 318, after line 5, insert:

"Subd. 4. [APPLICATION OF OTHER LAW.] The provisions of sections 32, 35, 36, 37, and 38 apply to the allocations made under this section."

The motion prevailed. So the amendment was adopted.

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

MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Luther moved that the Senate revert to the Orders of Business of Reports of Committees, Second Reading of Senate Bills and Second Reading of House Bills. The motion prevailed.

REPORTS OF COMMITTEES

SUSPENSION OF RULES

Mr. Luther moved that Joint Rule 2.03 be suspended as to S.F. Nos. 1503 and 1203. The motion prevailed.

Mr. Luther moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 187, 777 and reports pertaining to appointments. The motion prevailed.

Mr. Dicklich from the Committee on Public Utilities and Energy, to which was referred

S.F. No. 1191: A bill for an act relating to utilities; providing for expedited hearings by public utilities commission to review adjustments to rates of public utilities and telephone companies due to tax reform act; providing for repeal.

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

Delete everything after the enacting clause and insert:

"Section 1. [ADJUSTMENT TO UTILITY REVENUE REQUIREMENT DUE TO TAX REFORM ACT.]

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

(b) "Public utility" has the meaning given it in section 216B.02, subdivision 4.

(c) "Tax Reform Act" means the Tax Reform Act of 1986, Public Law Number 99-514.

(d) "Telephone company" has the meaning given it in section 237.01, subdivision 2.

Subd. 2. [REFUND.] The public utilities commission may, pursuant to Minnesota Statutes, section 216B.17 or 237.081, order a public utility or

telephone company to adjust its rates retroactive to July 1, 1987, and make necessary refunds to reflect any revenue requirement impact of the Tax Reform Act."

Delete the title and insert:

"A bill for an act relating to utilities; authorizing the public utilities commission to order refunds to reflect the impact of the Tax Reform Act."

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

Mr. Davis from the Committee on Agriculture, to which was referred

S.F. No. 1294: A bill for an act relating to agriculture; providing for reduction of payment adjustment obligations; authorizing principal buy-down for certain loans; establishing a special fund; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 41.

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

Page 3, after line 33, insert:

"Sec. 3. [41.66] [PARTICIPANT-LENDER WITHDRAWAL.]

Subdivision 1. [APPLICATION.] A participant and the participant's lenders may submit a request to the commissioner for complete withdrawal from the program. If approved, the lenders would release the commissioner from any further obligations under the loan guarantee and the commissioner would release the participant from any obligations the participant may have under either section 41.57, subdivision 2, or section 41.56, subdivision 3.

Subd. 2. [APPROVAL DECISION.] The commissioner shall submit all applications to the executive council with a recommendation. A written notification of the executive council's decision must be sent to the participant."

Page 3, line 34, delete "41.66" and insert "41.67"

Page 4, lines 8 and 9, delete "3" and insert "4"

Renumber the sections in sequence

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

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

S.F. No. 1503: A bill for an act relating to transportation; providing increases in taxes on motor vehicles and on gasoline and special fuel; increasing driver license fees; providing for the deposit of receipts from the motor vehicle excise tax; amending Minnesota Statutes 1986, sections 168.013, by adding a subdivision; 171.02, subdivision 3; 171.06, subdivision 2; 296.02, subdivision 1b; 296.025, subdivision 1; and 297B.09, subdivision 2.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 168.013, is amended by

adding a subdivision to read:

Subd. 14a. [INCREASE OF TAX RATE.] All motor vehicle taxes imposed by subdivisions 1a to 1h, including any minimum taxes provided for in those subdivisions, are increased by ten percent.

Sec. 2. Minnesota Statutes 1986, section 171.02, subdivision 3, is amended to read:

Subd. 3. [MOTORIZED BICYCLES.] No motorized bicycle shall be operated on any public roadway by any person who does not possess a valid drivers license, unless the person has obtained a motorized bicycle operator's permit or motorized bicycle instruction permit from the commissioner of public safety. The operator's permit may be issued to any person who has attained the age of 15 years and who has passed the examination prescribed by the commissioner. The instruction permit may be issued to any person who has attained the age of 15 years and who has passed the written portion of the examination prescribed by the commissioner. The commissioner may promulgate rules prescribing the content of the examination and the information to be contained on the permits.

The fees for motorized bicycle operator's permits are as follows:

(a) Examination and operator's permit, valid for one year	\$4 \$8
(b) Duplicate	\$2 \$4
(c) Renewal permit before age 19 and valid until age 19	\$6 \$12
(d) Renewal permit after age 19 and valid for four years	\$10 \$20
(e) Duplicate of any renewal permit	\$3 \$6
(f) Written examination and instruction permit, valid for 30 days	\$4 \$8

Sec. 3. Minnesota Statutes 1986, section 171.06, subdivision 2, is amended to read:

Subd. 2. [FEES.] (a) The fees for a license and Minnesota identification card are as follows:

Classified Driver License ~~C-\$10 B-\$15 C-\$20 B-\$30~~
A-\$20 A-\$40

Classified Provisional D.L. ~~C-\$6 B-\$10 C-\$12 B-\$20~~

Instruction Permit \$4 \$8

Duplicate Driver or Provisional License \$3 \$6

Minnesota identification card, except
as otherwise provided in section 171.07,
subdivisions 3 and 3a \$6 \$12

Sec. 4. [296.015] [GASOLINE AND DIESEL FUEL EXCISE TAX.]

Subdivision 1. [TAX IMPOSED; RATE.] An excise tax is imposed at the rate of six percent on the sale price of gasoline and diesel fuel received for use in motor vehicles when it is received as defined in section 296.01,

subdivision 13, by a distributor as defined in section 296.01, subdivision 7.

Subd. 2. [MONTHLY TAX PAYMENTS; PENALTY.] The fuel excise tax is due and payable not later than the 25th day of the month following the calendar month in which it was incurred, and after that time bears interest at the rate specified in section 296.15, subdivision 1. The commissioner may extend the time for paying the tax without penalty for good cause. The commissioner may recover the fuel excise tax due and unpaid, the interest, and any penalty under the procedures of section 296.15.

Subd. 3. [DISPOSITION OF PROCEEDS.] Proceeds from the tax imposed by this section, plus penalties, and interest must be deposited by the commissioner in the highway user tax distribution fund.

Sec. 5. Minnesota Statutes 1986, section 296.14, subdivision 1, is amended to read:

Subdivision 1. [CONTENTS; PAYMENT OF TAX; SHRINKAGE ALLOWANCE.] On or before the 23rd day of each month, every person who is required to pay gasoline tax, *excise tax on gasoline and diesel fuel*, or inspection fee on petroleum products and every distributor shall file in the office of the commissioner at St. Paul, Minnesota, a report in a manner approved by the commissioner showing the number of gallons of petroleum products received by the reporter during the preceding calendar month, and such other information as the commissioner may require. The number of gallons of gasoline shall be reported in United States standard liquid gallons (231 cubic inches), except that the commissioner may upon written application therefor and for cause shown permit the distributor to report the number of gallons of such gasoline as corrected to a 60 degree Fahrenheit temperature. If such application is granted, all gasoline covered in such application and as allowed by the commissioner must continue to be reported by the distributor on the adjusted basis for a period of one year from the date of the granting of the application. The number of gallons of petroleum products other than gasoline shall be reported as originally invoiced.

Each report shall show separately the number of gallons of aviation gasoline received by the reporter during such calendar month.

Each report shall be accompanied by remittance covering inspection fees on petroleum products, *excise tax on gasoline and diesel fuel*, and gasoline tax on gasoline received by the reporter during the preceding month; provided that in computing such tax a deduction of three percent of the quantity of gasoline received by a distributor shall be made for evaporation and loss; provided further that at the time of remittance the distributor shall submit satisfactory evidence that one-third of such three percent deduction shall have been credited or paid to dealers on quantities sold to them. The report and remittance shall be deemed to have been filed as herein required if postmarked on or before the 23rd day of the month in which payable.

Each report shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

Sec. 6. Minnesota Statutes 1986, section 296.14, subdivision 2, is amended to read:

Subd. 2. [CREDIT OR REFUND OF TAX PAID.] The commissioner shall allow the distributor credit or refund of the tax paid on gasoline, *gasoline and diesel fuel*, and special fuel:

(1) Exported or sold for export from the state, other than in the supply tank of a motor vehicle or of an aircraft;

(2) Sold to the United States government or to any "cost plus a fixed fee" contractor employed by the United States government on any national defense project;

(3) Sold to another licensed distributor;

(4) Destroyed by accident while in the possession of the distributor;

(5) In error;

(6) Sold for storage in an on-farm bulk storage tank, if the tax was not collected on the sale;

(7) In such other cases as the commissioner may permit, not inconsistent with the provisions of this chapter and other laws relating to the gasoline and special fuel excise taxes.

Sec. 7. Minnesota Statutes 1986, section 296.14, subdivision 3, is amended to read:

Subd. 3. [REFUND TO DEALER; DESTRUCTION BY ACCIDENT.] Notwithstanding the provisions of subdivision 2, the commissioner shall allow a dealer a refund of the tax paid on gasoline, *gasoline and diesel fuel*, or special fuel destroyed by accident while in the possession of the dealer.

Sec. 8. Minnesota Statutes 1986, section 297B.09, subdivision 2, is amended to read:

Subd. 2. [HIGHWAY USER TAX DISTRIBUTION FUND AND TRANSIT ASSISTANCE FUND SHARE.] The proceeds collected under this chapter must be deposited in the highway user tax distribution fund and the transit assistance fund for apportionment in the following manner:

(a) None of the proceeds collected before July 1, 1984, or between July 1, 1985, and June 30, 1987, may be credited to either fund.

(b) 18.75 percent of the proceeds collected after June 30, 1984, and before July 1, 1985, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 6.25 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(c) Except as provided in paragraph (f), ~~37.5~~ 7.5 percent of the proceeds collected after June 30, 1987, and before July 1, 1989, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. ~~The remaining 42.5~~ Two and one-half percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(d) Except as provided in paragraph (f), 56.25 percent of the proceeds collected after June 30, 1989, and before July 1, 1991, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 18.75 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(e) Except as provided in paragraph (f), 75 percent of the proceeds collected after June 30, 1991, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 25 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(f) The distributions under paragraphs (c), (d), and (e) to the highway user tax distribution fund shall be reduced by the amount necessary to fund the appropriation under section 41A.09, subdivision 1.

Sec. 9. [PROCEEDS FROM LICENSE FEES.]

Notwithstanding Minnesota Statutes 1986, section 171.26, ten percent of the proceeds from the fees imposed under sections 171.02, subdivision 3, and 171.06, subdivision 2, must be deposited in the state treasury and credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

Sec. 10. [REPEALER.]

Minnesota Statutes 1986, section 163.051, subdivision 5, is repealed.

Sec. 11. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1987, and applies to all applications for renewal of motor vehicle registrations mailed by the commissioner of public safety on and after that date and all applications received by the commissioner of public safety on and after that date for registration of a motor vehicle not previously registered in Minnesota. Sections 2, 3, 8, 9, and 10 are effective July 1, 1987."

Delete the title and insert:

"A bill for an act relating to transportation; providing increases in taxes on motor vehicles; imposing a tax on the receipt of gasoline and diesel fuel; increasing driver license fees; providing for the deposit of receipts from the motor vehicle excise tax; repealing provision requiring reduction in property tax levy by amount of wheelage taxes received by a county; appropriating money; amending Minnesota Statutes 1986, sections 168.013, by adding a subdivision; 171.02, subdivision 3; 171.06, subdivision 2; 296.14, subdivisions 1, 2, and 3; and 297B.09, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 296; repealing Minnesota Statutes 1986, section 163.051, subdivision 5."

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

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

H.F. No. 404: A bill for an act relating to railroads; providing for designation of exempt railroad grade crossings; requiring stop signs at railroad grade crossings; amending Minnesota Statutes 1986, sections 169.28; and 219.20.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 169.28, is amended to

read:

169.28 [CERTAIN VEHICLES TO STOP AT RAILROADS.]

Subdivision 1. [STOP REQUIRED.] The driver of any motor vehicle carrying passengers for hire, or of any school bus whether carrying passengers or not, or of any vehicle carrying explosive substances or flammable liquids, or liquid gas under pressure as a cargo or part of a cargo, before crossing at grade any track or tracks of a railroad, shall stop the vehicle not less than ten feet from the nearest rail of the railroad and while so stopped shall listen and look in both directions along the track for any approaching train, and for signals indicating the approach of a train, except as hereinafter provided, and shall not proceed until safe to do so.

No stop need be made at any crossing where a police officer or a traffic-control signal directs traffic to proceed.

No stop need be made at a crossing on a rail line on which service has been abandoned and where a sign erected in conformance with section 169.06 and bearing the word "Exempt" has been installed, unless directed otherwise by a flagger. The installation or presence of an exempt sign shall not relieve any driver of the duty to use due care.

This section shall not apply at street railway grade crossings within a business or residence district.

A school bus shall not be flagged across railroad grade crossings except at those railroad grade crossings that the local school administrative officer may designate.

Subd. 2. [EXEMPT CROSSINGS.] The commissioner may designate a crossing as an exempt crossing if the crossing is:

(1) on a rail line on which service has been abandoned; or

(2) on a rail line that carries fewer than five trains each year, traveling at speeds of ten miles per hour or less.

The commissioner shall direct the railroad to erect at the crossing signs bearing the word "Exempt" that conform to section 169.06. The installation or presence of an exempt sign does not relieve a driver of the duty to use due care. A train must not proceed across an exempt crossing unless a police officer is present to direct traffic or a railroad employee is on the ground to warn traffic until the train enters the crossing.

A vehicle that must stop at grade crossings under subdivision 1 is not required to stop at a marked exempt crossing unless directed otherwise by a police officer or a railroad employee.

Sec. 2. Minnesota Statutes 1986, section 219.20, is amended to read:

219.20 [STOP SIGNS.]

Subdivision 1. [WHEN INSTALLATION REQUIRED; PROCEDURE.] At each grade crossing where, because of the dangers attendant upon its use, the reasonable protection of life and property makes it necessary for persons approaching the crossing to stop before crossing the railroad tracks, stop signs must be installed. ~~The commissioner may designate a crossing requiring this additional protection~~ When the government entity responsible for a road that crosses a railroad track deems it necessary to install stop signs at that crossing, it shall petition the commissioner to order the installation of the stop signs. The commissioner shall respond to the petition

by investigating the conditions at the crossing to determine whether stop signs should be installed at the crossing. On determining, after an investigation following a petition from a governmental agency or subdivision or on the commissioner's own motion, that stop signs should be installed at a crossing, the commissioner shall designate the crossing as a stop crossing and shall notify the railway company operating the railroad at the crossing of this designation. Within 30 days after notification, the railway company shall erect the uniform stop crossing signs in conspicuous places on each side of the crossing in accordance with the commissioner's order.

Subd. 2. [STOPPING DISTANCES.] When a stop sign has been erected at a railroad crossing, the driver of a vehicle *approaching a railroad crossing* shall stop within 50 feet, but not less than ten feet, from the nearest track of the crossing and shall proceed only upon exercising due care.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

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

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

H.F. No. 813: A bill for an act relating to bicycles; requiring bicycles using a shoulder of a roadway to ride in the same direction as adjacent vehicular traffic; redefining the term roadway; defining the term shoulder; allowing designation of bikeways by resolution or ordinance; adopting additional definitions of bicycle terms; amending Minnesota Statutes 1986, sections 85.016; 160.02, by adding a subdivision; 160.263, subdivisions 2 and 3; 160.264; 160.265; 169.01, subdivisions 31 and 62, and by adding subdivisions; and 169.222, subdivision 4; repealing Minnesota Statutes 1986, section 160.263, subdivision 1.

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

Page 1, line 22, strike "trails" and insert "trail"

Page 1, line 28, strike "bicycle trail" and insert "bikeway"

Page 2, line 1, strike "bicycle trails" and insert "bikeways"

Page 2, line 14, strike "bicyclists" and insert "bicyclist"

Page 2, line 20, delete " "bikeways" are defined" and insert " "bikeway" have the meanings given"

Page 2, line 31, delete "as" and delete "facilities" and insert a period

Page 2, delete lines 32 to 34

Page 2, line 36, delete "or" and insert "and"

Page 3, line 7, strike "(a)" and insert "(1)"

Page 3, line 12, strike the period and insert a semicolon

Page 3, line 13, strike "(b)" and insert "(2)"

Page 3, line 15, strike the period and insert " ; and"

Page 3, line 16, strike "(c)" and insert "(3)"

Page 4, line 24, delete the new language and reinstate the stricken language

Page 6, line 9, delete "the"

Page 6, line 15, delete "which has been" and delete "the"

Page 6, line 23, delete "under the program established" and insert "developed"

Page 6, line 24, delete "in accordance with" and insert "under"

Page 6, line 28, delete "BIKEWAYS" and insert "BIKEWAY" and delete everything after the headnote and insert "'Bikeway' means a bicycle lane,"

Page 6, delete line 29, and insert "bicycle path, or bicycle route, regardless of whether it is"

Page 6, line 30, delete "facilities are" and delete the second "are" and insert "is"

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

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

S.F. No. 1142: A bill for an act relating to local government; permitting the establishment of special service districts; providing taxing and other authority; proposing coding for new law as Minnesota Statutes, chapter 429A.

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

Page 2, lines 16 and 24, after "classified" insert "under section 273.13"

Page 2, line 17, delete "under section 273.13" and insert "zoned or designated on a land use plan for commercial or industrial use"

Page 2, line 24, after "land" insert "zoned or designated on a land use plan for commercial or industrial use"

Page 2, line 25, delete "under section 273.13"

Page 3, line 1, after "in" insert "at least"

Page 3, line 2, delete "a week" and insert "two weeks"

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

Mr. Frank from the Committee on Economic Development and Housing, to which was referred

S.F. No. 1468: A bill for an act relating to state government; creating an international music and communications arts center task force; appropriating money.

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

Delete everything after the enacting clause and insert:

"Section 1. [INTERNATIONAL MUSIC AND COMMUNICATIONS ARTS CENTER TASK FORCE.]

Subdivision 1. [CREATION.] The international music and communications arts center task force is created. The task force is composed of 15 members appointed by the governor, including representatives of:

- (1) the Minnesota recording industry;*
- (2) nonprofit music associations and art associations;*
- (3) the department of energy and economic development, including the office of tourism; and*
- (4) the private sector knowledgeable in real estate development and investment.*

The governor shall designate a chair from among the members of the task force. Members shall not be paid per diem but must be paid their expenses as provided in section 15.059, subdivision 6.

Subd. 2. [DUTIES.] The task force shall study:

- (1) the economic impact of the recording industry in Minnesota and methods of encouraging the further development of the industry in the state;*
- (2) the feasibility and economic impact of establishing an international music and communications arts center for the location of various elements of the recording industry; and*
- (3) the feasibility of providing vocational training in recording industry skills.*

Subd. 3. [POWERS.] The task force may:

- (1) contract for all or part of the study required by this section; and*
- (2) accept gifts, grants and donations for the purposes of this section.*

Subd. 4. [REPORT.] The task force shall report its findings concerning subdivision 2 to the legislature by January 5, 1988.

Subd. 5. [ADMINISTRATIVE SUPPORT.] The commissioner of energy and economic development shall provide meeting space, staff assistance, and other administrative support to the task force.

Sec. 2. [APPROPRIATION.]

\$_____ is appropriated from the general fund to the commissioner for fiscal year 1988 for the purposes of section 1. \$_____ from this appropriation is available for allotment only upon demonstration by the commissioner of energy and economic development that an equal amount of money is available to the task force from nonpublic sources. \$_____ from this appropriation is available to the commissioner for administrative services to and initial start-up expenses of the task force.

Sec. 3. [REPEALER.]

Section 1 is repealed January 5, 1988."

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

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

S.F. No. 187: A bill for an act relating to liens; personal property; establishing a lien on personal property held in self-service storage facilities; providing for the enforcement of these liens; regulating rental agreements and advertising; proposing coding for new law in Minnesota Statutes, chapter 514.

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

Page 1, line 21, delete the second "*the*" and insert "*their individual*"

Page 1, line 22, after "*removing*" insert "*their*"

Page 2, line 25, delete "*of*" and insert "*after*"

Page 2, line 26, delete "*becoming*" and insert "*become*"

Page 2, after line 26, insert:

"Subd. 8. [STORAGE SPACE.] "*Storage space*" means an enclosure, cubicle, or room that is fully enclosed and equipped with a door designed to be locked for security by the occupant."

Page 3, line 19, after "*occupant's*" insert "*personal*" and after "*property*" insert "*in the self-service storage facility*"

Page 3, line 28, delete "*and*" and insert a comma

Page 3, line 29, after "\$50" insert a comma

Page 6, line 1, delete "*The*"

Page 6, delete lines 2 and 3

And when so amended the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

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

S.F. No. 734: A bill for an act relating to commerce; creating a legislative commission to study government and business competition; prescribing its duties.

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

Delete everything after the enacting clause and insert:

"Section 1. [LEGISLATIVE STUDY COMMISSION ON GOVERNMENT AND BUSINESS COMPETITION.]

Subdivision 1. [ESTABLISHMENT.] A legislative study commission on government and business competition is established to review and report on the effect state and local laws and regulation have on the competitive environment of small businesses in the state. The commission shall also assess the cost to small business of nonprofit tax exempt organization competition with small business, and the benefits derived from nonprofit tax exempt organization services that might not be provided otherwise. The commission shall review and report on the competitive effect state-regulated industries and institutions have on small business. The commis-

sion may also recommend legislation it considers necessary to reduce unfair competition that results in societal costs between small business, state regulated industries and institutions, and nonprofit tax exempt organizations.

For purposes of this section, "small business" is as defined in Minnesota Statutes, section 645.445.

Subd. 2. [MEMBERSHIP.] The commission shall consist of 11 members. Three members from the house of representatives shall be appointed by the speaker and three members from the senate shall be appointed by the subcommittee on committees of the committee on rules and administration. The governor shall appoint the remaining five members, two of whom must be representative of small business, two of whom must be representative of nonprofit exempt organizations, and one from a state regulated industry or institution.

Subd. 3. [STAFFING.] State agencies and legislative staff shall, upon request, assist the commission in discharging its duties.

Subd. 4. [COMPENSATION.] Compensation for nonlegislator members shall be as provided in section 15.059.

Subd. 5. [REPORT.] The commission shall report its findings and recommendations to the legislature by March 1, 1988. The report shall be distributed as required by Minnesota Statutes, section 3.195.

Sec. 2. [REPEALER.]

Section 1 is repealed March 1, 1988."

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

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

H.F. No. 1145: A resolution memorializing the President and Congress of the United States to award posthumous Medals of Freedom to Andrew Goodman, Michael Schwerner, and James Chaney.

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

Page 1, line 10, delete "conivance" and insert "connivance"

Page 1, line 14, delete "Metal" and insert "Medal"

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

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

H.F. No. 561: A bill for an act relating to government data; providing for access to data by protection and advocacy systems; amending Minnesota Statutes 1986, section 13.89.

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

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

H.F. No. 1031: A bill for an act relating to liens; labor and material; regulating the attachment of these liens; providing that visible staking of the premises does not constitute the actual and visible beginning of the improvement; amending Minnesota Statutes 1986, section 514.05.

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

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

H.F. No. 1197: A bill for an act relating to statutes; revising the text of certain laws to remove redundant and obsolete language, to simplify grammar and syntax, and to improve the style of language without causing changes in the meaning of the laws; amending Minnesota Statutes 1986, chapters 84A; 105; 112; 274; 276; 352; 352B; 365; 430; and 447.

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

Mr. Willet from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 777: A bill for an act relating to natural resources; providing that money recovered by the state for forest fire fighting expenses be restored to the fund of origination; increasing the amount that may be paid for tips related to forest fire crimes; amending Minnesota Statutes 1986, section 88.75, subdivision 1; and 88.76.

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

Page 2, delete section 2 and insert:

"Sec. 2. [REPEALER.]

Minnesota Statutes 1986, section 88.76, is repealed."

Amend the title as follows:

Page 1, line 7, delete "and" and insert "repealing Minnesota Statutes 1986, section"

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

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Willet from the Committee on Environment and Natural Resources, to which was referred

H.F. No. 1376: A bill for an act relating to state lands; directing sale and conveyance of certain state-owned lands to the city of Owatonna.

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

Delete everything after the enacting clause and insert:

"Section 1. [CONVEYANCE OF STATE LANDS TO THE CITY OF

OWATONNA.]

Notwithstanding Minnesota Laws 1965, chapter 216, as amended by Laws 1967, chapter 423, Laws 1975, chapter 251, and Laws 1978, chapter 459, and Minnesota Statutes, sections 94.09 to 94.16, the commissioner of administration shall quitclaim and convey to the city of Owatonna the land described in this section. The land reverts to the state if the land is not used for park purposes and the state pays the city of Owatonna for the appraised value of improvements. The land shall be conveyed in a form approved by the attorney general for consideration of not more than \$1.

The land to be conveyed is located in the county of Steele containing approximately 52.4 acres and described as:

All that part of the Northeast Quarter, Section 17, Township 107 North, Range 20 West, lying East of the Easterly right-of-way line of U.S. Trunk Highway 35.

The land to be conveyed is no longer needed for highway purposes.

Sec. 2. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

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

Mr. Willet from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 1497: A bill for an act relating to water pollution; providing for grants and loans for the construction and rehabilitation of wastewater treatment facilities and systems; authorizing rulemaking; appropriating money; amending Minnesota Statutes 1986, sections 116.16, subdivision 5; 116.167; 116.18, subdivisions 2a, 3a, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 116.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 116.18, is amended by adding a subdivision to read:

Subd. 3b. [CAPITAL COST COMPONENT GRANT.] (a) The definitions of "capital cost component," "capital cost component grant," "service fee," "service contract," and "private vendor" in section 471A.02 apply to this subdivision.

(b) Beginning in fiscal year 1989, up to \$1,500,000 of the money to be awarded as grants under subdivision 3a in any single fiscal year may be set aside for the award of capital cost component grants to municipalities on the municipal needs list for part of the capital cost component of the service fee under a service contract for a term of at least 20 years with a private vendor for the purpose of constructing and operating wastewater treatment facilities.

(c) The amount granted to a municipality shall be 50 percent of the average total eligible costs of municipalities of similar size recently awarded state and federal grants under the provisions of subdivisions 2a and 3a

and the Federal Water Pollution Control Act, United States Code, title 33, sections 1281 to 1289. Federal and state eligibility requirements for determining the amount of grant dollars to be awarded to a municipality are not applicable to municipalities awarded capital cost component grants. Federal and state eligibility requirements for determining which cities qualify for state and federal grants are applicable, except as provided in this subdivision.

(d) Except as provided in this subdivision, municipalities receiving capital cost component grants shall not be required to comply with federal and state regulations regarding facilities planning and procurement contained in sections 116.16 to 116.18, except those necessary to issue a National Pollutant Discharge Elimination System permit or state disposal system permit and those necessary to assure that the proposed facilities are reasonably capable of meeting the conditions of the permit over 20 years. The municipality and the private vendor shall be parties to the permit. Municipalities receiving capital cost component grants may also be exempted by rules of the agency from other state and federal regulations relating to the award of state and federal grants for wastewater treatment facilities, except those necessary to protect the state from fraud or misuse of state funds.

(e) Funds shall be distributed from the set-aside to municipalities that apply for the funds in accordance with these provisions in the order of their ranking on the municipal needs list.

(f) The authority shall award capital cost component grants to municipalities selected by the state pollution control director upon certification by the state pollution control director that the municipalities' projects and applications have been reviewed and approved in accordance with this subdivision and agency rules adopted under paragraph (g).

(g) The agency shall adopt permanent rules to provide for the administration of grants awarded under this subdivision.

(h) The commissioner of energy and economic development may adopt rules containing procedures for administration of the authority's duties as set forth in paragraph (f).

Sec. 2. Minnesota Statutes 1986, section 116.18 is amended by adding a subdivision to read:

Subd. 3c. [INDIVIDUAL ON-SITE TREATMENT SYSTEMS PROGRAM.] (a) Beginning in fiscal year 1989, up to ten percent of the money to be awarded as grants under subdivision 3a in any single fiscal year, up to a maximum of \$1,000,000, may be set aside for the award of grants by the authority to municipalities to reimburse owners of individual on-site wastewater treatment systems for a part of the costs of upgrading or replacing the systems.

(b) An individual on-site treatment system is a wastewater treatment system, or part thereof, serving one or two dwellings or other establishments, which utilizes subsurface soil treatment and disposal.

(c) Municipalities may apply yearly for grants of up to 50 percent of the cost of replacing or upgrading individual on-site treatment systems within their jurisdiction. Upon application for a grant, a municipality must certify that:

(1) it has adopted and is enforcing the requirements of Minnesota Rules

governing individual sewage treatment systems;

(2) the existing systems for which application is made do not conform to those rules, were constructed prior to January 1, 1977, do not serve seasonal residences, and were not constructed with state or federal funds; and

(3) that the costs requested do not include planning and engineering costs, administrative costs, and costs for improvements or replacements made before the application is submitted to the authority.

(d) The federal and state regulations regarding the award of state and federal wastewater treatment grants do not apply to municipalities or systems funded under this subdivision, except as provided in this subdivision.

(e) The authority shall award individual on-site wastewater treatment grants to municipalities selected by the state pollution control director upon certification by the state pollution control director that the municipalities' applications have been reviewed and approved in accordance with this subdivision and agency rules adopted under paragraph (f).

(f) The agency shall adopt permanent rules regarding priorities, distribution of funds, payments, inspections, and other matters that the agency finds necessary for proper administration of grants awarded under this subdivision.

(g) The commissioner of energy and economic development may adopt rules containing procedures for administration of the authority's duties as set forth in paragraph (e).

Sec. 3. [116.181] [CORRECTIVE ACTION GRANTS.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in section 116.16, subdivision 2, apply to this section.

(b) "Corrective action" means action taken to upgrade or correct wastewater treatment facilities, funded under the Federal Water Pollution Control Act or the independent state grants program, that have failed to meet performance standards, and includes engineering, design, construction, legal assistance, and other action as the agency may allow.

Subd. 2. [SET ASIDE.] In any fiscal year, up to ten percent of the money available for independent state grants, up to a maximum of \$100,000,000, may be set aside for the award of grants to municipalities for corrective action.

Subd. 3. [GRANT LIMITATIONS.] The amount of a corrective action grant awarded to a municipality shall not exceed \$500,000. In no event shall the grant amount exceed the cost of the corrective action. Construction costs that were not eligible under the original grant are not eligible under a corrective action grant.

Subd. 4. [REPAYMENT.] Any municipality that is awarded a corrective action grant shall seek recovery from any person who is responsible for the failure of the facility to perform. The municipality shall reimburse the state in the event the municipality recovers any funds from responsible persons. Any repayments must be deposited in the Minnesota state water pollution control fund.

Subd. 5. [AWARD OF GRANTS.] Until June 30, 1988, the agency shall award corrective action grants. On July 1, 1988, the authority shall award

corrective action grants to municipalities selected by the state pollution control director upon certification by the state pollution control director that the municipalities' projects and applications have been reviewed and approved in accordance with this section and agency rules adopted under subdivision 6.

Subd. 6. [RULES OF THE AGENCY.] The agency shall promulgate permanent rules and may promulgate emergency rules for the administration of the corrective action grant program. The rules must contain at a minimum:

- (1) the method for determining the amount of the corrective action grant;*
- (2) application requirements;*
- (3) criteria for determining which municipalities will be awarded grants when there are more applicants than money;*
- (4) conditions for use of the grant funds;*
- (5) identification of eligible costs;*
- (6) the amount that must be reimbursed to the authority in the event funds are recovered by the municipality from the responsible person; and*
- (7) other matters that the agency finds necessary for proper administration of the program.*

Subd. 7. [RULES OF THE AUTHORITY.] The commissioner of energy and economic development may adopt rules containing procedures for administration of the authority's duties as set forth in subdivision 5."

Delete the title and insert:

"A bill for an act relating to water pollution; providing for grants and loans for the construction and rehabilitation of wastewater treatment facilities and systems; authorizing rulemaking; amending Minnesota Statutes 1986, section 116.18, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 116."

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

Mr. Davis from the Committee on Agriculture, to which was re-referred

S.F. No. 1203: A bill for an act relating to state government; reorganizing the department of agriculture, the department of energy and economic development, and the department of public service, and providing for the powers and duties of the three departments; changing the name of the department of energy and economic development to the department of trade and economic development; designating the department of jobs and training as the administrative agency for certain juvenile justice and delinquency prevention purposes; providing grants for youth intervention programs; changing the membership of the world trade center board; establishing the world trade center institute; authorizing the board to contract for certain services and programs; amending Minnesota Statutes 1986, sections 17.03, subdivision 1; 17.101, subdivision 1; 18.023, subdivision 11; 18.024, subdivision 1; 43A.08, subdivision 1; 44A.01; 44A.031; 104.35, subdivisions 2 and 3; 115A.12, subdivision 2; 116C.03, subdivision 2; 116J.01; 116J.03; 116J.58, subdivision 2; 116J.60; and 116J.63, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 44A; 116J; and 268;

proposing coding for new law as Minnesota Statutes, chapter 216C; repealing Minnesota Statutes 1986, sections 4.09; 17.03, subdivision 5; 17.101, subdivisions 2, 3, and 4; 44A.03; 44A.04; 44A.05; 44A.07; 116J.404; and 116J.405.

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

Pages 7 and 8, delete section 11 and insert:

"Sec. 11. Minnesota Statutes 1986, section 17.03, is amended by adding a subdivision to read:

Subd. 6. [COOPERATION WITH MINNESOTA TRADE OFFICE.] The commissioner of agriculture, the commissioner of trade and economic development, and the director of the Minnesota trade office shall cooperate with each other to promote the beneficial agricultural interests of the state. The commissioner of trade and economic development and the director of the Minnesota trade office have primary responsibility for promoting state agricultural interests to international markets. The commissioner of agriculture has primary responsibility for promoting the agricultural interests of producers, promoting state agricultural markets, and promoting agricultural interests of the state in cooperative production and marketing efforts with other states and the United States Department of Agriculture."

Page 13, lines 3 and 4, delete "POWERS AND DUTIES; TRADE OFFICE" and insert "TRADE PROMOTION DUTIES"

Page 13, line 5, delete "TRADE PROMOTION DUTIES" and before "The" insert "(a)"

Page 13, delete lines 12, 13, 19, 20, 23, 24 and 25

Renumber the clauses in sequence

Page 14, after line 17, insert:

"(b) The programs and activities of the commissioner of energy and economic development and the Minnesota trade office may not duplicate programs and activities of the commissioner of agriculture."

Page 14, delete lines 18 to 36

Page 15, delete lines 1 to 22 and insert:

"Subd. 2. [AGRICULTURAL PROMOTION.] The commissioner of trade and economic development and the director of the Minnesota trade office shall cooperate and consult with the commissioner of agriculture in promoting the beneficial agricultural interests of the state. The commissioner of trade and economic development and the director of the Minnesota trade office shall have the primary responsibility for promoting state agricultural interests to international markets. The commissioner of agriculture has primary responsibility for promoting the agricultural interests of producers, promoting state agricultural markets, and promoting the agricultural interests of the state in cooperative production and marketing efforts with other states and the United States Department of Agriculture."

Sec. 21. [236A.02] [ADMINISTRATIVE SUPPORT.]

The commissioner of agriculture in consultation with the director of the Minnesota trade office shall provide administrative staff and support to the Interstate Agricultural Grain Marketing Commission members from

this state."

Page 16, line 25, after "*divisions*" insert "*and offices*"

Page 16, line 27, delete the first comma and insert "*and*" and delete "*, or functions*"

Page 16, line 35, delete "*the functions of*"

Page 16, line 36, delete "*international trade division of*" and insert "*Minnesota trade office in*"

Page 17, line 1, delete everything after "*agriculture*"

Page 17, line 2, delete everything before the semicolon and insert "*relating to international trade, but does not include the functions and positions of the office relating to domestic agricultural trade*"

Page 17, delete lines 17 to 20 and insert:

"17.103	116J.970
17.104	116J.971
17.105	116J.972"

Page 17, after line 26, insert:

"Sec. 27. [APPROPRIATIONS.]

\$500,000 is appropriated from the general fund to the commissioner of agriculture for promoting the agricultural interests of producers, promoting state agricultural markets, and promoting the agricultural interests of the state in cooperative production and marketing with other states.

The complement of the department of agriculture is increased by ten positions.

The budget of the commissioner of energy and economic development shall be decreased by the amount of this appropriation and the complement of the department of energy and economic development is decreased by ten positions to reflect the programs and complement remaining in the department of agriculture."

Renumber the sections of article 1 in sequence

Page 20, line 36, delete everything after "*sections*"

Page 21, line 1, delete "*3, and 4;*"

Page 21, line 3, delete "*Sections 1 to 8 are*" and insert "*This article is*"

Amend the title as follows:

Page 1, line 16, delete "*subdivision*"

Page 1, line 17, delete the first "*1;*" and insert "*by adding a subdivision;*"

Page 1, line 23, after "*116J;*" insert "*236A;*"

Page 1, line 26, delete "*17.101,*"

Page 1, line 27, delete "*subdivisions 2, 3, and 4;*"

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

Mr. Willet from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 708: A bill for an act relating to waste management; regulating disposal of wastes; providing for a solid waste management policy; providing for recycling policy and marketing; managing household hazardous wastes; regulating the sale and disposal of motor oil and lead acid batteries; providing for waste pesticide collection; appropriating money; amending Minnesota Statutes 1986, sections 115A.03, subdivisions 9 and 21; 115A.06, subdivision 14; 115A.11, subdivision 2; 115A.42; 115A.45; 115A.49; 115A.51; 115A.52; 115A.53; 115A.54, subdivision 2a; 115A.81, subdivision 2; 115A.921; 115A.95; 116.07, subdivision 4b; 116.41, subdivision 2; 116M.07, by adding a subdivision; 176.011, subdivision 9; 325E.11; 473.149, subdivisions 2d and 6; 473.803, by adding a subdivision; 473.834, subdivision 2; 473.842, subdivision 2; 473.844, subdivisions 1 and 4; and 473.846; proposing coding for new law in Minnesota Statutes, chapters 115A; 239; 325E; and 473; repealing Minnesota Statutes 1986, sections 115A.13; 115A.43; 115A.44; 473.834, subdivision 3; and 473.844, subdivisions 2 and 5.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 115A.03, subdivision 9, is amended to read:

Subd. 9. "Disposal" or "dispose" means the discharge, deposit, injection, dumping, spilling, leaking, or placing of any waste into or on any land or water so that the waste or any constituent thereof may enter the environment or be emitted into the air, or discharged into any waters, including ground waters.

Sec. 2. Minnesota Statutes 1986, section 115A.03, subdivision 21, is amended to read:

Subd. 21. "Mixed municipal solid waste" means garbage, refuse, and other solid waste from residential, commercial, industrial, and community activities which is generated and collected in aggregate, but does not include auto hulks, street sweepings, ash, construction debris, mining waste, sludges, tree and agricultural wastes, tires, *lead acid batteries*, *used oil*, and other materials collected, processed, and disposed of as separate waste streams.

Sec. 3. Minnesota Statutes 1986, section 115A.06, subdivision 14, is amended to read:

Subd. 14. [WASTE RENDERED NONHAZARDOUS AND INDUSTRIAL WASTE; EVALUATION OF WASTE MANAGEMENT.] The board ~~may evaluate and make recommendations for the~~ shall encourage improved management of waste rendered nonhazardous and industrial waste that should be managed separately from mixed municipal solid waste, and may provide technical and planning assistance to political subdivisions, waste generators, and others for the purpose of identifying, developing, and implementing alternative management methods for those wastes.

Sec. 4. [115A.072] [PUBLIC EDUCATION ON WASTE MANAGEMENT.]

The board shall provide for the development and implementation of a program of general public education on waste management in cooperation

and coordination with the pollution control agency, metropolitan council, department of education, department of agriculture, state planning agency, environmental quality board, environmental education board, educational institutions, and other public agencies with responsibility for waste management or public education. The objectives of the program are to: develop increased public awareness of and interest in environmentally sound waste management methods; encourage better informed decisions on waste management issues by business, industry, local governments, and the public; and disseminate practical information about ways in which households and other institutions and organizations can improve the management of waste.

Sec. 5. Minnesota Statutes 1986, section 115A.11, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE.] The plan and the procedures for hearings on the plan are not subject to the rulemaking or contested case provisions of chapter 14. Before revising the draft plan prepared under subdivision 3 or amending its adopted plan, the board shall provide notice and hold a public hearing in a manner consistent with the procedure followed by the board in the hearings on the draft plan, as provided in subdivision 3 and approved by the legislative commission meeting.

Sec. 6. Minnesota Statutes 1986, section 115A.15, subdivision 6, is amended to read:

Subd. 6. [RESOURCE RECOVERY REVOLVING ACCOUNT.] Upon the certification of the commissioner of administration, the commissioner of finance shall establish an account in the general services revolving fund, effective June 30, 1980, for the operation of the state government resource recovery program. The revolving account shall consist of all funds appropriated by the state for the program, all revenues resulting from the sale of recyclable and reusable commodities made available for sale as a result of the resource recovery program and all reimbursements to the commissioner of expenses incurred by the commissioner in developing and administering resource recovery systems for state agencies, local governments, and regional agencies. The account may be used for all activities associated with the program including payment of administrative and operating costs, except statewide and agency indirect costs. *The commissioner shall determine the waste disposal cost savings associated with recycling and reuse activities, collect those savings from the account responsible for disposing of wastes produced in state buildings, and credit the savings to the resource recovery revolving account.*

Sec. 7. Minnesota Statutes 1986, section 115A.152, is amended to read:

115A.152 [TECHNICAL AND RESEARCH ASSISTANCE TO GENERATORS.]

Subdivision 1. [PURPOSES.] The board shall provide for the establishment of a technical and research assistance program for generators of hazardous and industrial waste in the state. The program must be designed to assist generators in the state to obtain information about management of hazardous and industrial wastes, to identify and apply methods of reducing the generation of hazardous and industrial wastes, to facilitate improved management of hazardous and industrial waste and compliance with hazardous and industrial waste rules, and for other similar purposes. The program must emphasize assistance to smaller businesses that have

inadequate technical and financial resources for obtaining information, assessing waste management methods, and developing and applying waste reduction techniques. Information and techniques developed under this program must be made available through the program to all generators in the state.

Subd. 2. [ASSISTANCE.] The assistance program must include at least the following elements:

(a) (1) outreach programs including on-site consultation at locations where hazardous *and industrial* waste is generated, seminars, workshops, training programs, and other similar activities designed to assist generators to evaluate their hazardous *and industrial* waste generation and management practices, identify opportunities for waste reduction and improved management, and identify subjects that require additional information and research;

(b) (2) a program to assemble, catalog, and disseminate information about hazardous *and industrial* waste reduction and management methods, available commercial waste management facilities and consultant services, and regulatory programs (provided that specific questions by generators about interpretation or application of waste management rules should be referred to appropriate regulatory agencies);

(c) (3) evaluation and interpretation of information needed by generators to improve their management of hazardous *and industrial* waste; and

(d) (4) informational and technical research to identify alternative technical solutions that can be applied by specific generators to reduce the generation of hazardous *and industrial* waste.

Subd. 3. [ADMINISTRATION; EVALUATION.] The assistance program must be coordinated with other public and private programs that provide management and technical assistance to smaller businesses and generators of small quantities of hazardous *and industrial* waste, including programs operated by public and private educational institutions. The board may make grants to a public or private person or association that will establish and operate the elements of the program, but the grants must require that the assistance be provided at no cost to the generators and that the grantees provide periodic reports on the improvements in waste management, waste reduction, and regulatory compliance achieved by generators through the assistance provided.

Sec. 8. Minnesota Statutes 1986, section 115A.154, is amended to read:
115A.154 [WASTE REDUCTION GRANTS.]

Subdivision 1. [PROPOSALS AND GRANTS.] The board may make grants to generators of hazardous *and industrial* waste in the state for studies to determine the feasibility of applying specific methods and technologies to reduce the generation of hazardous *and industrial* waste. Grants may be awarded only on the basis of proposals submitted to the board by generators. The board shall select proposals that offer the greatest opportunity to significantly reduce the generation of hazardous *or industrial* waste by the generators making the proposal and, if applied generally, to significantly reduce the generation of hazardous *or industrial* waste in the state. The significance of waste reduction may be measured by the volume of hazardous *or industrial* waste that is eliminated or by the reduction in risk to public health and safety and the environment that is achieved by the re-

duction. In awarding grants, the board may consider the extent of any financial and technical support that will be available from other sources for the study. The board may adopt additional criteria for awarding grants consistent with the purposes of this section.

Subd. 2. [LIMITATIONS.] The waste reduction information and techniques developed using grants awarded under this section must be made available to all *hazardous and industrial waste* generators in the state through the technical assistance and research program established under section 115A.152. Grant money awarded under this section may not be spent for capital improvements or equipment.

Sec. 9. Minnesota Statutes 1986, section 115A.156, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] The board may make grants to eligible recipients to determine the feasibility and method of developing and operating specific types of commercial facilities and services for collecting and processing hazardous waste *and for improving management of waste rendered nonhazardous and industrial waste*. Grants may be made for:

- (1) market assessment, including generator surveys;
- (2) conceptual design and preliminary engineering;
- (3) financial and business planning necessary to address sources of funding, financial security, liability, pricing structure, and similar matters necessary to the development and proper operation of a facility or service;
- (4) environmental impact and site analysis, preparation of permit applications, and environmental and permit reviews;
- (5) analysis of methods of overcoming identified technical, institutional, legal, regulatory, market, or other constraints; and
- (6) analysis of other factors affecting development, operation, and use of a facility or service.

Sec. 10. Minnesota Statutes 1986, section 115A.156, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] A person proposing to develop and operate specific collection and processing facilities or services to serve generators in the state *is and persons seeking to develop or operate specific types of facilities or services to manage industrial waste generated in the state, are* eligible for a grant. The board may give preference to applications by associations of two or more generators in the state proposing to develop and operate commercial facilities or services capable of collecting or processing their hazardous wastes.

Sec. 11. Minnesota Statutes 1986, section 115A.156, subdivision 5, is amended to read:

Subd. 5. [MATCHING FUNDS REQUIRED.] (a) *For hazardous waste*, a recipient other than an association of generators in the state must agree to pay at least 50 percent of the cost of the study. An association of two or more generators in the state must agree to pay at least 20 percent of the cost of the study.

(b) *For industrial waste, a grant must be matched by money or in-kind services provided by the grantee covering at least 50 percent of the project cost.*

Sec. 12. Minnesota Statutes 1986, section 115A.158, subdivision 1, is amended to read:

Subdivision 1. [REQUEST BY BOARD; CONTENTS OF PROPOSAL.] The board through its chair shall request proposals for the development and operation of specific types of commercial hazardous waste processing and collection facilities and services, *and improved management of waste rendered nonhazardous and industrial waste*, that offer the greatest possibility of achieving the policies and objectives of the waste management plan including the goal of reducing to the greatest extent feasible and prudent the need for and practice of disposal. The proposals must contain at least the following information:

(1) the technical, managerial, and financial qualifications and experience of the proposer in developing and operating facilities and services of the type proposed;

(2) the technical specifications of the proposed facility or service including the process that will be used, the amount and types of hazardous *or industrial* waste that can be handled, the types, volume, and proposed disposition of any residuals, and a description of anticipated adverse environmental effects;

(3) the requirements of the site or sites needed to develop and operate the facility or service and the likelihood that a suitable site or sites will be available for the facility or service;

(4) projections of the costs and revenues of the facility or service, the types and numbers of generators who will use it, and the fee structure and estimated user charges necessary to make the facility or services economically viable;

(5) the schedule for developing and commencing operation of the facility or service; and

(6) the financial, technical, institutional, legal, regulatory, and other constraints that may hinder or prevent the development or operation of the facility or service and the actions that could be taken by state and local governments or by the private sector to overcome those constraints.

The information provided in the proposal must be based on current and projected market conditions, hazardous *or industrial* waste streams, legal and institutional arrangements, and other circumstances specific to the state.

Sec. 13. Minnesota Statutes 1986, section 115A.158, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE; EVALUATION; REPORT.] In requesting proposals, the board shall inform potential developers of the assistance available to them in siting and establishing hazardous waste processing and collection facilities and services in the state *and improved industrial waste management in the state*, including the availability of sites listed on the board's inventory of preferred areas for hazardous waste processing facilities, the authority of the board to acquire sites and order the establishment of facilities in those areas, the policies and objectives of the hazardous waste management plan, and the availability of information developed by the board on hazardous *or industrial* waste generation and management in the state.

The board shall evaluate the proposals received in response to its request and determine the extent to which the proposals demonstrate the qualifications of the developers, the technical and economic feasibility of the proposed facility or service, and the extent to which the proposed facility or service will contribute in a significant way to the achievement of the policies and objectives of the hazardous waste management plan.

The board shall report to the legislative commission on the proposals that it has received and evaluated, and on the legislative, regulatory, and other actions needed to develop and operate the proposed facilities or services.

Sec. 14. [115A.41] [SOLID WASTE MANAGEMENT POLICY; CONSOLIDATED REPORT.]

Subdivision 1. [AUTHORITY; PURPOSE.] The board and the agency shall jointly prepare and adopt a report on solid waste management policy excluding the metropolitan area. The report must be adopted by November 15 of each even-numbered year beginning in 1988. The report must be submitted by the board and the agency jointly to the legislative commission on waste management.

Subd. 2. [CONTENTS.] The report must include:

(1) a summary of the current status of solid waste management, including the amount of solid waste generated, the manner in which it is collected, processed, and disposed, the extent of separation, recycling, reuse, and recovery of solid waste, and the facilities available or under development to manage the waste;

(2) a summary of current state solid waste management policies, goals, and objectives, including their statutory, administrative, and regulatory basis and the state agencies and political subdivisions responsible for implementation;

(3) an evaluation of the extent and effectiveness of implementation and an assessment of progress in accomplishing state policies, goals, and objectives;

(4) estimates of the generation of solid waste anticipated for the future, the manner in which the waste is likely to be managed, and the programs and facilities that will be available and needed for proper waste management;

(5) identification of issues requiring further research, study, and action, the appropriate scope of the research, study, or action, the state agency or political subdivision that should implement the research, study, or action, and a schedule for completion of the activity; and

(6) recommendations for establishing or modifying state solid waste management policies, authorities, and programs.

Sec. 15. Minnesota Statutes 1986, section 115A.42, is amended to read:

115A.42 [ESTABLISHMENT AND ADMINISTRATION.]

There is established a ~~planning assistance~~ program to ~~provide technical and financial assistance to political subdivisions of the state for the purposes of encouraging and improving~~ encourage and improve regional and local solid waste management planning activities and efforts and of ~~furthering~~ to further the state policies and purposes expressed in section 115A.02. The program ~~shall be under sections 115A.42 to 115A.46~~ is administered

by the agency pursuant to rules promulgated under chapter 14, except in the metropolitan area where the program ~~shall be~~ is administered by the metropolitan council pursuant to chapter 473. The agency and the metropolitan council shall ensure conformance with federal requirements and programs established pursuant to the Resource Conservation and Recovery Act of 1976 and amendments thereto.

Sec. 16. Minnesota Statutes 1986, section 115A.45, is amended to read:

115A.45 [TECHNICAL ASSISTANCE.]

The agency and metropolitan council shall provide for technical assistance ~~for eligible recipients to encourage and improve solid waste management and to assist political subdivisions in preparing the plans described in section 115A.46.~~ The agency and metropolitan council shall provide model plans for regional and local solid waste management. The agency and metropolitan council may contract for the delivery of technical assistance by a regional development commission, any state or federal agency, ~~or private consultants, or other persons.~~ The agency shall prepare and publish an inventory of sources of technical assistance for solid waste planning, including studies, publications, agencies, and persons available.

Sec. 17. [115A.48] [MARKET DEVELOPMENT FOR RECYCLABLE MATERIALS.]

Subdivision 1. [AUTHORITY.] The board shall assist and encourage the development of specific facilities and services needed to provide adequate, stable, and reliable markets for recyclable materials generated in the state. In carrying out this duty the board shall coordinate and cooperate with the solid waste management efforts of other public agencies and political subdivisions.

Subd. 2. [FACILITY DEVELOPMENT PROPOSALS.] In order to determine the feasibility and method of developing and operating specific types of facilities and services to use recyclable materials generated in the state, the board shall request proposals from and may make grants to persons seeking to develop or operate the facilities or services. Grants may be made for the purposes in section 115A.156, subdivision 1, clauses (1) to (6). A grant must be matched by money or in-kind services provided by the grantee covering at least 50 percent of the project cost. In requesting proposals under this section the board shall follow the procedures provided in section 115A.158, subdivisions 1 and 2, as far as practicable.

Subd. 3. [PUBLIC PROCUREMENT.] The board shall provide technical assistance and advice to political subdivisions and other public agencies to encourage solid waste reduction and development of markets for recyclable materials through procurement policies and practices.

Sec. 18. Minnesota Statutes 1986, section 115A.49, is amended to read:

115A.49 [ESTABLISHMENT; PURPOSES AND PRIORITIES.]

There is established a program to encourage and assist cities, counties, and solid waste management districts in the development and implementation of solid waste management projects and to transfer the knowledge and experience gained from such projects to other communities in the state. The program must be administered to encourage local communities to develop feasible and prudent alternatives to disposal, including waste re-

duction; waste separation by generators, collectors, and other persons; and waste processing. The program must be administered by the agency and the board in accordance with the requirements of sections 115A.49 to 115A.54 and rules promulgated by the agency and the board pursuant to chapter 14. In administering the program, the agency and the board shall give priority to areas where natural geologic and soil conditions are especially unsuitable for land disposal of solid waste; areas where the capacity of existing solid waste disposal facilities is determined by the agency or the board to be less than five years; and projects serving more than one local government unit.

Sec. 19. Minnesota Statutes 1986, section 115A.51, is amended to read:

115A.51 [APPLICATION REQUIREMENTS.]

Applications for assistance under the program shall demonstrate: (a) that the project is conceptually and technically feasible; (b) that affected political subdivisions are committed to implement the project, to provide necessary local financing, and to accept and exercise the government powers necessary to the project; (c) that operating revenues from the project, considering the availability and security of sources of solid waste and of markets for recovered resources, together with any proposed federal, state, or local financial assistance, will be sufficient to pay all costs over the projected life of the project; (d) that the applicant has evaluated the feasible and prudent alternatives to disposal and has compared and evaluated the costs of the alternatives, including capital and operating costs, and the effects of the alternatives on the cost to generators. The agency or the board may require completion of a comprehensive solid waste management plan conforming to the requirements of section 115A.46, before accepting an application.

Sec. 20. Minnesota Statutes 1986, section 115A.52, is amended to read:

115A.52 [TECHNICAL ASSISTANCE FOR PROJECTS.]

The agency and the board shall ensure the delivery of the technical assistance necessary for proper implementation of each project funded projects eligible under the program. The agency and the board may contract for the delivery of technical assistance by any state or federal agency, a regional development commission, the metropolitan council, or private consultants and may use program funds to reimburse the agency, commission, council, or consultants. The agency and the board shall prepare and publish an inventory of sources of technical assistance, including studies, publications, agencies, and persons available. The agency and the board shall ensure statewide benefit from projects assisted under the program by developing exchange and training programs for local officials and employees and by using the experience gained in projects to provide technical assistance and education for other solid waste management projects in the state.

Sec. 21. Minnesota Statutes 1986, section 115A.53, is amended to read:

115A.53 [WASTE REDUCTION AND SEPARATION PROJECTS.]

The agency board shall provide technical assistance and grants to develop and implement projects which demonstrate for waste reduction; waste separation by generators, collectors, and other persons; and collection systems for separated waste. Activities eligible for assistance under this section include legal, financial, economic, educational, marketing, social, governmental, and administrative activities related to the development and im-

plementation of the project. Preliminary planning and development, feasibility study, and conceptual design costs ~~shall also be~~ are eligible activities, but no more than 20 percent of program funds shall be used to fund those activities. *Projects may include the management of household hazardous waste, as defined in section 29.* The rules of the ~~agency board~~ shall prescribe the level or levels of local funding required for grants under this section.

Sec. 22. Minnesota Statutes 1986, section 115A.54, subdivision 2a, is amended to read:

Subd. 2a. [SOLID WASTE MANAGEMENT PROJECTS.] (a) The board shall provide technical and financial assistance for the acquisition and betterment of solid waste management projects as provided in this subdivision and section 115A.52. ~~The purpose of this program is to demonstrate whether an ongoing state capital assistance program to assist local development of feasible and prudent alternatives to disposal is an appropriate and desirable method to further state waste management policies.~~ Money appropriated for the purposes of this subdivision must be distributed as grants.

(b) *Except as provided in paragraph (c), a project may receive grant assistance up to 25 percent of the capital cost of the project or \$2,000,000, whichever is less. Projects that are awarded assistance by the board pursuant to applications submitted under sections 115A.49 to 115A.54 before July 1, 1985, are eligible for additional assistance under this subdivision, but a project may not receive a total amount of grant assistance in excess of the limits specified in this subdivision*

(c) *A recycling project or a project to compost or co-compost waste may receive grant assistance up to 50 percent of the capital cost of the project or \$2,000,000, whichever is less.*

(d) Projects without resource recovery are not eligible for assistance.

(e) In addition to the application requirements of section 115A.51, an application for a project serving eligible jurisdictions in only a single county must demonstrate that cooperation with jurisdictions in other counties to develop the project is not needed or not feasible. Each application must also demonstrate that:

(1) ~~if the project is a resource recovery facility that is burning waste, or converting waste to energy or to materials for combustion, and is owned or operated by a public agency or supported by public money or by obligations issued by a public agency, it will not accept recyclable materials except for transfer to a recycler; and~~

(2) ~~the project is not financially feasible prudent without the state assistance, because of the applicant's financial capacity and the problems inherent in the waste management situation in the area, particularly transportation distances and limited waste supply and markets for resources recovered.~~

(f) For the purposes of this subdivision, a "project" means a processing facility, together with any transfer stations, transmission facilities, and other related and appurtenant facilities primarily serving the processing facility. The board shall adopt rules for the program by July 1, 1985.

Sec. 23. Minnesota Statutes 1986, section 115A.81, subdivision 2, is amended to read:

Subd. 2. [DESIGNATION.] "Designation" means a requirement by a waste management district or county that all or any portion of the mixed municipal solid waste that is generated within its boundaries or any service area thereof ~~and is deposited within the state~~ be delivered to a resource recovery facility identified by the district or county.

Sec. 24. [115A.915] [LEAD ACID BATTERIES; LAND DISPOSAL PROHIBITED.]

A person may not place a lead acid battery in mixed municipal solid waste or dispose of a lead acid battery after January 1, 1988. This section may be enforced by the agency pursuant to section 115.071.

Sec. 25. [115A.916] [USED OIL; LAND DISPOSAL PROHIBITED.]

A person may not place used oil in mixed municipal solid waste or dispose of used oil in a solid waste disposal facility after January 1, 1988, unless approved by the agency. This section may be enforced by the agency pursuant to section 115.071.

Sec. 26. Minnesota Statutes 1986, section 115A.921, is amended to read:

115A.921 [CITY OR TOWN FEE AUTHORITY.]

A city or town may ~~charge~~ impose a fee, not to exceed 15 cents per cubic yard of waste, or its equivalent, of solid waste accepted and disposed of on land, to operators of facilities for the disposal of mixed municipal solid waste located within the city or town. The revenue from the fees shall go must be credited to the city or town general fund and used only for purposes of landfill abatement or for purposes of mitigating and compensating for the local risks, costs, and other adverse effects of facilities. Waste residue from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse shall be exempt from one-half the amount of the fee imposed by a city or town under this section if there is at least an 85 percent volume reduction in the solid waste processed. Before any fee is reduced, the verification procedures of section 473.843, subdivision 1, paragraph (c), must be followed and submitted to the appropriate city or town.

Sec. 27. [115A.94] [ORGANIZED COLLECTION.]

Subdivision 1. [DEFINITION.] "Organized collection" means a system for collecting solid waste in which a specified collector, or a member of an organization of collectors, is authorized to collect some or all of the solid waste that is generated within a defined geographic service area or areas.

Subd. 2. [LOCAL AUTHORITY.] A city or town may organize collection. A county may organize collection as provided in subdivision 3. The local government unit may organize collection as a municipal service or by ordinance, franchise, license, negotiated or bidded contract, or other means, using one or more collectors or an organization of collectors. Organized collection accomplished by contract or as a municipal service may include a requirement that all or any portion of the solid waste, except recyclable materials and materials that are processed at a resource recovery facility at the capacity in operation at the time that the requirement is imposed, be delivered to a waste facility identified by the local government unit. In

a district or county where a resource recovery facility has been designated by ordinance under section 115A.86, organized collection must conform to the requirements of the designation ordinance.

Subd. 3. [COUNTY ORGANIZED COLLECTION.] (a) A county may by ordinance require cities and towns within the county to organize collection. Organized collection ordinances of counties may:

(1) require cities and towns to require the separation and separate collection of recyclable materials;

(2) specify the material to be separated; and

(3) require cities and towns to meet any performance standards for source separation that are contained in the county solid waste plan.

(b) A county may itself organize collection in any city or town that does not comply with a county organized collection ordinance adopted under this subdivision, and the county may implement, as part of its organized collection, the source separation program and performance standards required by its organized collection ordinance.

Sec. 28. Minnesota Statutes 1986, section 115A.95, is amended to read:

115A.95 [RECYCLABLE MATERIALS.]

A resource recovery facility that is composting waste, burning waste, or converting waste to energy or to materials for combustion, and is owned or operated by a public agency or supported by public funds or by obligations issued by a public agency, may not accept recyclable materials except for transfer to a recycler. ~~This section does not apply if, unless no~~ other person is willing to accept the recyclable materials.

Sec. 29. [115A.96] [HOUSEHOLD HAZARDOUS WASTE MANAGEMENT.]

Subdivision 1. [DEFINITIONS.] The following definitions apply to this section:

(a) "Household" means a single detached dwelling unit or a single unit of a multiple dwelling unit and appurtenant structures.

(b) "Household hazardous waste" means waste generated from household activity that exhibits the characteristics of or that is listed as hazardous waste under agency rules, but does not include waste from commercial activities that is generated, stored, or present in a household.

(c) "Collection site" means a permanent or temporary designated location with scheduled hours for collection where individuals may bring household hazardous wastes.

Subd. 2. [MANAGEMENT PROGRAM.] The agency shall establish a program to manage household hazardous wastes. The program must include:

(1) the establishment and operation of collection sites; and

(2) the provision of information, education, and technical assistance regarding proper management of household hazardous wastes.

Subd. 3. [OTHER PARTICIPANTS.] The agency may establish or operate all or part of the management program or may provide for services by contract or other agreement with public or private entities.

Subd. 4. [MANAGEMENT.] Any person who establishes or operates all

or part of a household hazardous waste management program shall manage collected waste in compliance with standards applicable to a hazardous waste generator. If collected waste must be stored for a time exceeding those standards, the agency or other entity shall obtain the approval of the director of the agency and shall manage the waste in compliance with applicable standards for the use and management of containers, but no facility permit is required.

Subd. 5. [OTHER PROGRAMS.] A person must notify the director of the agency before establishing and operating any part of a household hazardous waste management program.

Sec. 30. Minnesota Statutes 1986, section 116.07, subdivision 4b, is amended to read:

Subd. 4b. [PERMITS; HAZARDOUS WASTE FACILITIES.] (a) The agency shall provide to the waste management board established in section 115A.04, copies of each ~~preliminary and final~~ permit application for a hazardous waste facility immediately upon its submittal to the agency. The agency shall request recommendations on each permit application from the board and shall consult with the board on the agency's intended disposition of the recommendations. Except as otherwise provided in sections 115A.18 to 115A.30, the agency shall commence any environmental review required under chapter 116D within 120 days of its acceptance of a completed ~~preliminary~~ permit application. The agency shall respond to a ~~preliminary~~ permit application for a hazardous waste facility within 120 days following a decision not to prepare environmental documents or following the acceptance of a negative declaration notice or an environmental impact statement. Except as otherwise provided in sections 115A.18 to 115A.30, within 60 days following the submission of a final permit application for a hazardous waste facility, unless a time extension is agreed to by the applicant, the agency shall issue or deny all permits needed for the construction of the proposed facility.

(b) The agency shall promulgate rules pursuant to chapter 14 for all hazardous waste facilities; ~~except those addressed in subdivision 4e.~~ After the report of the waste management board required by section 115A.08, subdivision 5a has been submitted to the legislature, the agency shall review its rules for hazardous waste facilities and shall consider whether any of the rules should be modified or if new rules should be adopted based on the recommendations in the report. The rules shall require:

(1) contingency plans for all hazardous waste facilities which provide for effective containment and control in any emergency condition;

(2) the establishment of a mechanism to assure that money to cover the costs of closure and postclosure monitoring and maintenance of hazardous waste facilities will be available;

(3) the maintenance of liability insurance by the owner or operator of hazardous waste facilities during the operating life of the facility.

Sec. 31. Minnesota Statutes 1986, section 116.41, subdivision 2, is amended to read:

Subd. 2. [TRAINING AND CERTIFICATION PROGRAMS.] The agency shall develop standards of competence for persons operating and inspecting various classes of disposal facilities. The agency shall conduct training programs for persons operating facilities for the disposal of waste and for

inspectors of such facilities, and may charge such fees as are necessary to cover the actual costs of the training programs. All fees received shall be paid into the state treasury and credited to the account created in section 115.03, subdivision 1, clause (j), for training water pollution control personnel, a waste disposal training account and are appropriated to the agency to pay expenses relating to the training of disposal facility personnel.

The agency shall require operators and inspectors of such facilities to obtain from the agency a certificate of competence. The agency shall conduct examinations to test the competence of applicants for certification, and shall require that certificates be renewed at reasonable intervals. The agency may charge such fees as are necessary to cover the actual costs of receiving and processing applications, conducting examinations, and issuing and renewing certificates. Certificates shall not be required for a private individual for landspreading and associated interim and temporary storage of sewage sludge on property owned or farmed by that individual.

Sec. 32. Minnesota Statutes 1986, section 116M.07, is amended by adding a subdivision to read:

Subd. 14. [USED OIL PROCESSING EQUIPMENT LOANS; STORAGE TANK GRANTS.] The authority may make loans to businesses for the purchase of used oil processing equipment based on the criteria adopted under subdivision 3.

The authority may make grants to counties for installation of storage tanks to collect used oil. To be eligible for a grant, a county must obtain approval from the director of the pollution control agency for the type of tank to be used, the location and installation of the tank, and the proposed ongoing maintenance and monitoring of the collection site. A tank may be located on public or private property and must be made available to the public for used oil disposal. A grant for a single tank may not exceed \$1,000 and a county may not receive more than \$5,000 in grants for storage tanks.

Sec. 33. Minnesota Statutes 1986, section 169.872, subdivision 2, is amended to read:

Subd. 2. [EVIDENCE.] Except for records relating to the loading and unloading of the first haul of unprocessed or raw farm products and the transportation of raw and unfinished forest products, a record kept and maintained as provided in subdivision 1 this section that shows that a vehicle has exceeded a gross weight limit imposed by this chapter is relevant evidence of a violation of this chapter. The foregoing provisions do not limit the introduction of other competent evidence bearing upon the question of whether or not there is a violation of the prescribed maximum weight limitation permitted by this chapter.

Sec. 34. Minnesota Statutes 1986, section 169.872, subdivision 3, is amended to read:

Subd. 3. [PENALTY.] A person who fails to keep, maintain, or open for inspection and copying, those documents as required in subdivision 1 is guilty of a misdemeanor. A person who does not accurately record the information required to be contained in those documents required in subdivision 1 this section is guilty of a misdemeanor.

Sec. 35. Minnesota Statutes 1986, section 169.872, is amended by adding a subdivision to read:

Subd. 1a. [SCALES REQUIRED.] (a) Facilities that receive more than 75,000 cubic yards of solid waste per year must be equipped with scales for weighing loaded vehicles if the facility is a:

- (1) waste facility that is used for the disposal of solid waste;*
- (2) resource recovery facility, as defined in section 115A.03, subdivision 28; or*
- (3) transfer station, as defined in section 115A.03, subdivision 33.*

(b) A person loading or unloading a vehicle at one of these facilities shall weigh the loaded vehicle and record the weight as provided in subdivision 1.

(c) This subdivision applies to facilities located in Anoka, Carver, Chisago, Dakota, Hennepin, Ramsey, Scott, Sherburne, Washington, and Wright counties.

Sec. 36. Minnesota Statutes 1986, section 176.011, subdivision 9, is amended to read:

Subd. 9. [EMPLOYEE.] "Employee" means any person who performs services for another for hire including the following:

- (1) an alien;
- (2) a minor;
- (3) a sheriff, deputy sheriff, constable, marshal, police officer, firefighter, county highway engineer, and peace officer while engaged in the enforcement of peace or in the pursuit or capture of any person charged with or suspected of crime and any person requested or commanded to aid an officer in arresting any person, or in retaking any person who has escaped from lawful custody, or in executing any legal process in which case, for purposes of calculating compensation payable under this chapter, the daily wage of the person requested or commanded to assist an officer or to execute a legal process shall be the prevailing wage for similar services where the services are performed by paid employees;
- (4) a county assessor;
- (5) an elected or appointed official of the state, or of any county, city, town, school district or governmental subdivision in it. An officer of a political subdivision elected or appointed for a regular term of office, or to complete the unexpired portion of a regular term, shall be included only after the governing body of the political subdivision has adopted an ordinance or resolution to that effect;
- (6) an executive officer of a corporation, except an officer of a family farm corporation as defined in section 500.24, subdivision 1, clause (c), or an executive officer of a closely held corporation who is referred to in section 176.012;
- (7) a voluntary uncompensated worker, other than an inmate, rendering services in state institutions under the commissioner of human services and state institutions under the commissioner of corrections similar to those of officers and employees of these institutions, and whose services have been accepted or contracted for by the commissioner of human services or the commissioner of corrections as authorized by law, shall be employees. In the event of injury or death of the voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation

payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services in institutions where the services are performed by paid employees;

(8) a voluntary uncompensated worker engaged in peace time in the civil defense program when ordered to training or other duty by the state or any political subdivision of it, shall be an employee. The daily wage of the worker for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services where the services are performed by paid employees;

(9) a voluntary uncompensated worker participating in a program established by a county welfare board shall be an employee. In the event of injury or death of the voluntary uncompensated worker, the wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid in the county at the time of the injury or death for similar services where the services are performed by paid employees working a normal day and week;

(10) a voluntary uncompensated worker accepted by the commissioner of natural resources who is rendering services as a volunteer pursuant to section 84.089 shall be an employee. The daily wage of the worker for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of injury or death for similar services where the services are performed by paid employees;

(11) a member of the military forces, as defined in section 190.05, while in state active service, as defined in section 190.05, subdivision 5a. The daily wage of the member for the purpose of calculating compensation payable under this chapter shall be based on the member's usual earnings in civil life. If there is no evidence of previous occupation or earning, the trier of fact shall consider the member's earnings as a member of the military forces;

(12) a voluntary uncompensated worker, accepted by the director of the Minnesota historical society, rendering services as a volunteer, pursuant to chapter 138, shall be an employee. The daily wage of the worker, for the purposes of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of injury or death for similar services where the services are performed by paid employees;

(13) a voluntary uncompensated worker, other than a student, who renders services at the Minnesota School for the Deaf or the Minnesota Braille and Sight-Saving School, and whose services have been accepted or contracted for by the state board of education, as authorized by law, shall be an employee. In the event of injury or death of the voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services in institutions where the services are performed by paid employees;

(14) a voluntary uncompensated worker, other than a resident of the veterans home, who renders services at a Minnesota veterans home, and whose services have been accepted or contracted for by the commissioner of veterans affairs, as authorized by law, is an employee. In the event of injury or death of the voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or

death for similar services in institutions where the services are performed by paid employees;

(15) a worker who renders in-home attendant care services to a physically handicapped person, and who is paid directly by the commissioner of human services for these services, shall be an employee of the state within the meaning of this subdivision, but for no other purpose;

(16) those students enrolled in and regularly attending the medical school of the University of Minnesota, whether in the graduate school program or the post-graduate program, notwithstanding that the students shall not be considered employees for any other purpose. In the event of the student's injury or death, the weekly wage of the student for the purpose of calculating compensation payable under this chapter, shall be the annualized educational stipend awarded to the student, divided by 52 weeks. The institution in which the student is enrolled shall be considered the "employer" for the limited purpose of determining responsibility for paying benefits payable under this chapter;

(17) a faculty member of the University of Minnesota employed for the current academic year is also an employee for the period between that academic year and the succeeding academic year if:

(a) the faculty member has a contract or reasonable assurance of a contract from the University of Minnesota for the succeeding academic year; and

(b) the personal injury for which compensation is sought arises out of and in the course of activities related to the faculty member's employment by the University of Minnesota; and

(18) a worker who performs volunteer ambulance driver or attendant services is an employee of the political subdivision, nonprofit hospital, nonprofit corporation, or other entity for which the worker performs the services. The daily wage of the worker for the purpose of calculating compensation payable under this chapter is the usual going wage paid at the time of injury or death for similar services if the services are performed by paid employees; and

(19) a voluntary uncompensated worker, accepted by the commissioner of administration, rendering services as a volunteer at the department of administration. In the event of injury or death of the voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services in institutions where the services were performed by paid employees; and

(20) *a voluntary uncompensated worker rendering service directly to the pollution control agency. The daily wage of the worker for the purpose of calculating compensation payable under this chapter is the usual going wage paid at the time of injury or death for similar services if the services are performed by paid employees.*

In the event it is difficult to determine the daily wage as provided in this subdivision, then the trier of fact may determine the wage upon which the compensation is payable.

Sec. 37. Minnesota Statutes 1986, section 239.09, is amended to read:
239.09 [SPECIAL POLICE OFFICERS.]

The division and all authorized employees under the provisions of sections 239.01 to 239.10 and section 39 are hereby made special police officers and are authorized and empowered to arrest, without formal warrant, any violator of section 325E.11 and section 41 or of the statute in relation to weights and measures, and to seize for use as evidence and without formal warrant, any false weight, measure, or weighing or measuring device or package or kind of commodity found to be used, retained, or offered or exposed for sale or sold in violation of law.

Sec. 38. Minnesota Statutes 1986, section 239.52, is amended to read:

239.52 [WEIGHTS AND MEASURES FEES.]

The department of public service shall adjust the schedule of fees for regular and special weights and measures inspections to recover the amount of money appropriated for the weights and measures program, other than the cost of (1) checkweighing or the weighing of prepackaged goods to determine whether the content weight listed on the package is accurate, (2) testing for the quality of petroleum products, (3) inspections or investigations made as a result of a complaint received by the department, if the scale weight, measure, or weighing or measuring device is found to be correct, and (4) court appearances by department personnel on behalf of other governmental agencies, and (5) enforcement of section 325E.11 and section 41. The department of public service shall review and adjust its schedule of fees for regular and special inspections at the end of each six months and have all fees charged approved by the commissioner of finance before they are adopted, so as to insure that the fees charged shall be sufficient to pay all the recoverable costs connected with regular and special inspections during the fiscal year.

Sec. 39. [239.54] [INSPECTION OF MOTOR OIL AND AUTOMOTIVE BATTERY RETAILERS.]

The division shall produce, print, and distribute the notices required by section 325E.11 and section 41 and shall inspect all places where motor oil is offered for sale by persons subject to section 325E.11 and where lead acid batteries are offered for sale at retail subject to section 41 at least once every two years to determine compliance with those sections. In performing its duties under this section the division may inspect any place, building, or premises governed by section 325E.11 and section 41. Authorized employees of the division may issue warnings and citations to persons who fail to comply with the requirements of those sections.

Sec. 40. Minnesota Statutes 1986, section 325E.11, is amended to read:

325E.11 [COLLECTION FACILITIES; NOTICE.]

(a) Any person selling at retail or offering motor oil for retail sale in this state shall:

(a) (1) Post a notice indicating the nearest location, or a location within ten miles of the point of sale, where used motor oil may be returned for recycling or reuse; or

(b) (2) Provide a collection tank at the point of sale for the deposit and collection of used motor oil and post a notice of the availability of the tank.

The (b) A notice of recycling location under paragraph (a) shall be posted on or adjacent to the motor oil display itself and shall, be at least

8-1/2 inches by 11 inches in size. If a collection tank is available on the premises a sign of similar size shall be placed on or adjacent to the motor oil display informing the public that a collection tank is available, unless prohibited by local ordinance., contain the universal recycling symbol with the following language:

- (1) "It is illegal to put used oil in the garbage.";
 - (2) "Recycle your used oil."; and
 - (3) (i) "There is a collection tank here for your used oil."; or
(ii) "The nearest collection tank for used oil is located at (name of business and address)."
- (c) The division of weights and measures under the department of public service shall enforce compliance of this section as provided in section 39.

Sec. 41. [325E.115] [LEAD ACID BATTERIES; COLLECTION FOR RECYCLING.]

Subdivision 1. [COLLECTION; NOTICE.] (a) A person selling lead acid batteries at retail or offering lead acid batteries for retail sale in this state shall:

- (1) accept, at the point of transfer, lead acid batteries from customers; and
- (2) post written notice, which must be at least 8-1/2 inches by 11 inches in size and must contain the universal recycling symbol and the following language:
 - (i) "It is illegal to put a motor vehicle battery in the garbage.";
 - (ii) "Recycle your used batteries."; and
 - (iii) "State law requires us to accept motor vehicle batteries for recycling."

(b) Any person selling lead acid batteries at wholesale or offering lead acid batteries for sale at wholesale must accept, at the point of transfer, lead acid batteries from customers.

Subd. 2. [COMPLIANCE; MANAGEMENT.] The division of weights and measures under the department of public service shall enforce compliance of subdivision 1 as provided in section 39. The director of the pollution control agency shall inform persons governed by subdivision 1 of requirements for managing lead acid batteries.

Sec. 42. Minnesota Statutes 1986, section 473.149, subdivision 2d, is amended to read:

Subd. 2d. [LAND DISPOSAL ABATEMENT PLAN.] By January 1, 1985, after considering any county land disposal abatement proposals and waste stream analysis that have been submitted by that date, pursuant to section 473.803, subdivision 1b, the council shall amend its policy plan to include specific and quantifiable metropolitan objectives for abating to the greatest feasible and prudent extent the need for and practice of land disposal of mixed municipal solid waste and of specific components of the solid waste stream, either by type of waste or class of generator. The objectives must be stated in annual increments through the year 1990 and thereafter in five-year increments through the year 2000. The plan must include a reduced estimate, based on the council's abatement objectives, of the added solid waste disposal capacity needed in appropriate sectors of the metro-

politan area, stated in annual increments through the year 1990 and thereafter in five year increments through the year 2000. The plan must include measurable objectives for local abatement of solid waste through resource recovery and waste reduction and separation programs and activities for each metropolitan county and for cities of the first class, the second class, and the third class, respectively, stated in annual increments through the year 1990 and in five-year increments through the year 2000. The standards must be based upon and implement the council's metropolitan abatement objectives. The council's plan must include standards and procedures to be used by the council in determining whether a metropolitan county or class of cities within a metropolitan county has implemented the council's metropolitan land disposal abatement plan and has achieved the objectives for local abatement. The council shall report on abatement to the legislative commission before January 1 of each year. The report must include an assessment of whether the objectives of the metropolitan abatement plan have been met and whether each county and each class of city within each county has achieved the objectives set for it in the council's plan. The report must recommend any legislation that may be required to implement the plan. If in any year the council reports that the objectives of the council's abatement plan have not been met, the council shall attach legislation to the report that reassigns appropriate governmental responsibilities among cities, counties, and metropolitan agencies so as to assure implementation and achievement of the metropolitan and local abatement plans and objectives.

Sec. 43. Minnesota Statutes 1986, section 473.149, subdivision 6, is amended to read:

Subd. 6. **[COST AND FINANCING ANALYSIS REPORT TO LEGISLATURE.]** ~~By January 1, 1987, and~~ *The council shall report on abatement to the legislative commission on waste management by November 1 of each year. The report must include an assessment of whether the objectives of the metropolitan abatement plan have been met and whether each county and each class of city within each county have achieved the objectives set for it in the council's plan. The report must recommend any legislation that may be required to implement the plan. If in any year the council reports that the objectives of the council's abatement plan have not been met, the council shall evaluate and report on the need to reassign governmental responsibilities among cities, counties, and metropolitan agencies to assure implementation and achievement of the metropolitan and local abatement plans and objectives.*

The report in each odd-numbered even-numbered year thereafter, the council shall report to the legislature must include a report on the operating, capital, and debt service costs of solid waste facilities in the metropolitan area; changes in the costs; the methods used to pay the costs; and the resultant allocation of costs among users of the facilities and the general public. The facility costs report must present the cost and financing analysis in the aggregate and broken down by county and by major facility.

Sec. 44. Minnesota Statutes 1986, section 473.803, is amended by adding a subdivision to read:

Subd. 1b. **[RECYCLING IMPLEMENTATION STRATEGY.]** *(a) By December 1, 1988, each county shall submit for council approval a local recycling implementation strategy. The local recycling implementation strategy must:*

(1) be consistent with the approved county master plan;

(2) identify the materials that will be recycled in the county, including at least yard waste and three other materials, and the parties responsible and method for recycling the material;

(3) define the need for funds to ensure continuation of local recycling, methods of raising and allocating such funds, and permanent sources and levels of local funding for recycling; and

(4) provide that a generator has the right to convey recyclable materials to any recycler.

(b) For the purposes of this subdivision, "recycling" includes yard waste composting and recycling that occurs at a waste facility before the combustion of waste or the conversion of waste to materials for combustion.

Sec. 45. Minnesota Statutes 1986, section 473.834, subdivision 2, is amended to read:

Subd. 2. [ALLOCATION OF DEBT SERVICE.] The annual debt service on the council's solid waste bonds, issued under section 473.831, shall be annually apportioned and certified by the council to each county in the metropolitan area, in the proportion that the assessed value of all taxable property within each county bears to the assessed value of the taxable property in all the counties, except that the apportionment to each county shall first be adjusted to reflect exemptions from payment required by subdivision 1 and reductions in payment required by subdivision 3.

Sec. 46. Minnesota Statutes 1986, section 473.842, subdivision 2, is amended to read:

Subd. 2. [MARKET DEVELOPMENT.] "Market development" means the location and facilitation of economic markets for materials, substances, energy, or other products contained within or derived from waste.

Sec. 47. Minnesota Statutes 1986, section 473.844, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; PURPOSES.] The metropolitan landfill abatement fund is created as an account in the state treasury in order to reduce to the greatest extent feasible and prudent the need for and practice of land disposal of mixed municipal solid waste in the metropolitan area. The fund consists of revenue deposited in the fund under section 473.843, subdivision 2, clause (a) and interest earned on investment of money in the fund. All repayments to loans made under this section shall must be credited to the fund. Except as otherwise provided in Laws 1984, chapter 644, section 81, subdivisions 2 and 3, and section 473.843, subdivision 7, The money in the fund may be spent, only for purposes of metropolitan landfill abatement as provided in subdivision 1a and only upon appropriation by the legislature, only.

Subd. 1a. [USE OF FUNDS.] The money in the fund may be spent only for the following purposes:

(1) solid waste management planning assistance in the metropolitan area under sections 115A.42 to 115A.46;

(2) grants and loans to any person for resource recovery projects and related public education in the metropolitan area under subdivision 4;

(3) grants and loans to any person for market development for reusable

or recyclable waste materials as provided in subdivision 2, clause (a); and

(4) assistance to any person for resource recovery projects funded under subdivision 4 or projects to develop markets for reusable or recyclable waste materials, including related public education, planning, and technical assistance;

(2) grants to counties under subdivision 4; and

(3) program administration and technical assistance by the metropolitan council as provided in subdivision 2, clause (b).

Sec. 48. Minnesota Statutes 1986, section 473.844, subdivision 4, is amended to read:

Subd. 4. [RESOURCE RECOVERY GRANTS AND LOANS.] The grant and loan program under this subdivision is administered by the metropolitan council. Grants and loans may be made to any person for resource recovery projects. The grants and loans may include the cost of planning, acquisition of land and equipment, and capital improvements. Grants and loans for planning may not exceed 50 percent of the planning costs. Grants and loans for acquisition of land and equipment and for capital improvements may not exceed 50 percent of the cost of the project. Grants and loans may be made for public education on the need for the resource recovery projects. A grant or loan for land, equipment, or capital improvements may not be made until the metropolitan council has determined the total estimated capital cost of the project and ascertained that full financing of the project is assured. Grants and loans made to cities, counties, or solid waste management districts must be for projects that are in conformance with approved master plans. A grant or loan to a city or town must be reviewed and approved by the county for conformance with the county master plan.

Sec. 49. [473.8441] [LOCAL RECYCLING DEVELOPMENT PROGRAM.]

Subdivision 1. [DEFINITIONS.] "Number of households" has the meaning given in section 477A.011, subdivision 3a.

Subd. 2. [PROGRAM.] The council shall encourage the development of permanent local recycling programs throughout the metropolitan area. By January 1, 1988, the council shall develop performance indicators for local recycling that will measure the availability and use of recycling throughout the metropolitan area. The council shall make grants to qualifying metropolitan counties as provided in this section.

Subd. 3. [GRANTS; ELIGIBLE COSTS.] Grants may be used to pay for planning, developing, and operating yard waste composting and recycling programs.

Subd. 4. [GRANT CONDITIONS.] The council shall administer grants so that the following conditions are met:

(a) A county must apply for a grant in the manner determined by the council. The application must describe the activities for which the grant will be used.

(b) The activities funded must be consistent with the council's policy plan and the county master plan.

(c) A grant must be matched by equal county expenditures for the activities for which the grant is made.

(d) All grant funds must be used for new activities or to expand existing activities in the county.

(e) Counties shall provide support to maintain effective municipal recycling where it is already established.

Subd. 5. [GRANT ALLOCATION PROCEDURE.] (a) The council shall distribute the funds so that each qualifying county receives a base amount of \$25,000, plus a proportionate share of the remaining funds available for the program. A county's share is an amount that has the same proportion to the total remaining funds as the number of households in the county has to the total number of households in all metropolitan counties. The council shall distribute the funds in two parts.

(b) The first distribution consists of the base amount plus one-third of the county's proportionate share. To qualify for the first distribution, a county must submit an application for council approval before December 1, 1987. Not more than one-half of the first distribution may be spent for planning and consultants.

(c) The second distribution consists of the remaining funds available for the program. To qualify for the second distribution, a county must have received funds under the first distribution and must submit for council approval by December 1, 1988, a report on expenditures and activities under the program, a local recycling implementation strategy as required by section 44, and a proposed performance funding system that will allocate all of the remaining funds available under the program for recycling implementation activities in accordance with performance.

Sec. 50. Minnesota Statutes 1986, section 473.846, is amended to read:
473.846 [REPORT TO LEGISLATURE.]

By November 1, 1986, and each year thereafter, the agency and metropolitan council shall submit to the senate finance committee, the house appropriations committee, and the legislative commission on waste management separate reports describing the activities for which money from the landfill abatement and contingency action funds has been spent during the previous fiscal year. The council may incorporate its report in the report required by section 473.149. In its 1988 report, the council shall make recommendations to the legislature on the future management and use of the metropolitan landfill abatement fund.

Sec. 51. [WASTE PESTICIDE COLLECTION; PILOT PROJECT.]

Subdivision 1. [PESTICIDE; DEFINITION.] For the purposes of this section, "pesticide" means any substance or mixture of substances intended to prevent, destroy, repel, or mitigate any pest, and any substance or mixture of substances intended for use as a plant regulator, defoliant, or desiccant.

Subd. 2. [PROJECT.] The pollution control agency in consultation and cooperation with the commissioner of agriculture shall design and implement a pilot project, to be completed by June 30, 1989, to:

(1) collect and properly dispose of waste pesticides;

(2) inform and educate the public regarding proper waste pesticide management; and

(3) determine the current waste pesticide management methods and the nature and extent of problems associated with waste pesticides.

Subd. 3. [COLLECTION AND DISPOSAL.] The agency shall provide for the establishment and operation of temporary collection sites for waste pesticides. It may use its United States Environmental Protection Agency identification number to identify pesticides collected. The agency may limit the type and quantity of pesticides acceptable for collection and may assess persons bringing pesticides to the collection site for costs incurred by the agency to store, test, handle, and dispose of the pesticides.

Subd. 4. [INFORMATION AND EDUCATION.] The agency shall develop informational and educational materials to alert the public to proper methods of waste pesticide management.

Subd. 5. [REPORT.] During the pilot project, the agency shall conduct surveys and collect data on pesticide storage and disposal. By November 30, 1989, the agency shall report to the legislative commission on waste management its findings during the project and its recommendations for further legislation governing management of waste pesticides.

Subd. 6. [DEPARTMENT OF AGRICULTURE; INVOLVEMENT.] The commissioner of agriculture must be kept informed of project data and shall provide assistance and advice to the agency in operation of the project.

Subd. 7. [MANAGEMENT AND DISPOSAL.] The agency or other entity collecting waste pesticides must manage and dispose of the waste in compliance with applicable federal and state requirements.

Sec. 52. [PROCUREMENT OF RECYCLED MATERIALS.]

Subdivision 1. [PROCUREMENT TEST FOR RECYCLED PAPER.] The commissioner of administration shall provide for the establishment of a program to test the purchase of recycled printing and writing paper by the state.

Subd. 2. [REPORT.] By November 15, 1987, the commissioner of administration shall report to the legislative commission on waste management on the methods and results of the test purchase of recycled printing and writing paper, and any findings and recommendations about the definitions and bid specifications in state purchasing contracts; the availability, performance, appropriate uses, and price of paper and other products containing recycled material; potential state demand and viability of cooperative purchases with political subdivisions; appropriate record-keeping and reporting mechanisms; and other similar matters of program design and administration.

Sec. 53. Laws 1984, chapter 644, section 85, is amended to read:

Sec. 85. [EFFECTIVE DATE.]

Sections 1 to 45, 48 to 51, 56 to 72, and 78 to 84 are effective the day following final enactment. Sections 46, 47, and 73 to 77 are effective January 1, 1985, except that the fees imposed in sections 46, 47, and 73 shall be effective January 1, ~~1988~~ 1990, with respect to nonhazardous solid waste from metalcasting facilities. Prior to January 1, ~~1988~~ 1990, an operator of a facility that is located in the metropolitan area for the disposal of mixed ~~municipal~~ municipal solid waste shall deduct from the disposal charge for nonhazardous solid waste from metalcasting facilities the fee imposed under sections 46, 47, and 73.

Section 52 is effective for taxable years after December 31, 1983. Section 55 is effective for sales after June 30, 1984. Sections 53 and 54 are effective

for taxable years after December 31, 1984.

Sec. 54. [APPROPRIATIONS; COMPLEMENT.]

Subdivision 1. [APPROPRIATIONS.] \$_____ is appropriated from _____ to the agencies and for the purposes and fiscal years specified:

1988

1989

- (a) To the waste management board:
 - (1) For nonhazardous and industrial waste grants and technical assistance under sections 3 and 115A.152 and 115A.154
 - (2) For public education under section 4
 - (3) For the solid waste management policy report under section 14
 - (4) For market development for recyclable materials under section 17
 - (5) For waste reduction and separation projects and technical assistance under section 21
- (b) To the pollution control agency:
 - (1) For the solid waste management policy report under section 14
 - (2) For household hazardous waste management under section 29
 - (3) For pilot waste pesticide collection under section 51
- (c) To the department of public service for the notice and inspection program under sections 39, 40, and 41:

If an appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

Subd. 2. [COMPLEMENT.] The approved complement of the following agencies is increased as specified:

- (a) Waste management board, _____positions.
- (b) Pollution control agency, _____positions.

Subd. 3. [APPROPRIATION; USED OIL.] The transfer from the motor vehicle transfer fund in Laws 1985, First Special Session chapter 13, section 28, subdivision 8, for waste tire recycling may be used by the authority also for loans for used oil processing equipment and grants for used oil storage tanks under section 32.

Subd. 4. [APPROPRIATION; METROPOLITAN LANDFILL ABATEMENT.] All money in the metropolitan landfill abatement fund is appropriated to the pollution control agency for payment to the metropolitan council. The council shall use the funds for the purposes of section 473.844, as amended, and section 49. The council shall use \$1,500,000 for grants under section 49. In May of 1987 and 1988 the council shall submit to the legislative commission on waste management, in the form determined by the commission, a budget and work program showing planned expenditures from the fund for the following fiscal year. The council may not spend the money until the commission has made its recommendations on the budget

and work program. The recommendations are advisory only.

Sec. 55. [REPEALER.]

Minnesota Statutes 1986, sections 115A.13; 115A.43; 115A.44; 473.834, subdivision 3; and 473.844, subdivisions 2 and 5, are repealed.

Sec. 56. [APPLICATION.]

Sections 42 to 50 are effective in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 57. [EFFECTIVE DATE.]

Sections 33 to 35 are effective January 1, 1988."

Amend the title as follows:

Page 1, line 10, after "2;" insert "115A.15, subdivision 6; 115A.152; 115A.154; 115A.156, subdivisions 1, 2, and 5; 115A.158, subdivisions 1 and 2;"

Page 1, line 14, after the second semicolon, insert "169.872, subdivisions 2, 3, and by adding a subdivision;"

Page 1, line 15, after the first semicolon, insert "239.09; 239.52;"

Page 1, line 18, before "proposing" insert "Laws 1984, chapter 644, section 85;"

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

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

S.F. No. 384: A bill for an act relating to employment; providing for retraining of dislocated workers; requiring the commissioner of jobs and training to coordinate services to dislocated workers; requiring notification of employment termination; providing for the monitoring of dislocated workers and plant closings; providing a state match for federal dislocated worker funding; appropriating money; amending Minnesota Statutes 1986, sections 267.02, subdivision 3; 268.0111, subdivision 4; 268.0122, subdivision 3; and 268.89, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 268.

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

Page 4, line 33, delete " ; (a)" and insert " : (1)"

Page 4, line 34, delete "(b)" and insert "(2)"

Page 4, line 35, after "facility" insert "over a six-month period"

Page 4, line 36, before "number" insert "names, addresses, and"

Page 5, line 5, after the period, insert "Data received by the commissioner from an employer pursuant to this section which would identify any individual is private data as defined in section 13.02."

Page 5, line 10, after "workers" insert a comma

Page 6, line 11, delete "80" and insert "70"

Page 6, line 12, delete "*shall*" and insert "*must*"

Page 6, line 14, delete "*ten*" and insert "*20*"

Page 6, line 18, before the period, insert "*or to provide rapid response services to dislocated workers and the associated administrative and planning expenses prior to the approval of other funds or programs*"

Page 6, line 29, before "*the*" insert a comma and delete "*shall apply*" and insert "*applies*"

Page 6, line 32, delete "*following shall be determined or monitored*" and insert "*commissioner shall determine or monitor the following*"

Page 7, line 13, before the semicolon, insert "*and other workers in the surrounding communities*"

Page 7, line 17, delete the period and insert " ; and

(9) *the type and amount of public sector financial assistance that individual businesses that have closed a plant received in the past ten years. Public sector financial assistance includes, but is not limited to, wage subsidies, tax increment financing, state and local tax abatement, credits, or deductions.*"

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

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

S.F. No. 1365: A bill for an act relating to economic development; providing training and employment for low income seniors; creating the hospitality host older worker tourism program; prescribing duties for the commissioner of the department of jobs and training; appropriating money.

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

Page 2, line 1, delete everything before the period and insert "*whose annual income is less than the poverty level established by the United States Office of Management and Budget*"

Page 2, delete lines 21 to 25

Page 2, line 26, delete everything after "*commissioner*"

Page 2, line 27, delete "*agency,*" and delete "*nine*" and insert "*ten*"

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

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

H.F. No. 1266: A bill for an act relating to Hennepin county; providing bonding authority for library construction and betterment; amending Minnesota Statutes 1986, section 383B.245.

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

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

S.F. No. 1095: A bill for an act relating to taxation; clarifying determination of estimated property taxes for settlement with local taxing districts; providing an appeal mechanism; amending Minnesota Statutes 1986, section 276.11.

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

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

S.F. No. 1504: A bill for an act relating to the county of Anoka; exempting an allocation of issuance authority for a solid waste project from the notice of issue filing deadline.

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

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

S.F. No. 596: A bill for an act relating to taxation; providing for allocation among governmental units of increases in the assessed valuation of commercial-industrial property within the taconite tax relief area; providing a formula for the distribution of additional revenues to municipalities within the taconite tax relief area; proposing coding for new law as Minnesota Statutes, chapter 276A.

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

Page 1, line 22, delete "*August*"

Page 1, line 23, delete "*1, 1979*" and insert "*June 1, 1987*"

Page 2, after line 25, insert:

"(2) class 2c property, limited to the dwelling, a garage, and the one acre of land on which the dwelling is located;"

Page 2, line 26, delete "*(2)*" and insert "*(3)*"

Page 2, line 28, delete "*(3)*" and insert "*(4)*"

Page 2, delete lines 35 and 36 and insert:

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

Page 3, lines 23 and 24, after "*real*" insert "*and personal*"

Page 4, line 23, delete "*ADMINISTRATIVE AUDITOR*" and insert "*ADMINISTRATION*"

Page 4, delete lines 24 to 36

Page 5, delete line 1 and insert "*The commissioner*"

Page 5, line 2, delete "*auditor's office*"

Page 5, line 3, delete everything before "*to*" and insert "*department of*"

revenue”

Page 5, lines 4 and 10, delete “*administrative auditor*” and insert “*commissioner*”

Page 5, line 5, delete “*That county*” and insert “*The commissioner*”

Page 5, line 6, delete “*its county auditor and staff*” and insert “*the department of revenue*”

Page 5, lines 7, 9, 13, and 14, delete “*other*”

Page 5, line 14, delete “*treasurer of the county incurring*”

Page 5, line 15, delete “*expense*” and insert “*commissioner*”

Page 6, lines 18 and 19, delete “*administrative auditor*” and insert “*commissioner*”

Page 6, line 21, delete “*2-1/2*” and insert “*3.33*”

Page 6, line 24, delete “*of revenue*” and delete “*to*”

Page 6, line 25, delete “*the administrative auditor*”

Page 6, line 31, before “*The*” insert “*(a)*”

Page 6, line 32, delete “*administrative auditor*” and insert “*commissioner*”

Page 7, line 2, delete “*(a)*” and insert “*(i)*”

Page 7, line 4, delete “*(b)*” and insert “*(ii)*”

Page 7, after line 8, insert:

“(b) Notwithstanding clause (a), a municipality's distribution index is zero if it certified no levy in the preceding year. Certification of a road and bridge levy for an unorganized territory by a county under section 163.06 is not deemed to be a certified levy for purposes of this clause.”

Page 7, lines 9, 13, and 18, delete “*administrative auditor*” and insert “*commissioner*”

Page 7, line 32, delete “*40*” and insert “*30*”

Page 8, line 36, delete “*administrative auditor*” and insert “*commissioner*”

Page 9, lines 2, 5, 25, 30, and 32, delete “*administrative auditor*” and insert “*commissioner*”

Page 9, line 19, delete “*40*” and insert “*30*”

Page 10, lines 5 and 6, delete “*administrative auditor's*” and insert “*commissioner's*”

Page 11, lines 7 and 8, delete “*administrative auditor*” and insert “*commissioner*”

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

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

S.F. No. 1117: A bill for an act relating to crimes; taxes; providing for collection from convicted person's tax refund of court-ordered restitution to crime victims; amending Minnesota Statutes 1986, sections 270A.02;

and 270A.03, subdivisions 2, 5, and by adding a subdivision.

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

Page 1, delete section 1

Page 2, after line 31, insert:

"Sec. 4. [REPEALER.]

Minnesota Statutes 1986, section 270A.02, is repealed."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete "sections 270A.02; and" and insert "section"

Page 1, line 6, before the period, insert "; repealing Minnesota Statutes 1986, section 270A.02"

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

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

S.F. No. 1105: A bill for an act relating to recreation and natural resources; authorizing grants to local government units for park acquisition and betterment; authorizing dam safety projects; authorizing the acquisition of natural habitat; authorizing acquisition and betterment of units of the outdoor recreation system including, but not limited to, state parks, trails, forests, fishing management lands, wildlife management areas, scientific and natural areas, wild, scenic, and recreational rivers, canoe and boating routes, and public water access; providing for open space improvements in the metropolitan area; authorizing acquisition and development of amateur athletic training facilities; imposing the sales tax on certain clubs dues; providing for deposit and expenditures of certain sales tax revenues; authorizing the issuance of state bonds; appropriating money; amending Minnesota Statutes 1986, sections 115A.58, subdivision 5; 297A.01, subdivision 3; and 297A.44, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 16A.

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

Page 4, line 13, delete the first comma

Pages 8 to 11, delete sections 9 to 11

Amend the title as follows:

Page 1, line 15, delete everything after the semicolon

Page 1, delete line 16

Page 1, line 17, delete "certain sales tax revenues;"

Page 1, line 19, delete "sections" and insert "section"

Page 1, delete line 20 and insert "5."

Page 1, delete lines 21 and 22

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

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

S.F. No. 1404: A bill for an act relating to local government; providing the Lake county housing and redevelopment authority with certain port authority powers.

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

Page 1, after line 12, insert:

"Sec. 2. [LODGING TAX IN TOWNS.]

Notwithstanding Minnesota Statutes, section 477A.016, or other law, the Cook county board may impose a tax of up to two percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court or resort, other than the renting or leasing of it for a continuous period of 30 days or more, located in the towns of Lutsen, Tofte, and Schroeder. The tax may be imposed in one or more of the towns. The tax may be imposed in a town only with the agreement of the town expressed by its voters at an annual or special meeting. The tax shall be collected by and its proceeds paid to the county. The proceeds of the tax shall be dedicated for the construction, debt service, and maintenance of a public recreational facility within the towns."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, before the period, insert "authorizing the imposition of a lodging tax in certain towns in Cook county"

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

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

S.F. No. 729: A bill for an act relating to motor fuels; providing that unleaded gasoline having an octane rating of 90 or less and sold after June 30, 1988, must be blended with ethanol; amending Minnesota Statutes 1986, sections 296.01, subdivision 24; and 296.05, by adding a subdivision; repealing Minnesota Statutes 1986, section 296.02, subdivisions 7 and 8.

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

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "repealing the tax credit for agricultural alcohol gasoline;"

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

Mr. Hughes from the Committee on Elections and Ethics, to which was referred the following appointment as reported in the Journal for January 29, 1987:

STATE ETHICAL PRACTICES BOARD

Douglas R. Ewald

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Hughes from the Committee on Elections and Ethics, to which was referred the following appointment as reported in the Journal for February 12, 1987:

STATE ETHICAL PRACTICES BOARD

Martin J. McGowan

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Hughes from the Committee on Elections and Ethics, to which was referred the following appointment as reported in the Journal for February 26, 1987:

STATE ETHICAL PRACTICES BOARD

Judith Gilbert Schotzko

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

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

S.F. No. 1: A bill for an act relating to economic development; rural development; renaming and providing powers to the agricultural resource loan guaranty board; establishing a mineral resources program; establishing duties for the community development division in the department of energy and economic development; transferring the independent wastewater treatment grant program from the pollution control agency to the Minnesota public finance authority; changing the membership of the Minnesota job skills partnership board; establishing the rural development board; establishing the challenge grant program; establishing the customized training program; establishing the greater Minnesota corporation; establishing the state supplemental education grant program; establishing the Minnesota public finance authority; providing a program for revitalization of the cities of St. Paul and Minneapolis; creating a program for funding economic development projects in the taconite tax relief area; permitting investment of earnings of the northeast Minnesota economic protection trust in venture capital enterprises; appropriating money; amending Minnesota Statutes

1986, sections 16A.80, subdivision 2a; 41A.01; 41A.02, subdivisions 3, 4, 6, 11, and by adding subdivisions; 41A.05, subdivisions 1 and 2; 116.16, subdivisions 2, 5, 9, and by adding subdivisions; 116.18, subdivisions 2a and 3a; 116J.36, subdivisions 2, 3b, 3c, 8, 8a, and 11; 116J.37, subdivision 1, and by adding a subdivision; 116J.955, subdivisions 1 and 2; 116L.03, subdivision 2; 281.17; 298.292; 298.296, subdivision 2; 462.384, subdivision 7; 462.385, subdivisions 1 and 3; 462.386, subdivision 1; 462.387, subdivisions 1, 3 and 4; 462.39, subdivisions 2 and 3; 462.391, subdivisions 2, 3 and 4; 462.395; 462.396, subdivision 1; 462.398; and 462.445, subdivision 1; Laws 1983, chapter 334, section 7; proposing coding for new law in Minnesota Statutes, chapters 41A; 93; 116J; 116L; and 136A; proposing coding for new law as Minnesota Statutes, chapters 116N; 116P; and 446A; repealing Minnesota Statutes 1986, sections 116.167; 116J.951; 116J.961; 116J.965; 116M.01; 116M.02; 116M.03; 116M.04; 116M.05; 116M.06; 116M.07; 116M.08; 116M.09; 116M.10; 116M.11; 116M.12; 116M.13; 472.11, subdivisions 3, 5, 6, 7, 8, and 9; 472.12, subdivisions 2, 3, and 4; 472.125; 472.13, subdivisions 2, 3, and 4; and Laws 1969, chapters 833 and 984.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

RURAL DEVELOPMENT BOARD

Section 1. Minnesota Statutes 1986, section 116J.955, subdivision 1, is amended to read:

116J.955 [RURAL REHABILITATION REVOLVING FUND.]

Subdivision 1. [ESTABLISHMENT.] The rural rehabilitation revolving fund is established as an account in the state treasury. The money transferred to the state as a result of liquidating the rural rehabilitation corporation trust, and money derived from transfer of the trust to the state, must be credited to the rural rehabilitation revolving fund. The principal amount of the rural rehabilitation revolving fund; ~~\$9,300,000, may not be spent~~ and must be invested by the state investment board. The income attributable to investment of the principal is appropriated to the commissioner for the activities of the rural development council.

Sec. 2. Minnesota Statutes 1986, section 116J.955, subdivision 2, is amended to read:

Subd. 2. [EXPENDITURE OF INVESTMENT INCOME FUND.] ~~The commissioner~~ *rural development board* may ~~only use the income from the investment of the rural rehabilitation revolving fund for the purposes that are allowed under the Minnesota rural rehabilitation corporation's charter and agreement with the United States Secretary of Agriculture as provided in Public Law Number 499, 81st Congress, enacted May 3, 1950 and as allowed under section 116J.961, subdivision 8.~~ Not more than three percent of the book value of the Minnesota rural rehabilitation corporation's assets may be used for administrative purposes in a year without approval of the United States Secretary of Agriculture. *The rural development board may create separate accounts within the fund for use in accordance with the fund's purposes.*

Sec. 3. [116N.01] [DEFINITIONS.]

Subdivision 1. [TERMS.] For the purposes of sections 3 to 11, the following terms have the meaning given them.

Subd. 2. [BOARD.] "Board" means the rural development board.

Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of energy and economic development.

Subd. 4. [LOCAL GOVERNMENTAL UNIT.] "Local governmental unit" means a home rule charter or statutory city when the project is located in an incorporated area, a county when the project is located in an unincorporated area, or an American Indian tribal council when the project is located within a federally recognized American Indian reservation or community.

Subd. 5. [LOW INCOME.] "Low income" means equal to or below the nonmetropolitan median household income.

Subd. 6. [PRINCIPALLY.] "Principally" means more than half.

Subd. 7. [REGIONAL ORGANIZATION.] "Regional organization" or "organization" means an organization selected under section 9, subdivision 3.

Subd. 8. [RURAL.] "Rural" means the area of Minnesota located outside of the metropolitan area as defined in section 473.121, subdivision 2.

Sec. 4. [116N.02] [RURAL DEVELOPMENT BOARD.]

Subdivision 1. [MEMBERSHIP] The rural development board consists of the commissioner of energy and economic development, the commissioner of jobs and training, the commissioner of agriculture, the chair of the greater Minnesota corporation board, the state director of vocational technical education, the chancellor of the state university board, the chancellor of the state board for community colleges, the president of the University of Minnesota or the president's designee, and seven members from the general public appointed by the governor, with at least one public member from each of the regions established in section 9. Two of the public members must be local elected officials. Two of the public members must be members of farm organizations. One public member must represent the interests of business, and one public member must represent the interests of organized labor.

Subd. 2. [MEMBERSHIP TERMS.] The membership terms, compensation, removal, and filling of vacancies of public members of the board are as provided in section 15.0575.

Subd. 3. [CHAIR; OTHER OFFICERS.] The commissioner of energy and economic development shall serve as chair of the board. The board may elect other officers as is necessary from its members.

Subd. 4. [ADVISORY TASK FORCES.] The board may establish advisory task forces under section 15.014 to advise or assist the board in identifying and working with rural development issues.

Subd. 5. [STAFF] The commissioner of energy and economic development shall provide staff, consultant support, materials, and administrative services necessary for the board's activities. The services must include personnel, budget, payroll, and contract administration. The board may request staff support from other agencies of state government as needed

for the execution of the responsibilities of the board, and the other agencies shall furnish the staff support upon request.

Subd. 6. [EXPENSES.] The commissioner shall pay the expenses of the board and the costs of the board's staff and programs from the rural rehabilitation revolving fund established in section 116J.955.

Sec. 5. [116N.03] [POWERS.]

Subdivision 1. [CONTRACTS.] The board may enter into contracts and grant agreements necessary to carry out its responsibilities.

Subd. 2. [GIFTS; GRANTS.] The board may apply for, accept, and disburse gifts, grants, loans, or other property from the United States, the state, private foundations, or any other source. It may enter into an agreement required for the gifts, grants, or loans and may hold, use, and dispose of its assets in accordance with the terms of the gift, grant, loan, or agreement. Money received by the board under this subdivision must be deposited in the state treasury. The amount deposited is appropriated to the board to carry out its duties.

Sec. 6. [116N.04] [DUTIES.]

Subdivision 1. [GENERAL DUTIES.] The board shall investigate and evaluate new methods to enhance rural development, particularly methods relating to economic diversification through private enterprises, including technologically innovative industries, value-added manufacturing, agri-processing, information industries, and agricultural marketing.

Subd. 2. [ESTABLISH PROGRAMS.] The board shall establish and administer a rural rehabilitation pilot project program to award up to \$500,000 in grants to public, nonprofit, or private organizations to support farm-related pilot projects for rural development. Projects must be designed to principally benefit low-income persons.

Subd. 3. [TECHNICAL ASSISTANCE.] The board shall provide technical assistance and rural development information services to state agencies, regional agencies, special districts, local governments, and the public.

Subd. 4. [BUDGET.] The board shall adopt an annual budget and work program and a biennial budget.

Subd. 5. [LEGISLATIVE REPORT.] The board shall submit a report to the legislature by January 31 of each year. The report must include a review of rural development in the state, an accounting of loans made under the challenge grant program, an evaluation of rural development initiatives, and recommendations concerning state support for rural development.

Sec. 7. [116N.056] [RURAL INVESTMENT GUIDE.]

The board, after appropriate study and public hearings as necessary, shall adopt a comprehensive state rural investment guide consisting of policy statements, objectives, standards, and program criteria to guide state agencies in establishing and implementing programs relating to rural development. The guide must recognize the community and economic needs, the food and agricultural policy, and the resources of rural Minnesota, and provide a plan to coordinate and allocate public and private resources to the rural areas of the state. The board shall submit the guide to the appropriate committees of the legislature.

Sec. 8. [116N.06] [BOARD REVIEW.]

The board may require state agencies to submit for review any state program relating to rural development. The board may comment on the program and may recommend changes consistent with the rural development guide.

Sec. 9. [116N.07] [CHALLENGE GRANT PROGRAM.]

Subdivision 1. [ORGANIZATION.] The board shall make challenge grants to regional organizations to encourage private investment, to provide jobs for low-income persons, and to promote economic development in the rural areas of the state.

Subd. 2. [FUNDING REGIONS.] The board shall divide the state outside of the metropolitan area as defined in section 473.121, subdivision 2, into six regions. A region's boundaries must be coterminous with the boundaries of one or more of the development regions established under section 462.385. The board shall designate up to \$1,000,000 for each region, to be awarded over a period of three years. The money designated to each region must be used for revolving loans and equity investments authorized in this section.

Subd. 3. [SELECTION OF ORGANIZATIONS TO RECEIVE CHALLENGE GRANTS.] The board shall select the organizations to receive the challenge grants and shall enter into grant agreements with the organizations. An organization must be a nonprofit corporation and must demonstrate that:

- (1) its board of directors includes citizens experienced in rural development and representatives from all geographic areas in the region;*
- (2) it has the technical skills to analyze projects;*
- (3) it is familiar with other available public and private funding sources and economic development programs;*
- (4) it can initiate and implement economic development projects; and*
- (5) it can establish and administer a revolving loan fund.*

Subd. 4. [REVOLVING LOAN FUND.] A regional organization shall establish a board certified revolving loan fund to provide loans to new and expanding businesses in rural Minnesota to promote economic development. Eligible business enterprises include technologically innovative industries, value-added manufacturing, agriprocessing, information industries, and agricultural marketing. Loan applications given preliminary approval by the organization must be forwarded to the board for final approval. The amount of state money allocated for each loan is appropriated from the rural rehabilitation revolving fund established in section 116J.955 to the organization's regional revolving loan fund when the board gives final approval for each loan. The amount of money appropriated from the rural rehabilitation revolving fund may not exceed 50 percent for each loan. The amount of nonpublic money must equal at least 50 percent for each loan.

Subd. 5. [LOAN CRITERIA.] The following criteria apply to loans made under the challenge grant program:

- (a) Loans must be made to businesses that are not likely to undertake a project for which loans are sought without assistance from the challenge grant program.*

(b) A loan must be used for a project designed principally to benefit low-income persons through the creation of job opportunities for them. Among loan applicants, priority must be given on the basis of the number of permanent jobs created or retained by the project and the proportion of nonstate money leveraged by the revolving loan.

(c) The minimum loan is \$5,000 and the maximum is \$100,000.

(d) With the approval of the commissioner, a loan may be used to provide up to 50 percent of the private investment required to qualify for a grant from the economic recovery fund.

(e) A loan may not exceed 50 percent of the total cost of an individual project.

(f) A loan may not be used for a retail development project.

(g) A business applying for a loan must be sponsored by a resolution of the governing body of the local governmental unit within whose jurisdiction the project is located.

Subd. 6. [REVOLVING FUND ADMINISTRATION.] (a) The board shall establish a minimum interest rate for loans to ensure that necessary management costs are covered.

(b) Money repaid to a revolving loan fund must be deposited in the fund for further distribution by the regional organization, consistent with the loan criteria specified in subdivisions 4 and 5.

(c) Administrative expenses of each organization may be paid out of the interest earned on loans.

Subd. 7. [RULES.] The board shall adopt rules to implement the duties specified in this section.

Subd. 8. [GRANTS TO NONPROFITS.] The board may use a portion of the money designated for a region to make challenge grants to nonprofit regional investment corporations or nonprofit venture capital funds located in the region. A grant under this subdivision may be made only if the nonprofit investment corporation or the nonprofit venture capital fund can demonstrate that at least two individuals or organizations other than the board will each make a grant or investment equal to the amount of the challenge grant made by the board.

Subd. 9. [LOCAL GOVERNMENTAL UNIT LOANS.] A local governmental unit may receive a loan under this section if the local governmental unit has established a local revolving loan fund and can provide at least an equal match to the loan received from a regional organization. The maximum loan available to a local governmental unit under this section is \$50,000. The money loaned to a local governmental unit by a regional organization must be matched by the local revolving loan fund and used to provide loans to businesses to promote local economic development. One-half of the money loaned to a local governmental unit under this section by a regional organization must be repaid to the regional organization's revolving loan fund. One-half of the money may be retained by the local governmental unit's revolving loan fund for further distribution by the local governmental unit.

Subd. 10. [REGIONAL COOPERATION.] An organization that receives a challenge grant shall cooperate with other regional organizations, including regional development commissions, community development cor-

porations, community action agencies, and the Minnesota small business development centers and satellites, in carrying out challenge grant program responsibilities.

Sec. 10. [116N.08] [REPORTING REQUIREMENTS.]

The organization shall:

(1) *submit an annual report to the board by February 15 of each year that includes a description of projects supported by the challenge grant program, an account of loans made during the calendar year, the source and amount of money collected and distributed by the challenge grant program, the program's assets and liabilities, and an explanation of administrative expenses; and*

(2) *provide for an independent annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the board.*

Sec. 11. [116N.09] [CERTIFIED DEVELOPMENT COMPANY.]

Subdivision 1. [PURPOSE; OBJECTIVES.] The board may create, promote, and assist a development company that will qualify as a certified development company for the purposes of United States Code, title 15, section 697, and Code of Federal Regulations, title 13, section 108.503.

The board shall utilize the development company program to stimulate the state's economic activity.

The development company and its directors and officers shall comply with the organizational, operational, regulatory, and reporting requirements as promulgated by the United States Small Business Administration and the guidelines contained in the bylaws, articles of incorporation, and standard operating procedure prescribed by the Small Business Administration.

Subd. 2. [CAPITAL, LOAN LIMITS; MEMBERSHIP REQUIREMENTS.] The capital for a certified development company must be derived from corporate holders or members, each of whom must not have more than ten percent of the voting control of the development company. The company must have a minimum of ten members. The members of the company from each economic development region must represent, to the greatest extent practical, the same proportion of the membership of the company as the population of the economic development region is of the population of the state. The loan limit of each member must be established at the time of its acceptance as a member and must be computed on the basis of the financial information contained in or made a part of its application for membership. Loan limits must be established at the thousand dollar amount nearest the amount computed in accordance with the provisions of the articles of incorporation and this section.

Subd. 3. [MEMBERS.] Members must be representatives of local government, community organizations, financial institutions, and businesses in Minnesota and must, upon application, have been accepted for membership by a majority vote of the members of the board of directors present at a regular or special meeting of the board at which there is a quorum. A "financial institution" is a business organization recognized under Minnesota or federal law as a banking institution, trust company, savings and loan association, insurance company, or a corporation, partnership, foundation or other institution licensed to do business in the state of Minnesota

and engaged primarily in lending or investing money.

Subd. 4. [MEMBERSHIP APPLICATIONS.] Applications for membership must be submitted to the development company's board of directors on forms provided by the corporation and accompanied by additional information as the form may require. Application forms must provide that if the application is approved and the applicant accepted for membership by the development company's board of directors before withdrawal of the application, the applicant agrees to become a member upon the acceptance and to assume the rights and obligations of a member. Notice of approval or rejection of an application must be forwarded, by certified or registered United States mail, to the applicant for the attention of the person signing the application, within 15 days following the date when the approval or rejection is made. Approval of the application constitutes acceptance of the applicant as a member of the corporation.

Subd. 5. [OFFICERS.] The executive officers of the development company are a president, one or more vice presidents including the executive vice president, a secretary, and a treasurer. None of the officers, except the president, need be directors. One person may hold the offices and perform the duties of any two or more of the offices. The development company's board of directors by majority vote may leave unfilled for any period it may fix any office except that of president, treasurer, or secretary.

Subd. 6. [ASSISTANCE.] The commissioner of energy and economic development shall make available the professional staff of the department to provide services to the development company including, but not limited to, accounting, legal, and business assistance services. The staff must have the capability to package, process, close and service loans made through the development company.

Subd. 7. [REPORTS.] The development company shall submit to the Small Business Administration annual reports on its operation. When requested by the Small Business Administration, interim reports of a similar nature must be provided. The reports must be provided in accordance with the instructions and attachments set forth by the Small Business Administration. The development company shall comply with all regulations issued under the small business investment act of 1958, as amended, as well as applicable state and federal laws affecting its operation.

Subd. 8. [REVOLVING ACCOUNT.] The development company may charge a one-time processing fee up to the maximum allowed by the Small Business Administration on a debenture issued for loan purposes. In addition, a fee for servicing loans may be imposed up to the maximum allowed by the Small Business Administration based on the unpaid balance of each debenture. These fees must be deposited in the state treasury and credited to a special account. Money in the account is appropriated to the board to pay the costs of administering the program, compensate members of the board of directors under section 15.0575, subdivision 3, and to create and operate a pool of money for investment in projects that further the purposes of this section.

Sec. 12. [RESPONSIBILITIES TRANSFERRED TO RURAL DEVELOPMENT BOARD.]

The responsibilities for the certified development company program under section 116M.05 are transferred from the Minnesota energy and economic development authority to the rural development board. Minnesota

Statutes, section 15.039 applies to the transfer of responsibilities, which includes the transfer of one and one-half classified positions from the financial management division of the department of energy and economic development to the rural development board. The approved complement of the rural development board is seven and one-half positions, including the one and one-half positions transferred and six new positions, one of which is an executive director position in the unclassified service.

Sec. 13. [REPEALER.]

Minnesota Statutes 1986, sections 116J.951; 116J.961; 116J.965; and 116M.05, are repealed.

Sec. 14. [APPROPRIATION.]

\$150,000 is appropriated from the general fund to the commissioner of energy and economic development to administer programs under the rural development board. \$75,000 is for fiscal year 1988 and \$75,000 is for fiscal year 1989.

Sec. 15. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 2

GREATER MINNESOTA CORPORATION

Section 1. [116P01] [CITATION.]

Sections 1 to 10 may be cited as the "greater Minnesota corporation act."

Sec. 2. [116P02] [DEFINITIONS.]

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

Subd. 2. [BOARD.] "Board" means the board of directors of the greater Minnesota corporation.

Subd. 3. [CORPORATION.] "Corporation" means the greater Minnesota corporation.

Subd. 4. [FUND.] "Fund" means the greater Minnesota fund.

Sec. 3. [116P03] [CORPORATION; BOARD OF DIRECTORS; POWERS.]

Subdivision 1. [NAME.] The greater Minnesota corporation is a public corporation of the state and is not subject to the laws governing a state agency except as provided in this chapter. The business of the corporation must be conducted under the name "greater Minnesota corporation."

Subd. 2. [BOARD OF DIRECTORS.] The corporation is governed by a board of 11 directors. The term of a director is six years. Vacancies on the board are filled by appointment of the board, subject to the advice and consent of the senate. The board may determine the compensation of its members.

Subd. 3. [BYLAWS.] The board of directors shall adopt bylaws necessary for the conduct of the business of the corporation, consistent with this chapter.

Subd. 4. [PLACES OF BUSINESS.] The board shall locate and maintain

the corporation's places of business within the state.

Subd. 5. [MEETINGS AND ACTIONS OF THE BOARD.] *The board shall meet at least twice a year and may hold additional meetings upon giving notice in accordance with the bylaws of the corporation. Board meetings are subject to section 471.705, except when data described in subdivision 7 is discussed.*

Subd. 6. [CLOSED MEETINGS; RECORDING.] *The board of directors may by a majority vote in a public meeting decide to hold a closed meeting authorized under subdivision 5. The time and place of the closed meeting must be announced at the public meeting. A written roll of members present at the closed meeting must be made available to the public after the closed meeting. The proceedings of a closed meeting must be tape recorded at the expense of the board and must be preserved by the board for two years. The data on the tape is nonpublic data under section 13.02, subdivision 9.*

Subd. 7. [APPLICATION AND INVESTIGATIVE DATA.] *The following data is classified as private data with regard to data on individuals under section 13.02, subdivision 12, or as nonpublic data with regard to data not on individuals under section 13.02, subdivision 9, whichever is applicable:*

(1) *financial data, statistics, and information furnished in connection with assistance or proposed assistance under section 6, including credit reports, financial statements, statements of net worth, income tax returns, either personal or corporate, and any other business and personal financial records;*

(2) *correspondence between members of the corporation board or employees of the corporation and applicants or other persons or entities regarding assistance or proposed assistance, and any investigative data obtained by the corporation board or employees of the corporation in relation to the assistance under section 6; or*

(3) *security information, trade secret information, or labor relations information, as defined in section 13.37, subdivision 1, disclosed to members of the corporation board or employees of the corporation under section 6.*

Subd. 8. [ADVISORY COMMITTEES.] (a) *The board shall establish a research advisory committee and a finance advisory committee and may establish other advisory committees it considers necessary. Committee members are compensated as provided in section 15.059, subdivision 3.*

(b) *The research advisory committee must consist of five members who have extensive experience in science and technology research. The research advisory committee shall review all research grant proposals submitted to the board. The board shall not give final approval to a research grant until it has received the research advisory committee's evaluation and recommendations or until 30 days have elapsed since the proposal was submitted to the research advisory committee, whichever occurs first.*

(c) *The finance advisory committee must consist of five members who have extensive experience in business development, finance, banking, or venture capital investments. The finance advisory committee shall advise the board on equity investments.*

Subd. 9. [CONFLICT OF INTEREST.] *A director of the corporation may not participate in or vote on a decision of the board relating to an*

organization in which the director has either a direct or indirect financial interest.

Subd. 10. [RESERVATION OF RIGHT.] The state reserves the right to amend or repeal this chapter. The greater Minnesota corporation is subject to this reserved right.

Sec. 4. [116P04] [CORPORATE PERSONNEL.]

Subdivision 1. [GENERALLY.] The board shall appoint and set the compensation for a president, who serves as chief executive officer of the corporation, and who may appoint subordinate officers. The president's salary may not exceed 95 percent of the governor's salary. The board may designate the president as its general agent. Subject to the control of the board, the president shall employ employees, consultants, and agents the president considers necessary. The board shall define the duties and designate the titles of the employees and agents.

Subd. 2. [STATUS OF EMPLOYEES.] Employees, officers, and directors of the corporation are not state employees, but, at the option of the board, may participate in the following plans for employees in the unclassified service: the state retirement plan, the state deferred compensation plan, and the health insurance and life insurance plans.

Sec. 5. [116P05] [POWERS OF THE CORPORATION.]

(a) Except as otherwise provided in this article, the corporation has the powers granted to a business corporation by section 302A.161, subdivisions 3, 4, 5, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, and 22.

(b) The state is not liable for the obligations of the corporation.

Sec. 6. [116P06] [ACTIVITIES.]

Subdivision 1. [GRANTS.] The corporation may make matching grants for applied research and development to the University of Minnesota, a state university, a community college, a Minnesota private college or university, or an area vocational technical institute.

Subd. 2. [EQUITY INVESTMENTS.] The corporation may acquire an interest in a product or a private business entity, except that the corporation may not acquire an interest in a business entity engaged in a trade or industry whose profits are directly regulated by the commissioner of commerce or the department of public service. The corporation may enter into joint venture agreements with other private corporations to promote economic development and job creation.

Subd. 3. [CONSULTING AND TECHNICAL SERVICES.] The corporation may provide general consulting and technical services to colleges or universities or to businesses and may set fees or charges for the services.

Subd. 4. [RESEARCH.] The corporation may identify opportunities for scientific research and technological innovation and advise colleges and universities of the research needs of private business.

Subd. 5. [REGIONAL FINANCE CENTERS.] The corporation may contract with the regional organizations selected in article 1, section 9, subdivision 3, to establish up to six regional finance centers.

Subd. 6. [ON-SITE RESEARCH.] The corporation may construct, acquire, lease, own, or operate one or more on-site research facilities in Minnesota.

Subd. 7. [AGRICULTURAL RESEARCH GRANTS.] The corporation may make matching grants for agricultural product utilization research to: the University of Minnesota, a state university, a community college, a Minnesota private college or university, an area vocational technical institute, a private corporation, or a person. Grants may be matched from private sources, including farm commodity groups and farm organizations.

Sec. 7. [116P07] [GREATER MINNESOTA FUND.]

(a) The greater Minnesota fund is created in the state treasury. The board may require the commissioner of finance to create separate accounts within the fund for use in accordance with the fund's purposes. Money in the fund not needed for the immediate purposes of the corporation may be invested by the corporation in any way authorized by section 11A.24. Money in the fund is appropriated to the corporation to be used as provided in this chapter.

(b) The fund consists of:

- (1) money appropriated and transferred from other state funds;*
- (2) fees and charges collected by the corporation;*
- (3) income from investments and purchases;*
- (4) revenue from loans, rentals, royalties, dividends, and other proceeds collected in connection with lawful corporate purposes; and*
- (5) gifts, donations, and bequests made to the corporation.*

Sec. 8. [116P08] [AGRICULTURAL PROJECT UTILIZATION FUND.]

The agricultural project utilization fund is a fund in the state treasury. Money in the fund is appropriated to the corporation to be used for agricultural research grants as provided in section 6, subdivision 7.

Sec. 9. [116P09] [AUDITS.]

The legislative auditor shall audit the corporation at least once a year and oftener if considered necessary or as directed by the legislature or the legislative audit commission. The corporation is liable to the state for the total cost and expenses of the audit, including the salaries paid to the examiners while actually engaged in making the examination. The legislative auditor may bill the corporation either monthly or at the completion of the audit. Collections received for the audits must be credited to the general fund.

Sec. 10. [116P10] [REPORTS.]

The board shall report to the appropriate committees of the legislature and the governor on the activities of the corporation by January 1 of each year. The report must include, at least, a description of projects supported by the corporation, an account of all loans and grants made by the corporation during the calendar year, the source and amount of all money collected and distributed by the corporation, the corporation's assets and liabilities, an explanation of administrative expenses, and any amendments to the operational plan. Reports must be made to the legislature as required by section 3.195.

Sec. 11. [INITIAL APPOINTMENTS.]

Notwithstanding section 3, subdivision 2, the governor shall appoint the initial members of the board of directors of the greater Minnesota cor-

poration, subject to the advice and consent of the senate, as follows: four to six-year terms, four to four-year terms, and three to two-year terms. As the terms of the initial appointments expire, appointments must be made by the board, subject to the advice and consent of the senate.

Sec. 12. [OPERATIONAL PLAN.]

The board of directors of the greater Minnesota corporation shall prepare a comprehensive operational plan and submit the plan to the governor and the legislature by November 15, 1987. The operational plan must at least include operating procedures, accounting procedures, grant procedures, loan procedures, personnel procedures, investment procedures, and board conduct and ethics.

If the board proposes to make equity investments under section 6, subdivision 2, the board shall explain in the report how the investments will be made, how much money will be invested in them, how much private money is expected to be invested in the same investments, and why equity investments would be more desirable and effective than the other means of promoting development that are available to the board. No equity investments may be made unless the board has first submitted the information required by this section.

In addition, the operational plan must include a budget proposal and a five-year strategic plan setting out its objectives and general strategy for achieving the objectives. It must identify sources and amounts of available nongovernmental money and the purposes for which the money may be used.

Sec. 13. [LOAN PROGRAMS TERMINATED; ADMINISTRATION; CREDIT OF REPAYMENTS.]

The following loan programs administered by the Minnesota energy and economic development authority are terminated: the hazardous waste processing facilities program under Minnesota Statutes, section 116M.07, subdivision 9; the special assistance program under section 116M.07, subdivision 11, except for the small business development loans; the technology product loan program; the tourism loan program created under section 116M.07; the energy loan insurance program under section 116M.11; the energy development fund program under section 116M.12; and the Minnesota fund program under sections 472.11 to 472.13. Loan repayments, earnings, releases from insurance reserve accounts, and other income from these programs must be paid to the commissioner of energy and economic development, who shall deposit them in the state treasury and credit them to the greater Minnesota fund.

Sec. 14. [REPEALER.]

Minnesota Statutes 1986, sections 116M.11; 116M.12; 472.11, subdivisions 3, 5, 6, 7, 8, and 9; 472.12, subdivisions 2, 3, and 4; 472.125; and 472.13; subdivisions 2, 3, and 4, are repealed.

Sec. 15. [APPROPRIATION.]

\$6,000,000 is appropriated from the general fund for transfer to the greater Minnesota fund, to be available until expended. \$2,000,000 is appropriated from the rural rehabilitation revolving fund for transfer to the agricultural product utilization fund, to be available until expended.

Sec. 16. [EFFECTIVE DATE.]

This article is effective the day following final enactment, except that section 15 is effective July 1, 1987, and section 6, subdivision 2, is effective April 1, 1988.

ARTICLE 3

MINNESOTA PUBLIC FACILITIES AUTHORITY

Section 1. Minnesota Statutes 1986, section 116.16, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] In this section and sections 116.17 and 116.18:

(1) Agency means the Minnesota pollution control agency created by this chapter;

(2) Municipality means any county, city, and town, the metropolitan waste control commission established in chapter 473 and the metropolitan council when acting under the provisions of that chapter or an Indian tribe or an authorized Indian tribal organization, and any other governmental subdivision of the state responsible by law for the prevention, control, and abatement of water pollution in any area of the state;

(3) Pollution control fund means the Minnesota state water pollution control fund created by subdivision 1;

(4) Bond account means the Minnesota state water pollution control bond account created in the state bond fund by section 116.17, subdivision 4;

(5) Terms defined in section 115.01 have the meanings therein given them;

(6) The eligible cost of any municipal project, except as otherwise provided in clauses (7) and (8), includes (a) preliminary planning to determine the economic, engineering, and environmental feasibility of the project; (b) engineering, architectural, legal, fiscal, economic, sociological, project administrative costs of the agency and the municipality, and other investigations and studies; (c) surveys, designs, plans, working drawings, specifications, procedures, and other actions necessary to the planning, design, and construction of the project; (d) erection, building, acquisition, alteration, remodeling, improvement, and extension of disposal systems; (e) inspection and supervision of construction; and (f) all other expenses of the kinds enumerated in section 475.65.

(7) For state independent grant and matching grant purposes hereunder, the eligible cost for grant applicants shall be the eligible cost as determined by the United States environmental protection agency under the Federal Water Pollution Control Act, ~~as amended~~, United States Code, title 33, ~~section 1314, et seq sections 1281 to 1299.~~

(8) Notwithstanding clause (7), for state grants under the state independent grants program, the eligible cost includes the acquisition of land for stabilization ponds, the construction of collector sewers for totally unsewered statutory and home rule charter cities and towns described under section 368.01, subdivision 1 or 1a, that are in existence on January 1, 1985, and the provision of reserve capacity sufficient to serve the reasonable needs of the municipality for 20 years in the case of treatment works and 40 years in the case of sewer systems. Notwithstanding clause (7), for state grants under the state independent grants program, the eligible cost does not include the provision of service to seasonal homes, or cost increases from contingencies that exceed three percent of as-bid costs or cost in-

creases from unanticipated site conditions that exceed an additional two percent of as-bid costs.

(9) *Authority means the Minnesota public facilities authority established in section 20.*

Sec. 2. Minnesota Statutes 1986, section 116.16, subdivision 4, is amended to read:

Subd. 4. [DISBURSEMENTS.] Disbursements from the fund shall be made by the state treasurer upon order of the commissioner of finance at the times and in the amounts requested by the agency or the *Minnesota public facilities authority* in accordance with the applicable state and federal law governing such disbursements; except that no appropriation or loan of state funds for any project shall be disbursed to any municipality until and unless the agency has by resolution determined the total estimated cost of the project, and ascertained that financing of the project is assured by:

(1) A grant to the municipality by an agency of the federal government within the amount of funds then appropriated to that agency and allocated by it to projects within the state; or

(2) A grant of funds appropriated by state law; or

(3) A loan authorized by state law; or

(4) The appropriation of proceeds of bonds or other funds of the municipality to a fund for the construction of the project; or

(5) Any or all of the means referred to in paragraphs (1) to (4); and

(6) An irrevocable undertaking, by resolution of the governing body of the municipality, to use all funds so made available exclusively for the construction of the project, and to pay any additional amount by which the cost of the project exceeds the estimate, by the appropriation to the construction fund of additional municipal funds or the proceeds of additional bonds to be issued by the municipality; and

(7) Conformity of the project and of the loan or grant application with the state water pollution control plan as certified to the federal government and with all other conditions under applicable state and federal law for a grant of state or federal funds of the nature and in the amount involved.

Sec. 3. Minnesota Statutes 1986, section 116.16, subdivision 5, is amended to read:

Subd. 5. [RULES.] (a) The agency shall promulgate permanent rules and may promulgate emergency rules for the administration of grants and loans authorized to be made from the fund or from federal funds under the Federal Water Pollution Control Act, ~~as amended~~, which rules, however, shall not be applicable to the issuance of bonds by the commissioner of finance as provided in section 116.17. The rules shall contain as a minimum:

(1) procedures for application by municipalities;

(2) conditions for the administration of the grant or loan;

(3) criteria for the ranking of projects in order of priority for grants or loans, based on factors including the extent and nature of pollution, technological feasibility, assurance of proper operation, maintenance and replacement, and participation in multimunicipal systems; and

(4) such other matters as the agency and the director find necessary to

the proper administration of the grant program.

(b) Except as otherwise provided in sections 116.16 to 116.18, the rules for the administration of state independent grants must comply, to the extent practicable, with provisions relating directly to protection of the environment contained in the Federal Water Pollution Control Act, as amended, and regulations and guidelines of the United States environmental protection agency promulgated under the act, except provisions regarding allocation contained in section 205 of the act and regulations and guidelines promulgated under section 205 of the act. This provision does not require approval from federal agencies for the issuance of grants or for the construction of projects under the state independent grants program.

(c) *For purposes of awarding independent state grants, the agency may by rule waive the federal 20-year planning requirement for municipalities with a population of less than 1,500.*

Sec. 4. Minnesota Statutes 1986, section 116.16, subdivision 9, is amended to read:

Subd. 9. [APPLICATIONS.] Applications by municipalities for grants or loans from the fund shall be made to the ~~director of the agency~~ authority on forms requiring information prescribed by rules of the agency. *The authority shall send the application to the agency within ten days of receipt.* The director shall certify to the ~~agency~~ authority those applications which appear to meet the criteria set forth in sections 116.16 to 116.18 and the rules promulgated hereunder, and the ~~agency~~ authority shall award the grants or loans on the basis of the criteria and priorities established by the agency in its rules and in sections 116.16 to 116.18. A municipality that is designated under agency rules to receive state or federal funding for a project and that does not make a timely application for or that refuses the funding is not eligible for either state or federal funding for that project in that fiscal year or the subsequent year.

Sec. 5. Minnesota Statutes 1986, section 116.16, is amended by adding a subdivision to read:

Subd. 11. [AWARDS OF GRANTS AND LOANS.] *Upon certification by the director of the pollution control agency, the authority shall notify a municipality that is to receive a grant or loan and advise the municipality of the grant agreement or loan form or other document that must be executed to complete the grant or loan. Upon certification from the director that the work has been completed and that payment is proper, the authority shall pay to the municipality the periodic grant or loan payment.*

Sec. 6. Minnesota Statutes 1986, section 116.16, is amended by adding a subdivision to read:

Subd. 12. [AMENDMENTS.] *A municipality that seeks an amendment to a previously awarded grant or loan shall follow the procedure in subdivision 9 for applying to the authority. The request for a grant or loan amendment must be forwarded by the authority to the director of the pollution control agency for consideration, and the authority shall process a grant or loan amendment that is approved by the director.*

Sec. 7. Minnesota Statutes 1986, section 116.18, subdivision 2a, is amended to read:

Subd. 2a. [STATE MATCHING GRANTS PROGRAM BEGINNING OCTOBER 1, 1984.] For projects tendered, on or after October 1, 1984

1987, a grant of federal money under section 201(g), section 202, 203, or 206(f) of the Federal Water Pollution Control Act, as amended, United States Code, title 33, sections 1251 to 1376, at 55 percent or more of the eligible cost for construction of the treatment works, state money appropriated under subdivision 1 must be expended for up to 30 50 percent of the *nonfederal share* of the eligible cost of construction for municipalities for which the construction would otherwise impose significant financial hardship; provided, that not less than ten percent of the eligible cost must be paid by the municipality or agency constructing the project. If a municipality is tendered federal and state grants in a percentage cumulatively exceeding 90 percent of the eligible cost of construction, the state pollution control agency shall reduce the grant to the municipality under this chapter to the extent necessary to ensure that not less than ten percent of the eligible cost will be paid by the municipality. The amounts of the matching grants must be based on per connection capital cost, median household income, and per capita adjusted assessed valuation with populations of 25,000 or less.

Sec. 8. Minnesota Statutes 1986, section 116.18, subdivision 3a, is amended to read:

Subd. 3a. [STATE INDEPENDENT GRANTS PROGRAM.] (a) The *agency Minnesota public facilities authority* may award independent grants for projects *certified by the state pollution control director* for 50 percent or, if the *agency requires advanced treatment*, 65 *population of the municipality is 25,000 or less*, 80 percent of the eligible cost of construction. The agency may award independent grants for up to an additional 30 percent or, if the *agency requires advanced treatment*, up to an additional 25 percent of the eligible cost of construction to municipalities for which the construction would otherwise impose significant financial hardship; the amounts of the additional grants shall be based on per connection capital cost, median household income, and per capita adjusted assessed valuation. These grants may be awarded in separate steps for planning and design in addition to actual construction. Until December 31, 1990, not more than 20 percent of the total amount of grants awarded under this subdivision in any single fiscal year may be awarded to a single grantee.

(b) Up to ten percent of the money to be awarded as grants under this subdivision in any single fiscal year shall be set aside for municipalities having substantial economic development projects that cannot come to fruition without municipal wastewater treatment improvements. The agency shall forward its municipal needs list to the *commissioner of energy and economic development authority* at the beginning of each fiscal year, and the *commissioner authority* shall review the list and identify those municipalities having substantial economic development projects. After the first 90 percent of the total available money is allocated to municipalities in accordance with agency priorities, the set-aside shall be used by the *agency authority* to award grants to remaining municipalities that have been identified.

(c) Grants may also be awarded under this subdivision to reimburse municipalities willing to proceed with projects and be reimbursed in a subsequent year conditioned upon appropriation of sufficient money under subdivision 1 for that year. *The maximum amount of the reimbursement the agency may commit in any single fiscal year is equal to the amount newly appropriated to the state grants programs for that year.*

(d) *A municipality that applies for a state independent grant to be reim-*

bursed for a project must receive an additional five percent of the total eligible cost of construction beyond the normal percentage to which the municipality is entitled under paragraph (a).

Sec. 9. [STATE INDEPENDENT GRANTS PROGRAM.]

(a) *The state pollution control agency may award independent grants for projects for 50 percent or, if the population of the municipality is 25,000 or less, 80 percent of the eligible cost of construction. These grants may be awarded in separate steps for planning and design in addition to actual construction. Until December 31, 1990, not more than 20 percent of the total amount of grants awarded under this section in a fiscal year may be awarded to a single grantee.*

(b) *Up to ten percent of the money to be awarded as grants under this section a fiscal year must be set aside for municipalities having substantial economic development projects that cannot come to fruition without municipal wastewater treatment improvements. The agency shall forward its municipal needs list to the authority at the beginning of each fiscal year, and the authority shall review the list and identify those municipalities having substantial economic development projects. After the first 90 percent of the total available money is allocated to municipalities in accordance with agency priorities, the set-aside must be used by the authority to award grants to remaining municipalities that have been identified.*

(c) *Grants may also be awarded under this section to reimburse municipalities willing to proceed with projects and be reimbursed in a subsequent year conditioned upon appropriation of sufficient money under Minnesota Statutes, section 116.18, subdivision 1, for that year.*

(d) *A municipality that applies for a state independent grant to be reimbursed for a project must receive an additional five percent of the total eligible cost of construction beyond the normal percentage to which the municipality is entitled under paragraph (a).*

Sec. 10. Minnesota Statutes 1986, section 116J.36, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] In this section:

(a) *"Authority" means the Minnesota public facilities authority.*

(b) *"Construction costs" means all costs associated with the construction, modification or expansion of a district heating system except for preliminary planning costs and detailed design costs. Construction costs include the cost of debt service from the time a construction loan is made until five years after the beginning of the operation of the district heating system constructed or the part of the system being modified or expanded.*

~~(b)~~ (c) *"District heating" means the use of a central energy conversion facility to produce hot water or steam for a district heating system. District heating facilities may also produce electricity in addition to hot water or steam.*

~~(e)~~ (d) *"Municipality" means any county, home rule charter or statutory city, town, school district or a municipal power agency formed pursuant to sections 453.53 to 453.62. Municipality also means a public utility, as defined in section 452.01, subdivision 3, owned and operated by a city, however organized. For purposes of a district heating system only, municipality also means a nonprofit corporation organized pursuant to the pro-*

visions of chapter 317 whose membership is limited to the mayor and governing body of the city in which the district heating system is located.

(d) (e) "District heating system" means any existing or proposed facility for (1) the production, through cogeneration or otherwise, of hot water or steam to be used for district heating, or (2) the transmission and distribution of hot water or steam for district heating either directly to heating consumers or to another facility or facilities for transmission and distribution, or (3) any part or combination of the foregoing facilities.

(e) (f) "Qualified energy improvement" means a cost-effective capital improvement to public land, buildings, or energy using systems, other than a district heating system, including the purchase or installation of equipment to reduce the usage of conventional energy sources or to use alternative energy resources. Qualified energy improvements also include waste-to-energy facilities that meet the criteria specified in subdivision 8a and any rule adopted under that subdivision. Qualified energy improvements shall meet all environmental and permitting standards established by state and federal law.

Sec. 11. Minnesota Statutes 1986, section 116J.36, subdivision 3b, is amended to read:

Subd. 3b. [GRANT ELIGIBILITY, DISTRICT HEATING.] ~~The commissioner of energy and economic development authority may provide district heating system planning grants to municipalities for planning related to the development of district heating systems certified by the director of public service as eligible to receive planning grants.~~ The municipality must demonstrate that a community heatload survey and map have been successfully completed, that potential district heating load is sufficiently large to justify further consideration, and that sufficient resources are available for the municipality to meet its financial requirements. Eligible planning grant costs include project definition, development of preliminary financing and distribution system plans, and obtaining commitment for detailed planning or design and preparation of a final report. The amount of the grant to a municipality is limited to 90 percent of eligible planning costs and shall not exceed \$70,000 as established by rule or emergency rule.

Sec. 12. Minnesota Statutes 1986, section 116J.36, subdivision 3c, is amended to read:

Subd. 3c. [GRANT ELIGIBILITY, QUALIFIED ENERGY IMPROVEMENTS.] ~~The commissioner of energy and economic development authority may provide qualified energy improvement planning grants to municipalities for planning related to the development of qualified energy improvements certified by the director of public service as eligible to receive planning grants.~~ The municipality must demonstrate that sufficient resources are available for the municipality to meet its financial requirements. Eligible planning grant costs include definition of the improvement, development of preliminary financing plans, and obtaining commitment for detailed planning or design and preparation of a final report. The amount of a grant to a municipality is limited to 90 percent of eligible planning costs and must not exceed \$100,000 as established by rule or emergency rule.

Sec. 13. Minnesota Statutes 1986, section 116J.36, subdivision 8, is amended to read:

Subd. 8. [LOAN APPROVAL.] The ~~commissioner of energy and economic development~~ *director of public service* shall prepare and submit to the ~~energy and economic development~~ authority separate priority lists of loan requests for district heating systems and qualified energy improvements. The ~~priority list for district heating loans shall contain the supporting information required by~~ *must be based on the requirements under* subdivisions 3, 4, 5, 6, and 7. The ~~priority list for qualified energy improvements shall contain the supporting information required by~~ *must be based on the requirements under* subdivisions 3a, 3c, 4a, 5, and 6. ~~The recommendation of the authority shall be transmitted to the commissioner of finance.~~ The commissioner of finance shall sell bonds and ~~the authority shall make loans for district heating projects and qualified energy improvements only upon the recommendation of the authority~~ *director of public service*.

Sec. 14. Minnesota Statutes 1986, section 116J.36, subdivision 8a, is amended to read:

Subd. 8a. [CRITERIA FOR QUALIFIED ENERGY IMPROVEMENTS.] Qualified energy improvements eligible for loans must meet criteria established in rule by the ~~commissioner of energy and economic development~~ *director of public service*. Rules shall include criteria for analyzing the cost-effectiveness of improvements. Rules relating to qualified energy improvements involving a waste-to-energy facility must be adopted in consultation with the waste management board, ~~the authority~~, and the pollution control agency. An improvement involving a waste-to-energy facility must be part of a solid waste management plan approved by the pollution control agency or a plan approved under section 473.803.

Sec. 15. Minnesota Statutes 1986, section 116J.36, subdivision 11, is amended to read:

Subd. 11. [RULES.] The commissioner of energy and economic development shall adopt rules *and may adopt emergency rules* necessary to carry out the programs of this section. ~~The director of public service shall adopt rules for the administration of programs under this section.~~ The ~~commissioner of energy and economic development~~ *director of public service* may adopt emergency rules pursuant to sections 14.29 to 14.36, meeting the requirements of this section. The rules shall contain as a minimum:

- (a) Procedures for application by municipalities; and
- (b) Criteria for reviewing grant and loan applications.

Sec. 16. Minnesota Statutes 1986, section 116J.37, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] In this section:

(a) "Commissioner" means the commissioner of energy and economic development. Upon passage of legislation creating a body known as the Minnesota ~~energy public facilities~~ authority, the duties assigned to the commissioner in this section are delegated to the authority.

(b) "Maxi-audit" has the meaning given in section 116J.06, subdivision 12.

(c) "Energy conservation investments" mean all capital expenditures that are associated with conservation measures identified in a maxi-audit and that have a ten-year or less payback period. Public school districts that

received a federal institutional building grant in 1984 to convert a heating system to wood, and that apply for an energy conservation investment loan to match a federal grant for wood conversion, shall be allowed to calculate payback of conservation measures based on the costs of the traditional fuel in use prior to the wood conversion.

Sec. 17. Minnesota Statutes 1986, section 116J.37, is amended by adding a subdivision to read:

Subd. 8. [TECHNICAL SUPPORT.] The director of public service shall prepare and submit to the authority the technical evaluation of all applicants under this section.

Sec. 18. [446A.01] [MINNESOTA PUBLIC FACILITIES AUTHORITY ACT.]

Sections 18 to 26 may be cited as the "Minnesota public facilities authority act."

Sec. 19. [446A.02] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For the purposes of sections 18 to 26, the terms in this section have the meanings given them.

Subd. 2. [AUTHORITY.] "Authority" means the Minnesota public facilities authority.

Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of energy and economic development.

Subd. 4. [FEDERAL WATER POLLUTION CONTROL ACT.] "Federal Water Pollution Control Act" means the Federal Water Pollution Control Act, as amended, United States Code, title 33, sections 1281 to 1299.

Subd. 5. [GOVERNMENTAL UNIT.] "Governmental unit" means a state agency, home rule charter or statutory city, county, sanitary district, or other governmental subdivision.

Subd. 6. [PROJECT.] "Project" means the acquisition, construction, improvement, expansion, repair, or rehabilitation of all or part of any structure, facility, or equipment necessary for a wastewater treatment system or water supply system.

Sec. 20. [446A.03] [MINNESOTA PUBLIC FACILITIES AUTHORITY.]

Subdivision 1. [MEMBERSHIP.] The Minnesota public facilities authority consists of the commissioner of energy and economic development, the commissioner of finance, the director of public service, the director of the pollution control agency, and three additional members appointed by the governor from the general public with the advice and consent of the senate.

Subd. 2. [CHAIR; OTHER OFFICERS.] The commissioner of energy and economic development shall serve as the chair and chief executive officer of the authority. The authority may elect other officers as necessary from its members.

Subd. 3. [MEMBERSHIP TERMS.] The membership terms, compensation, removal, and filling of vacancies of public members of the authority are as provided in section 15.0575.

Subd. 4. [BOARD ACTIONS.] A majority of the authority, excluding vacancies, constitutes a quorum to conduct its business, to exercise its

powers, and for all other purposes.

Subd. 5. [EXECUTIVE DIRECTOR.] *The commissioner shall employ, with the concurrence of the authority, an executive director. The director shall perform duties that the authority may require in carrying out its responsibilities. The executive director's position is in the unclassified service.*

Subd. 6. [ADMINISTRATIVE SERVICES.] *The commissioner shall provide administrative services to the authority.*

Subd. 7. [PERSONAL LIABILITY.] *Members and officers of the authority are not liable personally for any debt or obligation of the authority.*

Sec. 21. [446A.04] [POWERS; DUTIES.]

Subdivision 1. [BYLAWS; RULES.] *The authority shall adopt bylaws for its organization and internal management. The commissioner may adopt rules covering the authority's operations, properties, and facilities.*

Subd. 2. [POWER TO SUE; ENTER CONTRACTS.] *The authority may sue and be sued. The authority may make and enter into contracts, leases, and agreements necessary to perform its duties and exercise its powers.*

Subd. 3. [GIFTS; GRANTS.] *The authority may apply for, accept, and disburse gifts, grants, loans, or other property from the United States, the state, private sources, or any other source for any of its purposes. Money received by the authority under this subdivision must be deposited in the state treasury and is appropriated to the authority to carry out its duties.*

Subd. 4. [CONTRACT FOR SERVICES.] *The authority may retain or contract for the services of attorneys, accountants, financial advisors, and other consultants or agents needed to perform its duties and exercise its powers.*

Subd. 5. [FEES.] *The authority may set and collect fees for costs incurred by the authority for its financings and the establishment and maintenance of reserve funds.*

Sec. 22. [446A.05] [PROJECT LOANS.]

Subdivision 1. [LOANS.] *The authority may make and contract to make loans to governmental units to finance projects that the governmental unit may construct or acquire. A loan may not be used to pay current expenses or obligations, except for temporary financing. A loan must be secured by notes or bonds of the borrowing governmental unit.*

Subd. 2. [RULES.] *The commissioner may adopt rules governing loans awarded under this section.*

Sec. 23. [446A.06] [INDEPENDENT WASTEWATER TREATMENT GRANTS.]

Subdivision 1. [AWARD OF GRANTS.] *The authority shall award independent state grants to municipalities selected by the pollution control agency upon certification by the agency that the municipalities' projects and applications have been reviewed and approved by the agency in accordance with sections 116.16 to 116.18 and agency rules.*

Subd. 2. [RULES.] *The commissioner shall adopt rules containing procedures for the administration of the authority's duties as provided in subdivision 1.*

Sec. 24. [446A.07] [WATER POLLUTION CONTROL REVOLVING FUND.]

Subdivision 1. [ESTABLISHMENT OF FUND.] The authority shall establish a water pollution control revolving fund to provide loans for the purposes and eligible costs authorized under title VI of the Federal Water Pollution Control Act. The fund must be credited with repayments.

Subd. 2. [STATE FUNDS.] A state matching fund is established to be used in compliance with federal matching requirements specified in the Federal Water Pollution Control Act. A state grant and loan fund is established to provide grants and loans to governmental units for the planning and construction of treatment works as specified in section 116.16, subdivision 2, paragraphs (6), (7), and (8).

Subd 3. [CAPITALIZATION GRANT AGREEMENT.] The authority shall enter an agreement with the administrator of the United States Environmental Protection Agency to receive capitalization grants for the revolving fund. The authority may exercise powers necessary to comply with the requirements specified in the agreement, which must be in compliance with the Federal Water Pollution Control Act.

Subd. 4. [INTENDED USE PLAN.] The pollution control agency shall annually prepare and submit to the United States Environmental Protection Agency an intended use plan. The plan must identify the intended uses of the amounts available to the water pollution control revolving fund, including a list of wastewater treatment projects and other eligible activities to be funded during the fiscal year. The agency may not submit the plan until it has received the review and comment of the authority or until 30 days have elapsed since the plan was submitted to the authority, whichever occurs first.

Subd. 5. [APPLICATIONS.] Applications by municipalities and other entities identified in the annual intended use plan for loans from the water pollution control revolving fund must be made to the authority on forms requiring information prescribed by the rules of the agency adopted under this section. The authority shall send the applications to the agency within ten days of receipt. The director shall certify to the authority those applications that appear to meet the criteria set forth in the Federal Water Pollution Control Act, this section, and rules of the agency.

Subd. 6. [AWARD AND TERMS OF LOANS.] The authority shall award loans to those municipalities and other entities certified by the agency. The terms and conditions of the loans must be in conformance with the Federal Water Pollution Control Act, this section, and rules of the agency, and authority adopted under this section.

Subd. 7. [LOAN CONDITIONS.] When making loans from the revolving fund, the authority shall comply with the conditions of the Federal Water Pollution Control Act, including:

(a) Loans must be made at or below market interest rates, including interest-free loans, at terms not to exceed 20 years.

(b) The annual principal and interest payments must begin no later than one year after completion of a project. Loans must be fully amortized no later than 20 years after project completion.

(c) A loan recipient shall establish a dedicated source of revenue for repayment of the loan.

(d) *The fund must be credited with all payments of principal and interest on all loans.*

Subd. 8. [OTHER USES OF REVOLVING FUND.] *The water pollution control revolving fund may be used as provided in title VI of the Federal Water Pollution Control Act, including the following uses:*

(1) *to buy or refinance the debt obligation of governmental units for treatment works incurred after March 7, 1985, at or below market rates;*

(2) *to guarantee or purchase insurance for local obligations to improve credit market access or reduce interest rates;*

(3) *to provide a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the authority if the bond proceeds are deposited in the fund;*

(4) *to provide loan guarantees for similar revolving funds established by a governmental unit other than state agencies;*

(5) *to earn interest on fund accounts; and*

(6) *to pay the reasonable costs incurred by the authority and the agency of administering the fund and conducting activities required under the Federal Water Pollution Control Act, including water quality management planning under section 205(j) of the act and water quality standards continuing planning under section 303(e) of the act.*

Amounts spent under clause (6) may not exceed the amount allowed under the Federal Water Pollution Control Act. Five percent of the revolving loan fund repayments may be used by the agency and the authority for the purposes listed in clause (6).

Subd. 9. [PAYMENTS.] *Payments from the fund must be made in accordance with the applicable state and federal law governing the payments, except that no payment for a project may be made to a governmental unit until and unless the authority has determined the total estimated cost of the project and ascertained that financing of the project is assured by:*

(1) *a loan authorized by state law or the appropriation of proceeds of bonds or other money of the governmental unit to a fund for the construction of the project; and*

(2) *an irrevocable undertaking, by resolution of the governing body of the governmental unit, to use all money made available for the project exclusively for the project, and to pay any additional amount by which the cost of the project exceeds the estimate by the appropriation to the construction fund of additional money or the proceeds of additional bonds to be issued by the governmental unit.*

Subd. 10. [RULES OF THE AUTHORITY.] *The commissioner shall adopt rules containing procedures for the administration of the authority's duties as provided in this section, including loan interest rates, the amounts of loans, and municipal financial need.*

Subd. 11. [RULES OF THE AGENCY.] *The agency shall adopt rules relating to the procedure for preparation of the annual intended use plan and other matters that the agency considers necessary for proper loan administration.*

Sec. 25. [446A.08] [HEALTH CARE EQUIPMENT LOANS.]

Subdivision 1. [AUTHORITY.] The authority may make or participate in making health care equipment loans. The loans may be made only from the proceeds of bonds or notes issued under subdivision 2. Before making a commitment for a loan, the authority shall forward the application to the commissioner of health for review under subdivision 3. The authority may not approve or enter into a commitment for a loan unless the application has been approved by the commissioner of health.

Subd. 2. [BONDS AND NOTES.] The authority may issue its bonds and notes to provide money for the purposes specified in subdivision 1. The principal amount of bonds and notes issued and outstanding under this subdivision at any time may not exceed \$95,000,000. The bonds and notes issued to make the loans may not be insured by the authority but must be insured by a letter of credit or bond insurance issued by a private insurer.

Subd. 3. [ADMINISTRATION.] (a) The commissioner of health shall review each loan application received from the authority to determine whether the application is an eligible application. An application is eligible if the following criteria are satisfied:

(1) the hospital is owned and operated by a county, district, municipality or nonprofit corporation;

(2) the loan would not be used to refinance existing debt;

(3) the hospital was unable to obtain suitable financing from other sources;

(4) the loan is necessary to establish or maintain patient access to an essential health care service that would not otherwise be available within a reasonable distance from the facility; and

(5) the equipment to be financed by the loan is cost-effective and efficient.

(b) The authority shall determine whether the allocation available for the health care equipment loan program is sufficient for all eligible applications received during a specified time. If the allocations are sufficient, the authority shall approve all eligible applications. If the allocations are not sufficient, the authority shall compare the relative merits of the eligible applications with respect to the criteria in paragraph (a), clauses (4) and (5), rank the applications in order of priority, and approve the applications in order of priority to the extent possible within the available allocation.

(c) The authority may charge a reasonable fee under section 16A.128 to an applicant for the costs of review of the application. The authority shall transfer to the commissioner of health from the fees collected an amount sufficient to pay the costs of the commissioner of health in the review of applications. The commissioner of health may adopt permanent rules to implement subdivisions 1 to 3. The commissioner may adopt permanent rules to implement subdivisions 1 to 3.

Sec. 26. [446A.09] [REPORT; AUDIT.]

The authority shall report to the legislature and the governor by January 1 of each year. The report must include a complete operating and financial statement covering the authority's operations during the year, including amounts of income from all sources. Books and records of the authority are subject to audit by the legislative auditor in the manner prescribed for state agencies.

Sec. 27. [GOVERNOR'S ACTION.]

The governor may request the administrator of the environmental protection agency to make available to the state, capitalization grants to be deposited in the water pollution control revolving fund, for the fiscal year beginning October 1, 1987. The governor may request that up to 75 percent of the amount allotted to the state for the fiscal year beginning October 1, 1987, be made available for deposit in the water pollution control revolving fund.

Sec. 28. [TRANSFER OF AUTHORITY.]

Subdivision 1. [WATER POLLUTION CONTROL GRANTS.] (a) The responsibilities of the pollution control agency for the state independent wastewater treatment grant program under Minnesota Statutes, section 116.18, subdivision 3a, are transferred on July 1, 1988, to the Minnesota public facilities authority under Minnesota Statutes, section 15.039, except that the commissioner of energy and economic development and the director of the pollution control agency shall determine which classified and unclassified positions associated with these responsibilities are transferred.

(b) Any continuing obligation with respect to grants made before September 30, 1984, under Minnesota Statutes 1984, section 116.18, subdivision 2, remains with the pollution control agency.

(c) The pollution control agency shall continue to administer the combined sewer overflow program under Minnesota Statutes, section 116.162, and the appropriations for the program.

Subd. 2. [OTHER RESPONSIBILITIES.] (a) The responsibilities for the health care equipment loan program under section 116M.07, subdivisions 7a, 7b, and 7c; the public school energy conservation loan program under section 116J.37; and the district heating and qualified energy improvement loan program under section 116J.36, are transferred from the Minnesota energy and economic development authority to the Minnesota public facilities authority.

(b) Except as otherwise provided in this paragraph, section 15.039 applies to the transfer of responsibilities. The transfer includes eight and one-half positions from the financial management division of the department of energy and economic development to the community development division of the department of energy and economic development. All employee benefits and classifications of the transferred incumbents are maintained. The commissioner of energy and economic development and the director of public service shall determine which classified and unclassified positions associated with the responsibilities of the grant and loan programs under section 116J.36 and the school energy loan program under section 116J.37 are transferred to the director of public service and which positions are transferred to the commissioner of energy and economic development in order to carry out the purposes of this article.

Sec. 29. [REPEALER.]

Minnesota Statutes 1986, section 116.167, is repealed.

Sec. 30. [APPROPRIATION.]

\$900,000 is appropriated from the general fund to the commissioner of energy and economic development to administer programs under the Minnesota public facilities authority. \$450,000 is for fiscal year 1988 and \$450,000 is for fiscal year 1989. The approved complement of the department of energy and economic development is increased by eight and

one-half positions.

Sec. 31. [EFFECTIVE DATE.]

Sections 1, 2, 4, 5, 6, 8, 23, and 28, subdivision 1, are effective on July 1, 1988. Sections 9 to 22, 24 to 27, and 29 are effective the day following final enactment.

Section 9 is repealed July 1, 1988.

ARTICLE 4

COMMUNITY DEVELOPMENT

Section 1. [116J.874] [COMMUNITY DEVELOPMENT DIVISION.]

Subdivision 1. [DUTIES.] The community development division is a division within the department of energy and economic development. It shall:

(1) be responsible for administering all state community development and assistance programs, including the economic recovery fund, the outdoor recreation grant program, the rural development board programs, the Minnesota public facilities authority loan and grant programs, the main street program, the Minnesota community improvement program, the governor's design team, the Minnesota beautiful program, and the enterprise zone program;

(2) be responsible for state administration of federally funded community development and assistance programs, including the small cities development grant program and land and water conservation program;

(3) be responsible for state administration of the regional development commissions;

(4) provide technical assistance to rural communities for community development;

(5) coordinate the development and review of state rural development policies;

(6) provide staff and consultant services to the rural development board; and

(7) be responsible for coordinating community assistance and development programs.

Subd. 2. [GENERAL COMPLEMENT AUTHORITY.] The community development division may combine all related state and federal complement positions into general fund positions, to carry out the responsibilities under subdivision 1. The number of general fund positions must not exceed the aggregate number of all state and federal positions that are to be combined. Records of the actual number of employee hours charged to each state and federal account must be maintained for each general fund position.

Sec. 2. [116J.970] [COMMUNITY DEVELOPMENT CORPORATIONS.]

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

(a) [COMMISSIONER.] "Commissioner" means the commissioner of energy and economic development.

(b) [ECONOMIC DEVELOPMENT REGION.] "Economic development

region" means an area so designated in the governor's executive order number 60, dated June 12, 1970, as amended.

(c) [FEDERAL POVERTY LEVEL.] "Federal poverty level" means the income level established by the United States Community Services Administration in Code of Federal Regulations, title 45, section 1060.2-2.

(d) [LOW INCOME.] "Low income" means an annual income below the federal poverty level.

Subd. 2. [ADMINISTRATION.] The commissioner shall administer this section and shall enforce the rules related to the community development corporations adopted by the commissioner. The commissioner may amend, suspend, repeal or otherwise modify these rules as provided for in chapter 14.

Subd. 3. [GRANTS; CORPORATIONS ELIGIBLE.] (a) The commissioner shall designate a community development corporation as eligible to receive grants under this section if the corporation is a nonprofit corporation incorporated under chapter 317 and meets the other criteria in this subdivision.

(b) The corporation, in its articles of incorporation or bylaws, shall designate a specific geographic community within which it will operate. As least ten percent of the population within the designated community must have low incomes. Within the metropolitan area as defined in section 473.121, subdivision 2, a designated community must be an identifiable neighborhood or a combination of neighborhoods or home rule charter or statutory cities, townships, unincorporated areas, or combinations of those entities. Outside the metropolitan area, designated communities, so far as possible, may not cross existing economic development boundaries. If a proposed geographic area overlaps the designated community of a community development corporation existing before August 1, 1987, the proposed community development corporation must obtain the written consent of the existing community development corporation before the proposed corporation may be designated as eligible to receive grants under this section.

(c) The corporation must limit voting membership to residents of its designated area.

(d) The corporation must have a board of directors with 15 to 30 members unless the corporation can demonstrate to the satisfaction of the commissioner that a smaller or larger board is more advantageous. At least 40 percent of the directors must have incomes that do not exceed 80 percent of the county median family income or 80 percent of the statewide median family income as determined by the state demographer, whichever is less, and the remaining directors must be members of the business or financial community and the community at large. To the greatest extent possible, and at least 60 percent of, the directors must be residents of the designated community. Directors who meet the income limitations of this paragraph must be elected by the members of the corporation. The remaining directors may be elected by the members or appointed by the directors who meet the income limitations of this paragraph.

(e) The corporation shall hire low-income residents of the designated community to fill nonmanagerial and nonprofessional positions.

(f) The corporation shall demonstrate that it has or will have the tech-

nical skills to analyze projects, that it is familiar with other available public and private funding sources and economic development programs, and that it is capable of packaging economic development projects.

Subd. 4. [GRANT APPROVAL FOR PROJECTS.] The commissioner shall approve a grant to a community development corporation only for a project carried on within the designated community, except when the corporation demonstrates that a project carried on outside will have a significant impact inside the designated community.

Subd. 5. [USE OF GRANT.] The commissioner may approve a grant to a community development corporation for planning, including organization of the corporation, training of the directors, creation of a comprehensive community economic development plan, and development of a proposal for a venture grant, or for establishment of a business venture, including assistance to an existing business venture, purchase of partial or full ownership of a business venture, or development of resources or facilities necessary for the establishment of a business venture.

Subd. 6. [ASSIGNEE.] The commissioner must be named as an assignee of the rights of a state-funded community development corporation on any loan or other evidence of debt provided by a community development corporation to a private enterprise. The assignment of rights must provide that it will be effective upon the dormancy or cessation of existence of the community development corporation. "Dormancy" for the purpose of this section means the continuation of the corporation in name only without any functioning officers or activities. Upon the cessation of the activities of a state-funded community development corporation, any assigned money paid to the commissioner must be deposited in the state treasury and credited to the general fund.

Subd. 7. [FACTORS FOR GRANT APPROVAL.] Factors considered by the commissioner in approving a grant to a community development corporation must include the creation of employment opportunities, the maximization of profit, and the effect on securing money from sources other than the state.

Subd. 8. [PROHIBITION.] Grants under this section are not available for programs conducted by churches or religious organizations or for securing or developing social services.

Subd. 9. [NO EXCLUSION.] A person may not be excluded from participation in a program funded under this section because of race, color, religion, sex, age, or national origin.

Sec. 3. Minnesota Statutes 1986, section 462.384, subdivision 7, is amended to read:

Subd. 7. "Director" "Commissioner" means the director commissioner of state planning agency exercising the authority conferred by sections 116K.01 to 116K.13 energy and economic development.

Sec. 4. Minnesota Statutes 1986, section 462.385, subdivision 1, is amended to read:

Subdivision 1. Development regions for the state shall be those regions so designated by the governor by executive order. The order shall provide for public hearings within each proposed region after which any county may request assignment to a region other than that proposed by the order. If a request for reassignment is unacceptable to the ~~director~~ commissioner,

the county shall remain in the originally designated region until the next session of the legislature for its review and final assignment.

Sec. 5. Minnesota Statutes 1986, section 462.385, subdivision 3, is amended to read:

Subd. 3. The ~~director~~ *commissioner* shall conduct continuous studies and analysis of the boundaries of regions and shall make recommendations for their modification where necessary. Modification may be initiated by a county, a commission, or by the ~~director~~ *commissioner* and will be accomplished in accordance with this section as in the case of initial designation.

Sec. 6. Minnesota Statutes 1986, section 462.386, subdivision 1, is amended to read:

Subdivision 1. All coordination, planning, and development regions assisted or created by the state of Minnesota or pursuant to federal legislation shall conform to the regions designated by the executive order except where, after review and approval by the ~~director~~ *commissioner*, nonconformance is clearly justified. The ~~director~~ *commissioner* shall develop working agreements with state and federal departments and agencies to insure conformance with this subdivision.

Sec. 7. Minnesota Statutes 1986, section 462.387, subdivision 1, is amended to read:

Subdivision 1. [PETITION.] Any combination of counties or municipalities representing a majority of the population of the region for which a commission is proposed may petition the ~~director~~ *commissioner* by formal resolution setting forth its desire to establish, and the need for, the establishment of a regional development commission. For purposes of this section the population of a county does not include the population of a municipality within the county.

Sec. 8. Minnesota Statutes 1986, section 462.387, subdivision 3, is amended to read:

Subd. 3. [ESTABLISHMENT.] Upon receipt of a petition as provided in subdivision 1 a regional development commission shall be established by the ~~director~~ *commissioner* and the notification of all local government units within the region for which the commission is proposed. The notification shall be made within 60 days of the director's receipt of a petition under subdivision 1.

Sec. 9. Minnesota Statutes 1986, section 462.387, subdivision 4, is amended to read:

Subd. 4. [SELECTION OF MEMBERSHIP.] The ~~director~~ *commissioner* shall call together each of the membership classifications except citizen groups, defined in section 462.388, within 60 days of the establishment of a regional development commission for the purpose of selecting the commission membership.

Sec. 10. Minnesota Statutes 1986, section 462.39, subdivision 2, is amended to read:

Subd. 2. [FEDERAL PROGRAMS.] The commission is the authorized agency to receive state and federal grants for regional purposes from the following programs:

(1) Section 403 of the Public Works and Economic Development Act of

1965 (economic development districts);

(2) Section 701 of the Housing Act of 1954, as amended (multicounty comprehensive planning);

(3) Omnibus Crime Control Act of 1968;

and for the following to the extent feasible as determined by the governor:

(a) Economic Opportunity Act of 1964;

(b) Comprehensive Health Planning Act of 1965;

(c) Federal regional manpower planning programs;

(d) Resource, conservation, and development districts; or

(e) Any state and federal programs providing funds for multicounty planning, coordination, and development purposes. The ~~director~~ commissioner shall, where consistent with state and federal statutes and regulations, review applications for all state and federal regional planning and development grants to a commission.

Sec. 11. Minnesota Statutes 1986, section 462.39, subdivision 3, is amended to read:

Subd. 3. [PLANNING.] The commission shall prepare and adopt, after appropriate study and such public hearings as may be necessary, a comprehensive development plan for the region. The plan shall consist of a compilation of policy statements, goals, standards, programs, and maps prescribing guides for an orderly and economic development, public and private, of the region. The comprehensive development plan shall recognize and encompass physical, social, or economic needs of the region, and those future developments which will have an impact on the entire region including but not limited to such matters as land use, parks and open space land needs, access to direct sunlight for solar energy systems, the necessity for and location of airports, highways, transit facilities, public hospitals, libraries, schools, public and private, housing, and other public buildings. In preparing the development plan the commission shall use to the maximum extent feasible the resources studies and data available from other planning agencies within the region, including counties, municipalities, special districts, and subregional planning agencies, and it shall utilize the resources of the ~~director~~ commissioner to the same purpose. No development plan or portion thereof for the region shall be adopted by the commission until it has been submitted to the ~~director~~ commissioner for review and comment and a period of 60 days has elapsed after such submission. When a development plan has been adopted, the commission shall distribute it to all local government units within the region.

Sec. 12. Minnesota Statutes 1986, section 462.391, subdivision 2, is amended to read:

Subd. 2. [REVIEW OF INDEPENDENT AGENCIES.] The commission shall review all long term comprehensive plans of each independent commission, board, or agency prepared for its operation and development within the region but only if the plan is determined by the commission to have a regional effect, a multicommunity effect, or to have a substantial effect on regional development. Each plan shall be submitted to the commission before any action is taken to place the plan or any part thereof, into effect. No action shall be taken to place any plan or any part thereof into effect until 60 days have elapsed after the date of its submission to the commission

or until the commission finds and notifies the submitting commission, board, or agency that the plan is consistent with its development plan for the region and the orderly and economic development of the region, whichever first occurs. If, within 60 days after the date of submission, the commission finds that a plan, or any part thereof, is inconsistent with its comprehensive plan for the region or detrimental to the orderly and economic development of the region, or any part thereof, the plan shall be indefinitely suspended. An affected independent commission, board, or agency may appeal the decision of the commission suspending a plan, or part thereof, to the commission, and if the commission and the affected independent commission, board, or agency are unable to agree as to an adjustment of the plan, so that it may receive the commission's approval, then a record of the disagreeing positions shall be made and presented for consideration and disposition by the ~~director~~ *commissioner*.

Sec. 13. Minnesota Statutes 1986, section 462.391, subdivision 3, is amended to read:

Subd. 3. [REVIEW OF FEDERAL AND STATE AID PROGRAMS.] The commission shall review all applications of governmental units, independent commissions, boards, or agencies operating in the region for a loan or grant from the United States of America or any agency, including state agencies and colleges or universities, for public facilities, studies, or any other purpose if the application clearly is related to the region, whether or not the review is required by the federal government. The review shall advise the granting authority as to relationship of the application to the comprehensive plans and priorities of the region as established by the region. All review actions together with copies of applications shall be submitted on a regular basis for informational purposes to the ~~director~~ *commissioner*. The requirements of this subdivision do not apply to applications of governmental units or other political subdivisions which have been reviewed by a subregion or subdistrict which has been designated by the United States government as an authorized areawide review agency under section 204 of the Demonstration Cities and Metropolitan Development Act of 1966. All review actions, together with copies of applications, shall be submitted by the subregion on a regular basis to the commission for informational purposes.

Sec. 14. Minnesota Statutes 1986, section 462.391, subdivision 4, is amended to read:

Subd. 4. [REVIEW PROCEDURES.] The commission shall develop, in consultation with the ~~director~~ *commissioner*, formal procedures for the review of plans, applications, and other matters required to be submitted to it by sections 462.381 to 462.398. The procedures shall be embodied in a formal resolution adopted after public hearing. After adoption the resolution shall be transmitted to each governmental unit and independent agency, board, or commission within the region.

Sec. 15. Minnesota Statutes 1986, section 462.395, is amended to read:
462.395 [DUTIES OF STATE AGENCIES.]

All state departments and agencies shall cooperate with regional development commissions established under sections 462.381 to 462.398 and shall make available to them studies, reports, data, and other informational and technical assistance within financial and personnel limitations. The ~~director~~ *commissioner* shall coordinate the state's assistance programs to

regional planning and development commissions.

Sec. 16. Minnesota Statutes 1986, section 462.396, subdivision 1, is amended to read:

Subdivision 1. The ~~director~~ *commissioner* shall determine the amount of and make grants to any commission created under sections 462.381 to 462.398 from appropriations made available for those purposes, provided a work program is submitted acceptable to the ~~director~~ *commissioner*. Any regional commission may levy a tax on all taxable property in the region to provide money for the purposes of sections 462.381 to 462.398.

Sec. 17. Minnesota Statutes 1986, section 462.398, is amended to read:

462.398 [TERMINATION OF COMMISSION.]

Subdivision 1. Any combination of counties or municipalities representing a majority of the population of the region for which a commission exists may petition the ~~director~~ *commissioner* by formal resolution stating that the existence of the commission is no longer in the public welfare and interest and is not needed to accomplish the purposes of the regional development act of 1969. For purposes of this section the population of a county does not include the population of a municipality within the county. Any formal resolution adopted by the governing body of a county or municipality for the termination of a commission shall be effective for a period of one year for the purpose of determining the requisite population of the region needed to petition the ~~director~~ *commissioner*.

Subd. 2. Within 35 days of the receipt of the petition, the ~~director~~ *commissioner* shall fix a time and place within the region for a hearing. The ~~director~~ *commissioner* shall give notice of the hearing by publication once each week for two successive weeks before the date of the hearing in a legal newspaper in each of the counties which the commission represents. The hearing shall be conducted by members of the commission. If the commission determines that the existence of the commission is no longer in the public welfare and interest and that it is not needed to accomplish the purposes of the regional development act of 1969, the commission shall recommend to the ~~director~~ *commissioner* that the ~~director~~ *commissioner* terminate the commission. Within 60 days after receipt of the recommendation, the ~~director~~ *commissioner* shall terminate the commission by giving notice of the termination to all government units within the region for which the commission was established. Unless otherwise provided by this subdivision, the hearing shall be in accordance with sections 14.01 to 14.70.

Subd. 3. The ~~director~~ *commissioner* shall not accept a petition for termination more than once in 30 months for each regional development commission.

Sec. 18. [TRANSFER OF RESPONSIBILITIES.]

Subdivision 1. [COMMUNITY DEVELOPMENT CORPORATIONS.] *The responsibilities of the Minnesota energy and economic development authority for community development corporations under Minnesota Statutes, section 116M.04, are transferred under Minnesota Statutes, section 15.039, to the commissioner of energy and economic development.*

Subd. 2. [OTHER PROGRAMS.] *The main street program, the Minnesota community improvement program, the governor's design team, and the Minnesota beautiful program are transferred under Minnesota Statutes,*

section 15.039, from the state planning agency to the community development division of the department of energy and economic development. The four incumbents of the state planning agency responsible for the administration of these programs are transferred to the community development division of the department of energy and economic development. All employee benefits and classifications of the transferred incumbents are maintained.

Sec. 19. [REPEALER.]

Minnesota Statutes, section 116M.04, is repealed.

Sec. 20. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 5

MINNESOTA ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY

Section 1. Minnesota Statutes 1986, section 15.039, is amended by adding a subdivision to read:

Subd. 5a. [OBLIGATIONS.] The new agency is the legal successor in all respects of the agency whose responsibilities are transferred. The bonds, resolutions, contracts, and liabilities of the agency whose responsibilities are transferred become the bonds, resolutions, contracts, and liabilities of the new agency.

Sec. 2. Minnesota Statutes 1986, section 16A.80, subdivision 2a, is amended to read:

Subd. 2a. [EXEMPT AGENCIES.] This section does not apply to:

- (1) the housing finance agency;
- (2) the state board of investment;
- (3) the iron range resources and rehabilitation board;
- (4) the higher education coordinating board; and
- (5) the higher education facilities authority; and
- ~~(6) the energy and economic development authority.~~

Sec. 3. [TRANSFER OF RESPONSIBILITIES.]

The responsibilities of the Minnesota energy and economic development authority that are not transferred to any other agency are transferred to the commissioner of energy and economic development under Minnesota Statutes, section 15.039.

Sec. 4. [BALANCES CANCELED.]

The unobligated balances in the economic development fund created in Minnesota Statutes, section 116M.06, subdivision 4, and the energy fund created in section 116M.105, must be canceled, transferred, and credited to the general fund. The commissioner of energy and economic development shall make payments from the funds until the obligations of the funds are discharged.

Sec. 5. [REPEALER.]

Minnesota Statutes 1986, sections 116M.01; 116M.02; 116M.03; 116M.06;

116M.07; 116M.08; 116M.09; 116M.10; and 116M.13, are repealed.

Sec. 6. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 6

URBAN REVITALIZATION PROGRAMS

Section 1. Minnesota Statutes 1986, section 281.17, is amended to read:

281.17 [PERIOD FOR REDEMPTION.]

The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota if the land is within an incorporated area unless it is: (a) nonagricultural homesteaded land as defined in section 273.13, subdivision 22, (b) homesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (a), or (c) seasonal recreational land as defined in section 273.13, subdivision 27, paragraph (a), or subdivision 22, paragraph (c), in which event the period of redemption is five years from the date of sale to the state of Minnesota.

The period of redemption for homesteaded lands as defined in section 273.13, subdivision 22, located in a targeted neighborhood as defined in section 4 and sold to the state at a tax judgment sale is two years from the date of sale. The period of redemption for other lands in a targeted neighborhood as defined in section 4 and sold to the state at a tax judgment sale is one year from the date of sale.

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

Sec. 2. Minnesota Statutes 1986, section 462.445, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE OF POWERS.] An authority shall be a public body corporate and politic and shall have all the powers necessary or convenient to carry out the purposes of sections 462.415 to 462.705 (but not the power to levy and collect taxes or special assessments except as provided in sections 462.515 to 462.545 with respect to redevelopment projects only) including the following powers in addition to others granted in these sections:

(1) To sue and be sued; to have a seal, which shall be judicially noticed, and to alter the same at pleasure; to have perpetual succession; and to make, and from time to time to amend and repeal, rules and regulations not inconsistent with these sections;

(2) To employ an executive director, technical experts, and such officers, agents, and employees, permanent and temporary, as it may require, and determine their qualifications, duties, and compensation; for such legal services as it may require, to call upon the chief law officer of the municipality or to employ its own counsel and legal staff; so far as practicable, to use the services of local public bodies, in its area of operation, such local public bodies, if requested, to make such services available;

(3) To delegate to one or more of its agents or employees such powers or duties as it may deem proper;

(4) Within its area of operation to undertake, prepare, carry out, and

operate projects and to provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or part thereof;

(5) Subject to the provisions of section 462.511, to give, sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein and to execute such leases, deeds, conveyances, negotiable instruments, purchase agreements, and other contracts or instruments, and take such action, as may be necessary or convenient to carry out the purposes of these sections;

(6) Within its area of operation to acquire real or personal property or any interest therein by gifts, grant, purchase, exchange, lease, transfer, bequest, devise, or otherwise, and by the exercise of the power of eminent domain, in the manner provided by Minnesota Statutes 1945, chapter 117, and any amendments thereof or supplements thereto, to acquire real property which it may deem necessary for its purposes under these sections, after the adoption by it of a resolution declaring that the acquisition of the real property is necessary to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section 462.425 or found to exist by section 462.415, subdivision 5, or is necessary to carry out a redevelopment project as defined in section 462.421, subdivision 13;

(7) Within its area of operation, and without the adoption of an urban renewal plan, to acquire, by all means as set forth in clause (6) of this subdivision, including by the exercise of the power of eminent domain, in the manner provided by chapter 117, and without the adoption of a resolution provided for in subdivision 1, clause (6), real property, and to demolish, remove, rehabilitate or reconstruct the buildings and improvements or construct new buildings and improvements thereon, or to so provide through other means as set forth in Laws 1974, chapter 228, or to grade, fill and construct foundations or otherwise prepare the site for improvements, and to dispose of said property pursuant to section 462.525, provided that the provisions of section 462.525 requiring conformance to an urban renewal plan shall not apply, and to finance such activities by means of the redevelopment project fund or by means of tax increments or tax increment bonds or by the methods of financing provided for in section 462.545 or by means of contributions from the municipality provided for in section 462.581, clause (9), or by any combination of such means; provided that, real property with buildings or improvements thereon shall only be acquired when the buildings or improvements are substandard; and provided further that the exercise of the power of eminent domain under this clause shall be limited to real property which contains buildings and improvements which are vacated and substandard. For the purpose of this subparagraph, substandard buildings or improvements mean *hazardous buildings as defined in section 463.15, subdivision 3, or buildings or improvements that are dilapidated or obsolescent, faultily designed, lack adequate ventilation, light, or sanitary facilities, or any combination of these or other factors that are detrimental to the safety or health of the community.*

(8) Within its area of operation to determine the level of income constituting low or moderate family income. Such income level shall be that level below which there is not available within the area of operation a substantial supply of decent, safe and sanitary housing provided by private enterprise without subsidy at prices or rents within the financial means of persons and families of such incomes. The authority may establish various income levels for various family sizes. In making its determination the

authority may consider income levels which may be established by the federal housing administration or a similar or successor federal agency for the purpose of federal loan guarantees or subsidies for persons of low or moderate income. The authority may use such determination as a basis for the maximum amount of income for admissions to housing development projects owned or operated by it;

(9) To provide in federally assisted projects such relocation payments and assistance as may be necessary to comply with the requirements of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and any amendments or supplements thereto.

Sec. 3. [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For the purposes of sections 3 to 10, the following terms have the meanings given in this section.

Subd. 2. [CITY.] "City" means the city of Minneapolis or the city of Saint Paul. For each city, a port authority, housing and redevelopment authority or other agency or instrumentality, the jurisdiction of which is the territory of the city, is included within the meaning of city.

Subd. 3. [CITY COUNCIL.] "City council" means either the city council of Minneapolis or the city council of Saint Paul.

Subd. 4. [CITY MATCHING MONEY.] "City matching money" means the money of a city specified in a revitalization and financing program to be spent to implement a revitalization program. The sources of city matching money may include:

(1) money from the general fund or a special fund of a city used to implement a revitalization program;

(2) money paid or repaid to a city from the proceeds of a grant that a city has received from the federal government, a profit or nonprofit corporation, or another entity or individual, that is to be used to implement a revitalization program;

(3) tax increments received by a city under sections 273.71 to 273.78 or other law, if eligible, to be spent in the targeted neighborhood;

(4) the greater of the fair market value or the cost to the city of acquiring land, buildings, equipment, or other real or personal property that a city contributes, grants, or loans to a profit or nonprofit corporation, or other entity or individual in connection with the implementation of a revitalization program;

(5) city money to be used to install, reinstall, repair, or improve the infrastructure facilities of a targeted neighborhood;

(6) money contributed by a city to pay issuance costs or to otherwise provide financial support for revenue bonds or obligations issued by a city for a project or program related to the implementation of a revitalization program;

(7) money derived from fees received by a city in connection with its community development activities that are to be used in implementing a revitalization program.

City matching money does not include:

(1) city money used to provide a service or exercise a function that is

ordinarily provided throughout the city, unless an increased level of the service or function is to be provided in a targeted neighborhood in accordance with a revitalization program;

(2) the proceeds of revenue bonds issued by the city under chapter 458, 462C, 472, or 474; or

(3) administrative expenses that are incurred in connection with the planning or implementation of sections 4 to 9.

Subd. 5. [COMMISSIONER.] "Commissioner" means the commissioner of energy and economic development.

Subd. 6. [LOST UNIT.] "Lost unit" means a rental housing unit that is lost as a result of revitalization activities because it is demolished, converted to an owner-occupied unit that is not a cooperative, converted to a nonresidential use, or if the gross rent to be charged exceeds 125 percent of the gross rent charged for the unit six months before the start of rehabilitation.

Subd. 7. [TARGETED NEIGHBORHOOD.] "Targeted neighborhood" means an area including one or more census tracts as determined and measured by the bureau of census of the United States Department of Commerce that meet the criteria of section 4, subdivision 2, and any additional area designated under section 4, subdivision 3.

Subd. 8. [TARGETED NEIGHBORHOOD MONEY.] "Targeted neighborhood money" means the money designated in the revitalization program to be used to implement the revitalization program.

Subd. 9. [TARGETED NEIGHBORHOOD REVITALIZATION AND FINANCING PROGRAM.] "Targeted neighborhood revitalization and financing program," "revitalization program," or "program" means the targeted neighborhood revitalization and financing program adopted in accordance with section 5.

Sec. 4. [DESIGNATION OF TARGETED NEIGHBORHOODS.]

Subdivision 1. [CITY AUTHORITY.] A city may by resolution designate targeted neighborhoods within its borders after adopting detailed findings that the designated neighborhoods meet the eligibility requirements in subdivision 2 or 3.

Subd. 2. [ELIGIBILITY REQUIREMENTS FOR TARGETED NEIGHBORHOODS.] An area within a city is eligible for designation as a targeted neighborhood if the area meets two of the following three requirements:

(a) The area had an unemployment rate that was twice the unemployment rate for the Minneapolis and Saint Paul standard metropolitan statistical area as determined by the 1980 federal decennial census.

(b) The median household income in the area was no more than half the median household income for the Minneapolis and Saint Paul standard metropolitan statistical area as determined by the 1980 federal decennial census.

(c) The area is characterized by residential dwelling units in need of substantial rehabilitation. An area qualifies under this clause if 25 percent or more of the residential dwelling units are in substandard condition as determined by the city or 70 percent or more of the residential dwelling units in the area were built before 1940 as determined by the 1980 federal

decennial census.

Subd. 3. [ADDITIONAL AREA ELIGIBLE FOR INCLUSION IN TARGETED NEIGHBORHOOD.] *The city may add to the area designated as a targeted neighborhood under subdivision 2 additional area extending up to four contiguous city blocks in all directions from the designated targeted neighborhood. For the purpose of this subdivision, "city block" has the meaning determined by the city.*

Sec. 5. [TARGETED NEIGHBORHOOD REVITALIZATION AND FINANCING PROGRAM REQUIREMENTS.]

Subdivision 1. [COMPREHENSIVE REVITALIZATION AND FINANCING PROGRAM.] *(a) For each targeted neighborhood for which a city requests state financial assistance under section 6, the city must prepare a comprehensive revitalization and financing program that includes the following:*

(1) the revitalization objectives of the city for the targeted neighborhood;
(2) the specific activities or means by which the city intends to pursue and implement the revitalization objectives;

(3) the extent to which the activities identified in clause (2) will benefit low and moderate income families, will alleviate the blighted condition of the targeted neighborhood, or will otherwise assist in the revitalization of the targeted neighborhood;

(4) a statement of the intended outcomes to be achieved by implementation of the revitalization program, how the outcomes will be measured both qualitatively and quantitatively, and the estimated time over which they will occur; and

(5) a financing program and budget that identifies the financial resources necessary to implement the revitalization program.

(b) The financing program and budget must include the following items:

(1) the estimated total cost to implement the revitalization program;

(2) the estimated cost to implement each activity in the revitalization program identified in paragraph (a), clause (2);

(3) the estimated amount of financial resources that will be available from all sources other than from the appropriation available under section 6 to implement the revitalization program;

(4) the estimated amount of the appropriation available under section 6 that will be necessary to implement the revitalization program;

(5) a description of the activities identified in the revitalization program for which the state appropriation will be used and the time or times at which the state appropriation will be committed or spent; and

(6) a statement of how the city intends to meet the requirement for a financial contribution matching the state appropriation from city matching money in accordance with section 6, subdivision 3.

Subd. 2. [TARGETED NEIGHBORHOOD PARTICIPATION IN REVITALIZATION PROGRAM DEVELOPMENT.] *The city must develop a process to consult the residents in the targeted neighborhood concerning the development, drafting, and implementation of the revitalization program. The process may include the establishment of an advisory board in*

each city. The process must include at least one public hearing.

Subd. 3. [PRELIMINARY CITY REVIEW; STATE AGENCY REVIEW.] Before adoption of the revitalization program under subdivision 4, the city must submit a draft program to the commissioner and the Minnesota housing finance agency for their comment. The city may not adopt the revitalization program until comments have been received from the state agencies or 30 days have elapsed without response after the program was sent to them. Comments received by the city from the state agencies within the 30-day period must be responded to in writing by the city before adoption of the program by the city.

Subd. 4. [CITY APPROVAL.] The city may adopt the revitalization program only after holding a public hearing after the program has been prepared. Notice of the hearing must be provided in a newspaper of general circulation in the city and in the targeted neighborhood not less than ten days nor more than 30 days before the date of the hearing.

Subd. 5. [PROGRAM CERTIFICATION.] A certification by the city that a revitalization program has been approved by the city council for the targeted neighborhood must be provided to the commissioner together with a copy of the program. A copy of the program must also be provided to the Minnesota housing finance agency.

Subd. 6. [REVITALIZATION PROGRAM MODIFICATION.] The revitalization program may be modified at any time by the city council after a public hearing, notice of which is published in a newspaper of general circulation in the city and in the targeted neighborhood not less than ten days nor more than 30 days before the date of the hearing. If the city council determines that the proposed modification is a significant modification to the program originally certified under subdivision 5, it must implement the revitalization program approval and certification process of subdivisions 2 to 5 for the proposed modification.

Sec. 6. [PAYMENT; CITY MATCHING MONEY; DRAWDOWN; USES OF STATE MONEY.]

Subdivision 1. [PAYMENT OF STATE MONEY.] Upon receipt from a city of the certification that a revitalization program has been adopted or modified, the commissioner must, within 30 days, pay to the city the amount of state money identified as necessary to implement the revitalization program or program modification. State money may be paid to the city only to the extent that the appropriation limit for the city specified in subdivision 2 is not exceeded. Once the state money has been paid to the city, it becomes targeted neighborhood money for use by the city in accordance with an adopted revitalization program and subject only to the restrictions on its use in sections 3 to 10.

Subd. 2. [ALLOCATION.] A city may receive a part of the appropriations made available that is the proportion that the population of the city bears to the combined population of Minneapolis and Saint Paul. One city may agree to reduce its entitlement amount so that the other may receive an amount more than its entitlement amount. The population of each city for the purposes of this subdivision is determined according to the most recent estimates available to the commissioner. Interest earned by a city from money paid to the city must be repaid to the commissioner annually unless the revitalization program identifies the interest as necessary to implement the revitalization program and the requirement for city matching

money is satisfied with respect to the interest.

Subd. 3. [CITY MATCHING MONEY; DRAWDOWN OF STATE MONEY; RESTRICTION ON USE OF STATE MONEY.] A city may spend state money only if the revitalization program identifies city matching money to be used to implement the program in an amount equal to the state appropriation. A city must keep the state money in a segregated fund for accounting purposes. No state money may be used to pay the general administrative expenses of a city that are incurred in connection with the planning or implementation of sections 3 to 10.

Sec. 7. [CITY POWERS AND ELIGIBLE USES OF TARGETED NEIGHBORHOOD MONEY.]

Subdivision 1. [CONSOLIDATION OF EXISTING POWERS IN TARGETED NEIGHBORHOODS.] A city may exercise any of its corporate powers within a targeted neighborhood including, but not limited to, all of the powers enumerated and granted by chapters 458, 462, 462C, 472, 472A, and 474. For the purposes of chapter 458, a targeted neighborhood is considered an industrial development district. A city may exercise the powers of chapter 458 in conjunction with, and in addition to, exercising the powers granted by chapters 462 and 462C in order to promote and assist housing construction and rehabilitation within a targeted neighborhood. For the purposes of section 462C.02, subdivision 9, a targeted neighborhood is considered a "targeted area."

Subd. 2. [GRANTS AND LOANS.] In addition to the authority granted by other law, a city may make grants and loans to individuals, for-profit and nonprofit corporations, and other organizations to implement a revitalization program. The grants and loans must contain the terms concerning use of money, repayment, and other conditions the city deems proper to implement a revitalization program.

Subd. 3. [ELIGIBLE USES OF TARGETED NEIGHBORHOOD MONEY.] The city may spend targeted neighborhood money for any purpose authorized by subdivision 1 or 2. Use of targeted neighborhood money must be authorized in a revitalization program.

Sec. 8. [HAZARDOUS BUILDING PENALTY.]

A city may assess a penalty equal to one percent of the assessed value of a building located in a targeted neighborhood defined in section 4 that the city determined to be hazardous as defined in section 463.15, subdivision 3. If the owner of the building has not paid the penalty and fixed the property within 30 days after receiving notice of the penalty, the penalty is considered delinquent and is increased by 25 percent each 60 days the penalty is not paid and the property remains hazardous. For the purposes of this section, a penalty that is delinquent is considered a delinquent property tax and subject to Minnesota Statutes, chapters 279, 280, and 281, in the same manner as delinquent property taxes.

Sec. 9. [ANNUAL AUDIT AND REPORT.]

Subdivision 1. [ANNUAL FINANCIAL AUDIT.] In 1988 and subsequent years, at the end of each calendar year, the legislative auditor shall conduct a financial audit to review the spending of state money under sections 3 to 10. Before spending state money to implement a revitalization program, the city must consult with the legislative auditor to determine appropriate accounting methods and principles that will assist the legis-

lative auditor in conducting its financial audit. The results of the financial audit must be submitted to the legislative audit commission, the state planning agency, the commissioner, and the Minnesota housing finance agency.

Subd. 2. [ANNUAL REPORT.] A city that begins to implement a revitalization program in a calendar year must, by March 1 of the succeeding calendar year, provide a detailed report on the revitalization program or programs being implemented in the city. The report must describe the status of the program implementation and analyze whether the intended outcomes identified in section 5, subdivision 1, paragraph (a), clause (4), are being achieved. The report must include at least the following:

(a) The number of housing units removed, created, lost, replaced, relocated, and assisted as a result of the program. The level of rent of the units and the income of the households affected must be included in the report.

(b) The number and type of commercial establishments removed, created, and assisted as a result of a revitalization program. The report must include information regarding the number of new jobs created by category, whether the jobs are full time or part time, and the salary or wage levels of both new and expanded jobs in the affected commercial establishments.

(c) A description of a statement of the cost of the public improvement projects that are part of the program and the number of jobs created per each \$20,000 of funds expended on commercial projects and applicable public improvement projects.

(d) The increase in the assessed valuation for the city as a result of the assistance to commercial and housing assistance.

(e) The amount of private investment that is a result of the use of public money in a targeted neighborhood.

The report must be submitted to the commissioner, the Minnesota housing finance agency, and the legislative audit commission, and must be available to the public.

Sec. 10. [APPROPRIATION; DISTRIBUTION.]

\$11,000,000 is appropriated from the general fund to the commissioner of energy and economic development for payment to the cities of Minneapolis and Saint Paul as provided in section 6. \$5,500,000 is for fiscal year 1988 and \$5,500,000 is for fiscal year 1989.

Sec. 11. [REPEALER.]

Laws 1969, chapters 833 and 984, are repealed.

Sec. 12. [EFFECTIVE DATE; LOCAL APPROVAL.]

Sections 3 to 10 are effective for the city of Minneapolis the day after compliance with section 645.021, subdivision 3, by the governing body of the city of Minneapolis.

Sections 3 to 10 are effective for the city of Saint Paul the day after compliance with section 645.021, subdivision 3, by the governing body of the city of Saint Paul.

ARTICLE 7

NATURAL RESOURCES

Section 1. [93.001] [POLICY FOR MINERAL DEVELOPMENT.]

It is the policy of the state to provide for the diversification of the state's mineral economy through long-term support of mineral exploration, evaluation, development, production, and commercialization.

Sec. 2. [93.002] [MINERAL COORDINATING COMMITTEE.]

Subdivision 1. [ESTABLISHMENT.] The mineral coordinating committee is established to plan for diversified mineral development. The mineral coordinating committee consists of the director of the minerals division of the department of natural resources, the director of the Minnesota geological survey, the director of the University of Minnesota mineral resources research center, and the director of the natural resources research institute. The director of the minerals division of the department of natural resources shall serve as chair. A member of the committee may designate another person of the member's organization to act in the member's place. The commissioner of natural resources shall provide staff and administrative services necessary for the committee's activities.

Subd. 2. [MINERAL DIVERSIFICATION PLAN.] The mineral coordinating committee shall prepare and adopt a ten-year plan for mineral diversification. The plan must include a strategy to:

- (1) increase the knowledge of the state's mineral potential;*
- (2) stimulate the development of mineral resources in the state; and*
- (3) promote basic minerals research.*

The plan must also include a two-year plan that establishes funding priorities for the minerals programs under subdivision 3. The funding priorities must be updated every two years.

Subd. 3. [MINERALS PROGRAMS.] The mineral diversification plan must address at least the following: aeromagnetic surveys, glacial till geochemistry surveys, geologic drilling and mapping, LMIC minerals data base, drill core examination and assay, industrial minerals characterization and research, bedrock geochemistry, nonferrous minerals research, reclamation studies, economic evaluation of mineral resources, improved geophysical and remote sensing base, acquisition of sampling equipment and analyses, determination of mineral rights ownership, ferrous minerals research, evaluation of mineral resource occurrence, evaluation of value added processes, ore deposit modeling, and basic mineral research.

Subd. 4. [SUBMISSION OF PLAN AND FUNDING PRIORITIES.] (a) The minerals coordinating committee shall submit the minerals diversification plan to the legislature by December 31, 1987.

(b) By January 15 of each odd-numbered year, the minerals coordinating committee shall submit the two-year funding priority plan required under subdivision 2 to the chairs of the house appropriations and environment and natural resources committees and the chairs of the senate finance and environment and natural resources committees.

Sec. 3. [APPROPRIATION.]

Subdivision 1. [MINERALS PROGRAMS.] \$1,000,000 is appropriated

from the general fund to the commissioner of natural resources to accelerate geological mapping of the state, accelerate evaluation of the state's mineral potential and other natural resources, and provide analytical support for the minerals industry according to the mineral diversification plan or a minerals industry acceleration plan developed by the minerals coordinating committee. \$500,000 is for fiscal year 1988 and \$500,000 is for fiscal year 1989.

Subd. 2. [COUNTY FORESTRY ASSISTANCE PROGRAMS.] \$1,750,000 is appropriated from the general fund to the commissioner of natural resources for grants to counties or groups of counties for county forestry assistance programs. \$875,000 is for fiscal year 1988 and \$875,000 is for fiscal year 1989. The commissioner of natural resources shall make the appropriation available to counties with the amount proportional to the acreage of forested tax-forfeited land managed by the county. As a condition of receiving money, the commissioner of natural resources shall require work plans, semiannual progress reports, and final project reports.

Subd. 3. [FORESTRY MANAGEMENT.] \$250,000 is appropriated from the general fund to the commissioner of natural resources for implementation of the forestry management plan required in Minnesota Statutes, section 89.011, on land that is not managed for the school trust fund. \$125,000 is for fiscal year 1988 and \$125,000 is for fiscal year 1989.

Sec. 4. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 8

IRON RANGE RESOURCES AND REHABILITATION

Section 1. [NORTHEAST MINNESOTA ECONOMIC DEVELOPMENT FUND.]

Subdivision 1. [APPROPRIATION.] \$5,000,000 is appropriated from the general fund to the commissioner of iron range resources and rehabilitation. \$300,000 of this appropriation must be used in the same manner as money appropriated under section 298.17.

Subd. 2. [PURPOSE OF EXPENDITURES.] *The money appropriated in this section may be used for projects and programs for which technological and economic feasibility have been demonstrated and that have the following purposes:*

(1) *creating and maintaining productive, permanent, skilled employment, including employment in technologically innovative businesses; and*

(2) *encouraging diversification of the economy and promoting the development of minerals, alternative energy sources utilizing indigenous fuels, forestry, small business, and tourism.*

Subd. 3. [USE OF MONEY.] *The money appropriated under this section may be used to provide loans, loan guarantees, interest buy-downs, and other forms of participation with private sources of financing, provided that a loan to a private enterprise must be for a principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan must be no less than the lesser of eight percent or the rate of interest set by the Minnesota development board for comparable small business development loans at that time.*

Money appropriated in this section must be expended only in or for the

benefit of the tax relief area defined in Minnesota Statutes, section 273.134, and as otherwise provided in section 1, subdivision 1.

Subd. 4. [PROJECT APPROVAL.] The board shall by August 1, 1987, and each year thereafter prepare a list of projects to be funded from the money appropriated in this section with necessary supporting information including descriptions of the projects, plans, and cost estimates. A project must not be approved by the board unless it finds that:

(1) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;

(2) the prospective benefits of the expenditure exceed the anticipated costs; and

(3) in the case of assistance to private enterprise, the project will serve a sound business purpose.

To be proposed by the board, a project must be approved by at least eight iron range resources and rehabilitation board members and the commissioner of iron range resources and rehabilitation. The list of projects must be submitted to the legislative advisory commission for its review. The list with the recommendation of the legislative advisory commission must be submitted to the governor, who shall, by November 15 of each year, approve or disapprove, or return it for further consideration, each project. The money for a project may be spent only upon approval of the project by the governor.

The board may submit supplemental projects for approval at any time. Supplemental projects must be submitted to the members of the legislative advisory commission for their review and recommendations of further review. If a recommendation is not provided within ten days, no further review by the legislative advisory commission is required, and the governor shall approve or disapprove each project or return it for further consideration. If the recommendation by a member is for further review, the governor shall submit the request to the legislative advisory commission for its review and recommendation. Failure or refusal of the commission to make a recommendation promptly is a negative recommendation.

Subd. 5. [ADVISORY COMMITTEES.] Before submission to the board of a proposal for a project for expenditure of money appropriated under this section, the commissioner of iron range resources and rehabilitation shall appoint a technical advisory committee consisting of at least seven persons who are knowledgeable in areas related to the objectives of the proposal. If the project involves investment in a scientific research proposal, at least four of the committee members must be knowledgeable in the specific scientific research area relating to the project. Members of the committees shall be compensated as provided in Minnesota Statutes, section 15.059, subdivision 3. The board shall not act on a proposal until it has received the evaluation and recommendations of the technical advisory committee.

Subd. 6. [USE OF REPAYMENTS AND EARNINGS.] Principal and interest received in repayment of loans made under this section must be deposited in the state treasury and are appropriated to the board for the purposes of this section.

Sec. 2. Minnesota Statutes 1986, section 298.292, is amended to read:
298.292 [POLICY.]

Subdivision 1. [PURPOSES.] The legislature is cognizant of the severe economic dislocations and widespread unemployment that result when a single industry on which an area is largely dependent, experiences a drastic reduction in activity. The northeast Minnesota economic protection trust fund is hereby created to be devoted to economic rehabilitation and diversification of industrial enterprises where these conditions ensue as the result of the decline of such a single industry. Priority shall be given to using the northeast Minnesota economic protection trust fund for the following purposes:

(a) (1) projects and programs that are designed to create and maintain productive, permanent, skilled employment, including employment in technologically innovative businesses;

(b) (2) projects and programs to encourage diversification of the economy and to promote the development of minerals, alternative energy sources utilizing indigenous fuels, forestry, small business, and tourism; and

(c) (3) projects and programs for which technological and economic feasibility have been demonstrated;

(d) *Subd. 2. [USE OF MONEY.] Money in the northeast Minnesota economic protection trust fund may be used for the following purposes:*

(1) *to provide loans, loan guarantees, interest buy-downs and other forms of participation with private sources of financing, but a loan to a private enterprise shall be for a principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan shall be no less than the lesser of eight percent or the rate of interest set by the Minnesota development board for comparable small business development loans at that time;*

(e) *funding (2) to fund reserve accounts established to secure the payment when due of the principal of and interest on bonds issued pursuant to section 298.2211; and*

(f) (3) *to pay in periodic payments or in a lump sum payment any or all of the interest on bonds issued pursuant to chapter 474 for the purpose of constructing, converting, or retrofitting heating facilities in connection with district heating systems or systems utilizing alternative energy sources; and*

(4) *to invest in a venture capital fund or enterprise that will provide capital to other entities that are engaging in, or that will engage in, projects or programs that have the purposes set forth in subdivision 1. No investments may be made in a venture capital fund or enterprise unless at least two other unrelated investors make investments of at least \$500,000 in the venture capital fund or enterprise, and the investment by the northeast Minnesota economic protection trust fund may not exceed the amount of the largest investment by an unrelated investor in the venture capital fund or enterprise. For purposes of this subdivision, an "unrelated investor" is a person or entity that is not related to the entity in which the investment is made or to any individual who owns more than 40 percent of the value of the entity, in any of the following relationships: spouse, parent, child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of the value of all interests in it. For purposes of determining the limitations under this clause, the amount of investments made by an investor other than the northeast Minnesota economic protection trust fund is the sum of all investments made in the venture capital fund or enterprise during*

the period beginning one year before the date of the investment by the northeast Minnesota economic protection trust fund.

Money from the trust fund shall be expended only in or for the benefit of the tax relief area defined in section 273.134.

Sec. 3. Minnesota Statutes 1986, section 298.296, subdivision 2, is amended to read:

Subd. 2. [EXPENDITURE OF FUNDS.] Before January 1, 2002, funds may be expended on projects and for administration of the trust fund only from the net interest, earnings, and dividends arising from the investment of the trust at any time, including net interest, earnings, and dividends that have arisen prior to July 13, 1982, plus \$10,000,000 made available for use in fiscal year 1983, except that any amount required to be paid out of the trust fund to provide the property tax relief specified in Laws 1977, chapter 423, article X, section 4, and to make school bond payments and payments to recipients of taconite production tax proceeds pursuant to section 298.225, may be taken from the corpus of the trust. On and after January 1, 2002, funds may be expended on projects and for administration from any assets of the trust. Annual administrative costs, not including detailed engineering expenses for the projects, shall not exceed five percent of the net interest, dividends, and earnings arising from the trust in the preceding fiscal year.

Principal and interest received in repayment of loans made pursuant to this section, *and earnings on other investments made under section 298.292, subdivision 2, clause (4),* shall be deposited in the state treasury and credited to the trust. These receipts are appropriated to the board for the purposes of sections 298.291 to 298.298.

Sec. 4. [EFFECTIVE DATE.]

Section 2 is effective the day following final enactment.

ARTICLE 9

MINNESOTA DEVELOPMENT PROGRAM

Section 1. Minnesota Statutes 1986, section 41A.01, is amended to read:

41A.01 [PURPOSE.]

Sections 41A.01 to ~~41A.06~~ 41A.08 provide a framework for an agricultural resource loan guaranty program; the purposes of which are to further the development of the state's agricultural resources and improve the market for its agricultural products and economic development in the state. All credit advanced pursuant to loan guaranty commitments is to be secured by subrogation of the state to mortgage security and other security interests granted to the private lender, in proportion to the amount advanced by the state. A loan guaranty board is established to investigate the feasibility of each project, its conformity to public policy and to environmental standards, the qualifications of the owners, operators, and lenders, and the nature and extent of the security, prior to commitment. The board shall also seek to secure financial participation by private persons not supported by the guaranty, to assure that in these respects each project satisfies and will continue to satisfy criteria which are adequate in the judgment of the board.

Sec. 2. Minnesota Statutes 1986, section 41A.02, subdivision 3, is amended to read:

Subd. 3. [AGRICULTURAL RESOURCE LOAN GUARANTY MINNESOTA DEVELOPMENT BOARD; BOARD.] "~~Agricultural resource loan guaranty~~ Minnesota development board" or "board" means consists of the commissioner of finance as chair, the commissioner of agriculture, ~~the commissioner of commerce,~~ the commissioner of energy and economic development, and the director of the pollution control agency, ~~the chair of the greater Minnesota corporation,~~ and two public members with experience in finance, appointed by the governor.

Sec. 3. Minnesota Statutes 1986, section 41A.02, subdivision 4, is amended to read:

Subd. 4. [AGRICULTURAL RESOURCE LOAN GUARANTY MINNESOTA DEVELOPMENT FUND; GUARANTY DEVELOPMENT FUND.] "~~Agricultural resource loan guaranty~~ Minnesota development fund" or "~~guaranty development fund~~" means the fund created by section 41A.05.

Sec. 4. Minnesota Statutes 1986, section 41A.02, subdivision 6, is amended to read:

Subd. 6. [AGRICULTURAL RESOURCE PROJECT; PROJECT.] "Agricultural resource project" or "project" means (1) any facility, or portion of a facility, located in the state which is operated or to be operated primarily for the production from agricultural resources of marketable products, (2) buildings, equipment, and land used for the commercial production of turkeys or turkey products, (3) a facility or portion of a facility used for the commercial production of fish or of products made from commercially-produced fish, or (4) real or personal property used or useful in connection with a new or expanding business, that is not used for the production of livestock, other than poultry, or for the production of crops, plants, or milk. The land in clause (2) is limited to land on which buildings and equipment are situated and immediately surrounding land used for storage, waste disposal, or other functions directly related to the commercial production of turkeys or turkey products at that project site. The land in clause (2) does not include land used for the growing or raising of crops or the grazing of livestock other than poultry. A project includes a facility or portion of a facility for mixing or producing substances to be mixed with other substances for use as a fuel or as a substitute for petroleum or petrochemical feedstocks.

Sec. 5. Minnesota Statutes 1986, section 41A.02, subdivision 11, is amended to read:

Subd. 11. [LENDER.] "Lender" means a corporation or any investment or commercial banking institution, savings and loan institution, insurance company, investment company, or other financial institution or institutional investor making, purchasing, or participating in a loan or any part of a loan, or a public entity authorized to make agricultural loans.

Sec. 6. Minnesota Statutes 1986, section 41A.02, is amended by adding a subdivision to read:

Subd. 16. [ELIGIBLE SMALL BUSINESS.] "Eligible small business" means:

(1) an enterprise determined by the board to constitute a small business concern as defined in regulations of the United States Small Business Administration under United States Code, title 15, sections 631 to 647; or

(2) a business eligible to receive assistance under section 12.

Sec. 7. Minnesota Statutes 1986, section 41A.02, is amended by adding a subdivision to read:

Subd. 17. [SMALL BUSINESS DEVELOPMENT LOAN.] "Small business development loan" means a loan to a business that is an "eligible small business" to finance:

(1) capital expenditures on an interim or long-term basis to acquire or improve land, acquire, construct, rehabilitate, remove, or improve buildings, or to acquire and install fixtures and equipment useful to conduct a small business, including facilities of a capital nature useful or suitable for a business engaged in an enterprise promoting employment including, without limitation, facilities included within the meaning of the term "project" as defined in sections 474.02, subdivisions 1 to 1f, and 474.03, subdivision 4; or

(2) short-term costs of conducting a small business.

Sec. 8. [41A.021] [SUCCESSOR STATUS.]

The board is the legal successor in all respects of the agricultural resource loan guaranty board established by Laws 1984, chapter 502, article 10, and all bonds, resolutions, contracts, and liabilities of the agricultural resource loan guaranty board are the bonds, resolutions, contracts, and liabilities of the board as renamed and reconstituted by section 41A.02, subdivision 3.

Sec. 9. [41A.022] [MINNESOTA ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY; SUCCESSOR STATUS.]

The board is the legal successor in all respects of the Minnesota energy and economic development authority under the general bond resolution for the Minnesota small business development loan program, as amended and restated by the authority on September 24, 1986. All bonds, resolutions, contracts, and liabilities of the Minnesota energy and economic development authority relating to the Minnesota small business development loan program are the bonds, resolutions, contracts, and liabilities of the Minnesota development board.

Sec. 10. [41A.023] [POWERS.]

In addition to other powers granted by this chapter, the board may:

(1) sue and be sued;

(2) acquire, hold, lease, and transfer any interest in real and personal property for its corporate purposes;

(3) sell at public or private sale any instrument or obligation evidencing a loan;

(4) obtain insurance on its property;

(5) obtain municipal bond insurance, letters of credit, surety obligations, or similar agreements from financial institutions;

(6) enter into other agreements or transactions, without regard to chapter 16B, that the board considers necessary or appropriate to carry out the purposes of this chapter with federal or state agencies, political subdivisions of the state, or other persons, firms, or corporations;

(7) establish and collect fees without regard to chapter 14 and section 16A.128;

(8) accept appropriations, gifts, grants, and bequests;

(9) use money received from any source for any legal purpose or program of the board;

(10) participate in loans for agricultural resource projects in accordance with section 11;

(11) provide small business development loans in accordance with section 12; and

(12) guarantee or insure bonds or notes issued by the board.

Sec. 11. [41A.035] [AGRICULTURAL RESOURCES LOAN PARTICIPATION.]

The board may participate in loans made to finance agricultural resource projects by purchasing from a lender up to 75 percent of the amount of each eligible loan. If the loan participated in is for \$500,000 or less, the loan may be for 100 percent of the cost of the project. If the loan participated in exceeds \$500,000, the loan may not exceed 80 percent of the cost of the project. The lender shall service the loan or cause it to be serviced in a manner that equally protects the lender's and the board's interests.

Sec. 12. [41A.036] [SMALL BUSINESS DEVELOPMENT LOANS.]

Subdivision 1. [LOANS; LIMITATIONS.] (a) The board may make, purchase, or participate with financial institutions in making or purchasing small business development loans not exceeding \$1,000,000 in principal amount with respect to small business loans made or purchased by the board and not exceeding \$1,000,000 principal amount with respect to the board's share when the board participates in making or purchasing small business loans.

(b) With respect to loans that the board makes or purchases or participates in, the board may determine or provide for their servicing, the percentage of board participation, if any, the times the loans or participations are payable and the amounts of payment, their amount and interest rates, their security, if any, and other terms, conditions, and provisions necessary or convenient in connection with them and may enter into all necessary contracts and security instruments in connection with them. The board may enter into commitments to purchase or participate with financial institutions or other persons upon the terms, conditions, and provisions determined by it. Loans or participations may be serviced by financial institutions or other persons designated by the board.

(c) The board shall obtain the best available security for all loans. The board may provide for or require the insurance or guaranteeing of the loans or board participations in whole or in part by the federal government or a department, agency, or instrumentality of it, by an appropriate board account, or by a private insurer.

Subd. 2. [SMALL BUSINESS DEVELOPMENT LOANS; PREFERENCES.] The following eligible small businesses have preference among all business applicants for small business development loans:

(1) businesses located in rural areas of the state that are experiencing

the most severe unemployment rates in the state;

(2) businesses that are likely to expand and provide additional permanent employment in rural areas of the state;

(3) businesses located in border communities that experience a competitive disadvantage due to location;

(4) businesses that have been unable to obtain traditional financial assistance due to a disadvantageous location, minority ownership, or other factors rather than due to the business having been considered a poor financial risk;

(5) businesses that utilize state resources and reduce state dependence on outside resources, and that produce products or services consistent with the long-term social and economic needs of the state; and

(6) businesses located in designated enterprise zones, as described in section 273.1312, subdivision 4.

Subd. 3. [LOCAL GOVERNMENTAL UNIT SPONSOR; RESOLUTION.] A business applying for a loan must be sponsored by a resolution of the governing body of the local governmental unit within whose jurisdiction the project is located. For purposes of this paragraph, "local governmental unit" means a home rule charter or statutory city when the project is located in an incorporated area, a county when the project is located in an unincorporated area, or an American Indian tribal council when the project is located within a federally recognized American Indian reservation or community.

Sec. 13. Minnesota Statutes 1986, section 41A.05, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT OF FUND.] ~~For the purpose of developing the state's agricultural resources by extending credit on real estate security, the agricultural resource loan guaranty The Minnesota development fund is established as a special and dedicated fund to be held and invested separately from all other funds of the state. All money appropriated to the fund, and all guaranty fees, retail sales taxes, property tax increments, and other money from any source which may be credited to the fund pursuant to law or pursuant to the terms of grants, contributions, or contracts are appropriated and shall remain available for the purposes of the fund until those purposes have been fully accomplished to the board to carry out the purposes of this chapter. The board may maintain or establish within the guaranty Minnesota development fund reserve funds accounts, project accounts, trustee accounts, special guaranty fund accounts, or other restrictions it determines necessary or appropriate to carry out the purposes of this chapter. Except as otherwise provided in this section, the fund may be used only for paying amounts due under loan guaranties and principal and interest assistance contracts entered into by the state, pursuant to the agricultural resource loan guaranty program. The board may enter into pledge and escrow agreements or indentures of trust with a trustee for the purpose of maintaining the accounts.~~

Sec. 14. Minnesota Statutes 1986, section 41A.05, subdivision 2, is amended to read:

Subd. 2. [ISSUANCE OF BONDS.] (a) ~~Subject to section 16A.80, upon application pursuant to section 41A.04,~~ The board by resolution may exercise the powers of a rural development authority under sections 362A.01

to 362A.05 and the powers of a municipality under chapter 474 for the purposes of ~~providing money to pay the costs of financing~~ a project, including the issuance of bonds and the ~~loan application~~ of the bond proceeds pursuant to a lease, *loan, loan guaranty, loan participation*, or other agreement. The bonds must be issued, sold, and secured on the terms and conditions and in the manner determined by resolution of the board. ~~Sections Section 16A.80 and 474.23 do~~ does not apply to the bonds. Notwithstanding subdivision 1, a reserve established for the bonds provided by the borrower, including out of bond proceeds, may be deposited and held in a separate account in the ~~guaranty~~ *Minnesota development* fund and applied to the last installments of principal or interest on the bonds, subject to the reserves being withdrawn for any purpose permitted by subdivision 1. The board may by resolution or indenture pledge any or all amounts in the ~~guaranty~~ fund, including any reserves and investment income on amounts in the fund, to secure the payment of principal and interest on any or all series of bonds, upon the terms and conditions as provided in the resolution or indenture. To the extent the board deems necessary or desirable to prevent interest on bonds from becoming subject to federal income taxation, (1) the amounts in the ~~guaranty~~ fund shall be invested in obligations or securities with restricted yields and (2) the investment income on the amounts are released from the pledge securing the bonds or loan guaranty and appropriately applied to prevent taxation.

(b) Bonds issued pursuant to this chapter are not general obligations of the state or the board. The full faith and credit and taxing powers of the state and the board are not and may not be pledged for the payment of the bonds. No person may compel the levy of a tax for the payment or compel the appropriation of money of the state or the board for the payment of the bonds, except as specifically provided in this chapter.

(c) ~~The issuance of bonds pursuant to this subdivision is subject to sections 474.18 to 474.25.~~ For purposes of sections ~~474.16~~ 474A.01 to ~~474.20~~ 474A.21, the board is a local issuer and may apply for allocations of authority to issue private activity obligations and may enter into an agreement for the issuance of obligations by another issuer.

Sec. 15. Minnesota Statutes 1986, section 41A.08, is amended to read:
41A.08 [STAFF]

Subdivision 1. [EMPLOYEES.] Subject to all other applicable laws governing employees of or employment by a department or agency of the state, the commissioner of energy and economic development, on behalf of the board, may retain or employ the officers, employees, agents, contractors, and consultants the commissioner determines necessary or appropriate to discharge the functions of the board in respect to the agricultural resource loan program. The commissioner shall define their duties and responsibilities.

Subd. 2. [EXECUTIVE DIRECTOR.] The commissioner shall employ, with the concurrence of the board, an executive director. The executive director shall perform the duties that the board may require in carrying out its responsibilities. The executive director's position is in the unclassified service.

Sec. 16. [RESPONSIBILITIES TRANSFERRED TO MINNESOTA DEVELOPMENT BOARD.]

Subdivision 1. [TRANSFER.] The responsibilities under the general bond resolution for the Minnesota small business development loan pro-

gram, as amended and restated by the authority on September 24, 1986, are transferred from the Minnesota energy and economic development authority to the Minnesota development board. Money designated or committed to the small business development loan program is transferred to the Minnesota development fund, to be credited to a separate account to be used to carry out the purposes specified in section 9. This transfer includes four classified positions from the financial management division of the department of energy and economic development. Minnesota Statutes, section 15.039 applies to the transfer of responsibilities.

Subd. 2. [POWERS CONTINUED.] To carry out the purposes specified in section 9, the board may exercise the powers granted to the Minnesota energy and economic development authority under Minnesota Statutes 1986, sections 116M.06, 116M.07, and 116M.08, notwithstanding the repeal of those sections.

Sec. 17. [INSTRUCTION TO REVISOR.]

The revisor of statutes is directed to change the phrase "agricultural resource loan guaranty board" wherever it appears in Minnesota Statutes to "Minnesota development board" in the next and subsequent editions of the statutes.

Sec. 18. [INSTRUCTION TO REVISOR.]

The revisor of statutes is directed to change the phrase "agricultural resource loan guaranty fund" wherever it appears in Minnesota Statutes to "Minnesota development fund" in the next and subsequent editions of the statutes.

Sec. 19. [APPROPRIATION.]

\$400,000 is appropriated from the general fund for transfer to the Minnesota development fund. \$200,000 is for fiscal year 1988 and \$200,000 is for fiscal year 1989.

Sec. 20. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 10

EDUCATION AND TRAINING PROGRAMS

Section 1. Minnesota Statutes 1986, section 116L.03, subdivision 2, is amended to read:

Subd. 2. [APPOINTMENT.] Members shall be appointed as follows: four members appointed by the speaker of the house; one member appointed by the minority leader of the house; four members appointed by the majority leader of the senate; one member appointed by the minority leader of the senate; eight members appointed by the governor; and the ~~commissioners of the departments~~ commissioner of energy and economic development, ~~education, and jobs and training~~ the commissioner of jobs and training, and the state director of vocational technical education.

Sec. 2. [116L.06] [RURAL TRAINING PROGRAM.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, "low-income" means equal to or below the nonmetropolitan median household income. "Principally" means more than half. "Rural Minnesota" means the part of the state outside the metropolitan area as defined in section

473.121, subdivision 2.

Subd. 2. [TRAINING PROGRAM.] *The partnership may provide grants to educational or other nonprofit institutions for training for new or expanding businesses located in rural Minnesota. Grants may be awarded only for training projects designed principally to benefit low-income persons. The partnership shall follow the criteria and guidelines in sections 116L.02 and 116L.04 to establish and administer the program.*

Subd. 3. [NEW BUSINESS SET-ASIDE.] *The partnership may set aside up to 50 percent of the amount available for the rural training program to provide grants for new businesses locating in rural Minnesota. A set-aside grant may not be made for an existing business located in the metropolitan area as defined in section 473.121, subdivision 2, that relocates to rural Minnesota. The partnership shall use the guidelines in section 116L.04 to establish and administer the program, except that a committee consisting of the commissioner of energy and economic development, the executive director of the Minnesota job skills partnership board, and the state director of vocational technical education may give final approval for training applications by a majority vote of the committee. Any amount left in the set-aside program at the end of the 1988 fiscal year may be used for the rural training program established by subdivision 2.*

Sec. 3. [136A.134] [GRANTS TO DISLOCATED RURAL WORKERS.]

Subdivision 1. [ESTABLISHMENT OF PROGRAM.] *The higher education coordinating board shall develop policies and procedures to administer a dislocated rural worker grant program and to allocate program money to eligible institutions and shall supervise the operation of the program.*

Subd. 2. [ELIGIBLE INSTITUTIONS.] *For purposes of this section, "eligible institution" has the meaning given it in section 136A.101.*

Subd. 3. [APPLICANTS.] *An applicant may be considered for a dislocated rural worker grant if the applicant:*

- (1) is a resident of rural Minnesota;*
- (2) is enrolled in an adult farm management program or a program designed to provide preparation for available employment within the local labor market or in an area to which the individual is willing to relocate;*
- (3) has met the financial need criteria established by the board; and*
- (4) can demonstrate that one of the following criteria has been met:*
 - (i) the applicant or applicant's spouse has been separated from employment or has received a notice of separation from employment as a result of job obsolescence, plant shutdown, regional decline in the applicant's customary occupation, or industry slowdown, and the applicant or the applicant's spouse is unlikely to return to work for that employer or in that occupation within 12 months following separation from employment;*
 - (ii) the applicant is a displaced homemaker; or*
 - (iii) the applicant or the applicant's spouse is a farmer who can demonstrate severe household financial need.*

Subd. 4. [PROGRAM RECIPIENTS.] *An eligible institution shall select a recipient of a dislocated rural worker grant in accordance with guidelines, policies, and rules established by the board. The board may adopt*

emergency rules for awarding grants only for the fiscal year beginning July 1, 1987.

Subd. 5. [PROGRAM COORDINATION; INFORMATION.] The board shall develop and provide information to dislocated workers in rural areas about post-secondary education opportunities and student financial aid programs. The board shall also provide for the coordination of dislocated rural worker grants with other available student financial aid programs. Dislocated rural worker grants must be awarded in a manner that maximizes the use of existing federal and state student financial aid programs.

Sec. 4. [SUPPLEMENTAL EDUCATION GRANT PROGRAM FUNDING.]

\$500,000 is appropriated from the general fund and \$500,000 is appropriated from the rural rehabilitation revolving fund to the higher education coordinating board for the dislocated rural worker grant program established in section 3, to be available until June 30, 1989."

Amend the title as follows:

Page 1, line 24, after "sections" insert "15.039, by adding a subdivision;"

Page 1, line 26, after the second semicolon, insert "41A.08;"

Page 1, line 27, after "2," insert "4,"

Page 1; lines 37 and 38, delete "Laws 1983, chapter 334, section 7;"

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

SECOND READING OF SENATE BILLS

S.F. Nos. 1191, 384, 1095, 1504, 596, 1117, 1404, 729 and 1 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 404, 813, 1145, 561, 1031, 1197, 1376 and 1266 were read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Luther moved that S.F. No. 1503 be withdrawn from the Committee on Rules and Administration and re-referred to the Committee on Taxes and Tax Laws. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Moe, R.D. introduced—

S.F. No. 1512: A bill for an act relating to local government finance; authorizing imposition of a service fee for ambulance services provided in a subordinate service district in Polk and Norman counties.

Referred to the Committee on Taxes and Tax Laws.

Mr. Freeman introduced—

S.F. No. 1513: A bill for an act relating to juvenile court; providing that it is a prima facie case for reference for prosecution as an adult if a child is alleged to have committed an aggravated felony against the person as a member of an organized gang; amending Minnesota Statutes 1986, section 260.125, subdivision 3.

Referred to the Committee on Judiciary.

MEMBERS EXCUSED

Mr. Brandl was excused from the Session of today from 3:30 to 5:30 p.m. Mr. Bernhagen was excused from the Session of today from 3:00 to 9:30 p.m. Mr. Dahl was excused from the Session of today at 9:05 p.m. Mr. DeCramer was excused from the Session of today from 3:00 to 4:40 p.m. Mr. Dicklich was excused from the Session of today from 6:45 to 9:00 p.m. Mr. Hughes was excused from the Session of today at 4:00 p.m. Mr. Moe, R.D. was excused from the Session of today at 4:00 p.m. Mr. Storm was excused from the Session of today at 9:15 p.m.

ADJOURNMENT

Mr. Luther moved that the Senate do now adjourn until 12:00 noon, Thursday, April 30, 1987. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate