

## EIGHTY-NINTH DAY

St. Paul, Minnesota, Saturday, April 16, 1988

The Senate met at 12:00 noon 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 Senator Jerome M. Hughes.

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

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

The President declared a quorum present.

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

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 453:

H.F. No. 453: A bill for an act relating to state investments; limiting investments in companies doing business in Northern Ireland; protecting public pension investment policy; authorizing early unreduced retirement under the rule of 90 for the Minnesota state retirement system and the teachers retirement association; amending Minnesota Statutes 1986, sections 354.44, subdivision 6; 354A.23, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 352.116, by adding a subdivision; 354A.31, subdivision 6, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 11A.

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

O'Connor, Rice and McKasy have been appointed as such committee on the part of the House.

House File No. 453 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 April 15, 1988

Mr. Hughes moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 453, 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.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1939:

H.F. No. 1939: A bill for an act relating to agriculture; changing the continuing effect of certain farmer-lender mediation rules; repealing certain conflicting language relating to food handler license fees; amending Laws 1987, chapter 292, section 35; repealing Laws 1987, chapter 358, section 85.

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

Winter, DeBlieck and Dauner have been appointed as such committee on the part of the House.

House File No. 1939 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 April 15, 1988

Mr. Moe, R.D. moved that H.F. No. 1939 be laid on the table. The motion prevailed.

### MOTIONS AND RESOLUTIONS

S.F. No. 2266 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2266

A bill for an act relating to child abuse; authorizing counties to establish pilot programs; allowing the appointment of a child intermediary in certain criminal child abuse proceedings; prescribing powers and duties of the intermediary.

April 15, 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. 2266, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2266 be further amended as follows:

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 1986, section 626.559, is amended by adding a subdivision to read:

*Subd. 1a. [CHILD PROTECTION WORKER PRESERVICE EDUCATION.] Any individual who seeks employment as a child protection worker after the commissioner of human services has implemented the preservice training program developed under section 2, subdivision 2, must complete preservice training in order to be eligible for employment as a child protection worker.*

Sec. 2. [626.5591] [CHILD PROTECTION WORKERS; TRAINING; ADVISORY COMMITTEE.]

*Subdivision 1. [DEFINITIONS.] As used in this section, the following terms have the meaning given unless the specific context indicates otherwise:*

*(a) "Child protection agency" means an agency authorized to receive reports, conduct assessments and investigations, and make determinations pursuant to section 626.556, subdivision 10.*

*(b) "Child protection services" means the receipt and assessment of reports of child maltreatment and the provision of services to families and children when maltreatment has occurred or when there is risk of maltreatment. These services include: (1) the assessment of risk to a child alleged to have been abused or neglected; (2) interviews of any person alleged to have abused or neglected a child and the child or children involved in the report, and interviews with persons having facts or knowledge necessary to assess the level of risk to a child and the need for protective intervention; (3) the gathering of written or evidentiary materials; (4) the recording of case findings and determinations; and (5) other actions required by section 626.556, administrative rule, or agency policy, but excluding administrative practices necessary solely for the collection of data.*

*(c) "Competency-based training" means a course of instruction that provides both information and skills practice, which is based upon clearly stated and measurable instructional objectives, and which requires demonstration of the achievement of a particular standard of skills and knowledge for satisfactory completion.*

*(d) "Preservice training" means training provided to local child protection workers before they perform official job duties in a local child protection agency.*

*(e) "Probationary training" means training provided to a local child protection worker after the person has begun to perform child protection duties, but before the expiration of six months of employment as a child protection worker. This probationary training must occur during the performance of job duties and must include an evaluation of the employee's application of skills and knowledge.*

(f) "In-service training" means training provided to a local child protection worker after the person has performed an initial six months of employment as a child protection worker.

**Subd. 2. [TRAINING PROGRAM; DEVELOPMENT.]** The commissioner of human services shall develop a program of competency-based preservice and probationary training for child protection workers if funds are appropriated to the commissioner for this purpose.

**Sec. 3. [626.5592] [STEERING COMMITTEE.]**

**Subdivision 1. [APPOINTMENT.]** The commissioner of human services shall appoint a steering committee to assist in the development of the training program under section 2.

**Subd. 2. [MEMBERSHIP]** The steering committee consists of the following members:

(1) two individuals who are in a supervisory capacity in a local child protection agency;

(2) two individuals who are child protection workers with significant experience;

(3) one individual who has expertise in training and development;

(4) one law enforcement officer;

(5) three individuals who have particular expertise in any aspect of child protection services described in section 2; and

(6) three individuals from among the general public.

**Subd. 3. [DUTIES.]** The steering committee shall advise the commissioner regarding the format and content of the training program developed under section 2. The steering committee shall also:

(1) review and approve a two-year plan for the implementation of section 2;

(2) make recommendations as to the staffing and operation of section 2;

(3) make recommendations to the legislature on the implementation of section 2; and

(4) review implementation steps on a regular basis, and recommend necessary changes in department or public policy.

**Subd. 4. [COMPENSATION.]** The steering committee shall serve without compensation."

Page 1, line 9, delete "Section 1." and insert "Sec. 4."

Page 1, delete lines 13 to 15 and insert:

"(a) "Child abuse" means any act which involves a minor victim and which constitutes a violation of section 609.221, 609.222, 609.223, 609.224, 609.255, 609.342, 609.343, 609.344, 609.345, 609.377, or 609.378."

Page 1, line 19, delete "criminal sexual conduct" and insert "child abuse"

Page 2, line 10, delete "shall" and insert "may"

Page 2, line 11, delete "criminal sexual conduct" and insert "child

abuse"

Page 2, line 15, delete "sexual"

Page 2, lines 21 to 22, delete "criminal sexual conduct" and insert "child abuse"

Page 3, line 4, before the semicolon, insert ", but not including attorneys' work product"

Page 3, line 12, delete "criminal sexual conduct" and insert "child abuse"

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "providing for the development of a training program for child protection workers;"

Page 1, line 6, before the period, insert "; amending Minnesota Statutes 1986, section 626.559, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 626"

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

Senate Conferees: (Signed) Richard J. Cohen, Linda Berglin, Jim Ramstad

House Conferees: (Signed) Phil Carruthers, Randy C. Kelly, Kathleen A. Blatz

Mr. Cohen moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2266 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. 2266 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 48 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Johnson, D.E.	Merriam	Purfeerst
Anderson	Dahl	Jude	Metzen	Ramstad
Belanger	Decker	Knaak	Moe, R.D.	Renneke
Benson	DeCramer	Laidig	Morse	Schmitz
Berg	Dicklich	Lantry	Novak	Spear
Berglin	Diessner	Larson	Olson	Stumpf
Bernhagen	Frank	Lessard	Pehler	Vickerman
Bertram	Frederick	Marty	Peterson, D.C.	Waldorf
Brandl	Frederickson, D.J.	McQuaid	Peterson, R.W.	
Chmielewski	Freeman	Mehrkins	Pogemiller	

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

## MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2122 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 2122**

A bill for an act relating to the collection and dissemination of data; proposing classifications of data as private and nonpublic; providing for patient access to medical records; requiring outpatient diagnostic and test results to be retained as part of an individual permanent medical record; amending Minnesota Statutes 1986, sections 13.04, subdivision 4; 13.67; 13.791, subdivision 1; 144.335, subdivision 2; 145.32, subdivision 2; 171.12, by adding a subdivision; and 363.061, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 13 and 221; repealing Minnesota Statutes 1986, section 13.72, subdivision 3.

April 14, 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. 2122, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2122 be further amended as follows:

Page 2, line 13, delete "*altered, modified*" and insert "*completed, corrected*"

Page 2, line 16, delete "*altering, modifying*" and insert "*completing, correcting*"

Page 2, line 20, delete "*was*" and insert "*were*" and before the period insert "*that does not contain any particulars of the successfully challenged data*"

Page 3, lines 18 and 19, reinstate the stricken language

Page 3, line 22, reinstate the stricken language and delete the new language

Page 3, delete line 23

Page 3, line 24, delete everything before the period

Page 3, line 24, after the period insert "*The commissioner of jobs and training may release the name, business address, and business telephone number of an individual licensed under section 248.07, subdivision 8.*"

Page 4, line 8, delete everything after the first "*zoo*"

Page 4, line 9, delete everything before the period

Page 4, after line 9, insert:

*"Names of donors and gift ranges are public data.*

Sec. 5. Minnesota Statutes 1986, section 13.84, subdivision 5, is amended to read:

Subd. 5. [DISCLOSURE.] Private or confidential court services data shall not be disclosed except:

(a) Pursuant to section 13.05;

(b) Pursuant to a statute specifically authorizing disclosure of court services data;

(c) With the written permission of the source of confidential data;

(d) To the court services department, parole or probation authority or correctional agency having statutorily granted supervision over the individual subject of the data; or

(e) Pursuant to subdivision 5a; or

(f) Pursuant to a valid court order.

Sec. 6. Minnesota Statutes 1986, section 13.84, is amended by adding a subdivision to read:

*Subd. 5a. [PUBLIC BENEFIT DATA.] The responsible authority or its designee of a parole or probation authority or correctional agency may release private or confidential court services data related to criminal acts to any law enforcement agency, if necessary for law enforcement purposes, or to the victim of a criminal act where the data are necessary for the victim to assert the victim's legal right to restitution.*

Sec. 7. Minnesota Statutes 1986, section 13.85, is amended by adding a subdivision to read:

*Subd. 5. [PUBLIC BENEFIT DATA.] The responsible authority or its designee of any agency that maintains corrections and detention data may release private or confidential corrections and detention data to any law enforcement agency, if necessary for law enforcement purposes, or to the victim of a criminal act where the data are necessary for the victim to assert the victim's legal right to restitution."*

Page 4, line 26, delete "and impressions"

Page 4, line 27, before the period insert ", except that all information necessary for the patient's informed consent must be provided"

Page 5, line 23, delete everything after "from"

Page 5, line 24, delete everything before "the" and insert "the computer records that are disclosed to persons or agencies outside"

Page 5, after line 31, insert:

"Sec. 12. Minnesota Statutes 1987 Supplement, section 260.161, subdivision 3, is amended to read:

*Subd. 3. (a) Peace officers' records of children shall be kept separate from records of persons 18 years of age or older and shall not be open to public inspection or their contents disclosed to the public except (1) by order of the juvenile court, or except (2) as required by a written memorandum of understanding adopted under section 126.035, or (3) as authorized under chapter 13; except that traffic investigation reports may be open to inspection by a person who has sustained physical harm or economic loss as a result of the traffic accident. No photographs of a child taken into custody may be taken without the consent of the juvenile court unless the child is alleged to have violated section 169.121 or 169.129. Any person violating any of the provisions of this subdivision shall be guilty of a misdemeanor.*

*(b) Nothing in this subdivision prohibits the exchange of information by law enforcement agencies if the exchanged information is pertinent and necessary to the requesting agency in initiating, furthering, or completing a criminal investigation."*

Page 6, after line 6, insert:

"Sec. 15. [EFFECTIVE DATE.]

*Sections 2, 3, 10, and 13 are effective the day following final enactment."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon insert "providing for access to data;"

Page 1, line 9, after the first semicolon insert "13.84, subdivision 5, and by adding a subdivision; 13.85, by adding a subdivision;"

Page 1, line 11, after the semicolon insert "Minnesota Statutes 1987 Supplement, section 260.161, subdivision 3;"

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

Senate Conferees: (Signed) Randolph W. Peterson, Richard J. Cohen, Fritz Knaak

House Conferees: (Signed) Darby Nelson, Douglas G. Swenson, Howard R. Orenstein

Mr. Peterson, R.W. moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2122 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. 2122 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 51 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

## MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1955 and the Conference Committee Report thereon were reported to the Senate.

## CONFERENCE COMMITTEE REPORT ON S.F. NO. 1955

A bill for an act relating to Ramsey county; authorizing the county to use certain land dedicated as open space for highway purposes; authorizing



the sale of certain land.

April 14, 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. 1955, 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. 1955 be further amended as follows:

Page 3, after line 24, insert:

"Sec. 3. Minnesota Statutes 1987 Supplement, section 383A.554, is amended to read:

383A.554 [POWERS AND DUTIES.]

Before December 31, ~~1988~~ 1989, the charter commission shall deliver to the board of county commissioners either (1) its report determining that the present form of county government is adequate for the county and that a charter is not necessary or desirable, or (2) a draft of a proposed charter. The report must be signed by a majority of the members of the charter commission. The proposed charter may provide for any form of government consistent with the constitution of the state of Minnesota. It may provide for the establishment and administration of all departments of a county government and for the regulation of all local county functions. It may abolish or consolidate any department or agency. The charter commission is required to hold at least one public hearing in each of the county commissioner districts.

It shall provide for present functions to be assumed by new elective or appointive officers as shall be provided for in the charter and may provide for other powers consistent with other law. It shall provide methods of procedure in respect to the operation of the government created and the duties of all officers. It shall provide for a home rule charter commission consistent with article XII, section 5, of the constitution of the state of Minnesota and may provide for alternative methods for amending or abandoning the charter consistent with the constitution. The county may be authorized to acquire by gift, devise, purchase, or condemnation or sell or lease any property needed for the full discharge of its duties and powers. All special and general laws authorizing the county to incur indebtedness or issue bonds shall be subject to the charter, provided that the charter provisions are not in conflict with general laws relating to public indebtedness. The county shall continue to have all the powers granted by law.

Personnel matters relating to Ramsey county employees shall continue to be governed by Minnesota Statutes, sections 383A.281 to 383A.301 and Minnesota Statutes, sections 197.455 to 197.48. A charter proposed for adoption under sections 383A.551 to 383A.556 shall not apply to personnel matters."

Amend the title as follows:

Page 1, line 4, after "land" insert "; extending the time for the charter commission; amending Minnesota Statutes 1987 Supplement, section

383A.554"

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

Senate Conferees: (Signed) Steven G. Novak, Donald M. Moe, John J. Marty

House Conferees: (Signed) Daniel J. Knuth, Brad G. Stanius, Steve Trimble

Mr. Novak moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1955 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. 1955 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 52 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Merriam voted in the negative.

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

## MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 203 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 203

A bill for an act relating to financial institutions; permitting interstate banking with additional reciprocating states; amending Minnesota Statutes 1986, section 48.92, subdivision 7.

April 15, 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. 203, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 203 be further amended as follows:

Page 1, line 17, delete "Michigan,"

Page 1, line 18, delete "Oregon, Utah,"

Page 1, after line 18, insert:

"Sec. 2. Minnesota Statutes 1986, section 48.93, subdivision 4, is amended to read:

Subd. 4. [DISAPPROVAL.] The commissioner shall disapprove any proposed acquisition if:

(1) the financial condition of any acquiring person is such as might jeopardize the financial stability of the bank or prejudice the interests of the depositors of the bank;

(2) the competence, experience, integrity of any acquiring person or of any of the proposed management personnel indicates that it would not be in the interest of the depositors of the bank, or in the interest of the public to permit the person to control the bank;

(3) the acquisition will result in undue concentration of resources or substantial lessening of competition in this state;

(4) the application fails to adequately demonstrate that the acquisition proposal would bring net new funds into Minnesota; or

(5) the application is incomplete or any acquiring party neglects, fails, or refuses to furnish all the information required by the commissioner;

(6) *a subsidiary of the acquiring bank holding company has failed to meet the requirements set forth in the federal Community Reinvestment Act; or*

(7) *the acquisition will result in over 30 percent of Minnesota's total deposits in financial institutions as defined in section 13A.01, subdivision 2, being held by banks located in this state owned by reciprocating state bank holding companies. This limitation does not apply to consideration for approval pursuant to section 48.99, special acquisitions.*

Sec. 3. Minnesota Statutes 1986, section 48.95, subdivision 1, is amended to read:

Subdivision 1. [DIVESTITURE; CEASE AND DESIST.] In the event a reciprocating state bank holding company makes an acquisition other than in full compliance with the requirements and procedures of Laws 1986, chapter 339, the commissioner may:

(1) by order immediately require the reciprocating state bank holding company to divest itself of its direct or indirect ownership or control of any bank located in this state; or

(2) by order require the reciprocating state bank holding company to cease and desist the violations by a date certain. The order would be subject to the procedures applicable to cease and desist proceedings pursuant to sections 46.23 to 46.33 and any applicable rules; or

(3) *in the event control of a bank located in this state is acquired by a bank holding company that is not a reciprocating state bank holding company as a result of change of control of a reciprocating state bank holding company, the acquiring bank holding company shall divest itself of control of the bank located in this state within two years of the date of its acquisition of control of the bank.*

Sec. 4. Minnesota Statutes 1986, section 48.991, is amended to read:

48.991 [DEVELOPMENTAL LOANS.]

A ~~financial institution~~ bank located in this state owned by an interstate bank holding company shall provide a level of developmental loans as defined by the commissioner by rule. *In establishing the developmental loan levels for banks, the commissioner may consider the developmental loan performance of financially stable banks of comparable or smaller size that have above average levels of activity in developmental loans in reciprocating states as defined in section 48.92, subdivision 7.* A "developmental loan" includes, but is not limited to, (1) loans for low and moderate income housing, loans to community development corporations, loans to woman and minority owned businesses, student education loans, and alternative energy or energy conservation loans, and (2) loans within distressed areas and on any Indian reservation for any commercial nonreal estate purpose, home loans, home improvement loans, and operating loans to family farmers. The commissioner of commerce shall annually designate distressed areas. A distressed area may be made for a geographic region smaller than a county within the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. The determination of a distressed area should be made on the area's unemployment rate, economic conditions, and credit needs.

Sec. 5. [RECOMMENDATIONS OF THE COMMISSIONER OF COMMERCE.]

*The commissioner of commerce shall recommend to the financial institutions and insurance committee of the house of representatives and the commerce committee of the senate by January 1, 1989, reporting requirements for financial institutions as defined in Minnesota Statutes, section 13A.01, subdivision 2, that address a financial institution's commitment and performance in investing in their community. The recommendations must address the following:*

*(1) the amount of developmental loans that financial institutions have made within their service areas. Developmental loans include, but are not limited to, loans for low and moderate income housing, operating loans to family farmers, loans made in distressed areas of the state, commercial loans to minority-owned and woman-owned businesses, loans for alternative energy and energy conservation, student loans, loans made for businesses and housing-related loans within Indian reservations, and loans to community-based economic development organizations;*

*(2) the degree of "redlining" by financial institutions within their service areas;*

*(3) the effect of reporting requirements on various sizes and types of financial institutions; and*

*(4) the adequacy of existing federal and state reporting requirements of financial institutions."*

Amend the title as follows:

Page 1, line 4, after the semicolon insert "regulating reciprocal interstate banking; requiring the commissioner to recommend reporting requirements;"

Page 1, line 5, before the period insert "48.93, subdivision 4; 48.95, subdivision 1; and 48.991"

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

Senate Conferees: (Signed) Michael O. Freeman, William P. Luther, Don Anderson

House Conferees: (Signed) Wes Skoglund, Peter McLaughlin, Gerald Knickerbocker

Mr. Freeman moved that the foregoing recommendations and Conference Committee Report on S.F. No. 203 be now adopted, and that the bill be repassed as amended by the Conference Committee.

### CALL OF THE SENATE

Mr. Freeman imposed a call of the Senate for the balance of the proceedings on S.F. No. 203. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the motion of Mr. Freeman. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 203 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 38 and nays 24, as follows:

Those who voted in the affirmative were:

Anderson	Freeman	Lessard	Novak	Renneke
Brandl	Hughes	Luther	Olson	Solon
Brataas	Johnson, D.E.	Marty	Pehler	Spear
Cohen	Jude	McQuaid	Peterson, D.C.	Storm
Decker	Knaak	Mehrkens	Peterson, R.W.	Taylor
DeCramer	Laidig	Merriam	Piper	Waldorf
Diessner	Langseth	Moe, D.M.	Pogemiller	
Frederickson, D.R.	Larson	Moe, R.D.	Ramstad	

Those who voted in the negative were:

Adkins	Berglin	Davis	Kroening	Samuelson
Beckman	Bernhagen	Frank	Lantry	Schmitz
Belanger	Bertram	Frederick	Metzen	Stumpf
Benson	Chmielewski	Frederickson, D.J.	Morse	Vickerman
Berg	Dahl	Johnson, D.J.	Purfeerst	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1686 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON 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.

April 15, 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. 1686, 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. 1686 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [1.1496] [STATE MUFFIN.]

*The blueberry muffin is adopted as the official muffin of the state of Minnesota."*

Delete the title and insert:

"A bill for an act relating to the state muffin; designating the blueberry muffin as the state muffin; proposing coding for new law in Minnesota Statutes, chapter 1."

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

Senate Conferees: (Signed) Florian C. Chmielewski, Charles A. Berg, Dennis R. Frederickson

House Conferees: (Signed) Chuck Brown, Paul Anders Ogren, Douglas W. Carlson

Mr. Chmielewski moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1686 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Morse moved that the recommendations and Conference Committee Report on S.F. No. 1686 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

Mr. Chmielewski moved that S.F. No. 1686 be laid on the table. The motion did not prevail.

The question recurred on the adoption of the motion of Mr. Morse.

The roll was called, and there were yeas 30 and nays 28, as follows:

Those who voted in the affirmative were:

Adkins	Brandl	Frank	Larson	Spear
Anderson	Brataas	Frederick	Luther	Storm
Benson	Dahl	Frederickson, D.J.	Mehrkens	Stumpf
Berglin	Decker	Johnson, D.E.	Morse	Taylor
Bernhagen	DeCramer	Kroening	Pehler	Vickerman
Bertram	Diessner	Laidig	Ramstad	Waldorf

Those who voted in the negative were:

Beckman	Dicklich	Jude	Moe, D.M.	Pogemiller
Belanger	Frederickson, D.R.	Lantry	Moe, R.D.	Samuelson
Berg	Freeman	Lessard	Novak	Schmitz
Chmielewski	Gustafson	Marty	Olson	Solon
Cohen	Hughes	McQuaid	Peterson, D.C.	
Davis	Johnson, D.J.	Merriam	Piper	

The motion prevailed.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Johnson, D.J. moved that the following members be excused for a Conference Committee on H.F. No. 2590:

Messrs. Bernhagen, Brandl, Novak, Pogemiller and Johnson, D.J. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1711 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1711

A bill for an act relating to Aitkin county; permitting the county to regulate certain public land interests by ordinance.

April 15, 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. 1711, 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. 1711 be further amended as follows:

Delete everything after the enacting clause and insert:

#### "Section 1. [AITKIN COUNTY PUBLIC LAND ORDINANCES.]

*Subdivision 1. [REGULATION.] The Aitkin county board of commissioners may regulate by ordinance the use of lands that are adjacent to public waters and dedicated to the public or for public use but are not owned by the state or held in the corporate name of a home rule charter or statutory city or other political subdivision. The ordinance may regulate the times and types of uses of the lands, including the placement of structures, the parking of vehicles or trailers, and the placement of docks and boats on the lands or in waters adjacent to them. The ordinance may make different provisions for times and types of uses for each separate parcel of land affected by the ordinance. The ordinance may provide penalties permitted by Minnesota Statutes, section 375.53. The ordinance is not required to include every parcel of land possibly subject to this section.*

*The enactment of an ordinance pursuant to this section shall not be construed to be the acquisition of any affected parcel of land by the county. The exercise of regulatory authority under the ordinance shall not be construed as the adoption of any affected parcel for maintenance, supervision, or any other proprietary purpose by the county.*

*Subd. 2. [LOCAL APPROVAL.] This section takes effect the day after the Aitkin county board complies with Minnesota Statutes, section 645.021, subdivision 3.*

Sec. 2. [CARLTON COUNTY ASSISTANT COUNTY ATTORNEY.]

*Subdivision 1. Notwithstanding Minnesota Statutes, section 353.37, or any other law to the contrary, an assistant county attorney for Carlton county who retired under the rule of 85 after public service in various legal positions and who, in February 1987, resumed public service in the person's present position, is considered to have elected a deferred annuity under Minnesota Statutes, section 353.34, subdivision 3, with deferred annuity payments to commence upon the termination of the person's present employment. During the person's present employment, the person is entitled to participation in the state unclassified employees retirement program, and the person and the county shall make the contributions required under Minnesota Statutes, chapter 352D.*

*Subd. 2. This section is effective on approval by the Carlton county board, the day after compliance with Minnesota Statutes, section 645.021, subdivision 3."*

Delete the title and insert:

"A bill for an act relating to local government; regulating certain Carlton county employee benefits; permitting Aitkin county regulation of certain public land interests."

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

Senate Conferees: (Signed) Florian Chmielewski, Bob Lessard, Sam G. Solon

House Conferees: (Signed) Paul Anders Ogren, Douglas W. Carlson, Loren A. Solberg

Mr. Chmielewski moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1711 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. 1711 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 49 and nays 8, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Hughes	Metzen	Renneke
Anderson	Davis	Johnson, D.E.	Moe, D.M.	Samuelson
Beckman	Decker	Jude	Moe, R.D.	Schmitz
Belanger	DeCramer	Knaak	Morse	Solon
Benson	Diessner	Laidig	Novak	Spear
Berglin	Frederick	Lantry	Pehler	Storm
Bernhagen	Frederickson, D.J.	Lessard	Peterson, D.C.	Stumpf
Bertram	Frederickson, D.R.	Luther	Piper	Taylor
Brandl	Freeman	McQuaid	Pogemiller	Vickerman
Brataas	Gustafson	Mehrkens	Ramstad	

Those who voted in the negative were:

Cohen	Frank	Merriam	Purfeerst	Waldorf
Dahl	Larson	Olson		

So the bill, as amended by the Conference Committee, was repassed and



its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that H.F. No. 2228 be taken from the table. The motion prevailed.

H.F. No. 2228: A bill for an act relating to education; establishing a records destruction schedule for chemical abuse preassessment teams; requiring law enforcement reports of certain violations to preassessment teams; amending Minnesota Statutes 1987 Supplement, sections 126.034; 126.035; 126.037; and 260.161, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 126; repealing Minnesota Statutes 1987 Supplement, section 126.033, subdivision 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. 2228 and that the rules of the Senate be so far suspended as to give H.F. No. 2228 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 2228 was read the second time.

Mr. Cohen moved to amend H.F. No. 2228 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 2228, and insert the language after the enacting clause, and the title, of S.F. No. 2277, the first engrossment.

The motion prevailed. So the amendment was adopted.

Mr. Storm moved to amend H.F. No. 2228, as amended by the Senate April 16, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2277.)

Page 4, after line 3, insert:

*"Subd. 2. [DISTRICT POLICY.] Each school board shall develop and adopt a policy governing the notification of law enforcement agencies in cases of violations of Minnesota Statutes, chapter 152. The policy must comply with both state and federal data privacy statutes. After a policy is adopted, the school board shall provide a copy of the policy to each school within the district."*

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

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

H.F. No. 2228 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 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	Merriam	Samuelson
Benson	Decker	Knaak	Moe, R.D.	Schmitz
Berg	DeCramer	Kroening	Morse	Solon
Berglin	Diessner	Langseth	Olson	Spear
Bernhagen	Frank	Lantry	Pehler	Vickerman
Bertram	Frederick	Larson	Peterson, D.C.	Waldorf
Brandl	Frederickson, D.R.	Lessard	Peterson, R.W.	
Brataas	Freeman	Luther	Piper	
Chmielewski	Gustafson	Marty	Pogemiller	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Cohen moved that S.F. No. 2277, on Special Orders, be stricken and laid on the table. The motion prevailed.

### 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:

H.F. No. 453: Messrs. Hughes, Spear and Peterson, R.W.

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

### RECESS

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

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

### CALL OF THE SENATE

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

### CALL OF THE SENATE

Mr. Diessner imposed a call of the Senate for the balance of the proceedings on S.F. No. 1686. The Sergeant at Arms was instructed to bring in the absent members.

### RECONSIDERATION

Mr. Diessner moved that the vote whereby the Conference Committee Report on S.F. No. 1686 was rejected by the Senate April 16, 1988, be now reconsidered. The motion prevailed.

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.

The question recurred on the adoption of the motion of Mr. Morse to reject the Conference Committee Report.

The roll was called, and there were yeas 16 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	Brandl	Freeman	Morse	Renneke
Benson	Frederick	Knaak	Pehler	Spear
Bernhagen	Frederickson, D.J.	Moe, R.D.	Peterson, R.W.	Stumpf
Bertram				

Those who voted in the negative were:

Adkins	Dicklich	Jude	Mehrkens	Piper
Beckman	Diessner	Kroening	Merriam	Ramstad
Belanger	Frank	Laidig	Metzen	Reichgott
Berg	Frederickson, D.R.	Lantry	Moe, D.M.	Storm
Brataas	Gustafson	Lessard	Novak	Vickerman
Chmielewski	Hughes	Marty	Olson	
Decker	Johnson, D.J.	McQuaid	Peterson, D.C.	

The motion did not prevail.

The question recurred on the adoption of the motion of Mr. Chmielewski to adopt the Conference Committee Report. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1686 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 38 and nays 14, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Hughes	Marty	Peterson, D.C.
Beckman	Dicklich	Johnson, D.J.	McQuaid	Piper
Belanger	Diessner	Kroening	Mehrkens	Reichgott
Berg	Frank	Laidig	Merriam	Storm
Bertram	Frederickson, D.J.	Langseth	Metzen	Stumpf
Brataas	Frederickson, D.R.	Lantry	Moe, D.M.	Vickerman
Chmielewski	Freeman	Lessard	Novak	
Decker	Gustafson	Luther	Olson	

Those who voted in the negative were:

Anderson	Brandl	Jude	Morse	Ramstad
Benson	Davis	Knaak	Pehler	Spear
Bernhagen	Frederick	Moe, R.D.	Peterson, R.W.	

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

## MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 392, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 392: A bill for an act relating to public safety; providing for the mandatory surrender of registration plates and certificates of motor vehicles operated by repeat DWI offenders; providing for administrative review; requiring a report; appropriating money; amending Minnesota Statutes 1986, sections 168.041; 169.123, subdivision 5b; 169.1261; and 171.29, by adding a subdivision; and Minnesota Statutes 1987 Supplement, section 169.121, subdivision 5a.

Senate File No. 392 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

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. 1462, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1462: A bill for an act relating to housing; creating a low-income housing trust account; providing for the uses of the account; placing certain requirements on real estate trust accounts; appropriating money; 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.

Senate File No. 1462 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

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. 1742, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1742: A bill for an act relating to agriculture; clarifying a time-price offer; allowing a preceding former owner to convey the right to receive an offer to buy or lease previously owned agricultural land; restricting the sale or inducement of a sale of agricultural land by a preceding former owner accepting an offer for one year; providing penalties and liability for damages; restricting the period for a debtor to receive a copy of a forbearance policy; amending Minnesota Statutes 1987 Supplement, sections

500.24, subdivisions 6 and 7; and 583.24, subdivision 4.

Senate File No. 1742 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

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. 1871, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1871: A bill for an act relating to family law; prohibiting certain false allegations of child abuse; regulating child custody hearings; providing a penalty; amending Minnesota Statutes 1986, section 518.17, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 609.

Senate File No. 1871 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

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. 2119, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2119: A bill for an act relating to child abuse reporting; clarifying the assessment duties of the local welfare agency; providing for the retention of records in certain circumstances; amending Minnesota Statutes 1986, section 626.556, subdivisions 5, 10d, and by adding subdivisions; and Minnesota Statutes 1987 Supplement, section 626.556, subdivision 11.

Senate File No. 2119 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

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. 1769, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1769: A bill for an act relating to human rights; clarifying marital status discrimination and housing discrimination; enforcing comparable worth and affirmative action requirements; making procedural and administrative changes; amending Minnesota Statutes 1986, sections 363.01, by

adding a subdivision; 363.02, subdivision 2a, and by adding a subdivision; 363.03, subdivision 2; 363.06, subdivision 3; 363.073, subdivisions 1 and 3; 363.091; 363.121; and 363.14, subdivisions 1 and 3; Minnesota Statutes 1987 Supplement, sections 363.06, subdivision 1; and 363.071, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 363.

Senate File No. 1769 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

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. 2323, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2323: A bill for an act relating to financial institutions; authorizing certain investments for banks; amending Minnesota Statutes 1986, sections 48.152, subdivision 10; 48.24, subdivision 5; and 48.61, by adding a subdivision.

Senate File No. 2323 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

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. 2055, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2055: A bill for an act relating to human services; defining terms; requiring that court receive annual reviews of people with indeterminate commitments; providing for court-ordered community-based treatment; defining procedures for community-based commitment; requiring procedures for release before commitment and provisional discharge; appropriating money; amending Minnesota Statutes 1986, sections 253B.02, subdivisions 13, 19, and by adding subdivisions; 253B.03, subdivision 5; 253B.09, subdivision 1; 253B.15, subdivisions 1, 3, 5, 6, 7, and by adding a subdivision; and 253B.16, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 253B; repealing Minnesota Statutes 1986, section 253B.09, subdivision 4.

Senate File No. 2055 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

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. 2214, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2214: A bill for an act relating to natural resources; authorizing the commissioner to sell certain surplus lands to local governments for local recreation or natural resource purposes; authorizing the commissioner of natural resources to convey road and flowage easements in certain circumstances; transferring duties and powers of county auditors and treasurers relating to sales of certain classes of state land to the commissioner; transferring the authority to issue state land patents from the governor to the commissioner; specifying the amount above appraised value that the commissioner may pay when acquiring land; authorizing long-term leases of state land for certain purposes; modifying certain provisions of land exchange laws relating to appraisals and fees; implementing exchanges of public land authorized by the constitution; authorizing exchange of school trust land located within a state park; appointing an independent trustee and legal counsel for land exchanges involving school trust land; providing a procedure for exchange of Class B land with Class A or Class C land; authorizing governmental units to exchange land in the same manner as private persons; amending Minnesota Statutes 1986, sections 84.027, by adding a subdivision; 84.631; 85.015, subdivision 1; 92.16, subdivision 1; 92.23; 92.24; 92.26; 92.27; 92.29; 92.50, subdivision 1; 94.342, subdivision 3, and by adding subdivisions; 94.343, subdivisions 3 and 9; 94.344, subdivisions 1, 3, 7, and 10; 94.348; Minnesota Statutes 1987 Supplement, sections 84.0272; and 105.392, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 84 and 92; repealing Minnesota Statutes 1986, section 92.25.

Senate File No. 2214 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

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. 2226, and repassed said bill in accordance with the report of the Committee, so adopted.

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 April 16, 1988

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. 1268, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1268: A bill for an act relating to energy and economic development; providing for the powers and duties of the commissioner of energy and economic development; clarifying definitions; authorizing certain Indian tribes to create community energy councils; providing the purpose for which an appropriation may be spent; amending Minnesota Statutes 1986, sections 116J.09; 116J.10; 116J.19, subdivision 6; 116J.36, subdivision 2; 116J.381, subdivision 2; and Laws 1981, chapter 334, section 11, subdivision 1.

Senate File No. 1268 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

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. 1885, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1885: A bill for an act relating to commerce; motor fuel franchises; regulating certain building alterations; providing remedies; amending Minnesota Statutes 1986, section 80C.146, subdivisions 2 and 3; repealing Laws 1984, chapter 444, section 4, as amended by Laws 1986, chapter 343, section 1.

Senate File No. 1885 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988



Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2031, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2031 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 16, 1988

### CONFERENCE COMMITTEE REPORT ON 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.

April 14, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2031, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 2031 be further amended as follows:

Page 2, line 30, delete "*is*" and insert "*be*"

Page 3, line 2, delete "*12 or less*" and insert "*less than 12*"

Page 3, line 9, after the period insert "*Refuse derived fuel or other*

*material that is destroyed by incineration is not a recyclable material."*

Page 3, lines 15 and 16, delete "*which*" and insert "*that*"

Page 3, line 19, before "*The*" insert "*(a)*"

Page 3, line 33, before "*The*" insert "*(b)*"

Page 4, line 6, before "*The*" insert "*(c)*"

Page 5, line 12, before "*The*" insert "*(a)*"

Page 6, line 3, before "*The*" insert "*(b)*"

Page 7, line 12, strike ", 1986,"; delete the new language and insert "*of each even-numbered year,*"

Page 8, line 18, delete "*shall only*" and insert "*may*"

Page 8, line 20, before "*if*" insert "*only*"

Page 8, line 22, delete "*such a*" and insert "*the*" and delete "*cost effective*" and insert "*cost-effective*"

Page 8, line 24, delete "[115A.55]" and insert "[115A.97]"

Page 9, line 29, after the period insert "*The program must include separate testing of fly ash, bottom ash, and combined ash unless the agency determines that because of physical constraints at the facility separate samples of fly ash and bottom ash cannot be reasonably obtained in which case only combined ash must be tested.*"

Page 11, line 19, delete everything after "*may*" and insert "*recover by civil action*"

Page 11, line 20, delete "*recover*"

Page 11, line 23, before "*The*" insert "*(a)*"

Page 11, line 33, before "*The*" insert "*(b)*"

Page 12, lines 27 and 28, delete "*abatement and permitting*"

Page 13, line 15, before "*The*" insert "*Subdivision 1. [LOANS.]*"

Page 13, line 17, before "*The*" insert "*Subd. 2. [GRANTS.]*"

Page 14, delete section 20 and insert:

"Sec. 20. Minnesota Statutes 1987 Supplement, section 115A.921, is amended to read:

115A.921 [CITY OR TOWN FEE AUTHORITY.]

A city or town may impose a fee, not to exceed 25 35 cents per cubic yard of waste, or its equivalent, on operators of facilities for the disposal of mixed municipal solid waste located within the city or town. The revenue from the fees must be credited to the city or town general fund ~~and~~. *Revenue produced by 25 cents of the fee must be used only for purposes of landfill abatement or for purposes of mitigating and compensating for the local risks, costs, and other adverse effects of facilities. Revenue produced by ten cents of the fee may be used for any general fund purpose.* Waste residue from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse shall be exempt from one-half the amount of the fee imposed by a city or town under this

section if there is at least an 85 percent volume reduction in the solid waste processed. Before any fee is reduced, the verification procedures of section 473.843, subdivision 1, paragraph (c), must be followed and submitted to the appropriate city or town.

**Sec. 21. [115A.936] [LAND DISPOSAL OF YARD WASTE.]**

*(a) Except as authorized by the agency, in the metropolitan area after January 1, 1990, and outside the metropolitan area after January 1, 1992, a person may not dispose of yard waste:*

- (1) in mixed municipal solid waste;*
- (2) in a disposal facility; or*
- (3) in a resource recovery facility except for the purposes of composting or co-composting.*

*(b) Yard waste subject to this subdivision is garden wastes, leaves, lawn cuttings, weeds, and prunings.*

**Sec. 22. [115A.98] [WASTE DISPOSAL FEE REGULATION.]**

*Subdivision 1. [FEE REGULATION.] The legislature finds that the limited number of solid waste disposal facilities in the metropolitan area has created a condition that could allow operators to charge unjust and unreasonable rates. The legislature finds that until sufficient alternatives to landfill disposal become available, the disposal of solid waste is necessary for the health and general welfare of the citizens of this state. Therefore, to ensure just and reasonable fees for the disposal of solid waste, ash, and construction debris in the metropolitan area and a reasonable rate of return to owners and operators of disposal facilities while achieving environmental requirements and other community standards at the facilities, disposal fee structures of disposal facilities that accept solid waste, ash, or construction debris will be publicly regulated.*

*Subd. 2. [DISPOSAL FEE DISCLOSURE.] By July 1 of each year, each permittee of a disposal facility that accepts solid waste, ash, or construction debris in the metropolitan area shall file with the agency the disposal fees of that facility, including any proposed changes in those fees. The permittee of a facility must also file all necessary documentation to support the amounts of the fees charged, the costs of operation, and the necessity of fee increases to reflect cost increases. Until June 1, 1989, disposal fees in the metropolitan area may not be increased except to reflect documented increases in the costs of operation of the disposal facility. The agency may suspend the operation of a disposal facility whose permittee fails to file the information required in this subdivision or files inadequate information to support fee increases based on increased costs until such time as the permittee files adequate information.*

*Subd. 3. [COMMISSION RECOMMENDATION.] The legislative commission on waste management, in cooperation with the agency, the board, the public utilities commission, other state agencies, and interested parties shall study current fee structures at disposal facilities in the state for the purpose of recommending to the legislature a regulatory program to ensure just and reasonable disposal fees. The recommendation must include identification of an appropriate entity to impose fee regulation, a structure for fee regulation, standards to be used in regulating fees, and procedures to be followed to regulate fees. The commission's recommendation must be finalized no later than December 31, 1988.*

*Subd. 4. [EFFECT ON SURCHARGES.] This section does not affect the amount of any city, county or state surcharges on disposal fees."*

Page 14, line 29, delete "of the agency" and after "may" insert a comma and after "request" insert a comma

Page 14, line 30, delete "any"

Page 14, line 34, delete "Agency"

Page 15, after line 6, insert:

"Sec. 24. [116.074] [NOTICE OF PERMIT CONDITIONS TO LOCAL GOVERNMENTS.]

*Before the agency grants a permit for a solid waste facility, allows a significant alteration of permit conditions or facility operation, or allows the change of a facility permittee, the commissioner must notify the county and town where the facility is located, contiguous counties and towns, and all home rule charter and statutory cities within the contiguous townships. If a local government unit requests a public meeting within 30 days after being notified, the agency must hold at least one public meeting in the area near the facility before granting the permit, allowing the alterations in the permit conditions or facility operation, or allowing the change of the facility permittee."*

Page 15, after line 20, insert:

"Sec. 26. [325E.042] [PROHIBITING SALE OF CERTAIN PLASTICS.]

*Subdivision 1. [PLASTIC CAN.] (a) A person may not sell, offer for sale, or give to consumers in this state a beverage packaged in a plastic can.*

*(b) A plastic can subject to this subdivision is a single serving beverage container composed of plastic and metal excluding the closure mechanism.*

*Subd. 2. [NONDEGRADABLE PLASTIC.] A person may not sell, offer for sale, or give to consumers beverages or motor oil containers held together by nondegradable plastic material.*

*Subd. 3. [PENALTY.] A person who violates subdivision 1 or 2 is guilty of a misdemeanor."*

Page 16, line 14, before "Any" insert "After being notified that a plastic container does not comply with the rules under subdivision 2,"

Page 16, line 16, delete the period and insert "and"

Page 16, delete line 17

Page 16, line 18, delete everything before "may"

Page 16, line 20, delete "(c)" and insert "(b)"

Page 16, after line 30, insert:

"Sec. 29. Minnesota Statutes 1986, section 473.149, subdivision 2b, is amended to read:

*Subd. 2b. [INVENTORY OF SOLID WASTE DISPOSAL SITES.] By September 1, 1983, the council shall adopt by resolution an inventory of eligible solid waste disposal sites and buffer areas within the metropolitan area. The council's inventory shall be composed of the sites and buffer areas proposed by the counties and reviewed and approved by the council*

pursuant to section 473.803, subdivision 1a. If a county does not have an approved inventory of the required number of sites by June 1, 1983, the council shall begin investigations and public hearings in order to adopt the required inventory for the county by September 1, 1983. The council's inventory shall satisfy all requirements and standards described in section 473.803, subdivision 1a, for sites and buffer areas proposed by counties. For sites and buffer areas included in the council's inventory, the development limitation imposed under section 473.806, subdivision 1, shall extend until 90 days following the selection of sites pursuant to section 473.833, subdivision 3. *Upon the request of a county, the council may remove from the inventory property that is within the boundaries of the fill portion of a currently or previously permitted solid waste disposal facility, if the removal of the property does not reduce the size of the affected site below the 80 acre minimum area required in section 473.803, subdivision 1a.*"

Page 17, after line 12, insert:

"Sec. 31. Minnesota Statutes 1986, section 473.806, is amended to read:

**473.806 [INVENTORY OF DISPOSAL SITES; DEVELOPMENT LIMITATIONS.]**

**Subdivision 1. [COUNCIL APPROVAL REQUIRED.]** In order to permit the comparative evaluation of sites and the participation of affected localities in decisions about the use of sites, a metropolitan development limitation is hereby imposed as provided in this subdivision on development within the area of each site and buffer area proposed by a county pursuant to section 473.803, subdivision 1a, pending the council's adoption of an inventory pursuant to section 473.149, subdivision 2b. For sites and buffer areas included in the council's inventory, the limitation shall extend until 90 days following the selection of sites pursuant to section 473.833, subdivision 3, except that the council may at any time, with the approval of the county in which the site is located, abrogate the application of the limitation to a specific site or sites or buffer areas. No development shall be allowed to occur within the area of a site or buffer area during the period of the metropolitan development limitation without the approval of the council. No county, city, or town land use control shall permit development which has not been approved by the council, nor shall any county, city, or town sanction or approve any subdivision, permit, license, or other authorization which would allow development to occur which has not been approved by the council. The council shall not approve actions which would jeopardize the availability of a site for use as a solid waste facility. The council may establish guidelines for reviewing requests for approval under this subdivision. Requests for approval shall be submitted in writing to the chair of the council and *must include a development schedule and any information required by the council to demonstrate that the proposed development is feasible and economically viable pursuant to guidelines adopted by the council.* Requests for approval shall be deemed to be approved by the council unless the chair otherwise notifies the submitter in writing within 15 days.

**Subd. 2. [ACQUISITION OF TEMPORARY DEVELOPMENT RIGHTS.]**

If pursuant to subdivision 1 the council refuses to approve development which is permitted by local development plans, land use classification, and zoning and other official controls applying to the property on February 1, 1983, the landowner may elect to have the county purchase temporary

development rights to the property for the period extending from the date when the council approved the site which affects the property for inclusion in the metropolitan inventory of sites until December 31, 1987 1992. The election must be made within 30 days of the council's decision to refuse to approve development. The council shall provide funds, from the proceeds of the bonds issued pursuant to section 473.831, for the county to purchase the temporary development rights. The landowner's compensation shall be determined by the agreement of the owner, the county, and the council. If the parties cannot agree within 60 days of the owner's election, the county shall acquire the temporary development rights through eminent domain proceedings, and the landowner's compensation shall be the fair market value of the temporary development rights. A landowner who elects under this section to have the county purchase temporary development rights to the landowner's property is entitled to prompt action by the county. If the landowner brings a successful action to compel the county to initiate eminent domain proceedings, the landowner is entitled to petition the court for reimbursement of reasonable costs and expenses, including reasonable attorney, appraisal, and engineering fees that were actually incurred in bringing the action.

Sec. 32. Minnesota Statutes 1986, section 473.840, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] (a) "Qualifying property" is a parcel of real property any part of which is located within the site or buffer area of a candidate site under section 473.153, or a site included in the metropolitan inventory adopted under section 473.149, subdivision 2b, for the purposes of environmental review under section 473.833, subdivision 2a.

(b) An "eligible owner" is a person who: (1) owns the entire parcel of qualifying property; (2) owned the entire parcel of property at the time the site was selected as a candidate site or included in the metropolitan inventory; and (3) since the site was selected or included in the inventory, has for at least six months offered to sell the entire parcel on the open market through a licensed real estate agent; and (4) has not previously entered a contract under subdivision 4 for the sale of any or all of the parcel.

Sec. 33. Minnesota Statutes 1986, section 473.840, subdivision 4, is amended to read:

Subd. 4. [CONTRACT; TERMS AND REQUIREMENTS.] The council and the county or commission shall enter a contract as provided in this subdivision with an eligible owner of qualifying property who requests the council and the county or commission to enter the contract as provided in subdivision 3. The council and the county or commission have 90 days to act on a request submitted under subdivision 3. The contract must include at least the following terms:

(a) The owner must offer to sell the entire parcel of property on the open market through a licensed real estate agent approved by the council for at least a six-month period beginning within one month after the appraised market value of the property is determined as provided in paragraph (b). The offer to sell must be made at no more than the appraised market value.

(b) The appraised market value of the property must be determined by an appraiser selected by the council. If the owner disagrees with the appraisal the owner shall select an appraiser to make a second appraisal. If a second appraisal is made, the council and the owner may agree on an appraised

market value equal to either the first or second appraisal or any amount between those appraisals. If the council and owner do not agree on an appraised market value the two appraisers shall select a third appraiser, and the appraised market value must be determined by a majority of the three appraisers. Appraisers must be selected from the approved list of real property appraisers of the state commissioner of administration. Appraisers shall take an oath that they have no interest in any of the property to be appraised or in the purchase thereof. Each party shall pay the cost of the appraiser selected by that party and shall share equally in the cost of a third appraiser selected under this paragraph. The appraised market value of the property may not be increased or decreased by reason of its selection as a candidate or inventoried site or buffer area.

(c) The county or commission must purchase the entire parcel of property at the appraised market value determined under paragraph (b) if: (1) the council determines, based upon affidavits provided by the owner and the real estate agent and other evidence the council may require, that the owner has made a good faith effort to sell the property as provided in paragraph (a) and has been unable to sell the property at the appraised market value; (2) ~~the council determines that the owner will be subject to undue hardship as a result of failure to sell;~~ (3) the county or commission determines that the owner has marketable title to the property and that the owner has cured any defects in the title within a reasonable time as specified in the contract; and ~~(4)~~ (3) the owner conveys the property by warranty deed in a form acceptable to the county or commission.

(d) The owner may not assign or transfer any rights under the contract to another person.

(e) The contract expires and the obligations of the parties under the contract cease when the property is sold or is either selected or eliminated from consideration by a final decision of the council under section 473.153, subdivision 6, or by a final decision of the county site selection authority or council under section 473.833, subdivision 3.

(f) The council and the commission or county may require other terms of contract that are consistent with the purposes of this section and necessary to protect the interests of the parties.

Sec. 34. Minnesota Statutes 1986, section 473.845, subdivision 3, is amended to read:

Subd. 3. ~~[CLOSURE AND POSTCLOSURE, RESPONSE PAYMENTS EXPENDITURES FROM THE FUND.]~~ Money in the fund may only be appropriated to the agency for expenditure for:

(1) reasonable and necessary expenses for closure and postclosure care of a mixed municipal solid waste disposal facility in the metropolitan area for a 20-year period after closure, if the agency determines that the operator or owner will not take the necessary actions requested by the agency for closure and postclosure in the manner and within the time requested; ~~or~~

(2) reasonable and necessary response and postclosure costs at a mixed municipal solid waste disposal facility in the metropolitan area that has been closed for 20 years in compliance with the closure and postclosure rules of the agency; ~~or~~

*(3) reasonable and necessary response costs resulting from county actions required under section 473.833, subdivision 2a, when those actions are*

*done under the supervision of the agency.*

Sec. 35. Minnesota Statutes 1986, section 477A.012, subdivision 2, is amended to read:

Subd. 2. [ADDITIONAL AID FOR CERTAIN COUNTIES.] (a) Each county that becomes eligible to negotiate a contract with the waste management board pursuant to section 115A.191 shall be entitled to receive ~~\$4,000~~ \$6,000 per month in additional local government aids, for each full calendar month that it is eligible. If the state's liability under this clause exceeds \$40,000 in any month, the commissioner shall proportionately reduce the entitlements of each eligible county.

(b) Any county government that has executed a contract with the board pursuant to section 115A.191 shall receive an amount as provided under a schedule set forth in the contract not to exceed \$150,000 per year in additional local government aids, for a period of not more than two years following the execution of the contract. The sum of the state's obligations under this clause may not exceed \$600,000 in any fiscal year.

(c) Aid distributions under this subdivision are in addition to any distributions to which a county is entitled pursuant to subdivision 1, and must not be deducted in the computation of levy limits. When an aid payment is made pursuant to section 477A.015, the commissioner shall distribute to each eligible county the full entitlement due under clause (a) for the county's period of eligibility that was not paid in a previous distribution. ~~When an aid payment is made pursuant to section 477A.015, The commissioner shall distribute the amounts due under clause (b) to each county that has executed a contract the full amount due under clause (b) in accordance with the terms of the contract. In no case may any additional aid amounts due under this subdivision be paid prior to July 1, 1987."~~

Page 17, after line 22, insert:

"Sec. 37. [PENNINGTON COUNTY SOLID WASTE LOAN FORGIVEN.]

*Notwithstanding Minnesota Statutes, section 115A.54, subdivision 3, the awarding resolution, or the agreement between Pennington county and the state acting through the waste management board, Pennington county need not repay the outstanding balance of the loan made to it under Minnesota Statutes, section 115A.54, subdivision 2. The other obligations of Pennington county under the loan agreement remain in effect.*

Sec. 38. [REPORT.]

*As part of the report required in 1988 by Minnesota Statutes 1987 Supplement, section 473.149, subdivision 6, the council shall estimate the disposal capacity available in the metropolitan area for mixed municipal solid waste and incinerator ash and shall describe the abatement implementation strategies and actions that would be necessary to make that capacity last until the years 2000, 2005, and 2010."*

Page 19, line 31, delete "this paragraph" and insert "paragraph (f)"

Page 20, delete section 31 and insert:

"Sec. 43. [APPROPRIATION; COMPLEMENT.]

*Subdivision 1. [WASTE MANAGEMENT BOARD.] \$821,300 is appropriated from the motor vehicle transfer fund to the waste management board for the waste tire management programs and waste oil loans and*



*grants and market feasibility studies.*

*This appropriation is available until expended.*

*The complement of the board is increased by six positions.*

*Subd. 2. [POLLUTION CONTROL AGENCY.] \$238,500 is appropriated to the pollution control agency from the environmental response, compensation, and compliance fund for the purposes of section 23 to be available until June 30, 1989. This appropriation must be returned to the fund through the cost recovery system under section 23.*

*The complement of the agency is increased by six positions, two of which are full-time temporary in the unclassified service, to develop an automated data base. When the data base is operational, the unclassified positions terminate and the approved complement of the agency is reduced accordingly."*

Page 21, lines 4 and 5, delete "and "waste management board""

Page 21, lines 5 and 6, delete "and subsequent editions of the statutes"

Page 21, line 8, delete "21, 28, 29, and 31" and insert "22, 23, 29, 31 to 34, 37, 40, 41, and 43"

Page 21, line 9, after the period insert "Section 26, subdivision 2, is effective July 1, 1989. Section 28 is effective April 1, 1989. Section 35 is effective July 1, 1988."

Renumber the sections in sequence

Delete the title and insert:

"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; increasing city and town fee authority; banning yard waste from landfills; establishing a study recommending a system to regulate solid waste disposal fees; authorizing the pollution control agency to recover certain costs; requiring notice to local governments of changes in solid waste disposal permits; adding the chair of the waste management board to the environmental quality board; banning the use of certain plastics; requiring labeling of plastic containers; making changes to the metropolitan landfill siting process; forgiving a solid waste loan to Pennington County; 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; 473.149, subdivision 2b; 473.803, subdivision 4; 473.806; 473.840, subdivisions 2 and 4; 473.845, subdivision 3; 477A.012, subdivision 2; and 609.68; Minnesota Statutes 1987 Supplement, sections 115A.156, subdivisions 1 and 2; 115A.162; 115A.48; 115A.916; 115A.921; 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; 116; 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."

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

House Conferees: (Signed) Darby Nelson, Dee Long, Bob Anderson, Ernest A. Larsen, Jean D. Wagenius

Senate Conferees: (Signed) Gene Merriam, Gary W. Laidig, William P. Luther, James C. Pehler, John J. Marty

Mr. Merriam moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2031 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2031 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 56 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2596, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2596 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 16, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2596

A bill for an act relating to metropolitan government; creating a legislative task force to monitor performance of metropolitan agencies in complying

with certain laws; prescribing the contents of affirmative action plans for metropolitan agencies and a process for approval and reporting of those plans; requiring purchases from businesses owned by socially or economically disadvantaged persons; amending Minnesota Statutes 1986, sections 473.141, subdivision 9; and 473.406, subdivisions 2, 5, 6, and 7; proposing coding for new law in Minnesota Statutes, chapters 3 and 473.

April 14, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2596, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 2596 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, section 473.141, subdivision 9, is amended to read:

Subd. 9. [PERSONNEL CODE; MERIT SYSTEM.] (a) The council shall by resolution adopt guidelines for a personnel code relating to the employees of the commissions, except that nothing in Laws 1974, Chapter 422 shall impair the rights of any commission or employee under sections 473.405 and 473.415. After adoption of the guidelines, each commission shall by resolution adopt a personnel code in general conformance therewith. The code shall include a job classification plan, procedures for employment and promotion of personnel based on merit, procedures for the demotion, suspension or discharge of employees, procedures for hearing grievances, procedures for salary administration, and such other provisions as the council deems appropriate. In addition, the code shall provide for the development by each commission of affirmative action plans, ~~which shall be submitted for approval to the appropriate agency or office of the state. The plans shall include a yearly progress report to the agency or office as provided in section 3.~~ The chief administrator of each commission shall administer the code, and no commission shall take any action inconsistent with the personnel code.

(b) All employees of the commission except those expressly designated for the unclassified service, shall serve in the classified service. The unclassified service shall include: members of the commission, the chief administrator of the commission, all officers of the commission, any employee of the commission who is determined by the commission to have a confidential relationship to the commission or the council; and any employee of the commission expressly exempted from the classified service by law. Each code shall also include procedures for open competitive examinations to test the relative skill or ability of all applicants for positions in the classified service. Such examinations may consist of written or oral tests of the subjective or objective type, physical tests, and practical or demonstration tests for the evaluation of past training and experience. Oral tests may be used to test the applicant's knowledge of the position applied for or personal fitness for the position. Where there is more than one applicant for a position, each code shall provide for the employment of one

of the three applicants best qualified for it.

(c) When a commission employee has been demoted, suspended or dismissed by the chief administrator, the employee may, within 30 days after such action becomes effective, file with the commission a written request for a hearing showing the position from which the employee was dismissed, the date of dismissal, and the reason for requesting the hearing, full name and present mailing address. Upon receipt of a request for a hearing the commission shall appoint three of its members to act as an appeal committee and preside at a hearing on the action of the administrator. The hearing shall be held within 30 days after the request is received by the commission, upon written notice mailed or delivered to the employee at the employee's present mailing address, not less than seven days before the hearing. The appeal committee shall approve or disapprove the action of the administrator, and in the case of approval the action of the administrator shall be final. In the case of disapproval the appeal committee may reinstate the employee under such conditions as it deems proper, and may order the payment to the employee of compensation lost as a result of the demotion, suspension or dismissal.

**Sec. 2. [473.142] [SOCIALLY AND ECONOMICALLY DISADVANTAGED BUSINESSES.]**

(a) *The metropolitan council and agencies specified in section 3, subdivision 1, shall attempt to award at least nine percent of the value of all procurement, other than contracts under clause (c), to businesses owned and operated by socially or economically disadvantaged persons. For purposes of this section, "socially or economically disadvantaged person" means a person who has been deprived of the opportunity to develop and maintain a competitive position in the economy because of social or economic conditions. This disadvantage may arise from cultural, social or economic circumstances, background, or other similar cause. It includes racial minorities, women, persons with a disability as defined in section 363.01, subdivision 25, sheltered workshops, and work activity programs. To the extent practicable, the council and agencies shall attempt to meet this goal through procurement from businesses with their principal place of business in Minnesota. In furtherance of this goal, the council or an agency shall set aside a percentage of all procurements for bidding only by these businesses. The council or an agency may also award a five percent preference to these businesses in the amount bid on selected procurements.*

(b) *The council and each agency specified in section 3, subdivision 1, as a condition of awarding procurements for construction, consultant, professional, or technical service contracts in excess of \$200,000, shall attempt to assure that at least ten percent of the contract award to a prime contractor be subcontracted to a business owned and operated by a socially or economically disadvantaged person, or that at least ten percent of the contract award be expended in purchasing materials or supplies from this type of business. This paragraph does not apply if the council or agency determines that there is no business owned and operated by a socially or economically disadvantaged person able to perform the subcontract or provide the supplies, or if the prime contractor is a business owned and operated by a socially or economically disadvantaged person. Subcontracting or purchasing of supplies under this subdivision is not included in determining achievement of goals under paragraph (a) or (c).*

(c) *The council and each agency specified in section 3, subdivision 1,*

shall attempt to award at least six percent of the value of all procurements for consultant services or professional or technical services to businesses owned and operated by socially or economically disadvantaged persons.

(d) In implementing paragraphs (a) and (c), the council and each agency specified in section 3, subdivision 1, shall attempt to purchase a variety of goods and services from different businesses owned and operated by socially or economically disadvantaged persons.

(e) The council and each agency may adopt rules to implement this section.

(f) This section does not apply to procurement financed in whole or in part with federal funds if the procurement is subject to federal disadvantaged, minority or women business enterprise regulations. The council and each agency shall report annually to the legislature on compliance with this subdivision. The reports must include the information specified in section 16B.21 that pertains to purchasing from businesses owned by socially or economically disadvantaged persons.

### Sec. 3. [473.143] [AFFIRMATIVE ACTION PLANS.]

Subdivision 1. [APPLICATION.] For purposes of this section, "agency" means a metropolitan agency as defined in section 473.121, except the metropolitan parks and open space commission. Agency also means the metropolitan mosquito control commission. For purposes of this section, "commissioner" means the commissioner of the state department of employee relations.

Subd. 2. [DEVELOPMENT AND CONTENTS.] The council and each agency shall develop an affirmative action plan and submit its plan to the commissioner for approval. The commissioner may not approve a plan unless the commissioner determines that it will be effective in assuring that employment positions are equally accessible to all qualified persons, in eliminating the underutilization of qualified members of protected groups, in providing a supportive work environment to all employees, regardless of race, religion, sex, national origin, or disability, and in dealing with discrimination complaints. For purposes of this section, "protected group" has the meaning given it in section 43A.02, subdivision 33. A plan must contain at least the elements required in this subdivision.

(a) It must identify protected groups that are underrepresented in the council's or agency's work force.

(b) It must designate a person responsible for directing and implementing the affirmative action program and assign the specific responsibilities and duties of that person. The person responsible for implementing the program shall report directly to the council's or agency's chief operating officer regarding the person's affirmative action duties. The person responsible for the affirmative action program shall review examination and other selection criteria to assure compliance with law. This person shall be involved in the filling of all vacancies in the council or agency work force, to the extent necessary to facilitate attainment of affirmative action goals.

(c) It must describe the methods by which the plan will be communicated to employees and to other persons.

(d) It must describe methods for recruiting members of protected groups. These methods may include internship programs, cooperation with union apprenticeship programs, and other steps necessary to expand the number

*of protected group members in applicant pools.*

*(e) It must describe internal procedures in accordance with this paragraph for processing complaints of alleged discrimination from job applicants and employees. The procedures must provide for an initial determination of whether the complaint is properly a discrimination complaint subject to the procedure under the affirmative action plan. Complaints filed under the discrimination procedures that allege reprisals against an employee for opposing a forbidden practice or for filing a charge, testifying, or participating in an investigation, proceeding, or hearing relating to a forbidden practice are appealable to the chief operating officer of the council or agency. Procedures under this paragraph must be distinct from any procedures available under a union contract or personnel policy for nondiscrimination complaints. Use of procedures developed under this paragraph is not a prerequisite to filing charges with a governmental enforcement agency, nor does it limit a person's right to file these charges.*

*(f) It must set goals and timetables to eliminate underutilization of members of each protected group in the council or agency work force.*

*(g) It must provide a plan for retaining and promoting protected group members in the council or agency work force. This plan should encourage training opportunities for protected group members, to the extent necessary to eliminate underutilization in specific parts of the work force.*

*(h) It must describe methods of auditing, evaluating, and reporting program success, including a procedure that requires a preemployment review of all hiring decisions for occupational groups with unmet affirmative action goals.*

*(i) It must provide for training of management and supervisory personnel in implementation of the plan and in dealing with alleged acts of discrimination in the workplace.*

*(j) It must provide for periodic surveying of the council or agency work force to determine employee attitudes toward implementation of the plan.*

*(k) It must provide for creation of an employee committee to advise on implementation of the plan and on any changes needed in the plan.*

**Subd. 3. [HARASSMENT.]** *The council and each agency shall adopt written policies forbidding harassment based on sex, disability, or race in their workplaces and establishing implementation plans and grievance procedures to deal with complaints of harassment based on sex, disability, or race.*

**Subd. 4. [PERFORMANCE EVALUATION.]** *The evaluation of the performance of each supervisory and managerial employee of the council and the agencies must include evaluation of the person's performance in implementing the council's or agency's affirmative action plan and in preventing forbidden discrimination in the workplace.*

**Subd. 5. [REPORT.]** *By March 1 each year, the commissioner shall report to the legislature on affirmative action progress of the council and of each agency. The report must include:*

*(1) an audit of the record of the council and each agency to determine compliance with affirmative action goals and to evaluate overall progress in attainment of overall affirmative actions objectives;*

*(2) if the council or any agency has failed to make satisfactory progress*

toward its affirmative action goals, a list of unmet goals and an analysis of why the failure occurred;

(3) a summary of all personnel actions taken by the council and each agency during the past calendar year, categorized by occupational group, protected group status, and full-time, part-time, temporary, and seasonal status; and

(4) a summary of discrimination complaints and lawsuits against the council and each agency filed or resolved during the past calendar year, including the basis for the complaints and lawsuits.

For purposes of this subdivision, "personnel action" means a new hire, promotion, transfer, demotion, layoff, recall from layoff, suspension with or without pay, letter of reprimand, involuntary termination, other disciplinary action, and voluntary termination.

The council and each agency shall report to the commissioner all information that the commissioner requests to make the report required by this subdivision. In providing this information, the council and agencies are not required to reveal information that is not public data under chapter 13.

The council and each agency shall submit these reports at the time and in the manner requested by the commissioner. The commissioner shall report to the legislature on the failure of the council or an agency to file the required report in a timely manner.

Subd. 6. [COORDINATION.] The commissioner or a designee shall meet with affirmative action officers of the council and all of the agencies to share successful techniques and foster innovative means to implement affirmative action plans and eliminate discrimination in the workplace.

Subd. 7. [COORDINATION WITH LEGISLATURE.] The council and each agency shall facilitate legislative oversight of equal opportunity practices by providing the legislature access, including access to computerized records if compatible systems exist, to public data maintained by the agency. The council and agencies must not provide access to information that is not public data as defined in section 13.02, subdivision 8a.

Sec. 4. [473.144] [CERTIFICATES OF COMPLIANCE FOR CONTRACTS.]

Neither the council nor an agency listed in section 3, subdivision 1, may accept any bid or proposal for a contract or execute a contract for goods or services in excess of \$50,000 with any business having more than 20 full-time employees in Minnesota at any time during the previous 12 months, unless the business has an affirmative action plan for the employment of minority persons, women, and the disabled that has been approved by the commissioner of human rights. Receipt of a certificate of compliance from the commissioner of human rights signifies that a business has an approved affirmative action plan. A certificate is valid for two years. Section 363.073 governs revocation of certificates. The rules adopted by the commissioner of human rights under section 363.074 apply to this section.

Sec. 5. Minnesota Statutes 1986, section 473.406, subdivision 2, is amended to read:

Subd. 2. [SET-ASIDES.] The metropolitan transit commission may, on a fiscal year basis, designate and set aside for awarding to shall comply

*with the requirements of section 2 relating to procurement from business entities controlled by socially or economically disadvantaged persons or handicapped persons; or for awarding to business entities which guarantee the use of subcontractors controlled by socially or economically disadvantaged persons or handicapped persons, approximately five percent of the value of its anticipated total procurement of goods and services, including construction. The failure of the commission to set aside particular procurements shall not be deemed to prohibit or discourage business entities controlled by socially or economically disadvantaged persons or handicapped persons from seeking the procurement award through the normal solicitation and bidding processes.*

Sec. 6. Minnesota Statutes 1986, section 473.406, subdivision 5, is amended to read:

Subd. 5. [RECOURSE TO OTHER BUSINESSES.] If this section ~~does~~ and section 2 do not operate to extend a contract award to a business entity controlled by socially or economically disadvantaged persons ~~or handicapped persons~~, the award shall be placed pursuant to the normal solicitation and award procedures set forth in section 471.345.

Sec. 7. Minnesota Statutes 1986, section 473.406, subdivision 6, is amended to read:

Subd. 6. [RULES.] The commission shall promulgate by rule standards and procedures for certifying that business entities eligible to participate in the ~~set aside~~ program ~~authorized in~~ required by this section and section 2 are controlled by socially or economically disadvantaged persons ~~or handicapped persons~~. The commission shall promulgate other rules as may be necessary or advisable to carry out the provisions of this section and section 2.

Sec. 8. Minnesota Statutes 1986, section 473.406, subdivision 7, is amended to read:

Subd. 7. [OTHER LAWS SUPERSEDED.] In the event of conflict with other laws or rules, the provisions of this section and section 2 and rules promulgated pursuant to ~~it~~ them shall govern.

Sec. 9. [DEADLINE.]

*By January 1, 1989, the metropolitan council and each agency listed in section 3, subdivision 1, must have an affirmative action plan and anti-harassment policies that meet the requirements of section 3.*

Sec. 10. [AUTHORITY.]

*If a joint House-Senate committee or subcommittee is appointed to study and monitor equal opportunity activities of metropolitan agencies, the group has the powers granted to legislative committees under section 3.153.*

Sec. 11. [EFFECTIVE DATE.]

*Sections 1 to 9 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. Sections 2, 4, 5, and 6 are effective January 1, 1989, and apply only to contracts for which notice of invitation to bid or requests for proposals are issued after the effective date of the section."*

Amend the title as follows:



Page 1, line 2, delete "creating a"

Page 1, delete lines 3 and 4

Page 1, line 9, after the semicolon, insert "requiring certain contractors to have affirmative action plans;"

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

House Conferees: (Signed) Peter McLaughlin, Richard Jefferson, Sidney J. Pauly

Senate Conferees: (Signed) John J. Marty, Donald M. Moe, Glen Taylor

Mr. Marty moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2596 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2596 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 54 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 257, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 257 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 16, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 257

A bill for an act relating to state government; requiring the board of investments to adopt an investment policy; authorizing certain investments by the board of investments; providing that certain state employees who

are eligible to retire are eligible for state-paid insurance benefits; modifying definition of terms and conditions of employment for public employees; amending Minnesota Statutes 1986, sections 11A.04; 11A.24, subdivisions 2, 4, 5, and 6; 11A.25; 43A.24, subdivision 2; and 179A.03, subdivision 19.

April 14, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 257, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 257 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1987 Supplement, section 43A.24, subdivision 2, is amended to read:

Subd. 2. [OTHER ELIGIBLE PERSONS.] The following persons are eligible for state paid life insurance and hospital, medical, and dental benefits as determined in applicable collective bargaining agreements or by the commissioner or by plans pursuant to section 43A.18, subdivision 6, or by the board of regents for employees of the University of Minnesota not covered by collective bargaining agreements. Coverages made available, including optional coverages, are as contained in the plan established pursuant to section 43A.18, subdivision 2.

(a) a member of the state legislature, provided that changes in benefits resulting in increased costs to the state shall not be effective until expiration of the term of the members of the existing house of representatives. An eligible member of the state legislature may decline to be enrolled for state paid coverages by filing a written waiver with the commissioner. The waiver shall not prohibit the member from enrolling the member or dependents for optional coverages, without cost to the state, as provided for in section 43A.26. A member of the state legislature who returns from a leave of absence to a position previously occupied in the civil service shall be eligible to receive the life insurance and hospital, medical, and dental benefits to which the position is entitled;

(b) a permanent employee of the legislature or a permanent employee of a permanent study or interim committee or commission or a state employee on leave of absence to work for the legislature, during a regular or special legislative session;

(c) a judge of the appellate courts or an officer or employee of these courts; a judge of the district court, a judge of county court, a judge of county municipal court, or a judge of probate court; a district administrator; and an employee of the office of the district administrator of the fifth or the eighth judicial districts;

(d) a salaried employee of the public employees retirement association;

(e) a full-time military or civilian officer or employee in the unclassified service of the department of military affairs whose salary is paid from state

funds;

(f) a salaried employee of the Minnesota historical society, whether paid from state funds or otherwise, who is not a member of the governing board;

(g) an employee of the regents of the University of Minnesota; and

(h) notwithstanding section 43A.27, subdivision 3, an employee of the state of Minnesota or the regents of the University of Minnesota who is at least 60 and not yet 65 years of age on July 1, 1982, who is otherwise eligible for employee and dependent insurance and benefits pursuant to section 43A.18 or other law, who has at least 20 years of service and retires, earlier than required, within 60 days of March 23, 1982; or an employee who is at least 60 and not yet 65 years of age on July 1, 1982, who has at least 20 years of state service and retires, earlier than required, from employment at Rochester state hospital after July 1, 1981; or an employee who is at least 55 and not yet 65 years of age on July 1, 1982, and is covered by the Minnesota state retirement system correctional employee retirement plan or the state patrol retirement fund, who has at least 20 years of state service and retires, earlier than required, within 60 days of March 23, 1982. For purposes of this clause, a person retires when the person terminates active employment in state or University of Minnesota service and applies for a retirement annuity. Eligibility shall cease when the retired employee attains the age of 65, or when the employee chooses not to receive the annuity that the employee has applied for. The retired employee shall be eligible for coverages to which the employee was entitled at the time of retirement, subject to any changes in coverage through collective bargaining or plans established pursuant to section 43A.18, for employees in positions equivalent to that from which retired, provided that the retired employee shall not be eligible for state-paid life insurance. Coverages shall be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program; and

(i) *An employee of an agency of the state of Minnesota identified through the process provided in this paragraph who is eligible to retire prior to age 65. The commissioner and the exclusive representative of state employees shall enter into agreements under section 179A.22 to identify employees whose positions are in programs that are being permanently eliminated or reduced due to federal or state policies or practices. Failure to reach agreement identifying these employees is not subject to impasse procedures provided in chapter 179A. The commissioner must prepare a plan identifying eligible employees not covered by a collective bargaining agreement in accordance with the process outlined in section 43A.18, subdivisions 2 and 3. For purposes of this paragraph, a person retires when the person terminates active employment in state service and applies for a retirement annuity. Eligibility ends as provided in the agreement or plan, but must cease at the end of the month in which the retired employee chooses not to receive an annuity, or the employee is eligible for employer-paid health insurance from a new employer. The retired employees shall be eligible for coverages to which they were entitled at the time of retirement, subject to any changes in coverage through collective bargaining or plans established under section 43A.18 for employees in positions equivalent to that from which they retired, provided that the retired employees shall not be eligible for state-paid life insurance.*

Sec. 2. Minnesota Statutes 1987 Supplement, section 43A.316, subdivision 8, is amended to read:

Subd. 8. [CONTINUATION OF COVERAGE.] (a) A participating employee who is laid off or is on unrequested leave may elect to continue the plan coverage. This coverage is at the expense of the employee unless otherwise provided by a collective bargaining agreement. Premiums for these employees shall be established by the commissioner. Coverage continues until one of the following occurs:

(1) the employee is reemployed and eligible for health care coverage under a group policy; or

(2) the insurance continuation periods required by state and federal laws expire.

(b) A participating employee who retires and is receiving an annuity or is eligible for and has applied for an annuity under chapter 352, 352B, 352C, 352D, 353, 354, 354A, 356, 422A, 423, 423A, 424, or 490 is eligible to continue participation in the plan. ~~Any employer's contribution must cease when the retiree reaches age 65.~~ These employees, and employees who have already retired prior to the group from which they retired entering the plan, are eligible to participate as long as their group continues to participate. This participation is at the retiree's expense unless a collective bargaining agreement or *personnel policy* provides otherwise. An employer shall notify an employee of this option no later than the effective date of retirement. The retired employee shall notify the employer within 30 days of the effective date of retirement of intent to exercise this option.

The spouse of a deceased retired employee may purchase the benefits provided at premiums established by the commissioner if the deceased retired employee received an annuity under chapter 352, 353, 354, 354A, 356, 422A, 423, 423A, or 424 and if the spouse was a dependent under the retired employee's coverage under this section at the time of the death of the retired employee. Coverage under this clause shall be coordinated with relevant insurance benefits provided through the federally sponsored Medicare program.

(c) The plan benefits shall continue in the event of strike permitted by section 179A.18, if the exclusive representative chooses to have coverage continue and the employee pays the total monthly premiums when due.

(d) A person who desires to participate under paragraphs (a) to (c) shall notify the eligible employer or former employer of intent to participate according to rules established by the commissioner. The eligible employer shall notify the commissioner, and coverage shall begin as soon as the commissioner permits.

Persons participating under these paragraphs shall make appropriate premium payments in the time and manner established by the commissioner.

Sec. 3. Minnesota Statutes 1986, section 123.72, is amended to read:

123.72 [MEDICAL INSURANCE PREMIUMS FOR RETIRED PERSONNEL.]

The school board of any independent school district may expend funds to pay premiums on hospitalization and major medical insurance coverage for officers and employees who retire prior to age 65 ~~and who are between the ages of 55 and 65. Such premiums shall only be paid until such retired officers and employees reach age 65.~~

Sec. 4. Minnesota Statutes 1986, section 179A.03, subdivision 19, is

amended to read:

Subd. 19. [TERMS AND CONDITIONS OF EMPLOYMENT.] "Terms and conditions of employment" means the hours of employment, the compensation therefor including fringe benefits except retirement contributions or benefits *other than employer payment of, or contributions to, premiums for group insurance coverage of retired employees or severance pay*, and the employer's personnel policies affecting the working conditions of the employees. In the case of professional employees the term does not mean educational policies of a school district. "Terms and conditions of employment" is subject to section 179A.07.

Sec. 5. Minnesota Statutes 1986, section 179A.07, subdivision 2, is amended to read:

Subd. 2. [MEET AND NEGOTIATE.] (a) A public employer has an obligation to meet and negotiate in good faith with the exclusive representative of public employees in an appropriate unit regarding grievance procedures and the terms and conditions of employment, but this obligation does not compel the public employer or its representative to agree to a proposal or require the making of a concession.

The public employer's duty under this subdivision exists notwithstanding contrary provisions in a municipal charter, ordinance, or resolution. A provision of a municipal charter, ordinance, or resolution which limits or restricts a public employer from negotiating or from entering into binding contracts with exclusive representatives is superseded by this subdivision.

(b) *In addition, a public employer may, but does not have an obligation to, meet and negotiate in good faith with the exclusive representative of public employees in an appropriate unit regarding an employer contribution to the state of Minnesota deferred compensation plan authorized by section 356.24, paragraph (a), clause (4), within the limits set by section 356.24, paragraph (a), clause (4).*

Sec. 6. Minnesota Statutes 1986, section 179A.16, is amended by adding a subdivision to read:

Subd. 9. [NO ARBITRATION.] *Failure to reach agreement on employer payment of, or contributions toward, premiums for group insurance coverage of retired employees is not subject to interest arbitration procedures under this section.*

Sec. 7. Minnesota Statutes 1986, section 179A.20, is amended by adding a subdivision to read:

Subd. 2a. [FORMER EMPLOYEE BENEFITS.] *A contract may not obligate an employer to fund all or part of the cost of health care benefits for a former employee beyond the duration of the contract, subject to section 179A.20, subdivision 6. A personnel policy may not obligate an employer to fund all or part of health care benefits for a former employee beyond the duration of the policy. A policy may not extend beyond the termination of the contract of longest duration covering other employees of the employer or, if none, the termination of the budgetary cycle during which the policy is adopted.*

Sec. 8. Minnesota Statutes 1987 Supplement, section 352.96, subdivision 2, is amended to read:

Subd. 2. [PURCHASE OF SHARES.] The amount of compensation so

deferred may be used to purchase:

- (1) shares in the Minnesota supplemental investment fund established in section 11A.17;
- (2) saving accounts in federally insured financial institutions;
- (3) life insurance contracts, fixed annuity and variable annuity contracts from companies that are subject to regulation by the commissioner of commerce; or
- (4) a combination of (1), (2), or (3), as specified by the participant.

The shares accounts or contracts purchased shall stand in the name of the state or other employing unit, for the officer or employee whose deferred compensation purchased the shares, until distributed to the officer or employee in a manner agreed upon by the employee and the executive director of the Minnesota state retirement system, acting for the employer. This subdivision does not authorize an employer contribution, *except as authorized in section 356.24, paragraph (a), clause (4)*. The state, political subdivision, or other employing unit is not responsible for any loss that may result from investment of the deferred compensation.

Sec. 9. Minnesota Statutes 1986, section 356.24, is amended to read:

**356.24 [SUPPLEMENTAL PENSION OR DEFERRED COMPENSATION PLANS, RESTRICTIONS UPON GOVERNMENT UNITS.]**

(a) It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan which is established, maintained and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

(1) to a supplemental pension plan ~~which that~~ was established, maintained and operated ~~prior to before~~ May 6, 1971;

(2) to ~~any~~ a plan ~~which that~~ provides solely for group health, hospital, disability, or death benefits ~~or~~;

(3) to ~~any~~ a plan ~~which that~~ provides solely for severance pay ~~as authorized pursuant to~~ under section 465.72 to a retiring or terminating employee; or

(4) to the state of Minnesota deferred compensation plan under section 352.96, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee.

(b) No change in benefits or employer contributions in ~~any~~ a supplemental pension plan to which this section applies after May 6, 1971 ~~shall~~, may be effective without prior legislative authorization.

Sec. 10. Minnesota Statutes 1986, section 465.72, subdivision 1, is amended to read:

~~Subdivision 1. [PAYMENT; LIMITS.]~~ Except as may otherwise be provided in Laws 1959, chapter 690, as amended, ~~any~~ a county, city, township, school district or other governmental subdivision may pay severance pay to its employees and ~~promulgate adopt~~ rules for the payment of severance

pay to an employee who leaves employment on or before or subsequent to the normal retirement date. Severance pay shall also does not include the payment of accumulated vacation leave; compensation for accumulated sick leave or a combination thereof other payments in the form of periodic contributions by an employer toward premiums for group insurance policies for a former employee. The severance pay shall must be excluded from retirement deductions and from any calculations in retirement benefits. It shall Severance pay must be paid in a manner mutually agreeable to the employee and employer and, except as provided in subdivision 2, over a period not to exceed five years from retirement or termination of employment. If a retired or terminated employee dies before all or a portion of the severance pay has been disbursed, that balance due shall must be paid to a named beneficiary or, lacking same one, to the deceased's estate. Except as provided in subdivision 2, in no event shall severance pay provided for an employee leaving employment may not exceed an amount equivalent to one year of pay.

Sec. 11. [471.611] [RETIREES' HEALTH INSURANCE BENEFITS.]

*Subdivision 1. [ACCOUNTING.] A unit of local government that agrees to make payments for health insurance benefits for retired employees shall identify the amount required to pay the cost of those benefits during the period in which the contract or personnel policy providing for those benefits is in effect and shall record the amount as an expenditure, according to generally accepted accounting principles, in the fiscal year or years during which the payments are to be made. A school district is in compliance with this subdivision if it complies with section 121.908, subdivision 6. Provision of these benefits under a personnel policy must be approved, as a separate action, by the governing body of the employing governmental unit.*

*Subd. 2. [COORDINATION.] A unit of local government that funds all or part of the cost of health care benefits for a retired employee must provide for coverage to be coordinated with applicable benefits provided through the federally sponsored medicare program.*

Sec. 12. Minnesota Statutes 1986, section 471.616, subdivision 1, is amended to read:

**Subdivision 1. [BIDDING REQUIRED.]** No governmental subdivision, political subdivision, or any other body corporate and politic authorized by law to purchase group insurance for its employees and providing or intending to provide group insurance protections and benefits for 25 or more of its employees shall enter into a contract for or renew any group insurance policy or contract without calling for bids and awarding the contract to the lowest responsible bidder by way of competitive bidding procedures similar to those for the provision of services and supplies under section 16B.07, subdivisions 1 to 5. A political subdivision may provide in the bid specifications that self-insured health benefit plans will not be considered. Lowest responsible bidder means the insurer, service plan corporation, or self-insurance plan, if allowed by the bid specifications which offers the lowest cost, is authorized to do business in this state, and is deemed by the governmental unit to be capable of satisfactorily performing the administration of the policy or contract in accordance with the bid specifications. "Cost" means in the case of an insurer, the net premium, including consideration of any expense and risk charges; in the case of service plan corporation, the charge for expenses and risk taking; and in

the case of self-insurance plans, the sum of the cost of paid claims, including provision for estimated incurred but unpaid claims at the end of the term, administrative costs, and premium for excess coverage. The cost of changing plans may also be considered in determining the lowest cost. The aggregate value of benefits provided by a contract entered into after July 1, 1973 shall not be less than those provided by the preexisting contract (a) unless a majority of the employees covered under the group insurance plan and voting on the question agree to a reduction in the benefits, if the employees are not represented by an exclusive representative pursuant to section 179A.12, or (b) unless the public employer and the exclusive representative of the employees of an appropriate bargaining unit, certified pursuant to under section 179.67 179A.12, agree to a reduction in the benefits. ~~The aggregate value of benefits of any former employee who has retired shall not, in any event, be reduced pursuant to clause (a) or (b), unless the employee has individually agreed to the reduction.~~

No contract need be submitted to bid more frequently than once every 48 months, unless for any reason whatsoever, a 50 percent or greater change in the premium per covered employee under the policy contract is provided, required or indicated. If additional employees are added to an existing group pursuant to a joint powers agreement under section 471.59, new bids and award are not required.

When an insurer proposes an increase in rates, it shall accompany its proposal with an aggregate claims record for the appropriate period that explains the proposed increase. When a contract is resubmitted for bids the aggregate claims record shall accompany the specifications for the contract. Cost comparisons are not required between insured and self-insurance alternatives, but apply to comparisons between two or more insured proposals or comparisons between two or more self-insurance proposals.

#### Sec. 13. [CONTRACTS VALIDATED.]

*Notwithstanding any law to the contrary, the terms of a contract or personnel policy in effect before the effective date of this section providing for severance pay for the purposes described in section 465.72, subdivision 2, or providing for employer payment of some or all of the costs of health care benefits or insurance for retired employees, and all payments made under those policies or contracts, are valid, subject to section 7.*

#### Sec. 14. [REPEALER.]

*Minnesota Statutes 1986, section 465.72, subdivision 2, is repealed.*

#### Sec. 15. [EFFECTIVE DATES.]

*Sections 1 to 14 are effective the day following final enactment. Section 13 applies retroactively to August 1, 1986.*

*Section 12 applies only to employees who retire after the effective date of the section."*

Delete the title and insert:

"A bill for an act relating to public employment; providing that certain state employees who are eligible to retire are eligible for state-paid insurance benefits; authorizing employer contributions to a deferred compensation plan in certain instances; modifying the definition of terms and conditions of employment for public employees; modifying severance pay; amending Minnesota Statutes 1986, sections 123.72; 179A.03, subdivision 19; 179A.07,



subdivision 2; 179A.16, by adding a subdivision; 179A.20, by adding a subdivision; 356.24; 465.72, subdivision 1; and 471.616, subdivision 1; Minnesota Statutes 1987 Supplement, sections 43A.24, subdivision 2; 43A.316, subdivision 8; and 352.96, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 471; repealing Minnesota Statutes 1986, section 465.72, subdivision 2."

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

House Conferees: (Signed) Wayne Simoneau, Bob A. Johnson, Gerald Knickerbocker

Senate Conferees: (Signed) Donald M. Moe, Darril Wegscheid, Michael O. Freeman

Mr. Moe, D.M. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 257 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 257 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 57 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

## MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2127, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2127 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 16, 1988

**CONFERENCE COMMITTEE REPORT ON 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.

April 15, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2127, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendment and that H.F. No. 2127 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 62D.02, is amended by adding a subdivision to read:

*Subd. 15. "Net worth" means admitted assets, as defined in section 15, minus liabilities.*

Sec. 2. Minnesota Statutes 1986, section 62D.02, is amended by adding a subdivision to read:

*Subd. 16. "Affiliate" means a person or entity controlling, controlled by, or under common control with the person or entity.*

Sec. 3. Minnesota Statutes 1986, section 62D.03, subdivision 4, is amended to read:

Subd. 4. Each application for a certificate of authority shall be verified by an officer or authorized representative of the applicant, and shall be in a form prescribed by the commissioner of health. Each application shall include the following:

(a) a copy of the basic organizational document, if any, of the applicant and of each major participating entity; such as the articles of incorporation, or other applicable documents, and all amendments thereto;

(b) a copy of the bylaws, rules and regulations, or similar document, if any, and all amendments thereto which regulate the conduct of the affairs

of the applicant and of each major participating entity;

(c) a list of the names, addresses, and official positions of the following:

(1) all members of the board of directors, or governing body of the local government unit, and the principal officers and shareholders of the applicant organization; and

(2) all members of the board of directors, or governing body of the local government unit, and the principal officers of the major participating entity and each shareholder beneficially owning more than ten percent of any voting stock of the major participating entity;

The commissioner may by rule identify persons included in the term "principal officers";

(d) a full disclosure of the extent and nature of any contract or financial arrangements between the following:

(1) the health maintenance organization and the persons listed in clause (c)(1);

(2) the health maintenance organization and the persons listed in clause (c)(2);

(3) each major participating entity and the persons listed in clause (c)(1) concerning any financial relationship with the health maintenance organization; and

(4) each major participating entity and the persons listed in clause (c)(2) concerning any financial relationship with the health maintenance organization;

(e) the name and address of each participating entity and the agreed upon duration of each contract or agreement;

(f) a copy of the form of each contract binding the participating entities and the health maintenance organization. Contractual provisions shall be consistent with the purposes of sections 62D.01 to 62D.29, in regard to the services to be performed under the contract, the manner in which payment for services is determined, the nature and extent of responsibilities to be retained by the health maintenance organization, the nature and extent of risk sharing permissible, and contractual termination provisions;

(g) a copy of each contract binding major participating entities and the health maintenance organization. Contract information filed with the commissioner shall be confidential and subject to the provisions of section 13.37, subdivision 1, clause (b), upon the request of the health maintenance organization.

Upon initial filing of each contract, the health maintenance organization shall file a separate document detailing the projected annual expenses to the major participating entity in performing the contract and the projected annual revenues received by the entity from the health maintenance organization for such performance. The commissioner shall disapprove any contract with a major participating entity if the contract will result in an unreasonable expense under section 62D.19. The commissioner shall approve or disapprove a contract within 30 days of filing.

Within 120 days of the anniversary of the implementation of each contract, the health maintenance organization shall file a document detailing the actual expenses incurred and reported by the major participating entity

in performing the contract in the proceeding year and the actual revenues received from the health maintenance organization by the entity in payment for the performance.

Contracts implemented prior to April 25, 1984, shall be filed within 90 days of April 25, 1984. These contracts are subject to the provisions of section 62D.19, but are not subject to the prospective review prescribed by this clause, unless or until the terms of the contract are modified. Commencing with the next anniversary of the implementation of each of these contracts immediately following filing, the health maintenance organization shall, as otherwise required by this subdivision, file annual actual expenses and revenues.

(h) a statement generally describing the health maintenance organization, its health maintenance contracts and separate health service contracts, facilities, and personnel, including a statement describing the manner in which the applicant proposes to provide enrollees with comprehensive health maintenance services and separate health services;

(i) a copy of the form of each evidence of coverage to be issued to the enrollees;

(j) a copy of the form of each individual or group health maintenance contract and each separate health service contract which is to be issued to enrollees or their representatives;

(k) financial statements showing the applicant's assets, liabilities, and sources of financial support. If the applicant's financial affairs are audited by independent certified public accountants, a copy of the applicant's most recent certified financial statement may be deemed to satisfy this requirement;

(l) a description of the proposed method of marketing the plan, a schedule of proposed charges, and a financial plan which includes a three year projection of the expenses and income and other sources of future capital;

(m) a statement reasonably describing the geographic area or areas to be served and the type or types of enrollees to be served;

(n) a description of the complaint procedures to be utilized as required under section 62D.11;

(o) a description of the procedures and programs to be implemented to meet the requirements of section 62D.04, subdivision 1, clauses (b) and (c) and to monitor the quality of health care provided to enrollees;

(p) a description of the mechanism by which enrollees will be afforded an opportunity to participate in matters of policy and operation under section 62D.06;

(q) a copy of any agreement between the health maintenance organization and an insurer or nonprofit health service corporation regarding reinsurance, stop-loss coverage, *insolvency coverage*, or any other type of coverage for potential costs of health services, as authorized in ~~section~~ *sections* 62D.04, subdivision 1, clause (f), 62D.05, *subdivision* 3, and ~~section~~ 62D.13; and

(r) other information as the commissioner of health may reasonably require to be provided.

Sec. 4. Minnesota Statutes 1987 Supplement, section 62D.04, subdivision 1, is amended to read:

Subdivision 1. Upon receipt of an application for a certificate of authority, the commissioner of health shall determine whether the applicant for a certificate of authority has:

(a) demonstrated the willingness and potential ability to assure that health care services will be provided in such a manner as to enhance and assure both the availability and accessibility of adequate personnel and facilities;

(b) arrangements for an ongoing evaluation of the quality of health care;

(c) a procedure to develop, compile, evaluate, and report statistics relating to the cost of its operations, the pattern of utilization of its services, the quality, availability and accessibility of its services, and such other matters as may be reasonably required by regulation of the commissioner of health;

(d) reasonable provisions for emergency and out of area health care services;

(e) demonstrated that it is financially responsible and may reasonably be expected to meet its obligations to enrollees and prospective enrollees. In making this determination, the commissioner of health ~~may~~ *shall require the amounts of net worth and working capital required in section 14, the deposit required in section 62D.041, and in addition shall consider:*

(1) the financial soundness of its arrangements for health care services and the proposed schedule of charges used in connection therewith;

(2) ~~the adequacy of its working capital;~~

~~(3) arrangements which will guarantee for a reasonable period of time the continued availability or payment of the cost of health care services in the event of discontinuance of the health maintenance organization; and~~

~~(4) (3) agreements with providers for the provision of health care services; and~~

~~(5) any deposit of cash or securities submitted in accordance with section 62D.041;~~

(f) demonstrated that it will assume full financial risk on a prospective basis for the provision of comprehensive health maintenance services, including hospital care; provided, however, that the requirement in this paragraph shall not prohibit the following:

(1) a health maintenance organization from obtaining insurance or making other arrangements (i) for the cost of providing to any enrollee comprehensive health maintenance services, the aggregate value of which exceeds \$5,000 in any year, (ii) for the cost of providing comprehensive health care services to its members on a nonelective emergency basis, or while they are outside the area served by the organization, or (iii) for not more than 95 percent of the amount by which the health maintenance organization's costs for any of its fiscal years exceed 105 percent of its income for such fiscal years; and

(2) a health maintenance organization from having a provision in a group health maintenance contract allowing an adjustment of premiums paid based upon the actual health services utilization of the enrollees covered under the contract, except that at no time during the life of the contract shall the contract holder fully self-insure the financial risk of health care services delivered under the contract. Risk sharing arrangements shall be subject to the requirements of sections 62D.01 to 62D.30;

(g) otherwise met the requirements of sections 62D.01 to 62D.29.

Sec. 5. Minnesota Statutes 1986, section 62D.041, subdivision 1, is amended to read:

**62D.041 [PROTECTION AGAINST IN THE EVENT OF INSOLVENCY.]**

Subdivision 1. [DEFINITION.] For the purposes of this section, the term "uncovered expenditures" means the costs of health care services that are covered by a health maintenance organization for which an enrollee would also be liable in the event of the organization's insolvency, including out-of-area services, referral services, and any other expenditures for health care services for which the health maintenance organization is at risk and that are not guaranteed, insured, or assumed by a person other than the health maintenance organization.

Sec. 6. Minnesota Statutes 1986, section 62D.041, subdivision 2, is amended to read:

Subd. 2. [REQUIRED DEPOSIT.] Unless otherwise provided in this section, Each health maintenance organization shall deposit with any organization or trustee acceptable to the commissioner through which a custodial or controlled account is utilized, the cash, freely alienable securities, or any combination of these or other measures that is acceptable to the commissioner in the amount set forth required in this section. If a health maintenance organization does not have the required reserves or its reserves are not properly computed, operations shall be adjusted to correct the condition, according to a written plan proposed by the health maintenance organization and approved by the commissioner. If a health maintenance organization does not propose measures to correct its reserves or surplus within a reasonable time, if a corporation violates the plan which has been approved, or if there is evidence that an improper reserve or surplus status cannot be corrected within a reasonable time, the commissioner of commerce may take action against the corporation under chapter 60B. The commissioner may allow a health maintenance organization's deposit requirement to be met by a guaranteeing organization, as defined in section 14, subdivision 1, based on the criteria set out in section 14, subdivision 5.

Sec. 7. Minnesota Statutes 1986, section 62D.041, subdivision 3, is amended to read:

Subd. 3. [AMOUNT FOR BEGINNING ORGANIZATIONS.] The amount for an organization that is beginning operation shall be the greater of: (a) five percent of its estimated expenditures for health care services for its first year of operation; (b) twice its estimated average monthly uncovered expenditures for its first year of operation; or (c) \$100,000.

At the beginning of each succeeding year, unless not applicable, the organization shall deposit with the organization or trustee, cash, freely alienable securities, or any combination of these or other measures acceptable to the commissioner in an amount equal to four percent of its estimated annual uncovered expenditures for that year. (a) Organizations that obtain a certificate of authority after the effective date of this subdivision shall deposit, before receiving a certificate of authority, \$500,000. The health maintenance organization shall provide the commissioner with evidence of the deposit before receiving a certificate of authority.

(b) By April 1 of the year following the organization's first 12 months

of operation under a certificate of authority, an organization shall deposit an amount equal to the difference between the initial deposit and 33 percent of its uncovered expenditures in its first 12 months of operation.

(c) By April 1 of subsequent years, an organization shall deposit an amount equal to the difference between the amount on deposit and 33 percent of its uncovered expenditures in the preceding calendar year.

Sec. 8. Minnesota Statutes 1986, section 62D.041, subdivision 4, is amended to read:

Subd. 4. [AMOUNT FOR EXISTING ORGANIZATIONS.] ~~Unless not applicable, By December 31, 1989, an organization that is in operation on August 1, 1984, has received a certificate of authority on or before the effective date of this subdivision shall make a have on deposit an amount equal to the larger of:~~

(a) ~~one percent of the preceding 12 months' uncovered expenditures 33 percent of its uncovered expenditures in the preceding calendar year; or~~

(b) ~~\$100,000 on the first day of the fiscal year beginning six months or more after August 1, 1984 \$500,000.~~

~~In the second fiscal year, if applicable, the amount of the additional deposit shall be equal to two percent of its estimated annual uncovered expenditures. In the third year, if applicable, the additional deposit shall be equal to three percent of its estimated annual uncovered expenditures for that year. In the fourth fiscal year and subsequent years, if applicable, the additional deposit shall be equal to four percent of its estimated annual uncovered expenditures for each year. Each year's estimate, after the first year of operation, shall reasonably reflect the prior year's operating experience and delivery arrangements.~~

~~By April 1 of each subsequent year, an organization shall deposit an amount equal to the difference between the amount on deposit and 33 percent of its uncovered expenditures in the preceding calendar year.~~

Sec. 9. Minnesota Statutes 1986, section 62D.041, is amended by adding a subdivision to read:

Subd. 5a. [WAIVER OF ADDITIONAL DEPOSIT.] *In any year when the amount determined according to this section is zero or less than zero, the commissioner shall not require the organization to make any additional deposit.*

Sec. 10. Minnesota Statutes 1986, section 62D.041, is amended by adding a subdivision to read:

Subd. 6a. [WITHDRAWAL OF DEPOSIT.] *If the amount previously deposited by the organization under this section exceeds the amount required under this section by more than \$50,000 for a continuous 12-month period, the commissioner shall allow the organization to withdraw the portion of the deposit that exceeds by more than \$50,000 the amount required to be on deposit for the organization, unless the commissioner determines that release of a portion of the deposit could be hazardous to enrollees, creditors, or the general public. An organization shall not apply for the withdrawal more than once in each calendar year.*

Sec. 11. Minnesota Statutes 1986, section 62D.041, is amended by adding a subdivision to read:

*Subd. 6b. [EVIDENCE OF DEPOSIT.] An organization shall provide the commissioner with evidence of every deposit made on or before the date of the deposit.*

Sec. 12. Minnesota Statutes 1986, section 62D.041, subdivision 7, is amended to read:

*Subd. 7. [CONTROL OF OVER DEPOSITS.] All income from deposits shall belong to the depositing organizations and shall be paid to it as it becomes available. A health maintenance organization that has made a securities deposit may withdraw that deposit or any part thereof after making a substitute deposit of cash, freely alienable securities, or any combination of these or other measures of equal amount and value. Any securities shall be approved by the commissioner before being substituted.*

Sec. 13. Minnesota Statutes 1986, section 62D.041, is amended by adding a subdivision to read:

*Subd. 9. [LETTER OF CREDIT.] A health maintenance organization may satisfy one-half of its deposit requirement through use of a letter of credit issued by a bank authorized to do business in this state, provided that:*

- (1) nothing more than a demand for payment is necessary for payment;*
- (2) the letter of credit is irrevocable;*
- (3) according to its terms, the letter of credit cannot expire without due notice from the issuer and the notice must occur at least 60 days before the expiration date and be in the form of a written notice to the commissioner;*
- (4) the letter of credit is issued or confirmed by a bank which is a member of the federal reserve system;*
- (5) the letter of credit is unconditional, is not contingent upon reimbursement to the bank or the bank's ability to perfect any lien or security interest, and does not contain references to any other agreements, documents, or entities;*
- (6) the letter of credit designates the commissioner as beneficiary; and*
- (7) the letter of credit may be drawn upon after insolvency of the health maintenance organization.*

Sec. 14. [62D.042] [NET WORTH AND WORKING CAPITAL REQUIREMENTS.]

*Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, "guaranteeing organization" means an organization that has agreed to make necessary contributions or advancements to the health maintenance organization to maintain the health maintenance organization's statutorily required net worth.*

*(b) For this section, "working capital" means current assets minus current liabilities.*

*Subd. 2. [BEGINNING ORGANIZATIONS.] (a) Beginning organizations shall maintain net worth of at least 8-1/3 percent of the sum of all expenses expected to be incurred in the 12 months following the date the certificate of authority is granted, or \$1,500,000, whichever is greater.*

*(b) After the first full calendar year of operation, organizations shall maintain net worth of at least 8-1/3 percent of the sum of all expenses*



incurred during the most recent calendar year, or \$1,000,000, whichever is greater.

**Subd. 3. [PHASE-IN FOR EXISTING ORGANIZATIONS.]** (a) Organizations that obtained a certificate of authority on or before the effective date of this subdivision have until December 31, 1993, to establish a net worth of at least 8-1/3 percent of the sum of all expenses incurred during the previous calendar year, or \$1,000,000, whichever is greater.

(b) By December 31, 1989, organizations shall have a net worth of at least one-fifth of 8-1/3 percent of the sum of all expenses incurred during the previous calendar year, or \$1,000,000, whichever is greater.

(c) By December 31, 1990, organizations shall have a net worth of at least two-fifths of 8-1/3 percent of the sum of all expenses incurred during the previous calendar year, or \$1,000,000, whichever is greater.

(d) By December 31, 1991, organizations shall have a net worth of at least three-fifths of 8-1/3 percent of the sum of all expenses incurred during the previous calendar year, or \$1,000,000, whichever is greater.

(e) By December 31, 1992, organizations shall have a net worth of at least four-fifths of 8-1/3 percent of the sum of all expenses incurred during the previous calendar year, or \$1,000,000, whichever is greater.

**Subd. 4. [REDUCTION FOR REINSURANCE.]** In calculating expenses for purposes of the net worth requirement, a health maintenance organization may subtract 90 percent of the cost of premiums it pays for insurance coverage specified in section 62D.04, subdivision 1, clause (f).

**Subd. 5. [GUARANTEEING ORGANIZATION.]** (a) The commissioner may determine that it is in the best interests of an organization's enrollees and the public to allow an organization's net worth requirement to be satisfied by a guaranteeing organization. The commissioner shall consider the net worth of a guaranteeing organization, the number of organizations it guarantees, whether it is a governmental entity with power to tax, and other factors the commissioner considers relevant. If the commissioner allows a guaranteeing organization to satisfy the net worth requirement of more than one health maintenance organization, the guaranteeing organization must maintain the required net worth of the guaranteed health maintenance organizations on an aggregate basis.

(b) A health maintenance organization that requests the commissioner to allow a guaranteeing organization to satisfy its net worth or deposit requirement shall provide the commissioner with the guaranteeing organization's financial records and other relevant information when the request is made and annually by April 1, and must continue to do so upon request by the commissioner.

(c) No provider may be compelled to serve as a guaranteeing organization.

**Subd. 6. [WORKING CAPITAL.]** A health maintenance organization must maintain a positive working capital.

**Subd. 7. [PLANS OF CORRECTION.]** If the working capital or net worth is less than the required minimum, operations must be adjusted to correct the net worth or working capital, according to a written plan proposed by the organization and approved by the commissioner. The commissioner may take action against the organization under chapter 60B or under the suspension and penalty provisions of sections 62D.15, 62D.16,

and 62D.17 if:

- (1) an organization does not propose a plan to correct its working capital or net worth within a reasonable time;
- (2) an organization violates a plan that has been approved;
- (3) the commissioner determines that an improper working capital or net worth status cannot be corrected within a reasonable time; or
- (4) the commissioner determines that the organization is in such financial condition that the transaction of further business would be hazardous to its enrollees, its creditors, or the public.

Sec. 15. [62D.044] [ADMITTED ASSETS.]

"Admitted assets" includes only the investments allowed by section 16 and the following:

- (1) petty cash and other cash funds in the organization's principal or official branch office that are under the organization's control;
- (2) immediately withdrawable funds on deposit in demand accounts, in a bank or trust company organized and regularly examined under the laws of the United States or any state, and insured by an agency of the United States government, or like funds actually in the principal or official branch office at statement date, and, in transit to a bank or trust company with authentic deposit credit given before the close of business on the fifth bank working day following the statement date;
- (3) the amount fairly estimated as recoverable on cash deposited in a closed bank or trust company, if the assets qualified under this section before the suspension of the bank or trust company;
- (4) bills and accounts receivable that are collateralized by securities in which the organization is authorized to invest;
- (5) premiums due from groups or individuals that are not more than 90 days past due;
- (6) amounts due under reinsurance arrangements from insurance companies authorized to do business in this state;
- (7) tax refunds due from the United States or this state;
- (8) interest accrued on mortgage loans not exceeding in aggregate one year's total due and accrued interest on an individual loan;
- (9) the rents due to the organization on real and personal property, directly or beneficially owned, not exceeding the amount of one year's total due and accrued rent on each individual property;
- (10) interest or rents accrued on conditional sales agreements, security interests, chattel mortgages, and real or personal property under lease to other corporations that do not exceed the amount of one year's total due and accrued interest or rent on an individual investment;
- (11) the fixed required interest due and accrued on bonds and other evidences of indebtedness that are not in default;
- (12) dividends receivable on shares of stock, provided that the market price for valuation purposes does not include the value of the dividend;
- (13) the interest on dividends due and payable, but not credited, on

deposits in banks and trust companies or on accounts with savings and loan associations;

(14) interest accrued on secured loans that do not exceed the amount of one year's interest on any loan;

(15) interest accrued on tax anticipation warrants;

(16) the amortized value of electronic computer or data processing machines or systems purchased for use in the business of the organization, including software purchased and developed specifically for the organization's use;

(17) the cost of furniture, equipment, and medical equipment, less accumulated depreciation thereon, and medical and pharmaceutical supplies that are used to deliver health care and are under the organization's control, provided the assets do not exceed 30 percent of admitted assets;

(18) amounts currently due from an affiliate that has liquid assets with which to pay the balance and maintain its accounts on a current basis. Any amount outstanding more than three months is not current;

(19) amounts on deposit under section 62D.041; and

(20) accounts receivable from participating health care providers that are not more than 60 days past due.

#### Sec. 16. [62D.045] [INVESTMENT RESTRICTIONS.]

*Subdivision 1. [RESTRICTIONS.] Funds of a health maintenance organization shall be invested only in securities and property designated by law for investment by domestic life insurance companies, except that money may be used to purchase real estate, including leasehold estates and leasehold improvements, for the convenient accommodation of the organization's business operations, including the home office, branch offices, medical facilities, and field office operations, on the following conditions:*

(1) a parcel of real estate acquired under this subdivision may include excess space for rent to others if it is reasonably anticipated that the excess will be required by the organization for expansion or if the excess is reasonably required in order to have one or more buildings that will function as an economic unit;

(2) the real estate may be subject to a mortgage; and

(3) the purchase price of the asset, including capitalized permanent improvements, less depreciation spread evenly over the life of the property or less depreciation computed on any basis permitted under the Internal Revenue Code and its regulations, or the organization's equity, plus all encumbrances on the real estate owned by a company under this subdivision, whichever is greater, does not exceed 20 percent of its admitted assets, except if permitted by the commissioner upon a finding that the percentage of the health maintenance organization's admitted assets is insufficient to provide convenient accommodation for the organization's business. However, a health maintenance organization that directly provides medical services may invest an additional 20 percent of its admitted assets in real estate, not requiring the permission of the commissioner.

*Subd. 2. [AUTHORIZATION REQUIRED.] A health maintenance organization shall not make or engage in a loan or investment unless the loan or investment has been authorized or ratified by the board of directors or*

by a committee supervising investments and loans.

*Subd. 3. [LIMITS ON COMMISSIONS.] A health maintenance organization shall not pay a commission or brokerage for the purchase or sale of real or personal property that exceeds usual and customary commissions or brokerage at the time and place of the purchases or sales. Information regarding payments of commissions and brokerage must be maintained by the health maintenance organization.*

*Subd. 4. [OFFICER'S CONFLICT OF INTEREST.] A health maintenance organization shall not knowingly, directly or indirectly, invest in or loan upon any real or personal property, in which any principal officer or director of the organization has a financial interest. An organization shall not make a loan to a principal officer or director of the organization.*

*Subd. 5. [EXEMPTION.] This section shall not apply to a health maintenance organization which has a city or county as a guaranteeing organization.*

Sec. 17. Minnesota Statutes 1986, section 62D.05, subdivision 3, is amended to read:

*Subd. 3. A health maintenance organization may contract with providers of health care services to render the services the health maintenance organization has promised to provide under the terms of its health maintenance contracts, may, subject to section 62D.12, subdivision 11, enter into separate prepaid dental contracts, or other separate health service contracts, may, subject to the limitations of section 62D.04, subdivision 1, clause (f), contract with insurance companies and nonprofit health service plan corporations for insurance, indemnity or reimbursement of its cost of providing health care services for enrollees or against the risks incurred by the health maintenance organization, may contract with insurance companies and nonprofit health service plan corporations for insolvency insurance coverage, and may contract with insurance companies and nonprofit health service plan corporations to insure or cover the enrollees' costs and expenses in the health maintenance organization, including the customary prepayment amount and any copayment obligations.*

Sec. 18. Minnesota Statutes 1986, section 62D.08, is amended by adding a subdivision to read:

*Subd. 6. A health maintenance organization shall submit to the commissioner unaudited financial statements of the organization on a quarterly basis on forms prescribed by the commissioner. The statements are due 30 days after the end of each quarter and shall be maintained as nonpublic data, as defined by section 13.02, subdivision 9.*

Sec. 19. Minnesota Statutes 1986, section 62D.12, subdivision 5, is amended to read:

*Subd. 5. The providers under agreement with a health maintenance organization to provide health care services ~~and the health maintenance organization~~ shall not have recourse against enrollees or persons acting on their behalf for amounts above those specified in the evidence of coverage as copayments for health care services. The health maintenance organization shall not have recourse against enrollees or persons acting on their behalf for amounts above those specified in the evidence of coverage as the periodic prepayment, or copayment, for health care services. This subdivision applies but is not limited to the following events:*

- (1) nonpayment by the health maintenance organization;
- (2) insolvency of the health maintenance organization; and
- (3) breach of the agreement between the health maintenance organization and the provider.

*This subdivision does not limit a provider's ability to seek payment from any person other than the enrollee, the enrollee's guardian or conservator, the enrollee's immediate family members, or the enrollee's legal representative in the event of nonpayment by the health maintenance organization.*

Sec. 20. Minnesota Statutes 1986, section 62D.12, is amended by adding a subdivision to read:

*Subd. 9b. A health maintenance organization shall not enter into an agreement with a hospital in which the hospital agrees to assume the financial risk for services provided by other facilities or providers not owned, operated, or otherwise subject to the control of the hospital assuming the financial risk.*

Sec. 21. [62D.121] [PROVIDER CONTRACTS.]

*Subdivision 1. [PROVIDER AGREEMENT.] Except for an employment agreement between a provider and health maintenance organization, an agreement to provide health care services between a provider and a health maintenance organization entered into or renewed after the effective date of this section must contain the following provision:*

**PROVIDER AGREES NOT TO BILL, CHARGE, COLLECT A DEPOSIT FROM, SEEK REMUNERATION FROM, OR HAVE ANY RECOURSE AGAINST AN ENROLLEE OR PERSONS ACTING ON THEIR BEHALF FOR SERVICES PROVIDED UNDER THIS AGREEMENT. THIS PROVISION APPLIES TO BUT IS NOT LIMITED TO THE FOLLOWING EVENTS: (1) NONPAYMENT BY THE HEALTH MAINTENANCE ORGANIZATION OR (2) BREACH OF THIS AGREEMENT. THIS PROVISION DOES NOT PROHIBIT THE PROVIDER FROM COLLECTING COPAYMENTS OR FEES FOR UNCOVERED SERVICES.**

**THIS PROVISION SURVIVES THE TERMINATION OF THIS AGREEMENT FOR AUTHORIZED SERVICES PROVIDED BEFORE THIS AGREEMENT TERMINATES, REGARDLESS OF THE REASON FOR TERMINATION. THIS PROVISION IS FOR THE BENEFIT OF THE HEALTH MAINTENANCE ORGANIZATION ENROLLEES. THIS PROVISION DOES NOT APPLY TO SERVICES PROVIDED AFTER THIS AGREEMENT TERMINATES.**

**THIS PROVISION SUPERSEDES ANY CONTRARY ORAL OR WRITTEN AGREEMENT EXISTING NOW OR ENTERED INTO IN THE FUTURE BETWEEN THE PROVIDER AND THE ENROLLEE OR PERSONS ACTING ON THEIR BEHALF REGARDING LIABILITY FOR PAYMENT FOR SERVICES PROVIDED UNDER THIS AGREEMENT.**

*Subd. 2. [COOPERATION REQUIRED.] An agreement to provide health care services between a provider and a health maintenance organization must require the provider to cooperate with and participate in the health maintenance organization's quality assurance program, dispute resolution procedure, and utilization review program.*

*Subd. 3. [NOTICE OF TERMINATION.] An agreement to provide health care services between a provider and a health maintenance organization*

*must require that if the provider terminates the agreement, without cause, the provider shall give the organization 120 days' advance notice of termination.*

*Subd. 4. [LATE PAYMENTS.] If a health maintenance organization's payments to a provider are delayed beyond the payment date in the contract, the provider may notify the commissioner who shall consider that information in assessing the financial solvency of the health maintenance organization.*

Sec. 22. Minnesota Statutes 1986, section 62D.14, subdivision 1, is amended to read:

Subdivision 1. The commissioner of health may make an examination of the affairs of any health maintenance organization and its contracts, agreements, or other arrangements with any participating entity as often as the commissioner of health deems necessary for the protection of the interests of the people of this state, but not less frequently than once every three years; ~~provided that~~. Examinations of participating entities pursuant to this subdivision shall be limited to their dealings with the health maintenance organization and its enrollees, *except that examinations of major participating entities may include inspection of the entity's financial statements kept in the ordinary course of business. The commissioner may require major participating entities to submit the financial statements directly to the commissioner. Financial statements of major participating entities are subject to the provisions of section 13.37, subdivision 1, clause (b), upon request of the major participating entity or the health maintenance organization with which it contracts.*

Sec. 23. Minnesota Statutes 1986, section 62D.18, is amended to read:

**62D.18 [REHABILITATION, OR LIQUIDATION, OR CONSERVATION OF HEALTH MAINTENANCE ORGANIZATION.]**

*Subdivision 1. [COMMISSIONER OF HEALTH; ORDER.] The commissioner of ~~commerce~~ health may independently, ~~or shall at the request of the commissioner of health~~, order the rehabilitation, or liquidation or conservation of health maintenance organizations. The rehabilitation, or liquidation or conservation of a health maintenance organization shall be deemed to be the rehabilitation, liquidation or conservation of an insurance company and shall be conducted under the supervision of the commissioner of ~~commerce~~ and pursuant to under the procedures in chapter 60B, except to the extent that the nature of health maintenance organizations render such law renders the procedures clearly inappropriate and as provided in subdivisions 2 to 7.*

*Subd. 2. [INSOLVENCY; GROUNDS FOR REHABILITATION; LIQUIDATION.] Insolvency, as grounds for rehabilitation or liquidation of a health maintenance organization, exists when a health maintenance organization cannot be expected to satisfy its financial obligations when the obligations become due or when the health maintenance organization has failed to correct within the time required by the commissioner deficiencies due to net worth or working capital below the required amount.*

*Subd. 3. [PRIORITY OF CLAIMS.] To determine the priority of distribution of general assets, claims of enrollees have the same priority as claimants under policies or contracts of coverage for losses established under section 60B.44, subdivision 4. If an enrollee is liable to any provider for covered services provided under the health plan, that liability has the*

*status of an enrollee claim for distribution of general assets, whether the enrollee or the provider files the claim. Claims of providers under agreement with the health maintenance organization for services rendered have priority after enrollee claims under section 60B.44, subdivision 4.*

**Subd. 4. [POWERS OF REHABILITATOR.]** *The powers of the rehabilitator include, subject to the approval of the court the power to change premium rates, without the notice requirements of section 62D.07, and the power to amend the terms of provider contracts, and of contracts with participating entities for the provision of administrative, financial, or management services, relating to reimbursement and termination, considering the interests of providers and other contracting participating entities and the continued viability of the health plan.*

*If the court approves a contract amendment that diminishes the compensation of a provider or of a participating entity providing administrative, financial, or management services to the health maintenance organization, the amendment may not be effective for more than 60 days and shall not be renewed or extended.*

**Subd. 5. [POWERS OF LIQUIDATOR.]** *The power to transfer coverage obligations under section 60B.25, clause (8), includes the power to transfer coverage obligations to a solvent health maintenance organization and to assign the provider contracts of the insolvent health maintenance organization to an assuming health maintenance organization.*

**Subd. 6. [SPECIAL EXAMINER.]** *The commissioner as rehabilitator shall make every reasonable effort to employ a senior executive from a successful health maintenance organization to serve as special examiner to rehabilitate the health maintenance organization, provided that the individual does not have a conflict of interest. The special examiner shall have all the powers of the rehabilitator granted under this section and section 60B.17.*

**Subd. 7. [EXAMINATION ACCOUNT.]** *The commissioner of health shall assess against a health maintenance organization not yet in rehabilitation or liquidation a fee sufficient to cover the costs of a special examination. The fee must be deposited in an examination account. Money in the account is appropriated to the commissioner of health to pay for the examinations. If the money in the account is insufficient to pay the initial costs of examinations, the commissioner may use other money appropriated to the commissioner, provided the other appropriation is reimbursed from the examination account when it contains sufficient money. Money from the examination account must be used to pay per diem salaries and expenses of special examiners, including meals, lodging, laundry, transportation, and mileage. The salary of regular employees of the health department must not be paid out of the account.*

**Sec. 24. [62D.181] [INSOLVENCY; MCHA ALTERNATIVE COVERAGE.]**

**Subdivision 1. [DEFINITION.]** *"Association" means the Minnesota comprehensive health association created in section 62E.10.*

**Subd. 2. [ELIGIBLE INDIVIDUALS.]** *An individual is eligible for alternative coverage under this section if:*

(1) the individual had individual health coverage through a health maintenance organization, the coverage is no longer available due to the insolvency of the health maintenance organization, and the individual has not obtained alternative coverage; or

(2) the individual had group health coverage through a health maintenance organization, the coverage is no longer available due to the insolvency of the health maintenance organization and the individual has not obtained alternative coverage.

Subd. 3. [APPLICATION AND ISSUANCE.] If a health maintenance organization will be liquidated, individuals eligible for alternative coverage under subdivision 2 may apply to the association to obtain alternative coverage. Upon receiving an application and evidence that the applicant was enrolled in the health maintenance organization at the time of an order for liquidation, the association shall issue policies to eligible individuals, without the limitation on preexisting conditions described in section 62E.14, subdivision 3.

Subd. 4. [COVERAGE.] Alternative coverage issued under this section must be at least a number two qualified plan, as described in section 62E.06, subdivision 2, or for individuals over age 65, a medicare supplement 2 plan, as described in section 62A.34.

Subd. 5. [PREMIUM.] The premium for alternative coverage issued under this section must not exceed 80 percent of the premium for the comparable coverage offered by the association.

Subd. 6. [DURATION.] The duration of alternative coverage issued under this section is:

(1) for individuals eligible under subdivision 2, clause (1), 90 days; and

(2) for individuals eligible under subdivision 2, clause (2), 90 days or the length of time remaining in the group contract with the insolvent health maintenance organization, whichever is greater.

Subd. 7. [REPLACEMENT COVERAGE; LIMITATIONS.] The association is not obligated to offer replacement coverage under chapter 62D or conversion coverage under section 62E.16 at the end of the periods specified in subdivision 6. Any continuation obligation arising under chapter 62A or 62D will cease at the end of the periods specified in subdivision 6.

Subd. 8. [CLAIMS EXPENSES EXCEEDING PREMIUMS.] Claims expenses resulting from the operation of this section which exceed premiums received shall be borne by contributing members of the association in accordance with section 62E.11, subdivision 5.

Subd. 9. [COORDINATION OF POLICIES.] If an insolvent health maintenance organization has insolvency insurance coverage at the time of an order for liquidation, the association may coordinate the benefits of the policy issued under this section with those of the insolvency insurance policy available to the enrollees. The premium level for the combined association policy and the insolvency insurance policy may not exceed those described in subdivision 5 of this section.

Sec. 25. [62D.182] [LIABILITIES.]

Every health maintenance organization shall maintain liabilities estimated in the aggregate to be sufficient to pay all reported or unreported



*claims incurred that are unpaid and for which the organization is liable. Liabilities are computed under rules adopted by the commissioner.*

Sec. 26. Minnesota Statutes 1986, section 62D.19, is amended to read:  
62D.19 [UNREASONABLE EXPENSES.]

No health maintenance organization shall incur or pay for any expense of any nature which is unreasonably high in relation to the value of the service or goods provided. The commissioner of health shall implement and enforce this section by rules adopted under this section.

In an effort to achieve the stated purposes of sections 62D.01 to 62D.29; in order to safeguard the underlying nonprofit status of health maintenance organizations; and to ensure that the payment of health maintenance organization money to major participating entities results in a corresponding benefit to the health maintenance organization and its enrollees, when determining whether an organization has incurred an unreasonable expense in relation to a major participating entity, due consideration shall be given to, in addition to any other appropriate factors, whether the officers and trustees of the health maintenance organization have acted with good faith and in the best interests of the health maintenance organization in entering into, and performing under, a contract under which the health maintenance organization has incurred an expense. *The commissioner has standing to sue, on behalf of a health maintenance organization, officers or trustees of the health maintenance organization who have breached their fiduciary duty in entering into and performing such contracts.*

Sec. 27. Minnesota Statutes 1986, section 62E.02, subdivision 13, is amended to read:

Subd. 13. "Eligible person" means an individual who is *currently and has been* a resident of Minnesota for the six months immediately preceding the date of receipt by the association or its writing carrier of a completed certificate of eligibility and who meets the enrollment requirements of section 62E.14.

Sec. 28. Minnesota Statutes 1987 Supplement, section 62E.10, subdivision 9, is amended to read:

Subd. 9. [EXPERIMENTAL DELIVERY METHOD.] The association may petition the commissioner of commerce for a waiver to allow the experimental use of alternative means of health care delivery. The commissioner may approve the use of the alternative means the commissioner considers appropriate. The commissioner may waive any of the requirements of this chapter and chapters 60A, 62A, and 62D in granting the waiver. The commissioner may also grant to the association any additional powers as are necessary to facilitate the specific waiver, *including the power to implement a provider payment schedule.*

This subdivision is effective until August 1, 1989 1990.

*The commissioner of commerce in consultation with the governor's commission on health plan regulatory reform shall study and report to the legislature by January 15, 1989, on the current means utilized to finance the annual operating deficits incurred under the association. In conducting the study, the commissioner shall analyze any negative financial impacts which the current deficits are having on the contributing members of the association and recommend alternative sources of funding or other approaches which could be utilized to finance the operating deficit. The*

*study shall also address the current association funding inequities between employers which self-insure for employee health benefit coverage and those employers which have health coverage subject to state regulation.*

Sec. 29. 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, *list of residences for the immediately preceding six months* and length of time at *current* 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

(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. 30. Laws 1988, chapter 434, section 14, is amended to read:

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. *The commissioner shall be a participant in the mediation.* 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. 31. Laws 1988, chapter 434, section 21, is amended to read:

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 62E.11, subdivision 10.

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

Sec. 32. [REPEALER.]

*Minnesota Statutes 1986, section 62D.041, subdivisions 5, 6, and 8, are repealed.*

Sec. 33. [EFFECTIVE DATE.]

*Sections 1 to 15 and 17 to 32 are effective the day following final enactment. Section 16 is effective January 1, 1990."*

Delete the title and insert:

"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; defining admitted assets; imposing investment restrictions; requiring quarterly reports; providing for the inclusion of certain items in provider contracts; regulating rehabilitation and liquidations; providing for alternative coverage for enrollees of an insolvent health maintenance organization; requiring health maintenance organizations to maintain liabilities for unpaid claims; imposing residency requirements for Minnesota comprehensive health association coverage; requiring a report; 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; Laws 1988, chapter 434, sections 14 and 21; proposing coding for new law in Minnesota Statutes, chapter 62D; repealing Minnesota Statutes 1986, section 62D.041, subdivisions 5, 6, and 8."

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

House Conferees: (Signed) Lee Greenfield, Howard R. Orenstein, Bob Anderson

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

Mr. Brandl moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2127 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2127 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

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

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2291, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2291 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 16, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2291

A bill for an act relating to state agencies; amending, enacting and repealing certain laws administered by the department of administration; increasing the powers of the state board for community colleges; changing the criteria for board membership; amending Minnesota Statutes 1986, sections 15.0591, subdivision 2; 15.50, by adding a subdivision; 16A.41, subdivision 1; 16B.07, subdivisions 2 and 3; 16B.08, subdivision 4; 16B.09, subdivision 3; 16B.24, by adding subdivisions; 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.

April 14, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2291, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 2291 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 15.0591, subdivision 2, is amended to read:

Subd. 2. [BODIES AFFECTED.] A member meeting the qualifications in subdivision 1 ~~shall~~ *must* be appointed to the following boards, commissions, advisory councils, task forces, or committees:

- (1) advisory council on battered women;
- (2) advisory task force on the use of state facilities;
- (3) alcohol and other drug abuse advisory council;
- (4) ~~board for community colleges;~~
- (5) board of examiners for nursing home administrators;
- (6) (5) board on aging;
- (7) (6) chiropractic examiners board;
- (8) (7) consumer advisory council on vocational rehabilitation;
- (9) (8) council for the handicapped;
- (10) (9) council on affairs of Spanish-speaking people;
- (11) (10) council on black Minnesotans;
- (12) (11) dentistry board;
- (13) (12) department of jobs and training advisory council;
- (14) (13) higher education coordinating board;
- (15) (14) housing finance agency;
- (16) (15) Indian advisory council on chemical dependency;
- (17) (16) medical examiners board;
- (18) (17) medical policy directional task force on mental health;
- (19) (18) Minnesota employment and economic development task force;
- (20) (19) Minnesota office of volunteer services advisory committee;
- (21) (20) Minnesota state arts board;
- (22) (21) mortuary sciences advisory council;
- (23) (22) nursing board;
- (24) (23) optometry board;
- (25) (24) pharmacy board;
- (26) (25) physical therapists council;
- (27) (26) podiatry board;
- (28) (27) psychology board;
- (29) (28) veterans advisory committee.

Sec. 2. Minnesota Statutes 1986, section 16A.41, subdivision 1, is amended to read:

Subdivision 1. [CERTIFIED.] Except as provided in subdivision 1a, when

claims against the state are made for which there is an appropriation available, an official with authority to pay a claim shall approve the claim by certifying that the service was performed ~~or~~, the goods or material furnished, *or monthly telephone service is in effect*. The claim must be sent to the commissioner accompanied by a transmittal form as prescribed by the commissioner.

Sec. 3. [16B.052] [AUTHORITY TO TRANSFER FUNDS.]

*The commissioner may, with the approval of the commissioner of finance, transfer from an internal service or enterprise fund account to another internal service or enterprise fund account, any contributed capital appropriated by the legislature. The transfer may be made only to provide working capital or positive cash flow in the account to which the money is transferred. The transfer must be repaid within 18 months.*

Sec. 4. Minnesota Statutes 1986, section 16B.07, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENT CONTRACTS.] Standard requirement price contracts for supplies or services to be purchased by the state must be established by competitive bids *as provided in subdivision 1*. The standard requirement price contracts may contain escalation clauses and may provide for a negotiated price increase or decrease based upon a demonstrable industrywide or regional increase or decrease in the vendor's costs *or for the addition of similar products or replacement items not significant to the total value of existing contracts*. The term of these contracts may not exceed ~~two years with an option on the part of the state to renew for an additional two five years including all extensions~~.

Sec. 5. Minnesota Statutes 1986, section 16B.07, subdivision 3, is amended to read:

Subd. 3. [PUBLICATION OF NOTICE; EXPENDITURES OVER \$15,000 AND REQUESTS FOR PROPOSAL.] If the amount of an expenditure or sale is estimated to exceed \$15,000, sealed bids *or requests for proposal as provided in section 16B.08, subdivision 4, clause (b)*, must be solicited by public notice inserted at least once in a newspaper or trade journal not less than seven days before the final date of submitting bids. The commissioner shall designate the newspaper or trade journal for that publication, and may designate different newspapers or journals according to the nature of the purchase or contract. The commissioner shall also solicit sealed bids by sending notices by mail to all prospective bidders known to the commissioner, and by posting notice on a public bulletin board in the commissioner's office at least five days before the final date of submitting bids. All bids must be sealed when they are received and must be opened in public at the hour stated in the notice. All original bids and all documents pertaining to the award of a contract must be retained and made a part of a permanent file or record and remain open to public inspection.

Sec. 6. Minnesota Statutes 1986, section 16B.08, subdivision 4, is amended to read:

Subd. 4. [NEGOTIATED CONTRACTS.] (a) In lieu of any of the other requirements of this chapter, the commissioner may negotiate a contract for public work to be performed at a state-owned institution or installation if the cost does not exceed \$15,000 and if the head of the affected state agency requests the commissioner to do so. The commissioner shall have prepared whatever plans and specifications for the public work deemed

necessary by the commissioner to protect the public interest. Contractor's bonds or security pursuant to chapter 574 are not required for contracts entered into pursuant to this subdivision.

*(b) In lieu of the requirement for competitive bidding in section 16B.07, subdivision 1, purchases and contracts may be negotiated in those circumstances determined by the commissioner, and in any of those circumstances the commissioner shall advertise for a request for proposal as a basis for negotiation.*

Sec. 7. Minnesota Statutes 1987 Supplement, section 16B.09, subdivision 1, is amended to read:

Subdivision 1. [LOWEST RESPONSIBLE BIDDER.] All state contracts and purchases made by or under the supervision of the commissioner or an agency for which competitive bids are required must be awarded to the lowest responsible bidder, taking into consideration conformity with the specifications, terms of delivery, *the purpose for which the contract or purchase is intended, the status and capability of the vendor, and other* ~~conditions~~ *considerations* imposed in the call for bids. The commissioner may decide which is the lowest responsible bidder for all purchases and may use the principles of life cycle costing, where appropriate, in determining the lowest overall bid. As to contracts other than for purchases, the head of the interested agency shall make the decision, subject to the approval of the commissioner. Any or all bids may be rejected. In a case where competitive bids are required and where all bids are rejected, new bids, if solicited, must be called for as in the first instance, unless otherwise provided by law.

Sec. 8. Minnesota Statutes 1986, section 16B.09, subdivision 3, is amended to read:

Subd. 3. [SPECIAL CIRCUMSTANCES.] The commissioner may reject the bid of any bidder who has failed to perform a previous contract with the state. In the case of identical low bids from two or more bidders, the commissioner may use negotiated procurement methods with the tied low bidders for that particular transaction, so long as the price paid does not exceed the low tied bid price. *The commissioner may award contracts to more than one bidder in accordance with section 16B.09, subdivision 1, if doing so does not decrease the service level or diminish the effect of competition.*

Sec. 9. Minnesota Statutes 1986, section 16B.24, is amended by adding a subdivision to read:

Subd. 9. [SMOKING IN STATE BUILDINGS.] *(a) To protect the public health, comfort, and environment and to protect the nonsmoker's right to a smoke-free environment, smoking in all buildings managed or leased by the commissioner under subdivisions 1 and 6 is prohibited except where smoking areas have been designated under a policy adopted in accordance with paragraph (b).*

*(b) Except as provided in paragraph (c), each state agency shall adopt a smoking policy for the space it occupies. Before placing a policy in effect, the agency shall submit the policy and a plan for implementing it to the commissioner of employee relations. The policy must:*

*(1) prohibit smoking entirely; or*

*(2) permit smoking only in designated areas, providing that existing*



physical barriers and ventilation systems can be used to prevent or substantially minimize the toxic effect of smoke in adjacent nonsmoking areas.

(c) An agency need not adopt a new policy governing an area in which smoking is prohibited under a policy in effect on the effective date of this subdivision.

No employee complaining of a smoke-induced discomfort to a lessor, lessee, manager, or supervisor may be subjected to any disciplinary action as a result of making the complaint.

Sec. 10. Minnesota Statutes 1986, section 16B.24, is amended by adding a subdivision to read:

*Subd. 10. [CHILD CARE SERVICES SPACE.] For state office space that is leased, purchased, or substantially remodeled after August 1, 1988, the commissioner shall consider including space usable for child care services. Child care space must be included if the commissioner determines that it is needed and that it could be provided at reasonable cost.*

Sec. 11. Minnesota Statutes 1986, section 16B.28, is amended to read:

**16B.28 [SURPLUS FEDERAL PROPERTY MATERIALS DISTRIBUTION.]**

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

(a) "Surplus property" means commodities, equipment, materials, supplies, books, printed matter, and other property made available by ~~the federal government~~ a governmental unit or nonprofit organization to a another governmental unit or nonprofit organization.

(b) "Governmental unit or nonprofit organization" means ~~the state of Minnesota, its departments, agencies, political subdivisions, and other instrumentalities~~ a governmental unit as defined in section 471.59, subdivision 1, an Indian tribal government, and any nonprofit and tax-exempt medical institution, hospital, clinic, health center, school, school system, college, university, or other institution organized and existing for any purpose authorized by federal law to accept surplus federal property.

Subd. 2. [AUTHORIZATION.] (a) The commissioner is the state agency designated to purchase ~~or~~, accept or dispose of federal surplus property for the state and for the benefit of any other governmental unit or nonprofit organization for any purpose authorized by state and federal law and in accordance with federal rules and regulations. Any governmental unit or nonprofit organization may designate the commissioner to purchase or accept surplus property for it upon mutually agreeable terms and conditions. The commissioner may ~~store~~ acquire, accept, warehouse, and distribute surplus property until it is needed and any expenses incurred in connection with ~~the storage~~ any of these acts shall be paid from the surplus property materials distribution revolving fund.

(b) To dispose of surplus property or other property that is obsolete or unused that belongs to the state or any other governmental unit or nonprofit organization, the commissioner may transfer or sell it to a governmental unit or nonprofit organization or sell it to any other person. Federal surplus property that has been transferred to the state for donation to public agencies and nonprofit organizations must be transferred or sold in accordance with the plan developed under paragraph (d). Expenses incurred in

connection with the disposal of surplus property or other property that is obsolete or unused must be paid from the materials distribution revolving fund. If the commissioner sells the property, the proceeds of the sale, minus any expenses of providing the service set by the commissioner, are appropriated to the governmental unit or nonprofit organization for whose account the sale was made, to be used and expended by the organization for the purposes it determines.

(c) The commissioner may centrally acquire, warehouse, and distribute supplies, materials, and equipment for governmental units or nonprofit organizations. Expenses incurred in connection with acquiring, warehousing, and distributing must be paid from the materials distribution revolving fund.

(d) The commissioner shall develop a detailed plan for disposal of donated federal property in conformance with state law and federal regulations. The plan must be submitted to the governor for certification and submission to the federal administrator of general services.

Subd. 3. [REVOLVING FUND.] (a) [CREATION.] To pay for surplus property received from the federal government for governmental or nonprofit organizations, including the expense of accepting and distributing that property, there is a surplus property revolving fund in the state treasury. The materials distribution revolving fund is a separate fund in the state treasury. All money relating to the resource recovery program established under section 115A.15, subdivision 1, all money resulting from the acquisition, acceptance, warehousing, distribution, and public sale of surplus property, all money resulting from the sale of centrally acquired, warehoused, and distributed supplies, materials, and equipment, and all money relating to the cooperative purchasing venture established under section 421.59 must be deposited in the fund. Money paid into the surplus property materials distribution revolving fund is appropriated to the commissioner for the purposes of the programs and services referred to in this section.

(b) [ADVANCES.] No more than \$1,000 from the surplus property revolving fund may be advanced to the commissioner or a state employee engaged in performing duties under this section to pay the expenses of travel, subsistence, toll charges, and similar expenses, in accordance with requirements prescribed by the commissioner of finance. When money which was advanced is repaid, it must be deposited in the state treasury to the credit of the surplus property revolving fund.

(e) [TRANSFER OR SALE TO STATE AGENCY.] When the state or an agency operating under a legislative appropriation obtains surplus property from the commissioner, the commissioner of finance must, at the commissioner's request, transfer the cost of the surplus property, including any expenses of acquiring, accepting, warehousing, and distributing the surplus property, from the appropriation of the state agency receiving the surplus property to the surplus property materials distribution revolving fund. The determination of the commissioner is final as to the cost of the surplus property to the state agency receiving the property.

(d) (c) [TRANSFER OR SALE TO OTHER AGENCIES GOVERNMENTAL UNITS OR NONPROFIT ORGANIZATIONS.] When any governmental unit or nonprofit organization other than a state agency receives surplus property, supplies, materials, or equipment from the commissioner, the governmental unit or nonprofit organization must reimburse the surplus property materials distribution revolving fund for the cost of the property,

including the expenses of *acquiring, accepting, warehousing, and distributing it, in an amount the commissioner sets. The commissioner may, however, require the governmental unit or nonprofit organization to deposit in advance in the surplus property materials distribution revolving fund the cost of the surplus property, supplies, materials, and equipment upon mutually agreeable terms and conditions. The commissioner may charge a fee to political subdivisions and nonprofit organizations to establish their eligibility for receiving the property and to pay for costs of storage and distribution.*

Sec. 12. Minnesota Statutes 1986, section 16B.42, subdivision 1, is amended to read:

Subdivision 1. [COMPOSITION.] The commissioner of administration shall appoint an intergovernmental information systems advisory council, to serve at the pleasure of the commissioner of administration, consisting of 25 members. Fourteen members shall be appointed or elected officials of local governments, seven shall be representatives of state agencies, and four shall be selected from the community at large. Further, the council shall be composed of (1) two members from each of the following groups: counties outside of the seven county metropolitan area, cities of the second and third class outside the metropolitan area, cities of the second and third class within the metropolitan area, and cities of the fourth class; (2) one member from each of the following groups: the metropolitan council, an outstate regional body, counties within the metropolitan area, cities of the first class, school districts in the metropolitan area, and school districts outside the metropolitan area; (3) one member each from the state departments of administration, education, human services, revenue, planning and the legislative auditor; (4) one member from the office of the state auditor; and (5) four members from the state community at large. To the extent permitted by available resources the commissioner shall furnish staff and other assistance as requested by the council. ~~The council shall expire and the terms, compensation, and removal of members of the advisory council shall be as provided in section 15.059, but the council does not expire until June 30, 1993.~~

Sec. 13. Minnesota Statutes 1986, section 16B.48, subdivision 2, is amended to read:

Subd. 2. [PURPOSE OF FUNDS.] Money in the state treasury credited to the general services revolving fund and money which is deposited in the fund is appropriated annually to the commissioner for the following purposes:

- (1) to operate a central store and equipment service;
- (2) to operate a central duplication and printing service;
- (3) to purchase postage and related items and to refund postage deposits as necessary to operate the central mailing service;
- (4) to operate a documents service as prescribed by section 16B.51;
- (5) to provide advice and other services to political subdivisions for the management of their records, information, and telecommunication systems;
- (6) to provide services for the maintenance, operation, and upkeep of buildings and grounds managed by the commissioner of administration;
- (7) to provide analytical, statistical, and organizational development services to state agencies, *local units of government, metropolitan and regional*

*agencies, and school districts;*

(8) to provide capitol security services through the department of public safety; and

(9) to perform services for any other agency. Money shall be expended for this purpose only when directed by the governor. The agency receiving the services shall reimburse the fund for their cost, and the commissioner shall make the appropriate transfers when requested. The term "services" as used in this clause means compensation paid officers and employees of the state government; supplies, materials, equipment, and other articles and things used by or furnished to an agency; and utility services, and other services for the maintenance, operation, and upkeep of buildings and offices of the state government.

Sec. 14. Minnesota Statutes 1986, section 16B.55, subdivision 3, is amended to read:

Subd. 3. [PERMITTED USES.] A state vehicle may be used by a state employee to travel to or from the employee's residence:

(1) on a day on which it may be necessary for the employee to respond to a work-related emergency during hours when the employee is not normally working;

(2) if the employee has been assigned the use of a state vehicle for authorized state business on an extended basis, and the employee's primary place of work is not the state work station to which the employee is permanently assigned;

(3) if the employee has been assigned the use of a state vehicle for authorized state business away from the work station to which the employee is permanently assigned, and the number of miles traveled, or the time needed to conduct the business, will be minimized if the employee uses a state vehicle to travel to the employee's residence before or after traveling to the place of state business.

Use of a state vehicle pursuant to this subdivision requires the prior approval of the agency head or the designee of the agency head. Within 15 days of the end of each three-month period, the head of each agency shall report to the commissioner on each case in which a state vehicle is used by an employee of that agency to travel to or from the employee's residence. The commissioner shall specify the form of this report and the information to be included. If no state vehicles have been used for this travel, the head of the state agency shall report this to the commissioner; or

(4) if the employee is authorized to participate in a ridesharing program established by the commissioner pursuant to section 174.257.

*Use of a state vehicle under this subdivision requires the prior approval of the agency head or the designee of the agency head.*

Sec. 15. Minnesota Statutes 1986, section 16B.55, subdivision 6, is amended to read:

Subd. 6. [ADMINISTRATIVE POLICIES VEHICLE OPERATING PROCEDURES.] The commissioner shall determine when an employee must reimburse the state for use of a state vehicle and the rates of reimbursement. Rates of reimbursement shall cover the full cost to the state for the travel for which reimbursement is required. The commissioner shall

also set operating procedures for use of state vehicles. These ~~rules, rates, and operating procedures~~ are not subject to the administrative procedure act. ~~Money received under these rules shall be deposited as nondedicated receipts to the credit of the fund from which the costs of operating the individual vehicles are paid.~~

Sec. 16. Minnesota Statutes 1986, section 16B.65, subdivision 3, is amended to read:

Subd. 3. [CERTIFICATION.] ~~The department of employee relations, with the approval of the commissioner, shall either:~~

(1) ~~prepare and conduct oral, written, and practical examinations to determine if a person is qualified pursuant to subdivision 2 to be a building official, or;~~

(2) ~~accept documentation of successful completion of testing programs of training developed by public nationally recognized testing agencies, as proof of qualification pursuant to subdivision 2; or~~

(3) *determine qualifications by both clauses (1) and (2).*

Upon a determination of qualification under ~~either~~ clause (1) ~~or~~, (2), ~~or both of them~~, the commissioner shall issue a certificate to the building official stating that the official is certified. Each person applying for examination and certification pursuant to this section shall pay a fee of ~~\$20~~ \$70. ~~The department of employee relations and the commissioner or a designee may establish classes of certification that will recognize the varying complexities of code enforcement in the municipalities within the state. Except as provided by subdivision 2, no person may act as a building official for a municipality unless the department of employee relations and the commissioner determine determines that the official is qualified. The department of employee relations may, with the approval of the commissioner, prepare and conduct shall provide educational programs designed to train and assist building officials in carrying out their responsibilities.~~

*The department of employee relations may, at the request of the commissioner, provide statewide testing services.*

Sec. 17. Minnesota Statutes 1987 Supplement, section 16B.67, is amended to read:

#### 16B.67 [APPEALS.]

A person aggrieved by the final decision of any municipality as to the application of the code, including any rules adopted under sections 471.465 to 471.469, may, within 180 days of the decision, appeal to the commissioner. Appellant shall submit a fee of ~~\$20~~ \$70, payable to the commissioner, with the request for appeal. ~~The final decision of the involved municipality is subject to review de novo by the commissioner or a designee. An appeal must be heard as a contested case under chapter 14. The commissioner shall submit written findings to the parties. The party not prevailing shall pay the costs of the contested case hearing, including fees charged by the office of administrative hearings and the expense of transcript preparation. Costs under this section do not include attorney fees.~~ Any person aggrieved by a ruling of the commissioner may appeal in accordance with chapter 14. For the purpose of this section "any person aggrieved" includes the council on disability. No fee ~~or costs~~ shall be required when the council on disability is the appellant.

Sec. 18. Minnesota Statutes 1986, section 16B.85, is amended to read:  
16B.85 [RISK MANAGEMENT.]

Subdivision 1. [ALTERNATIVES TO CONVENTIONAL INSURANCE.] In the event that the state is unable to obtain certain types of insurance, or the commissioner determines insurance to be unreasonably costly, The commissioner may implement *programs of insurance* or alternatives to the purchase of conventional insurance for areas of risk not subject to collective bargaining agreements, plans established under section 43A.18, or programs established under sections 176.540 to 176.611. A The mechanism for implementing possible alternatives to conventional insurance is the risk management fund created in subdivision 2.

Subd. 2. [RISK MANAGEMENT FUND.] A state risk management fund is created. All state agencies which have had or may have casualty claims against them with respect to the risks for which the commissioner has implemented conventional insurance alternatives shall contribute to the fund a portion of the money appropriated to them. The commissioner shall determine the proportionate share of each agency on the basis of the agency's casualty claim experience as compared to other affected agencies. The money in the fund to pay casualty claims arising from state activities and for administrative costs, including costs for the adjustment and defense of the claims, is appropriated to the commissioner. Interest earned from the investment of money in the fund shall be credited to the fund and be available to the commissioner for the expenditures authorized in this subdivision. The fund is exempt from the provisions of section 16A.15, subdivision 1. In the event that proceeds in the fund are insufficient to pay outstanding claims and associated administrative costs, the commissioner, in consultation with the commissioner of finance, may assess state agencies participating in the fund amounts sufficient to pay the costs. The commissioner shall determine the proportionate share of the assessment of each agency on the basis of the agency's casualty claim experience as compared to other affected agencies.

(a) All state agencies may, in cooperation with the commissioner, participate in insurance programs and other funding alternative programs provided by the risk management fund.

(b) When an agency or agencies enter into an insurance or self-insurance program, each agency shall contribute the appropriate share of its costs as determined by the commissioner.

(c) The money in the fund to pay claims arising from state activities and for administrative costs, including costs for the adjustment and defense of the claims, is appropriated to the commissioner.

(d) Interest earned from the investment of money in the fund shall be credited to the fund and be available to the commissioner for the expenditures authorized in this subdivision.

(e) The fund is exempt from the provisions of section 16A.15, subdivision 1. In the event that proceeds in the fund are insufficient to pay outstanding claims and associated administrative costs, the commissioner, in consultation with the commissioner of finance, may assess state agencies participating in the fund amounts sufficient to pay the costs. The commissioner shall determine the proportionate share of the assessment of each agency.

Subd. 3. [RESPONSIBILITIES.] The commissioner shall:

(1) review the state's exposure to various types of potential risks in consultation with affected agencies and advise state agencies as to the reduction of risk and fiscal management of those losses;

(2) be responsible for statewide risk management coordination, evaluation of funding and insuring alternatives, and the approval of all insurance purchases in consultation with affected agencies;

(3) identify ways to eliminate redundant efforts in the management of state risk management and insurance programs;

(4) maintain the state risk management information system; and

(5) administer and maintain the state risk management fund.

*Subd. 4. [COMPETITIVE BIDDING.] The commissioner may request bids from insurance carriers or negotiate with insurance carriers and may enter into contracts of insurance carriers that in the judgment of the division are best qualified to underwrite and service the insurance programs.*

*Subd. 5. [RISK MANAGEMENT FUND NOT CONSIDERED INSURANCE.] A state agency, including an entity defined as a part of the state in section 3.732, subdivision 1, clause (1), may procure insurance against liability of the agency and its employees for damages resulting from the torts of the agency and its employees. The procurement of this insurance constitutes a waiver of the limits or governmental liability to the extent of the liability stated in the policy but has no effect on the liability of the agency and its employees beyond the coverage as provided. Procurement of commercial insurance, participation in the risk management fund under section 16B.85, or provisions of an individual self-insurance plan with or without a reserve fund or reinsurance does not constitute a waiver of any of the governmental immunities or exclusions under section 3.736.*

Sec. 19. Minnesota Statutes 1986, section 94.12, is amended to read:

**94.12 [CONTRACT FOR DEED AND QUITCLAIM DEED.]**

In the event a purchaser elects to purchase surplus real property on an installment basis, the commissioner of administration shall enter into a contract for deed with the purchaser thereof in which shall be set forth the description of the real property sold and the price thereof, the consideration paid and to be paid therefor, the rate of interest, and time and terms of payment. This contract for deed shall be made assignable and shall further set forth that in case of the nonpayment of the annual principal or interest payment due by the purchaser, or any person claiming under the purchaser, then the contract for deed, from the time of such failure, will be entirely void and of no effect and the state may be repossessed of the lot or tract and may resell the same as provided in sections 94.09 to 94.16. In the event the terms and conditions of a contract for deed are completely fulfilled or if a purchaser makes a lump sum payment for the subject property in lieu of entering into a contract for deed, ~~the governor, upon the recommendation of the commissioner of administration,~~ shall sign and cause to be issued a quitclaim deed on behalf of the state. Said quitclaim deed shall be in a form prescribed by the attorney general and shall vest in purchaser all of the state's interest in the subject property except as provided in section 94.14.

Sec. 20. Minnesota Statutes 1987 Supplement, section 115A.15, subdivision 6, is amended to read:

Subd. 6. ~~[RESOURCE RECOVERY REVOLVING ACCOUNT USE OF MATERIALS DISTRIBUTION REVOLVING FUND.]~~ Upon the certification of the commissioner of administration, the commissioner of finance shall establish an account in the general services revolving fund, effective June 30, 1980, for the operation of the state government resource recovery program. The revolving account shall consist of All funds appropriated by the state for the resource recovery program, all revenues resulting from the sale of recyclable and reusable commodities made available for sale as a result of the resource recovery program and all reimbursements to the commissioner of expenses incurred by the commissioner in developing and administering resource recovery systems for state agencies, local governments, and regional agencies governmental units, and nonprofit organizations must be deposited in the materials distribution revolving fund created in section 16B.28. The account fund may be used for all activities associated with the program including payment of administrative and operating costs, except statewide and agency indirect costs. The commissioner shall determine the waste disposal cost savings associated with recycling and reuse activities, collect those savings from the account responsible for disposing of wastes produced in state buildings, and credit the savings to the resource recovery revolving account materials distribution revolving fund.

Sec. 21. Minnesota Statutes 1986, section 136.61, subdivision 1, is amended to read:

Subdivision 1. The state board for community colleges shall consist consists of nine members appointed by the governor with the advice and consent of the senate. They shall be selected for their knowledge of, and interest in community colleges of Minnesota. One member shall be a full-time student at a community college at the time of appointment or shall have been a full-time student at a community college within one year before appointment to the state board for community colleges. Other than the student or recent graduate member, at least one member shall be a resident of each congressional district and two members shall be graduates of a community college in this state. In making appointments to the board, the governor shall recognize the mission of the community college system and attempt to reflect the groups served by the mission.

Sec. 22. Minnesota Statutes 1986, section 136.622, is amended to read:

136.622 [COMPUTER SALES AND MAINTENANCE TECHNICAL EQUIPMENT.]

Subdivision 1. [PROPRIETARY PURCHASES.] Technical educational equipment may be procured for the state community colleges on request of the state board for community colleges either by brand designation or in accordance with standards and specifications the board may promulgate, notwithstanding chapter 16B.

Subd. 2. [COMPUTER SALES AND SUPPORT.] The state board for community colleges may sell computers and related products to its staff and students to advance their instructional and research abilities. The board shall contract with a private vendor for service, maintenance, and support for computers and related products sold by the board.

Sec. 23. Minnesota Statutes 1986, section 136.67, subdivision 2, is amended to read:

Subd. 2. The state community college board may establish activity funds,



~~except for dormitory purposes~~, and imprest cash funds, waive tuition charges, and act as agent and accept the benefits of Public Law Number 88-452, known as the Economic Opportunity Act of 1964, as amended, and Public Law Number 85-864, known as the National Defense Education Act of 1958, as amended, to the same extent and subject to the same conditions as this authority is vested in the state university board. Sections 136.045; 136.142; 136.143; 136.144; 136.171; 136.22; 136.56; 169.966; and 352.01, subdivision 2a, clause (6), also apply to the state community college board and the state community colleges in the same manner as to the state university board and the state universities.

Sec. 24. [136.89] [NONPROFIT FOUNDATION PAYROLL DEDUCTION.]

*Subdivision 1. [REQUEST; WARRANT.] The commissioner of finance, upon the written request of an employee of a community college or the state board for community colleges, may deduct from an employee's salary or wages the amount requested for payment to a nonprofit community college foundation meeting the requirements in subdivision 2. The commissioner shall issue a warrant for the deducted amount to the nonprofit foundation.*

*Subd. 2. [FOUNDATION APPLICATION; APPROVAL.] A nonprofit foundation that desires to receive contributions through payroll deductions shall apply to the state board for approval to participate in the payroll deduction plan. The board may approve the application for participation if the foundation:*

*(1) is tax exempt under section 501(c)3 of the Internal Revenue Code of 1986, as amended;*

*(2) qualifies for tax deductible contributions under section 170 of the Internal Revenue Code of 1986, as amended;*

*(3) secures funding solely for distribution to that community college; and*

*(4) has been incorporated according to chapter 317 for at least one calendar year before the date it applies to the state board for community colleges for approval.*

*Subd. 3. [SOLICITATION.] Efforts to secure payroll deductions authorized in subdivision 1 may not interfere with, require a modification of, nor be conducted during the period of a payroll deduction fund drive for employees authorized by section 309.501.*

Sec. 25. [136.91] [CAPITAL PROJECTS BIDDING PROCEDURES.]

*In awarding contracts for capital projects under section 16B.09, the state board for community colleges shall consider the documentation provided by the bidders regarding their qualifications, including evidence of having successfully completed similar work, or delivering services or products comparable to that being requested. The board shall set procedures to administer this section, which must include practices that will assist in the economic development of small businesses and small businesses owned and operated by socially or economically disadvantaged persons.*

Sec. 26. Minnesota Statutes 1987 Supplement, section 168.012, subdivision 1, is amended to read:

*Subdivision 1. (a) The following vehicles are exempt from the provisions of this chapter requiring payment of tax and registration fees, except as*

provided in subdivision 1c:

(1) vehicles owned and used solely in the transaction of official business by representatives of foreign powers, by the federal government, the state, or any political subdivision;

(2) vehicles owned and used exclusively by educational institutions and used solely in the transportation of pupils to and from such institutions;

(3) vehicles owned by nonprofit charities and used exclusively to transport handicapped persons for educational purposes;

(4) vehicles owned and used by honorary consul or consul general of foreign governments.

(b) Vehicles owned by the federal government, municipal fire apparatus, police patrols and ambulances, the general appearance of which is unmistakable, shall not be required to register or display number plates.

(c) Unmarked vehicles used in general police work, arson investigations, and passenger vehicles, station wagons, and buses owned or operated by the department of corrections shall be registered and shall display passenger vehicle classification license number plates which shall be furnished by the registrar at cost. Original and renewal applications for these passenger vehicle license plates authorized for use in general police work and for use by the department of corrections must be accompanied by a certification signed by the appropriate chief of police if issued to a police vehicle, the appropriate sheriff if issued to a sheriff's vehicle, the commissioner of corrections if issued to a department of corrections vehicle, or the appropriate officer in charge if issued to a vehicle of any other law enforcement agency. The certification must be on a form prescribed by the commissioner and state that the vehicle will be used exclusively for a purpose authorized by this section.

(d) All other motor vehicles shall be registered and display tax exempt number plates which shall be furnished by the registrar at cost, except as provided in subdivision 1c. All vehicles required to display tax exempt number plates shall have the name of the state department or public subdivision on the vehicle plainly ~~printed~~ *displayed* on both sides thereof in letters not less than 2-1/2 inches high, ~~one and one-half inch wide and of a three-eighths inch stroke~~; except that each state hospital and institution for the mentally ill and mentally retarded may have one vehicle without the required ~~printing~~ *identification* on the sides of the vehicle. Such ~~printing~~ *identification* shall be in a color giving a ~~marked~~ contrast with that of the part of the vehicle on which it is placed and shall ~~be done with a good quality of paint that will endure throughout the term of the registration.~~ The ~~printing~~ *identification* must ~~be on a part of the vehicle itself and not be on a removable plate or placard of any kind~~ and shall be kept clean and visible at all times; except that a removable plate or placard may be utilized on vehicles leased or loaned to a political subdivision.

Sec. 27. Minnesota Statutes 1986, section 214.07, subdivision 1, is amended to read:

~~Subdivision 1. [BOARD REPORTS.]~~ The health-related licensing boards and the non-health-related licensing boards shall prepare reports by October 1 of each even-numbered year ~~on forms prepared by the commissioner of administration.~~ Copies of the reports shall be delivered to the legislature in accordance with section 3.195, ~~and to the governor and the commissioner~~

of administration. Copies of the reports of the health-related licensing boards shall *also* be delivered to the commissioner of health. The reports shall contain the following information relating to the two-year period ending the previous June 30:

- (a) a general statement of board activities;
- (b) the number of meetings and approximate total number of hours spent by all board members in meetings and on other board activities;
- (c) the receipts and disbursements of board funds;
- (d) the names of board members and their addresses, occupations, and dates of appointment and reappointment to the board;
- (e) the names and job classifications of board employees;
- (f) a brief summary of board rules proposed or adopted during the reporting period with appropriate citations to the State Register and published rules;
- (g) the number of persons having each type of license and registration issued by the board as of June 30 in the year of the report;
- (h) the locations and dates of the administration of examinations by the board;
- (i) the number of persons examined by the board with the persons subdivided into groups showing age categories, sex, and states of residency;
- (j) the number of persons licensed or registered by the board after taking the examinations referred to in clause (h) with the persons subdivided by age categories, sex, and states of residency;
- (k) the number of persons not licensed or registered by the board after taking the examinations referred to in clause (h) with the persons subdivided by age categories, sex, and states of residency;
- (l) the number of persons not taking the examinations referred to in clause (h) who were licensed or registered by the board or who were denied licensing or registration with the reasons for the licensing or registration or denial thereof and with the persons subdivided by age categories, sex, and states of residency;
- (m) the number of persons previously licensed or registered by the board whose licenses or registrations were revoked, suspended, or otherwise altered in status with brief statements of the reasons for the revocation, suspension or alteration;
- (n) the number of written and oral complaints and other communications received by the executive secretary of the board, a board member, or any other person performing services for the board (1) which allege or imply a violation of a statute or rule which the board is empowered to enforce and (2) which are forwarded to other agencies as required by section 214.10;
- (o) a summary, by specific category, of the substance of the complaints and communications referred to in clause (n) and, for each specific category, the responses or dispositions thereof pursuant to section 214.10 or 214.11;
- (p) any other objective information which the board members believe will be useful in reviewing board activities.

Sec. 28. Minnesota Statutes 1986, section 382.153, is amended to read:

**382.153 [BONDING OF COUNTY OFFICERS AND EMPLOYEES.]**

Subdivision 1. In counties now or hereafter having a population of more than 250,000, when a corporate surety bond has been furnished by any county officer or employee pursuant to statute or resolution of the county board, the premium therefor shall be paid by the county, provided that the county board may designate the surety.

The county board shall cause to be published in its official publication, a notice for bids for the furnishing of all such bonds and shall award a contract to the lowest responsible bidder.

Subd. 2. In any county, in lieu of the individual bonds required to be furnished by county officers or by county employees, a schedule or position bond or undertaking may be given by county officers or by the employees of each county office or department, or a single corporate surety fidelity, schedule or position bond or undertaking covering all the officers and employees of any such county including officers and employees required by law to furnish an individual bond or undertaking may be furnished, in the respective amounts fixed by law, or by the person or board authorized by law to fix the same, conditioned substantially as provided in section 574.13; and upon a form to be prescribed by the commissioner of administration.

**Sec. 29. [INITIAL SMOKING POLICIES.]**

*A state agency required to adopt a smoking policy under section 9 shall submit its initial policy and plan for implementation to the commissioners of administration, employee relations, and health by January 1, 1989.*

Sec. 30. Laws 1987, chapter 365, section 24, is amended to read:

The revisor of statutes shall renumber Minnesota Statutes, section 4.31, subdivisions 1 and to 5, in chapter 16B.

**Sec. 31. [EFFECTIVE DATE.]**

*Section 3 is effective the day following final enactment. Sections 2, 4 to 8, 10 to 28, and 30 are effective July 1, 1988. Sections 9 and 29 are effective January 1, 1989."*

Delete the title and insert:

"A bill for an act relating to state agencies; amending, enacting, and repealing certain laws administered by the department of administration; requiring the commissioner of administration to consider the provision of child care facilities in new state office space; requiring state agencies to adopt policies regulating smoking in space under their control; increasing the powers of the state board for community colleges; changing the criteria for board membership; amending Minnesota Statutes 1986, sections 15.0591, subdivision 2; 16A.41, subdivision 1; 16B.07, subdivisions 2 and 3; 16B.08, subdivision 4; 16B.09, subdivision 3; 16B.24, by adding subdivisions; 16B.28; 16B.42, subdivision 1; 16B.48, subdivision 2; 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; 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."

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

House Conferees: (Signed) Harold F. Lasley, Sandra L. Pappas, Stephen E. Dille

Senate Conferees: (Signed) Donald M. Moe, John J. Marty, Bob Decker

Mr. Moe, D.M. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2291 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2291 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 48 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Gustafson	Mehrkens	Piper
Anderson	Cohen	Jude	Merriam	Pogemiller
Beckman	Dahl	Knaak	Metzen	Ramstad
Belanger	Davis	Laidig	Moe, D.M.	Renneke
Benson	Decker	Langseth	Moe, R.D.	Spear
Berg	DeCramer	Lantry	Morse	Storm
Berglin	Diessner	Larson	Novak	Stumpf
Bernhagen	Frank	Luther	Olson	Vickerman
Bertram	Frederickson, D.J.	Marty	Pehler	
Brandl	Freeman	McQuaid	Peterson, D.C.	

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 994: A bill for an act relating to employment; providing workers' compensation to coverage for certain infectious diseases; amending Minnesota Statutes 1986, section 176.011, subdivision 15.

Senate File No. 994 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

### CONCURRENCE AND REPASSAGE

Mrs. Lantry moved that the Senate concur in the amendments by the House to S.F. No. 994 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 994: A bill for an act relating to workers' compensation; defining "occupational disease" as including certain diseases received in providing emergency medical care; amending Minnesota Statutes 1986, section 176.011, subdivision 15.

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 48 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Gustafson	McQuaid	Piper
Anderson	Cohen	Jude	Mehrkins	Pogemiller
Beckman	Dahl	Knaak	Merriam	Ramstad
Belanger	Davis	Laidig	Metzen	Renneke
Benson	Decker	Langseth	Moe, R.D.	Spear
Berg	DeCramer	Lantry	Morse	Storm
Berglin	Diessner	Larson	Novak	Stumpf
Bernhagen	Frank	Lessard	Olson	Vickerman
Bertram	Frederickson, D.J.	Luther	Pehler	
Brandl	Freeman	Marty	Peterson, D.C.	

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, herewith returned: S.F. No. 1719.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 412 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 412

A bill for an act relating to real property; creating a lien against real property where the state has incurred cleanup expenses and the owner is liable for the expenses under Minnesota Statutes, chapter 115B or 115C; providing procedures for implementation and enforcement of the lien; proposing coding for new law in Minnesota Statutes, chapter 514.

April 15, 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. 412, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendment.

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

Senate Conferees: (Signed) William P. Luther, LeRoy A. Stumpf, Gary W. Laidig

House Conferees: (Signed) Dee Long, Jean D. Wagenius, Sidney J. Pauly

Mr. Luther moved that the foregoing recommendations and Conference Committee Report on S.F. No. 412 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. 412 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 47 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Gustafson	Mehrrens	Purfeerst
Anderson	Cohen	Jude	Metzen	Ramstad
Beckman	Dahl	Knaak	Moe, R.D.	Renneke
Belanger	Davis	Laidig	Morse	Spear
Benson	Decker	Lantry	Novak	Storm
Berg	DeCramer	Larson	Olson	Stumpf
Berglin	Diessner	Lessard	Pehler	Vickerman
Bernhagen	Frank	Luther	Peterson, D.C.	
Bertram	Frederickson, D.J.	Marty	Piper	
Brandl	Freeman	McQuaid	Pogemiller	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Pogemiller moved that his name be stricken as chief author, and the name of Mr. Frederickson, D.J. be added as chief author to S.F. No. 2196. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the Special Orders Calendar. The motion prevailed.

### SPECIAL ORDER

H.F. No. 2468: A bill for an act relating to economic development; authorizing the commissioner to award set-aside procurements to local small businesses; amending Minnesota Statutes 1986, section 16B.19, subdivision 5; Minnesota Statutes 1987 Supplement, sections 16B.19, subdivision 6; and 645.445, subdivision 5.

### CALL OF THE SENATE

Mrs. Adkins imposed a call of the Senate for the balance of the proceedings on H.F. No. 2468. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Gustafson moved to amend H.F. No. 2468, 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. 2196.)

Page 3, line 4, after the period, insert "*For purposes of this subdivision, an area designated a labor surplus area retains that status for 120 days after certified small businesses in the area are notified of the termination*

*of the designation by the United States Department of Labor."*

The motion prevailed. So the amendment was adopted.

H.F. No. 2468 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

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

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

### SPECIAL ORDER

S.F. No. 762: A bill for an act proposing an amendment to the Minnesota Constitution, article IV, section 4; providing for a senate with six-year terms and a house of representatives with staggered four-year terms.

Mr. Luther moved to amend S.F. No. 762 as follows:

Page 1, line 18, after the period, insert "*One-half of the senators shall be chosen at the first general election held four years after each new legislative apportionment provided for in this article.*"

Page 1, line 21, strike "provided for in this article"

Page 1, line 22, after "*representative*" insert "*and each senator*"

Page 1, line 23, after "*lots*" insert "*as provided in this section. One lot shall be held to determine whether even-numbered or odd-numbered district senators are to be chosen at the first general election held four years after each new legislative apportionment. Representatives from the same districts as the senators that are chosen by lot to serve four-year terms shall also be elected to serve four-year terms*"

Page 2, line 8, after "*to*" insert "*staggered four- and*"

Page 2, line 10, after "*staggered*" insert "*two- and*"

The motion prevailed. So the amendment was adopted.

Mr. Benson moved to amend S.F. No. 762 as follows:

Page 2, after line 13, insert:

"Sec. 3. [CONSTITUTIONAL AMENDMENT.]

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

Sec. 6. [RECALL.] *An elective officer may be recalled by the eligible voters of the state, in the case of statewide offices, or of the electoral*



*district from which the person was elected. Recall shall be initiated by a petition signed by eligible voters equal in number to at least 25 percent of the vote cast in the last election for the office from which the person is to be recalled. No person shall be recalled before he has completed one year of service in the office from which he is to be recalled. A special election shall be held for the office of a person against whom a petition has been filed, and that person shall be a candidate in the special election unless he chooses to resign.*

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

#### Sec. 4. [QUESTION.]

*The proposed amendment shall be submitted at the 1988 general election. The question submitted shall be:*

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

Yes . . . . .  
No . . . . ."

Amend the title accordingly

Mr. Spear questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Benson appealed the decision of the President.

### CALL OF THE SENATE

Mr. Pogemiller imposed a call of the Senate for the balance of the proceedings on S.F. No. 762. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on "Shall the decision of the President be the judgment of the Senate?"

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

The roll was called, and there were yeas 33 and nays 14, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Jude	Morse	Purfeerst
Beckman	Davis	Langseth	Novak	Reichgott
Belanger	Diessner	Lantry	Pehler	Spear
Berglin	Frank	Luther	Peterson, D.C.	Stumpf
Bertram	Frederickson, D.J.	Marty	Peterson, R.W.	Vickerman
Brandl	Freeman	Moe, D.M.	Piper	
Chmielewski	Johnson, D.J.	Moe, R.D.	Pogemiller	

Those who voted in the negative were:

Anderson	Bernhagen	Laidig	Mehrkens	Renneke
Benson	Decker	Larson	Olson	Storm
Berg	Knaak	McQuaid	Ramstad	

The decision of the President was sustained.

Mr. Ramstad moved to amend S.F. No. 762 as follows:

Page 1, after line 7, insert:

**"Section 1. [CONSTITUTIONAL AMENDMENT PROPOSED.]**

*Subdivision 1. [REFERENCE TO PEOPLE.] An amendment to the Minnesota Constitution is proposed to the people as provided by subdivisions 2 and 3.*

*Subd. 2. [AMENDMENT PROPOSED.] If the amendment is adopted, article IV, sections 2, 3, and 4 will read:*

Sec. 2. The total number of members who compose the senate and house of representatives shall be prescribed by law, *but may neither be less than 120 members nor more than 168 members.* The representation in both houses shall be apportioned equally throughout the different sections of the state in proportion to the population thereof.

Sec. 3. At its first session after each enumeration of the inhabitants of this state made by the authority of the United States, the legislature shall have the power to prescribe the bounds of congressional and legislative districts. Senators shall be chosen by single districts of convenient contiguous territory. *No senate district shall be divided in the formation of a congressional district.* No representative district shall be divided in the formation of a senate district. The senate districts shall be numbered in a regular series.

Sec. 4. Representatives shall be chosen for a term of ~~two~~ four years, except to fill a vacancy. Senators shall be chosen for a term of ~~four~~ six years, except to fill a vacancy ~~and except~~. There shall be an entire new election of all the senators and representatives at the first general election of representatives after each new legislative apportionment provided for in this article. *One-half of the representatives shall be elected every two years. One-third of the senators, or as near as possible to one-third if the total number of senators is not evenly divisible by three, shall be elected every two years. The first length of representatives' and senators' terms after each enumeration provided by this article shall be determined by drawing lots.* The governor shall call elections to fill vacancies in either house of the legislature.

*Subd. 3. [EFFECTIVE DATE.] If the amendment proposed is adopted by the people, it is effective for the legislature convening in 1992.*

**Sec. 2. [BALLOT PROPOSITION.]**

*The proposed amendment must be submitted to the people at the 1988 general election. The question submitted shall be:*

*"Shall the Minnesota Constitution be amended to provide for a legislature with a total membership of between 120 and 168 with senators elected for six-year staggered terms and representatives elected for four-year staggered terms?"*

Yes . . . . .  
No . . . . ."

*Election procedures shall be as provided by law."*

Renumber the sections in sequence.

Amend the title accordingly

Mr. Ramstad moved to amend the Ramstad amendment as follows:

Page 1, delete line 2 and insert:

"Delete everything after the enacting clause and insert:"

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

The question was taken on the Ramstad amendment, as amended.

The roll was called, and there were yeas 9 and nays 38, as follows:

Those who voted in the affirmative were:

Benson	Decker	Jude	McQuaid	Ramstad
Cohen	Gustafson	Knaak	Purfeerst	

Those who voted in the negative were:

Adkins	Brandl	Johnson, D.J.	Moe, R.D.	Renneke
Anderson	Chmielewski	Lantry	Morse	Samuelson
Beckman	Davis	Larson	Pehler	Spear
Belanger	DeCramer	Luther	Peterson, D.C.	Storm
Berg	Diessner	Marty	Peterson, R.W.	Stumpf
Berglin	Frank	Mehrkins	Piper	Vickerman
Bernhagen	Frederickson, D.J.	Metzen	Pogemiller	
Bertram	Freeman	Moe, D.M.	Reichgott	

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

Mr. Knaak moved to amend S.F. No. 762 as follows:

Delete everything after the enacting clause and insert:

"Section 1. [CONSTITUTIONAL AMENDMENTS PROPOSED.]

*Subdivision 1. [PROPOSAL TO PEOPLE.] An amendment to the Minnesota Constitution is proposed to the people as provided by subdivisions 2, 3, 4, 5, and 6.*

*Subd. 2. [AMENDMENTS TO ARTICLE IV.] If the amendment is adopted, article IV, sections 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 18, 19, 20, 21, 22, 23, 24, 25, and 26 will read as follows:*

**Section 1.** The legislature consists of the senate and house of representatives.

**Sec. 2.** The number of members who compose the senate and house of representatives shall be prescribed by law. The representation in both houses shall be apportioned equally throughout the different sections of the state in proportion to the population thereof.

**Sec. 3.** At its first session after each enumeration of the inhabitants of this state made by the authority of the United States, the legislature shall have the power to prescribe the bounds of congressional and legislative districts. Senators shall be chosen by single districts of convenient contiguous territory. No representative district shall be divided in the formation of a senate district. The senate districts shall be numbered in a regular series.

**Sec. 4.** Representatives shall be chosen for a term of two years, except to fill a vacancy. Senators shall be chosen for a term of four years, except to fill a vacancy and except there shall be an entire new election of all the senators at the first election of representatives after each new legislative apportionment provided for in this article. The governor shall call elections to fill vacancies in either house of the legislature senate.

**Sec. 5.** No senator or representative shall hold any other office under the authority of the United States or the state of Minnesota, except that of

postmaster or of notary public. If elected or appointed to another office, a legislator may resign from the legislature by tendering his resignation to the governor.

Sec. 6. Senators and Representatives shall be qualified voters of the state, and shall have resided one year in the state and six months immediately preceding the election in the district from which elected. Each house The senate shall be the judge of the election returns and eligibility of its own members. The legislature senate shall prescribe by law the manner for taking evidence in cases of contested seats in either house.

Sec. 7. Each house The senate may determine the rules of its proceedings, sit upon its own adjournment, punish its members for disorderly behavior, and with the concurrence of two-thirds expel a member; but no member shall be expelled a second time for the same offense.

Sec. 9. The compensation of senators and representatives shall be prescribed by law. No increase of compensation shall take effect during the period for which the members of the existing house of representatives senate may have been elected.

Sec. 10. The members of each house the senate in all cases except treason, felony and breach of the peace, shall be privileged from arrest during the session of their respective houses and in going to or returning from the same. For any speech or debate in either house the senate they shall not be questioned in any other place.

Sec. 11. Two or more members of either house the senate may dissent and protest against any act or resolution which they think injurious to the public or to any individual and have the reason of their dissent entered in the journal.

Sec. 12. The legislature senate shall meet at the seat of government in regular session in each biennium at the times prescribed by law for not exceeding a total of 120 legislative days. The legislature senate shall not meet in regular session, nor in any adjournment thereof, after the first Monday following the third Saturday in May of any year. After meeting at a time prescribed by law, the legislature may adjourn to another time. "Legislative day" shall be defined by law. A special session of the legislature may be called by the governor on extraordinary occasions.

Neither house during a session of the legislature shall adjourn for more than three days (Sundays excepted) nor to any other place than that in which the two houses shall be assembled without the consent of the other house.

Sec. 13. A majority of each house the senate constitutes a quorum to transact business, but a smaller number may adjourn from day to day and compel the attendance of absent members in the manner and under the penalties it may provide.

Sec. 14. Each house The senate shall be open to the public during its sessions except in cases which in its opinion require secrecy.

Sec. 15. Each house The senate shall elect its presiding officer and other officers as may be provided by law. Both houses It shall keep journals of their its proceedings, and from time to time publish the same, and the yeas and nays, when taken on any question, shall be entered in the journals journal.

Sec. 18. All bills for raising revenue shall originate in the house of representatives, but the senate may propose and concur with the amendments as on other bills.

Sec. 19. Every bill shall be reported on three different days in each house the senate, unless, in case of urgency, two-thirds of the house where the bill is pending senate deem it expedient to dispense with this rule.

Sec. 20. Every bill passed by both houses the senate shall be enrolled and signed by the presiding officer of each house. Any presiding officer refusing to sign a bill passed by both houses shall thereafter be disqualified from any office of honor or profit in the state. Each house The senate by rule shall provide the manner in which a bill shall be certified for presentation to the governor in case of such refusal.

Sec. 21. No bill shall be passed by either house upon the day prescribed for adjournment. This section shall not preclude the enrollment of a bill or its transmittal from one house to the other or to the executive for his signature.

Sec. 22. The style of all laws of this state shall be: "Be it enacted by the legislature of the state of Minnesota." No law shall be passed unless voted for by a majority of all the members elected to each house of the legislature senate, and the vote entered in the journal of each house.

Sec. 23. Every bill passed in conformity to the rules of each house and the joint rules of the two houses senate shall be presented to the governor. If he approves a bill, he shall sign it, deposit it in the office of the secretary of state and notify the house in which it originated senate of that fact. If he vetoes a bill, he shall return it with his objections to the house in which it originated senate. His objections shall be entered in the journal. If, after reconsideration, two-thirds of that house the senate agree to pass the bill, it shall be sent, together with the governor's objections, to the other house, which shall likewise reconsider it. If approved by two-thirds of that house it becomes a law and shall be deposited in the office of the secretary of state. In such cases the votes of both houses shall be determined by yeas and nays, and the names of the persons voting for or against the bill shall be entered in the journal of each house. Any bill not returned by the governor within three days (Sundays excepted) after it is presented to him becomes a law as if he had signed it, unless the legislature by adjournment within that time prevents its return. Any bill passed during the last three days of a session may be presented to the governor during the three days following the day of final adjournment and becomes law if the governor signs and deposits it in the office of the secretary of state within 14 days after the adjournment of the legislature. Any bill passed during the last three days of the session which is not signed and deposited within 14 days after adjournment does not become a law.

If a bill presented to the governor contains several items of appropriation of money, he may veto one or more of the items while approving the bill. At the time he signs the bill the governor shall append to it a statement of the items he vetoes and the vetoed items shall not take effect. If the legislature is in session, he shall transmit to the house in which the bill originated senate a copy of the statement, and the items vetoed shall be separately reconsidered. If on reconsideration any item is approved by two-thirds of the members elected to each house, it is a part of the law notwithstanding the objections of the governor.

Sec. 24. Each order, resolution or vote ~~requiring the concurrence of the two houses~~ except such as relate to the business or adjournment of the legislature shall be presented to the governor and is subject to his veto as prescribed in case of a bill.

Sec. 25. During a session ~~each house~~ *the senate* may punish by imprisonment for not more than 24 hours any person not a member who is guilty of any disorderly or contemptuous behavior in its presence.

Sec. 26. Passage of a general banking law requires the vote of two-thirds of the members of ~~each house of the legislature~~ *senate*.

*Subd. 3. [AMENDMENT TO ARTICLE VIII.] If the amendment is approved, article VIII, section 1, will read as follows:*

Section 1. The ~~house of representatives~~ *senate* has the sole power of impeachment through a concurrence of a majority of all its members. All impeachments shall be tried by the senate. When sitting for that purpose, senators shall be upon oath or affirmation to do justice according to law and evidence. No person shall be convicted without the concurrence of two-thirds of the senators present.

*Subd. 4. [AMENDMENTS TO ARTICLE IX.] If the amendment is approved, article IX, sections 1 and 2, will read as follows:*

Section 1. A majority of the members elected to ~~each house of the legislature~~ may propose amendments to this constitution. Proposed amendments shall be published with the laws passed at the same session and submitted to the people for their approval or rejection at a general election. If a majority of all the electors voting at the election vote to ratify an amendment, it becomes a part of this constitution. If two or more amendments are submitted at the same time, voters shall vote for or against each separately.

Sec. 2. Two-thirds of the members elected to ~~each house of the legislature~~ may submit to the electors at the next general election the question of calling a convention to revise this constitution. If a majority of all the electors voting at the election vote for a convention, the legislature at its next session, shall provide by law for calling the convention. The convention shall consist of as many delegates as there are members of the ~~house of representatives~~ *senate*. Delegates shall be chosen in the same manner as members of the ~~house of representatives~~ *senate* and shall meet within three months after their election. Section 5 of Article IV of the constitution does not apply to election to the convention.

*Subd. 5. [AMENDMENT TO ARTICLE XI.] If the amendment is approved, article XI, section 5, will read as follows:*

Sec. 5. Public debt may be contracted and works of internal improvements carried on for the following purposes:

(a) to acquire and to better public land and buildings and other public improvements of a capital nature and to provide money to be appropriated or loaned to any agency or political subdivision of the state for such purposes if the law authorizing the debt is adopted by the vote of at least three-fifths of the members of ~~each house of the legislature~~;

(b) to repel invasion or suppress insurrection;

(c) to borrow temporarily as authorized in section 6;

(d) to refund outstanding bonds of the state or any of its agencies whether or not the full faith and credit of the state has been pledged for the payment of the bonds;

(e) to establish and maintain highways subject to the limitations of article XIV;

(f) to promote forestation and prevent and abate forest fires, including the compulsory clearing and improving of wild lands whether public or private;

(g) to construct, improve and operate airports and other air navigation facilities;

(h) to develop the state's agricultural resources by extending credit on real estate security in the manner and on the terms and conditions prescribed by law;

(i) to improve and rehabilitate railroad rights-of-way and other rail facilities whether public or private, provided that bonds issued and unpaid shall not at any time exceed \$200,000,000 par value; and

(j) as otherwise authorized in this constitution.

As authorized by law political subdivisions may engage in the works permitted by (f), (g), and (i) and contract debt therefor.

*Subd. 6. [EFFECTIVE DATE.] If the amendment proposed is adopted, it is effective January 1, 1994.*

**Sec. 2. [BALLOT PROPOSITION.]**

*The proposed amendment shall be submitted to the people at the 1988 general election. The question proposed shall be:*

*"Shall the Minnesota Constitution be amended to provide after 1994 for a unicameral legislature?"*

*Yes . . . . .*  
*No . . . . ."*

*All election procedures shall be as otherwise provided by law.*

**Sec. 3. Minnesota Statutes 1986, section 2.021, is amended to read:**

**2.021 [NUMBER OF MEMBERS.]**

~~For each the legislature, until a new apportionment shall have been made, the senate is composed of 67 135 members and the house of representatives is composed of 134 members.~~

**Sec. 4. Minnesota Statutes 1986, section 2.031, subdivision 1, is amended to read:**

**Subdivision 1. [LEGISLATIVE DISTRICTS.]** The representatives in the senate ~~and house of representatives~~ are apportioned throughout the state in ~~67 135 senate districts and 134 house districts~~. Each senate district is entitled to elect one senator ~~and each house district is entitled to elect one representative~~.

**Sec. 5. [EFFECTIVE DATE; REPEALER.]**

*If the amendment proposed in section 1 is adopted, then sections 3 and 4 are effective January 1, 1994. If the amendment proposed in section 1 is not adopted, then sections 3 and 4 are repealed effective January 1,*

1994."

Amend the title accordingly

Mr. Spear questioned whether the amendment was germane.

The President ruled that the amendment was germane.

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 15 and nays 40, as follows:

Those who voted in the affirmative were:

Anderson	Decker	McQuaid	Olson	Renneke
Benson	Knaak	Mehrkens	Peterson, R. W.	Storm
Chmielewski	Larson	Merriam	Ramstad	Waldorf

Those who voted in the negative were:

Adkins	Cohen	Gustafson	Metzen	Pogemiller
Beckman	Davis	Johnson, D.J.	Moe, D.M.	Purfeerst
Belanger	DeCramer	Jude	Moe, R.D.	Reichgott
Berg	Dicklich	Langseth	Morse	Samuelson
Berglin	Diessner	Lantry	Novak	Spear
Bernhagen	Frank	Lessard	Pehler	Stumpf
Bertram	Frederickson, D.J.	Luther	Peterson, D.C.	Taylor
Brandl	Freeman	Marty	Piper	Vickerman

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

Mr. Pogemiller moved to amend S.F. No. 762 as follows:

Page 1, after line 7, insert:

"Section 1. [CONSTITUTIONAL AMENDMENT.]

*An amendment to the Minnesota Constitution is proposed to the people. If the amendment is adopted,*

*Article V, section 1, will read:*

Section 1. The executive department consists of a governor, lieutenant governor, secretary of state, auditor, ~~treasurer~~ and attorney general, who shall be chosen by the electors of the state. The governor and lieutenant governor shall be chosen jointly by a single vote applying to both offices in a manner prescribed by law.

*Article V, section 3, will read:*

Sec. 3. The governor shall communicate by message to each session of the legislature information touching the state and country. He is commander-in-chief of the military and naval forces and may call them out to execute the laws, suppress insurrection and repel invasion. He may require the opinion in writing of the principal officer in each of the executive departments upon any subject relating to his duties. With the advice and consent of the senate he may appoint notaries public and other officers provided by law. He may appoint commissioners to take the acknowledgment of deeds or other instruments in writing to be used in the state. He shall take care that the laws be faithfully executed. He shall fill any vacancy that may occur in the offices of secretary of state, ~~treasurer~~, auditor, attorney general and the other state and district offices hereafter created by law until the end of the term for which the person who had vacated the office was elected or the first Monday in January following the next general election, whichever is sooner, and until a successor is chosen and qualified.



*Article V, section 4, will read:*

Sec. 4. The term of office of the secretary of state, ~~treasurer~~, attorney general and state auditor is four years and until a successor is chosen and qualified. The duties and salaries of the executive officers shall be prescribed by law.

*Article VIII, section 2, will read:*

Sec. 2. The governor, secretary of state, ~~treasurer~~, auditor, attorney general and the judges of the supreme court, court of appeals and district courts may be impeached for corrupt conduct in office or for crimes and misdemeanors; but judgment shall not extend further than to removal from office and disqualification to hold and enjoy any office of honor, trust or profit in this state. The party convicted shall also be subject to indictment, trial, judgment and punishment according to law.

*Article XI, section 7, will read:*

Sec. 7. Public debt other than certificates of indebtedness authorized in section 6 shall be evidenced by the issuance of bonds of the state. All bonds issued under the provisions of this section shall mature not more than 20 years from their respective dates of issue and each law authorizing the issuance of bonds shall distinctly specify the purposes thereof and the maximum amount of the proceeds authorized to be expended for each purpose. The ~~state treasurer auditor~~ shall maintain a separate and special state bond fund on his official books and records. When the full faith and credit of the state has been pledged for the payment of bonds, the ~~state auditor~~ shall levy each year on all taxable property within the state a tax sufficient with the balance then on hand in the fund to pay all principal and interest on bonds issued under this section due and to become due within the ensuing year and to and including July 1 in the second ensuing year. The legislature by law may appropriate funds from any source to the state bond fund. The amount of money actually received and on hand pursuant to appropriations prior to the levy of the tax in any year shall be used to reduce the amount of tax otherwise required to be levied.

*Article XI, section 8, will read:*

Sec. 8. The permanent school fund of the state consists of (a) the proceeds of lands granted by the United States for the use of schools within each township, (b) the proceeds derived from swamp lands granted to the state, (c) all cash and investments credited to the permanent school fund and to the swamp land fund, and (d) all cash and investments credited to the internal improvement land fund and the lands therein. No portion of these lands shall be sold otherwise than at public sale, and in the manner provided by law. All funds arising from the sale or other disposition of the lands, or income accruing in any way before the sale or disposition thereof, shall be credited to the permanent school fund. Within limitations prescribed by law, the fund shall be invested to secure the maximum return consistent with the maintenance of the perpetuity of the fund. The principal of the permanent school fund shall be perpetual and inviolate forever. This does not prevent the sale of investments at less than the cost to the fund; however, all losses not offset by gains shall be repaid to the fund from the interest and dividends earned thereafter. The net interest and dividends arising from the fund shall be distributed to the different school districts of the state in a manner prescribed by law.

A board of investment consisting of the governor, the state auditor, the

~~state treasurer~~, the secretary of state, and the attorney general is hereby constituted for the purpose of administering and directing the investment of all state funds. The board shall not permit state funds to be used for the underwriting or direct purchase of municipal securities from the issuer or the issuer's agent.

## Sec. 2. [SCHEDULE AND QUESTION.]

*The proposed amendment shall be submitted at the 1988 general election. The question proposed shall be:*

*"Shall the Minnesota Constitution be amended to eliminate the office of state treasurer?"*

Yes . . . . .  
No . . . . . "

Page 2, after line 13, insert:

## "Sec. 5. [POWERS AND DUTIES TRANSFERRED.]

*All the powers, duties, and responsibilities assigned by statute to the state treasurer are transferred to the commissioner of finance.*

## Sec. 6. [EFFECTIVE DATE.]

*Section 5 is effective the first Monday in January, 1991, if the amendment proposed under section 2 has been adopted in accordance with the Minnesota Constitution, article IX, section 1."*

Renumber the sections in sequence

Amend the title accordingly

Mr. Belanger questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

S.F. No. 762 was read the third time, as amended, and placed on its final passage.

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

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

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

Those who voted in the affirmative were:

Berg	Diessner	Luther	Pehler	Spear
Brandl	Frederickson, D.J.	Merriam	Peterson, R.W.	Stumpf
Davis	Johnson, D.J.	Metzen	Piper	Vickerman
DeCramer	Langseth	Moe, D.M.	Reichgott	
Dicklich	Lessard	Moe, R.D.	Samuelson	

Those who voted in the negative were:

Adkins	Bertram	Jude	Morse	Renneke
Anderson	Chmielewski	Knaak	Novak	Solon
Beckman	Cohen	Lantry	Olson	Storm
Belanger	Decker	Larson	Peterson, D.C.	Taylor
Benson	Frank	Marty	Pogemiller	Waldorf
Berglin	Frederickson, D.R.	McQuaid	Purfeerst	
Bernhagen	Freeman	Mehrkens	Ramstad	

So the bill, as amended, failed to pass.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Langseth moved that the name of Mr. Davis be added as a co-author to S.F. No. 762. The motion prevailed.

Mr. Frederickson, D.J. moved that the name of Messrs. DeCramer, Beckman and Vickerman be added as co-authors to S.F. No. 2196. The motion prevailed.

Mr. Moe, D.M. moved that H.F. No. 2654, No. 8 on Special Orders, be stricken and re-referred to the Committee on Governmental Operations. The motion prevailed.

Mr. Moe, D.M. moved that S.F. No. 2411, No. 12 on Special Orders, be stricken and returned to its author. The motion prevailed.

**MEMBERS EXCUSED**

Messrs. Knutson and Wegscheid were excused from the Session of today. Mr. Beckman and Ms. Piper were excused from the Session of today from 12:00 noon to 12:30 p.m. Mr. Storm was excused from the Session of today from 12:00 noon to 1:10 p.m. Ms. Reichgott was excused from the Session of today from 12:00 noon to 4:00 p.m. Mr. Schmitz was excused from the Session of today at 3:00 p.m. Mr. Johnson, D.E. was excused from the Session of today at 4:00 p.m. Ms. Berglin was excused from the Session of today from 4:15 to 4:45 p.m. Mr. Frederick was excused from the Session of today at 4:30 p.m. Mr. Hughes was excused from the Session of today from 5:00 to 6:30 p.m. Mr. Laidig was excused from the Session of today at 6:15 p.m. Mr. Gustafson was excused from the Session of today at 6:30 p.m.

**ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Monday, April 18, 1988. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate