

## SEVENTY-NINTH DAY

St. Paul, Minnesota, Wednesday, March 30, 1988

The Senate met at 11:00 a.m. and was called to order by the President.

## CALL OF THE SENATE

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

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

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

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

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 communications were received.

March 25, 1988

The Honorable Robert E. Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1988 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Date Approved 1988	Date Filed 1988
	1740	413	March 25	March 25
	1766	414	March 25	March 25
	1816	415	March 25	March 25
	2056	416	March 25	March 25
896		417	March 25	March 25
1772		418	March 25	March 25

Sincerely,  
Joan Anderson Growe  
Secretary of State

March 29, 1988

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. Nos. 187, 678, 1710 and 2367.

Sincerely,  
Rudy Perpich, Governor

#### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1861: A bill for an act relating to health maintenance organizations; insurance; requiring replacement coverage in the event an HMO cancels coverage; increasing state comprehensive health plan liabilities in the event a member terminates coverage; increasing health maintenance organization notice requirements and annual reporting requirements; amending Minnesota Statutes 1986, sections 62D.07; 62D.08, subdivision 5; 62D.09; 62D.101; 62D.11; 62D.12, subdivision 2, and by adding a subdivision; 62D.17, subdivision 1; 62E.11, by adding subdivisions; 62E.14, subdivisions 1, 3, and by adding a subdivision; 62E.16; Minnesota Statutes 1987 Supplement, sections 62A.17, subdivision 6; and 62D.08, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 62D; repealing Laws 1984, chapter 464, sections 29 and 40.

There has been appointed as such committee on the part of the House:  
Nelson, C.; Wynia and Anderson, R.

Senate File No. 1861 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 29, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 5 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 2565: A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; amending Minnesota Statutes 1986, section 84B.11, subdivision 2.

There has been appointed as such committee on the part of the House: Rice, Lieder, Sarna, Kalis and Seaberg.

Senate File No. 2565 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 29, 1988

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. 2569: A bill for an act relating to education; appropriating money to the higher education coordinating board, regents of the University of Minnesota, state university board, state board for community colleges, and state board of vocational technical education, with certain conditions; authorizing bonding for capital improvements; amending Minnesota Statutes 1986, sections 3.971, subdivision 1; 92.05; 136.31, by adding a subdivision; and 136.41, by adding subdivisions; 248.07, subdivisions 7 and 12; Minnesota Statutes 1987 Supplement, section 248.07, subdivision 8; Laws 1983, chapter 334, section 7, as amended; and Laws 1987, chapter 401, section 2, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 135A and 137; repealing Minnesota Statutes 1986, sections 136.26; and 136C.13, subdivision 3.

Senate File No. 2569 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 29, 1988

Mr. Merriam moved that the Senate do not concur in the amendments by the House to S.F. No. 2569, 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 that the House refuses to concur in the Senate amendments to House File No. 1795:

H.F. No. 1795: A bill for an act relating to human services; creating a

task force to study building code standards for family and group family day care homes; changing building code requirements concerning certain child care facilities; amending Minnesota Statutes 1987 Supplement, sections 16B.61, subdivision 3; and 245A.09, by adding a subdivision.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Ogren, Cooper and Sviggum have been appointed as such committee on the part of the House.

House File No. 1795 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 29, 1988

Mr. Moe, R.D. moved that H.F. No. 1795 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1980:

H.F. No. 1980: A bill for an act relating to highways; designating I-90 as AMVETS memorial highway; adding, deleting, and substituting routes on the trunk highway system; amending Minnesota Statutes 1986, section 161.14, by adding a subdivision.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Kalis, Bishop and Kludt have been appointed as such committee on the part of the House.

House File No. 1980 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 29, 1988

Mr. Merriam moved that H.F. No. 1980 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2126:

H.F. No. 2126: A bill for an act relating to the organization and operation of state government; appropriating money for human resources and other purposes with certain conditions; amending Minnesota Statutes 1986, sections 3.9223, subdivision 3; 3.9225, subdivision 3; 3.9226, subdivision 3; 62A.54; 62E.04, by adding subdivisions; 129A.02, subdivision 3; 129A.09; 129A.10; 144.053, by adding subdivisions; 144.125; 144A.04, by adding a subdivision; 145.853, subdivision 2; 145.894; 245.771, by adding a

subdivision; 245.814, subdivisions 1, 2, and 3; 245.83; 245.84, subdivision 1; 246.023; 248.07, subdivision 7 and 12; 252.291, subdivisions 1 and 2; 256.73, subdivisions 2, 6, and by adding subdivisions; 256.736, by adding subdivisions; 256.76, subdivision 1; 256B.08; 256B.092, subdivisions 5 and 7; 256B.14, subdivision 2; 256B.17, subdivision 7; 256B.431, by adding subdivisions; 256B.501, subdivision 3, and by adding subdivisions; 256B.69, subdivisions 3 and 4; 256D.02, subdivision 7, and by adding a subdivision; 256D.06, by adding a subdivision; 256D.07; 256D.35, by adding a subdivision; 256D.37, subdivision 2, and by adding subdivisions; 256E.12, subdivisions 1 and 2; 256F03, subdivision 8; 257.071, subdivisions 2 and 3, and by adding a subdivision; 257.072; 260.181, subdivision 3; 268.0111, by adding a subdivision; 268.911, subdivision 3; 326.371; 462A.05, by adding a subdivision; 462A.21, by adding a subdivision; 609.72, subdivision 1; 611A.32, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 3.922, subdivision 6; 16B.08, subdivision 7; 16B.61, subdivision 3; 62A.152, subdivision 2; 62A.48, subdivision 7; 62A.50, subdivision 3; 62D.102; 129A.01, subdivisions 5, 6, and 7; 129A.03; 129A.06, subdivision 1; 129A.07, subdivision 1; 129A.08, subdivisions 1, 4, and 5, and by adding subdivisions; 144A.071, subdivision 3; 144A.073, subdivisions 1, 2, 7, and 8; 148B.23, subdivision 1; 148B.42, subdivision 1; 245.462, subdivisions 3, 4, 6, 17, 18, 19, 20, 21, 23, and 25; 245.465; 245.466, subdivisions 1, 2, and 5; 245.467, by adding subdivisions; 245.469, subdivision 2; 245.471, subdivisions 2 and 3; 245.472, subdivision 2; 245.475, subdivisions 1 and 2; 245.476, subdivision 1; 245.477; 245.478, subdivisions 1, 2, and 9; 245.479; 245.482, subdivision 2; 245.696, subdivision 2; 245.697, subdivision 2, and by adding a subdivision; 245A.09, by adding a subdivision; 248.07, subdivision 8; 252.291, subdivision 3; 252.46, subdivisions 5 and 6, and by adding subdivisions; 253B.03, subdivision 6; 256.015, subdivision 2; 256.736, subdivisions 1b, 4, and 11; 256.936; 256.969, subdivision 3; 256B.02, subdivision 8; 256B.031, subdivision 5; 256B.042, subdivision 2; 256B.06, subdivisions 1 and 4; 256B.091, subdivision 4; 256B.35, subdivision 1; 256B.431, subdivision 4; 256B.433, subdivision 1; 256B.501, subdivision 1; 256B.73, subdivision 2, and by adding a subdivision; 256D.01, subdivision 1a; 256D.03, subdivision 3; 256D.06, subdivisions 1 and 1b; 256D.37, subdivision 1; 256E.12, subdivision 3; 268.91, subdivisions 1, 3, 3b, 3c, 3e, 4, and 12; 393.07, subdivision 10, and by adding a subdivision; Laws 1984, chapter 654, article 5, section 57, subdivision 1, as amended; Laws 1987, chapter 337, section 131; Laws 1987, chapter 403, article 2, section 34; Laws 1987, chapter 403, article 4, section 13; Laws 1987, chapter 403, article 1, section 4, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 62A; 62C; 62D; 144; 145; 152A; 157; 179A; 245; 246; 252; 256; 256B; 256H; 257; and 268; repealing Minnesota Statutes 1986, sections 136.26; 144.388; 245.84, subdivision 4; 245.86; 245.87; and 257.071, subdivision 6; Minnesota Statutes 1987 Supplement, sections 129A.01, subdivision 8; 129A.07, subdivision 2; 129A.08, subdivision 3; 148B.04, subdivision 1; and 256B.73, subdivision 10.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Greenfield, Rodosovich, Murphy, Riveness and Anderson, R., have been appointed as such committee on the part of the House.

House File No. 2126 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 29, 1988

Mr. Samuelson moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2126, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2344 and 2590.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 29, 1988

### FIRST READING OF HOUSE BILLS

The following bills were read the first time.

H.F. No. 2344: A bill for an act relating to the organization and operation of state government; clarifying, providing for deficiencies in, and supplementing appropriations for the expenses of state government with certain conditions; creating and modifying agencies and functions; fixing and limiting fees; requiring studies and reports; appropriating money; amending Minnesota Statutes 1986, sections 3.9223, subdivision 5; 3.9225, subdivision 5; 3.9226, subdivision 5; 16B.24, by adding a subdivision; 88.22, by adding a subdivision; 89.001, by adding a subdivision; 89.19; 116.48, by adding subdivisions; 116J.615, by adding a subdivision; 296.16, by adding a subdivision; and 296.421, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 3.732, subdivision 1; 3.885; 85.055, subdivision 1; 105.44, subdivision 10; 115C.02, subdivision 13; 116C.712, subdivision 5; 116J.941, subdivision 1; 116O.03, subdivision 2; 116O.04, subdivision 1; 116O.06, subdivision 1; and 480.241, subdivision 2; Laws 1985, First Special Session chapter 15, section 4, subdivision 6; Laws 1987, chapter 357, section 27, subdivision 2; Laws 1987, chapter 404, sections 20, subdivision 6; and 22, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 89; 115C; 424A; and 446A; repealing Minnesota Statutes 1987 Supplement, section 161.52.

Mr. Moe, R.D. moved that H.F. No. 2344 be laid on the table. The motion prevailed.

H.F. No. 2590: A bill for an act relating to the financing of government in Minnesota; changing tax rates and bases; modifying the administration, collection, and enforcement of taxes; imposing taxes; changing the computation, administration, and payment of aids, credits, and refunds; limiting taxing powers; transferring and imposing governmental powers and duties; making technical corrections and clarifications; providing bonding authority to Hennepin County; imposing penalties; appropriating money and reducing appropriations; amending Minnesota Statutes 1986, sections 69.031, subdivision 3; 168.011, subdivision 8; 168.012, subdivision 9; 237.075, subdivision 8; 240.01, by adding a subdivision; 240.13, subdivisions 4 and 6; 240.15, subdivisions 1, 3, and 6; 240.18; 270.075, subdivision 2; 270.41;

270.70, subdivision 1; 271.01, subdivision 5; 273.05, subdivision 1; 273.061, subdivision 2; 273.112, subdivisions 3 and 6; 273.121; 273.124, subdivisions 1 and 6; 273.13, by adding a subdivision; 273.40; 279.01, subdivision 3; 287.21, by adding a subdivision; 290.01, by adding a subdivision; 290.06, by adding subdivisions; 290.39, by adding a subdivision; 290.50, subdivision 3; 290.92, subdivisions 2a and 21; 290.931, subdivision 1; 290.934, subdivisions 1, 3, and by adding a subdivision; 290A.03, subdivision 7; 297.01, by adding a subdivision; 297.03, subdivision 12, and by adding a subdivision; 297.041, subdivision 1; 297.06, subdivisions 1, 2, 3, and by adding a subdivision; 297.08, subdivision 1; 297.12, subdivision 1; 297.35, by adding a subdivision; 297A.02, subdivision 4; 297A.15, subdivisions 1 and 5; 297A.16; 297A.17; 297A.21; 297A.25, subdivisions 5, 8, 27, and by adding subdivisions; 297A.256; 297C.02, subdivisions 3 and 4; 297C.03, by adding a subdivision; 297C.07; 297D.08; 298.223; 303.03; 329.11; 349.12, subdivision 18, and by adding subdivisions; 349.2121, subdivisions 1, 2, 5, and by adding a subdivision; 349.22, subdivision 1, and by adding subdivisions; 375.192, subdivision 1; 375.83; 473.167, subdivisions 2, 3, and by adding subdivisions; 473.249, subdivision 1, and by adding a subdivision; 473.446, subdivision 3, and by adding a subdivision; 473.711, subdivision 2, and by adding a subdivision; 473.843, subdivision 2; 477A.011, subdivision 11, and by adding a subdivision; and 477A.015; Minnesota Statutes 1987 Supplement, sections 16A.1541; 60A.15, subdivision 1; 60E.04, subdivision 4; 69.021, subdivision 5; 69.54; 124.155, subdivision 2; 124A.02, subdivisions 3a and 11; 240.13, subdivision 5; 270.485; 272.02, subdivision 1; 272.115, subdivision 4; 272.121; 273.061, subdivision 1; 273.1195; 273.123, subdivisions 4 and 5; 273.124, subdivisions 11 and 13; 273.13, subdivisions 23, 24, and 25; 273.135, subdivision 2; 273.1391, subdivision 2; 273.1392; 273.1393; 273.1397, subdivision 2; 273.165, subdivision 2; 273.42, subdivision 2; 274.01, subdivision 1; 274.19, subdivisions 1, 2, 3, 4, 6, 7, and 8; 275.07, subdivision 1; 275.50, subdivision 2; 275.51, subdivision 3h; 276.04; 279.01, subdivision 1; 290.01, subdivisions 3a, 4, 7, 19, 19a, 19b, 19c, 19d, 19e, and 20; 290.015, subdivisions 1, 2, 3, and 4; 290.06, subdivisions 1, 2c, and 21; 290.081; 290.092, subdivisions 3, 4, 5, and by adding a subdivision; 290.095, subdivisions 1, 3, and by adding a subdivision; 290.10; 290.17, subdivision 2; 290.191, subdivisions 6 and 11; 290.21, subdivisions 3 and 4; 290.35, subdivision 2; 290.371, subdivisions 1, 3, 4, and 5; 290.38; 290.41, subdivision 2; 290.92, subdivisions 7 and 15; 290.934, subdivision 2; 290.9725; 290A.03, subdivisions 3, 13, 14, and 15; 290A.04, subdivision 2; 290A.06; 295.32; 295.34, subdivision 1; 297.01, subdivisions 7 and 14; 297.03, subdivision 6; 297.11, subdivision 5; 297A.01, subdivision 3; 297A.212; 297A.25, subdivisions 3 and 11; 297B.03; 297C.04; 298.2213, subdivision 3; 299.01, subdivision 1; 349.212, subdivisions 1 and 4; 349.2121, subdivisions 4a and 10; 349.2122; 349.2123; 469.174, subdivision 10; 469.175, subdivisions 1, 2, 3, 4, and by adding a subdivision; 469.176, subdivisions 1, 4, and 6; 469.177, subdivisions 1, 3, 4, and by adding subdivisions; 473.446, subdivision 1; 475.53, subdivision 4; 475.61, subdivision 3; 477A.012, subdivision 1; and 508.25; Laws 1987, chapter 268, article 6, sections 19, 53, and 54; and article 8, section 9; proposing coding for new law in Minnesota Statutes, chapters 270; 273; 275; 290; 290A; 297; 297C; 298; 349; and 424A; repealing Minnesota Statutes 1986, sections 272.64; 273.13, subdivisions 7a and 30; 275.035; 275.49; 290.07, subdivisions 3 and 6; 290.11; 290.12, as amended; 290.131, as amended; 290.132, as amended; 290.133, as amended; 290.134, as amended; 290.135, as amended; 290.136, as amended; 290.138,

as amended; 290.934, subdivision 4; 297A.15; subdivision 2; 297C.03, subdivision 5; 298.401; and 299.013; Minnesota Statutes 1987 Supplement, sections 273.1195; 273.13, subdivision 15a; 273.1394; 273.1395; 273.1396; 273.1397; 275.081; 275.082; 275.125, subdivision 22; 290.06, subdivision 20; 290.077, subdivision 1; 290.14; 290.371, subdivision 2; 290A.04, subdivisions 2a and 2b; 296.02, subdivisions 2a and 2b; and 296.025, subdivisions 2a and 2b; Laws 1987, chapter 268, article 3, section 11; and article 5, section 4.

Mr. Moe, R.D. moved that H.F. No. 2590 be laid on the table. The motion prevailed.

### REPORTS OF COMMITTEES

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

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

S.F. No. 1462: A bill for an act relating to housing; creating a low-income housing trust fund account; providing for the uses of the account; placing certain requirements on real estate trust fund accounts; amending Minnesota Statutes 1986, sections 82.24, by adding a subdivision; and 82.34, subdivisions 6 and 15; Minnesota Statutes 1987 Supplement, section 82.17, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 462A.

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

Page 2, line 17, delete from "*The*" to page 2, line 20, "*I.*"

Page 2, lines 20 and 21, delete "*95 percent of*"

Page 2, line 22, delete "*fund*"

Page 3, lines 27 and 28, delete "*deposited in*" and insert "*credited to*"

Page 3, lines 30, 32, and 35, delete "*fund*"

Page 3, line 31, delete "*FUND*"

Page 4, lines 9, 25, and 31; delete "*fund*"

Page 4, line 12, delete "*limited equity*" and insert "*limited-equity*"

Page 4, line 20, delete "*emergency and permanent*"

Page 4, line 21, delete from "*The*" to page 4, line 23, "*first.*"

Page 4, line 35, after the period, insert "*Members of the committee must be reimbursed for expenses but must not receive any other compensation for services on the committee.*"

Subd. 5. [TRANSFERS FOR EDUCATION.] *On July 15 and January 15 each year the agency shall transfer from the housing trust account to the real estate education, research, and recovery fund established in section 82.34, subdivision 1, five percent of the money received under section 2 during the preceding six months. The amount necessary to make the transfers is appropriated from the housing trust account.*

Sec. 6. [EFFECTIVE DATE.]



*Section 5, subdivision 2, is effective the day following final enactment."*

Amend the title as follows:

Page 1, lines 3 and 5, delete "fund"

Page 1, line 5, after the semicolon, insert "appropriating money;"

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. 1493 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.
1493	1675				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1493 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1493 and insert the language after the enacting clause of S.F. No. 1675, further, delete the title of H.F. No. 1493 and insert the title of S.F. No. 1675.

And when so amended H.F. No. 1493 will be identical to S.F. No. 1675, and further recommends that H.F. No. 1493 be given its second reading and substituted for S.F. No. 1675, 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. No. 1462 was read the second time.

## SECOND READING OF HOUSE BILLS

H.F. No. 1493 was read the second time.

## MOTIONS AND RESOLUTIONS

Ms. Berglin moved that H.F. No. 1795 be taken from the table. The motion prevailed.

H.F. No. 1795: A bill for an act relating to human services; creating a task force to study building code standards for family and group family day care homes; changing building code requirements concerning certain child care facilities; amending Minnesota Statutes 1987 Supplement, sections 16B.61, subdivision 3; and 245A.09, by adding a subdivision.

Ms. Berglin moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1795; and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee

appointed on the part of the House. The motion prevailed.

### SUSPENSION OF RULES

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the Calendar and that the rules of the Senate be so far suspended as to waive the lie-over requirement. The motion prevailed.

### CALENDAR

H.F. No. 2029: A bill for an act relating to education; modifying provisions related to general education revenue and foundation revenue; correcting erroneous and obsolete references and text; providing instructions to the revisor; making miscellaneous corrections to statutes and other laws; amending Minnesota Statutes 1986, sections 3.866; 120.17, subdivisions 6 and 7; 120.181; 120.80, subdivision 1; 121.151; 121.904, subdivision 5; 121.931, subdivision 5; 122.45, subdivision 3a; 122.531, subdivisions 1 and 6; 123.32, subdivision 29; 123.3514, subdivision 6; 123.933, subdivision 3; 124.15, subdivisions 5 and 6; 124.18, subdivision 2; 124.19, subdivisions 1, 3, and 6; 124.274, subdivision 1; 124.32, subdivisions 4 and 6; 124A.02, subdivision 21; 124A.03, subdivision 2; 124A.034, subdivisions 1 and 1b; 124A.035, subdivisions 2 and 4; 124A.036, subdivisions 1 and 2; 126.70, subdivision 2; 129B.40, subdivision 1; 273.138, subdivision 6; 275.125, subdivision 1; 275.128; 298.39; and 475.61, subdivision 4; Minnesota Statutes 1987 Supplement, sections 120.17, subdivisions 5a and 7a; 121.912, subdivision 1; 123.3515, subdivision 9; 124.01, subdivision 1; 124.14, subdivision 7; 124.155, subdivision 2; 124.17, subdivisions 1 and 1b; 124.195, subdivisions 8 and 9; 124.217, subdivision 1; 124.223; 124.225, subdivisions 1 and 4b; 124.245, subdivision 3b; 124.271, subdivision 7; 124.2711, subdivision 1; 124.32, subdivisions 1c, 1d, and 5; 124A.02, subdivisions 8 and 16; 124A.032; 124A.035, subdivision 5; 124A.22, subdivision 1, and by adding subdivisions; 124A.23, subdivisions 2, 3, 4, and by adding a subdivision; 124A.24; 124A.26, subdivision 2; 124A.27, subdivisions 7 and 10; 124A.30; 126.23; 126.661, subdivision 1; 126.666, subdivision 1; 126.70, subdivision 2a; 129B.39; 129B.55, subdivision 2; 136D.27; 136D.74, subdivision 2; 136D.87; 275.125, subdivisions 5e, 6e, 8c, 9, 9b, and 15; and 298.28, subdivision 4; Laws 1987, chapter 398, article 1, section 25, subdivision 3; article 1, section 26, subdivision 2; article 7, section 40, subdivision 4; article 8, section 39, subdivision 2; and article 8, section 44, subdivision 5; repealing Minnesota Statutes 1986, sections 121.904, subdivision 7; 122.531, subdivision 8; 124.245, subdivision 4; and 124A.031, subdivision 3; Minnesota Statutes 1987 Supplement, sections 121.904, subdivision 11b; 124A.02, subdivision 5a; 124A.03, subdivision 3a; and 124A.25.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Frank voted in the negative.

So the bill passed and its title was agreed to.

H.F. No. 2038: A bill for an act relating to employment; regulating youth employment programs; requiring that new jobs do not replace existing jobs; providing for compensation at the state or federal minimum wage; regulating employment contracts; authorizing the department of jobs and training to buy real estate and locate offices in Minneapolis; amending Minnesota Statutes 1986, sections 268.31, 268.32, and 268.34; proposing coding for new law in Minnesota Statutes, chapter 268.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 2192: A bill for an act relating to transportation; providing for application of rules; providing for agreements with other states to administer special permits for vehicles exceeding weight and length restrictions; exempting limousines from motor carrier regulation; clarifying the filing of petitions for operating certificates and permits, carrying of cab cards, and requirements for private carriers; establishing insurance requirements; providing that investigative data on violations under chapter 221 may be given to transportation regulation board; amending Minnesota Statutes 1986, sections 169.86, by adding a subdivision; 221.025; 221.031, subdivisions 1, 2, 2a, and 3; 221.081; 221.121, subdivisions 1 and 5; 221.141, subdivision 1; 221.151, subdivision 1; 221.172, subdivision 2; 221.185, subdivision 9; 221.291, subdivisions 1 and 2; 221.296, subdivisions 4 and 8; and 221.81, subdivision 3a; Minnesota Statutes 1987 Supplement, sections 221.031, subdivision 7; 221.061; 221.291, subdivision 3; and 221.296, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters

169 and 221; repealing Minnesota Statutes 1986, section 13.72, subdivision 3.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S.F. No. 1937: A bill for an act relating to crimes; providing for seizure and forfeiture of property used in commission of crime, proceeds of crime, and contraband; creating a presumption that money, precious metals, and jewels found near controlled substances, and vehicles containing controlled substances, are subject to forfeiture; providing for administrative forfeiture of such property with opportunity for judicial determination; providing for summary forfeiture of contraband, certain controlled substances, weapons following a conviction, and certain plants; providing for forfeiture by judicial action of property and proceeds associated with controlled substance violations and designated offenses; eliminating the requirement that forfeiture actions be dismissed if no associated conviction results; providing that a conviction creates the presumption that after-acquired property constitutes forfeitable proceeds of the offense; eliminating the defense of an owner who negligently allowed the unlawful use of the owner's property; providing that the right to forfeitable property passes to law enforcement agencies upon commission of unlawful act; allowing seizure without process incident to a lawful search without a warrant and in other circumstances; allocating the proceeds of forfeitures to law enforcement agencies and county attorneys; amending Minnesota Statutes 1986, sections 152.205; 152.21, subdivision 6; and 609.531, subdivisions 4, 5, and by adding subdivisions; Minnesota Statutes 1987 Supplement, section 609.531, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 1986, sections 152.19; and 609.531, subdivisions 2, 3, and 6.

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 52 and nays 12, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Knaak	Moe, R.D.	Renneke
Beckman	Dicklich	Kroening	Morse	Schmitz
Belanger	Diessner	Langseth	Novak	Spear
Benson	Frank	Lantry	Olson	Stumpf
Berglin	Frederickson, D.J.	Lessard	Pehler	Taylor
Bernhagen	Frederickson, D.R.	Luther	Peterson, D.C.	Vickerman
Bertram	Freeman	Marty	Piper	Waldorf
Brataas	Gustafson	McQuaid	Pogemiller	Wegscheid
Dahl	Hughes	Mehrkins	Purfeerst	
Davis	Johnson, D.E.	Metzen	Ramstad	
Decker	Jude	Moe, D.M.	Reichgott	

Those who voted in the negative were:

Anderson	Cohen	Laidig	Merriam	Samuelson
Berg	Frederick	Larson	Peterson, R.W.	Storm
Chmielewski	Knutson			

So the bill passed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Beckman moved that H.F. No. 1980 be taken from the table. The motion prevailed.

H.F. No. 1980: A bill for an act relating to highways; designating I-90 as AMVETS memorial highway; adding, deleting, and substituting routes on the trunk highway system; amending Minnesota Statutes 1986, section 161.14, by adding a subdivision.

Mr. Beckman moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1980, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

### SUSPENSION OF RULES

Mr. Moe, R.D. moved to suspend Joint Rule 2.06 as to S.F. No. 1861. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1861 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1861

A bill for an act relating to health maintenance organizations; insurance; requiring replacement coverage in the event an HMO cancels coverage; increasing state comprehensive health plan liabilities in the event a member terminates coverage; increasing health maintenance organization notice requirements and annual reporting requirements; amending Minnesota Statutes 1986, sections 62D.07; 62D.08, subdivision 5; 62D.09; 62D.101; 62D.11; 62D.12, subdivision 2, and by adding a subdivision; 62D.17, subdivision 1; 62E.11, by adding subdivisions; 62E.14, subdivisions 1, 3, and by adding a subdivision; 62E.16; Minnesota Statutes 1987 Supplement, sections 62A.17, subdivision 6; and 62D.08, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 62D; repealing Laws 1984, chapter 464, sections 29 and 40.

March 29, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1861, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 1861 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [FINDINGS.]

*The legislature finds that access to continuous and uninterrupted health care coverage is necessary for citizens of Minnesota enrolled in health care plans. While Minnesota law requires conversion policies for members of group health plan contracts, no similar right is extended to holders of individual contracts.*

*The legislature finds it necessary for individual health care coverage policyholders to immediately be afforded the same protections as group contract holders. The legislature further finds that a legal requirement is necessary to protect the access to health care coverage for the citizens of Minnesota who hold individual health care contracts. In view of continuing uncertainty in the marketplace, the legislature finds it necessary to impose this legal requirement on all existing individual contracts the day after enactment, so that no other consumers face a threat to their health care coverage.*

Sec. 2. Minnesota Statutes 1987 Supplement, section 62A.17, subdivision 6, is amended to read:

Subd. 6. [CONVERSION TO INDIVIDUAL POLICY.] A group insurance policy that provides posttermination or layoff coverage as required by this section shall also include a provision allowing a covered employee, surviving spouse, or dependent at the expiration of the posttermination or layoff coverage provided by subdivision 2 to obtain from the insurer offering the group policy or group subscriber contract, at the employee's, spouse's, or dependent's option and expense, without further evidence of insurability and without interruption of coverage, an individual policy of insurance or an individual subscriber contract providing at least the minimum benefits of a qualified plan as prescribed by section 62E.06 and the option of a number three qualified plan, a number two qualified plan, and a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3, provided application is made to the insurer within 30 days following notice of the expiration of the continued coverage and upon payment of the appropriate premium. The required conversion contract must treat pregnancy the same as any other covered illness under the conversion contract. A health maintenance contract issued by a health maintenance organization that provides posttermination or layoff coverage as required by this section shall also include a provision allowing a former employee, surviving spouse, or dependent at the expiration of the posttermination or layoff coverage provided in subdivision 2 to obtain from the health maintenance organization, at the former employee's, spouse's, or dependent's option and expense, without further evidence of insurability and without interruption of coverage,

an individual health maintenance contract. Effective January 1, 1985, enrollees who have become nonresidents of the health maintenance organization's service area shall be given the option, to be arranged by the health maintenance organization, of a number three qualified plan, a number two qualified plan, or a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3 ~~if an arrangement with an insurer can reasonably be made by the health maintenance organization~~. This option shall be made available at the enrollee's expense, without further evidence of insurability and without interruption of coverage.

A policy providing reduced benefits at a reduced premium rate may be accepted by the employee, the spouse, or a dependent in lieu of the optional coverage otherwise required by this subdivision.

The individual policy or contract shall be renewable at the option of the individual as long as the individual is not covered under another qualified plan as defined in section 62E.02, subdivision 4, up to age 65 or to the day before the date of eligibility for coverage under title XVIII of the Social Security Act, as amended. Any revisions in the table of rate for the individual policy shall apply to the covered person's original age at entry and shall apply equally to all similar policies issued by the insurer.

Sec. 3. Minnesota Statutes 1986, section 62D.07, is amended to read:

62D.07 [EVIDENCE OF COVERAGE.]

Subdivision 1. Every *health maintenance organization* enrollee residing in this state is entitled to evidence of coverage ~~under a health maintenance or contract~~. The health maintenance organization or its designated representative shall issue the evidence of coverage *or contract*.

Subd. 2. No evidence of coverage *or contract*, or amendment thereto shall be issued or delivered to any person in this state until a copy of the form of the evidence of coverage *or contract* or amendment thereto has been filed with the commissioner of health pursuant to section 62D.03 or 62D.08.

Subd. 3. ~~An evidence~~ *Contracts and evidences* of coverage shall contain:

(a) No provisions or statements which are unjust, unfair, inequitable, misleading, deceptive, or which are untrue, misleading or deceptive as defined in section 62D.12, subdivision 1; and

(b) A clear, concise and complete statement of:

(1) The health care services and the insurance or other benefits, if any, to which the enrollee is entitled under the health maintenance contract;

(2) Any exclusions or limitations on the services, kind of services, benefits, or kind of benefits, to be provided, including any deductible or copayment feature, *and requirements for referrals, prior authorizations, and second opinions*;

(3) Where and in what manner information is available as to how services, including emergency and out of area services, may be obtained;

(4) The total amount of payment and copayment, if any, for health care services and the indemnity or service benefits, if any, which the enrollee is obligated to pay with respect to individual contracts, or an indication whether the plan is contributory or noncontributory with respect to group certificates; and

(5) A description of the health maintenance organization's method for resolving enrollee complaints and a statement identifying the commissioner as an external source with whom grievances may be registered.

(c) On the cover page of the evidence of coverage and contract, a clear and complete statement of enrollees' rights as consumers, **including but not limited to a description of each of the followings**. The statement must be in bold print and captioned "Important Consumer Information and Enrollee Bill of Rights" and must include but not be limited to the following provisions in the following language or in substantially similar language approved in advance by the commissioner:

#### CONSUMER INFORMATION

(1) **COVERED SERVICES**: Services provided by (name of health maintenance organization) will be covered only if services are provided by participating (name of health maintenance organization) providers or authorized by (name of health maintenance organization). Your contract fully defines what services are covered and describes procedures you must follow to obtain coverage.

(2) **PROVIDERS**: Enrolling in (name of health maintenance organization) does not guarantee services by a particular provider on the list of providers. When a provider is no longer part of (name of health maintenance organization), you must choose among remaining (name of health maintenance organization) providers.

(3) **REFERRALS**: Certain covered benefits are covered only upon referral. See section (section number) of your contract for referral requirements. All referrals to non-(name of health maintenance organization) providers and certain types of health care providers must be authorized by (name of health maintenance organization).

(4) **EMERGENCY SERVICES**: Emergency services from providers who are not affiliated with (name of health maintenance organization) will be covered only if proper procedures are followed. Your contract explains the procedures and benefits associated with emergency care from (name of health maintenance organization) and non-(name of health maintenance organization) providers.

(5) **EXCLUSIONS**: Certain services or medical supplies are not covered. You should read the contract for a detailed explanation of all exclusions.

(6) **CONTINUATION**: You may convert to an individual health maintenance organization contract or continue coverage under certain circumstances. These continuation and conversion rights are explained fully in your contract.

(7) **CANCELLATION**: Your coverage may be canceled by you or (name of health maintenance organization) only under certain conditions. Your contract describes all reasons for cancellation of coverage.

#### ENROLLEE BILL OF RIGHTS

(1) based upon the delivery system of each health maintenance organization, a statement which describes any type of health care professional as defined in section 145-61, whose services may be available only by referral of the health maintenance organization's participating staff;

(2) Enrollees have the right to available and accessible services which can be secured as promptly as appropriate for the symptoms presented, in



a manner which assures continuity and, when medically necessary, the right to including emergency services available, as defined in your contract, 24 hours a day and seven days a week;

(3) (2) Enrollees have the consumer's right to be informed of health problems, and to receive information regarding treatment alternatives and risks which is sufficient to assure informed choice;

(4) (3) Enrollees have the right to refuse treatment; and

(5) the right to privacy of medical and financial records maintained by the health maintenance organization and its health care providers, in accordance with existing law;

(6) (4) Enrollees have the right to file a grievance with the health maintenance organization and the commissioner of health and the right to initiate a legal proceeding when experiencing a problem with the health maintenance organization or its health care providers; and

(7) the right to initiate a legal proceeding when dissatisfied with the health maintenance organization's final determination regarding a grievance;

(8) the right of the enrollee and dependents to continue group coverage in the event the enrollee is terminated or laid off from employment, provided that the cost of such coverage is paid by the enrollee and furthermore, the right of the enrollee to convert to an individual contract at the end of the continuation period;

(9) the right for notification of enrollees regarding the cancellation or termination of contracts with participating primary care professionals, and the right to choose from among remaining participating primary care professionals;

(10) the right to cancel an individual health maintenance contract within ten days of its receipt and to have premiums paid refunded if, after examination of the contract, the individual is not satisfied with it for any reason. The individual is responsible for repaying the health maintenance organization for any services rendered or claims paid by the health maintenance organization during the ten days; and

(11) (5) Enrollees have the right to a grace period of 31 days for the payment of each premium for an individual health maintenance contract falling due after the first premium during which period the contract shall continue in force.

Subd. 4. Any subsequent approved change in an evidence of coverage shall be issued to each enrollee.

Subd. 5. A grace period of 31 days shall be granted for payment of each premium for an individual health maintenance contract falling due after the first premium, during which period the contract shall continue in force. Individual health maintenance organization contracts shall clearly state the existence of the grace period.

Subd. 6 5. Individual health maintenance contracts shall state that any person entering into an individual health maintenance contract may cancel the contract within ten days of its receipt and to have the premium paid refunded if, after examination of the contract, the individual is not satisfied with it for any reason. The individual is responsible for repaying the health maintenance organization for any services rendered or claims paid by the health maintenance organization during the ten days.

*Subd. 6. The contract and evidence of coverage shall clearly explain the conditions upon which a health maintenance organization may terminate coverage.*

*Subd. 7. The contract and evidence of coverage shall clearly explain continuation and conversion rights afforded to enrollees.*

*Subd. 8. Individual and group contract holders shall be given 30 days' advance, written notice of any change in subscriber fees or benefits.*

*Subd. 9. Individual health maintenance organization contracts shall be delivered to enrollees no later than the date coverage is effective. For enrollees with group contracts, an evidence of coverage shall be delivered or issued for delivery not more than 15 days from the date the health maintenance organization is notified of the enrollment or the effective date of coverage, whichever is later.*

*Subd. 10. An individual health maintenance organization contract and an evidence of coverage must contain a department of health telephone number that the enrollee can call to register a complaint about a health maintenance organization.*

Sec. 4. Minnesota Statutes 1987 Supplement, section 62D.08, subdivision 3, is amended to read:

Subd. 3. Such report shall be on forms prescribed by the commissioner of health, and shall include:

(a) A financial statement of the organization, including its balance sheet and receipts and disbursements for the preceding year certified by an independent certified public accountant, reflecting at least (1) all prepayment and other payments received for health care services rendered, (2) expenditures to all providers, by classes or groups of providers, and insurance companies or nonprofit health service plan corporations engaged to fulfill obligations arising out of the health maintenance contract, (3) expenditures for capital improvements, or additions thereto, including but not limited to construction, renovation or purchase of facilities and capital equipment, and (4) a supplementary statement of assets, liabilities, premium revenue, and expenditures for risk sharing business under section 62D.04, subdivision 1, on forms prescribed by the commissioner;

(b) The number of new enrollees enrolled during the year, the number of group enrollees and the number of individual enrollees as of the end of the year and the number of enrollees terminated during the year;

(c) A summary of information compiled pursuant to section 62D.04, subdivision 1, clause (c) in such form as may be required by the commissioner of health;

(d) A report of the names and addresses of all persons set forth in section 62D.03, subdivision 4, clause (c) who were associated with the health maintenance organization or the major participating entity during the preceding year, and the amount of wages, expense reimbursements, or other payments to such individuals for services to the health maintenance organization or the major participating entity, as those services relate to the health maintenance organization, including a full disclosure of all financial arrangements during the preceding year required to be disclosed pursuant to section 62D.03, subdivision 4, clause (d); and

(e) A separate report addressing health maintenance contracts sold to

*individuals covered by Medicare, Title XVIII of the Social Security Act, as amended, including the information required under section 62D.30, subdivision 6; and*

(f) Such other information relating to the performance of the health maintenance organization as is reasonably necessary to enable the commissioner of health to carry out the duties under sections 62D.01 to 62D.29.

Sec. 5. Minnesota Statutes 1986, section 62D.08, subdivision 5, is amended to read:

Subd. 5. Every health maintenance organization shall inform the commissioner of any change in the information described in section 62D.03, subdivision 4, clause (e), including any change in address, any modification of the duration of any contract or agreement, and any addition to the list of participating entities, within ten working days of the notification of the change. Any cancellation or discontinuance of any contract or agreement listed in section 62D.03, subdivision 4, clause (e), or listed subsequently in accordance with this subdivision, shall be reported to the commissioner ~~within seven~~ 120 days before the effective date. *When the health maintenance organization terminates a provider for cause, death, disability, or loss of license, the health maintenance organization must notify the commissioner within three working days of the date the health maintenance organization sends out or receives the notice of cancellation or, discontinuance, or termination.* Any health maintenance organization which fails to notify the commissioner within the time periods prescribed in this subdivision shall be subject to the levy of a fine up to \$100 per contract for each day the notice is past due, accruing up to the date the organization notifies the commissioner of the cancellation or discontinuance. Any fine levied under this subdivision is subject to the contested case and judicial review provisions of chapter 14. *The levy of a fine does not preclude the commissioner from using other penalties described in sections 62D.15 to 62D.17.*

Sec. 6. Minnesota Statutes 1986, section 62D.09, is amended to read:

#### 62D.09 [INFORMATION TO ENROLLEES.]

Subdivision 1. Any written marketing materials which may be directed toward potential enrollees and which include a detailed description of benefits provided by the health maintenance organization shall include a statement of consumer *information and rights* as described in section 62D.07, subdivision 3, paragraph (c).

Subd. 2. The application for coverage by the health maintenance organization shall be accompanied by the statement of consumer *information and rights* as described in section 62D.07, subdivision 3, paragraph (c).

Subd. 3. Every health maintenance organization or its representative shall annually, before June 1, provide to its enrollees the following: (1) a summary of its most recent annual financial statement including a balance sheet and statement of receipts and disbursements; (2) a description of the health maintenance organization, its health care plan or plans, its facilities and personnel, any material changes therein since the last report; (3) the current evidence of coverage *or contract*; and (4) a statement of consumer *information and rights* as described in section 62D.07, subdivision 3, paragraph (c).

Subd. 4. *Health maintenance organizations which issue contracts to*

persons who are covered by Title XVIII of the Social Security Act (Medicare) must give the applicant, at the time of application, an outline containing at least the following information:

(1) a description of the principal benefits and coverage provided in the contract, including a clear description of nursing home and home care benefits covered by the health maintenance organization;

(2) a statement of the exceptions, reductions, and limitations contained in the contract;

(3) the following language: "This contract does not cover all skilled nursing home care or home care services and does not cover custodial or residential nursing care. Read your contract carefully to determine which nursing home facilities and home care services are covered by your contract, and what procedures you must follow to receive these benefits.";

(4) a statement of the renewal provisions including any reservation by the health maintenance organization of the right to change fees;

(5) a statement that the outline of coverage is a summary of the contract issued or applied for and that the contract should be read to determine governing contractual provisions; and

(6) a statement explaining that the enrollee's Medicare coverage is altered by enrollment with the health maintenance organization, if applicable.

Subd. 5. Health maintenance organizations shall provide enrollees with a list of the names and locations of participating providers to whom enrollees have direct access without referral no later than the effective date of enrollment or date the evidence of coverage is issued and upon request. Health maintenance organizations need not provide the names of their employed providers.

Subd. 6. Any list of providers issued by the health maintenance organization shall include the date the list was published and contain a bold type notice in a prominent location on the list of providers with the following language, or substantially similar language approved in advance by the commissioner:

"Enrolling in (name of health maintenance organization) does not guarantee services by a particular provider on this list. If you wish to be certain of receiving care from a specific provider listed, you should contact that provider to ask whether or not he or she is still a (name of health maintenance organization) provider and whether or not he or she is accepting additional patients."

Sec. 7. Minnesota Statutes 1986, section 62D.101, is amended to read:

62D.101 [CONTINUATION AND CONVERSION PRIVILEGES FOR FORMER SPOUSES AND CHILDREN.]

Subdivision 1. [TERMINATION OF COVERAGE.] No health maintenance contract which, in addition to covering an enrollee, also covers the enrollee's spouse shall contain a provision for termination of coverage for a spouse covered under the health maintenance contract solely as a result of a break in the marital relationship except by reason of an entry of a valid decree of dissolution of marriage between the parties.

Subd. 2. [CONVERSION PRIVILEGE.] Every health maintenance contract, as described in subdivision 1 shall contain a provision allowing a

former spouse and dependent children of an enrollee, without providing evidence of insurability, to obtain from the health maintenance organization at the expiration of any continuation of coverage required under subdivision 2a or ~~section sections~~ 62A.146 and 9, ~~or upon termination of coverage by reason of an entry of a valid decree of dissolution which does not require the health maintenance organization to provide continued coverage for the former spouse;~~ an individual health maintenance contract providing at least the minimum benefits of a qualified plan as prescribed by section 62E.06 and the option of a number three qualified plan, a number two qualified plan, a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3, provided application is made to the health maintenance organization within 30 days following notice of the expiration of the continued coverage and upon payment of the appropriate fee. A contract providing reduced benefits at a reduced fee may be accepted by the former spouse and dependent children in lieu of the optional coverage otherwise required by this subdivision. The individual health maintenance contract shall be renewable at the option of the former spouse as long as the former spouse is not covered under another qualified plan as defined in section 62E.02, subdivision 4, up to age 65 or to the day before the date of eligibility for coverage under title XVIII of the Social Security Act, as amended. Any revisions in the table of rate for the individual contract shall apply to the former spouse's original age at entry, and shall apply equally to all similar contracts issued by the health maintenance organization.

Subd. 2a. [CONTINUATION PRIVILEGE.] Every health maintenance contract as described in subdivision 1 shall contain a provision which permits continuation of coverage under the contract for the enrollee's former spouse and children upon entry of a valid decree of dissolution of marriage; ~~if the decree requires the enrollee to provide continued coverage for those persons.~~ The coverage ~~may~~ shall be continued until the earlier of the following dates:

(a) The date of ~~remarriage of either the enrollee or the enrollee's former spouse the enrollee's former spouse becomes covered under another group plan or Medicare;~~ or

(b) The date coverage would otherwise terminate under the health maintenance contract.

*If coverage is provided under a group policy, any required premium contributions for the coverage shall be paid by the enrollee on a monthly basis to the group contract holder to be paid to the health maintenance organization. In no event shall the fee charged exceed 102 percent of the cost to the plan for the period of coverage for other similarly situated spouses and dependent children when the marital relationship has not dissolved, regardless of whether the cost is paid by the employer or employee.*

Subd. 3. [APPLICATION.] Subdivision 1 applies to every health maintenance contract which is delivered, issued for delivery, renewed or amended on or after July 19, 1977.

Subdivisions 2 and 2a apply to every health maintenance contract which is delivered, issued for delivery, renewed, or amended on or after March 1, 1983.

Sec. 8. [62D.104] [REQUIRED OUT-OF-AREA CONVERSION.]

Enrollees who have individual health maintenance organization contracts and who have become nonresidents of the health maintenance organization's service area but remain residents of the state of Minnesota shall be given the option, to be arranged by the health maintenance organization if an agreement with an insurer can reasonably be made, of a number three qualified plan, a number two qualified plan, or a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3, or, if such enrollees are covered by Title XVIII of the Social Security Act (Medicare), they shall be given the option of a Medicare supplement plan as provided by sections 62A.31 to 62A.35.

This option shall be made available at the enrollee's expense, without further evidence of insurability and without interruption of coverage.

If a health maintenance organization cannot make arrangements for conversion coverage, the health maintenance organization shall notify enrollees of health plans available in other service areas.

**Sec. 9. [62D.105] [COVERAGE OF CURRENT SPOUSE AND CHILDREN.]**

**Subdivision 1. [REQUIREMENT.]** Every health maintenance contract, which in addition to covering the enrollee also provides coverage to the spouse and dependent children of the enrollee shall: (1) permit the spouse and dependent children to elect to continue coverage when the enrollee becomes enrolled for benefits under Title XVIII of the Social Security Act (Medicare); and (2) permit the dependent children to continue coverage when they cease to be dependent children under the generally applicable requirement of the plan.

**Subd. 2. [CONTINUATION PRIVILEGE.]** The coverage described in subdivision 1 may be continued until the earlier of the following dates:

(1) the date coverage would otherwise terminate under the contract;

(2) 36 months after continuation by the spouse or dependent was elected;  
or

(3) the date the spouse or dependent children become covered under another group health plan or Medicare.

If coverage is provided under a group policy, any required fees for the coverage shall be paid by the enrollee on a monthly basis to the group contract holder for remittance to the health maintenance organization. In no event shall the fee charged exceed 102 percent of the cost to the plan for such coverage for other similarly situated spouse and dependent children to whom subdivision 1 is not applicable, without regard to whether such cost is paid by the employer or employee.

**Sec. 10. Minnesota Statutes 1986, section 62D.11, is amended to read:**

**62D.11 [COMPLAINT SYSTEM.]**

**Subdivision 1.** Every health maintenance organization shall establish and maintain a complaint system including an impartial arbitration provision, to provide reasonable procedures for the resolution of written complaints initiated by enrollees concerning the provision of health care services. "Provision of health services" includes, but is not limited to, questions of the scope of coverage, quality of care, and administrative operations. Arbitration shall be subject to chapter 572, except (a) in the event that an enrollee elects to litigate a complaint prior to submission to arbitration,

and (b) no medical malpractice damage claim shall be subject to arbitration unless agreed to by both parties subsequent to the event giving rise to the claim.

*Subd. 1a. Where a complaint involves a dispute about a health maintenance organization's coverage of an immediately and urgently needed service, the commissioner may either (a) review the complaint and any information and testimony necessary in order to make a determination and order the appropriate remedy pursuant to sections 62D.15 to 62D.17, or (b) order the health maintenance organization to use an expedited system to process the complaint.*

*Subd. 2. The health maintenance organization shall maintain a record of each written complaint filed with it for ~~three~~ five years and the commissioner of health shall have access to the records.*

*Sec. 11. Minnesota Statutes 1986, section 62D.12, subdivision 2, is amended to read:*

*Subd. 2. No health maintenance organization may cancel or fail to renew the coverage of an enrollee except for (a) failure to pay the charge for health care coverage; (b) termination of the health care plan; (c) termination of the group plan; (d) enrollee moving out of the area served, subject to section 62A.17, subdivisions 1 and 6, and section 8; (e) enrollee moving out of an eligible group, subject to section 62A.17, subdivisions 1 and 6, and section 8; (f) failure to make copayments required by the health care plan; or (g) other reasons established in rules promulgated by the commissioner of health.*

*An enrollee Subd. 2a. Enrollees shall be given 30 days notice of any cancellation or nonrenewal, except that enrollees who are eligible to receive replacement coverage under section 13, subdivision 1, shall receive 90 days notice as provided under section 13, subdivision 5.*

*Sec. 12. Minnesota Statutes 1986, section 62D.12, is amended by adding a subdivision to read:*

*Subd. 14. Each health maintenance organization shall establish a telephone number, which need not be toll free, that providers may call with questions about coverage, prior authorization, and approval of medical services. The telephone number must be staffed by an employee of the health maintenance organization during normal working hours during the normal work week. After normal working hours, the telephone number must be equipped with an answering machine and recorded message to allow the caller an opportunity to leave a message. The health maintenance organization must respond to questions within 24 hours after they are received, excluding weekends and holidays. At the request of a provider, the health maintenance organization shall provide a copy of the health maintenance contract for enrollees in the provider's service area.*

*Sec. 13. [62D.121] [REQUIRED REPLACEMENT COVERAGE.]*

*Subdivision 1. When membership of an enrollee who has individual health coverage is terminated by the health maintenance organization for a reason other than (a) failure to pay the charge for health care coverage; (b) failure to make copayments required by the health care plan; (c) enrollee moving out of the area served; or (d) a materially false statement or misrepresentation by the enrollee in the application for membership, the health maintenance organization must offer or arrange to offer replacement*

coverage, without evidence of insurability, without preexisting condition exclusions, and without interruption of coverage.

Subd. 2. If the health maintenance organization has terminated individuals from coverage in a service area, the replacement coverage shall be health maintenance organization coverage issued by the health maintenance organization terminating coverage unless the health maintenance organization can demonstrate to the commissioner that offering health maintenance organization replacement coverage would not be feasible. In making the determination, the commissioner shall consider (1) loss ratios and forecasts, (2) lack of agreements between health care providers and the health maintenance organization to offer that product, (3) evidence of anticipated premium needs compared with established rates, (4) the financial impact of the replacement coverage on the overall financial solvency of the plan, and (5) the cost to the enrollee of health maintenance organization replacement coverage as compared to cost to the enrollee of the replacement coverage required under subdivision 3 of this section.

Subd. 3. If replacement coverage is not provided by the health maintenance organization, as explained under subdivision 2, the replacement coverage shall provide, for enrollees covered by Title XVIII of the Social Security Act, coverage at least equivalent to a Medicare supplement two plan as defined in section 62A.34, except that the replacement coverage shall also cover the liability for any Medicare Part A and Part B deductible as defined under Title XVIII of the Social Security Act. After satisfaction of the Medicare Part B deductible, the replacement coverage shall be based on 120 percent of the Medicare Part B eligible expenses less the Medicare Part B payment amount. The fee or premium of the replacement coverage shall not exceed the premium charged by the state comprehensive health plan as established under section 62E.08, for a qualified Medicare supplement plan. All enrollees not covered by Medicare shall be given the option of a number three qualified plan or a number two qualified plan as defined in section 62E.06, subdivisions 1 and 2; for replacement coverage. The fee or premium for a number three qualified plan shall not exceed 125 percent of the average of rates charged by the five insurers with the largest number of individuals in a number three qualified plan of insurance in force in Minnesota. The fee or premium for a number two qualified plan shall not exceed 125 percent of the average of rates charged by the five insurers with the largest number of individuals in a number two qualified plan of insurance in force in Minnesota.

If the replacement coverage is health maintenance organization coverage, the fee shall not exceed 125 percent of the cost of the average fee charged by health maintenance organizations for a similar health plan. The commissioner of health will determine the average cost of the plan on the basis of information provided annually by the health maintenance organizations concerning the rates charged by the health maintenance organizations for the plans offered. Fees or premiums charged under this section must be actuarially justified.

Subd. 4. The commissioner will approve or disapprove the replacement coverage within 30 days. A health maintenance organization shall not give enrollees a notice of cancellation of coverage until a replacement policy has been filed with the commissioner and approved or disapproved.

Subd. 5. The health maintenance organization must provide the terminated enrollees with a notice of cancellation 90 days before the date the



cancellation takes effect. If the replacement coverage is approved by the commissioner under subdivision 4, the notice shall clearly and completely describe the replacement coverage that the enrollees are eligible to receive and explain the procedure for enrolling. If the replacement coverage is not approved by the commissioner, the health maintenance organization shall provide a cancellation notice with information that the enrollee is entitled to enroll in the state comprehensive health insurance plan with a waiver of the waiting period for preexisting conditions under section 62E.14, subdivisions 1, paragraph (d), and 6.

*Subd. 6. The commissioner may waive the notice required in this section if the commissioner determines that the health maintenance organization has not received information regarding Medicare reimbursement rates from the Health Care Financing Administration before September 1 for contracts renewing on January 1 of the next year. In no event shall enrollees covered by Title XVIII of the Social Security Act receive less than 60 days' notice of contract termination.*

*Subd. 7. [GEOGRAPHIC ACCESSIBILITY.] If the commissioner determines that there are not enough providers to assure that enrollees have accessible health services available in a geographic service area, the commissioner shall institute a plan of corrective action that shall be followed by the health maintenance organization. Such a plan may include but not be limited to requiring the health maintenance organization to make payments to nonparticipating providers for health services for enrollees, requiring the health maintenance organization to discontinue accepting new enrollees in that service area, and requiring the health maintenance organization to reduce its geographic service area. If a nonparticipating provider has been a participating provider with the health maintenance organization within the last year, any payments made under this section must not exceed the payment level of the previous contract unless the commissioner determines that without adjusting payments the health maintenance organization will be unable to meet the health care needs of enrollees in the area.*

#### **Sec. 14. [62D.122] [MEDIATION.]**

*When current parties to a health maintenance organization contract between providers of health care services and the health maintenance organization believe they will be unable to reach agreement on the terms of renewal or maintenance of the agreement, either party may request the commissioner of health to order that the dispute be submitted to mediation. The parties to the dispute shall enter mediation upon the order of the commissioner of health. Whether or not a request for mediation from one of the parties has been received, the commissioner shall order mediation if failure to reach agreement would significantly impair access to health care services on the part of current enrollees of that health maintenance organization. In determining whether access to health care services for current enrollees will be significantly impaired, the commissioner shall consider:*

*(1) the number of enrollees affected,*

*(2) the ability of the plan to make alternate arrangements with other participating providers for the provision of health care services to the affected enrollees,*

(3) the availability of nonparticipating providers who may become participating providers for those with whom the health maintenance organization is in dispute,

(4) the time remaining until termination of the provider contract, and

(5) whether failure to resolve the dispute may establish a precedent for similar disputes in other parts of the state or might impede competition among health plans.

During the period in which the dispute is in mediation, no action to terminate provider or enrollee contracts may be taken by either party. Participation in mediation shall be required of all parties for a period of not more than 30 days. Notice of termination of provider agreements, as required under section 5, shall take effect no earlier than 31 days after the first day of mediation under this section.

When mediation is ordered by the commissioner, arrangements for mediation shall be made through either the office of dispute resolution in the state planning agency, or the office of administrative hearings.

Costs of the mediation shall be borne equally by the health maintenance organization and the health care providers unless otherwise agreed to by the parties. The office of administrative hearings shall establish rates for mediation services comparable to those charged by mediators listed with the office of dispute resolution.

The mediator shall not have authority to impose a settlement or otherwise bind a participant to a nonvoluntary resolution of the dispute; however, any agreement reached as a result of the mediation shall be enforceable.

Except as otherwise provided under chapter 13 and sections 62D.03 and 62D.14, the commissioner shall make public the results of any mediation agreement.

Sec. 15. Minnesota Statutes 1986, section 62D.17, subdivision 1, is amended to read:

Subdivision 1. The commissioner of health may, for any violation of statute or rule applicable to a health maintenance organization, or in lieu of suspension or revocation of a certificate of authority under section 62D.15, levy an administrative penalty in an amount up to \$10,000 for each violation. In the case of contracts or agreements made pursuant to section 62D.05, subdivisions 2 to 4, each contract or agreement entered into or implemented in a manner which violates sections 62D.01 to 62D.29 shall be considered a separate violation. Reasonable notice in writing to the health maintenance organization shall be given of the intent to levy the penalty and the reasons therefor, and the health maintenance organization may have a reasonable time 15 days within which to remedy the defect in its operations which gave rise to the penalty citation, or have file a written request for an administrative hearing and review of the commissioner of health's determination. Such administrative hearing shall be subject to judicial review pursuant to chapter 14.

Sec. 16. Minnesota Statutes 1986, section 62D.20, is amended to read:  
62D.20 [RULES.]

Subdivision 1. The commissioner of health may, pursuant to chapter 14, promulgate such reasonable rules as are necessary or proper to carry out

the provisions of sections 62D.01 to 62D.29. Included among such rules shall be those which provide minimum requirements for the provision of comprehensive health maintenance services, as defined in section 62D.02, subdivision 7, and reasonable exclusions therefrom. Nothing in such rules shall force or require a health maintenance organization to provide elective, induced abortions, except as medically necessary to prevent the death of the mother, whether performed in a hospital, other abortion facility, or the office of a physician; the rules shall provide every health maintenance organization the option of excluding or including elective, induced abortions, except as medically necessary to prevent the death of the mother, as part of its comprehensive health maintenance services.

*Subd. 2. The commissioner shall adopt rules that address the issue of appropriate prior authorization requirements, considering consumer needs, administrative concerns, and the nature of the benefit.*

Sec. 17. Minnesota Statutes 1986, section 62E.11, is amended by adding a subdivision to read:

*Subd. 9. Each contributing member that terminates individual health coverage regulated under chapter 62A, 62C, 62D, or 64B for reasons other than (a) nonpayment of premium; (b) failure to make copayments; (c) enrollee moving out of the area served; or (d) a materially false statement or misrepresentation by the enrollee in the application for membership; and does not provide or arrange for replacement coverage that meets the requirements of section 13; shall pay a special assessment to the state plan based upon the number of terminated individuals who join the comprehensive health insurance plan as authorized under section 62E.14, subdivision 1, paragraph (d), and section 21. Such a contributing member shall pay the association an amount equal to the average cost of an enrollee in the state plan in the year in which the member terminated enrollees, multiplied by the total number of terminated enrollees who enroll in the state plan.*

*The average cost of an enrollee in the state comprehensive health insurance plan shall be determined by dividing the state plan's total annual losses by the total number of enrollees from that year. This cost will be assessed to the contributing member who has terminated health coverage before the association makes the annual determination of each contributing member's liability as required under this section.*

*In the event that the contributing member is terminating health coverage because of a loss of health care providers, the commissioner may review whether or not the special assessment established under this subdivision will have an adverse impact on the contributing member or its enrollees or insureds, including but not limited to causing the contributing member to fall below statutory net worth requirements. If the commissioner determines that the special assessment would have an adverse impact on the contributing member or its enrollees or insureds, the commissioner may adjust the amount of the special assessment, or establish alternative payment arrangements to the state plan. For health maintenance organizations regulated under chapter 62D, the commissioner of health shall make the determination regarding any adjustment in the special assessment and shall transmit that determination to the commissioner of commerce.*

Sec. 18. Minnesota Statutes 1986, section 62E.11, is amended by adding a subdivision to read:

*Subd. 10. Any contributing members who have terminated individual health plans and do not provide or arrange for replacement coverage that meets the requirements of section 13, and whose former insureds or enrollees enroll in the state comprehensive health insurance plan with a waiver of the preexisting conditions pursuant to section 62E.14, subdivision 1, paragraph (d), and section 21, will be liable for the costs of any preexisting conditions of their former enrollees or insureds treated during the first six months of coverage under the state plan. The liability for preexisting conditions will be assessed before the association makes the annual determination of each contributing member's liability as required under this section.*

Sec. 19. Minnesota Statutes 1986, section 62E.14, subdivision 1, is amended to read:

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

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

(d) Evidence that the applicant meets the eligibility requirements of section 62E.081, subdivision 1; and If the applicant has been terminated from individual health coverage which does not provide replacement coverage, evidence that no replacement coverage that meets the requirements of section 13 was offered, and evidence of termination of individual health coverage by an insurer, nonprofit health service plan corporation, or health maintenance organization provided that the contract or policy has been terminated for reasons other than (1) failure to pay the charge for health care coverage; (2) failure to make copayments required by the health care plan; (3) enrollee moving out of the area served; or (4) a materially false statement or misrepresentation by the enrollee in the application for membership; and

- (e) A designation of the coverage desired.

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

Sec. 20. Minnesota Statutes 1986, section 62E.14, subdivision 3, is amended to read:

Subd. 3. [PREEXISTING CONDITIONS.] No person who obtains coverage pursuant to this section shall be covered for any preexisting condition during the first six months of coverage under the state plan if the person

was diagnosed or treated for that condition during the 90 days immediately preceding the filing of an application *except as provided under subdivisions 4 and 5, and section 21.*

Sec. 21. Minnesota Statutes 1986, section 62E.14, is amended by adding a subdivision to read:

*Subd. 6. A Minnesota resident who holds an individual health maintenance contract, individual nonprofit health service corporation contract, or an individual insurance policy previously approved by the commissioners of health or commerce, may enroll in the comprehensive health insurance plan with a waiver of the preexisting condition as described in subdivision 3, without interruption in coverage, provided (1) no replacement coverage that meets the requirements of section 13 was offered by the contributing member, and (2) the policy or contract has been terminated for reasons other than (a) nonpayment of premium; (b) failure to make copayments required by the health care plan; (c) moving out of the area served; or (d) a materially false statement or misrepresentation by the enrollee in the application for membership; and, provided further, that the option to enroll in the plan is exercised within 30 days of termination of the existing policy or contract.*

*Coverage allowed under this section is effective on the date of termination, when the contract or policy is terminated and the enrollee has completed the proper application and paid the required premium or fee.*

*Expenses incurred from the preexisting conditions of individuals enrolled in the state plan under this subdivision must be paid by the contributing member canceling coverage as set forth in section 18.*

*The application must include evidence of termination of the existing policy or certificate as required in subdivision 1.*

Sec. 22. Minnesota Statutes 1986, section 62E.16, is amended to read:  
62E.16 [CONVERSION PRIVILEGES.]

Every program of self-insurance, policy of group accident and health insurance or contract of coverage by a health maintenance organization written or renewed in this state, shall include, in addition to the provisions required by section 62A.17, the right to convert to an individual coverage qualified plan without the addition of underwriting restrictions if the individual insured leaves the group regardless of the reason for leaving the group, or upon cancellation or termination of the coverage for the group except where uninterrupted and continuous group coverage is otherwise provided to the group. *If the health maintenance organization has canceled coverage for the group because of a loss of providers in a service area, the health maintenance organization shall arrange for other health maintenance or indemnity conversion options that shall be offered to enrollees without the addition of underwriting restrictions.* The required conversion contract must treat pregnancy the same as any other covered illness under the conversion contract. The person may exercise this right to conversion within 30 days of leaving the group or within 30 days following receipt of due notice of cancellation or termination of coverage of the group and upon payment of premiums from the date of termination or cancellation. Due notice of cancellation or termination of coverage for a group shall be provided to each employee having coverage in the group by the insurer, self-insurer or health maintenance organization canceling or terminating the coverage except where reasonable evidence indicates that uninterrupted

and continuous group coverage is otherwise provided to the group. Every employer having a policy of group accident and health insurance, group subscriber or contract of coverage by a health maintenance organization shall, upon request, provide the insurer or health maintenance organization a list of the names and addresses of covered employees. Plans of health coverage shall also include a provision which, upon the death of the individual in whose name the contract was issued, permits every other individual then covered under the contract to elect, within the period specified in the contract, to continue coverage under the same or a different contract without the addition of underwriting restrictions until the individual would have ceased to have been entitled to coverage had the individual in whose name the contract was issued lived. An individual conversion contract issued by a health maintenance organization shall not be deemed to be an individual enrollment contract for the purposes of section 62D.10.

**Sec. 23. [REQUIRED STUDIES.]**

*Subdivision 1. The commission on health plan regulatory reform created in Laws 1987, chapter 370, article 1, section 11, shall make recommendations for expedited review mechanisms for complaints concerning health maintenance organization coverage of an immediately and urgently needed service.*

*Subd. 2. The board of the Minnesota comprehensive health association shall conduct a study examining the plan options currently offered by the association, in order to determine whether provision of additional plan options would better meet the needs of current and future enrollees. The board shall report its findings to the legislature and the commissioner of health and the commissioner of commerce by February 15, 1989.*

**Sec. 24. [REPEALER.]**

*Laws 1984, chapter 464, sections 29 and 40, are repealed. Section 14 is repealed June 30, 1990.*

**Sec. 25. [EFFECTIVE DATE.]**

*Sections 11, 13, 14, 17, 18, 19, 20, 21, and 22 are effective the day following final enactment. Section 3, subdivision 3, paragraph (c), is effective January 1, 1989."*

Delete the title and insert:

"A bill for an act relating to health maintenance organizations; insurance; requiring replacement coverage in the event an HMO cancels coverage; increasing state comprehensive health plan liabilities in the event a member terminates coverage; allowing for mediation of disputes about health maintenance organization agreements; allowing interest on unpaid charges; increasing health maintenance organization notice requirements and annual reporting requirements; amending Minnesota Statutes 1986, sections 62D.07; 62D.08, subdivision 5; 62D.09; 62D.101; 62D.11; 62D.12, subdivision 2, and by adding a subdivision; 62D.17, subdivision 1; 62D.20; 62E.11, by adding subdivisions; 62E.14, subdivisions 1, 3, and by adding a subdivision; 62E.16; Minnesota Statutes 1987 Supplement, sections 62A.17, subdivision 6; and 62D.08, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 62D; repealing Laws 1984, chapter 464, sections 29 and 40."

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

Senate Conferees: (Signed) James C. Pehler, Linda Berglin, John E. Brandl

House Conferees: (Signed) Clair L. Nelson, Ann Wynia, Bob Anderson

Mr. Pehler moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1861 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1861 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

## MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated the General Orders Calendar a Special Orders Calendar to be heard immediately.

## SPECIAL ORDER

S.F. No. 1799: A bill for an act relating to taxation; exempting the University of Minnesota and state universities and colleges from the sales and use tax; amending Minnesota Statutes 1987 Supplement, section 297A.25, subdivision 11.

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 57 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1672: A bill for an act relating to housing; repealing the expiration date of housing and redevelopment authorities' power to provide interest reduction assistance; repealing Minnesota Statutes 1987 Supplement, section 469.012, subdivision 10.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1706: A bill for an act relating to taxation; property; allowing transfers of land to governmental subdivisions or the state or federal government without payment of tax on the entire parcel; amending Minnesota Statutes 1987 Supplement, section 272.121.

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

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 1796: A bill for an act relating to counties; exempting the issuance of certain county bonds from the election requirement; authorizing county building fund levies; amending Minnesota Statutes 1986, sections 373.25, subdivision 1; 475.52, subdivision 3; and 475.58, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 373.

Mr. Novak moved that H.F. No. 1796 be laid on the table. The motion prevailed.

### SPECIAL ORDER

H.F. No. 2546: A bill for an act relating to commerce; regulating preparation of certain information for membership camping contract applications and subdivider qualification statements; prohibiting certain misleading and deceptive practices; prohibiting advance payments relating to resale of time share property interests; amending Minnesota Statutes 1986, sections 83.29, subdivisions 2 and 5; and 83.44; Minnesota Statutes 1987 Supplement, sections 82A.04, subdivision 2; 82A.09, subdivision 3; and 83.23, subdivision 3; repealing Minnesota Statutes 1986, section 82A.09, subdivision 1.

Mr. Solon moved that the amendment made to H.F. No. 2546 by the Committee on Rules and Administration in the report adopted March 28, 1988, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 2546 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 52 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Knaak	Novak	Schmitz
Anderson	Decker	Laidig	Olson	Solon
Beckman	Diessner	Lantry	Pehler	Spear
Belanger	Frank	Larson	Peterson, D.C.	Storm
Benson	Frederickson, D.J.	Lessard	Peterson, R.W.	Stumpf
Berglin	Frederickson, D.R.	Luther	Piper	Vickerman
Bernhagen	Freeman	Marty	Purfeerst	Waldorf
Bertram	Gustafson	McQuaid	Ramstad	Wegscheid
Brandl	Hughes	Mehrkins	Reichgott	
Brataas	Johnson, D.E.	Metzen	Renneke	
Cohen	Jude	Morse	Samuelson	

Mr. Merriam voted in the negative.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 2086: A bill for an act relating to motor vehicles; removing language regarding restricted gasoline fill pipes; amending Minnesota Statutes 1986, section 325E.0951.

Mr. Wegscheid moved that the amendment made to H.F. No. 2086 by the Committee on Rules and Administration in the report adopted March 28, 1988, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 2086 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 56 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 1943: A bill for an act relating to state lands; permitting the sale of certain tax-forfeited lands that border public waters in the city of Aitkin.

Mr. Chmielewski moved to amend H.F. No. 1943, as amended pursuant to Rule 49, adopted by the Senate March 17, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1722.)

Page 1, after line 19, insert:

"Sec. 2. [EXCHANGE OF TAX-FORFEITED PEAT LANDS; AITKIN COUNTY.]

*Notwithstanding Minnesota Statutes, sections 92.461 and 94.347, Aitkin county may exchange certain tax-forfeited land containing peat and described in paragraph (a), for certain privately owned lands containing peat and described in paragraph (b), in accordance with this section.*

*The lands described in this section must be conveyed in a form approved by the attorney general.*

*(a) The tax-forfeited lands, consisting of approximately 120 acres, to be exchanged are described as follows:*

*(1) the Southeast Quarter of the Northwest Quarter of Section 33, Township 46, Range 23;*

(2) the Southwest Quarter of the Southwest Quarter of Section 33, Township 46, Range 23; and

(3) the Northwest Quarter of the Northeast Quarter of Section 33, Township 46, Range 23.

(b) The privately owned lands, consisting of approximately 163 acres, are described as follows:

(1) the Northeast Quarter of the Northwest Quarter of Section 14, Township 48, Range 24;

(2) the East 80 Rods of Government Lot 3 of Section 22, Township 48, Range 24;

(3) the West 1/2 of the Northwest Quarter of the Southeast Quarter of Section 22, Township 48, Range 24;

(4) the Southeast Quarter of the Southwest Quarter lying South of the Soo Line Railroad right-of-way of Section 15, Township 48, Range 24;

(5) the Southwest Quarter of the Southeast Quarter lying South of the Soo Line Railroad right-of-way of Section 15, Township 48, Range 24; and

(6) the Northeast Quarter of the Northeast Quarter of Section 15, Township 46, Range 23.

*The lands to be exchanged contain approximately equal volumes of peat."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, before the period, insert "; providing for exchange of tax-forfeited peat lands in Aitkin county"

The motion prevailed. So the amendment was adopted.

H.F. No. 1943 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 52 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	Morse	Solon
Anderson	Decker	Jude	Novak	Spear
Beckman	Dicklich	Knutson	Olson	Storm
Belanger	Diessner	Langseth	Peterson, D.C.	Stumpf
Berg	Frank	Lantry	Peterson, R.W.	Taylor
Berglin	Frederick	Larson	Piper	Vickerman
Bernhagen	Frederickson, D.J.	Lessard	Ramstad	Waldorf
Bertram	Frederickson, D.R.	Luther	Reichgott	Wegscheid
Brandl	Freeman	Marty	Renneke	
Brataas	Gustafson	McQuaid	Samuelson	
Chmielewski	Hughes	Merriam	Schmitz	

Mr. Dahl voted in the negative.

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

### SPECIAL ORDER

S.F. No. 1815: A bill for an act relating to animals; prohibiting transportation of certain animals in open vehicles; prohibiting leaving animals unattended in motor vehicles in an unsafe or dangerous manner and authorizing their removal by peace officers and fire and rescue officials; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 346.

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 52 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Hughes	Marty	Samuelson
Anderson	Dahl	Jude	McQuaid	Schmitz
Beckman	Davis	Knaak	Metzen	Spear
Belanger	Decker	Knutson	Morse	Storm
Berg	Dicklich	Kroening	Novak	Taylor
Berglin	Diessner	Laidig	Olson	Vickerman
Bernhagen	Frank	Langseth	Peterson, D.C.	Waldorf
Bertram	Frederick	Lantry	Peterson, R.W.	Wegscheid
Brandl	Frederickson, D.R.	Larson	Piper	
Brataas	Freeman	Lessard	Ramstad	
Chmielewski	Gustafson	Luther	Reichgott	

Messrs. Merriam and Stumpf voted in the negative.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2107: A bill for an act relating to crimes; expanding aggravated robbery and burglary in the first degree to include crimes committed with an article that appears to be a dangerous weapon; creating a felony offense of terrorizing with a replica firearm; amending Minnesota Statutes 1986, sections 609.245; 609.582; and 609.713, by adding a subdivision.

Mr. Luther moved to amend S.F. No. 2107 as follows:

Page 2, line 21, after "*object*" insert "*that is not defined as a dangerous weapon, and*"

Page 2, line 22, delete everything before "*a*" and insert "*and reasonably appears to be*"

Page 2, line 24, delete everything after "*firearm*" and insert a period

Page 2, delete line 25

The motion prevailed. So the amendment was adopted.

S.F. No. 2107 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

Mr. Novak moved that H.F. No. 1796 be taken from the table. The motion prevailed.

### SPECIAL ORDER

H.F. No. 1796: A bill for an act relating to counties; exempting the issuance of certain county bonds from the election requirement; authorizing county building fund levies; amending Minnesota Statutes 1986, sections 373.25, subdivision 1; 475.52, subdivision 3; and 475.58, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 373.

Ms. Peterson, D.C. moved to amend H.F. No. 1796, as amended pursuant to Rule 49, adopted by the Senate March 29, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1877.)

Page 4, line 22, after "county" insert ", other than Hennepin,"

Page 4, line 27, after the period, insert "*Hennepin county may not issue bonds under this section if the maximum amount of principal and interest to become due in any year on all the outstanding bonds issued pursuant to this section together with the bonds proposed to be issued, will equal or exceed one-half mill multiplied by the taxable assessed value of the property in the county.*"

Page 5, line 1, delete "the" and insert "a" and after "county" insert "*other than Hennepin*"

Page 5, line 4, after the period, insert "*If the Hennepin county board has an approved capital improvement plan, the county board may annually levy an amount equal to one-half mill, less the amount levied to pay principal and interest on bonds issued under this section.*"

The motion prevailed. So the amendment was adopted.

Mr. Freeman moved to amend H.F. No. 1796, as amended pursuant to Rule 49, adopted by the Senate March 29, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1877.)

Page 2, line 8, delete "three" and insert "five"

The motion prevailed. So the amendment was adopted.

H.F. No. 1796 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

### SPECIAL ORDER

H.F. No. 1773: A bill for an act relating to the statutes; directing the revisor of statutes to assign chapter numbers to enrollments and publish bills in Laws of Minnesota in the chapter number order; providing for showing on enrollments and publications of the time of final enactment of bills; maintaining existing law on determination of final enactment despite the change in the method of numbering chapters of enrollments and publications; amending Minnesota Statutes 1986, sections 3.19; 3C.04, subdivision 5; 3C.06, subdivision 1; and 645.01; proposing coding for new law in Minnesota Statutes, chapter 4.

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 55 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Hughes	McQuaid	Ramstad
Anderson	Dahl	Johnson, D.E.	Mehrkens	Renneke
Beckman	Davis	Jude	Metzen	Samuelson
Belanger	Decker	Knaak	Moe, D.M.	Schmitz
Benson	Dicklich	Knutson	Moe, R.D.	Spear
Berg	Diessner	Langseth	Morse	Storm
Berglin	Frank	Lantry	Olson	Stumpf
Bernhagen	Frederickson, D.J.	Larson	Peterson, D.C.	Taylor
Bertram	Frederickson, D.R.	Lessard	Piper	Vickerman
Brandl	Freeman	Luther	Pogemiller	Waldorf
Chmielewski	Gustafson	Marty	Purfeerst	Wegscheid

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2074: A bill for an act relating to retirement; Minneapolis employees retirement fund; adding state representatives to the retirement board of the fund; amending Minnesota Statutes 1986, sections 422A.02; and 422A.03, subdivision 2.

Mr. Moe, D.M. moved that S.F. No. 2074, No. 34 on Special Orders, be stricken and re-referred to the Committee on Governmental Operations. The motion prevailed.

**SPECIAL ORDER**

S.F. No. 980: A bill for an act relating to retirement; public pension plans; establishing, codifying, clarifying, and revising the obligations, responsibilities, and liabilities of public pension plan fiduciaries; amending Minnesota Statutes 1986, sections 11A.01; 11A.07, subdivision 4; 11A.08, subdivision 6; 11A.09; 11A.13, subdivision 1; 69.30; 69.77, subdivision 2g; 69.775; 136.80, subdivision 1; 136.84; 352C.091, subdivision 1; 352D.09, subdivision 1; 353.03, subdivision 1; 353.05; 353.06; 353.08; 353.68, subdivision 1; 354.06, subdivision 3; 354.07, subdivision 4; 354A.021, subdivision 6; 354A.08; 422A.05, subdivisions 2a, 2c, and 2d; 423.374; 423.45; 423.805; 423A.21, subdivision 4; 424.06; 424A.001, subdivision 7; 424A.04, subdivision 2; 490.122; and 490.123, subdivision 2; Minnesota Statutes 1987 Supplement, sections 11A.04; 352.03, subdivisions 1, 4, 6, 7, and 11; 352.05; 352.92, by adding a subdivision; 352.96, subdivision 3; 352B.03, subdivision 1; 352B.07; 353.03, subdivision 3a; 354.06, subdivisions 1 and 2a; and 354.07, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 3A and 490; proposing coding for new law as Minnesota Statutes, chapter 356A; repealing Minnesota Statutes 1986, sections 356.71; and 423.812.

Mr. Moe, D.M. moved that S.F. No. 980, No. 35 on Special Orders, be stricken and re-referred to the Committee on Governmental Operations. The motion prevailed.

**SPECIAL ORDER**

H.F. No. 2232: A bill for an act relating to cable television; exempting certain small cable systems; requiring new franchises to be granted on same terms as original franchise; prohibiting utilities from giving unfair preference to affiliated companies that provide cable television service; amending Minnesota Statutes 1986, sections 238.02, subdivision 3; and 238.08, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 238.

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 52 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Hughes	Mehrkens	Solon
Anderson	Dahl	Johnson, D.E.	Merriam	Spear
Beckman	Davis	Jude	Metzen	Storm
Belanger	Decker	Knutson	Moe, D.M.	Stumpf
Benson	Dicklich	Langseth	Morse	Taylor
Berg	Diessner	Lantry	Piper	Vickerman
Berglin	Frank	Larson	Pogemiller	Waldorf
Bernhagen	Frederickson, D.J.	Lessard	Purfeerst	Wegscheid
Bertram	Frederickson, D.R.	Luther	Ramstad	
Brandl	Freeman	Marty	Renneke	
Chmielewski	Gustafson	McQuaid	Schmitz	

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

H.F. No. 2185: A bill for an act relating to game and fish; adjusting the height of deer stands; regulating placing decoys in public waters or on

public lands; amending Minnesota Statutes 1986, sections 97B.325; and 97B.811.

Mr. Stumpf moved that the amendment made to H.F. No. 2185 by the Committee on Rules and Administration in the report adopted March 24, 1988, pursuant to Rule 49, be stricken. The motion did not prevail.

Mr. Stumpf then moved to amend H.F. No. 2185, as amended pursuant to Rule 49, adopted by the Senate March 24, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2199.)

Page 1, after line 6, insert:

"Section 1. [1.1441] [STATE MAMMAL.]

*Subdivision 1. [DESIGNATION.] The white-tailed deer, *Odocoileus virginianus*, is the official mammal of the state of Minnesota.*

*Subd. 2. [ART PRINT.] The print numbered one of a limited edition print of an original painting of the white-tailed deer painted by a state resident and approved by the commissioner of natural resources, after consulting sporting organizations interested in the management of white-tailed deer, shall be preserved and may be displayed in the office of the secretary of state."*

Renumber the sections in sequence.

Amend the title accordingly.

Mr. Dahl questioned whether the amendment was germane.

The President ruled that the amendment was germane.

The question was taken on the adoption of the Stumpf amendment. The motion prevailed. So the amendment was adopted.

H.F. No. 2185 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 49 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Brataas	Hughes	Lessard	Purfeerst
Anderson	Chmielewski	Johnson, D.E.	Luther	Ramstad
Beckman	Cohen	Jude	Marty	Renneke
Belanger	Davis	Knaak	McQuaid	Samuelson
Benson	Decker	Knutson	Merriam	Spear
Berg	Diessner	Kroening	Metzen	Storm
Berglin	Frank	Laidig	Moe, D.M.	Stumpf
Bernhagen	Frederickson, D.J.	Langseth	Olson	Vickerman
Bertram	Frederickson, D.R.	Lantry	Piper	Wegscheid
Brandl	Freeman	Larson	Pogemiller	

Messrs. Dahl and Morse voted in the negative.

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

### SPECIAL ORDER

H.F. No. 1983: A bill for an act relating to sentencing; directing the sentencing guidelines commission to study certain sentencing issues; requiring the commission to report back to the legislature with proposed changes to



respond to these issues; proposing coding for new law in Minnesota Statutes, chapter 244.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 47 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Gustafson	Marty	Ramstad
Anderson	Cohen	Hughes	McQuaid	Samuelson
Beckman	Dahl	Jude	Mehrkens	Spear
Benson	Davis	Knaak	Merriam	Storm
Berg	Decker	Knutson	Metzen	Stumpf
Berglin	Diessner	Kroening	Morse	Vickerman
Bernhagen	Frank	Laidig	Olson	Waldorf
Bertram	Frederickson, D.J.	Lantry	Piper	
Brandl	Frederickson, D.R.	Larson	Pogemiller	
Brataas	Freeman	Lessard	Purfeerst	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 1935: A bill for an act relating to insurance; accident and health; broadening the average for adopted children; requiring coverage for routine diagnostic procedures for cancer and services provided to ventilator-dependent persons; amending Minnesota Statutes 1987 Supplement, section 62A.27; and proposing coding for new law in Minnesota Statutes, chapter 62A.

Mr. Dicklich moved to amend H.F. No. 1935, as amended pursuant to Rule 49, adopted by the Senate March 23, 1988, as follows:

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

Page 1, after line 10, insert:

"Section 1. Minnesota Statutes 1986, section 62A.04, is amended by adding a subdivision to read:

*Subd. 8a. [RETURN OF PREMIUM.] A policy of accident and sickness insurance as defined in section 62A.01 may contain or may be amended by rider to provide for a return of premium benefit so long as:*

*(1) the return of premium benefit is not applicable until the policy has been in force for five years;*

*(2) the return of premium benefit is not reduced by an amount greater than the aggregate of any claims paid under the policy;*

*(3) the return of premium benefit is not included in or used with a policy with benefits that are reduced based on an insured's age;*

*(4) the return of premium benefit is not payable in lieu of benefits at the option of the insurer;*

*(5) the insurer demonstrates that the reserve basis for such benefit is adequate; and*

*(6) the cost of the benefit is disclosed to the insured and the insured is given the option of the coverage."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Knaak questioned whether the amendment was germane.

The President ruled that the amendment was germane.

The question was taken on the adoption of the Dicklich amendment. The motion prevailed. So the amendment was adopted.

Mr. Frederick moved to amend H.F. No. 1935, as amended pursuant to Rule 49, adopted by the Senate March 23, 1988, as follows:

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

Pages 2 and 3, delete sections 2 to 6

Amend the title accordingly

### CALL OF THE SENATE

Mr. Merriam imposed a call of the Senate for the balance of the proceedings on H.F. No. 1935. The Sergeant at Arms was instructed to bring in the absent members.

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

The roll was called, and there were yeas 16 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Knutson	Metzen	Samuelson
Benson	Decker	Lessard	Ramstad	Solon
Berg	Frederick	Mehrkins	Renneke	Wegscheid
Bertram				

Those who voted in the negative were:

Adkins	Dahl	Johnson, D.E.	McQuaid	Spear
Beckman	Davis	Knaak	Merriam	Storm
Belanger	Frank	Kroening	Moe, D.M.	Taylor
Berghin	Frederickson, D.J.	Laidig	Moe, R.D.	Vickerman
Bernhagen	Frederickson, D.R.	Langseth	Morse	Waldorf
Brandl	Freeman	Lantry	Piper	
Chmielewski	Gustafson	Luther	Pogemiller	
Cohen	Hughes	Marty	Schmitz	

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

Mr. Frederick then moved to amend H.F. No. 1935, as amended pursuant to Rule 49, adopted by the Senate March 23, 1988, as follows:

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

Page 3, line 13, delete "1991" and insert "1995"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Knutson	Metzen	Storm
Benson	Decker	Laidig	Ramstad	Taylor
Berg	Frederick	Larson	Renneke	Vickerman
Bernhagen	Gustafson	Lessard	Samuelson	Wegscheid
Bertram	Johnson, D.J.	Mehrkins	Solon	

Those who voted in the negative were:

Adkins	Dahl	Hughes	Marty	Schmitz
Beckman	Davis	Johnson, D.E.	McQuaid	Spear
Belanger	Diessner	Knaak	Merriam	Stumpf
Berglin	Frank	Kroening	Moe, D.M.	Waldorf
Brandl	Frederickson, D.J.	Langseth	Moe, R.D.	
Chmielewski	Frederickson, D.R.	Lantry	Piper	
Cohen	Freeman	Luther	Pogemiller	

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

H.F. No. 1935 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 51 and nays 7, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Johnson, D.E.	Mehrrens	Schmitz
Anderson	Dahl	Johnson, D.J.	Merriam	Spear
Beckman	Davis	Knaak	Moe, D.M.	Storm
Belanger	Decker	Laidig	Moe, R.D.	Stumpf
Benson	Diessner	Langseth	Morse	Taylor
Berg	Frank	Lantry	Novak	Waldorf
Berglin	Frederick	Larson	Olson	Wegscheid
Bernhagen	Frederickson, D.J.	Lessard	Piper	
Bertram	Frederickson, D.R.	Luther	Pogemiller	
Brandl	Freeman	Marty	Ramstad	
Chmielewski	Hughes	McQuaid	Renneke	

Those who voted in the negative were:

Brataas	Kroening	Samuelson	Solon	Vickerman
Gustafson	Metzen			

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

## MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that H.F. No. 2590 be taken from the table. The motion prevailed.

H.F. No. 2590: A bill for an act relating to the financing of government in Minnesota; changing tax rates and bases; modifying the administration, collection, and enforcement of taxes; imposing taxes; changing the computation, administration, and payment of aids, credits, and refunds; limiting taxing powers; transferring and imposing governmental powers and duties; making technical corrections and clarifications; providing bonding authority to Hennepin County; imposing penalties; appropriating money and reducing appropriations; amending Minnesota Statutes 1986, sections 69.031, subdivision 3; 168.011, subdivision 8; 168.012, subdivision 9; 237.075, subdivision 8; 240.01, by adding a subdivision; 240.13, subdivisions 4 and 6; 240.15, subdivisions 1, 3, and 6; 240.18; 270.075, subdivision 2; 270.41; 270.70, subdivision 1; 271.01, subdivision 5; 273.05, subdivision 1; 273.061, subdivision 2; 273.112, subdivisions 3 and 6; 273.121; 273.124, subdivisions 1 and 6; 273.13, by adding a subdivision; 273.40; 279.01, subdivision 3; 287.21, by adding a subdivision; 290.01, by adding a subdivision; 290.06, by adding subdivisions; 290.39, by adding a subdivision; 290.50, subdivision 3; 290.92, subdivisions 2a and 21; 290.931, subdivision 1; 290.934, subdivisions 1, 3, and by adding a subdivision; 290A.03, subdivision 7; 297.01, by adding a subdivision; 297.03, subdivision 12, and by adding a subdivision; 297.041, subdivision 1; 297.06, subdivisions 1,

2, 3, and by adding a subdivision; 297.08, subdivision 1; 297.12, subdivision 1; 297.35, by adding a subdivision; 297A.02, subdivision 4; 297A.15, subdivisions 1 and 5; 297A.16; 297A.17; 297A.21; 297A.25, subdivisions 5, 8, 27, and by adding subdivisions; 297A.256; 297C.02, subdivisions 3 and 4; 297C.03, by adding a subdivision; 297C.07; 297D.08; 298.223; 303.03; 329.11; 349.12, subdivision 18, and by adding subdivisions; 349.2121, subdivisions 1, 2, 5, and by adding a subdivision; 349.22, subdivision 1, and by adding subdivisions; 375.192, subdivision 1; 375.83; 473.167, subdivisions 2, 3, and by adding subdivisions; 473.249, subdivision 1, and by adding a subdivision; 473.446, subdivision 3, and by adding a subdivision; 473.711, subdivision 2, and by adding a subdivision; 473.843, subdivision 2; 477A.011, subdivision 11, and by adding a subdivision; and 477A.015; Minnesota Statutes 1987 Supplement, sections 16A.1541; 60A.15, subdivision 1; 60E.04, subdivision 4; 69.021, subdivision 5; 69.54; 124.155, subdivision 2; 124A.02, subdivisions 3a and 11; 240.13, subdivision 5; 270.485; 272.02, subdivision 1; 272.115, subdivision 4; 272.121; 273.061, subdivision 1; 273.1195; 273.123, subdivisions 4 and 5; 273.124, subdivisions 11 and 13; 273.13, subdivisions 23, 24, and 25; 273.135, subdivision 2; 273.1391, subdivision 2; 273.1392; 273.1393; 273.1397, subdivision 2; 273.165, subdivision 2; 273.42, subdivision 2; 274.01, subdivision 1; 274.19, subdivisions 1, 2, 3, 4, 6, 7, and 8; 275.07, subdivision 1; 275.50, subdivision 2; 275.51, subdivision 3h; 276.04; 279.01, subdivision 1; 290.01, subdivisions 3a, 4, 7, 19, 19a, 19b, 19c, 19d, 19e, and 20; 290.015, subdivisions 1, 2, 3, and 4; 290.06, subdivisions 1, 2c, and 21; 290.081; 290.092, subdivisions 3, 4, 5, and by adding a subdivision; 290.095, subdivisions 1, 3, and by adding a subdivision; 290.10; 290.17, subdivision 2; 290.191, subdivisions 6 and 11; 290.21, subdivisions 3 and 4; 290.35, subdivision 2; 290.371, subdivisions 1, 3, 4, and 5; 290.38; 290.41, subdivision 2; 290.92, subdivisions 7 and 15; 290.934, subdivision 2; 290.9725; 290A.03, subdivisions 3, 13, 14, and 15; 290A.04, subdivision 2; 290A.06; 295.32; 295.34, subdivision 1; 297.01, subdivisions 7 and 14; 297.03, subdivision 6; 297.11, subdivision 5; 297A.01, subdivision 3; 297A.212; 297A.25, subdivisions 3 and 11; 297B.03; 297C.04; 298.2213, subdivision 3; 299.01, subdivision 1; 349.212, subdivisions 1 and 4; 349.2121, subdivisions 4a and 10; 349.2122; 349.2123; 469.174, subdivision 10; 469.175, subdivisions 1, 2, 3, 4, and by adding a subdivision; 469.176, subdivisions 1, 4, and 6; 469.177, subdivisions 1, 3, 4, and by adding subdivisions; 473.446, subdivision 1; 475.53, subdivision 4; 475.61, subdivision 3; 477A.012, subdivision 1; and 508.25; Laws 1987, chapter 268, article 6, sections 19, 53, and 54; and article 8, section 9; proposing coding for new law in Minnesota Statutes, chapters 270; 273; 275; 290; 290A; 297; 297C; 298; 349; and 424A; repealing Minnesota Statutes 1986, sections 272.64; 273.13, subdivisions 7a and 30; 275.035; 275.49; 290.07, subdivisions 3 and 6; 290.11; 290.12, as amended; 290.131, as amended; 290.132, as amended; 290.133, as amended; 290.134, as amended; 290.135, as amended; 290.136, as amended; 290.138, as amended; 290.934, subdivision 4; 297A.15, subdivision 2; 297C.03, subdivision 5; 298.401; and 299.013; Minnesota Statutes 1987 Supplement, sections 273.1195; 273.13, subdivision 15a; 273.1394; 273.1395; 273.1396; 273.1397; 275.081; 275.082; 275.125, subdivision 22; 290.06, subdivision 20; 290.077, subdivision 1; 290.14; 290.371, subdivision 2; 290A.04, subdivisions 2a and 2b; 296.02, subdivisions 2a and 2b; and 296.025, subdivisions 2a and 2b; Laws 1987, chapter 268, article 3, section 11; and article 5, section 4.

### SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 2590 and that the rules of the Senate be so far suspended as to give H.F. No. 2590 its second and third reading and place it on its final passage. The motion prevailed.

### CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate for the balance of the proceedings on H.F. No. 2590. The Sergeant at Arms was instructed to bring in the absent members.

H.F. No. 2590 was read the second time.

Mr. Johnson, D.J. moved to amend H.F. No. 2590 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 2590, and insert the language after the enacting clause, and the title, of S.F. No. 2260, the first engrossment.

The motion prevailed. So the amendment was adopted.

Mr. Johnson, D.J. then moved to amend H.F. No. 2590, as amended by the Senate March 30, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2260.)

Page 21, line 2, delete "*adjusted gross*" and insert "*taxable*"

Page 27, line 19, delete "*and 7*"

Page 42, line 19, delete "*(b)*" and insert "*(a)*"

Page 55, line 12, delete "*(9)*" and insert "*(11)*"

Page 127, line 27, delete "*overall level of*" and insert "*ratio of the equalized market value to the unequalized market value shall equal the lesser of (i) one or 92 percent divided by (ii) the aggregate assessment sales ratio.*"

Page 127, delete lines 28 to 30

Page 128, line 10, delete "*, multiplied by the ratio*"

Page 128, delete lines 11 to 16

Page 128, line 17, delete "*total levy within the unique taxing jurisdiction*"

Page 128, line 19, after "*(b)*" insert "*For purposes of this section, the department of education shall recalculate school district levy amounts for 1988 using the tax capacity specified in section 273.13. For taxes payable in 1989, the transition aid amount so determined for school districts for purposes of school maintenance and transportation levies shall be multiplied by the ratio of the adjusted tax capacity based upon the 1987 adjusted assessed value to the adjusted tax capacity based upon the 1986 adjusted assessed value.*

(c)"

Page 128, line 22, delete "*(c)*" and insert "*(d)*"

Page 146, line 8, delete "*PER HOUSEHOLD*" and delete "*per*"

Page 146, line 9, delete "household"

Page 146, delete section 49

Page 146, line 19, delete "(i)" and insert "\$150 for each tenfold increase in households, or fraction thereof, above ten rounded to the nearest dollar."

Page 146, delete lines 20 and 21

Page 147, line 35, delete the second "a" and insert "its city revenue"

Page 147, delete line 36

Page 148, line 1, delete everything before "to"

Page 148, line 5, delete "PER HOUSEHOLD"

Page 148, line 6, delete "per household"

Page 148, delete section 58

Page 149, line 30, delete the second "a" and insert "its county revenue"

Page 149, delete lines 31 and 32

Page 149, line 33, delete everything before "to"

Page 150, line 7, after "county" insert "whose initial aid is greater than \$0"

Page 150, delete lines 11 and 12

Renumber the clauses in sequence

Page 150, line 34, after the period, insert "A county whose initial aid is \$0 will receive an amount equal to 101 percent of the local government aid it received in 1988 under Minnesota Statutes 1987 Supplement, section 477A.012, subdivision 1."

Page 151, line 20, delete "1986" and insert "1987 Supplement"

Page 151, line 22, after "city" insert "whose initial aid is greater than \$0"

Page 151, delete lines 26 and 27

Renumber the clauses in sequence

Page 152, line 14, after "1988" insert "after the adjustments provided in section 273.1398, subdivision 2" and before the period, insert ", provided that no city will receive an increase that is less than two percent of its 1988 local government aid. A city whose initial aid is \$0 will receive an amount equal to 102 percent of the local government aid it received in 1988 under Minnesota Statutes 1987 Supplement, section 477A.013"

Renumber the sections of article 5 in sequence and correct the internal references

Page 188, line 10, delete "July" and insert "June"

Page 341, line 26, before "Service" insert paragraph coding

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Ms. Berglin moved to amend H.F. No. 2590, as amended by the Senate March 30, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2260.)

Page 335, line 18, delete "zoned" and insert "used"

Page 335, line 21, after the period, insert "*Property used for residential purposes, including condominiums, apartments, and cooperatives, or used by a church or a charitable organization organized under Minnesota Statutes, sections 315.44 and 315.49, or owned or leased in its entirety by a charitable organization described in section 501(c)(3) of the Internal Revenue Code, as amended through December 31, 1987, shall not be subject to any service charges under sections 1 to 9. Property owned by a unit of government and used to raise revenue, except public hospitals, libraries, and Orchestra Hall, shall be subject to service charges other than service charges based on assessed value. In addition, property that is exempt from taxation under Minnesota Statutes, section 272.02, is exempt from service charges based on assessed value imposed under sections 1 to 9, but is subject to other types of service charges under sections 1 to 9 unless otherwise exempted under this subdivision. Any property that is exempted from any or all service charges under this subdivision may notify the governing body of its intent to receive the benefits provided to property within the special service district, and thereby elect to be subject to the service charges imposed for those services. Property may be served within the boundaries of the special service district whether or not the property is subject to the charges imposed by the city on the special service district.*"

Page 338, delete lines 9 to 13

Page 338, line 14, delete "5" and insert "4"

The motion prevailed. So the amendment was adopted.

Mr. Knaak moved to amend H.F. No. 2590, as amended by the Senate March 30, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2260.)

Page 350, after line 27, insert:

#### "ARTICLE 21

#### WHITE BEAR LAKE SPECIAL SERVICE DISTRICTS

##### Section 1. [DEFINITIONS.]

*Subdivision 1. For the purposes of this article, the terms defined in this section have the following meanings.*

*Subd. 2. "City" means the city of White Bear Lake.*

*Subd. 3. "Special services" mean:*

*(1) the promotion and management of a special service district as a trade or shopping area;*

*(2) parking services rendered or contracted for by the city; and*

*(3) the repair, maintenance, operation and replacement of improvements, within the boundaries of a special service district established under section 2, subdivision 1.*

*Special services do not include services that are provided throughout the city from general tax revenues of the city except to the extent that an increased level of service is provided in the special service district.*

Subd. 4. "Special service district" means a defined area of the city where special services are rendered and their costs are paid from revenues collected from a special service tax imposed within the area.

Subd. 5. "Assessed value" means the assessed value as most recently certified by the commissioner of revenue on the effective date of an ordinance or resolution adopted pursuant to section 2 or 3.

## Sec. 2. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.]

Subdivision 1. [ORDINANCE.] The governing body of the city may adopt ordinances establishing special service districts in areas as follows:

All that land zoned as "General Business (B-4)" or "Central Business (B-5)" within the following described area: Beginning at the northeast corner of the intersection of Minnesota State Highway 96E and U.S. Highway 61, thence easterly along the north right-of-way line of Minnesota State Highway 96E and Stewart Avenue, thence southerly along the east right-of-way line of Stewart Avenue a distance of 3,600 feet to the northeast intersection of Stewart Avenue with Lake Avenue, thence southwesterly along Lake Avenue a distance of 3,400 feet to the northwest corner of the intersection of Lake Avenue with U.S. Highway 61, thence northerly a distance of 2,600 feet along the east right-of-way line of Bald Eagle Avenue to a point of intersection with the north right-of-way line of 5th Street, thence easterly along the north right-of-way line of 5th Street a distance of 1,280 feet to a point of intersection with the west right-of-way line of Division Street, thence northerly along the west right-of-way line of Division Street a distance of 2,700 feet to a point of intersection with the north right-of-way line of 12th Street, thence easterly 1,200 feet along a line extended on the north right-of-way line of 12th Street to the intersection with the west right-of-way line of U.S. Highway 61, thence southeasterly 160 feet along the west right-of-way line of U.S. Highway 61 to the point of beginning.

The ordinance shall describe with particularity the areas to be included in the district and the special services to be furnished. The ordinance may not be adopted until after a public hearing on the question. Notice of the hearing shall include:

- (1) the time and place of the hearing;
- (2) a map showing the boundaries of the proposed district;
- (3) a statement that all persons owning property in the proposed district will be given an opportunity to be heard at the hearing;
- (4) a description of the proposed special services to be provided and the estimated taxes to be levied in the district; and
- (5) a statement of the landowner's rights to object and to appeal pursuant to this section.

Subd. 2. [NOTICE.] Notice of the hearing shall be given by publication in two issues of a newspaper of general circulation in the city. The two publications shall be a week apart. The hearing shall be held no sooner than three days after the last publication. Not less than ten days before the hearing, notice shall also be mailed to the owner of each parcel of real estate proposed to be included in the district. For the purpose of giving mailed notice, owners shall be those shown on the records of the county auditor. Other records may be used to supply necessary information. For



properties which are subject to taxation on a gross earning basis in lieu of property tax and are not listed on the records of the county auditor, the owners shall be ascertained by any practicable means and mailed notice given them. At the public hearing, any person who owns property in a proposed district or any other interested party may be heard orally in respect to the proposed district. The hearing may be adjourned from time to time. The ordinance establishing a district may be adopted at any time within six months after the date the hearing is concluded and all objections under subdivisions 3 and 4 have been determined.

Subd. 3. [OBJECTION.] Before the ordinance is adopted or at the hearing when it is adopted, any affected landowner may file a written objection with the city clerk asserting that the landowner's property should not be subjected to the special service tax and objecting to:

- (1) the inclusion of the landowner's property in the district;
- (2) the levy of a tax on the landowner's property; or
- (3) the fact that the use of the landowner's property is not substantially benefited by the proposed special service.

The governing body shall make a determination on the objection within 30 days of its filing. Pending its determination, the governing body may delay adoption of the ordinance or it may adopt the ordinance with a reservation that the landowner's property may be excluded from the district or district taxes when the determination is made.

Subd. 4. [APPEAL TO DISTRICT COURT.] Within 30 days after the determination of the objection, any person aggrieved, who is not precluded by failure to object before or at the hearing, or whose failure to object is due to a reasonable cause, may appeal to the district court by serving a notice upon the mayor or city clerk. The notice shall be filed with the clerk of the district court within ten days after its service. The city clerk shall furnish the appellant a certified copy of the findings and determination of the governing body. The court may affirm the action objected to or, if the appellant's objections have merit, modify or cancel it. If the appellant does not prevail upon the appeal, the costs incurred shall be taxed to the appellant by the court and judgment entered for them. All objections shall be deemed waived unless presented on appeal. This section is the exclusive method of appeal from an action taken under this article.

### Sec. 3. [TAXING AUTHORITY; NOTICE AND HEARING REQUIREMENTS.]

Subdivision 1. [TAXES; HEARING.] Upon a finding of a public purpose, a special service tax based upon property value, square footage, or front footage, or allocated by another fair method determined by the governing body, may be levied on real property within zoning districts classified by the city of White Bear Lake as B-4 or B-5 that is in the special district at a rate or amount sufficient to produce the revenues required to provide the special services within the district. If the property value method is used, taxable property or value shall be determined without regard to captured or original assessed value under Minnesota Statutes, section 273.76, or to the distribution or contribution value under Minnesota Statutes, section 473F08. A special service tax may not be imposed on the receipts from the sale of intoxicating liquor, food, or lodging. Before the levy of a special service tax, notice shall be given and a hearing held as

provided by section 2. For purposes of this section, the notice shall include:

(1) a statement that the owners of all taxable property included in the district will have an opportunity to be heard at the hearing regarding the proposed special service tax;

(2) the estimated cost of special services to be paid for in whole or part by the tax; the estimated cost of operating and maintaining improvements and providing other special services during the first year after their completion; the proposed method and source of financing; and the annual cost of repairing, operating, maintaining, and replacing improvements and providing other special services; and

(3) the proposed rate or amount and duration of special service taxes to be levied in the district during each calendar year and the nature and character of special services to be rendered in the district during each calendar year.

Within six months of the public hearing and determination of all objections under section 2, subdivisions 3 and 4, the city may adopt a resolution levying a special service tax within the district that does not exceed the amount or rate stated in the notice issued pursuant to this section.

Any increase of the amount of a special service tax from that estimated in the notice shall only be considered after further action in accordance with this section.

A person aggrieved by a tax may appeal as provided in section 2.

**Subd. 2. [EXEMPTION OF CERTAIN PROPERTIES FROM TAXES.]** Property exempted from taxation by Minnesota Statutes, section 272.02, and property used exclusively for residential purposes is exempt from any tax imposed pursuant to this article.

**Subd. 3. [LEVY LIMIT EXEMPTIONS.]** A special service tax imposed pursuant to this article shall be disregarded in the calculation of levies or limits on levies provided by other law.

#### **Sec. 4. [LOCAL APPROVAL.]**

This article takes effect the day after the governing body of the city of White Bear Lake complies with Minnesota Statutes, section 645.021, subdivision 3."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Peterson, R.W. moved to amend H.F. No. 2590, as amended by the Senate March 30, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2260.)

Page 307, after line 1, insert:

#### **"Sec. 31. [CITY OF SHAFER BOND ISSUE.]**

The city of Shafer may issue general obligation bonds of the city in an aggregate principal amount not to exceed \$40,000 to finance the acquisition and betterment of a municipal building. The bonds shall be issued and sold in accordance with the provisions of Minnesota Statutes, chapter 475, including the provision requiring the approval of a majority of the electors voting on the question of issuing the bonds. Notwithstanding any

*other statutory or charter provision, the principal amount of bonds issued shall not be included in computing any debt limit applicable to the city, nor shall the taxes required to be levied to pay the principal of and interest on the bonds be subject to any levy limitation or be included in computing any levy limitation applicable to the city."*

Renumber the sections of article 15 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Knutson moved to amend H.F. No. 2590, as amended by the Senate March 30, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2260.)

Page 244, line 15, delete the new language

Page 244, delete line 16

Page 244, line 17, delete the new language and after "and" insert "*the state and its agencies, instrumentalities, and*" and strike "of the state" and insert a comma

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 19 and nays 41, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Gustafson	Larson	Ramstad
Belanger	Diessner	Johnson, D.E.	McQuaid	Renneke
Benson	Frederick	Knutson	Mehrkens	Storm
Bernhagen	Frederickson, D.R.	Laidig	Olson	

Those who voted in the negative were:

Adkins	Davis	Lantry	Pehler	Spear
Beckman	DeCramer	Lessard	Peterson, D.C.	Stumpf
Berg	Dicklich	Luther	Peterson, R.W.	Vickerman
Berglin	Frank	Marty	Piper	Waldorf
Bertram	Frederickson, D.J.	Merriam	Pogemiller	Wegscheid
Brandl	Freeman	Metzen	Purfeerst	
Chmielewski	Johnson, D.J.	Moe, R.D.	Reichgott	
Cohen	Jude	Morse	Samuelson	
Dahl	Knaak	Novak	Schmitz	

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

Mr. Freeman moved to amend H.F. No. 2590, as amended by the Senate March 30, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2260.)

Page 288, line 11, delete the new language

Page 288, delete section 2

Page 288, line 30, before "*Laws*" insert "*Minnesota Statutes 1987 Supplement, section 16A.1541, and*" and delete "*is*" and insert "*are*"

Renumber the sections of article 14 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Kroening moved to amend H.F. No. 2590, as amended by the Senate March 30, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2260.)

Page 5, line 29, delete "and"

Page 6, line 5, after "1985" insert "; and

(5) income as provided in section 9"

Page 9, delete section 6

Page 14, after line 30, insert:

"Sec. 9. [290.083] [PENSION INCOME EXCLUSION.]

*Subdivision 1. [EXCLUSION.] (a) Net income does not include the pension income of a qualified taxpayer. The maximum amounts of this exclusion must be computed according to paragraphs (b) to (e).*

*(b) Taxpayers who are married and filing jointly may exclude pension income up to \$11,000, reduced by (1) the amount of joint federal adjusted gross income that exceeds \$25,500 but not below \$5,500; and by (2) the amount in paragraph (e).*

*(c) Taxpayers who are married and filing separately may exclude pension income up to \$5,500, reduced by (1) the amount of the taxpayer's federal adjusted gross income that exceeds \$12,750 but not below \$2,750; and by (2) the amount in paragraph (e).*

*(d) Single taxpayers may exclude pension income up to \$8,000, reduced by (1) the amount of the taxpayer's federal adjusted gross income that exceeds \$22,000 but not below \$5,500; and by (2) the amount in paragraph (e).*

*(e) The amounts obtained in paragraphs (b) to (d) must be reduced by the sum of:*

*(1) the portion of the taxpayer's social security benefits excluded from gross income under section 86 of the Internal Revenue Code;*

*(2) the portion of railroad retirement benefits excluded from gross income under section 86 of the Internal Revenue Code;*

*(3) other income exempt from taxation under the Internal Revenue Code or this chapter; and*

*(4) earned income in excess of \$8,000.*

*Subd. 2. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.*

*(b) "Internal Revenue Code" means the Internal Revenue Code of 1986 in effect for the purpose of defining net income for the applicable taxable year as provided in section 290.01, subdivision 19.*

*(c) "Federal adjusted gross income" is federal adjusted gross income as defined in section 62 of the Internal Revenue Code, and includes the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code.*

*(d) "Pension income" means to the extent included in the taxpayer's federal adjusted gross income the amount received by the taxpayer.*

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

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

(e) "Qualified taxpayer" means an individual who, before the close of the taxable year, has attained the age of 50 or is permanently and totally disabled as defined in section 22(e)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1987."

Page 27, line 16, delete "section" and insert "sections 290.06, subdivision 20, and"

Page 27, line 17, delete "is" and insert "are"

Page 27, line 24, after "Sections" insert "4, clause (5)," and after "7," insert "9,"

Renumber the sections of article 1 in sequence and correct the internal references

Amend the title accordingly

Mr. Kroening moved to amend the Kroening amendment to H.F. No. 2590 as follows:

Page 1, delete line 8

Page 2, delete lines 30 to 32

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

The question recurred on the Kroening amendment, as amended.

The roll was called, and there were yeas 31 and nays 34, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	McQuaid	Storm
Anderson	Decker	Jude	Mehrrens	Taylor
Beckman	Frank	Knaak	Metzen	Vickerman
Belanger	Frederick	Knutson	Olson	
Benson	Frederickson, D.J.	Kroening	Purfeerst	
Bernhagen	Frederickson, D.R.	Laidig	Ramstad	
Cohen	Gustafson	Larson	Renneke	

Those who voted in the negative were:

Berg	Dicklich	Luther	Pehler	Schmitz
Berglin	Diessner	Marty	Peterson, D.C.	Solon
Bertram	Freeman	Merriam	Peterson, R.W.	Spear
Brandl	Johnson, D.J.	Moe, D.M.	Piper	Stumpf
Chmielewski	Langseth	Moe, R.D.	Pogemiller	Waldorf
Dahl	Lantry	Morse	Reichgott	Wegscheid
DeCramer	Lessard	Novak	Samuelson	

The motion did not prevail. So the Kroening amendment, as amended, was not adopted.

Mrs. McQuaid moved to amend H.F. No. 2590, as amended by the Senate March 30, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2260.)

Page 133, line 33, after the period, insert "*The statement must also show the dollar amount by which the school district's taxes for that year increased over the amount of school district taxes that would have been imposed that year under the education funding formula in effect prior to the changes in the law enacted by the legislature in its 1987 session.*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 16 and nays 41, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Gustafson	McQuaid	Renneke
Belanger	Frederick	Jude	Mehrkins	Storm
Benson	Frederickson, D.R.	Knutson	Ramstad	Taylor
Bernhagen				

Those who voted in the negative were:

Adkins	DeCramer	Lessard	Pehler	Spear
Beckman	Dicklich	Luther	Peterson, D.C.	Stumpf
Berg	Diessner	Marty	Peterson, R.W.	Vickerman
Berglin	Frederickson, D.J.	Merriam	Piper	Waldorf
Bertram	Freeman	Metzen	Pogemiller	Wegscheid
Brandl	Johnson, D.J.	Moe, D.M.	Reichgott	
Chmielewski	Knaak	Moe, R.D.	Samuelson	
Cohen	Langseth	Morse	Schmitz	
Davis	Lantry	Novak	Solon	

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

Mr. Kroening moved to amend H.F. No. 2590, as amended by the Senate March 30, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2260.)

Page 338, line 32, after the period, insert "*No part of the cost of improvements to the Nicollet Mall may be specially assessed under Minnesota Statutes, chapter 429 or 430, against property owned by churches, units of government, or charitable institutions, or against property used for residential purposes, including condominiums, apartments, and cooperatives.*"

Mr. Pogemiller questioned whether the amendment was germane.

The President ruled that the amendment was germane.

The question was taken on the adoption of the amendment.

Mr. Moe, R.D. moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 29 and nays 33, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Freeman	Lessard	Solon
Anderson	Dahl	Gustafson	Mehrkins	Storm
Belanger	Decker	Knutson	Ramstad	Taylor
Benson	Frank	Kroening	Renneke	Vickerman
Bertram	Frederick	Laidig	Samuelson	Waldorf
Chmielewski	Frederickson, D.R.	Larson	Schmitz	

Those who voted in the negative were:

Beckman	Frederickson, D.J.	Luther	Morse	Purfeerst
Berg	Johnson, D.E.	Marty	Novak	Reichgott
Berglin	Johnson, D.J.	McQuaid	Pehler	Spear
Bernhagen	Jude	Merriam	Peterson, D.C.	Stumpf
Brandl	Knaak	Metzen	Peterson, R.W.	Wegscheid
DeCramer	Langseth	Moe, D.M.	Piper	
Diessner	Lantry	Moe, R.D.	Pogemiller	

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

Mr. Kroening then moved to amend H.F. No. 2590, as amended by the Senate March 30, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2260.)

Pages 333 to 343, delete article 19

Renumber the articles in sequence

The question was taken on the adoption of the amendment.

Mr. Moe, R.D. moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 32 and nays 33, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Gustafson	Novak	Stumpf
Beckman	Decker	Kroening	Olson	Taylor
Benson	DeCramer	Laidig	Renneke	Vickerman
Berg	Diessner	Larson	Samuelson	Waldorf
Bertram	Frank	Lessard	Schmitz	
Chmielewski	Frederickson, D.R.	McQuaid	Solon	
Dahl	Freeman	Merriam	Storm	

Those who voted in the negative were:

Anderson	Frederick	Langseth	Moe, R.D.	Purfeerst
Belanger	Frederickson, D.J.	Lantry	Morse	Ramstad
Berglin	Johnson, D.E.	Luther	Pehler	Reichgott
Bernhagen	Johnson, D.J.	Marty	Peterson, D.C.	Spear
Brandl	Jude	Mehrkins	Peterson, R.W.	Wegscheid
Cohen	Knaak	Metzen	Piper	
Dicklich	Knutson	Moe, D.M.	Pogemiller	

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

Mr. Freeman moved to amend H.F. No. 2590, as amended by the Senate March 30, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2260.)

Pages 278 to 280, delete section 13

Renumber the sections of article 13 in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 31 and nays 29, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Knutson	Morse	Vickerman
Beckman	DeCramer	Kroening	Pehler	Waldorf
Berg	Diessner	Langseth	Ramstad	Wegscheid
Bertram	Frank	Lantry	Renneke	
Chmielewski	Frederickson, D.R.	Larson	Schmitz	
Cohen	Freeman	Lessard	Solon	
Davis	Jude	Metzen	Taylor	

Those who voted in the negative were:

Anderson	Frederickson, D.J.	Luther	Novak	Reichgott
Belanger	Gustafson	Marty	Peterson, D.C.	Samuelson
Berglin	Johnson, D.E.	Mehrkens	Peterson, R.W.	Spear
Bernhagen	Johnson, D.J.	Merriam	Piper	Storm
Brandl	Knaak	Moe, D.M.	Pogemiller	Stumpf
Dahl	Laidig	Moe, R.D.	Purfeerst	

The motion prevailed. So the amendment was adopted.

Mr. Waldorf moved to amend H.F. No. 2590, as amended by the Senate March 30, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2260.)

Pages 302 and 303, delete section 23

Renumber the sections of article 15 in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 17 and nays 39, as follows:

Those who voted in the affirmative were:

Berg	Frederick	Kroening	Peterson, R.W.	Waldorf
Bertram	Frederickson, D.R.	McQuaid	Renneke	
Diessner	Freeman	Merriam	Schmitz	
Frank	Jude	Morse	Spear	

Those who voted in the negative were:

Adkins	Cohen	Johnson, D.E.	Luther	Reichgott
Anderson	Dahl	Johnson, D.J.	Mehrkens	Samuelson
Beckman	Davis	Knaak	Moe, R.D.	Solon
Belanger	Decker	Laidig	Novak	Storm
Benson	DeCramer	Langseth	Peterson, D.C.	Stumpf
Bernhagen	Dicklich	Lantry	Piper	Vickerman
Brandl	Frederickson, D.J.	Larson	Pogemiller	Wegscheid
Chmielewski	Gustafson	Lessard	Ramstad	

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

Mr. Merriam moved to amend H.F. No. 2590, as amended by the Senate March 30, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2260.)

Page 296, delete section 12

Renumber the sections of article 15 in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 21 and nays 40, as follows:



Those who voted in the affirmative were:

Berg	DeCramer	Lantry	Olson	Waldorf
Berglin	Frank	McQuaid	Peterson, R.W.	
Brandl	Frederickson, D.R.	Mehrkens	Renneke	
Cohen	Freeman	Merriam	Spear	
Dahl	Johnson, D.J.	Moe, D.M.	Stumpf	

Those who voted in the negative were:

Adkins	Davis	Knutson	Metzen	Ramstad
Anderson	Decker	Kroening	Moe, R.D.	Reichgott
Beckman	Dicklich	Laidig	Morse	Samuelson
Belanger	Frederickson, D.J.	Langseth	Novak	Schmitz
Benson	Gustafson	Larson	Pehler	Storm
Bernhagen	Johnson, D.E.	Lessard	Peterson, D.C.	Taylor
Bertram	Jude	Luther	Piper	Vickerman
Chmielewski	Knaak	Marty	Pogemiller	Wegscheid

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

Mr. Bertram moved to amend H.F. No. 2590, as amended by the Senate March 30, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2260.)

Page 234, line 34, before the semicolon, insert "*not including services performed by off-duty police officers within the jurisdiction they serve*"

The motion prevailed. So the amendment was adopted.

H.F. No. 2590 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 61 and nays 3, as follows:

Those who voted in the affirmative were:

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

Messrs. Frank, Knutson and Waldorf voted in the negative.

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

Mr. Johnson, D.J. moved that S.F. No. 2260, No. 105 on Special Orders, be stricken and laid on the table. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

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

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 1121, 1788, 1875, 1882, 1819, 2355 and 2206.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 30, 1988

Mr. President:

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

Senate Concurrent Resolution No. 21: A Senate concurrent resolution proclaiming Sunday, May 15, as Ethnic American Day in Minnesota.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 30, 1988

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. 2286: A bill for an act relating to environment; amending certain statutes administered by the environmental quality board; prohibiting delegation of responsibilities; authorizing certain enforcement actions; prohibiting construction of certain projects; requiring project proposers to pay costs of environmental impact statements; appropriating money; amending Minnesota Statutes 1986, sections 116C.04, by adding a subdivision; 116D.04, by adding subdivisions; and 116D.045, subdivisions 1, 2, 3, and 4; Minnesota Statutes 1987 Supplement, section 116C.03, subdivision 2; repealing Minnesota Statutes 1986, section 116D.045, subdivision 5.

Senate File No. 2286 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 30, 1988

**CONCURRENCE AND REPASSAGE**

Mr. Peterson, R.W. moved that the Senate concur in the amendments by the House to S.F. No. 2286 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2286 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	Davis	Knaak	Moe, R.D.	Renneke
Anderson	Decker	Laidig	Morse	Samuelson
Beckman	DeCramer	Langseth	Novak	Schmitz
Belanger	Dicklich	Lantry	Olson	Solon
Benson	Diessner	Larson	Pehler	Spear
Berg	Frederick	Lessard	Peterson, D.C.	Storm
Berglin	Frederickson, D.J.	Luther	Peterson, R.W.	Stumpf
Bernhagen	Frederickson, D.R.	Marty	Piper	Taylor
Bertram	Freeman	McQuaid	Pogemiller	Vickerman
Brandl	Gustafson	Mehrkens	Purfeerst	Waldorf
Chmielewski	Johnson, D.E.	Merriam	Ramstad	Wegscheid
Dahl	Jude	Metzen	Reichgott	

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1861, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1861: A bill for an act relating to health maintenance organizations; insurance; requiring replacement coverage in the event an HMO cancels coverage; increasing state comprehensive health plan liabilities in the event a member terminates coverage; increasing health maintenance organization notice requirements and annual reporting requirements; amending Minnesota Statutes 1986, sections 62D.07; 62D.08, subdivision 5; 62D.09; 62D.101; 62D.11; 62D.12, subdivision 2, and by adding a subdivision; 62D.17, subdivision 1; 62E.11, by adding subdivisions; 62E.14, subdivisions 1, 3, and by adding a subdivision; 62E.16; Minnesota Statutes 1987 Supplement, sections 62A.17, subdivision 6; and 62D.08, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 62D; repealing Laws 1984, chapter 464, sections 29 and 40.

Senate File No. 1861 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 30, 1988

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. 2289: A bill for an act relating to the environment; authorizing the waste management board to enter agreements providing for the development and operation of a wholly or partially state owned stabilization and containment facility; directing the board to make recommendation for legislative changes needed to implement facility development and operation; amending Minnesota Statutes 1987 Supplement, sections 115C.04, subdivisions 1 and 3; and 115C.09, subdivisions 1, 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 115A.

Senate File No. 2289 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 30, 1988

### CONCURRENCE AND REPASSAGE

Mr. Merriam moved that the Senate concur in the amendments by the House to S.F. No. 2289 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2289 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 55 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Knutson	Moe, R.D.	Reichgott
Anderson	Davis	Laidig	Morse	Renneke
Beckman	Decker	Lantry	Novak	Samuelson
Belanger	DeCramer	Larson	Olson	Schmitz
Benson	Diessner	Lessard	Pehler	Solon
Berg	Frederick	Luther	Peterson, D.C.	Storm
Berglin	Frederickson, D.J.	Marty	Peterson, R.W.	Stumpf
Bernhagen	Frederickson, D.R.	McQuaid	Piper	Taylor
Bertram	Johnson, D.E.	Mehrkens	Pogemiller	Vickerman
Brandl	Jude	Merriam	Purfeerst	Waldorf
Chmielewski	Knaak	Moe, D.M.	Ramstad	Wegscheid

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. 1686: A bill for an act relating to agriculture; prescribing procedure for delivery of dry edible beans from a grain warehouse; requiring the grade of dry edible beans on warehouse receipts; prescribing a redelivery charge; amending Minnesota Statutes 1986, sections 223.16, subdivision 4; 232.21, subdivision 7; and 232.23, by adding a subdivision.

Senate File No. 1686 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 30, 1988

Mr. Frederickson, D.J. moved that the Senate do not concur in the amendments by the House to S.F. No. 1686, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

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

S.F. No. 2264: A bill for an act relating to elections; allowing the city of Falcon Heights to consolidate election precincts.

Senate File No. 2264 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 30, 1988

### CONCURRENCE AND REPASSAGE

Mr. Marty moved that the Senate concur in the amendments by the House to S.F. No. 2264 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2264 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 58 and nays 0, as follows:

Those who voted in the affirmative were:

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

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. 2456: A bill for an act relating to energy; creating a legislative advisory task force on energy policies for low-income persons and providing for the duties of the task force.

Senate File No. 2456 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 30, 1988

**CONCURRENCE AND REPASSAGE**

Mr. Solon moved that the Senate concur in the amendments by the House to S.F. No. 2456 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2456 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 3, as follows:

Those who voted in the affirmative were:

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

Mr. Merriam, Ms. Olson and Mr. Peterson, R.W. voted in the negative.

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. 2003: A bill for an act relating to state government; providing for salary ranges for certain state employees; clarifying requirements for submitting certain salaries for legislative approval; requiring certain reports; regulating emergency civil service appointments; clarifying limits on certain salaries; authorizing the governor to change the salaries of newly appointed agency heads; regulating affirmative action; regulating separation from certain bargaining units; regulating health and other fringe benefit coverages; providing duties for the commissioner of employee relations; amending Minnesota Statutes 1986, sections 43A.04, subdivision 7; 43A.15, subdivisions 2 and 11; 43A.17, subdivisions 1 and 9; 43A.18, subdivision 5; 43A.19, subdivision 1; 43A.23, subdivisions 1 and 3; 43A.27, subdivision 3, and by adding a subdivision; 175.101, by adding a subdivision; and 179A.10, subdivision 3; Minnesota Statutes 1987 Supplement, sections 15A.081, subdivisions 1 and 7b; 15A.083, subdivision 7; 43A.08, subdivision 1a; 43A.191, subdivision 3; 43A.316, subdivisions 2, 4, 8, and by adding a subdivision; 43A.421; 44A.02, subdivision 1; 79.34, subdivision 1; 176.611, subdivisions 2 and 3a; and 214.04, subdivision 3.

Senate File No. 2003 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 30, 1988

Mr. Moe, D.M. moved that the Senate do not concur in the amendments by the House to S.F. No. 2003, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

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

S.F. No. 2226: A bill for an act relating to state government; amending certain provisions governing advisory councils, committees, and task forces; amending Minnesota Statutes 1986, sections 3.922, subdivision 3; 3.9225, subdivision 1; 3.9226, subdivision 1; 6.65; 15.059, subdivision 5; 79.51, subdivision 4; 84B.11, subdivision 1; 85A.02, subdivision 4; 115.54; 116C.59, subdivisions 1, 2, and 4; 116C.839; 121.83; 124.48, subdivision 3; 126.56, subdivision 5; 128A.03, subdivision 3; 135A.05; 136A.02, subdivision 7; 138.97, subdivision 3; 162.02, subdivision 2; 162.09, subdivision 2; 174.031, subdivision 2; 175.008; 182.653, subdivision 4e; 214.141; 248.10, subdivision 2; 254A.035, subdivision 2; 256C.28, subdivision 2; 299F.097; 611A.34, subdivision 1; 611A.71, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 15.059, subdivision 6; 16B.20, subdivision 2; 43A.316, subdivision 4; 115A.12, subdivision 1; 116J.971, by adding a subdivision; 120.17, subdivision 11a; 121.934, subdivision 1; 123.935, subdivision 7; 126.665; 129C.10, subdivision 3; 136A.02, subdivision 6; 144.672, subdivision 1; 175.007, subdivision 1; 245.697, subdivision 1; 245.97, subdivision 6; 246.56, subdivision 2; 256.482, subdivision 1; 256.73, subdivision 7; 256B.064, subdivision 1a; 256B.27, subdivision 3; 256B.433, subdivisions 1 and 4; 299A.23, subdivision 2; 299J.06, subdivision 4; repealing Minnesota Statutes 1986, sections 116J.04; 160.80, subdivision 6; 177.28, subdivision 2; 326.66; Minnesota Statutes 1987 Supplement, section 115A.12, subdivision 2.

Senate File No. 2226 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 30, 1988

Mr. Pogemiller moved that the Senate do not concur in the amendments by the House to S.F. No. 2226, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

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

S.F. No. 2009: A bill for an act relating to family law; modifying and clarifying provisions for the collection and enforcement of child support;

providing for cost-of-living adjustments in spousal maintenance awards; providing for grandparent visitation rights in all family law proceedings; providing for reopening of judgments; providing for custody rights; clarifying and modifying provisions relating to pension plan rights in marriage dissolutions; amending Minnesota Statutes 1986, sections 69.62; 256.978; 257.022, subdivision 2; 270A.03, subdivision 4; 383B.51; 423A.16; 424A.02, subdivision 6; 490.126, by adding a subdivision; 518.145; 518.156, subdivision 1; 518.17, subdivision 3; 518.171, by adding a subdivision; 518.175, by adding a subdivision; 518.551, by adding a subdivision; 518.552, by adding a subdivision; 518.54, by adding a subdivision; 518.611, subdivision 10; 518.64, subdivision 2; and 518.641; Minnesota Statutes 1987 Supplement, sections 356.80; 518.54, subdivision 10; 518.58, subdivision 2; 518.581, subdivision 4; and 518.611, subdivision 2.

Senate File No. 2009 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 30, 1988

Ms. Berglin moved that the Senate do not concur in the amendments by the House to S.F. No. 2009, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1749:

H.F. No. 1749: A bill for an act relating to transportation; increasing the tax on gasoline and special fuel to 20 cents per gallon; increasing the share of motor vehicle excise tax revenues dedicated to highways and transit to 35 percent; amending Minnesota Statutes 1986, section 296.02, subdivision 1b; and Minnesota Statutes 1987 Supplement, sections 296.025, subdivisions 2a and 2b; and 297B.09, subdivision 1.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Kalis; Jensen; Lieder; Carlson, D. and Seaberg have been appointed as such committee on the part of the House.

House File No. 1749 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 30, 1988

Mr. Purfeerst moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1749, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.



Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2031, 1750, 2536, 1981, 2127 and 2537.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 30, 1988

### FIRST READING OF HOUSE BILLS

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

H.F. No. 2031: A bill for an act relating to waste management; requiring certain buildings to provide space for recycling; changing the definition of recyclable materials; specifying the responsibilities of the legislative commission on waste management; adding containment of hazardous waste as an item for which the waste management board may make grants; making industrial waste facilities eligible for processing facility loans; creating additional loan and grant programs for waste tire management; banning used oil from placement on the land; removing the county fee cap for waste disposal in the metropolitan area; adding the chair of the waste management board to the environmental quality board; repealing the expiration date of the legislative commission on waste management; appropriating money; amending Minnesota Statutes 1986, sections 16B.24, subdivision 6; 16B.61, by adding a subdivision; 115A.03, subdivisions 25a and 25b; 115A.14, subdivision 4; 115A.156, subdivision 3; 115A.165; 115A.912; 115A.914; 115A.919; 115B.17, by adding a subdivision; 473.803, subdivision 4; and 609.68; Minnesota Statutes 1987 Supplement, sections 115A.156, subdivisions 1 and 2; 115A.162; 115A.48; 115A.916; 115A.95; and 116C.03, subdivision 2; Laws 1980, chapter 564, article XII, section 1, subdivision 3, as amended; Laws 1987, chapters 348, section 51, subdivision 1; and 404, section 24, subdivisions 4 and 6; proposing coding for new law in Minnesota Statutes, chapters 115A and 325E; repealing Minnesota Statutes 1986, sections 115A.14, subdivision 6; and 115A.90, subdivision 4; Minnesota Statutes 1987 Supplement, sections 115A.14, subdivision 5; 115A.41; 116.55; and 116M.07, subdivision 14.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1891, now on Special Orders.

H.F. No. 1750: A bill for an act relating to transportation; creating a transportation study board and prescribing its duties; appropriating money.

Referred to the Committee on Governmental Operations.

H.F. No. 2536: A bill for an act relating to elections; providing that statewide computerized voter registration system satisfy requirements for duplicate registration file; establishing voter registration account and appropriating money; changing certain procedures related to registration cards, files, and records; changing certain procedures for voting, arranging names on ballots, and completing summary statements; permitting cities or counties to use their present voting systems for general elections; amending Minnesota Statutes 1986, sections 201.091, subdivisions 2 and 5; 204D.08, subdivision 5; Minnesota Statutes 1987 Supplement, sections 201.022,

subdivision 1; 201.071, subdivision 4; 204C.24, subdivision 1; 204D.08, subdivision 4; and 206.80; proposing coding for new law in Minnesota Statutes, chapter 201.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2398.

H.F. No. 1981: A bill for an act relating to claims against the state; providing for payment of various claims; appropriating money.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1863.

H.F. No. 2127: A bill for an act relating to health maintenance organizations; requiring insolvency insurance policies to be filed; requiring a deposit; creating a net worth requirement; allowing for a reduction of net worth in certain circumstances; defining admitted assets; imposing investment restrictions; requiring quarterly reports; providing for the inclusion of certain items in provider contracts; regulating rehabilitation and liquidations; including health maintenance organizations in the Life and Health Guaranty Association; requiring health maintenance organizations to maintain liabilities for unpaid claims; amending Minnesota Statutes 1986, sections 62D.02, by adding subdivisions; 62D.03, subdivision 4; 62D.041, subdivisions 1, 2, 3, 4, 7, and by adding subdivisions; 62D.05, subdivision 3; 62D.08, by adding a subdivision; 62D.12, subdivision 5, and by adding a subdivision; 62D.14, subdivision 1; 62D.18; 62D.19; 62E.02, subdivision 13; and 62E.14, subdivision 1; Minnesota Statutes 1987 Supplement, sections 62D.04, subdivision 1; and 62E.10, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 62D; repealing Minnesota Statutes 1986, section 62D.041, subdivisions 5, 6, and 8.

Referred to the Committee on Finance.

H.F. No. 2537: A bill for an act relating to horse racing; changing the date when the racetrack must submit its financial statement to the racing commission; allowing the breeders' fund to be used to supplement purses for Minnesota horses racing in nonrestricted races; amending Minnesota Statutes 1986, sections 240.15, subdivision 4; and 240.18.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1765, now on Special Orders.

## 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. 2111: A bill for an act relating to public utilities; pipeline safety; authorizing the office of pipeline safety to inspect and regulate intrastate pipeline facilities carrying liquefied natural gas, liquefied petroleum gas, and hazardous liquids; adopting federal safety regulations; removing the depth limitation for the one call excavation notice system; providing for the calculation of pipeline inspection fees; appropriating money; amending Minnesota Statutes 1986, sections 299F.56, subdivisions 1, 2, 4, 6, and by adding subdivisions; and 299F.59; Minnesota Statutes 1987 Supplement,

sections 116L.015, subdivision 3; 216D.01, subdivision 5; 299E57, subdivision 1, and by adding a subdivision; 299E58; 299F62; 299F63, subdivision 1; 299F64; and 299J.12, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 299F; repealing Minnesota Statutes 1987 Supplement, section 299F63, subdivision 4.

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

Page 2, delete line 4 and insert “, which may follow the board's procedures for public”

Page 4, line 14, after “gas” insert “in”

Page 4, delete lines 28 to 34 and insert:

“Subd. 6. “Gas pipeline facilities” includes, without limitation, new and existing pipe ~~rights of way, rights-of-way,~~ and any equipment, facility, or building used in the transportation of gas or the treatment of gas during the course of transportation; ~~but “rights of way” as used in sections 299F.56 to 299F.64 does not authorize the state fire marshal to prescribe the location or routing of any pipeline facility.~~ “Pipeline”

Page 5, line 7, delete from the comma to page 5, line 9, “facility”

Page 5, line 18, after the period, insert “The standards may not prescribe the location or routing of a pipeline facility.”

Page 10, line 7, after the period, insert “The standards may not prescribe the location or routing of a pipeline facility.”

Page 11, line 1, delete “are authorized to” and insert “may”

Page 11, line 33, delete “such” and insert “the”

Page 12, line 36, after the period, insert paragraph coding

Page 13, lines 5 and 6, delete “state treasurer for deposit to the credit of” and insert “commissioner for deposit in the state treasury and credit to”

Page 13, delete line 26 and insert “41, for fiscal year 1988 does not cancel but is available for fiscal year 1989.”

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

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

S.F. No. 2025: A bill for an act relating to financial institutions; regulating the business of mortgage bankers, loan officers, general mortgage brokers, and individual mortgage brokers; establishing licensing requirements; detailing the supervising powers of the commissioner; prohibiting certain practices; prescribing penalties; appropriating money; amending Minnesota Statutes 1986, sections 56.01; and 82.18; Minnesota Statutes 1987 Supplement, section 82.17, subdivision 4; proposing coding for new law as Minnesota Statutes, chapter 57; repealing Minnesota Statutes 1987 Supplement, sections 47.206, subdivision 6; and 82.175.

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

Page 1, line 19, strike “(a)”

Page 1, strike lines 27 to 29

Page 2, strike lines 1 to 5

Page 2, line 6, strike everything before the stricken comma

Page 2, line 12, strike the period

Page 2, after line 19, insert:

*"Subd. 2. [AGREEMENT OR INTEREST RATE OR DISCOUNT POINT AGREEMENT.] "Agreement" or "interest rate or discount point agreement" means a contract between a mortgage banker and a borrower under which the mortgage banker agrees, subject to the mortgage banker's underwriting and approval requirements, to make a loan at a specified interest rate or number of discount points, or both, and the borrower agrees to make a loan on those terms. The term also includes an offer by a mortgage banker that is accepted by a borrower under which the mortgage banker promises to guarantee or lock in an interest rate or number of discount points, or both, for a specific period of time."*

Page 2, delete lines 29 to 36

Page 2, line 20, delete "2" and insert "3"

Page 2, line 22, delete "3" and insert "4"

Page 2, line 24, delete "4" and insert "5"

Page 2, line 27, delete "5" and insert "6"

Page 3, delete lines 1 to 3

Page 3, delete lines 15 to 25 and insert:

*"Subd. 9. [LOAN OFFICER.] "Loan officer" means a person who acts or attempts to act on behalf of a mortgage banker with respect to soliciting or negotiating a mortgage loan with a borrower. The term includes both an officer or employee of a mortgage banker who is authorized to solicit or negotiate loans and who regularly solicits or negotiates loans, and a person who is responsible for the day to day management of a branch office or offices of a mortgage banker."*

*Subd. 10. [MORTGAGE BANKER.] "Mortgage banker" means a person making a mortgage loan."*

Page 3, lines 32 and 34, delete the paragraph coding

Page 4, line 14, delete "No person shall" and insert "A person shall not"

Page 4, line 21, after "applications" insert a comma

Page 4, line 29, delete "pursuant to" and insert "under"

Page 5, line 10, delete "the state of Minnesota" and insert "this state"

Page 5, lines 14, 20, and 28, before "if" insert a comma

Page 5, line 33, delete "AND" and insert "OR"

Page 6, line 3, delete "and" and insert "or"

Page 6, line 10, delete "Minnesota" and insert "this state"

Page 6, line 17, before "An" insert "(a)"

Page 6, line 23, delete *"in the amount of"* and insert *"; or"*

Page 6, delete lines 24 to 34

Page 6, line 36, delete *", in an amount of not"* and insert a period

Page 7, delete lines 1 to 5 and insert:

*"(b) If the applicant for a mortgage banker license provides a bond, it must be in the amount of \$100,000, issued by an insurer authorized to transact business in this state, with the state as obligee, conditioned for the prompt payment to a person entitled to it, other than an officer, partner, or employee of the licensee, from loss resulting from fraud, dishonesty, forgery, or theft in connection with a residential mortgage loan transaction by the licensee or an officer, agent, or employee. The aggregate liability of the surety to all persons for all losses is limited to the amount of the bond. The bond must remain operative for the term of the license.*

*(c) If the applicant for a mortgage banker license provides a line of credit, it must be for at least \$250,000 with a licensed mortgage banker, a lending institution whose deposits are insured by the Federal Savings and Loan Insurance Corporation or the Federal Deposit Insurance Corporation, or a person who is otherwise acceptable to the commissioner."*

Page 7, line 8, delete *": (i)"*

Page 7, lines 10 and 12, delete *"pursuant to"* and insert *"under"*

Page 7, line 11, delete the semicolon and insert a comma and delete *"(ii)"*

Page 7, line 14, delete *"simultaneous"* and insert *"simultaneously"*

Page 7, line 17, delete *"shall"* and insert *"will"*

Page 7, line 27, delete *"AND"* and insert *"OR"*

Page 7, line 29, delete *"and"* and insert *"or"*

Page 7, line 30, delete *": (1)"*

Page 7, line 31, delete the semicolon and delete *"(2)"*

Page 8, line 3, delete *"and"* and insert *"or"*

Page 8, lines 10 and 11, delete *"shall"* and insert *"must"*

Page 8, line 14, delete *"AND"* and insert *"OR"*

Page 8, line 15, delete *"(a)"* and delete *"and"* and insert *"or"*

Page 8, delete lines 20 to 22

Page 8, lines 23 and 24, delete *"shall not be required to"* and insert *"need not"*

Page 8, line 28, delete *"and"* and insert *"or"* and delete *"be"*

Page 8, line 29, delete *"required to"*

Page 8, line 32, delete *"and"* and insert *"or"*

Page 8, line 34, delete *"be required to"*

Page 9, line 3, delete *"on or before"* and insert *"by"*

Page 9, line 4, delete *"on or"*

Page 9, lines 6 and 7, delete "*shall not be required to*" and insert "*need not*"

Page 9, line 9, delete "*on or before*" and insert "*by*"

Page 9, line 21, delete "*any*" and insert "*a*"

Page 9, line 27, delete "*be required to*"

Page 9, lines 32 and 33, delete "*shall not be required to*" and insert "*need not*"

Page 9, line 35, delete "DURATION" and insert "TERM"

Page 9, line 36, delete "(a) Every" and insert "Subdivision 1. [TERM.] A"

Page 10, delete line 1 and insert "*expires the next September 30.*"

Page 10, line 2, delete "(b)" and insert "Subd. 2. [LIMITATION.]" and delete "*shall*" and insert "*must*"

Page 10, line 6, delete "*during the same period of*" and insert "*at the same*"

Page 10, line 7, before "The" insert "Subd. 3. [TRANSFERS.] (a)"

Page 10, line 10, delete "(c)" and insert "(b)"

Page 10, line 14, delete "*that*" and insert "*the*"

Page 10, line 15, delete "*either upon the mailing of*" and insert "*upon mailing or personally delivering*"

Page 10, lines 16 and 17, delete "*by mail or upon personal delivery of the fee and documents*"

Page 10, line 19, delete "(d)" and insert "Subd. 4. [REINSTATEMENT.]"

Page 10, delete line 26, and insert:

"Subdivision 1. [APPLICATION.] A person whose renewal application has been properly"

Page 10, line 27, delete "*have*" and insert "*has*"

Page 10, line 28, delete "*whether or not*" and insert "*even if*"

Page 10, line 29, after "*has*" insert "*not*" and delete "*on or before*" and insert "*by*"

Page 10, line 32, delete "*in*"

Page 10, line 36, delete "(b)" and insert "Subd. 2. [ANNUAL REPORT.]"

Page 11, line 7, delete "(a) Any" and insert "Subdivision 1. [RECORDS MAINTAINED.] A"

Page 11, line 9, delete "*its*" and insert "*the person's*"

Page 11, line 13, after "*from*" insert "*any*"

Page 11, line 16, delete "(b) Any" and insert "Subd. 2. [RECORDS RETAINED.] A"

Page 11, line 21, delete "Any" and insert "A"

Pages 11 to 16, delete section 12 and insert:

**"Sec. 12. [57.12] [PROHIBITED PRACTICES.]**

*Subdivision 1. [GENERALLY.] A person, whether or not licensed under this chapter, while making or brokering a mortgage loan or administering an escrow account shall not:*

- (1) fill in or change the interest rate or number of discount points, or both, contained in an interest rate or discount point agreement after the interest rate or discount point agreement is executed by the parties;*
- (2) fail to reply within ten business days of receipt to all communications from a borrower about the borrower's loan that reasonably indicate that a response is requested or needed;*
- (3) if acting as a mortgage banker or loan officer, fail to require the person closing the mortgage loan to provide to the borrower before closing the mortgage loan a settlement statement and a disclosure that conforms to that required by United States Code, title 15, section 1604, and Regulation Z, Code of Federal Regulations, title 12, part 226;*
- (4) in the conduct of affairs under the license, engage in deceptive, fraudulent, incompetent, or dishonest practices;*
- (5) charge an unreasonable fee;*
- (6) pay a referral fee;*
- (7) induce a borrower or a third party to misrepresent information that is the subject of a loan application;*
- (8) misrepresent the terms and conditions of the loan agreement;*
- (9) fail to notify the commissioner, in writing, of a change of information contained in the license application on file with the commissioner within ten business days of the change;*
- (10) in the application form, fail to disclose money received or to be received, including but not limited to application fees, deposits, or charges made at the time of deposit, or the money disbursed or to be disbursed and the purposes of the disbursement;*
- (11) fail to disburse money in accordance with any agreement connected with, and promptly upon closing of, a mortgage loan, taking into account any applicable right of rescission;*
- (12) refuse to permit an investigation or examination by the commissioner or fail to comply with an order of the commissioner;*
- (13) fail to pay any fee, fine, or assessment imposed by the commissioner;*
- (14) use or cause to be published an advertisement that contains a false, misleading, or deceptive statement or representation;*
- (15) use or cause to be published an advertisement that contains a reference to the fact that the mortgage banker, loan officer, general mortgage broker, or individual mortgage broker is regulated or supervised by the commissioner;*
- (16) use or cause to be published an advertisement that identifies the mortgage banker, loan officer, general mortgage broker, or individual mortgage broker by a name other than the name on the license issued by the commissioner;*
- (17) fail reasonably to supervise licensees or employees to ensure their*

compliance with this chapter;

(18) fail to deliver to a borrower, within 48 hours of a request from the borrower, an appraisal for which payment has been received by the mortgage banker or loan officer, in the event the borrower's loan application has failed to meet the mortgage banker's requirements for approval;

(19) upon receipt of an application for a mortgage loan, or at any time before receipt, fail to provide to the borrower an itemized list of the fees the borrower must pay at the time of application, and a statement of which fees will or will not be refunded if the application is withdrawn or denied; if there is more than one borrower, the information may be provided to one of them; or

(20) refuse to honor a written purchase agreement between the borrower and the seller relating to which party may lock in the interest rate or discount points.

Subd. 2. [ESCROW ACCOUNTS.] (a) If directly or indirectly administering an escrow account, the person shall not increase the amount held in escrow by more than ten percent of the prior year's disbursements from the escrow account without having first provided the borrower with a written explanation specifically identifying the reasons for the increase.

(b) The person shall not fail or cause a failure to make a payment for either insurance or taxes, or both, by the required due date. If the mortgage banker, loan officer, general mortgage broker, or individual mortgage broker fails to make or causes a failure to make the payments by the due date, the person is liable to the mortgagor for actual damages caused by the failure to pay the amounts when due. In addition, the person is liable for \$500 per occurrence if the person cannot prove that the failure to make or the action causing the failure to make the payments by the due date was not because of negligence or intentional conduct.

(c) The person shall not fail to provide a borrower with an annual written analysis of an escrow account that is maintained by the mortgage banker for the payment of real property taxes or hazard insurance, including notice that the escrow account has a surplus or a shortage if one exists.

Subd. 3. [INSURANCE.] (a) A person, whether or not licensed under this chapter, while making or brokering a mortgage loan or administering an escrow account shall not require a borrower to purchase or renew an insurance policy from a designated carrier, agent, or agency. A mortgage banker is not prohibited from:

(1) disapproving an insurer or policy of insurance where there are reasonable grounds to believe that the insurer is insolvent or that the insurance is unsatisfactory as to placement with an unauthorized insurer, adequacy of the coverage, adequacy of the insurer to assume the risk to be insured, the assessment features to which the policy is subject, or other grounds that are based on the nature of the coverage and that are not arbitrary, unreasonable, or discriminatory;

(2) requiring that a policy or renewal of insurance be in conformance with standards of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; or

(3) securing insurance or a renewal at the request of a borrower or because of the failure of the borrower to furnish the necessary insurance or renewal.



(b) The person shall not require a borrower to obtain a policy of insurance covering the mortgaged property that exceeds the replacement cost of the buildings on the mortgaged property. A mortgage banker is not prohibited from requiring that a policy or renewal of insurance be in conformance with the standards of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

Subd. 4. [GENERAL OR INDIVIDUAL MORTGAGE BROKERS.] (a) A person, whether or not licensed under this chapter, while brokering a mortgage loan shall not:

(1) except for documented out-of-pocket expenses paid or to be paid to third parties and necessary to obtain a loan commitment, receive compensation from a borrower until a written commitment to make a mortgage loan is given to the borrower by a mortgage banker or loan officer;

(2) fail to deposit in a trust account in a depository financial institution located within this state, within 48 hours of receipt, all fees received before a loan is actually funded;

(3) receive compensation from a borrower in connection with a mortgage loan transaction in which the general mortgage broker or individual mortgage broker is the mortgage banker, loan officer, or a principal stockholder, partner, trustee, director, or officer of the mortgage banker; or

(4) receive compensation from the borrower other than that specified in a written agreement signed by the borrower.

(b) The person shall not receive compensation from the borrower for acting as a general mortgage broker or individual mortgage broker without first entering into a written contract with the borrower that:

(1) identifies the trust account into which the fees or consideration will be deposited;

(2) sets forth the circumstances under which the general and individual mortgage broker will be entitled to disbursement from the trust account;

(3) sets forth the circumstances under which the borrower will be entitled to a refund of all or part of the fee;

(4) specifically describes the services to be provided by the general and individual mortgage broker and the dates by which the services will be performed;

(5) states the maximum rate of interest to be charged on any loan obtained;

(6) discloses, with respect to the 12-month period ending ten business days before the date of the contract in question, the percentage of the general mortgage broker's customers for whom loans have actually been funded as a result of the mortgage broker's services (this disclosure need not be made for any period before the effective date of this section); and

(7) discloses the cancellation rights and procedures in section 13."

Page 16, line 9, delete "the time"

Page 16, line 11, delete "at any time until" and insert "before"

Page 16, line 12, delete "on which" and delete "is" and insert "was"

Page 16, line 20, delete "No act of a" and insert "A"

Page 16, lines 21 and 22, delete "is effective to" and insert "may not"

Page 16, line 22, delete "as"

Page 16, line 34, after the semicolon, insert "or"

Page 17, line 2, delete "any"

Page 17, line 8, delete "THE TERM MORTGAGE BANKER," and insert "TERMS.]"

Page 17, delete lines 9 and 10

Page 17, line 11, delete "No persons" and insert "A person"

Page 17, line 13, delete "persons" and insert "a person"

Page 17, line 14, after "may" insert "not" and delete "themselves to be" and insert "that the person is"

Page 17, line 17, delete "pursuant to" and insert "under"

Page 17, lines 17 and 18, delete "of this act"

Page 17, line 19, delete "willfully" and insert "intentionally"

Page 17, line 22, delete "constitutes" and insert "is"

Page 17, line 23, delete "any" and insert "one"

Page 17, line 25, delete "under" and insert "of"

Page 17, line 26, delete "RIGHT OF FINANCIAL INSTITUTION TO ELECT" and insert "ELECTION TO BE LICENSED.]"

Page 17, delete line 27

Page 17, line 28, delete "(a)" and delete "exemption provided" and insert "exemptions"

Page 17, line 36, delete the paragraph coding and delete "(b)"

Page 18, line 2, delete "by virtue of the election"

Page 18, line 5, before "A" insert "Subdivision 1. [DUTY TO REPORT.]"

Page 18, line 9, delete "that" and insert "the"

Page 18, line 12, delete "shall not provide" and insert "is not"

Page 18, line 16, before "A" insert "Subd. 2. [PENALTY.]"

Page 18, line 20, delete "any" and insert "one"

Page 18, line 21, delete "under" and insert "of"

Page 21, line 36, delete "\$100,000" and insert "\$37,800"

Page 22, line 1, delete "for the purposes of administering" and insert "to administer"

Page 22, line 4, delete "three positions" and insert "one position"

Page 22, delete section 23 and insert:

"Sec. 23. [EFFECTIVE DATE; APPLICABILITY.]

*This act is effective the day following final enactment. A mortgage banker or general mortgage broker need not be licensed before October 1, 1988. A loan officer or individual mortgage broker need not be licensed before the commissioner has conducted the first examination for a loan officer*

*or individual mortgage broker license. The first examination must be conducted by the commissioner within two months after a testing service has been certified by the commissioner, but not later than October 1, 1989."*

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

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

S.F. No. 1912: A bill for an act relating to health and human services; requiring the commissioner of health to implement an infant formula rebate system for the W.I.C. program; requiring written materials provided to clients under programs administered or supervised by the departments of human services, health, and jobs and training to be in plain language and readable at the seventh-grade level; establishing a local income assistance grant program to increase the use of food stamps by homeless individuals; appropriating money; amending Minnesota Statutes 1986, section 145.894; proposing coding for new law in Minnesota Statutes, chapters 144, 256, and 268.

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

Page 1, line 18, delete "7" and insert "6"

Page 1, line 30, after "to" insert "services and"

Page 2, line 12, delete "new"

Page 2, line 13, after "materials" insert "modified or" and delete "October" and insert "July"

Page 2, line 14, delete everything after "1988"

Page 2, line 15, delete everything before the period

Page 4, lines 3 and 32, after "to" insert "services and"

Page 4, line 22, delete "new"

Page 4, line 23, after "materials" insert "modified or" and delete "October" and insert "July"

Page 4, line 24, delete everything after "1988"

Page 4, line 25, delete everything before the period

Page 5, line 15, delete "new"

Page 5, line 16, after "materials" insert "modified or" and delete "October" and insert "July"

Page 5, line 17, delete everything after "1988"

Page 5, line 18, delete everything before the period

Page 6, lines 8 and 9, delete "money to equally match or supplement" and insert "reimbursement for"

Page 6, line 9, delete "appropriated under section 7" and insert "used"

Page 6, line 10, after the period, insert "Federal money received is appropriated to the commissioner for purposes of this section."

Page 6, delete section 7

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 11, delete "appropriating money;"

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

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

S.F. No. 1809: A bill for an act relating to communication-impaired persons; requiring the commissioner of human services to provide assistance in implementing the program that provides telephones to communication-impaired persons; making other technical changes in the program; amending Minnesota Statutes 1987 Supplement, sections 237.50, subdivision 4; 237.51, subdivision 5; 237.52, subdivision 5, and by adding a subdivision; and 237.53, subdivisions 3, 4, 6, and 7; repealing Minnesota Statutes 1987 Supplement, section 237.53, subdivision 8.

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

Page 2, line 15, strike "and"

Page 2, after line 15, insert:

*"(9) adopt rules, including emergency rules, under chapter 14 to implement sections 237.50 to 237.56; and"*

Page 2, line 16, strike "(9)" and insert "(10)"

Page 2, after line 22, insert:

"Sec. 3. Minnesota Statutes 1987 Supplement, section 237.52, subdivision 3, is amended to read:

Subd. 3. [COLLECTION.] Every telephone company providing local service in this state shall collect the charges established by the commission under subdivision 2 and transfer amounts collected to the commissioner of administration in the same manner as provided in section 403.11, subdivision 1, paragraph (c). The commissioner of administration must deposit the receipts in the *state treasury and credit them to the general fund established in subdivision 4.*"

Page 2, line 25, strike "Money in the fund" and insert "*Appropriations to the board*"

Page 3, line 6, strike "from the fund"

Page 3, delete section 4

Page 3, line 28, strike everything after "the"

Page 3, strike line 29

Page 3, line 30, before the period, insert "*, subdivision 5*"

Page 4, line 9, delete "*of Minnesota*"

Page 4, after line 21, insert:

"Sec. 9. [APPROPRIATION.]

*\$2,918,000 is appropriated from the general fund to the telecommunication access for communication-impaired persons board to administer Minnesota Statutes, sections 237.50 to 237.56. \$396,000 is for fiscal year 1988 and \$2,522,000 is for fiscal year 1989."*

Page 4, line 23, delete "section" and insert "sections 237.50, subdivision 6; 237.52, subdivisions 1 and 4; and"

Page 4, line 24, delete "is" and insert "are"

Page 4, line 26, delete "Sections 1 to 9 are" and insert "This act is"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after the semicolon, insert "appropriating money;"

Page 1, delete line 9 and insert "subdivisions 3 and 5; and"

Page 1, line 11, delete "section" and insert "sections 237.50, subdivision 6; 237.52, subdivisions 1 and 4; and"

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

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

S.F. No. 2465: A bill for an act relating to state agencies; amending the authority of the Minnesota amateur sports commission; correcting references; authorizing the commission to establish nonprofit corporations and charitable foundations; providing for an advisory task force on martial arts instruction; amending Minnesota Statutes 1987 Supplement, sections 16A.661, subdivision 3; 240A.02, subdivision 2; 240A.03, subdivision 10, and by adding a subdivision; and 297A.44, subdivision 1; and Laws 1987, chapter 400, section 13.

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

Page 3, line 33, strike "paragraph (a)" and insert "clause (1)" and strike the colon

Page 3, strike lines 34 to 36

Page 4, line 1, strike "amateur athletic facilities account set up for this purpose;"

Page 4, lines 2 to 4, strike the old language and delete the new language

Page 4, line 5, delete "(iii)" and insert a comma

Page 4, line 10, strike "amateur"

Page 4, strike line 11

Page 4, line 12, strike "the" and delete the new language

Page 4, line 13, delete "sales tax" and strike "revenue" and insert "general"

Page 4, delete section 8

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

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

S.F. No. 1863: A bill for an act relating to claims against the state; providing for payment of various claims; appropriating money.

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

Page 3, after line 4, insert:

*"Subd. 4. Dennis Farrell, 365 Case Street, St. Paul, Minnesota 55101, for permanent partial disability to his head and scarring of his eyebrow due to injuries he received while performing assigned duties at the Minnesota correctional facility - Lino Lakes . . . . \$4,000."*

Page 3, line 7, after "back" insert ", medical expenses, lost wages, and retraining costs"

Page 3, line 9, delete "\$10,500" and insert "\$18,587.80"

Renumber the subdivisions in sequence

Page 5, delete lines 25 to 29 and insert:

*"Subd. 2. (a) Dwight DeGroot, Rural Route 1, Box 108, Magnolia, Minnesota 56158, for wages lost due to an injury to his left wrist received while he was performing assigned duties as a resident of the Willmar regional treatment center . . . . \$750.00.*

*(b) Luverne Medical Center, 300 East Brown, Luverne, Minnesota 56156, for medical services furnished to Dwight DeGroot for the injury described in paragraph (a) . . . . \$289.25."*

Page 5, after line 33, insert:

*"Subd. 4. Mahnomon County Hearings Unit, c/o Dorsey and Whitney, 2200 First Bank Place East, Minneapolis, Minnesota 55402, for legal fees incurred in the state's appeal of the hearings unit's decision . . . . \$28,987.*

*Subd. 5. Rainy Lake International, c/o James McCarthy, chairman, 1505 Concord Street, South St. Paul, Minnesota 55075, for loss of equity in a fish processing plant due to the elimination of commercial fishing on Rainy Lake . . . . \$47,926."*

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

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

H.F. No. 2434: A bill for an act relating to the city of Duluth; authorizing the expenditure of previously appropriated funds for acquisition or construction of Duluth's Western Waterfront Trail.

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

Page 1, line 9, delete "Notwithstanding any contrary provision of other law,"

Page 1, line 15, delete "LOCAL APPROVAL" and insert "EFFECTIVE DATE"

Page 1, line 16, delete "after compliance with" and insert "following final enactment."

Page 1, delete lines 17 and 18

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

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

S.F. No. 2059: A bill for an act relating to state agencies; increasing the powers of the state board for community colleges; changing the criteria for board membership; amending, enacting and repealing certain laws administered by the department of administration; authorizing the commissioner of jobs and training to sell certain property and to buy other property; amending Minnesota Statutes 1986, sections 3.9223, subdivision 5; 15.0591, subdivision 2; 16A.41, subdivision 1; 16B.07, subdivisions 2 and 3; 16B.08, subdivision 4; 16B.09, subdivision 3; 16B.27, subdivision 3; 16B.28; 16B.42, subdivision 1; 16B.48, subdivision 2; 16B.54, subdivision 8; 16B.55, subdivisions 3 and 6; 16B.65, subdivision 3; 16B.85; 94.12; 136.61, subdivision 1; 136.622; 136.67, subdivision 2; 214.07, subdivision 1; 268.0122, by adding a subdivision; and 382.153; Minnesota Statutes 1987 Supplement, sections 16B.09, subdivision 1; 16B.67; 115A.15, subdivision 6; and 168.012, subdivision 1; Laws 1987, chapter 365, section 24; proposing coding for new law in Minnesota Statutes, chapters 16B and 136; repealing Minnesota Statutes 1986, sections 15.38; 16B.29; and 214.07, subdivision 2.

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

Page 3, line 33, after the period, insert "*The transfer must be repaid within 18 months.*"

Page 7, line 11, before the second comma, insert ", and Indian tribal government"

Pages 11 and 12, delete section 14

Page 24, delete lines 24 to 26 and insert:

"Sec. 28. [MINNEAPOLIS ECONOMIC SECURITY BUILDING.]

*Notwithstanding Minnesota Statutes,*"

Page 26, line 8, delete "2" and insert "4"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 13, delete "16B.54, subdivision 8;"

Page 1, lines 16 and 17, delete "268.0122, by adding a subdivision;"

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

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

S.F. No. 2398: A bill for an act relating to elections; providing that statewide computerized voter registration system satisfy requirements for duplicate registration file; establishing voter registration account and appropriating money; changing certain procedures related to registration cards, files, and records; changing certain procedures for filing, voting, arranging

names on ballots, and completing summary statements; permitting cities or counties to use their present voting systems for general elections; amending Minnesota Statutes 1986, sections 201.091, subdivisions 2 and 5; 204B.09, subdivision 1; 204D.08, subdivision 5; Minnesota Statutes 1987 Supplement, sections 201.022, subdivision 1; 201.071, subdivision 4; 204C.24, subdivision 1; 204D.08, subdivision 4; and 206.80; proposing coding for new law in Minnesota Statutes, chapter 201.

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

Page 2, line 9, delete "*continually*"

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

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

H.F. No. 2117: A bill for an act relating to public finance; providing conditions of local and state government debt financing; allocating bonding authority subject to a volume cap under federal tax law; amending Minnesota Statutes 1987 Supplement, sections 474A.04, subdivision 1a; 474A.061, subdivisions 2 and 4; and 474A.091; repealing Minnesota Statutes 1987 Supplement, section 474A.061, subdivision 5.

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

Page 1, after line 11, insert:

"Section 1. Minnesota Statutes 1986, section 473E01, is amended to read:

**473E01 [PURPOSE.]**

*Subdivision 1. [OBJECTIVES.]* The legislature finds it desirable to improve the revenue raising and distribution system in the seven county Twin Cities area to accomplish the following objectives:

(1) To provide a way for local governments to share in the resources generated by the growth of the area, without removing any resources which local governments already have;

(2) To increase the likelihood of orderly urban development by reducing the impact of fiscal considerations on the location of business and residential growth and of highways, transit facilities and airports;

(3) To establish incentives for all parts of the area to work for the growth of the area as a whole;

(4) To provide a way whereby the area's resources can be made available within and through the existing system of local governments and local decision making;

(5) To help communities in different stages of development by making resources increasingly available to communities at those early stages of development and redevelopment when financial pressures on them are the greatest; and

(6) To encourage protection of the environment by reducing the impact of fiscal considerations so that flood plains can be protected and land for



parks and open space can be preserved; and

(7) To provide for the distribution to municipalities of additional revenues generated within the area or from outside sources pursuant to other legislation.

*Subd. 2. [USE OF PROCEEDS.] The proceeds from the area-wide tax imposed under this chapter must only be used by a governmental unit in the same manner and for the same purposes as the proceeds from other ad valorem taxes levied by the local governmental unit.*

Sec. 2. Minnesota Statutes 1987 Supplement, section 473F02, subdivision 3, is amended to read:

*Subd. 3. "Commercial-industrial property" means the following categories of property, as defined in section 273.13, excluding that portion of such property (1) which may, by law, constitute the tax base for a tax increment pledged pursuant to section 469.042 or 469.162, certification of which was requested prior to August 1, 1979, to the extent and while such tax increment is so pledged; (2) which may, by law, constitute the tax base for tax revenues set aside and paid over for credit to a sinking fund pursuant to direction of the city council in accordance with Laws 1963, chapter 884, as amended, to the extent that such revenues are so treated in any year except that if new debt is incurred in the district after January 1, 1989, for which tax increment is pledged, then any increase in tax base which occurs in the district after January 1, 1989, shall be included in the definition of commercial-industrial for purposes of this chapter; or (3) (2) which is exempt from taxation pursuant to section 272.02:*

(a) That portion of class 3 property defined in Minnesota Statutes 1971, section 273.13, consisting of stocks of merchandise and furniture and fixtures used therewith; manufacturers' materials and manufactured articles; and tools, implements and machinery, whether fixtures or otherwise.

(b) That portion of class 4 property defined in Minnesota Statutes 1971, section 273.13, which is either used or zoned for use for any commercial or industrial purpose, *excluding vacant land classified under section 273.13, subdivision 31, and except for such property which is, or, in the case of property under construction, will when completed be used exclusively for residential occupancy and the provision of services to residential occupants thereof. Property shall be considered as used exclusively for residential occupancy only if each of not less than 80 percent of its occupied residential units is, or, in the case of property under construction, will when completed be occupied under an oral or written agreement for occupancy over a continuous period of not less than 30 days.*

If the classification of property prescribed by section 273.13 is modified by legislative amendment, the references in this subdivision shall be to such successor class or classes of property, or portions thereof, as embrace the kinds of property designated in this subdivision.

Sec. 3. Minnesota Statutes 1987 Supplement, section 473F02, subdivision 12, is amended to read:

*Subd. 12. "Market value" of real property within a municipality means the "actual market value" of real and personal property within the municipality, determined in the manner and with respect to the property described*

for school districts in section 475.53, subdivision 4, except that no adjustment shall be made for property on which taxes are paid into the state treasury under gross earnings tax laws applicable to common carrier railroads. For purposes of sections 473F01 to 473F13, the commissioner of revenue shall annually make determinations and reports with respect to each municipality which are comparable to those it makes for school districts under section 124.2131, subdivision 1, in the same manner and at the same times as are prescribed by the subdivision. The commissioner of revenue shall annually determine, for each municipality, information comparable to that required by section 475.53, subdivision 4, for school districts, as soon as practicable after it becomes available. The commissioner of revenue shall then compute the market value of property within each municipality. *The market value of manufactured homes contained in section 274.19 that are assessed as personal property must also be included in the definition of market value for purposes of this subdivision.*

Sec. 4. Minnesota Statutes 1987 Supplement, section 473F06, is amended to read:

473F06 [INCREASE IN ASSESSED VALUATION.]

On or before September 1 of ~~1976~~ 1988 and each subsequent year, the auditor of each county in the area shall determine the amount, if any, by which the assessed valuation determined in the preceding year pursuant to section 473F05, of commercial-industrial property subject to taxation within each municipality in the auditor's county exceeds the assessed valuation in 1971 of commercial-industrial property as defined in *Minnesota Statutes 1987 Supplement, section 473F02, subdivision 3*, subject to taxation within that municipality. If a municipality is located in two or more counties within the area, the auditors of those counties shall certify the data required by section 473F05 to the county auditor who is responsible under other provisions of law for allocating the levies of that municipality between or among the affected counties. That county auditor shall determine the amount of the net excess, if any, for the municipality under this section, and certify that amount under section 473F07. Notwithstanding any other provision of sections 473F01 to 473F13 to the contrary, in the case of a municipality which is designated on July 24, 1971, as a redevelopment area pursuant to section 401(a)(4) of the Public Works and Economic Development Act of 1965, Public Law Number 89-136, the increase in its assessed valuation of commercial-industrial property for purposes of this section shall be determined in each year ~~subsequent to the termination of such designation~~ by using as a base the assessed valuation of commercial-industrial property in that municipality in the 1987 assessment year ~~following that in which such designation is terminated~~, rather than the assessed valuation of such property in 1971, *provided, however, that beginning with taxes payable in 1989, that 1987 base year amount will be reduced by five percent per year for 20 years. For taxes payable in 2008 and subsequent years, there shall be no 1987 base value subtraction for this designated municipality.* The increase in assessed valuation determined by this section shall be reduced by the amount of any decreases in the assessed valuation of commercial-industrial property resulting from any court decisions, court related stipulation agreements, or abatements for a prior year, and only in the amount of such decreases made during the 12-month period ending on June 30 of the current assessment year, where such decreases, if originally reflected in the determination of a prior year's valuation under section 473F05, would have resulted in a smaller contribution from the municipality in that year.

An adjustment for such decreases shall be made only if the municipality made a contribution in a prior year based on the higher valuation of the commercial-industrial property.

Sec. 5. Minnesota Statutes 1987 Supplement, section 473F07, subdivision 1, is amended to read:

Subdivision 1. Each county auditor shall certify the determinations pursuant to sections 473F05 and 473F06 to the administrative auditor on or before November 20 of each year. ~~The administrative auditor shall determine the sum of the amounts certified pursuant to section 473F06, and divide that sum by 2-1/2. The resulting amount shall be known as the "area-wide tax base for - - - - - (year)."~~ The administrative auditor shall adjust each municipality's most recent commercial-industrial assessed valuation as certified under section 473F05 by the median commercial-industrial sales ratio for that municipality pursuant to paragraphs (a) and (b), except that no adjustment shall be made to the assessed valuation of that part of the commercial-industrial value that constitutes state assessed property.

(a) The commissioner of revenue shall certify to the administrative auditor the latest available median commercial-industrial sales ratio for each municipality which has been determined by the department of revenue using a 21-month sales period and which has been adjusted for time and terms of financing. If the commissioner deems that there are an insufficient number of sales in the study to determine a valid commercial-industrial sales ratio for a given municipality, that municipality's sales ratio for purposes of this section will be the county-wide median sales ratio for commercial-industrial property for the county in which the municipality is located. The administrative auditor shall divide each municipality's commercial-industrial assessed valuation by the sales ratio certified for each municipality. The result is the municipality's equalized commercial-industrial assessed valuation.

(b) The commissioner shall also certify an adjusted sales ratio to the administrative auditor for each municipality. For taxes payable in 1989 and each year thereafter, the commissioner shall add three percentage points to the municipality's median commercial-industrial sales ratio for the assessment year ending two years prior to the calendar year in which the computation of area-wide tax base is made. The commissioner shall compare that adjusted ratio to the most recent median commercial-industrial sales ratio that has been determined by the department for that municipality and shall certify to the administrative auditor the ratio which is the highest, provided that if the higher ratio exceeds 90 percent, then a 90 percent sales ratio will be certified for the municipality. Each municipality's adjusted sales ratio shall be multiplied by its equalized commercial-industrial assessed value. The result is the municipality's adjusted commercial-industrial assessed valuation.

Sec. 6. Minnesota Statutes 1986, section 473F07, is amended by adding a subdivision to read:

Subd. 1a. The administrative auditor shall determine each municipality's contribution to the area-wide tax base. From the municipality's adjusted commercial-industrial assessed valuation, the administrative auditor shall subtract a percentage of the 1971 commercial-industrial base assessed valuation, according to the following schedule:

*For taxes payable 1989, 95 percent of 1971 base assessed valuation;*  
*For taxes payable 1990, 90 percent of 1971 base assessed valuation;*  
*For taxes payable 1991, 85 percent of 1971 base assessed valuation;*  
*For taxes payable 1992, 80 percent of 1971 base assessed valuation;*  
*For taxes payable 1993, 75 percent of 1971 base assessed valuation;*  
*For taxes payable 1994, 70 percent of 1971 base assessed valuation;*  
*For taxes payable 1995, 65 percent of 1971 base assessed valuation;*  
*For taxes payable 1996, 60 percent of 1971 base assessed valuation;*  
*For taxes payable 1997, 55 percent of 1971 base assessed valuation;*  
*For taxes payable 1998, 50 percent of 1971 base assessed valuation;*  
*For taxes payable 1999, 45 percent of 1971 base assessed valuation;*  
*For taxes payable 2000, 40 percent of 1971 base assessed valuation;*  
*For taxes payable 2001, 35 percent of 1971 base assessed valuation;*  
*For taxes payable 2002, 30 percent of 1971 base assessed valuation;*  
*For taxes payable 2003, 25 percent of 1971 base assessed valuation;*  
*For taxes payable 2004, 20 percent of 1971 base assessed valuation;*  
*For taxes payable 2005, 15 percent of 1971 base assessed valuation;*  
*For taxes payable 2006, 10 percent of 1971 base assessed valuation;*  
*For taxes payable 2007, 5 percent of 1971 base assessed valuation;*  
*For taxes payable 2008 and subsequent years, there shall be no 1971 base value subtraction.*

*The administrative auditor shall multiply that sum by the following schedule:*

*For taxes payable 1989, 38 percent;*  
*For taxes payable 1990, 36 percent;*  
*For taxes payable 1991, 34 percent;*  
*For taxes payable 1992, 32 percent;*  
*For taxes payable 1993 and subsequent years, 30 percent.*

*The total of the resulting amounts for all municipalities shall be known as the "areawide tax base for . . . . . (year)."*

Sec. 7. Minnesota Statutes 1986, section 473F07, subdivision 3, is amended to read:

Subd. 3. The administrative auditor shall determine, for each municipality, the product of (a) its population, and (b) the proportion which the average fiscal capacity of municipalities for the preceding year bears to the fiscal capacity of that municipality for the preceding year, and (c) two. The product shall be the areawide tax base distribution index for that municipality, provided that (a) if the product in the case of any municipality is less than its population, its index shall be increased to its population, and (b) if a municipality is located partly within and partly without the area its index shall be that which is otherwise determined hereunder, multiplied by the

proportion which its population residing within the area bears to its total population as of the preceding year.

Sec. 8. Minnesota Statutes 1987 Supplement, section 473F08, subdivision 2, is amended to read:

Subd. 2. The taxable value of a governmental unit is its assessed valuation, as determined in accordance with other provisions of law including section 469.177, subdivision 3, subject to the following adjustments:

(a) There shall be subtracted from its assessed valuation, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to 40 percent of the *contribution amount as equalized and certified* in that year pursuant to ~~section~~ *sections 473F06 and 473F07* in respect to that municipality as the total preceding year's assessed valuation of commercial-industrial property which is subject to the taxing jurisdiction of the governmental unit within the municipality, determined without regard to section 469.177, subdivision 3, bears to the total preceding year's assessed valuation of commercial-industrial property within the municipality, determined without regard to section 469.177, subdivision 3;

(b) There shall be added to its assessed valuation, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to the areawide base for the year attributable to that municipality as the total preceding year's assessed valuation of residential property which is subject to the taxing jurisdiction of the governmental unit within the municipality bears to the total preceding year's assessed valuation of residential property of the municipality.

Sec. 9. Minnesota Statutes 1987 Supplement, section 473F08, subdivision 6, is amended to read:

Subd. 6. The rate of taxation determined in accordance with subdivision 5 shall apply in the taxation of each item of commercial-industrial property subject to taxation within a municipality, including property located within any tax increment financing district, as defined in section 469.174, subdivision 9, to that portion of the assessed valuation of the item which bears the same proportion to its total assessed valuation as 40 percent of the *contribution amount as equalized and determined pursuant to section* ~~sections 473F06 and 473F07~~ in respect to the municipality in which the property is taxable bears to the amount determined pursuant to section 473F05. The rate of taxation determined in accordance with subdivision 4 shall apply in the taxation of the remainder of the assessed valuation of the item.

Sec. 10. Minnesota Statutes 1986, section 473F13, subdivision 1, is amended to read:

Subdivision 1. If a ~~qualifying~~ municipality is dissolved, is consolidated with all or part of another municipality, annexes territory, has a portion of its territory detached from it, or is newly incorporated, the secretary of state shall immediately certify that fact to the commissioner of revenue. The secretary of state shall also certify to the commissioner of revenue the current population of the new, enlarged, or successor municipality, if determined by the Minnesota municipal board incident to consolidation, annexation, or incorporation proceedings. The population so certified shall govern for purposes of sections 473F01 to 473F13 until the metropolitan council files its first population estimate as of a later date with the commissioner of revenue. If an annexation of unincorporated land occurs without proceedings before

the Minnesota municipal board, the population of the annexing municipality as previously determined shall continue to govern for purposes of sections 473F01 to 473F13 until the metropolitan council files its first population estimate as of a later date with the commissioner of revenue."

Page 8, after line 21, insert:

**"Sec. 15. [FISCAL DISPARITIES STUDY COMMISSION.]**

*Subdivision 1. [CREATION; MEMBERSHIP.] A fiscal disparities study commission is created, effective June 1, 1993, consisting of five members of the senate appointed by the subcommittee on committees of the senate rules committee and five members of the house of representatives appointed by the speaker of the house. The commission shall select from its members a chair or co-chairs and other officers it deems necessary.*

*Subd. 2. [STUDIES.] The commission shall study the operation and impact of the fiscal disparities system and consider changes in the system that could enable it to better accomplish its goals.*

*Subd. 3. [REPORT.] The commission shall report to the legislature on its findings and recommendations not later than January 10, 1995, and shall cease to function after that date.*

*Subd. 4. [COMPENSATION; STAFF] Members of the commission must be compensated in the same manner as for attending other legislative meetings. Legislative staff will provide support services to the commission.*

**Sec. 16. [APPLICABILITY.]**

*Sections 1 to 10 and 15 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."*

Page 8, line 23, before "Minnesota" insert "(a)"

Page 8, after line 24, insert:

*"(b) Minnesota Statutes 1986, sections 473F02, subdivisions 9, 11, 16, 18, 19, and 20; 473F12; and 473F13, subdivisions 2 and 3; and Minnesota Statutes 1987 Supplement, section 473F02, subdivision 17, are repealed.*

**Sec. 18. [EFFECTIVE DATE.]**

*Sections 1 to 10, 15, and 17, paragraph (b), are effective for property taxes payable in 1989 and subsequent years."*

Renumber the sections in sequence

Delete the title and insert:

*"A bill for an act relating to taxation; property; modifying the metropolitan revenue distribution system; phasing out certain exemptions; decreasing the contribution percentage; changing certain definitions; prohibiting use of proceeds for special purposes; establishing a legislative commission to study the fiscal disparities system; providing conditions of local and state government debt financing; allocating bonding authority subject to a volume cap under federal tax law; amending Minnesota Statutes 1986, sections 473F01; 473F07, subdivision 3, and by adding a subdivision; 473F13, subdivision 1; Minnesota Statutes 1987 Supplement, sections 473F02, subdivisions 3 and 12; 473F06; 473F07, subdivision 1; 473F08, subdivisions 2 and 6; 474A.04, subdivision 1a; 474A.061, subdivisions 2 and 4; and 474A.091; repealing Minnesota Statutes 1986, sections 473F02, subdivisions 9, 11, 16, 18, 19, and 20; 473F12; 473F13, subdivisions 2 and 3; and Minnesota*

Statutes 1987 Supplement, sections 473E02, subdivision 17; and 474A.061, subdivision 5."

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. 2182: A bill for an act relating to taxation; providing for payment of tax increments attributable to referendum levy increases to school districts; amending Minnesota Statutes 1987 Supplement, section 469.177, by adding a subdivision.

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

Page 2, line 13, delete "*before or*"

Page 2, line 14, delete "*the date on enactment of this act*" and insert "*December 31, 1986*"

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. 1382: A bill for an act relating to elections; limiting campaign expenditures by congressional candidates who choose to receive a public subsidy for their campaigns; making related changes in the ethics in government act; imposing penalties; amending Minnesota Statutes 1986, sections 10A.01, subdivisions 7, 10, 10b, 15, and by adding subdivisions; 10A.25, subdivision 10, and by adding subdivisions; 10A.255; 10A.27, by adding a subdivision; 10A.275; 10A.28; 10A.30, subdivision 2; 10A.31, subdivisions 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, and by adding subdivisions; 10A.33; 10A.335; and 290.06, subdivision 11; proposing coding for new law in Minnesota Statutes, chapter 10A; repealing Minnesota Statutes 1986, sections 10A.02, subdivision 11a; 10A.25, subdivision 7; 10A.27, subdivision 5; and 10A.32.

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 10A.01, is amended by adding a subdivision to read:

*Subd. 5a. [CONGRESSIONAL CANDIDATE.] "Congressional candidate" means an individual who seeks nomination or election to the United States senate or house of representatives and who is a "candidate" as that term is defined under United States Code, title 2, section 431, paragraph (2), as amended through December 31, 1986.*

Sec. 2. Minnesota Statutes 1986, section 10A.01, subdivision 7, is amended to read:

*Subd. 7. [CONTRIBUTION.] "Contribution" means:*

*(1) with respect to a candidate, a transfer of funds or a donation in kind-*

~~Contribution~~ and includes any loan or advance of credit to a political committee, political fund, or principal campaign committee, which loan or advance of credit is ~~(a) (1)~~ forgiven, or ~~(b) (2)~~ paid by ~~an entity~~ *an individual or any association* other than the political committee, political fund, or principal campaign committee to which the loan or advance of credit is made. If an advance of credit or a loan is forgiven or paid as provided in this ~~subdivision~~ *paragraph*, it is a contribution in the year in which the loan or advance of credit is made. A contribution made for the purpose of defeating a candidate is considered made for the purpose of influencing the nomination or election of that candidate or any opponent of that candidate. A contribution does not include services provided without compensation by an individual volunteering personal time on behalf of a candidate, ballot question, political committee or political fund, or the publishing or broadcasting of news items or editorial comments by the news media; and

*(2) with respect to a congressional candidate, a "contribution" as that term is defined under United States Code, title 2, section 431, paragraph (8), as amended through December 31, 1986.*

Sec. 3. Minnesota Statutes 1986, section 10A.01, subdivision 10, is amended to read:

Subd. 10. [CAMPAIGN EXPENDITURE; EXPENDITURE.] "Campaign expenditure" or "expenditure" means:

*(1) with respect to a candidate, a purchase or payment of money or anything of value, or an advance of credit, made or incurred for the purpose of influencing the nomination or election of a candidate or for the purpose of promoting or defeating a ballot question. An expenditure is considered to be made in the year in which the goods or services for which it was made are used or consumed. An expenditure made for the purpose of defeating a candidate is considered made for the purpose of influencing the nomination or election of that candidate or any opponent of that candidate. Except as provided in ~~clause (a)~~, item (i) of this clause, an expenditure includes the dollar value of a donation in kind. An expenditure does not include:*

~~(a) (i)~~ noncampaign disbursements as defined in subdivision 10c;

~~(b) (ii)~~ transfers as defined in subdivision 7a;

~~(c) (iii)~~ services provided without compensation by an individual volunteering personal time on behalf of a candidate, ballot question, political committee, or political fund; or

~~(d) (iv)~~ the publishing or broadcasting of news items or editorial comments by the news media; and

*(2) with respect to a congressional candidate, an "expenditure" as that term is defined under United States Code, title 2, section 431, paragraph (9), as amended through December 31, 1986.*

Sec. 4. Minnesota Statutes 1986, section 10A.01, subdivision 10b, is amended to read:

Subd. 10b. [INDEPENDENT EXPENDITURE.] "Independent expenditure" means:

*(1) with respect to a candidate, an expenditure expressly advocating the election or defeat of a clearly identified candidate, which expenditure is*



made without the express or implied consent, authorization, or cooperation of, and not in concert with or at the request or suggestion of, any candidate or any candidate's principal campaign committee or agent. An independent expenditure is not a contribution to that candidate; and

(2) with respect to a congressional candidate, an "independent expenditure" as that term is defined under United State Code, title 2, section 431, paragraph (17), as amended through December 31, 1986.

Sec. 5. Minnesota Statutes 1986, section 10A.01, subdivision 15, is amended to read:

Subd. 15. [POLITICAL COMMITTEE.] "Political committee" means:

(1) with respect to a candidate, 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; and

(2) with respect to a congressional candidate, a "political committee" as that term is defined under United State Code, title 2, section 431, paragraph (4), as amended through December 31, 1986.

"Political committee" includes a major political party as defined in subdivision 12, a minor political party as defined in subdivision 13, and any a principal campaign committee formed pursuant to section 10A.19 of a candidate or congressional candidate, and an authorized committee of a congressional candidate.

Sec. 6. Minnesota Statutes 1986, section 10A.01, is amended by adding a subdivision to read:

Subd. 15a. [PRINCIPAL CAMPAIGN COMMITTEE.] "Principal campaign committee" means:

(1) with respect to a candidate, a political committee designated and caused to be formed by that candidate under section 10A.19; and

(2) with respect to a congressional candidate, a political committee designated and authorized by that congressional candidate under United States Code, title 2, section 432, subsection (e)(1), as amended through December 31, 1986.

Sec. 7. Minnesota Statutes 1986, section 10A.01, is amended by adding a subdivision to read:

Subd. 15b. [AUTHORIZED COMMITTEE.] "Authorized committee" means the principal campaign committee or any other political committee designated and authorized by a congressional candidate under United States Code, title 2, section 432, subsection (e)(1), as amended through December 31, 1986, to receive contributions or make expenditures on behalf of that congressional candidate.

Sec. 8. [10A.105] [LIMITATION ON APPLICABILITY.]

The provisions of sections 10A.11 to 10A.24 relating to the organization, registration, and administration of and reporting and disclosure by political committees, including principal campaign committees, and political funds are not applicable to congressional candidates and authorized committees of congressional candidates. The organization, registration, and administration of and reporting and disclosure by authorized committees of congressional candidates is governed by the relevant provisions of United States Code, title 2, chapter 14, as amended through December 31, 1986.

Sec. 9. Minnesota Statutes 1986, section 10A.15, is amended by adding a subdivision to read:

*Subd. 5. [LIMITS ON ACCEPTANCE OF CONTRIBUTIONS FROM POLITICAL ACTION COMMITTEES.] A congressional candidate who accepts a public subsidy under section 10A.31 may accept contributions during any year from political action committees only to the extent that those contributions do not exceed 25 percent of the total amount of contributions received by the candidate during that year. If by January 31 of the year following a calendar year in which contributions were received, it is determined that a congressional candidate received contributions in the preceding year from a political action committee that exceed the limit imposed in this subdivision, the amount of the excess received from political action committees must be returned to the donors beginning with the most recently received contributions, until all contributions from political action committees that exceed the limit have been returned.*

Sec. 10. [10A.245] [CAMPAIGN REPORTS; CONGRESSIONAL CANDIDATES.]

*A congressional candidate who agrees to be bound by the expenditure limits set forth under section 10A.25, as adjusted by section 10A.255, as a condition of receiving a public subsidy for the candidate's campaign shall file with the board copies of all reports that the candidate or the candidate's principal campaign committee treasurer acting for the candidate is required to file under United States Code, title 2, chapter 14, as amended through December 31, 1986. The reports must be filed with the board at the times required under United States Code, title 2, section 434, as amended through December 31, 1986.*

Sec. 11. Minnesota Statutes 1986, section 10A.25, is amended by adding a subdivision to read:

*Subd. 2a. [CONGRESSIONAL CANDIDATES.] In a year in which an election is held for an office sought by a congressional candidate, no expenditures may be made by the authorized committees of that congressional candidate that result in an aggregate amount in excess of the following:*

- (1) for United States senator, \$4,000,000; and*
- (2) for representative in Congress, \$400,000.*

Sec. 12. Minnesota Statutes 1986, section 10A.25, is amended by adding a subdivision to read:

*Subd. 5a. [CONGRESSIONAL CANDIDATES IN CONTESTED PRIMARY RACES.] Notwithstanding the limits imposed by section 11, the winning congressional candidate in a contested race in a primary who receives less than twice as many votes as any one of the candidate's opponents in that primary may make aggregate expenditures equal to 120 percent of the applicable amount in section 11, as adjusted by section 10A.255.*

Sec. 13. Minnesota Statutes 1986, section 10A.25, is amended by adding a subdivision to read:

*Subd. 5b. [CONGRESSIONAL CANDIDATES ACCEPTING PUBLIC SUBSIDY FACING OPPONENT NOT ACCEPTING PUBLIC SUBSIDY.] (a) Notwithstanding the limits imposed by section 11, if a congressional candidate who has signed an agreement under section 35 to be bound by*

*the expenditure limits imposed under that subdivision is running in a general election against an opponent who has chosen not to accept a public subsidy and whose party's congressional candidate for the same office in the last general election received more than ten percent of the vote, the congressional candidate who has signed an agreement may make aggregate expenditures equal to 125 percent of the applicable amount set forth in section 11, as adjusted by section 10A.255; except that, if this subdivision applies and the congressional candidate who has signed an agreement was a winning congressional candidate in a contested primary as provided under section 12, the congressional candidate may make aggregate expenditures equal to 125 percent of the applicable amount as determined under section 12.*

*(b) With respect to congressional candidates for representative in Congress, and for the purposes of determining the ten percent requirement under paragraph (a), if the "last general election" was the first election after a congressional reapportionment, the congressional candidate voting data for these offices shall be applied to the areas encompassing the newly drawn congressional districts.*

Sec. 14. Minnesota Statutes 1986, section 10A.25, is amended by adding a subdivision to read:

*Subd. 6a. [POST-ELECTION YEAR EXPENDITURES BY CONGRESSIONAL CANDIDATES.] In any year following an election year for the office held or sought, the aggregate amount of expenditures on behalf of a congressional candidate for or holder of that office must not exceed 20 percent of the expenditure limit set forth in section 11, as adjusted by section 10A.255.*

Sec. 15. Minnesota Statutes 1986, section 10A.25, subdivision 10, is amended to read:

*Subd. 10. [APPLICABILITY OF EXPENDITURE LIMITS.] The expenditure limits imposed by this section apply only to candidates and congressional candidates who agree to be bound by the limits as a condition of receiving a public subsidy for their campaigns in the form of:*

- (a) an allocation of money from the state elections campaign fund; or*
- (b) Credits against the tax due of individuals who contribute to that candidate.*

Sec. 16. Minnesota Statutes 1987 Supplement, section 10A.255, is amended to read:

#### **10A.255 [ADJUSTMENT BY CONSUMER PRICE INDEX.]**

*Subdivision 1. [METHOD OF CALCULATION.] The dollar amounts provided in section 10A.25, subdivision 2 and section 11, must be adjusted for general election years as provided in this section. By June 1 of the general election year, the executive director of the board shall determine the percentage increase in the consumer price index from December of the year preceding the last general election year to December of the year preceding the year in which the determination is made. The dollar amounts used for the preceding last general election year must be multiplied by that percentage. The product of the calculation must be added to each dollar amount to produce the dollar limitations to be in effect for the next general election. The product must be rounded up to the next highest whole dollar. The index used must be the revised consumer price index for all urban*

consumers for the St. Paul-Minneapolis metropolitan area prepared by the United States Department of Labor with ~~1967~~ 1982 as a base year.

Subd. 2. [TRANSITIONAL PERIOD.] (a) The dollar amounts provided in section 10A.25, subdivision 2, must be adjusted for 1988 in the manner provided in subdivision 1, except that the percentage increase in the consumer price index must be determined from April of 1986 to December of 1987 and the adjustment must be calculated by the executive director by June 1, 1988.

(b) Except for the office of state representative in the legislature, the dollar amounts provided in section 10A.25, subdivision 2, must be adjusted for 1990 in the manner provided in subdivision 1, except that the percentage increase in the consumer price index must be determined from April of 1986 to December of 1989 and the adjustment must be calculated by the executive director by June 1, 1990.

(c) *The dollar amounts provided in section 11 must be adjusted for the 1990 races for representative in Congress and the 1990 race for United States senate, and subsequent general elections for those offices in the manner provided in subdivision 1, except that the last general election year shall be considered to be 1986 and the dollar amounts used for the last general election year for the offices of United States senator and representative in Congress shall be \$4,000,000 and \$400,000 respectively.*

Subd. 3. [PUBLICATION OF EXPENDITURE LIMIT.] *On or before June 15 of each year, the board shall publish in the state register the expenditure for each office for that calendar year, as provided in section 10A.25, as adjusted by this section.*

Sec. 17. Minnesota Statutes 1986, section 10A.27, is amended by adding a subdivision to read:

Subd. 9. [CONTRIBUTION AND LOAN LIMITATIONS APPLICABLE TO A CONGRESSIONAL CANDIDATE.] *Contributions by and to a congressional candidate and loans to a congressional candidate are governed by the relevant provisions of United States Code, title 2, chapter 14, as amended through December 31, 1986.*

Sec. 18. Minnesota Statutes 1986, section 10A.275, is amended to read:

10A.275 [MULTICANDIDATE POLITICAL PARTY EXPENDITURES.]

Subdivision 1. [APPLICABILITY TO CANDIDATES.] Notwithstanding any other provisions of this chapter, the following expenditures by a state political party or a substate unit of a state political party as described in section 10A.27, subdivision 4, shall not be considered contributions to or expenditures on behalf of any candidate for the purposes of section 10A.25 or 10A.27, and shall not be allocated to any candidates pursuant to section 10A.22, subdivision 5:

(a) expenditures on behalf of candidates of that party generally without referring to any of them specifically in any advertisement published, posted or broadcast;

(b) expenditures for the preparation, display, mailing or other distribution of an official party sample ballot listing the names of three or more individuals whose names are to appear on the ballot;

(c) expenditures for any telephone conversation including the names of three or more individuals whose names are to appear on the ballot; or

(d) expenditures for any political party fundraising effort on behalf of three or more candidates.

*Subd. 2. [APPLICABILITY TO CONGRESSIONAL CANDIDATES.] Expenditures of the type listed in subdivision 1, clauses (a) to (d), are governed by the relevant provisions of United States Code, title 2, section 431, paragraph (9), as amended through December 31, 1986.*

Sec. 19. Minnesota Statutes 1986, section 10A.28, is amended to read:

**10A.28 [PENALTY FOR EXCEEDING EXPENDITURE AND CONTRIBUTION LIMITS.]**

**Subdivision 1. [CANDIDATE EXCEEDING EXPENDITURE LIMITS.]** A candidate subject to the expenditure limits of in section 10A.25 who permits the candidate's principal campaign committee to make expenditures or permits approved expenditures to be made on the candidate's behalf in excess of the limits imposed by section 10A.25 ~~shall be~~, as adjusted by section 10A.255, is subject to a civil fine up to four times the amount which the expenditures exceeded the limit.

*Subd. 1a. [CONGRESSIONAL CANDIDATES EXCEEDING EXPENDITURE LIMITS.] A congressional candidate subject to the expenditure limits in section 10A.25 who permits the candidate's authorized committees to make aggregate expenditures to be made on the candidate's behalf in excess of the limits imposed by section 10A.25, as adjusted by section 10A.255, is subject to a civil fine up to four times the amount the expenditures exceed the limit.*

**Subd. 2. [CONTRIBUTION LIMITS EXCEEDED WITH RESPECT TO CANDIDATES.]** A candidate who permits the candidate's principal campaign committee to accept contributions in excess of the limits imposed by section 10A.27 ~~shall be~~ is subject to a civil fine of up to four times the amount by which the contribution exceeded the limits.

*Subd. 2a. [CONTRIBUTION LIMITS EXCEEDED WITH RESPECT TO CONGRESSIONAL CANDIDATES.] A congressional candidate who permits the candidate's authorized committees to accept contributions in excess of the limits imposed under United States Code, title 2, chapter 14, as amended through December 31, 1986, is subject to the penalties imposed by United States Code, title 2, section 437g, as amended through December 31, 1986.*

**Subd. 3. [CONCILIATION AGREEMENTS.]** If the board finds that there is reason to believe that excess expenditures have been made or excess contributions accepted contrary to the provisions of subdivision 1, 1a, or 2, the board shall make every effort for a period of not less than 14 days after its finding to correct the matter by informal methods of conference and conciliation and to enter a conciliation agreement with the person involved. A conciliation agreement made pursuant to this subdivision shall be a matter of public record. Unless violated, a conciliation agreement shall be a bar to any civil proceeding under subdivision 4.

**Subd. 4. [CIVIL ACTION.]** If the board is unable after a reasonable time to correct by informal methods any matter which constitutes probable cause to believe that excess expenditures have been made or excess contributions accepted contrary to subdivision 1, 1a, or 2, the board shall make a public finding of probable cause in the matter. After making a public finding, 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 or, in the case of a legislative candidate, the district court of a county within the legislative district, to impose a civil fine as prescribed by the board pursuant to subdivision 1, 1a, or 2. An action filed against a congressional candidate for United States senator or against a candidate for state constitutional office must be brought in the district court of Ramsey county. An action filed against a candidate for state legislative office must be brought in the district court of a county within the candidate's legislative district. An action filed against a congressional candidate for representative in Congress must be brought in the district court of a county within the congressional candidate's congressional district. All money recovered pursuant to this section shall be deposited in the general fund of the state.

Sec. 20. Minnesota Statutes 1986, section 10A.30, subdivision 2, is amended to read:

Subd. 2. [SEPARATE ACCOUNTS.] Within the state elections campaign fund account there shall be maintained: (1) a separate political party account for the candidates of each political party and, (2) a state general account, (3) a separate political party account for the congressional candidates of each political party, and (4) a congressional general account.

Sec. 21. Minnesota Statutes 1987 Supplement, section 10A.31, subdivision 1, is amended to read:

Subdivision 1. Every individual resident of Minnesota who files an income tax return or a renter and homeowner property tax refund return with the commissioner of revenue may designate on their original return that \$5 or \$10 shall be paid from the general fund of the state into the state elections campaign fund. If a husband and wife file a joint return, each spouse may designate that \$5 or \$10 shall be paid. No individual shall be allowed to designate that the \$5 or \$10 be paid more than once in any year.

Sec. 22. Minnesota Statutes 1987 Supplement, section 10A.31, subdivision 2, is amended to read:

Subd. 2. The taxpayer may designate that the amount designated \$5 be paid into the party account of a political party for candidates or \$5 be paid into the state general account. The taxpayer may also designate that \$5 be paid into the party account of a political party for congressional candidates or into the congressional general account.

Sec. 23. Minnesota Statutes 1987 Supplement, section 10A.31, subdivision 3, is amended to read:

Subd. 3. The commissioner of the department of revenue shall provide on the first page of the income tax form and the renter and homeowner property tax refund return a space for the individual to indicate a wish to: (1) allocate \$5 (\$10 if filing a joint return) from the general fund of the state to finance the election campaigns of state candidates and (2) allocate \$5 (\$10 if filing a joint return) from the general fund of the state to finance the election campaigns of congressional candidates. The form shall also contain language prepared by the commissioner which permits the individual to direct the state to allocate the \$5 total amount of \$10 (or \$10 \$20 if filing a joint return) to: (i) one of the major political parties; (ii) any minor political party as defined in section 10A.01, subdivision 13, which qualifies under the provisions of subdivision 3a; or (iii) all qualifying candidates as provided by subdivision 7. The renter and homeowner property tax refund return shall include instructions that the individual filing

the return may designate \$5 \$10 on the return only if the individual has not designated \$5 \$10 on the income tax return.

Sec. 24. Minnesota Statutes 1986, section 10A.31, subdivision 5, is amended to read:

Subd. 5. [ALLOCATION OF ACCOUNTS.] (a) *Candidates.* In each calendar year the ~~moneys~~ money in each party account for candidates and the state general account shall must be allocated to candidates as follows:

- (1) 21 percent for the offices of governor and lieutenant governor together;
- (2) 3.6 percent for the office of attorney general;
- (3) 1.8 percent each for the offices of secretary of state, state auditor and state treasurer;
- (4) In each calendar year during the period in which state senators serve a four-year term, 23-1/3 percent for the office of state senator and 46-2/3 percent for the office of state representative;
- (5) In each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative;

(6) To assure that moneys will be returned to the counties from which they were collected, and to assure that the distribution of those moneys rationally relates to the support for particular parties or for particular candidates within legislative districts, moneys from the party accounts for legislative candidates shall be distributed as follows:

Each candidate for the state senate and state house of representatives whose name is to appear on the ballot in the general election shall receive money from the candidate's party account set aside for candidates of the state senate or state house of representatives, whichever applies, according to the following formula:

For each county within the candidate's district the candidate's share of the dollars allocated in that county to the candidate's party account and set aside for that office shall be:

(a) The sum of the votes cast in the last general election in that part of the county in the candidate's district for all candidates of that candidate's party (i) whose names appeared on the ballot in each voting precinct of the state and (ii) for the state senate and state house of representatives, divided by

(b) The sum of the votes cast in that county in the last general election for all candidates of that candidate's party (i) whose names appeared on the ballot in each voting precinct in the state and (ii) for the state senate and state house of representatives, multiplied by

(c) The amount in the candidate's party account allocated in that county and set aside for the candidates for the office for which the candidate is running.

The sum of all the county shares calculated in the formula above is the candidate's share of the candidate's party account.

In a year in which an election for the state senate occurs, with respect to votes for candidates for the state senate only, "last general election" means the last general election in which an election for the state senate

occurred.

For any party under whose name no candidate's name appeared on the ballot in each voting precinct in the state in the last general election, amounts in the party's account shall be allocated based on (a) the number of people voting in the last general election in that part of the county in the candidate's district, divided by (b) the number of the people voting in that county in the last general election, multiplied by (c) the amount in the candidate's party account allocated in that county and set aside for the candidates for the office for which the candidate is running.

In a year in which the first election after a legislative reapportionment is held, "the candidate's district" means the newly drawn district, and voting data from the last general election will be applied to the area encompassing the newly drawn district notwithstanding that the area was in a different district in the last general election.

If in a district there was no candidate of a party for the state senate or state house of representatives in the last general election, or if a candidate for the state senate or state house of representatives was unopposed, the vote for that office for that party shall be the average vote of all the remaining candidates of that party in each county of that district whose votes are included in the sums in clauses (a) and (b). The average vote shall be added to the sums in clauses (a) and (b) before the calculation is made for all districts in the county.

Money from a party account not distributed to candidates for state senator and representative in any election year shall be returned to the general fund of the state. Money from a party account not distributed to candidates for other offices in an election year shall be returned to the party account for reallocation to candidates as provided in clauses (1) to (6) of this subdivision in the following year. Moneys from the general account refused by any candidate shall be distributed to all other qualifying candidates in proportion to their shares as provided in this subdivision.

*(b) Congressional candidates. In each calendar year the money in each party account for congressional candidates and the congressional general account must be allocated as follows:*

*(1) 16-2/3 percent for the office of United States senator for which an election will be held in 1990 and every six years afterward;*

*(2) 16-2/3 percent for the office of United States senator for which an election will be held in 1994 and every six years afterward;*

*(3) 67-2/3 percent for the offices of representative in Congress.*

Sec. 25. Minnesota Statutes 1986, section 10A.31, is amended by adding a subdivision to read:

*Subd. 5a. [FORMULA FOR DISTRIBUTION TO LEGISLATIVE CANDIDATES.] (a) To assure that money will be returned to the counties from which it was collected, and to assure that the distribution of money rationally relates to the support for particular parties or for particular candidates within legislative districts, money from the party accounts for legislative candidates must be distributed under this subdivision.*

*A candidate for the state senate and state house of representatives whose name is to appear on the ballot in the general election must receive money from the candidate's party account set aside for candidates of the state*



senate or state house of representatives, whichever applies, according to the following formula.

For each county within the candidate's district the candidate's share of the dollars allocated in that county to the candidate's party account and set aside for that office must be:

(1) the sum of the votes cast in the last general election in that part of the county in the candidate's district for all candidates of the candidate's party (i) whose names appeared on the ballot in each voting precinct of the state and (ii) for the state senate and state house of representatives, divided by

(2) the sum of the votes cast in that county in the last general election for all candidates of the candidate's party (i) whose names appeared on the ballot in each voting precinct in the state and (ii) for the state senate and state house of representatives, multiplied by

(3) the amount in the candidate's party account allocated in that county and set aside for the candidates for the office the candidate is seeking.

The sum of all the county shares calculated in the formula in this paragraph is the candidate's share of the candidate's party account.

(b) With respect to the formula in paragraph (a), the terms "last general election" and the "candidate's district" have the following meanings:

(1) In a year in which an election for the state senate occurs, with respect to votes for candidates for the state senate only, "last general election" means the last general election in which an election for the state senate occurred.

(2) For any party under whose name no candidate's name appeared on the ballot in each voting precinct in the state in the last general election, "last general election" means the last general election in which the name of a candidate of that party appeared on the ballot in each voting precinct in the state.

(3) In a year in which the first election after a legislative reapportionment is held, "the candidate's district" means the newly drawn district, and voting data from the last general election will be applied to the area encompassing the newly drawn district even though the area was in a different district in the last general election.

(c) If in a district there was no candidate of a party for the state senate or state house of representatives in the last general election, or if a candidate for the state senate or state house of representatives was unopposed, the vote for that office for that party must be the average vote of all the remaining candidates of that party in each county of that district whose votes are included in the sums in paragraph (a), clauses (1) and (2). The average vote must be added to the sums in paragraph (a), clauses (1) and (2), before the calculation is made for all districts in the county.

Sec. 26. Minnesota Statutes, section 10A.31, is amended by adding a subdivision to read:

*Subd. 5b. [FORMULA FOR DISTRIBUTION TO CONGRESSIONAL CANDIDATES FOR REPRESENTATIVE IN CONGRESS.] The commissioner of revenue shall develop a formula for distribution of money from the state elections campaign fund to congressional candidates for the office of representative in Congress to assure that money will be returned to the*

*counties from which it was collected, and to assure that the distribution of the money rationally relates to the support for particular parties or for particular congressional candidates within congressional districts. Money from the party accounts distributed to congressional candidates from the state elections campaign fund must be distributed according to the formula developed.*

Sec. 27. Minnesota Statutes 1986, section 10A.31, is amended by adding a subdivision to read:

*Subd. 5c. [UNDISTRIBUTED MONEY.] Money in a party account not distributed in any election year to candidates for state senator and representative and congressional candidates for the office of representative in Congress must be returned to the general fund of the state. Money in a party account not distributed in any election year to candidates for other office or congressional candidates for the office of United States senator must be kept in the party account but must be reallocated in the following year to all of the candidate offices and congressional candidate offices as provided under subdivision 5. Money in the general account refused in any election year by a candidate or congressional candidate must be distributed in that year to all other qualifying candidates and congressional candidates as provided under subdivision 7.*

Sec. 28. Minnesota Statutes 1986, section 10A.31, subdivision 6, is amended to read:

**Subd. 6. [DISTRIBUTION OF FUNDS AFTER PRIMARY ELECTION.]** Within two weeks after certification by the state canvassing board of the results of the primary, the state treasurer shall distribute the available funds in each party account, as certified by the commissioner of revenue on September 15, to the candidates *and congressional candidates* of that party who have signed ~~the an~~ agreement, as provided in section ~~10A.32, sub-~~  
~~division 3~~ 35, and whose names are to appear on the ballot in the general election, according to the allocations *and formulas* set forth in subdivision 5 *and sections 25 and 26*.

Sec. 29. Minnesota Statutes 1986, section 10A.31, subdivision 7, is amended to read:

**Subd. 7. [DISTRIBUTION OF FUNDS AFTER GENERAL ELECTION.]** Within two weeks after certification by the state canvassing board of the results of the general election, the state treasurer shall distribute the available funds in the *state general account and the congressional general account*, as certified by the commissioner of revenue on November 15 and according to allocations set forth in subdivision 5, in equal amounts to all candidates for each ~~statewide state constitutional office and to all congressional candidates for the office of United States senator who have signed agreements under section 35 and received at least five percent of the votes cast in the general election for that office, and to all candidates for state legislative office and for the office of representative in Congress who have signed agreements under section 35 and received at least ten percent of the votes cast in the general election for the specific office for which they were candidates or congressional candidates.~~ The board shall not use the information contained in the report of the principal campaign committee of any candidate due ten days before the general election for the purpose of reducing the amount due that candidate from the general account.

Sec. 30. Minnesota Statutes 1986, section 10A.31, subdivision 8, is

amended to read:

Subd. 8. [CERTIFICATION OF AMOUNTS AFTER PRIMARY.] Within one week after certification by the state canvassing board of the results of the primary, the board shall certify to the state treasurer the name of each candidate *and congressional candidate* who has signed ~~the~~ *an* agreement, as provided in section ~~10A.32, subdivision 3~~ 35, and the amount the candidate is to receive from the available funds in the candidate's party account.

Sec. 31. Minnesota Statutes 1986, section 10A.31, subdivision 9, is amended to read:

Subd. 9. [CERTIFICATION OF AMOUNTS AFTER GENERAL ELECTION.] Within one week after certification by the state canvassing board of the results of the general election, the board shall certify to the state treasurer the name of each candidate *and congressional candidate* who is qualified to receive funds from the *state general account and the congressional general account*, together with the amount the candidate is to receive from the available funds in the ~~general account accounts~~.

Sec. 32. Minnesota Statutes 1986, section 10A.31, subdivision 10, is amended to read:

Subd. 10. [CERTIFICATION OF AMOUNTS ACCUMULATED SINCE PREVIOUS CERTIFICATION.] In the event that on the date of either certification by the commissioner of revenue as provided in subdivisions 6 and 7, less than 98 percent of the tax returns have been processed, the commissioner of revenue shall certify to the board on December 7 the amount accumulated in each account since the previous certification. Within one week thereafter, the board shall certify to the state treasurer the amount to be distributed to each candidate *and congressional candidate* according to the allocations ~~as provided and formulas set forth in subdivision 5 and sections 25 and 26~~. As soon as practicable thereafter, the state treasurer shall distribute the amounts to the candidates *and congressional candidates*. Any money accumulated after the final certification shall be maintained in the respective accounts for distribution in the next general election year.

Sec. 33. Minnesota Statutes 1986, section 10A.31, subdivision 11, is amended to read:

Subd. 11. [WRITE-IN CANDIDATES.] For the purposes of this section, a write-in candidate *or congressional candidate* is a candidate *or congressional candidate* only upon complying with the provisions of section ~~10A.32, subdivision 3~~ 35.

Sec. 34. [10A.32] [ESTIMATES OF MINIMUM AMOUNTS TO BE RECEIVED.]

*Subdivision 1. [CALCULATION AND CERTIFICATION OF ESTIMATES.] The commissioner of revenue shall calculate and certify to the board before the first day of July in an election year an estimate of (1) the total amount in the state general account of the state elections campaign fund, (2) the total amount in the congressional general account of the state elections campaign fund, and (3) the amount of money each candidate and congressional candidate who qualifies, as provided in section 10A.31, subdivisions 6 and 7, may receive from the candidate's party account in the state elections campaign fund. This estimate must be based upon the allocations and formulas in section 10A.31, subdivision 5, and sections 25 and 26, any necessary vote totals provided by the secretary of state to*

apply the formulas in section 10A.31, subdivision 5, and section 26, and the amount of money expected to be available after 100 percent of the tax returns have been processed.

**Subd. 2. [PUBLICATION, CERTIFICATION, AND NOTIFICATION PROCEDURES.]** Before the first day of filing for office, the board shall publish and forward to all filing officers the estimates calculated and certified under subdivision 1. Within seven days after the last day for filing for office, the secretary of state shall certify to the board the name, address, office sought, and party affiliation of each candidate and congressional candidate who has filed with that office an affidavit of candidacy or petition to appear on the ballot. The auditor of each county shall certify to the board the same information for each candidate and congressional candidate who has filed with that county an affidavit of candidacy or petition to appear on the ballot. Within seven days afterward, the board shall estimate the minimum amount to be received by each candidate and congressional candidate who qualifies, as provided in section 10A.31, subdivisions 6 and 7, and notify on or before August 15 all candidates and congressional candidates of the applicable amount. The board shall include with the notice a form for the agreement provided in section 35.

**Sec. 35. [10A.322] [SIGNED AGREEMENT AS CONDITION OF RECEIVING PUBLIC SUBSIDY IN FORM OF ALLOCATION FROM CAMPAIGN FUND.]**

**Subdivision 1. [SIGNED AGREEMENT BY CANDIDATE.]** As a condition of receiving money from the state elections campaign fund, a candidate shall sign a written agreement with the board in which the candidate agrees that the aggregate of (i) expenditures made by the principal campaign committee of the candidate and (ii) approved expenditures made on behalf of the candidate will not exceed the expenditure limits in section 10A.25, as adjusted by section 10A.255.

**Subd. 2. [SIGNED AGREEMENT BY CONGRESSIONAL CANDIDATES.]** As a condition of receiving money from the state elections campaign fund, a congressional candidate shall sign a written agreement with the board in which the candidate agrees that the aggregate of expenditures made by the authorized committees of the congressional candidate may not exceed the expenditure limits in section 10A.25, as adjusted by section 10A.255.

**Subd. 3. [SUBMISSION OF AGREEMENT.]** Before the first day of filing for office, the board shall forward agreement forms to all filing officers. The candidate or congressional candidate may sign an agreement and submit it to the filing officer on the day of filing an affidavit of candidacy or petition to appear on the ballot, in which case the filing officer shall without delay forward signed agreements to the board. Alternatively, the candidate or congressional candidate may submit the agreement directly to the board no later than September 1. An agreement may not be rescinded after September 1.

**Subd. 4. [HOW LONG AGREEMENT IS EFFECTIVE.]** (a) Candidates. The agreement, insofar as it relates to the expenditure limits in section 10A.25, as adjusted by section 10A.255, remains effective until the dissolution of the principal campaign committee of the candidate or the opening of filing for the next succeeding election to the office held or sought at the time of agreement, whichever occurs first.

(b) *Congressional candidates.* The agreement, insofar as it relates to the expenditure limits in section 10A.25, as adjusted by section 10A.255, remains effective until the termination of the authorized committees of the congressional candidate, as provided under United States Code, title 2, section 433(d), as amended through December 31, 1986, or the opening of filing for the next succeeding election to the office held or sought at the time of agreement, whichever occurs first.

**Sec. 36. [10A.323] [RETURN OF PUBLIC SUBSIDY.]**

*Subdivision 1. [WHEN RETURN REQUIRED; CANDIDATES.]* (a) A candidate shall return all or a portion of the public subsidy received from the state elections campaign fund under the following circumstances:

(1) To the extent that the amount of public subsidy received by the candidate exceeds the expenditure limits for the office held or sought, as provided in section 10A.25 and as adjusted by section 10A.255, the treasurer of the candidate's principal campaign committee shall return the excess to the board; and

(2) To the extent that the amount of public subsidy received exceeds the aggregate of (i) actual expenditures made by the principal campaign committee of the candidate and (ii) approved expenditures made on behalf of the candidate, the treasurer of the candidate's principal campaign committee shall return an amount equal to the difference to the board.

*Subd. 2. [WHEN RETURN REQUIRED; CONGRESSIONAL CANDIDATES.]* (a) A congressional candidate shall return all or a portion of the public subsidy received from the state elections campaign fund under the following circumstances:

(1) to the extent that the amount of public subsidy received by the congressional candidate exceeds the expenditure limits for the office held or sought, as provided in section 10A.25 and as adjusted by section 10A.255, the treasurer of the congressional candidate's principal campaign committee shall return the excess to the board; and

(2) to the extent that the amount of public subsidy received exceeds the aggregate of actual expenditures made by the authorized committees of the congressional candidate, the treasurer of the congressional candidate's principal campaign committee shall return an amount equal to the difference to the board.

*Subd. 3. [HOW RETURN DETERMINED.]* Whether or not a candidate or congressional candidate is required to return all or a portion of the public subsidy received from the state elections campaign fund, as provided under subdivisions 1 and 2, must be determined from the report required to be filed with the board by that candidate or congressional candidate on or before January 31 of the year following an election. Any amount required to be returned must be submitted in the form of a check or money order and must accompany the report filed with the board. The board shall forward the check or money order to the state treasurer for deposit into the general fund. In no case may the amount returned exceed the amount of public subsidy received by the candidate or congressional candidate from the state elections campaign fund.

**Sec. 37. [10A.324] [POLITICAL PARTY NOT HAVING CERTAIN CANDIDATES OR CONGRESSIONAL CANDIDATES.]**

*If a political party for whose candidates or congressional candidates*

*funds have been accumulated in the state elections campaign fund does not have a candidate at a general election for the office of state senator or state representative or a congressional candidate for the office of representative in Congress, the party account money allocated for that office must be returned to the general fund of the state. If that party does not have a candidate at a general election for any state constitutional office or a congressional candidate for the office of United States senator, the party account money allocated for that office must be transferred to either the state general account in the case of a state constitutional office, or the congressional general account in the case of a congressional office, of the state elections campaign fund for reallocation to all of the candidate offices and congressional candidate offices as provided in section 10A.31, subdivision 5, and for distribution in that election year to candidates and congressional candidates as provided under section 10A.31, subdivision 7.*

Sec. 38. Minnesota Statutes 1986, section 10A.33, is amended to read:  
10A.33 [APPLICATION.]

The provisions of sections 10A.30 to 10A.32 ~~shall~~ and sections 33 to 36 apply only in general elections and primaries preceding general elections and shall not apply to special elections or special primaries.

Sec. 39. Minnesota Statutes 1986, section 10A.335, is amended to read:  
10A.335 [LEGISLATIVE MONITORING OF TAX CHECK-OFF]

For the purpose of determining whether the distribution ~~formula~~ formulas provided in ~~section 10A.31, subdivision 5~~ sections 25 and 26, (a) ~~assures~~ assure that money will be returned to the counties from which they were collected, and (b) ~~continues~~ continue to have a rational relation to the support for particular parties or particular candidates within legislative districts or congressional candidates within congressional districts, it is the intention of this section that future legislatures monitor, using statistical data provided by the department of revenue, income tax returns and renter and homeowner property tax refund returns on which \$2 \$10, or in the case of a joint return, \$4 \$20, is designated for a political party.

Sec. 40. [CONSTITUTIONAL AMENDMENT.]

*Sections 1 to 39 and 42 are effective upon approval by a majority of the voters of the state, voting on the following proposed constitutional amendment at the 1988 general election. An amendment to the Minnesota Constitution, adding a section to article VII, is proposed to the people. If the amendment is adopted, the new section will read:*

Sec. 10. [CONGRESSIONAL CAMPAIGN SPENDING LIMITS.]

*The amount that may be spent by United States senate and congressional candidates to campaign for nomination or election shall be limited by law.*

Sec. 41. [QUESTION.]

*The proposed amendment shall be submitted at the 1988 general election. The question submitted shall be:*

*"Shall the Minnesota Constitution be amended to require campaign spending limits for United States senate and congressional candidates?"*

Yes . . . . .  
No . . . . . "

**Sec. 42. [REPEALER.]**

*Minnesota Statutes 1986, sections 10A.27, subdivision 5; and 10A.32, as amended by Laws 1987, chapter 214, section 8; are repealed.*

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "limiting amounts of contributions from political action committees that may be accepted by a congressional candidate; proposing a constitutional amendment to impose campaign spending limits on congressional candidates;"

Page 1, line 8, after the semicolon, insert "10A.15, by adding a subdivision;"

Page 1, line 9, delete "10A.255;"

Page 1, line 11, delete everything after "subdivisions" and insert "5 to 11,"

Page 1, line 12, after the third semicolon, delete "and"

Page 1, line 13, delete "290.06, subdivision 11;" and insert "Minnesota Statutes 1987 Supplement, sections 10A.255; 10A.31, subdivisions 1, 2, and 3;"

Page 1, line 15, delete "10A.02, subdivision"

Page 1, line 16, delete "11a; 10A.25, subdivision 7;"

Page 1, line 17, before the period, insert ", as amended"

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

**SECOND READING OF SENATE BILLS**

S.F. Nos. 2111, 2025, 1912, 1809, 2465, 1863, 2059, 2398 and 2182 were read the second time.

**SECOND READING OF HOUSE BILLS**

H.F. Nos. 2434 and 2117 were read the second time.

**MOTIONS AND RESOLUTIONS**

Mr. Dahl moved that the names of Mr. Marty, Ms. Piper and Mr. Merriam be added as co-authors to S.F. No. 1838. The motion prevailed.

Mr. Laidig introduced—

Senate Resolution No. 132: A Senate resolution congratulating the Stillwater Ponies Girls Basketball Team for winning Fourth Place in the 1988 State High School Class AA Girls Basketball Tournament.

Referred to the Committee on Rules and Administration.

Mr. Novak moved that S.F. No. 2089, No. 24 on Special Orders, be stricken and returned to its author. The motion prevailed.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

**INTRODUCTION AND FIRST READING OF SENATE BILLS**

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

Mr. Marty introduced—

S.F. No. 2570: A bill for an act relating to health; removing an exception to the prohibition on smoking in health care facilities and clinics; amending Minnesota Statutes 1987 Supplement, section 144.414, subdivision 3.

Referred to the Committee on Health and Human Services.

Mr. Ramstad and Ms. Peterson, D.C. introduced—

S.F. No. 2571: A bill for an act relating to handicapped persons; defining term for purposes of parking of motor vehicles by handicapped persons; amending Minnesota Statutes 1987 Supplement, section 168.021, subdivision 5.

Referred to the Committee on Transportation.

**MOTIONS AND RESOLUTIONS - CONTINUED**

S.F. No. 1622 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 1622**

A bill for an act relating to agriculture; clarifying which debtors are eligible for mediation; amending Minnesota Statutes 1986, section 583.24, subdivision 2; Minnesota Statutes 1987 Supplement, section 583.26, subdivision 5.

March 29, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1622, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendment and that S.F. No. 1622 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [PURPOSE.]

*The purpose of this act is to clarify the meaning of Minnesota Statutes, section 583.24, subdivision 2, paragraph (b), which provides that a debtor who owns and leases less than 60 acres is ineligible for mediation if that debtor has less than \$20,000 in gross sales of agricultural products the preceding year. It is and has been the intent of the legislature that a debtor who owns and leases 60 acres or more is eligible for mediation regardless of the amount of gross income from agricultural products.*

Sec. 2. Minnesota Statutes 1986, section 583.24, subdivision 2, is amended to read:



Subd. 2. [DEBTORS.] (a) Except as provided in paragraph (b) the farmer-lender mediation act applies to a debtor who is:

(1) a person operating a family farm as defined in section 500.24, subdivision 2;

(2) a family farm corporation as defined in section 500.24, subdivision 2; or

(3) an authorized farm corporation as defined in section 500.24, subdivision 2.

(b) The farmer-lender mediation act does not apply to a debtor who owns and leases less than 60 acres ~~with~~ *if the debtor has* less than \$20,000 in gross sales of agricultural products the preceding year.

Sec. 3. Minnesota Statutes 1987 Supplement, section 583.26, subdivision 5, is amended to read:

Subd. 5. [EFFECT OF MEDIATION PROCEEDING NOTICE.] (a) Except as provided in paragraphs (b), (c), and (d), if a creditor receives a mediation proceeding notice under subdivision 4 the creditor and the creditor's successors in interest may not begin or continue proceedings to enforce a debt subject to the farmer-lender mediation act against agricultural property of the debtor under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property until 90 days after the date the debtor files a mediation request with the director.

(b) Except as provided in paragraph (c), if a creditor is an agency of the United States and receives a mediation proceeding notice under subdivision 4, the creditor and the creditor's successors in interest may not begin or continue proceedings to enforce a debt against agricultural property of the debtor under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property until ~~180~~ 90 days after the date the debtor files a mediation request with the director.

(c) Notwithstanding paragraphs (a) and (b) or subdivision 1, a creditor receiving a mediation proceeding notice may begin proceedings to enforce a debt against agricultural property of the debtor:

(1) at the time the creditor receives a mediator's affidavit of the debtor's lack of good faith under section 583.27; or

(2) five days after the date the debtor and creditor sign an agreement allowing the creditor to proceed to enforce the debt against agricultural property if the debtor has not rescinded the agreement within the five days.

(d) A creditor receiving a mediation proceeding notice must provide the debtor by the initial mediation meeting with copies of notes and contracts for debts subject to the farmer-lender mediation act and provide a statement of interest rates on the debts, delinquent payments, unpaid principal balance, a list of all collateral securing debts, a creditor's estimate of the value of the collateral, and debt restructuring programs available by the creditor.

(e) The provisions of this subdivision are subject to section 583.27, relating to extension or reduction in the period before a creditor may begin to enforce a debt and court-supervised mediation.

## Sec. 4. [EFFECTIVE DATE.]

*Sections 1 to 3 are effective the day after final enactment."*

Delete the title and insert:

"A bill for an act relating to agriculture; clarifying which debtors are eligible for mediation; amending Minnesota Statutes 1986, section 583.24, subdivision 2; Minnesota Statutes 1987 Supplement, section 583.26, subdivision 5."

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

Senate Conferees: (Signed) LeRoy A. Stumpf, John Bernhagen, Keith Langseth

House Conferees: (Signed) Wally A. Sparby, Steve Wenzel, Andy Steensma

Mr. Stumpf moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1622 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1622 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

## MOTIONS AND RESOLUTIONS - CONTINUED

### SPECIAL ORDER

H.F. No. 1709: A bill for an act relating to retirement; judges' retirement fund; providing coverage under the combined service annuity, combined service disability benefit, and combined service survivor benefit provisions; requiring the establishment of a bounce-back joint and survivor optional annuity form; amending Minnesota Statutes 1987 Supplement, sections 356.30, subdivision 3; 356.302, subdivision 7; 356.303, subdivision 4; and 490.124, subdivision 11.

### CALL OF THE SENATE

Mr. Wegscheid imposed a call of the Senate for the balance of the proceedings on H.F. No. 1709. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Metzen moved to amend H.F. No. 1709, the unofficial engrossment, as follows:

Pages 41 to 68, delete articles 5 and 6

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 21 and nays 39, as follows:

Those who voted in the affirmative were:

Adkins	Frederick	Jude	Metzen	Vickerman
Berg	Frederickson, D.J.	Kroening	Purfeerst	
Bernhagen	Frederickson, D.R.	Laidig	Renneke	
Bertram	Johnson, D.E.	Larson	Samuelson	
Dicklich	Johnson, D.J.	Lessard	Solon	

Those who voted in the negative were:

Anderson	Davis	Luther	Novak	Reichgott
Beckman	Decker	Marty	Olson	Spear
Belanger	DeCramer	McQuaid	Pehler	Storm
Berglin	Freeman	Mehrkens	Peterson, D.C.	Stumpf
Brandl	Gustafson	Merriam	Peterson, R.W.	Taylor
Chmielewski	Knutson	Moe, D.M.	Piper	Waldorf
Cohen	Langseth	Moe, R.D.	Pogemiller	Wegscheid
Dahl	Lantry	Morse	Ramstad	

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

Mr. Frederickson, D.R. moved to amend H.F. No. 1709, the unofficial engrossment, as follows:

Page 68, line 23, delete "*subdivisions 1a*" and insert "*subdivision*"

Page 68, line 24, delete "*and*" and delete "*are*" and insert "*is*"

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 33, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Knutson	Mehrkens	Reichgott
Anderson	Dicklich	Kroening	Metzen	Solon
Benson	Frederick	Laidig	Pehler	Storm
Berg	Frederickson, D.R.	Larson	Pogemiller	Taylor
Bernhagen	Johnson, D.E.	Lessard	Purfeerst	Vickerman
Bertram	Jude	McQuaid	Ramstad	

Those who voted in the negative were:

Beckman	Decker	Langseth	Morse	Schmitz
Belanger	DeCramer	Lantry	Novak	Spear
Berglin	Diessner	Luther	Olson	Stumpf
Brandl	Frederickson, D.J.	Marty	Peterson, D.C.	Waldorf
Chmielewski	Freeman	Merriam	Peterson, R.W.	Wegscheid
Dahl	Gustafson	Moe, D.M.	Piper	
Davis	Johnson, D.J.	Moe, R.D.	Renneke	

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

H.F. No. 1709 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 61 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 1077: A bill for an act relating to retirement; conforming mandatory retirement provisions for public employees to the federal Age Discrimination in Employment Amendments of 1986; amending Minnesota Statutes 1986, sections 43A.34, subdivisions 1 and 4; 181.81, subdivision 1; 181.811; 354.44, subdivision 1a; 354A.21; 422A.09, subdivision 3; and 423.076; repealing Minnesota Statutes 1986, sections 43A.34, subdivision 2; 125.12, subdivision 5; and 473.419.

Mr. Kroening moved to amend H.F. No. 1077, the unofficial engrossment, as follows:

Page 6, after line 35, insert:

"Sec. 10. Laws 1949, chapter 406, section 5, is amended by adding a subdivision to read:

*Subd. 7. [INVESTMENT RELATED POSTRETIREMENT PAYMENTS.] (a) For the purpose of this subdivision, these terms have the following meaning:*

*(1) "Excess investment income" means the amount by which the time weighted total rate of return earned by the fund in the most recent fiscal year has exceeded the actual percentage increase in the current monthly salary of a top grade patrol officer in the most recent fiscal year plus 1.5 percent. The excess investment income must be expressed as a dollar amount; excess investment income shall not exceed 1.5 percent of the total assets of the fund and does not exist unless the time weighted total rate of return of the fund exceeds five percent.*

*(2) "Time weighted total rate of return" means the percentage amount determined by using the formula or formulas established by the state board of investment under Minnesota Statutes, section 11A.04, clause (11), and in effect on January 1, 1987.*

*(3) "Eligible member" means any person, including service pensioners, disability pensioners, their survivors, or dependents, who received an annuity during the 12 months prior to the determination date. Members who received*

an annuity for the entire 12 months prior to the determination date are eligible for a full annual postretirement payment. Members who received an annuity for less than 12 months prior to the determination date are eligible for prorated annual postretirement payments.

(4) "Determination date" means December 31 of each year.

(5) "Annual postretirement payment" means the payment of a lump sum postretirement benefit to eligible members on June 1 following the determination date in any year.

(b) The board of trustees of the relief association shall determine by May 1 of each year whether the relief association has excess investment income. The amount of excess investment income, if any, must be stated as a dollar amount and reported by the relief association to the governing body of the municipality, the state auditor, the commissioner of finance, and the legislative commission on pensions and retirement. The dollar amount of excess investment income up to 1.5 percent of the assets of the fund must be applied for the purposes specified in paragraphs (c) and (d). Excess investment income must not be considered for actuarial valuations of the fund for that year under Minnesota Statutes, sections 69.77, 356.215, and 356.216. Additional investment income must be included in the actuarial valuations performed under sections 69.77, 356.215, and 356.216.

(c) The amount determined by paragraph (b) must be applied as follows:

(1) one-third of the excess investment income must be paid as a benefit to eligible members under paragraph (d) in an amount not to exceed .5 percent of the assets of the fund or an amount equal to the total monthly benefit that the eligible member was entitled to in the prior year under the terms of the pension plan, whichever is less;

(2) the state amortization state aid or supplementary amortization state aid payments otherwise due to the relief association under Minnesota Statutes, section 423A.02, for the current calendar year must be reduced by one-third of the amount of the excess investment income; and

(3) the minimum obligation of the municipality otherwise due to the relief association for the following calendar year must be reduced by one-third of the amount of excess investment income.

(d) The relief association shall pay an annual postretirement payment to all eligible members in an amount not to exceed .5 percent of the assets of the fund. Payment of the annual postretirement payment shall be in a lump sum amount on June 1 following the determination date in any year. Payment of the annual postretirement payment shall be made only if the time weighted total rate of return exceeds five percent in any year. The total amount of all payments to members shall not exceed the amount determined under paragraph (b) of this subdivision. Payment to each eligible member shall be calculated by dividing the total number of pension units to which eligible members are entitled into the excess investment income available for distribution to members, and then multiplying that result by the number of units to which each eligible member is entitled to determine each eligible member's annual postretirement payment. Payment to each eligible member shall not exceed an amount equal to the total monthly benefit that the eligible member was entitled to in the prior year under the terms of the pension plan.

(e) In the event an eligible member dies prior to the payment of the

postretirement payment, the relief association shall pay that eligible member's estate the amount to which the eligible member was entitled.

(f) The relief association shall submit a report on the amount of all postretirement payments made pursuant to this section and the manner in which those payments were determined to the state auditor, the executive secretary of the legislative commission on pensions and retirement, and the Minneapolis city clerk.

Sec. 11. [MINNEAPOLIS FIRE; POSTRETIREMENT PAYMENTS.]

Subdivision 1. [AUTHORIZED.] Notwithstanding the provisions of Minnesota Statutes, chapter 69, or any other law to the contrary, the Minneapolis fire department relief association shall provide postretirement payments to eligible members under subdivision 2.

Subd. 2. [DEFINITIONS; CALCULATION.] (a) For the purpose of this subdivision these terms have the following meaning:

(1) "Excess investment income" means the amount by which the time weighted total rate of return earned by the fund in the most recent fiscal year has exceeded the actual percentage increase in the current monthly salary of a top grade firefighter in the most recent fiscal year plus 1.5 percent. The excess investment income must be expressed as a dollar amount; excess investment income shall not exceed 1.5 percent of the total assets of the fund and does not exist unless the time weighted total rate of return of the fund exceeds five percent.

(2) "Time weighted total rate of return" means the percentage amount determined by using the formula or formulas established by the state board of investment under Minnesota Statutes, section 11A.04, clause (11), and in effect on January 1, 1987.

(3) "Eligible member" means any person, including service pensioners, disability pensioners, their survivors, or dependents, who received an annuity during the 12 months prior to the determination date. Members who received an annuity for the entire 12 months prior to the determination date are eligible for a full annual postretirement payment. Members who received an annuity for less than 12 months prior to the determination date are eligible for prorated annual postretirement payments.

(4) "Determination date" means December 31 of each year.

(5) "Annual postretirement payment" means the payment of a lump sum postretirement benefit to eligible members on June 1 following the determination date in any year.

(b) The board of trustees of the relief association shall determine by May 1 of each year whether the relief association has excess investment income. The amount of excess investment income, if any, must be stated as a dollar amount and reported by the relief association to the governing body of the municipality, the state auditor, the commissioner of finance, and the legislative commission on pensions and retirement. The dollar amount of excess investment income up to 1.5 percent of the assets of the fund must be applied for the purposes specified in paragraphs (c) and (d). Excess investment income must not be considered for actuarial valuations of the fund for that year under Minnesota Statutes, sections 69.77, 356.215, and 356.216. Additional investment income must be included in the actuarial valuations performed under sections 69.77, 356.215, and 356.216.

(c) *The amount determined by paragraph (b) must be applied as follows:*

(1) *one-third of the excess investment income must be paid as a benefit to eligible members under paragraph (d) in an amount not to exceed .5 percent of the assets of the fund or an amount equal to the total monthly benefit that the eligible member was entitled to in the prior year under the terms of the pension plan, whichever is less;*

(2) *the state amortization state aid or supplementary amortization state aid payments otherwise due to the relief association under Minnesota Statutes, section 423A.02 for the current calendar year must be reduced by one-third of the amount of the excess investment income; and*

(3) *the minimum obligation of the municipality otherwise due to the relief association for the following calendar year must be reduced by one-third of the amount of excess investment income.*

(d) *The relief association shall pay an annual postretirement payment to all eligible members in an amount not to exceed .5 percent of the assets of the fund. Payment of the annual postretirement payment shall be in a lump sum amount on June 1 following the determination date in any year. Payment of the annual postretirement payment shall be made only if the time weighted total rate of return exceeds five percent in any year. The total amount of all payments to members shall not exceed the amount determined under paragraph (b) of this subdivision. Payment to each eligible member shall be calculated by dividing the total number of pension units to which eligible members are entitled into the excess investment income available for distribution to members, and then multiplying that result by the number of units to which each eligible member is entitled to determine each eligible member's annual postretirement payment. Payment to each eligible member shall not exceed an amount equal to the total monthly benefit that the eligible member was entitled to in the prior year under the terms of the pension plan.*

(e) *In the event an eligible member dies prior to the payment of the postretirement payment, the relief association shall pay that eligible member's estate the amount to which the eligible member was entitled.*

(f) *The relief association shall submit a report on the amount of all postretirement payments made pursuant to this section and the manner in which those payments were determined to the state auditor, the executive secretary of the legislative commission on pensions and retirement, and the Minneapolis city clerk.*

**Sec. 12. [NONENTITLEMENT OF ANNUAL POSTRETIREMENT PAYMENT.]**

*No provision of, or payment made under, section 10 or 11 shall be interpreted or relied upon by any member of either the Minneapolis police relief association or the Minneapolis fire department relief association to guarantee or entitle a member to annual postretirement benefits for a period when no excess investment income is earned by either fund."*

Page 7, after line 17, insert:

*"Sections 10, 11, and 12 are effective upon approval by the Minneapolis city council and compliance with Minnesota Statutes, section 645.021."*

Renumber the sections of article 2 in sequence

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 49 and nays 13, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Jude	Metzen	Ramstad
Anderson	Decker	Knutson	Moe, R.D.	Reichgott
Beckman	DeCramer	Kroening	Morse	Renneke
Belanger	Dicklich	Laidig	Novak	Schmitz
Benson	Frederick	Lantry	Olson	Solon
Berglin	Frederickson, D.J.	Larson	Pehler	Spear
Bernhagen	Frederickson, D.R.	Lessard	Peterson, D.C.	Storm
Bertram	Freeman	Luther	Piper	Taylor
Brandl	Johnson, D.E.	McQuaid	Pogemiller	Vickerman
Dahl	Johnson, D.J.	Mehrkens	Purfeerst	

Those who voted in the negative were:

Berg	Diessner	Marty	Peterson, R.W.	Wegscheid
Chmielewski	Gustafson	Merriam	Stumpf	
Cohen	Langseth	Moe, D.M.	Waldorf	

The motion prevailed. So the amendment was adopted.

H.F. No. 1077 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

### SPECIAL ORDER

H.F. No. 2477: A bill for an act relating to retirement; local government correctional service retirement plan; clarifying coverage periods; adjusting member and employer contribution rates; clarifying annuity calculations for fractional service; clarifying the duration of initial annuity payments; providing for the augmentation of deferred annuities; clarifying certain provisions of law relating to retirement annuities and disability benefits of military affairs personnel; amending Minnesota Statutes 1987 Supplement, sections 352.85, subdivisions 1 and 2; 353C.03; 353C.05; 353C.06, subdivisions 3 and 4; and 353C.07.

Mr. Pogemiller moved to amend H.F. No. 2477, as amended pursuant to Rule 49, adopted by the Senate March 28, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2175.)

Pages 15 and 16, delete article 4



Renumber the articles in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2477 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

### RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

### APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 2569: Messrs. Waldorf, Dicklich, Mrs. Brataas, Messrs. Dahl and Taylor.

H.F. No. 1749: Messrs. Purfeerst, DeCramer, Stumpf, Mrs. Lantry and Mr. Langseth.

S.F. No. 2226: Messrs. Pogemiller, Freeman and Frederickson, D.R.

S.F. No. 2009: Meses. Berglin, Reichgott and Mr. Knaak.

H.F. No. 1795: Meses. Berglin, Piper and Mr. Storm.

S.F. No. 1686: Messrs. Frederickson, D.J.; Berg and Frederickson, D.R.

S.F. No. 2003: Messrs. Moe, D.M.; Wegscheid and Ms. Olson.

H.F. No. 2126: Mr. Samuelson, Ms. Piper, Messrs. Knutson, Freeman and Ms. Berglin.

H.F. No. 1980: Messrs. Beckman, Vickerman and Renneke.

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

**CONFERENCE COMMITTEE EXCUSED**

Pursuant to Rule 21, Mr. Peterson, R.W. moved that the following members be excused for a Conference Committee on H.F. No. 2245 from 2:30 to 5:00 p.m.:

Messrs. DeCramer, Pehler, Mses. Reichgott; Peterson, D.C. and Mr. Peterson, R.W. The motion prevailed.

**MEMBERS EXCUSED**

The following member was excused from today's Session for brief periods of time: Mr. Johnson, D.J.

Mr. Pehler was excused from the Session of today from 1:30 to 2:30 p.m. Mr. Johnson, D.J. was excused from the Session of today from 11:00 a.m. to 1:30 p.m. Mr. Bertram was excused from the Session of today from 4:00 to 5:00 p.m. Mrs. Brataas was excused from the Session of today at 3:00 p.m. Mr. Hughes was excused from the Session of today at 5:45 p.m. Mr. Frank was excused from the Session of today at 9:35 p.m. Mr. Knaak was excused from the Session of today at 10:30 p.m.

**ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Tuesday, April 5, 1988. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate