

NINETY-SECOND DAY

St. Paul, Minnesota, Wednesday, April 20, 1988

The Senate met at 1:00 p.m. and was called to order by the President.

CALL OF THE SENATE

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

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

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

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

The President declared a quorum present.

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

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

April 19, 1988

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

The Honorable Jerome M. Hughes
President of the Senate

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

S.F. No.	H.F. No.	Session Laws Chapter No.	Date Approved 1988	Date Filed 1988
	1585	538	April 18	April 18
	1831	539	April 18	April 18
	1864	540	April 18	April 18
	1897	541	April 18	April 18
	2063	542	April 18	April 18
	2138	543	April 18	April 18
	2192	544	April 18	April 18
	2246	545	April 18	April 18
	2306	546	April 18	April 18
	2508	547	April 18	April 18
30		548	April 18	April 18
335		549	April 18	April 18
752		550	April 18	April 18
1672		551	April 18	April 18
1673		552	April 18	April 18
1674		553	April 18	April 18
1695		554	April 18	April 18
1713		555	April 18	April 18
1822		556	April 18	April 18
1904		557	April 18	April 18
1948		558	April 18	April 18
1958		559	April 18	April 18
2097		560	April 18	April 18
2347		561	April 18	April 18
2456		562	April 18	April 18

Sincerely,
Joan Anderson Growe
Secretary of State

MOTIONS AND RESOLUTIONS

S.F. No. 63 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 63

A bill for an act relating to motor vehicles; providing that passenger automobile license plates be issued for a six-year period; providing for license plate replacement fees; amending Minnesota Statutes 1986, section 168.12, subdivisions 1, 2a, and 5; repealing Minnesota Statutes 1986, section 168.12, subdivisions 3 and 4.

April 19, 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. 63, 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. 63 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 168.011, is amended by adding a subdivision to read:

Subd. 5a. [REGISTERED OWNER.] "Registered owner" means any person, firm, association, or corporation, other than a secured party, having title to a motor vehicle. If a passenger automobile, as defined in subdivision 7, is under lease for a term of 180 days or more, the lessee is deemed to be the registered owner, for purposes of registration only, provided that the application for renewal of the registration of a passenger automobile described in this subdivision shall be sent to the lessor.

Sec. 2. Minnesota Statutes 1986, section 168.013, subdivision 7, is amended to read:

Subd. 7. [AGENTS.] Any act required herein of ~~an~~ a registered owner may be performed in the registered owner's behalf by a duly authorized agent. Any person having a lien upon, or claim to, any motor vehicle may pay any tax due thereon to prevent the penalty for delayed registration from accruing, but the registration certificate and number plates shall not be issued until legal ownership is definitely determined.

Sec. 3. Minnesota Statutes 1986, section 168.041, subdivision 7, is amended to read:

Subd. 7. If ~~an~~ a registered owner wishes to sell a motor vehicle during the time its registration plates and registration certificate are impounded or during the time its registration plates bear a special series number, the registered owner may apply to the court which impounded such plates and certificate, for consent to transfer title to the motor vehicle. If the court is satisfied that the proposed sale is in good faith and for a valid consideration, that the registered owner will thereby be deprived of the custody and control of the motor vehicle, and that the sale is not for the purpose of circumventing the provisions of this section, it may certify its consent to the registrar of motor vehicles and return the impounded registration plates and certificates. If during the time the registration plates and certificate of registration are impounded the title to said motor vehicle is transferred by the foreclosure of a chattel mortgage, the cancellation of a conditional sales contract, a sale upon execution, or by decree or order of a court of competent jurisdiction, the court shall order the license plates and registration certificate surrendered to the new registered owner and notify the registrar of motor vehicles of such action. The registrar of motor vehicles shall then transfer the registration plates and registration certificates to the new registered owner.

Sec. 4. Minnesota Statutes 1986, section 168.10, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] Except as provided in subdivisions 1a, 1b, 1c, 1d, 1g, and 1h, every registered owner of any motor vehicle in this state, not exempted by section 168.012 or 168.26, shall as soon as registered ownership of a motor vehicle is acquired and annually thereafter during the period provided in section 168.31, file with the commissioner of public safety on a blank provided by the commissioner a listing for taxation and application for the registration of such vehicle, stating the first, middle and last names, the dates of birth, and addresses of all registered owners thereof who are natural persons, the full names and addresses of all other registered owners, the name and address of the person from

whom purchased, make of motor vehicle, year and number of the model, manufacturer's identification number or serial number, type of body, the weight of the vehicle in pounds, for trailers only, its rated load carrying capacity and for buses only, its seating capacity, and such other information as the commissioner may require. Any false statement willfully and knowingly made in regard thereto shall be deemed perjury and punished accordingly. The listing and application for registration by dealers or manufacturers' agents within the state, of motor vehicles received for sale or use within the state shall be accepted as compliance with the requirements of this chapter, imposed upon the manufacturer.

Registration shall be refused a motor vehicle if the original identification or serial number has been destroyed, removed, altered, covered or defaced. However, if the commissioner is satisfied on the sworn statements of the *registered owner or registered owners* or such other persons as the commissioner may deem advisable that the applicant is the legal owner, a special identification number in the form prescribed by the commissioner shall be assigned to the motor vehicle. When it has been determined that the number had been affixed to such vehicle in a manner prescribed by the commissioner, the vehicle may thereafter be registered in the same manner as other motor vehicles. In the case of a new or rebuilt motor vehicle manufactured or assembled without an identification or serial number, the commissioner may assign an identification number to the motor vehicle in the same manner as prescribed heretofore.

Sec. 5. Minnesota Statutes 1986, section 168.11, subdivision 1, is amended to read:

Subdivision 1. The registrar shall file such application and, upon approval thereof and upon payment of the motor vehicle tax, as herein provided, together with all arrears and penalties, if any, and upon the delivery to the registrar of the duly endorsed ~~registration certificate of title of the former owner, as hereinafter provided in chapter 168A, or proof of loss provided in lieu thereof,~~ shall assign to it a distinctive number and issue to the *registered owner* a registration certificate, which shall contain the *full name and date of birth*, place of residence, with street and number, if in a city, and post office address of the *registered owner*, a specific description of the vehicle, and the number assigned, together with a place on the face of the certificate in which the *registered owner* shall, immediately upon receipt thereof, place the *registered owner's signature* and, ~~on the reverse side thereof, an assignment and notice of sale or termination of ownership, with places for the signatures of both seller and purchaser, and a place for assignment of the credit for the tax.~~ The registration certificate shall be retained by the *registered owner* until expiration ~~or surrender, as herein provided.~~ When in administering this chapter convenience or necessity requires, the registration certificate ~~may also be called or referred to as the registration card shall be used in lieu of the certificate of title on vehicles exempt from chapter 168A.~~

Sec. 6. Minnesota Statutes 1986, section 168.12, subdivision 1, is amended to read:

Subdivision 1. [NUMBER PLATES; VISIBILITY, PERIODS OF ISSUANCE.] The registrar, upon the approval and payment, shall issue to the applicant the number plates required by law, bearing the state name and the number assigned. The number assigned may be a combination of a letter or sign with figures. The color of the plates and the color of the

abbreviation of the state name and the number assigned shall be in marked contrast. The plates shall be lettered, spaced, or distinguished to suitably indicate the registration of the vehicle according to the rules of the registrar, and when a vehicle is registered on the basis of total gross weight, the plates issued shall clearly indicate by letters or other suitable insignia the maximum gross weight for which the tax has been paid. These number plates shall be so treated as to be at least 100 times brighter than the conventional painted number plates. When properly mounted on an unlighted vehicle, these number plates, when viewed from a vehicle equipped with standard headlights, shall be visible for a distance of not less than 1,500 feet and readable for a distance of not less than 110 feet. The registrar shall issue these number plates for the following periods:

(1) Number plates issued pursuant to sections 168.27, subdivisions 16 and 17, and 168.053 shall be for a one-year period.

(2) New number plates issued pursuant to section 168.012, subdivision 1, shall be issued to a vehicle for as long as it is owned by the exempt agency and shall not be transferable from one vehicle to another but may be transferred with the vehicle from one tax exempt agency to another.

(3) Plates issued for passenger automobiles as defined in section 168.011, subdivision 7, ~~motorcycles, motorized bicycles, and motor scooters~~ shall be issued for a ~~six-year~~ *seven-year* period ~~starting not later than October 1986, or until the next general reissuance of plates every six years thereafter, whichever is less; and. All plates issued under this paragraph must be replaced if they are seven years old or older at the time of annual registration or will become so during the registration period.~~

(4) Plates for any vehicle not specified in clauses (1), (2) and (3), except for trailers as hereafter provided, shall be issued for the life of the vehicle. Beginning with number plates issued for the year 1981, plates issued for trailers with a total gross weight of 3,000 pounds or less shall be issued for the life of the trailer and shall be not more than seven inches in length and four inches in width.

In a year in which plates are not issued, the registrar shall issue for each registration a tab or sticker to designate the year of registration. This tab or sticker shall show the calendar year or years for which issued, and is valid only for that period. The number plates, number tabs, or stickers issued for a motor vehicle may not be transferred to another motor vehicle during the period for which it is issued.

Notwithstanding any other provision of this subdivision, number plates issued to a vehicle which is used for behind-the-wheel instruction in a driver education course in a public school may be transferred to another vehicle used for the same purpose without payment of any additional fee. The registrar shall be notified of each transfer of number plates under this paragraph, and may prescribe a form for notification.

Sec. 7. Minnesota Statutes 1986, section 168.12, subdivision 2a, is amended to read:

Subd. 2a. [PERSONALIZED LICENSE PLATES.] Personalized license plates must be issued to an applicant for registration of a passenger automobile, van, or pickup truck, motorcycle, or self-propelled recreational vehicle, upon compliance with the laws of this state relating to registration of the vehicle and upon payment of a *one-time* fee of \$100 in addition to the registration tax required by law for the vehicle. *The commissioner shall*

designate a replacement fee for personalized license plates that is calculated to cover the cost of replacement. This fee must be paid whenever the law requires the personalized license plates to be replaced. In lieu of the numbers assigned as provided in subdivision 1, personalized license plates must have imprinted on them a series of not more than six numbers and letters in any combination. When an applicant has once obtained personalized plates, the applicant shall have a prior claim for similar personalized plates in the next succeeding year that plates are issued if application is made for them at least 30 days before the first date that registration can be renewed. The commissioner of public safety shall adopt rules in the manner provided by chapter 14, regulating the issuance and transfer of personalized license plates. No words or combination of letters placed on personalized license plates may be used for commercial advertising, be of an obscene, indecent, or immoral nature, or be of a nature that would offend public morals or decency. The call signals or letters of a radio or television station are not commercial advertising for the purposes of this subdivision.

Notwithstanding the provisions of subdivision 1, personalized license plates issued under this subdivision may be transferred to another motor vehicle owned or jointly owned by the applicant, upon the payment of a fee of \$5, which must be paid into the state treasury and credited to the highway user tax distribution fund. The registrar may by rule provide a form for notification.

Notwithstanding any law to the contrary, if the personalized license plates are lost, stolen, or destroyed, the applicant may apply and shall receive duplicate license plates bearing the same combination of letters and numbers as the former personalized plates upon the payment of a \$5 fee.

~~The fee prescribed for personalized license plates must be paid only in those years in which the number plate itself is issued, and must not be payable in a year in which a year plate, tab, or sticker is issued in lieu of a number plate.~~

Fees from the sale of permanent and duplicate personalized license plates must be paid into the state treasury and credited to the highway user tax distribution fund.

Sec. 8. Minnesota Statutes 1986, section 168.12, subdivision 5, is amended to read:

Subd. 5. [ADDITIONAL FEE.] In addition to any fee otherwise authorized or any tax otherwise imposed upon any motor vehicle, the payment of which is required as a condition to the issuance of any number license plate or plates, the commissioner of public safety may impose a fee of \$2 for a license plate for a motorcycle, motorized bicycle, or motorized sidecar, and \$3 \$2 for license plates, other than license plates issued pursuant to section 168.27, subdivisions 16 and 17, for passenger automobiles; ~~provided that no fee is required for plates issued within one calendar year before a general reissuance of plates under subdivision 4.~~ Graphic design license plates shall only be issued for vehicles registered pursuant to section 168.017 and recreational vehicles registered pursuant to section 168.013, subdivision 1g.

Sec. 9. Minnesota Statutes 1986, section 168.13, is amended to read:

168.13 [PROOF OF OWNERSHIP]

The registrar shall approve no application and issue no number plates

for any motor vehicle, ~~except such as may have come direct from the manufacturer, or from another state, unless and until the registration title certificate theretofore issued or proof of loss thereof by sworn statement shall be under chapter 168A is delivered to the registrar, who shall be satisfied from the records that all taxes and fees due hereunder shall have been paid, and endorsements upon the certificate or sworn proof of loss, are in writing, and have been signed by the seller and purchaser; shall furnish proof that the applicant for registration is paying or receiving credit for the tax upon the vehicle of which the applicant is the rightful possessor; or, in case such certificate or proof is not available, the registrar, or the registrar's deputy, shall be satisfied of such fact by personal view of the motor vehicle serial and motor numbers and by proof of the claim of ownership thereof.~~

Motor vehicles brought into Minnesota from other states shall not be registered or have number plates issued therefor until such registration certificate or other evidence of title as may reasonably be required from the registrant within that state be surrendered to the registrar in the same manner as certificates of this state, or in lieu thereof, such view and evidence of the chain of ownership be had as will assure the payment of the proper tax so long as the motor vehicle shall be in the state.

Sec. 10. Minnesota Statutes 1986, section 168.33, subdivision 3, is amended to read:

Subd. 3. [RECORD.] The registrar shall keep a suitable record of all motor vehicles registered in the registrar's office, indexed, according to registration number, according to name of the *registered* owner, according to make of motor vehicle and the factory identification number for such makes as are so identified or according to the serial number of such makes as are so identified until the manufacturers thereof adopt and use an identification number, and according to such other information as the registrar shall deem advisable. Duplicates of the certificate of registration shall be used, until a more efficient system is evolved, to make the registration number and *registered* owner's indexes herein required, and such other copies as are desirable. The registrar may furnish to any one applying therefor transcripts of such records for not less than the cost of preparing the same; provided, that any sums in excess of such cost received by the registrar for furnishing such transcripts shall be paid by the registrar into the state treasury. The registrar shall also furnish copies thereof, without charge, to the chiefs of police of the cities of Minneapolis, St. Paul, and Duluth.

Sec. 11. Minnesota Statutes 1986, section 168A.10, is amended by adding a subdivision to read:

Subd. 6. Every owner or transferor of a motor vehicle who fails or delays for more than 14 days to file the transfer of ownership with the registrar shall pay the registrar a fee of \$2.

Sec. 12. [APPROPRIATION.]

\$103,000 is appropriated from the highway user tax distribution fund to the commissioner of public safety to implement sections 1 to 5, and 9 to 11.

Sec. 13. [REPEALER.]

Minnesota Statutes 1986, section 168.30, is repealed.

Sec. 14. [EFFECTIVE DATE.]

Sections 6 and 8 are effective January 1, 1989. Section 7 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to motor vehicles; providing for registration of motor vehicles by long-term lessees; providing that passenger automobile license plates be issued for a seven-year period; providing for license plate replacement and late ownership transfer fees; appropriating money; amending Minnesota Statutes 1986, sections 168.011, by adding a subdivision; 168.013, subdivision 7; 168.041, subdivision 7; 168.10, subdivision 1; 168.11, subdivision 1; 168.12, subdivisions 1, 2a, and 5; 168.13; and 168.33, subdivision 3; 168A.10, by adding a subdivision; repealing Minnesota Statutes 1986, section 168.30."

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

Senate Conferees: (Signed) Marilyn M. Lantry, Clarence M. Purfeerst, Mel Frederick

House Conferees: (Signed) Henry Kalis, Alice M. Johnson, Gerald Knickerbocker

Mrs. Lantry moved that the foregoing recommendations and Conference Committee Report on S.F. No. 63 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. 63 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 39 and nays 23, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Johnson, D.E.	McQuaid	Purfeerst
Beckman	DeCramer	Johnson, D.J.	Mehrkens	Samuelson
Belanger	Diessner	Knutson	Metzen	Schmitz
Bernhagen	Frederick	Kroening	Moe, D.M.	Storm
Bertram	Frederickson, D.J.	Laidig	Moe, R.D.	Taylor
Chmielewski	Freeman	Lantry	Novak	Waldorf
Cohen	Gustafson	Larson	Olson	Wegscheid
Davis	Hughes	Lessard	Piper	

Those who voted in the negative were:

Adkins	Dahl	Marty	Peterson, R.W.	Spear
Benson	Frederickson, D.R.	Merriam	Pogemiller	Stumpf
Berg	Jude	Morse	Ramstad	Vickerman
Brandl	Langseth	Pehler	Reichgott	
Brataas	Luther	Peterson, D.C.	Renneke	

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 Executive and Official Communications.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

April 19, 1988

The Honorable Jerome M. Hughes
President of the Senate

Dear Senator Hughes:

I am returning without my signature Senate File 2235, a bill relating to workers' compensation. This bill does not represent good public policy because it creates unnecessary upheaval without solving Minnesota's workers' compensation problems.

Senate File 2235 does not guarantee that Minnesota businesses will pay lower workers' compensation rates in the future. While the bill does provide adjustments which could lower the cost of the system, there is no guarantee that these lower costs will be passed along to employers as rate reductions because it fails to provide for effective regulation of the insurance industry. I strongly believe that reform of the workers' compensation system is necessary, but a key ingredient of that reform must be substantive regulation of the insurance industry.

The elimination of the Workers' Compensation Court of Appeals, without any apparent public policy justification, causes extreme concern. This will create disruption to the system which can only be translated into longer delays and less justice for our employers and employees. The uncertainty created in the system by this change will also lead to more litigation and more cost.

The benefit changes do in some areas bring more equity to the system and could help to reduce costs. However, the major cost savings result from reducing the length of time benefits are received, not from cutting the size of the benefit check. If the duration of benefits is limited, then the system needs to get injured workers back to work as quickly as possible. Research has shown that the most effective means to do so is through rehabilitation. Yet this bill limits rehabilitation, the best way to get workers back to productive, wage-paying jobs.

In short, the bill makes several changes in the workers' compensation system that may create serious problems. Most important, the balance of justifiable insurance rates and cost reductions, both of which are necessary for long-term reform, is not present in this bill. Therefore, I am vetoing the bill and returning it to you.

Sincerely,
Rudy Perpich, Governor

S.F. No. 2235: A bill for an act relating to workers' compensation; regulating workers' compensation benefits and administration; regulating workers' compensation insurance; providing for the appointment of actuaries; abolishing the workers' compensation court of appeals and transferring its jurisdiction to the court of appeals; requiring certain reports relating to workers' compensation; appropriating money; amending Minnesota Statutes 1986, sections 79.095; 79.55, subdivision 2; 79.56, by adding a subdivision; 79.61, subdivision 1; 176.011, subdivisions 11a, 18, and by adding a subdivision; 176.021, subdivision 3; 176.061, subdivision 10;

176.081, subdivisions 1 and 3; 176.101, subdivisions 1, 2, 4, 5, and by adding subdivisions; 176.102, subdivisions 1, 7, and 11; 176.105, subdivision 1; 176.111, subdivisions 6, 7, 8, 12, 14, and 20; 176.131, subdivisions 1a, 2, and by adding a subdivision; 176.132, subdivisions 1, 2, and 3; 176.136, subdivision 1, and by adding a subdivision; 176.421, subdivisions 1 and 6; 176.645, subdivisions 1 and 2; 176.66, subdivision 11; 176A.03, by adding a subdivision; and 480A.06, subdivisions 3 and 4; Minnesota Statutes 1987 Supplement, sections 176.041, subdivision 4; 176.081, subdivision 2; 176.102, subdivisions 2, 3, 3a, 4, and 6; 176.111, subdivisions 15 and 21; 176.131, subdivisions 1 and 8; 176.155, subdivision 1; 176.221, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; repealing Minnesota Statutes 1986, sections 79.54; 79.57; 79.58; 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07, subdivisions 1, 3, and 4; 175A.08; 175A.09; 175A.10; 176.011, subdivision 26; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 6; and Minnesota Statutes 1987 Supplement, section 175A.07, subdivision 2.

Mr. Moe, R.D. moved that S.F. No. 2235 and the veto message thereon be laid on the table.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 49 and nays 13, as follows:

Those who voted in the affirmative were:

Anderson	DeCramer	Jude	Moe, R.D.	Renneke
Beckman	Dicklich	Kroening	Morse	Samuelson
Benson	Diessner	Langseth	Novak	Schmitz
Berg	Frederick	Lantry	Olson	Spear
Brandl	Frederickson, D.J.	Larson	Pehler	Storm
Brataas	Frederickson, D.R.	Luther	Peterson, D.C.	Stumpf
Chmielewski	Freeman	Marty	Peterson, R.W.	Taylor
Cohen	Gustafson	McQuaid	Piper	Waldorf
Dahl	Hughes	Merriam	Ramstad	Wegscheid
Davis	Johnson, D.J.	Metzen	Reichgott	

Those who voted in the negative were:

Adkins	Bertram	Knaak	Lessard	Vickerman
Belanger	Decker	Knutson	Mehrkens	
Bernhagen	Johnson, D.E.	Laidig	Purfeerst	

The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2396, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2396 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 20, 1988

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2396

A bill for an act relating to education; authorizing the sale of college savings bonds; requiring a market study and plan; authorizing the issuance of zero coupon bonds; exempting a specified amount of bonds from consideration in financial aid eligibility; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 16A.

April 19, 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. 2396, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 2396 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [COLLEGE SAVINGS BONDS: MARKET AND FEASIBILITY STUDY.]

Subdivision 1. [REPORT REQUIRED.] The commissioner of finance, in cooperation with the higher education coordinating board, shall study and report to the legislature by September 1, 1988, on the market for and feasibility of college savings bonds. “College savings bonds” are state general obligation bonds on which interest is accrued and compounded annually but not paid until maturity, commonly known as zero coupon bonds. Sale and marketing efforts should be directed to Minnesota residents of low and moderate income whose children or grandchildren are likely to pursue higher education.

Subd. 2. [FINDINGS.] The report must include findings on the following:

(1) the parental income levels at which a student is no longer eligible for state scholarship and grant assistance, but at which the cost of higher education may create severe financial hardship for the student's family;

(2) an estimate of the number of parents in this state at the income levels described in clause (1) whose children are likely to pursue higher education, including their social, economic, and geographic characteristics;

(3) the impact of the availability of financial aid on the savings practices of parents of future students and the extent to which the availability of college savings bonds might increase the amount saved;

(4) the estimated demand of parents and relatives for college savings bonds each year and over the next five years, and the estimated periodic rate of purchase;

(5) the demand for bonds of various denominations and the smallest denomination that can be sold and issued economically to those parents and relatives;

(6) the demand of parents and relatives for bonds of various maturities, and the implications of a variety of maturity dates for potential students and post-secondary institutions;

(7) a marketing strategy for the college savings bond program including strategies to:

(i) inform parents and relatives about the availability of the bonds;

(ii) take orders for the bonds;

(iii) insure that the bonds are purchased by residents of low and moderate income throughout this state; and

(iv) market the bonds at the lowest cost to the state;

(8) the demand of various institutions for the bonds, including business corporations, nonprofit corporations, and foundations, and a strategy to ensure that purchase of the bonds by these entities will not prevent individuals and parents and relatives of future students from buying them;

(9) the limitations, if any, that should be placed on bond purchasers' use of the bonds;

(10) an estimate of the cost of the strategy to market and underwrite the bonds; and

(11) the amount, if any, of bonds purchased for the benefit of a student that should not be considered in determining the financial need of an applicant for a state scholarship or grant under Minnesota Statutes, section 136A.121, or a part-time grant under Minnesota Statutes, section 136A.132.

Subd. 3. [RECOMMENDATIONS.] The commissioner of finance may not sell college savings bonds under section 2 until reports have been submitted to the chair of the senate committee on education and the chair of the house of representatives committee on higher education and the commissioner has received their advisory recommendations on whether and how to sell the bonds.

Sec. 2. [ZERO COUPON BONDS.]

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

(a) "Compounded maturity amount" means the sum of the stated principal amount plus the interest payable at maturity on zero coupon bonds.

(b) "Serial maturity bonds" means bonds maturing on a specified day in two or more consecutive years and bearing interest at a specified rate payable periodically to maturity or prior redemption.

(c) "Zero coupon bonds" means bonds in a stated principal amount, maturing on a specified date or dates, and bearing interest that accrues and compounds to and is payable only at maturity or upon prior redemption of the bonds.

Subd. 2. [AUTHORIZATION.] When authorized by law to issue state general obligation bonds, the commissioner may issue all or part of the bonds as serial maturity bonds or as zero coupon bonds or a combination of the two. Except as otherwise provided by this section, bonds, including zero coupon bonds, must be issued and sold as provided under Minnesota Statutes, section 16A.641. The amount of bonds that may be issued under

this section may not exceed the amount of authorized, but previously unsold, bonds for higher education facilities. Higher education facilities include capital projects for the University of Minnesota, the state universities, community colleges, and technical institutes. The stated principal amount of zero coupon bonds must be used to determine the principal amount of bonds issued under the laws authorizing issuance of state general obligation bonds.

Subd. 3. [MARKETING PLAN.] Based on the results of the study required under section 1, the commissioner and the higher education coordinating board shall develop a plan for marketing college savings bonds. The marketing plan must include appropriate disclosures to potential buyers, including information on the types of savers for whom long-term, tax-exempt bonds may not be appropriate investments. The program must also include strategies to:

- (1) inform parents and relatives about the availability of the bonds;*
- (2) take orders for the bonds;*
- (3) target the sale of the bonds to Minnesota residents whose progeny are likely to seek higher education; and*
- (4) market the bonds at the lowest cost to the state.*

Before implementing the marketing plan, the commissioner of finance and the higher education coordinating board shall seek the advisory recommendations of the chairs of the senate finance and house of representatives appropriations committees about the plan.

Subd. 4. [SALE.] Except as otherwise provided in this subdivision, zero coupon bonds, or a series of bonds including zero coupon bonds, must be sold at public sale at a price not less than 98 percent of their stated principal amount. No state trunk highway bond may be sold for a price of less than par and accrued interest. The commissioner may sell bonds directly to the public or to financial institutions for prompt resale to the public upon the terms, conditions, and restrictions the commissioner prescribes. The commissioner should make bonds available for sale to financial institutions located in neighborhoods where low or moderate income persons reside. The commissioner may enter into all contracts considered necessary or desirable to accomplish the sale in an economical manner. The commissioner may contract for investment banking and banking services only after receiving competitive proposals for the services.

Subd. 5. [DENOMINATIONS; MATURITIES.] Based on the results of the study required under section 1, the commissioner shall determine the appropriate denominations and maturities for the bonds. The legislature intends to make bonds available in as small denominations as is feasible given the costs of marketing and administering the bond issue. Bonds in denominations of \$1,000 must be made available. If not economical, the minimum denomination bonds need not be made available for bonds of all maturities. For purposes of this subdivision, "denomination" means the compounded maturity amount of the bond.

Subd. 6. [SINKING FUND.] The commissioner's order authorizing the issuance of zero coupon bonds must also establish a separate sinking fund account for the zero coupon bonds in the state bond fund. There is annually appropriated from the general fund to each zero coupon bond account, beginning in the year in which the zero coupon bonds are issued, an amount

not less than the sum of:

(1) the total stated principal amount of the zero coupon bonds that would have matured from their date of issue to and including the second July 1 following the transfer of appropriated money, if the bonds matured serially in an equal principal amount in each year during their term and in the same month as their stated maturity date; plus

(2) the total amount of interest accruing on the stated principal amount of the bonds and on interest previously accrued, from the bonds' date of issue to and including the second July 1 following the transfer of appropriated money; less

(3) the amount in the sinking fund account for the payment of the compounded maturity amount of the bonds, including interest earnings on amounts in the account. This appropriation is in lieu of all other appropriations made with respect to zero coupon bonds. The appropriated amounts must be transferred from the general fund to the sinking fund account in the state bond fund by December 1 of each year.

Sec. 3. [APPROPRIATION.]

The amount necessary to pay for the cost of the marketing study under section 1, subdivision 2, and the marketing plan under section 2, subdivision 3, is appropriated to the commissioner of finance out of the proceeds of the college savings bonds. The cost of the marketing study must not exceed \$60,000.

Sec. 4. [REPEALER.]

Sections 1 to 3 are repealed December 31, 1989.

Sec. 5. [EFFECTIVE DATE.]

This act is effective the day following final enactment and applies to authorizations of state bonds under laws enacted before or after the effective date of this act."

Delete the title and insert:

"A bill for an act relating to education; authorizing the sale of college savings bonds; requiring a market and feasibility study and report; authorizing the issuance of zero coupon bonds; appropriating money."

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

House Conferees: (Signed) Lyndon R. Carlson, Leonard "Len" Price, John T. Rose

Senate Conferees: (Signed) Michael O. Freeman, James C. Pehler, Donna C. Peterson

Mr. Freeman moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2396 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. 2396 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 8, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Brataas	Knutson	McQuaid	Renneke	Taylor
Knaak	Larson	Olson		

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

House File No. 453 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 20, 1988

CONFERENCE COMMITTEE REPORT ON 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.

April 18, 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. 453, 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. 453 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [11A.241] [INVESTMENT IN NORTHERN IRELAND.]

Subdivision 1. [LIST OF INVESTMENTS.] (a) By January 1 of each year, the state board shall:

(1) compile a list of corporations that, directly or through a subsidiary, do business in Northern Ireland and in whose stocks or obligations the board has invested under section 11A.24, subdivision 3 or 5; and

(2) determine whether each corporation on the list has, during the preceding year, taken affirmative action to eliminate religious or ethnic discrimination in Northern Ireland.

(b) In making the determination required by clause (2) of paragraph (a), the state board shall consider whether a corporation has, during the preceding year, taken substantial action designed to lead toward the achievement of the following goals:

(1) increasing representation of persons from underrepresented religious groups at all levels in its workforce;

(2) providing adequate security for employees who are members of minority religious groups, both at the workplace and while traveling to and from work;

(3) creating a climate in the workplace free from religious or political provocation;

(4) publicly advertising all job openings and making special recruiting efforts to attract applicants from underrepresented religious groups;

(5) providing that layoff, recall, and termination procedures do not favor workers who are members of particular religious groups;

(6) abolishing job reservations, apprenticeship restrictions, and differential employment criteria that discriminate on the basis of religious or ethnic origin;

(7) developing new programs and expanding existing programs to prepare current employees who are members of minority religious groups for skilled jobs;

(8) establishing procedures to assess, identify, and recruit employees who are members of minority religious groups and who have potential for advancement; and

(9) appointing senior management employees to oversee affirmative action efforts and the setting of timetables for carrying out clauses (1) to (8).

Subd. 2. [AFFIRMATIVE ACTION POLICY.] Whenever feasible, the board shall sponsor, cosponsor, or support shareholder resolutions designed to encourage corporations in which the board has invested to pursue a policy of affirmative action in Northern Ireland.

Subd. 3. [DIVESTMENT NOT REQUIRED.] Nothing in this section may be construed to require the state board to dispose of existing investments or to make future investments that violate sound investment policy for public pensions."

Delete the title and insert:

"A bill for an act relating to state investments; encouraging corporations in Northern Ireland to pursue affirmative action policies; proposing coding for new law in Minnesota Statutes, chapter 11A."

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

House Conferees: (Signed) Richard "Rich" O'Connor, James I. Rice, Bert McKasy

Senate Conferees: (Signed) Jerome M. Hughes, Allan H. Spear, Randolph W. Peterson

Mr. Hughes moved that the foregoing recommendations and Conference Committee Report on H.F. No. 453 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Moe, D.M. moved that the recommendations and Conference Committee Report on H.F. No. 453 be rejected, the Conference Committee discharged, and that a new Conference Committee be appointed by the Subcommittee on Committees to act with a like Conference Committee appointed on the part of the House.

CALL OF THE SENATE

Mr. Hughes imposed a call of the Senate for the balance of the proceedings on H.F. No. 453. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Moe, D.M.

The roll was called, and there were yeas 24 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Dicklich	Knaak	Olson	Stumpf
Belanger	Frederick	Merriam	Peterson, R. W.	Taylor
Brandl	Frederickson, D.R.	Moe, D.M.	Ramstad	Waldorf
Brataas	Freeman	Moe, R. D.	Reichgott	Wegscheid
Decker	Gustafson	Novak	Storm	

Those who voted in the negative were:

Adkins	DeCramer	Kroening	McQuaid	Renneke
Beckman	Diessner	Laidig	Mehrrens	Samuelson
Bernhagen	Frederickson, D.J.	Langseth	Morse	Schmitz
Bertram	Hughes	Lantry	Pehler	Solon
Chmielewski	Johnson, D.E.	Larson	Peterson, D.C.	Spear
Cohen	Johnson, D.J.	Lessard	Piper	Vickerman
Dahl	Jude	Luther	Pogemiller	
Davis	Knutson	Marty	Purfeerst	

The motion did not prevail.

The question recurred on the adoption of the motion of Mr. Hughes to adopt the recommendations and Conference Committee Report, and repass the bill as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 453 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 37 and nays 28, as follows:

Those who voted in the affirmative were:

Adkins	Hughes	Larson	Pehler	Schmitz
Bertram	Johnson, D.J.	Lessard	Peterson, D.C.	Solon
Chmielewski	Jude	Luther	Piper	Spear
Cohen	Knutson	Marty	Pogemiller	Stumpf
Dahl	Kroening	McQuaid	Purfeerst	Vickerman
Davis	Laidig	Merriam	Reichgott	
DeCramer	Langseth	Metzen	Renneke	
Frederickson, D.J.	Lantry	Morse	Samuelson	

Those who voted in the negative were:

Anderson	Brandl	Frederickson, D.R.	Moe, D.M.	Storm
Beckman	Brataas	Freeman	Moe, R.D.	Taylor
Belanger	Decker	Gustafson	Novak	Waldorf
Benson	Dicklich	Johnson, D.E.	Olson	Wegscheid
Berg	Diessner	Knaak	Peterson, R.W.	
Bernhagen	Frederick	Mehrkens	Ramstad	

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 proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mrs. Lantry and Ms. Berglin introduced—

S.F. No. 2582: A resolution memorializing the Regents of the University of Minnesota in support of the current funding levels for baccalaureate nursing programs.

Referred to the Committee on Rules and Administration.

Mrs. Lantry and Mr. Dicklich introduced—

S.F. No. 2583: A bill for an act relating to utilities; requiring certain disclosures on open talk telephone lines; requiring dating of recorded messages received via a message toll service; proposing coding for new law in chapter 325E.

Referred to the Committee on Public Utilities and Energy.

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. 2407: Messrs. Luther, Cohen and Ramstad.

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

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 7:30 p.m. The motion prevailed.

The hour of 7:30 p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2565 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2565

A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; amending Minnesota Statutes 1986, section 84B.11, subdivision 2.

April 20, 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. 2565, 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. 2565 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. [APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "1988" and "1989," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1988, or June 30, 1989, respectively.

SUMMARY BY FUND

	1988	1989	TOTAL
General	\$2,003,000	\$ 697,000	\$2,700,000

Special Revenue		538,000	538,000
Trunk Highway	-0-	36,600	36,600
TOTAL	\$2,003,000	\$1,271,600	\$3,274,600

APPROPRIATIONS

Available for the Year
Ending June 30

1988 1989

Sec. 2. TRANSPORTATION

The approved complement of the department of transportation is increased by one trunk highway fund position.

The appropriation in Laws 1987, chapter 358, section 2, subdivision 7, paragraph (b), includes \$685,200 the first year and \$685,200 the second year for data processing development. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

The funding source for the appropriations in Laws 1987, chapter 358, section 2, subdivision 7, paragraph (b), is changed by shifting \$20,000 the first year and \$21,000 the second year from the trunk highway fund to the state airports fund for data processing development.

Sec. 3. TRANSPORTATION**REGULATION BOARD**

36,600

This appropriation is from the trunk highway fund and is added to the appropriation for the same purpose in Laws 1987, chapter 358, section 4. The approved complement of the transportation regulation board is increased by one position in fiscal year 1989.

Sec. 4. PUBLIC SAFETY

1,940,000

543,000

(a) The approved complement of the department of public safety is increased by eight positions in the special revenue fund.

(b) \$1,940,000 is to pay the state's share of the costs of damage to individual and public property that is eligible for payment assistance under the presidential declaration of a major disaster, FEMA-0797-DR. The unencumbered balance

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

(c) \$5,000 is for printing of driver's license renewal notice communications about organ donation. The department may accept materials or contributions from voluntary or other organizations to aid the organ donor program.

(d) \$538,000 is appropriated from the bureau of criminal apprehension account in the special revenue fund. Of this amount, \$430,000 is for laboratory activities and \$108,000 is for grants to local officials for the cooperative investigation of cross-jurisdictional criminal activity.

Sec. 5. AGRICULTURE

Oak Wilt Control	20,000	40,000
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This appropriation is added to the appropriation for oak wilt control in Laws 1987, chapter 358, section 7, subdivision 2. The approved complement of the department of agriculture is increased by one position. The department shall cooperate with the department of natural resources and the University of Minnesota in Oak Wilt control activities. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

Sec. 6. BOARD OF WATER AND SOIL RESOURCES

Comprehensive Local Water Planning	43,000	172,000
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The approved complement of the board of water and soil resources is increased by three positions. The unencumbered balance remaining in the first year does not cancel but is available for the second year.

Sec. 7. CHARITABLE GAMBLING CONTROL BOARD

Increased Enforcement		250,000
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The approved complement of the charitable gambling control board is increased by six positions.

The charitable gambling control board shall promulgate emergency rules to limit the amount charged for lease or rental of

space used for charitable gambling purposes. The rules shall include, but not be limited to, a formula which assures a fair and equitable charge per square foot.

Sec. 8. MINNESOTA HISTORICAL SOCIETY

145,000

(a) \$20,000 is for a grant to the Minnesota Humanities Commission

This appropriation is available only as matched dollar for dollar by federal money.

(b) \$25,000 is for new exhibits and a film for the Lindbergh Interpretive Center at Little Falls, to be available until the project has been completed or abandoned.

(c) \$40,000 is for a joint venture with the Hubert H. Humphrey Institute of Public Affairs for the purpose of converting certain audio-visual collections of the society into a form usable by the institute for exhibit purposes. The collection items to be converted will be selected by the institute with the society's prior approval.

(d) \$40,000 is for a St. Anthony Falls heritage interpretive zone and heritage board.

(e) \$20,000 is for a grant to the Southwest Regional Development Commission to conduct a detailed feasibility study and planning for a facility to be located on marked interstate highway No. 90 in Jackson, Rock, or Nobles county to be known as the Prairieland Expo Center. The purpose of the proposed center is to promote local attractions which have historical or historically related significance.

The Southwest Regional Development Commission shall submit a report to the legislature by February 15, 1989, on the results of the study and planning efforts.

Sec. 9. BOARD OF THE ARTS

75,000

This appropriation is to be distributed as follows:

\$27,800 is for regional arts councils.

\$47,200 is for, on a prorated basis using the same percentages applied to the fiscal year 1988 distribution, the following groups:

Group I

Group II

Series Presentors

Artists in Education

Artist Assistance

A.C.C. Craft Fair

**Sec. 10. MILITARY ORDER OF THE
PURPLE HEART**

Veterans' Assistance

10,000

This appropriation is to assist veterans in the preparation and presentation of claims to the United States government for compensation and other benefits to which they are entitled as a result of disabilities incurred in military service.

Sec. 11. [SPECIAL TOWN ROAD ACCOUNT.]

Subdivision 1. [ACCOUNT CREATED.] There is created in the state treasury a special town road account, consisting of money credited under subdivision 2.

Subd. 2. [ACCOUNT FUNDED.] Notwithstanding Minnesota Statutes, section 297B.09 or other law, in the fiscal year ending June 30, 1989, the first \$250,000 which would otherwise be credited to the highway user tax distribution fund under Minnesota Statutes, section 297B.09, must be set aside and credited to the special town road account created in subdivision 1.

Subd. 3. [DISTRIBUTION OF ACCOUNT.] The commissioner shall distribute money in the special town road account and provide for distribution of money in the fund among towns for the purpose of aiding in the maintenance of town roads which provide substantial access to a state park, state institution, or unit of the state outdoor recreation system as defined in Minnesota Statutes, section 86A.04. The formula must give priority in the distribution of money in the fund to those towns maintaining town roads which provide access to a state park.

Subd. 4. [TERMINATION OF ACCOUNT.] The account created in subdivision 1 expires June 30, 1990. The state treasurer shall credit all undistributed money in the account on that date to the highway user tax distribution fund.

Subd. 5. [REPEALER.] This section is repealed effective July 1, 1990.

Sec. 12. Minnesota Statutes 1986, section 84B.11, subdivision 2, is amended to read:

Subd. 2. The committee shall conduct meetings and research into all matters related to the establishment and operation of Voyageurs National Park, and shall make such recommendations to the United States National Park Service and other federal and state agencies concerned, regarding operation of the park as the committee deems advisable. A copy of each recommendation shall be filed with the legislative reference library. ~~The committee shall not apply for and accept money from public or private~~

sources other than the legislature, except that the committee may apply for and receive up to \$25,000 per biennium in money from private sources. Subject to the availability of legislative appropriation or other funding therefor, the committee may employ staff and may contract for consulting services relating to matters within its authority.

Sec. 13. [138.76] [PURPOSE.]

The legislature finds that the St. Anthony Falls area in Hennepin county and the city of Minneapolis has a concentration of outstanding and distinctive historical and architectural resources. There is a need to develop a comprehensive plan to interpret historical resources in that area to start the process of encouraging development of that area's historical resources. Sections 13 to 17 provide incentives for a joint board to develop and implement a comprehensive interpretive plan for the St. Anthony Falls area, complementing existing planning and development activities on the riverfront by using state, federal, and local funding for historic interpretation.

Sec. 14. [138.77] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in this section apply to sections 13 to 17.

Subd. 2. [BOARD.] "Board" means the St. Anthony Falls heritage board created in section 15.

Subd. 3. [CITY COUNCIL.] "City council" means the city council of the city of Minneapolis.

Subd. 4. [HERITAGE INTERPRETIVE ZONE; ZONE.] "Heritage interpretive zone" or "zone" means the land and water area including air rights that begins at the intersection of Second Street North and Plymouth Avenue, crossing the Mississippi River on Plymouth Avenue; thence along the east bank of the Mississippi River to Hennepin Avenue; thence northeasterly on Hennepin Avenue to University Avenue; thence easterly on University Avenue to I 35W; thence southwesterly across the river to Second Street South; thence along Second Street South and Second Street North to the point of beginning.

Subd. 5. [MAYOR.] "Mayor" means the mayor of the city of Minneapolis.

Subd. 6. [PARK BOARD.] "Park board" means the park and recreation board of the city of Minneapolis.

Subd. 7. [PLAN.] "Plan" means a comprehensive interpretive plan for the heritage enterprise zone.

Subd. 8. [PRESERVATION COMMISSION.] "Preservation commission" means the heritage preservation commission of the city of Minneapolis.

Subd. 9. [PRESERVATION OFFICE.] "Preservation office" means the state historic preservation office.

Subd. 10. [SOCIETY.] "Society" means the Minnesota historical society.

Sec. 15. [138.78] [ST. ANTHONY FALLS HERITAGE BOARD.]

Subdivision 1. [MEMBERSHIP] There is a St. Anthony Falls heritage board consisting of ten members with the director of the Minnesota historical society as chair. The members include the mayor, two members each from the city council and the park board, and one each from the

preservation commission, the preservation office, Hennepin county historical society, and the society.

Subd. 2. [REPORT.] The board shall report its actions to the appropriate policy committees of the legislature in the first year of each biennium.

Subd. 3. [COMPREHENSIVE PLAN.] The board shall develop and make available to interested parties a comprehensive interpretive plan for interpretation of significant historical components in the zone. The plan must include, but is not limited to, significant historic and natural features such as the river, bridges, buildings, machinery that is part of the milling story, underground canals, stone paving, waterfall, railway components, and a heritage trail system that interlocks historic features of the zone. The plan must evaluate significant historic resources and interpretive options that will tell the story of the zone and its relationship to the city and the state.

Subd. 4. [GRANTS.] The board may make grants and shall establish procedures to evaluate plans submitted for grants.

Subd. 5. [COMPENSATION.] Board members may be compensated for expenses in accordance with section 15.0575, subdivision 3.

Sec. 16. [138.79] [GRANTS.]

The board may provide project assistance grants for the interpretation of historical resources that are a part of the plan. These grants must relate to a historical resource identified in the plan and may not exceed half of the cost of interpreting a specific historical resource.

Sec. 17. [138.80] [ZONE COORDINATOR.]

The Minnesota historical society is the coordinator of the heritage interpretive zone and has a responsibility for public education relating to the zone and for certification of all historical resources established in the plan. The society may use up to four percent of funds appropriated for sections 13 to 17 for coordination. The coordinator must be on the staff of the Minnesota historical society and shall serve as secretary to the board.

Sec. 18. [138.81] [MATCH.]

The city of Minneapolis and the park board shall provide match in money or in kind for the project under sections 13 to 17 on a dollar for dollar basis.

Sec. 19. Minnesota Statutes 1987 Supplement, section 171.29, subdivision 2, is amended to read:

Subd. 2. (a) A person whose drivers license has been revoked as provided in subdivision 1, except under section 169.121 or 169.123, shall pay a \$30 fee before the person's drivers license is reinstated.

(b) A person whose drivers license has been revoked as provided in subdivision 1 under section 169.121 or 169.123 shall pay a \$200 fee before the person's drivers license is reinstated to be credited as follows:

(1) 25 percent shall be credited to the trunk highway fund;

(2) 50 percent shall be credited to a separate account to be known as the county probation reimbursement account. Money in this account is may be appropriated to the commissioner of corrections for the costs that counties

assume under Laws 1959, chapter 698, of providing probation and parole services to wards of the commissioner of corrections. This money is provided in addition to any money which the counties currently receive under section 260.311, subdivision 5; ~~and~~

(3) ~~25~~ *ten percent shall be credited to a separate account to be known as the bureau of criminal apprehension account. Money in this account may be appropriated to the commissioner of public safety and shall be divided as follows: eight percent for laboratory costs; two percent for carrying out the provisions of section 299C.065;*

(4) *15 percent shall be credited to a separate account to be known as the alcohol impaired driver education account. Money in the account is may be appropriated to the commissioner of education for grants to develop alcohol impaired driver education programs in elementary, secondary, and post-secondary schools. The state board of education shall establish guidelines for the distribution of the grants. The commissioner of education shall report to the legislature by January 15, 1988, on the expenditure of grant funds under this clause. Each year the commissioner may use \$100,000 to administer the grant program and other traffic safety education programs.*

Sec. 20. [ALCOHOL IMPAIRED DRIVER EDUCATION ACCOUNT.]

Notwithstanding Minnesota Statutes, section 171.29, subdivision 2, for the period July 1, 1988 through June 30, 1989, the amount credited to the alcohol impaired driver education account shall be 15 percent and ten percent shall be credited to a separate account to be known as the bureau of criminal apprehension account. Money in this account may be appropriated to the commissioner of public safety and shall be divided as follows: eight percent for laboratory costs; two percent for carrying out the provisions of section 299C.065.

Sec. 21. Minnesota Statutes 1986, section 611A.71, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] The Minnesota crime victim and witness advisory council is established and shall consist of ~~42~~ *15* members.

Sec. 22. Minnesota Statutes 1986, section 611A.71, subdivision 4, is amended to read:

Subd. 4. [COMPENSATION.] Each member of the council shall serve without compensation. *However, members of the council shall receive expenses in the same manner and amount as provided in the commissioner's plan under section 43A.18, subdivision 2; provided that payments for expenses incurred must be paid from the existing appropriation for the administrative portion of the operating budget for the crime victims reparations activity.*

Sec. 23. [REPEALER.]

Sections 13 to 18 are repealed, effective July 1, 1997.

Sec. 24. [EFFECTIVE DATE.]

This article is effective the day following final enactment, except that section 19 is effective July 1, 1989, and section 20 is effective July 1, 1988.

ARTICLE 2

TRANSIT

Section 1. [APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "1988" and "1989," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1988, or June 30, 1989, respectively.

APPROPRIATIONS

Available for the Year
Ending June 30

1988 1989

Sec. 2. TRANSPORTATION

(a) Non-Metropolitan Transit Assistance	3,580,000
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This appropriation is added to the appropriations for the same purposes in Laws 1987, chapter 358, section 2.

(b) Light Rail Transit	4,170,000
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Notwithstanding the provisions of Minnesota Statutes, section 174.32, this appropriation is for distribution to regional railroad authorities in the metropolitan area if matched by other funds on a dollar for dollar basis for planning, preliminary engineering, design, and construction of light rail transit facilities. None of these funds may be expended by the commissioner for administrative costs.

The appropriations in this section are from the transit assistance fund.

Funds appropriated for light rail transit should be considered as base level funding for presentation in the 1990-1991 biennial budget.

Sec. 3. REGIONAL TRANSIT BOARD

(a) Regular Route Service	1,038,000	692,000
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This appropriation may be used only to replace reductions in federal operating assistance to the transit commission or, after replacing all such reductions, to improve regular route transit service levels.

(b) Metro Mobility	2,000,000	4,000,000
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The board may establish policies requiring financial participation by institutions or organizations that derive special benefits from Metro Mobility services.

By June 1 and December 1, 1988, the board shall submit a report on metro mobility to the chairs of the agriculture, transportation, and semi-states divisions of the house appropriations and senate finance committees and the chairs of the house metropolitan affairs and senate transportation committees, for their advisory comment and recommendation. The report must summarize policies or plans of the board and performance statistics on: service standards, service priorities, complaints, certification, provider contracts, trip reimbursements, and social agency cost sharing. The report must also summarize changes and planned changes in communications, management, and administration.

(c) Social Fares

700,000

This appropriation is available for expenditure only to reimburse a regular route provider for fare revenue lost if senior fares remain unchanged in a general restructuring of regular route fares.

(d) New Service

1,600,000

The appropriations in this section are from the transit assistance fund.

Sec. 4. Minnesota Statutes 1986, section 174.32, subdivision 2, is amended to read:

Subd. 2. [TRANSIT ASSISTANCE FUND; DISTRIBUTION.] (a) A transit assistance fund is created for the purpose of receiving money distributed under section 297B.09. Eighty percent of the receipts of the fund must be placed into a metropolitan account for distribution to recipients located in the metropolitan area and 20 percent into a separate account for distribution to recipients located outside of the metropolitan area. *Except as otherwise provided in this subdivision*, the regional transit board created by section 473.373 is responsible for distributing assistance from the metropolitan account, and the commissioner is responsible for distributing assistance from the other account. *Money placed in the metropolitan account is available for distribution to regional railroad authorities established under chapter 398A in the metropolitan area, by the commissioner of transportation as provided in paragraph (b).*

(b) The commissioner shall request applications from all eligible regional railroad authorities. The commissioner shall establish a reasonable deadline for submittal of applications. The commissioner may not distribute more than 60 percent of the available funds to a single recipient. Before distributing money to any regional railroad authority, the commissioner

shall request review and comment on the applications from the metropolitan council and the regional transit board. The council and the board have 60 days to comment. The commissioner shall consider the comments of the council and the board in evaluating applications and distributing funds. Before distributing any funds for construction, the commissioner shall report to the legislature on the use and planned distribution of construction funds.

Sec. 5. Minnesota Statutes 1987 Supplement, section 473.17, is amended to read:

473.17 [COOPERATION IN LIGHT RAIL TRANSIT.]

Notwithstanding section 473.398, the metropolitan council ~~may~~ *and the regional transit board shall* cooperate with regional rail authorities in the study, planning, and design of regional rail authority light rail transit systems, and the metropolitan transit commission ~~may~~ *shall* cooperate with regional rail authorities in the operational planning and operation of regional rail authority light rail transit systems.

Sec. 6. [473.4051] [LIGHT RAIL TRANSIT OPERATION.]

The transit commission may enter into an agreement to provide for the operation of a regional rail authority light rail transit system upon completion of construction of the system by the regional rail authority. If a regional rail authority enters into an agreement with the transit commission for the operation of the system, the transit commission must comply with the provisions of section 473.415.

Sec. 7. [EFFECTIVE DATE.]

This article is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; providing for regulation of certain activities and practices; requiring studies and reports; providing for certain funds, accounts, and fees; amending Minnesota Statutes 1986, sections 84B.11, subdivision 2; 174.32, subdivision 2; and 611A.71, subdivisions 1 and 4; Minnesota Statutes 1987 Supplement, sections 171.29, subdivision 2; and 473.17; proposing coding for new law in Minnesota Statutes, chapters 138 and 473."

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

Senate Conferees: (Signed) Keith Langseth, Lyle G. Mehrkens, Darril Wegscheid, James Metzen

House Conferees: (Signed) James I. Rice, Bernard L. "Bernie" Lieder, John Sarna, Henry J. Kalis, Arthur W. Seaberg

Mr. Langseth moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2565 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Pursuant to Rule 22, Mr. Brandl moved to be excused from voting on all matters pertaining to S.F. No. 2565. The motion prevailed.

The question recurred on the motion of Mr. Langseth that the recommendations and Conference Committee Report be 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. 2565 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	DeCramer	Jude	Mehrkens	Purfeerst
Anderson	Dicklich	Knaak	Merriam	Ramstad
Beckman	Diessner	Knutson	Metzen	Reichgott
Belanger	Frank	Kroening	Moe, D.M.	Renneke
Bernhagen	Frederick	Laidig	Novak	Samuelson
Bertram	Frederickson, D.J.	Langseth	Olson	Schmitz
Brataas	Frederickson, D.R.	Lantry	Pehler	Solon
Chmielewski	Freeman	Larson	Peterson, D.C.	Spear
Dahl	Gustafson	Luther	Peterson, R.W.	Storm
Davis	Johnson, D.E.	Marty	Piper	Vickerman
Decker	Johnson, D.J.	McQuaid	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. 1590 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1590

A bill for an act relating to transportation; providing that uniform relocation assistance standards comply with recent amendments to federal law; authorizing commissioner of transportation to accept gifts to department; appropriating gift funds to commissioner; exempting lessees of highway easement property from tax on its use and possession; providing that governmental body may file deed conveying partial parcel of land without current taxes having been paid on whole parcel; repealing conflicting provision related to charges for users of air transportation services provided by the commissioner of transportation; amending Minnesota Statutes 1986, section 161.20, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 117.52, subdivision 1; 272.01, subdivision 3; and 272.121; repealing Minnesota Statutes 1986, section 360.015, subdivision 20.

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. 1590, 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. 1590 be further amended as follows:

Page 2, after line 26, insert:

"Sec. 3. Minnesota Statutes 1986, section 173.085, is amended to read:
173.085 [STAR CITY SIGNS.]

Subdivision 1. [AUTHORITY TO ERECT.] (a) A *county* or lesser populated statutory or home rule charter city of Minnesota that has received instruction and expertise from the department of energy and economic development on attracting and retaining businesses for the *county* or city and subsequently has been designated and annually recertified as a *star county* or star city for economic development by that department may erect *star county* or star city signs upon payment of a fee required under section 173.13, subdivision 4, to the department of transportation. *In the case of star cities, one sign may be erected at each approach to the city within the right-of-way of an interstate or other highway that passes inside the city limits. In the case of star counties, one sign may be erected within the right-of-way of an interstate or other highway at or near the point where the highway enters the county.*

(b) Notwithstanding the provisions of paragraph (a), a lesser populated statutory or home rule charter city that has an official sign in an adjacent area of an approach of an interstate highway passing through or near the city as of August 1, 1985 may replace that sign with a star city sign upon payment of a fee required under section 173.13, subdivision 4, to the department of transportation. *A county that has an official sign on the right-of-way or adjacent area of an interstate highway at the point where the highway enters the county may replace that sign with a star county sign on payment of a fee required under section 173.13, subdivision 4, to the department of transportation.*

Subd. 2. [SIGN STANDARDS.] The department of transportation shall design and manufacture the *star county* and star city ~~sign~~ signs to specifications not contrary to other federal and state highway sign standards and substantially similar to those star city signs approved for display on state highways as of August 1, 1985."

Page 2, line 27, delete "3" and insert "4"

Page 4, line 26, delete "4" and insert "5"

Page 5, after line 11, insert:

"Sec. 6. Laws 1987, chapter 358, section 5, subdivision 1, is amended to read:

Sec. 5. PUBLIC SAFETY

Subdivision 1. Total

Appropriation	81,888,100	81,990,800
Approved Complement - 1,676.4 1,686.4		
General - 393.7		
Special Revenue - 3		
Trunk Highway - 1,060.8 1,070.8		
Highway User - 173.6		
Federal - 48.3		

The above approved complement includes
~~511~~ 521 for state-funded, unclassified
patrol officers and supervisors of the state

patrol. Nothing in this provision is intended to limit the authority of the commissioner of public safety to transfer personnel, with the approval of the commissioner of finance, among the various units and divisions within this section, provided that the above complement must be reduced accordingly.

Summary by Fund

General	\$20,905,800	\$20,977,500
For 1987 - \$900,000		
Trunk Highway	\$52,517,200	\$52,456,400
Highway User	\$ 9,565,500	\$ 9,645,700
Special Revenue	\$ 500,000	\$ 550,000
Transfers to Other		
Direct	(\$ 1,600,400)	(\$ 1,638,800)

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

The amounts shown in the program totals are reduced by \$87,500 the first year and \$87,500 the second year from the general fund. Reductions must be made from appropriations that will not reduce revenue to the general fund."

Page 5, line 12, delete "5" and insert "7"

Page 5, line 15, delete "6" and insert "8"

Page 5, line 16, delete "Section 2 is" and insert "Sections 1 and 2 are" and delete "3 to 5" and insert "4 to 7"

Amend the title as follows:

Page 1, line 5, after the semicolon insert "authorizing star county signs on highways;"

Page 1, line 10, after the semicolon insert "increasing complement of department of public safety;"

Page 1, line 14, delete "section" and insert "sections"

Page 1, line 15, after the semicolon insert "and 173.085;"

Page 1, line 17, after the semicolon insert "Laws 1987, chapter 358, section 5, subdivision 1;"

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

Senate Conferees: (Signed) Jim M. Vickerman, Lyle G. Mehrkens, Keith Langseth

House Conferees: (Signed) Bernard L. Lieder, Henry J. Kalis, Virgil J. Johnson

Mr. Vickerman moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1590 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. 1590 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 55 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1821 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1821

A bill for an act relating to crimes; police pursuit; requiring certain driver's manual information; providing for civil forfeiture of vehicle used to flee a peace officer; requiring local governments to establish pursuit procedures and training requirements by October 1, 1989; authorizing peace officer standards and training board to assist local governments in establishing procedures and training requirements; requiring reporting of all police pursuits to department of public safety; amending Minnesota Statutes 1986, sections 171.13, by adding a subdivision; 626.843, subdivision 1; and 626.845, subdivision 1; Minnesota Statutes 1987 Supplement, section 609.531, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 626.

April 20, 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. 1821, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendments and that S.F. No. 1821 be further amended as follows:

Page 1, after line 25, insert:

"Sec. 2. Minnesota Statutes 1987 Supplement, section 256.98, subdivision 1, is amended to read:

Subdivision 1. [WRONGFULLY OBTAINING ASSISTANCE.] A person who obtains, or attempts to obtain, or aids or abets any person to obtain by means of a willfully false statement or representation, by intentional concealment of a material fact, or by impersonation or other fraudulent device, assistance to which the person is not entitled or assistance greater than that to which the person is entitled, or who knowingly aids or abets in buying or in any way disposing of the property of a recipient or applicant of assistance without the consent of the local agency with intent to defeat the purposes of sections 256.12, 256.72 to 256.871, and chapter 256B, or all of these sections is guilty of theft and shall be sentenced pursuant to section 609.52, subdivision 3, clauses (2), (3), (6), and (7).

Sec. 3. Minnesota Statutes 1987 Supplement, section 268.18, subdivision 3, is amended to read:

Subd. 3. [FALSE REPRESENTATIONS; CONCEALMENT OF FACTS; PENALTY.] (a) Whoever obtains, or attempts to obtain, or aids or abets any person to obtain by means of a willfully false statement or representation, by intentional concealment of a material fact, or by impersonation or other fraudulent device, benefits to which the person is not entitled or benefits greater than that to which the person is entitled under this chapter, or under the employment security law of any state or of the federal government or of a foreign government, either personally or for any other person, shall be guilty of theft and shall be sentenced pursuant to section 609.52, subdivision 3, clauses (2), (3), (6), and (7). The amount of the benefits incorrectly paid shall be the difference between the amount of benefits actually received and the amount which the person would have been entitled under state and federal law had the department been informed of all material facts.

(b) Any employing unit or any officer or agent of an employing unit or any other person who makes a false statement or representation knowing it to be false, or who knowingly fails to disclose a material fact, to prevent or reduce the payment of benefits to any individual entitled thereto, or to avoid becoming or remaining a subject employer or to avoid or reduce any contribution or other payment required from an employing unit under this chapter or under the employment security law of any state or of the federal government, or who willfully fails or refuses to make any such contributions or other payment at the time required shall be guilty of a gross misdemeanor unless the benefit underpayment, contribution, or other payment involved exceeds \$250, in which event the person is guilty of a felony.

(c) Any person who willfully fails to produce or permit the inspection or copying of books, papers, records, or memoranda as required or when requested under section 268.12, subdivision 8, or to furnish any required reports other than contribution reports shall be guilty of a gross misdemeanor.

Sec. 4. [325F81] [REPLICA FIREARMS; WARNING LABEL.]

Subdivision 1. [DEFINITION.] For purposes of this section, "replica firearm" means a device or object that is not defined as a dangerous weapon, and that is a facsimile or toy version of, and reasonably appears to be a pistol, revolver, shotgun, sawed-off shotgun, rifle, machine gun, rocket launcher, or any other firearm.

Subd. 2. [WARNING LABEL REQUIRED.] A person may not in the

regular course of business offer for sale or sell a replica firearm unless it bears a warning label complying with this section. The warning label must be affixed at the time of packaging to the replica firearm, or to the package or box containing the replica firearm, so that it is clearly visible to the buyer.

Subd. 3. [LABEL REQUIREMENTS.] The word "warning" must be printed clearly on the label in upper case letters that measure at least one-half inch in size centered over the body copy of the actual warning. The warning label copy must be printed in letters that measure at least 3/32 of an inch in size. The warning label must be printed in ink that strongly contrasts with the background. The warning label must state the criminal penalties under state law that may arise from use of the replica firearm, and describe the prohibited activities.

Subd. 4. [ENFORCEMENT.] This section may be enforced by the attorney general under section 8.31, but a court may not impose a civil penalty of more than \$500 for a violation of this section.

Sec. 5. Minnesota Statutes 1986, section 609.245, is amended to read:
609.245 [AGGRAVATED ROBBERY.]

Whoever, while committing a robbery, is armed with a dangerous weapon or any article used or fashioned in a manner to lead the victim to reasonably believe it to be a dangerous weapon, or inflicts bodily harm upon another, is guilty of aggravated robbery and may be sentenced to imprisonment for not more than 20 years or to payment of a fine of not more than \$35,000, or both.

Sec. 6. Minnesota Statutes 1986, section 609.487, subdivision 3, is amended to read:

Subd. 3. [FLEEING AN OFFICER.] Whoever by means of a motor vehicle flees or attempts to flee a peace officer who is acting in the lawful discharge of an official duty, and the perpetrator knows or should reasonably know the same to be a peace officer, may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both. Whoever violates this subdivision a second or subsequent time is guilty of a felony and may be sentenced to imprisonment for not more than one year and one day or to payment of a fine of not more than \$3,000, or both.

Sec. 7. Minnesota Statutes 1987 Supplement, section 609.52, subdivision 3, is amended to read:

Subd. 3. [SENTENCE.] Whoever commits theft may be sentenced as follows:

(1) to imprisonment for not more than 20 years or to payment of a fine of not more than \$100,000, or both, if the value of the property or services stolen is more than \$35,000 and the conviction is for a violation of subdivision 2, clause (3), (4), (15), or (16); or

(2) to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both, if the value of the property or services stolen exceeds \$2,500, or if the property stolen was a controlled substance listed in schedule 1 or 2 pursuant to section 152.02 with the exception of marijuana; or

(3) to imprisonment for not more than five years or to payment of a fine

of not more than \$10,000, or both, if:

(a) the value of the property or services stolen is more than \$500 but not more than \$2,500; or

(b) the property stolen was a controlled substance listed in schedule 3, 4, or 5 pursuant to section 152.02; or

(c) the value of the property or services stolen is more than \$200 but not more than \$500 and the person has been convicted within the preceding five years for an offense under this section, section 256.98; 268.18, *subdivision 3*; 609.24; 609.245; 609.53; 609.582, subdivision 1, 2, or 3; 609.625; 609.63; 609.631; or 609.821, or a statute from another state in conformity with any of those sections, and the person received a felony or gross misdemeanor sentence for the offense, or a sentence that was stayed under section 609.135 if the offense to which a plea was entered would allow imposition of a felony or gross misdemeanor sentence; or

(4) to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, notwithstanding the value of the property or services stolen is not more than \$200, if any of the following circumstances exist:

(a) the property is taken from the person of another or from a corpse, or grave or coffin containing a corpse; or

(b) the property is a record of a court or officer, or a writing, instrument or record kept, filed or deposited according to law with or in the keeping of any public officer or office; or

(c) the property is taken from a burning building or upon its removal therefrom, or from an area of destruction caused by civil disaster, riot, bombing, or the proximity of battle; or

(d) the property consists of public funds belonging to the state or to any political subdivision or agency thereof; or

(e) the property is a firearm; or

(f) the property stolen was a motor vehicle as defined in section 609.55; or

(5) to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both, if the property stolen is an article representing a trade secret; or if the property stolen is an explosive or an incendiary device; or

(6) to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both, if the value of the property or services stolen is more than \$200 but not more than \$500; or

(7) in all other cases where the value of the property or services stolen is \$200 or less, to imprisonment for not more than 90 days or to payment of a fine of not more than \$700, or both, provided, however, in any prosecution under clauses (1), (2), (3), (4), and (13) of subdivision 2 the value of the money or property or services received by the defendant in violation of any one or more of the above provisions within any six-month period may be aggregated and the defendant charged accordingly in applying the provisions of this subdivision; provided that when two or more offenses are committed by the same person in two or more counties, the accused

may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this paragraph.

Sec. 8. Minnesota Statutes 1987 Supplement, section 609.531, subdivision 1, is amended to read:

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

(a) "Conveyance device" means a device used for transportation in connection with a designated offense and includes, but is not limited to, motor vehicles, trailers, snowmobiles, airplanes, and vessels. The term "conveyance device" does not include property which is, in fact, itself stolen or taken in violation of the law.

(b) "Primary container" means a fundamental receptacle other than a conveyance device used to store or transport property.

(c) "Weapon used" means weapons used in the furtherance of a crime and defined as a dangerous weapon under section 609.02, subdivision 6.

(d) "Property" means property as defined in section 609.52, subdivision 1, clause (1).

(e) "Contraband property" means property which is illegal to possess under Minnesota law.

(f) "Appropriate agency" means either the bureau of criminal apprehension, Minnesota state patrol, county sheriffs and their deputies, or city police departments.

(g) "Designated offense" includes:

(1) For weapons used: any violation of this chapter;

(2) For all other purposes: violation of, or an attempt or conspiracy to violate, section 609.185; 609.19; 609.195; 609.21; 609.221; 609.222; 609.223; 609.2231; 609.24; 609.245; 609.25; 609.255; 609.322, subdivision 1 or 2; 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); 609.344, subdivision 1, clauses (a) to (e), and (h) to (j); 609.345, subdivision 1, clauses (a) to (e), and (h) to (j); 609.42; 609.425; 609.466; 609.485; 609.487; 609.52; 609.521; 609.525; 609.53; 609.54; 609.551; 609.561; 609.562; 609.563; 609.582; 609.59; 609.595; 609.631; section 609.671, subdivisions 3, 4, and 5; 609.687; 609.821; 609.825; 609.86; 609.88; 609.89; or 617.246, when the violation constitutes a felony.

(h) "Communications device or component" means a device or system used to facilitate in any manner the creation, storage, dissemination, or transmission of data in connection with a designated offense and includes computers and computer-related components as defined in section 609.87 and any other device or system that by means of electric, electronic or magnetic impulses may be used to facilitate in any manner the creation, storage, dissemination, or transmission of data.

Sec. 9. Minnesota Statutes 1986, section 609.582, subdivision 1, is amended to read:

Subdivision 1. [BURGLARY IN THE FIRST DEGREE.] Whoever enters a building without consent and with intent to commit a crime, *or enters a building without consent and commits a crime while in the building*, commits burglary in the first degree and may be sentenced to imprisonment

for not more than 20 years or to payment of a fine of not more than \$35,000, or both, if:

(a) the building is a dwelling and another person not an accomplice is present in it;

(b) the burglar possesses, *when entering or at any time while in the building, any of the following*: a dangerous weapon, *any article used or fashioned in a manner to lead the victim to reasonably believe it to be a dangerous weapon*, or an explosive ~~when entering or at any time while in the building~~; or

(c) the burglar assaults a person within the building *or on the building's appurtenant property*.

Sec. 10. Minnesota Statutes 1986, section 609.582, subdivision 2, is amended to read:

Subd. 2. [BURGLARY IN THE SECOND DEGREE.] Whoever enters a building without consent and with intent to commit a crime, *or enters a building without consent and commits a crime while in the building*, commits burglary in the second degree and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both, if:

(a) the building is a dwelling;

(b) the portion of the building entered contains a banking business or other business of receiving securities or other valuable papers for deposit or safekeeping and the entry is with force or threat of force;

(c) the portion of the building entered contains a pharmacy or other lawful business or practice in which controlled substances are routinely held or stored, and the entry is forcible; or

(d) when entering or while in the building, the burglar possesses a tool to gain access to money or property.

Sec. 11. Minnesota Statutes 1986, section 609.582, subdivision 3, is amended to read:

Subd. 3. [BURGLARY IN THE THIRD DEGREE.] Whoever enters a building without consent and with intent to steal or commit any felony or gross misdemeanor *while in the building, or enters a building without consent and steals or commits a felony or gross misdemeanor while in the building*, commits burglary in the third degree and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both.

Sec. 12. Minnesota Statutes 1986, section 609.582, subdivision 4, is amended to read:

Subd. 4. [BURGLARY IN THE FOURTH DEGREE.] Whoever enters a building without consent and with intent to commit a misdemeanor other than to steal, *or enters a building without consent and commits a misdemeanor other than to steal while in the building*, commits burglary in the fourth degree and may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both.

Sec. 13. Minnesota Statutes 1986, section 609.59, is amended to read:

609.59 [POSSESSION OF BURGLARY OR THEFT TOOLS.]

Whoever has in possession any device, explosive, or other instrumentality with intent to use or permit the use of the same to commit burglary or theft may be sentenced to imprisonment for not more than three years or to payment of a fine of not more than \$5,000, or both.

Sec. 14. Minnesota Statutes 1987 Supplement, section 609.631, subdivision 4, is amended to read:

Subd. 4. [SENTENCING.] A person who is convicted under subdivision 2 or 3 may be sentenced as follows:

(1) to imprisonment for not more than 20 years or to payment of a fine of not more than \$100,000, or both, if the forged check or checks are used to obtain or in an attempt to obtain, property or services of more than \$35,000 or the aggregate amount of the forged check or checks is more than \$35,000;

(2) to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both, if the forged check or checks are used to obtain or in an attempt to obtain, property or services of more than \$2,500 or the aggregate amount of the forged check or checks is more than \$2,500;

(2) (3) to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if:

(a) the forged check or checks are used to obtain or in an attempt to obtain, property or services of more than \$200 but not more than \$2,500, or the aggregate face amount of the forged check or checks is more than \$200 but not more than \$2,500; or

(b) the forged check or checks are used to obtain or in an attempt to obtain, property or services of no more than \$200, or have an aggregate face value of no more than \$200, and the person has been convicted within the preceding five years for an offense under this section, section 609.24; 609.245; 609.52; 609.53; 609.582, subdivision 1, 2, or 3; 609.625; 609.63; or 609.821, or a statute from another state in conformity with any of those sections, and the person received a felony or gross misdemeanor sentence for the offense, or a sentence that was stayed under section 609.135 if the offense to which a plea was entered would allow imposition of a felony or gross misdemeanor sentence; and

(3) (4) to imprisonment for not more than one year or to a fine of not more than \$3,000, or both, if the forged check or checks are used to obtain or in an attempt to obtain, property or services of no more than \$200, or the aggregate face amount of the forged check or checks is no more than \$200.

In any prosecution under this subdivision, the value of the checks forged or offered by the defendant in violation of this subdivision within any six-month period may be aggregated and the defendant charged accordingly in applying the provisions of this section. When two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the checks was forged or offered for all of the offenses aggregated under this paragraph.

Sec. 15. Minnesota Statutes 1986, section 609.713, is amended by adding a subdivision to read:

Subd. 3. (a) *Whoever displays, exhibits, brandishes, or otherwise employs*

a replica firearm in a threatening manner, may be sentenced to imprisonment for not more than one year and one day or to payment of a fine of not more than \$3,000, or both, if, in doing so, the person either:

(1) causes or attempts to cause terror in another person; or

(2) acts in reckless disregard of the risk of causing terror in another person.

(b) For purposes of this subdivision, "replica firearm" means a device or object that is not defined as a dangerous weapon, and that is a facsimile or toy version of, and reasonably appears to be a pistol, revolver, shotgun, sawed-off shotgun, rifle, machine gun, rocket launcher, or any other firearm.

Sec. 16. Minnesota Statutes 1987 Supplement, section 609.821, subdivision 3, is amended to read:

Subd. 3. [SENTENCE.] A person who commits financial transaction card fraud may be sentenced as follows:

(1) for a violation of clause (1), (2), (5), or & (8) of subdivision 2:

(i) to imprisonment for not more than 20 years or to payment of a fine of not more than \$100,000, or both, if the value of the property the person obtained or attempted to obtain was more than \$35,000, or the aggregate amount of the transactions under this subdivision was more than \$35,000; or

(ii) to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both, if the value of the property the person obtained or attempted to obtain was more than \$2,500, or the aggregate amount of the transactions under this subdivision was more than \$2,500; or

~~(iii)~~ *(iii) to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if the value of the property the person obtained or attempted to obtain was more than \$200 but not more than \$2,500, or the aggregate amount of the transactions under this subdivision was more than \$200 but not more than \$2,500; or*

~~(iv)~~ *(iv) to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if the value of the property the person obtained or attempted to obtain was not more than \$200, or the aggregate amount of the transactions under this subdivision was not more than \$200, and the person has previously been convicted within the preceding five years for an offense under this section, section 609.24; 609.245; 609.52; 609.53; 609.582, subdivision 1, 2, or 3; 609.625; 609.63; or 609.631, or a statute from another state in conformity with any of those sections, and the person received a felony or gross misdemeanor sentence for the offense, or a sentence that was stayed under section 609.135 if the offense to which a plea was entered would allow imposition of a felony or gross misdemeanor sentence; or*

~~(v)~~ *(v) to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both, if the value of the property the person obtained or attempted to obtain was not more than \$200, or the aggregate amount of the transactions under this subdivision was not more than \$200; and*

~~(vi)~~ *(vi) in any prosecution under clauses (i) to ~~(iv)~~ (v), the value of the*

transactions made or attempted within any six-month period may be aggregated and the defendant charged accordingly in applying the provisions of this section. When two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the card transactions occurred for all of the transactions aggregated under this paragraph;

(2) for a violation of clause (3) or (4) of subdivision 2, to imprisonment for not more than three years or to payment of a fine of not more than \$5,000, or both; or

(3) for a violation of clause (6) or (7) of subdivision 2:

(i) if no property, other than a financial transaction card, has been obtained by the defendant by means of the false statement or false report, to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both; or

(ii) if property, other than a financial transaction card, is so obtained, in the manner provided in clause (1)."

Renumber the remaining sections in sequence

Correct the internal references

Page 7, line 30, delete "*must*" and insert "*may*"

Page 7, after line 32, insert:

"Sec. 20. Minnesota Statutes 1987 Supplement, section 628.26, is amended to read:

628.26 [LIMITATIONS.]

(a) Indictments or complaints for murder may be found or made at any time after the death of the person killed.

(b) Indictments or complaints for violation of section 609.42, subdivision 1, clause (1) or (2) shall be found or made and filed in the proper court within six years after the commission of the offense.

(c) Indictments or complaints for violation of sections 609.342 to 609.345 if the victim was under the age of 18 years at the time the offense was committed, shall be found or made and filed in the proper court within seven years after the commission of the offense.

(d) Indictments or complaints for violation of sections 609.466 and 609.52, subdivision 2, clause ~~(3)(d)~~ (3)(c) shall be found or made and filed in the proper court within six years after the commission of the offense.

(e) Indictments or complaints for violation of section 609.52, subdivision 2, clause (3), items (a) ~~to (e)~~ and (b), (4), (15), or (16), ~~609.631, or 609.821~~, where the value of the property or services stolen is more than \$35,000, shall be found or made and filed in the proper court within five years after the commission of the offense.

(f) Except for violations relating to false material statements, representations or omissions, indictments or complaints for violations of section 609.671 shall be found or made and filed in the proper court within five years after the commission of the offense.

(g) In all other cases, indictments or complaints shall be found or made and filed in the proper court within three years after the commission of

the offense; but the time during which the defendant shall not be an inhabitant of, or usually resident within, this state, shall not constitute any part of the limitations imposed by this section.

Sec. 21. [EFFECTIVE DATE.]

Section 4 is effective January 30, 1989. Sections 2 to 16, and section 20 are effective August 1, 1988, and apply to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to crimes; requiring certain driver's manual information; requiring a warning label on replica firearms; expanding the crimes of burglary and aggravated robbery; enhancing penalties for persons who flee a police officer a second or subsequent time; creating the felony offense of terrorizing with a replica firearm; making certain technical corrections to theft and theft-related offenses; requiring local governments to establish pursuit procedures and training requirements; requiring reporting of police pursuits to the department of public safety; amending Minnesota Statutes 1986, sections 171.13, by adding a subdivision; 609.245; 609.487, subdivision 3; 609.582, subdivisions 1, 2, 3, and 4; 609.59; 609.713, by adding a subdivision; 626.843, subdivision 1; and 626.845, subdivision 1; Minnesota Statutes 1987 Supplement, sections 256.98, subdivision 1; 268.18, subdivision 3; 609.52, subdivision 3; 609.531, subdivision 1; 609.631, subdivision 4; 609.821, subdivision 3; and 628.26; proposing coding for new law in Minnesota Statutes, chapters 325F and 626."

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

Senate Conferees: (Signed) Ember D. Reichgott, Jim Ramstad, Allan H. Spear

House Conferees: (Signed) Gloria M. Segal, Randy C. Kelly, Arthur W. Seaberg

Ms. Reichgott moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1821 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. 1821 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 55 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Luther moved that the Senate take up the Special Orders Calendar. The motion prevailed.

SPECIAL ORDER

H.F. No. 2008: A bill for an act relating to elections; clarifying certain public campaign financing limits; amending Minnesota Statutes 1986, section 10A.25, subdivision 10; Minnesota Statutes 1987 Supplement, sections 10A.255, subdivision 1; 10A.32, subdivision 3; repealing Minnesota Statutes 1986, section 10A.32, subdivision 3b.

Mr. Marty moved to amend H.F. No. 2008, as amended pursuant to Rule 49, adopted by the Senate March 14, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1780.)

Page 1, delete section 1 and insert:

"Section 1. Minnesota Statutes 1986, section 10A.15, is amended by adding a subdivision to read:

Subd. 3b. [BY INDIVIDUAL MEMBERS OF POLITICAL FUND OR COMMITTEE.] Contributions made to a candidate or principal campaign committee by individual members of a political fund or committee that are solicited by the political fund or committee must be reported as attributable to the political fund or committee and count toward the contribution limits of that fund or committee specified in section 10A.27, if the political fund or committee was organized primarily to solicit or direct the contributions of its members and to influence the nomination or election of a candidate. The term "individual members" as used in this subdivision means a person or entity who participates in or in any manner contributes financially or otherwise to the activities of the political fund or committee.

Sec. 2. Minnesota Statutes 1986, section 10A.25, subdivision 10, is amended to read:

Subd. 10. The expenditure limits imposed by this section apply only to candidates *whose opponents agree to be bound by the limits and who themselves agree to be bound by the limits as a condition of receiving a public subsidy for their campaigns in the form of:*

- ~~(a) An allocation of money from the state elections campaign fund; or~~
- ~~(b) Credits against the tax due of individuals who contribute to that candidate.~~

A candidate who agrees to be bound by the limits and receives a public subsidy, who has an opponent who does not agree to be bound by the limits but is otherwise eligible to receive a public subsidy, is no longer bound by the limits but is still eligible to receive a public subsidy. Money from the general account refused by a candidate who has not signed an agreement to be bound by the expenditure limits must be distributed to the other candidates for the same office in the district who have signed an agreement to be bound by the limits and are eligible to receive money from the general

account."

Page 2, after line 11, insert:

"Sec. 4. Minnesota Statutes 1986, section 10A.31, subdivision 5, is amended to read:

Subd. 5. In each calendar year the moneys in each party account and the general account shall be allocated to candidates as follows:

- (1) 21 percent for the offices of governor and lieutenant governor together;
- (2) 3.6 percent for the office of attorney general;
- (3) 1.8 percent each for the offices of secretary of state, state auditor and state treasurer;
- (4) In each calendar year during the period in which state senators serve a four-year term, 23-1/3 percent for the office of state senator and 46-2/3 percent for the office of state representative;
- (5) In each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative;

(6) To assure that moneys will be returned to the counties from which they were collected, and to assure that the distribution of those moneys rationally relates to the support for particular parties or for particular candidates within legislative districts, moneys from the party accounts for legislative candidates shall be distributed as follows:

Each candidate for the state senate and state house of representatives whose name is to appear on the ballot in the general election shall receive money from the candidate's party account set aside for candidates of the state senate or state house of representatives, whichever applies, according to the following formula;

For each county within the candidate's district the candidate's share of the dollars allocated in that county to the candidate's party account and set aside for that office shall be:

(a) The sum of the votes cast in the last general election in that part of the county in the candidate's district for all candidates of that candidate's party (i) whose names appeared on the ballot in each voting precinct of the state and (ii) for the state senate and state house of representatives, divided by

(b) The sum of the votes cast in that county in the last general election for all candidates of that candidate's party (i) whose names appeared on the ballot in each voting precinct in the state and (ii) for the state senate and state house of representatives, multiplied by

(c) The amount in the candidate's party account allocated in that county and set aside for the candidates for the office for which the candidate is running.

The sum of all the county shares calculated in the formula above is the candidate's share of the candidate's party account.

In a year in which an election for the state senate occurs, with respect to votes for candidates for the state senate only, "last general election" means the last general election in which an election for the state senate occurred.

For any party under whose name no candidate's name appeared on the ballot in each voting precinct in the state in the last general election, amounts in the party's account shall be allocated based on (a) the number of people voting in the last general election in that part of the county in the candidate's district, divided by (b) the number of the people voting in that county in the last general election, multiplied by (c) the amount in the candidate's party account allocated in that county and set aside for the candidates for the office for which the candidate is running.

In a year in which the first election after a legislative reapportionment is held, "the candidate's district" means the newly drawn district, and voting data from the last general election will be applied to the area encompassing the newly drawn district notwithstanding that the area was in a different district in the last general election.

If in a district there was no candidate of a party for the state senate or state house of representatives in the last general election, or if a candidate for the state senate or state house of representatives was unopposed, the vote for that office for that party shall be the average vote of all the remaining candidates of that party in each county of that district whose votes are included in the sums in clauses (a) and (b). The average vote shall be added to the sums in clauses (a) and (b) before the calculation is made for all districts in the county.

Money from a party account not distributed to candidates for state senator and representative in any election year shall be returned to the general fund of the state. Money from a party account not distributed to candidates for other offices in an election year shall be returned to the party account for reallocation to candidates as provided in clauses (1) to (6) of this subdivision in the following year. ~~Money~~ *Money from the general account refused by any a candidate shall who has signed an agreement to be bound by the expenditure limits must be distributed to all other qualifying candidates in proportion to their shares as provided in this subdivision. Money from the general account refused by a candidate who has not signed an agreement to be bound by the expenditure limits must be distributed to the other candidates for the same office in the district who have signed an agreement to be bound by the limits and are eligible to receive money from the general account."*

Renumber the sections in sequence

Amend the title accordingly

Mr. Storm questioned whether the amendment was germane. The President ruled that the amendment was germane.

CALL OF THE SENATE

Mr. Marty imposed a call of the Senate for the balance of the proceedings on H.F. No. 2008. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Frederick moved to amend the Marty amendment to H.F. No. 2008 as follows:

Page 2, line 4, after "district" insert "other than an incumbent of that office"

Page 4, line 26, after "district" insert "other than an incumbent for the

same office"

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

The roll was called, and there were yeas 27 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Gustafson	McQuaid	Samuelson
Belanger	Chmielewski	Johnson, D.E.	Mehrkens	Storm
Benson	Dahl	Knaak	Olson	Taylor
Berg	Decker	Knutson	Pogemiller	
Bernhagen	Frederick	Laidig	Ramstad	
Bertram	Frederickson, D.R.	Larson	Renneke	

Those who voted in the negative were:

Adkins	Frank	Langseth	Novak	Spear
Beckman	Frederickson, D.J.	Lantry	Pehler	Stumpf
Cohen	Freeman	Luther	Peterson, D.C.	Vickerman
Davis	Hughes	Marty	Peterson, R.W.	Wegscheid
DeCramer	Johnson, D.J.	Merriam	Piper	
Dicklich	Jude	Moe, R.D.	Reichgott	
Diessner	Kroening	Morse	Schmitz	

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

The question recurred on the adoption of the amendment of Mr. Marty.

The roll was called, and there were yeas 38 and nays 26, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Langseth	Novak	Schmitz
Beckman	Frank	Lantry	Pehler	Solon
Brandl	Frederickson, D.J.	Luther	Peterson, D.C.	Spear
Chmielewski	Freeman	Marty	Peterson, R.W.	Stumpf
Cohen	Hughes	Merriam	Piper	Vickerman
Davis	Johnson, D.J.	Metzen	Pogemiller	Wegscheid
DeCramer	Jude	Moe, R.D.	Purfeerst	
Dicklich	Kroening	Morse	Reichgott	

Those who voted in the negative were:

Anderson	Brataas	Johnson, D.E.	Mehrkens	Storm
Belanger	Dahl	Knaak	Moe, D.M.	Taylor
Benson	Decker	Knutson	Olson	
Berg	Frederick	Laidig	Ramstad	
Bernhagen	Frederickson, D.R.	Larson	Renneke	
Bertram	Gustafson	McQuaid	Samuelson	

The motion prevailed. So the amendment was adopted.

Mr. Laidig moved to amend H.F. No. 2008, as amended pursuant to Rule 49, adopted by the Senate March 14, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1780.)

Page 3, line 14, after the period, insert "*The retained amount equal to 25 percent of the expenditure limits may only be spent on noncampaign disbursements.*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 21 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Knutson	Olson	Taylor
Belanger	Frederick	Laidig	Ramstad	
Benson	Frederickson, D.R.	Larson	Reichgott	
Bernhagen	Gustafson	McQuaid	Renneke	
Brataas	Johnson, D.E.	Merriam	Storm	

Those who voted in the negative were:

Adkins	DeCramer	Jude	Morse	Samuelson
Beckman	Dicklich	Kroening	Novak	Solon
Berg	Diessner	Langseth	Pehler	Spear
Bertram	Frank	Lantry	Peterson, D.C.	Stumpf
Brandl	Frederickson, D.J.	Luther	Peterson, R. W.	Vickerman
Cohen	Freeman	Marty	Piper	Wegscheid
Dahl	Hughes	Metzen	Pogemiller	
Davis	Johnson, D.J.	Moe, R.D.	Purfeerst	

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

Mr. Frederick moved to amend H.F. No. 2008, as amended pursuant to Rule 49, adopted by the Senate March 14, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1780.)

Page 1, after line 10, insert:

“Section 1. [10A.065] [CONTRIBUTIONS AND SOLICITATIONS DURING LEGISLATIVE SESSION.]

Subdivision 1. [REGISTERED LOBBYIST CONTRIBUTIONS; REGULATION.] A registered lobbyist, political committee, or political fund may not make a contribution to a candidate for the state legislature or to the candidate's principal campaign committee or other political committee with a candidate's name or title other than the principal campaign committee of that candidate during a regular session of the legislature.

Subd. 2. [SOLICITATION PROHIBITED.] A candidate for the state legislature or the candidate's principal campaign committee or other political committee with a candidate's name or title other than the principal campaign committee of that candidate may not knowingly solicit a registered lobbyist, political committee, or political fund for a contribution during a regular session of the legislature.

Subd. 3. [PENALTY.] A candidate, registered lobbyist, political committee, or political fund that violates this section is subject to a civil fine of up to \$500. If the state ethical practices board makes a public finding that there is probable cause to believe a violation of this section has occurred, the board shall bring an action, or transmit the finding to a county attorney who shall bring an action, in the district court of Ramsey county, to impose a civil fine as prescribed by the board. Fines paid under this section must be deposited in the general fund in the state treasury.

Subd. 4. [SPECIAL ELECTION.] This section does not apply to candidates in a legislative special election.

Subd. 5. [POLITICAL COMMITTEE.] This section does not apply to a political committee established by a political party as defined in section 10A.27, subdivision 4.”

ReNUMBER the sections in sequence

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 30 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Brandl	Frederickson, D.R.	Knutson	Pehler
Beckman	Brataas	Gustafson	Laidig	Ramstad
Belanger	Cohen	Hughes	Larson	Renneke
Benson	Dahl	Johnson, D.E.	McQuaid	Storm
Berg	Decker	Jude	Mehrkins	Taylor
Bernhagen	Frederick	Knaak	Olson	Vickerman

Those who voted in the negative were:

Adkins	Frank	Marty	Peterson, R.W.	Solon
Bertram	Frederickson, D.I.	Merriam	Piper	Spear
Chmielewski	Freeman	Metzen	Pogemiller	Stumpf
Davis	Johnson, D.J.	Moe, R.D.	Purfeerst	Wegscheid
DeCramer	Langseth	Morse	Reichgott	
Dicklich	Lantry	Novak	Samuelson	
Diehsner	Luther	Peterson, D.C.	Schmitz	

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

Mr. Frank moved to amend H.F. No. 2008, as amended pursuant to Rule 49, adopted by the Senate March 14, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1780.)

Page 2, line 25, strike "in excess of 25 percent"

Page 2, strike line 26

Page 2, line 27, strike "exceeding \$15,000,"

Page 2, line 29, after the period, insert "*The agreement must also state that, except for an amount equal to 25 percent of the expenditure limits set forth in section 10A.25, but not exceeding \$15,000, any amount by which the aggregate contributions and approved expenditures agreed to under clause (b) exceed the difference shall be returned to the state treasurer in the manner provided in subdivision 2.*"

The motion prevailed. So the amendment was adopted.

Mr. Pogemiller moved to amend H.F. No. 2008, as amended pursuant to Rule 49, adopted by the Senate March 14, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1780.)

Page 1, after line 10, insert:

"ARTICLE 1"

Page 4, after line 2, insert:

"ARTICLE 2

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 "

Sec. 3. [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. 4. [EFFECTIVE DATE.]

Section 3 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."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2008 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. Frank moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 26 and nays 36, as follows:

Those who voted in the affirmative were:

Adkins	Freeman	Lantry	Peterson, D.C.	Spear
Brandl	Hughes	Luther	Piper	Wegscheid
Chmielewski	Johnson, D.J.	Marty	Pogemiller	
Cohen	Jude	Metzen	Purfeerst	
DeCramer	Kroening	Moe, R.D.	Schmitz	
Dicklich	Langseth	Novak	Solon	

Those who voted in the negative were:

Anderson	Davis	Johnson, D.E.	Morse	Storm
Beckman	Decker	Knaak	Olson	Stumpf
Benson	Diessner	Knutson	Pehler	Taylor
Berg	Frank	Laidig	Peterson, R.W.	Vickerman
Bernhagen	Frederick	Larson	Ramstad	
Bertram	Frederickson, D.J.	McQuaid	Reichgott	
Brataas	Frederickson, D.R.	Mehrkens	Renneke	
Dahl	Gustafson	Merriam	Samuelson	

So the bill, as amended, failed to pass.

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

S.F. No. 63: A bill for an act relating to motor vehicles; providing that passenger automobile license plates be issued for a six-year period; providing for license plate replacement fees; amending Minnesota Statutes 1986, section 168.12, subdivisions 1, 2a, and 5; repealing Minnesota Statutes 1986, section 168.12, subdivisions 3 and 4.

Senate File No. 63 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 20, 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. 2565, and repassed said bill in accordance with the report of the Committee, so adopted.

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

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

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 20, 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. 1749, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1749 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 20, 1988

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1749

A bill for an act relating to transportation; increasing the tax on gasoline and special fuel to 20 cents per gallon; increasing the share of motor vehicle excise tax revenues dedicated to highways and transit to 35 percent; amending Minnesota Statutes 1986, section 296.02, subdivision 1b; and Minnesota Statutes 1987 Supplement, sections 296.025, subdivisions 2a and 2b; and 297B.09, subdivision 1.

April 20, 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. 1749, 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. 1749 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 296.02, subdivision 1b, is amended to read:

Subd. 1b. [RATES IMPOSED.] The gasoline excise tax is imposed at the following rate:

(a) For the period beginning on the first day of the month following the month of final enactment of Laws 1983, chapter 17, or on the first day of the second month following the month of final enactment of Laws 1983, chapter 17 if the date of final enactment of Laws 1983, chapter 17 is within 15 days of the end of the month, and ending December 31, 1983, gasoline is taxed at the rate of 16 cents per gallon.

(b) For the period on and after January 1, 1984, May 1, 1988, gasoline is taxed at the rate of 17 20 cents per gallon.

Sec. 2. Minnesota Statutes 1987 Supplement, section 296.025, subdivision 2a, is amended to read:

Subd. 2a. [TAX IMPOSED FOR RAILROAD USE.] There is imposed an excise tax of, at the same rate of 17 cents per gallon as the gasoline

~~excise tax~~ on special fuel used to propel trains in this state and not otherwise taxed as gasoline. The tax shall be computed by using the same method as the gasoline excise tax *imposed for railroad use under section 296.02, subdivision 2a*, and shall be payable at the times, in the manner, and by the persons specified in this chapter.

Sec. 3. Minnesota Statutes 1987 Supplement, section 296.025, subdivision 2b, is amended to read:

Subd. 2b. [TAX IMPOSED FOR BARGE USE.] There is imposed an excise tax ~~of, at the same rate of 17 cents per gallon as the gasoline excise tax~~ on special fuel used to propel barges in this state and not otherwise taxed as gasoline. The tax shall be computed by using the same method as the gasoline excise tax *imposed for barge use under section 296.02, subdivision 2b*, and shall be payable at the times, in the manner, and by the persons specified in this chapter.

Sec. 4. Minnesota Statutes 1986, section 296.026, subdivision 2, as amended by Laws 1988, chapter 450, section 4, is amended to read:

Subd. 2. [PERMIT FEES IMPOSED.] The fees for annual alternate fuel permits are based on each vehicle's mileage in the preceding year and are as follows:

Gross Vehicle Weight	Fee
Under 6,000 pounds	\$7.50 \$8.80 per 1,000 miles
6,001 - 12,000 pounds	\$ 9 \$10.60 per 1,000 miles
12,001 - 18,000 pounds	\$16 \$18.80 per 1,000 miles
18,001 - 26,000 pounds	\$23 \$27.10 per 1,000 miles
26,001 - 36,000 pounds	\$27 \$31.80 per 1,000 miles
Over 36,000 pounds	\$34 \$40.00 per 1,000 miles

A log with validating receipts pertaining to the vehicle's out of state mileage may be supplied to the commissioner of public safety at the time of permit application to be subtracted from the actual mileage for the purpose of calculating the permit fee. If no true cumulative mileage figures are available for the preceding year, the fee charged under this section must be based on 15,000 miles driven within the state.

The fee for a permit required by this section must be calculated based on the number of unexpired months remaining in the registration year of the vehicle as measured from the date of the occurrence of the event requiring the permit.

Sec. 5. Minnesota Statutes 1987 Supplement, section 297B.09, subdivision 1, is amended to read:

Subdivision 1. [GENERAL FUND SHARE.] (a) Money collected and received under this chapter must be deposited in the state treasury and credited to the general fund. The amounts collected and received shall be credited ~~to the highway user tax distribution fund and the transit assistance fund~~ as provided in this subdivision, and transferred from the general fund on July 15 and January 15 of each fiscal year. The commissioner of finance must make each transfer based upon the actual receipts of the preceding six calendar months and include the interest earned during that six-month period. The commissioner of finance may establish a quarterly or other schedule providing for more frequent payments to the transit assistance fund if the commissioner determines it is necessary or desirable to provide for the cash flow needs of the recipients of money from the transit assistance

fund.

Five (b) *Thirty percent of the money collected and received under this chapter after June 30, 1988, and before July 1, 1991, must be deposited in the highway user tax distribution fund and the transit assistance fund for apportionment as provided in this section. Of the money deposited under this section, follows: 75 percent must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund, and the remaining 25 percent of the money must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state and to the regional transit board.*

(c) *Thirty percent of the money collected and received under this chapter after June 30, 1991, must be deposited in the trunk highway fund and the transit assistance fund for apportionment as follows: 75 percent must be credited to the trunk highway fund and the remaining 25 percent must be credited to the transit assistance fund.*

(d) The distributions under this subdivision to the highway user tax distribution fund until June 30, 1991, and to the trunk highway fund thereafter, must be reduced by the amount necessary to fund the appropriation under section 41A.09, subdivision 1. For the fiscal years ending June 30, 1988, and June 30, 1989, the commissioner of finance, before making the transfers required on July 15 and January 15 of each year, shall estimate the amount required to fund the appropriation under section 41A.09, subdivision 1, for the six-month period for which the transfer is being made. The commissioner shall then reduce the amount transferred to the highway user tax distribution fund by the amount of that estimate. The commissioner shall reduce the estimate for any six-month period by the amount by which the estimate for the previous six-month period exceeded the amount needed to fund the appropriation under section 41A.09, subdivision 1, for that previous six-month period. If at any time during a six-month period in those fiscal years the amount of reduction in the transfer to the highway user tax distribution fund is insufficient to fund the appropriation under section 41A.09, subdivision 1 for that period, the commissioner shall transfer to the general fund from the highway user tax distribution fund an additional amount sufficient to fund the appropriation for that period, but the additional amount so transferred to the general fund in a six-month period may not exceed the amount transferred to the highway user tax distribution fund for that six-month period.

Sec. 6. [TRANSPORTATION STUDY BOARD.]

Subdivision 1. [BOARD CREATED; MEMBERSHIP] A transportation study board is created to consist of the following members:

(1) *four members of the senate, with not more than three of the same political party, appointed by the senate committee on committees;*

(2) *four members of the house of representatives, with not more than three of the same political party, appointed by the speaker of the house;*

(3) *thirteen members appointed by the governor, with at least one member but not more than two members from each congressional district. The governor shall appoint members so that at least one member represents each of the following:*

(i) *business, commerce and industry;*

- (ii) labor;
- (iii) agriculture;
- (iv) tourism;
- (v) natural resources industries; and
- (vi) local government.

Vacancies on the board shall be filled by the appointing authority. The board shall elect from among its members a chair, who must be a member of the legislature, and other officers as it deems necessary.

Subd. 2. [STUDIES.] (a) The board shall conduct a study of Minnesota's surface transportation needs into the 21st century and recommend a program for making transportation improvements to meet those needs.

(b) The board shall consider state policy toward highways, transit and rail service, including:

- (1) state transportation goals and objectives;*
- (2) the present level of transportation service in Minnesota and the feasibility and desirability of alternative levels of service;*
- (3) how statewide and regional transportation planning is done and investment priorities determined, and whether changes are needed in these processes; and*

(4) the extent to which the state should contribute financially to local and regional transportation activities.

(c) The board shall consider methods of providing more cost-effective transportation service, including:

- (1) increased use of public-private partnerships;*
- (2) present and alternative methods of relating transportation expenditures to benefits;*
- (3) potential cost-saving measures in the department of transportation, including changes in department staffing levels; and*
- (4) departmental procedures for bid-letting and establishment of design standards.*

(d) The board shall consider whether additional funding is required to accomplish transportation goals and objectives, and if so, desirable and feasible sources of revenue, including non-traditional sources.

Subd. 3. [COMPENSATION.] The compensation of nonlegislator members and their removal from office are as provided in Minnesota Statutes, section 15.059. Members who are legislators must be compensated in the same manner as for other legislative meetings. Compensation for legislators and nonlegislators must be paid from the appropriation in section 7, paragraph (a).

Subd. 4. [REPORTS.] The board shall make a preliminary report to the chairs of the senate and house committees on transportation, the senate committee on finance and the house committee on appropriations not later than March 15, 1989. The board shall make a final report to the legislature and governor on its findings and recommendations not later than January 15, 1991.

Subd. 5. [STAFF ASSISTANCE.] The commission may by contract obtain the services of consultants as it deems necessary, and all consultant contracts must be approved by the legislative coordinating commission. The board may obtain the assistance of the legislative auditor in carrying out its duties. The commissioners of transportation, administration, public safety and planning shall cooperate with the board in conducting its studies and provide assistance and information as the board requires.

Sec. 7. [APPROPRIATION.]

(a) \$300,000 is appropriated from the highway user tax distribution fund to the transportation study board for the purposes of section 6. This appropriation is available until January 15, 1991.

(b) \$11,933,000 is appropriated from the general fund for fiscal year 1989 for the purposes indicated. One-half of the amounts in clauses (1) and (2) must be transferred to the funds indicated on July 15, 1988, and one-half on January 15, 1989.

<i>(1) To the highway user tax distribution fund</i>	<i>\$ 8,950,000</i>
<i>(2) To the transit assistance fund</i>	<i>2,983,000</i>

(c) \$117,000,000 is appropriated to the commissioner of transportation for fiscal year 1989 for highway development. Of this amount:

\$71,900,000 is from the trunk highway fund;

\$34,600,000 is from the county state-aid highway fund; and

\$10,500,000 is from the municipal state-aid street fund.

In spending this appropriation, the commissioner shall give priority to highway projects that were programmed for 1988-1989 highway development but were deferred.

(d) \$4,800,000 is appropriated to the commissioner of transportation for fiscal year 1989 from the trunk highway fund for construction support.

(e) \$10,500,000 is appropriated to the commissioner of transportation for fiscal year 1989 from the trunk highway fund for program delivery.

Sec. 8. [REPEALER.]

Laws 1987, chapter 268, article 18, section 5, is repealed.

Sec. 9. [EFFECTIVE DATE.]

Sections 1, 2, and 3 are effective May 1, 1988, and apply to gasoline and special fuel in distributor storage on that date. Section 4 is effective May 1, 1988. Section 6 is effective the day following final enactment. Sections 5, 7, and 8 are effective July 1, 1988, except that the appropriation in section 7, paragraph (a), is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to transportation; increasing the excise tax on gasoline and special fuel to 20 cents per gallon; increasing the fees for alternate fuel permits; providing for the distribution of motor vehicle excise tax revenue; creating a transportation study board; repealing the contingent income tax increase provision; appropriating money; amending Minnesota Statutes 1986, sections 296.02, subdivision 1b; and 296.026, subdivision 2, as amended; Minnesota Statutes 1987 Supplement, sections 296.025, subdivisions 2a and 2b; and 297B.09, subdivision 1; repealing Laws 1987,

chapter 268, article 18, section 5."

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

House Conferees: (Signed) Henry J. Kalis, Bob Jensen, Bernard L. Lieder, Douglas W. Carlson, Arthur W. Seaberg

Senate Conferees: (Signed) Clarence M. Purfeerst, Gary M. DeCramer, LeRoy A. Stumpf, Marilyn M. Lantry, Keith Langseth

Mr. Purfeerst moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1749 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. 1749 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 40 and nays 23, as follows:

Those who voted in the affirmative were:

Beckman	Diessner	Langseth	Moe, R.D.	Reichgott
Berg	Frank	Lantry	Morse	Renneke
Bernhagen	Frederickson, D.J.	Lessard	Novak	Schmitz
Chmielewski	Frederickson, D.R.	Luther	Pehler	Solon
Dahl	Hughes	Marty	Peterson, D.C.	Stumpf
Davis	Johnson, D.E.	Mehrkens	Peterson, R.W.	Taylor
DeCramer	Johnson, D.J.	Merriam	Piper	Vickerman
Dicklich	Knutson	Metzen	Purfeerst	Wegscheid

Those who voted in the negative were:

Adkins	Brandl	Freeman	Laidig	Samuelson
Anderson	Brataas	Gustafson	Larson	Spear
Belanger	Cohen	Jude	McQuaid	Storm
Benson	Decker	Knaak	Olson	
Bertram	Frederick	Kroening	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. 2182, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2182 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 20, 1988

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2182

A bill for an act proposing an amendment to the Minnesota Constitution, article XIII, section 5; permitting state-run lotteries; providing for the

distribution of their proceeds; establishing a Minnesota environment and natural resources trust fund; providing implementing legislation; creating a legislative commission, an advisory committee, and a review panel; providing for trust fund expenditures; amending Minnesota Statutes 1986, sections 86.72, subdivisions 2 and 3; and 290.431; Minnesota Statutes 1987 Supplement, sections 116C.69, subdivision 3; and 297.13, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 115C; repealing Minnesota Statutes 1986, sections 86.01; 86.02; 86.03; 86.06; 86.07; 86.08; 86.10; 86.11; 86.12; 86.31; 86.32; 86.33, subdivision 1; 86.34; 86.35; 86.41; 86.42; 86.51; 86.53; 86.61; and 86.75.

April 20, 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. 2182, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 2182 be further amended as follows:

Delete everything after the enacting clause and insert:

“ARTICLE 1

Section 1. [CONSTITUTIONAL AMENDMENT PROPOSED; ENVIRONMENTAL AND NATURAL RESOURCES TRUST FUND.]

Subdivision 1. [AMENDMENT.] The following amendment to the Minnesota Constitution, adding a section to article XI, is proposed to the people. If the amendment is adopted, the section will read as follows:

Sec. 14. A permanent Minnesota environment and natural resources trust fund is established in the state treasury. The principal of the environment and natural resources trust fund must be perpetual and inviolate forever, except appropriations may be made from up to 25 percent of the annual revenues deposited in the fund until fiscal year 1997 and loans may be made of up to five percent of the principal of the fund for water system improvements as provided by law. This restriction 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 earnings of the fund. The net earnings from the fund shall be appropriated in a manner prescribed by law for the public purpose of protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources.

Subd. 2. [SUBMISSION TO VOTERS.] 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 establish a Minnesota environment and natural resources trust fund for environmental, natural resource, and wildlife purposes?

Yes

No”

Sec. 2. [CONSTITUTIONAL AMENDMENT; PROPOSED LOTTERY.]

Subdivision 1. [AMENDMENT.] The following amendment to the Minnesota Constitution is proposed to the people. If the amendment is adopted, article XIII, section 5, will read as follows:

Sec. 5. The legislature shall not authorize any lottery or the sale of lottery tickets, other than authorizing a lottery and sale of lottery tickets for a lottery operated by the state.

Subd. 2. [SUBMISSION TO VOTERS.] The proposed amendment shall be submitted to the people at the 1988 general election. The question submitted shall be:

"Shall the Minnesota Constitution be amended to permit the legislature to authorize a lottery operated by the state?"

Yes

No

Sec. 3. Minnesota Statutes 1986, section 88.80, subdivision 2, is amended to read:

Subd. 2. [PILOT PROJECT.] The commissioner shall establish an aspen recycling program pilot project in the highest priority area on state lands in order to develop effective program procedures and practices. With respect to the pilot project, the commissioner may restrict bidding on contracts for the cutting, removal, and disposal of aspens, and for related activities, to loggers and others residing in the pilot project area designated under the program that are financially distressed. The commissioner may establish standards and procedures for awarding logging contracts ~~under section 86.35, notwithstanding chapter 14,~~ relating to eligibility for employment for conservation work projects.

Sec. 4. Minnesota Statutes 1987 Supplement, section 116C.69, subdivision 3, is amended to read:

Subd. 3. [FUNDING; ASSESSMENT.] The board shall finance its base line studies, general environmental studies, development of criteria, inventory preparation, monitoring of conditions placed on site certificates and construction permits, and all other work, other than specific site and route designation, from an assessment made quarterly, at least 30 days before the start of each quarter, by the board against all utilities with annual retail kilowatt-hour sales greater than 4,000,000 kilowatt-hours in the previous calendar year.

Until June 30, 1992, the assessment shall also include an amount sufficient to cover 60 percent of the costs to the pollution control agency of achieving, maintaining, and monitoring compliance with the acid deposition control standard adopted under sections 116.42 to 116.45, reprinting informational booklets on acid rain, and costs for additional research on the impacts of acid deposition on sensitive areas published under section 116.44, subdivision 1. The director of the pollution control agency must prepare a work plan and budget and submit them annually by June 30 to the pollution control agency board. The agency board must take public testimony on the budget and work plan. After the agency board approves the work plan and budget they must be submitted annually to the legislative commission on ~~Minnesota resources~~ waste management for review and

recommendation before an assessment is levied. Each share shall be determined as follows: (1) the ratio that the annual retail kilowatt-hour sales in the state of each utility bears to the annual total retail kilowatt-hour sales in the state of all these utilities, multiplied by 0.667, plus (2) the ratio that the annual gross revenue from retail kilowatt-hour sales in the state of each utility bears to the annual total gross revenues from retail kilowatt-hour sales in the state of all these utilities, multiplied by 0.333, as determined by the board. The assessment shall be credited to the special revenue fund and shall be paid to the state treasury within 30 days after receipt of the bill, which shall constitute notice of said assessment and demand of payment thereof. The total amount which may be assessed to the several utilities under authority of this subdivision shall not exceed the sum of the annual budget of the board for carrying out the purposes of this subdivision plus 60 percent of the annual budget of the pollution control agency for achieving, maintaining, and monitoring compliance with the acid deposition control standard adopted under sections 116.42 to 116.45, for reprinting informational booklets on acid rain, and for costs for additional research on the impacts of acid deposition on sensitive areas published under section 116.44, subdivision 1. The assessment for the second quarter of each fiscal year shall be adjusted to compensate for the amount by which actual expenditures by the board and the pollution control agency for the preceding fiscal year were more or less than the estimated expenditures previously assessed.

Sec. 5. [116P01] [FINDINGS.]

The legislature finds that all Minnesotans share the responsibility to ensure wise stewardship of the state's environment and natural resources for the benefit of current citizens and future generations. Proper management of the state's environment and natural resources includes and requires foresight, planning, and long-term activities that allow the state to preserve its high quality environment and provides for wise use of its natural resources. The legislature also finds that to undertake such activities properly, a long-term, consistent, and stable source of funding must be provided.

Sec. 6. [116P02] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 5 to 17.

Subd. 2. [ADVISORY COMMITTEE.] "Advisory committee" means the advisory committee created in section 10.

Subd. 3. [BOARD.] "Board" means the state board of investment.

Subd. 4. [COMMISSION.] "Commission" means the Minnesota future resources commission.

Subd. 5. [NATURAL RESOURCES.] "Natural resources" includes the outdoor recreation system under section 86A.04 and regional recreation open space systems as defined under section 473.351, subdivision 1.

Subd. 6. [TRUST FUND.] "Trust fund" means the Minnesota environment and natural resources trust fund established under Minnesota Constitution, article XI, section 14.

Sec. 7. [116P03] [TRUST FUND NOT TO SUPPLANT EXISTING FUNDING.]

(a) The trust fund may not be used as a substitute for traditional sources

of funding environmental and natural resources activities, but the trust fund shall supplement the traditional sources, including those sources used to support the criteria in section 12, subdivision 1. The trust fund must be used primarily to support activities whose benefits become available only over an extended period of time.

(b) The commission must determine the amount of the state budget spent from traditional sources to fund environmental and natural resources activities before and after the trust fund is established and include a comparison of the amount in the report under section 13, subdivision 7.

Sec. 8. [116P04] [TRUST FUND ACCOUNT.]

Subdivision 1. [ESTABLISHMENT OF ACCOUNT AND INVESTMENT.] A Minnesota environment and natural resources trust fund, under article XI, section 14, of the Minnesota Constitution, is established as an account in the state treasury. The commissioner of finance shall credit to the trust fund the amounts authorized under this section and section 14. The state board of investment shall ensure that trust fund money is invested under section 11A.24. All money earned by the trust fund must be credited to the trust fund. The principal of the trust fund and any unexpended earnings must be invested and reinvested by the state board of investment.

Subd. 2. [LOTTERY PROCEEDS.] Through the first five full fiscal years, during which proceeds from the lottery are received, the commissioner of finance shall credit one-half of the net lottery proceeds from the state-operated lottery to the trust fund. Thereafter, the commissioner shall credit up to one-half, as determined by law each biennium, of the net proceeds from the state-operated lottery to the trust fund.

Subd. 3. [REVENUE.] Revenue collected in accordance with subdivision 2 must be deposited monthly in the trust fund account. Nothing in sections 5 to 16 limits the source of contributions to the trust fund.

Subd. 4. [GIFTS AND DONATIONS.] Gifts and donations, including land or interests in land, may be made to the trust fund. Noncash gifts and donations must be disposed of for cash as soon as the board prudently can maximize the value of the gift or donation. Gifts and donations of marketable securities may be held or be disposed of for cash at the option of the board. The cash receipts of gifts and donations of cash or capital assets and marketable securities disposed of for cash must be credited immediately to the principal of the trust fund. The value of marketable securities at the time the gift or donation is made must be credited to the principal of the trust fund and any earnings from the marketable securities are earnings of the trust fund.

Subd. 5. [AUDITS REQUIRED.] (a) The commission shall select a certified public accountant annually to audit the trust fund. The audit must be given to the governor and the legislature and be available to the public.

(b) The legislative auditor shall audit trust fund expenditures to ensure that the money is spent for the purposes provided in the commission's budget plan.

Sec. 9. [116P05] [MINNESOTA FUTURE RESOURCES COMMISSION.]

(a) A Minnesota future resources commission of 16 members is created, consisting of the chairs of the house and senate committees on environment and natural resources, the chairs of the house appropriations and senate

finance committees, six members of the senate appointed by the subcommittee on committees of the committee on rules and administration, and six members of the house appointed by the speaker. The commission shall develop a budget plan for expenditures from the trust fund and shall adopt a strategic plan as provided in section 12.

(b) The commission shall recommend expenditures to the legislature from the Minnesota future resources account under section 17. At least two members from the senate and two members from the house must be from the minority caucus. Members are entitled to reimbursement for per diem expenses plus travel expenses incurred in the services of the commission.

(c) Members shall appoint a chair who shall preside and convene meetings as often as necessary to conduct duties prescribed by this chapter.

(d) Members shall serve on the commission until their successors are appointed.

(e) Vacancies occurring on the commission shall not affect the authority of the remaining members of the commission to carry out their duties, and vacancies shall be filled in the same manner under paragraph (a).

(f) The commission may adopt bylaws and operating procedures to fulfill their duties under sections 5 to 17.

Sec. 10. [116P06] [ADVISORY COMMITTEE.]

(a) An advisory committee of 11 citizen members shall be appointed by the governor to advise the Minnesota future resources commission on project proposals to receive funding from the trust fund and the development of budget and strategic plans. The governor shall appoint at least one member from each congressional district. The governor shall appoint the chair.

(b) The governor's appointees must be confirmed with the advice and consent of the senate. The membership terms, compensation, removal, and filling of vacancies for citizen members of the advisory committee are governed by section 15.0575.

Sec. 11. [116P07] [RESOURCES CONGRESS.]

The commission must convene a resources congress at least once every biennium. The congress must be open to all interested individuals. The purpose of the congress is to collect public input necessary to allow the commission, with the advice of the advisory committee, to develop a strategic plan to guide expenditures from the trust fund. The congress also may be convened to receive and review reports on trust fund projects.

Sec. 12. [116P08] [TRUST FUND EXPENDITURES; EXCEPTIONS; PLANS.]

Subdivision 1. [EXPENDITURES.] Money in the trust fund may be spent only for:

(1) the reinvest in Minnesota program as provided in section 84.95, subdivision 2;

(2) research that contributes to increasing the effectiveness of protecting or managing the state's environment or natural resources;

(3) collection and analysis of information that assists in developing the state's environmental and natural resources policies;

(4) *enhancement of public education, awareness, and understanding necessary for the protection, conservation, restoration, and enhancement of air, land, water, forests, fish, wildlife, and other natural resources;*

(5) *capital projects for the preservation and protection of unique natural resources;*

(6) *activities that preserve or enhance fish, wildlife, and other natural resources that otherwise may be substantially impaired or destroyed in any area of the state;*

(7) *administrative and investment expenses incurred by the state board of investment in investing deposits to the trust fund; and*

(8) *administrative expenses subject to the limits in section 13.*

Subd. 2. [EXCEPTIONS.] Money from the trust fund may not be spent for:

(1) *purposes of environmental compensation and liability under chapter 115B and response actions under chapter 115C;*

(2) *purposes of municipal water pollution control under the authority of chapters 115 and 116, including combined sewer overflow under section 116.162;*

(3) *costs associated with the decommissioning of nuclear power plants;*

(4) *hazardous waste disposal facilities;*

(5) *solid waste disposal facilities; or*

(6) *projects or purposes inconsistent with the strategic plan.*

Subd. 3. [STRATEGIC PLAN REQUIRED.] (a) The commission shall adopt a strategic plan for making expenditures from the trust fund, including identifying the priority areas for funding for the next six years. The reinvest in Minnesota program must be reviewed by the advisory committee, resources congress and commission during the development of the strategic plan. The strategic plan must be updated every two years. The plan is advisory only. The commission shall submit the plan, as a recommendation, to the house of representatives appropriations and senate finance committees by January 1 of each odd-numbered year.

(b) The advisory committee shall work with the resources congress to develop a draft strategic plan to be submitted to the commission for approval. The commission shall develop the procedures for the resources congress.

(c) The commission may accept or modify the draft of the strategic plan submitted to it by the advisory committee before voting on the plan's adoption.

Subd. 4. [BUDGET PLAN.] (a) Funding may be provided only for those projects that meet the categories established in subdivision 1.

(b) Projects submitted to the commission for funding may be referred to the advisory committee for recommendation, except that research proposals first must be reviewed by the peer review panel. The advisory committee may review all project proposals for funding and may make recommendations to the commission on whether:

(1) the projects meet the standards and funding categories set forth in sections 5 to 16;

(2) the projects duplicate existing federal, state, or local projects being conducted within the state; and

(3) the projects are consistent with the most recent strategic plan adopted by the commission.

(c) The commission must adopt a budget plan to make expenditures from the trust fund for the purposes provided in subdivision 1. The budget plan must be submitted to the governor for inclusion in the biennial budget and supplemental budget submitted to the legislature.

(d) Money in the trust fund may not be spent except under an appropriation by law.

Subd. 5. [PUBLIC MEETINGS.] All advisory committee and commission meetings must be open to the public. The commission shall attempt to meet at least once in each of the state's congressional districts during each biennium.

Subd. 6. [PEER REVIEW.] (a) Research proposals must include a stated purpose, timeline, potential outcomes and an explanation of the need for the research. All research proposals must be reviewed by a peer review panel before receiving an appropriation from the trust fund.

(b) In conducting research proposal reviews, the peer review panel shall:

(1) comment on the methodology proposed and whether it can be expected to yield appropriate and useful information and data;

(2) comment on the need for the research and about similar existing information available, if any;

(3) comment on whether the research proposed meets the categories of subdivision 1; and

(4) report to the commission and advisory committee on clauses (1) to (3).

(c) The peer review panel also must review completed research proposals that have received an appropriation from the trust fund and comment and report upon whether the project reached the intended goals.

Subd. 7. [PEER REVIEW PANEL MEMBERSHIP] (a) The peer review panel must consist of at least five but not more than 11 members who are knowledgeable in general research methods, including but not limited to the areas of air quality research, water research, forest research, fish and wildlife management research, environmental health research, and soil conservation research. Not more than two members of the panel may be employees of state agencies.

(b) Members of the peer review panel shall be selected by the commission and serve four-year staggered terms according to section 15.059. The commission may select additional temporary members for any research proposal deemed to be too technical for adequate peer review by the panel in paragraph (a). Members of the peer review panel shall elect a chair every two years who shall be responsible for convening meetings of the panel as often as is necessary to fulfill its duties as prescribed in this section. Compensation of panel members is governed by section 15.059, subdivision 3.

Sec. 13. [116P.09] [ADMINISTRATION.]

Subdivision 1. [ADMINISTRATIVE AUTHORITY.] The commission may appoint legal and other personnel and consultants necessary to carry out functions and duties of the commission. Permanent employees shall be in the unclassified service. In addition, the commission may request staff assistance and data from any other agency of state government as needed for the execution of the responsibilities of the commission and advisory committee and an agency must promptly furnish it.

Subd. 2. [LIAISON OFFICERS.] The commission shall request each department or agency head of all state agencies with a direct interest and responsibility in any phase of environment and natural resources to appoint, and the latter shall appoint for the agency, a liaison officer who shall work closely with the commission and its staff. The designated liaison officer shall attend all meetings of the advisory committee to provide assistance and information to committee members when necessary.

Subd. 3. [APPRAISAL AND EVALUATION.] The commission shall obtain and appraise information available through private organizations and groups, utilizing to the fullest extent possible studies, data and reports previously prepared or currently in progress by public agencies, private organizations, groups, and others, concerning future trends in the protection, conservation, preservation, and enhancement of the state's air, water, land, forests, fish, wildlife, native vegetation, and other natural resources. Any data compiled by the commission shall be made available to any standing or interim committee of the legislature upon the request of the chair of the respective committee.

Subd. 4. [PERSONNEL.] Persons who are employed by a state agency to work on a project and are paid by an appropriation from the trust fund or Minnesota future resources account are in the unclassified civil service, and their continued employment is contingent upon the availability of money from the appropriation. When the appropriation has been spent, their positions must be canceled and the approved complement of the agency reduced accordingly. Part-time employment of persons for a project is authorized.

Subd. 5. [ADMINISTRATIVE EXPENSE.] (a) The administrative expenses of the commission and advisory committee shall be paid from the Minnesota future resources account until June 30, 1995.

(b) After June 30, 1995, the expenses of the commission and advisory committee combined may not exceed an amount equal to two percent of the total earnings of the trust fund in the preceding fiscal year.

(c) The commission and the advisory committee must include a reasonable amount for their administrative expense in the budget plan for the trust fund.

Subd. 6. [CONFLICT OF INTEREST.] A commission member, advisory committee member, peer review panelist, or an employee of the commission, may not participate in or vote on a decision of the commission, advisory committee, or peer review panel relating to an organization in which the member, panelist, or employee has either a direct or indirect personal financial interest. While serving on the legislative commission, advisory committee, or peer review panel, or being an employee of the commission, a person shall avoid any potential conflict of interest.

Subd. 7. [REPORT REQUIRED.] The commission shall, by July 1 of each even-numbered year, submit a report to the governor, the chairs of

the house appropriations and senate finance committees and the chairs of the house and senate committees on environment and natural resources. Copies of the report must be available to the public. The report must include:

- (1) a copy of the current strategic plan;*
- (2) a description of each project receiving money from the trust fund and Minnesota future resources account during the preceding two years;*
- (3) a summary of any research project completed in the preceding two years;*
- (4) recommendations to implement successful projects and programs into a state agency's standard operations;*
- (5) to the extent known by the commission, descriptions of the projects anticipated to be supported by the trust fund and Minnesota future resources account during the next two years;*
- (6) the source and amount of all revenues collected and distributed by the commission, including all administrative and other expenses;*
- (7) a description of the trust fund's assets and liabilities;*
- (8) any findings or recommendations that are deemed proper to assist the legislature in formulating legislation;*
- (9) a list of all gifts and donations with a value over \$1,000;*
- (10) a comparison of the amounts spent by the state for environment and natural resources activities through the most recent fiscal year; and*
- (11) a copy of the most recent certified financial and compliance audit.*

Sec. 14. [116P:10] [ROYALTIES, COPYRIGHTS, PATENTS.]

The trust fund owns and shall take title to the percentage of a royalty, copyright, or patent resulting from a project supported by the trust fund equal to the percentage of the project's total funding provided by the trust fund. Cash receipts resulting from a royalty, copyright, or patent, or the sale of the trust fund's rights to a royalty, copyright, or patent, must be credited immediately to the principal of the trust fund. Before a project is included in the budget plan, the commission may vote to relinquish the ownership or rights to a royalty, copyright, or patent resulting from a project supported by the trust fund to the project's proposer when the amount of the original grant or loan, plus interest, has been repaid to the trust fund.

Sec. 15. [116P:11] [AVAILABILITY OF FUNDS FOR DISBURSEMENT.]

(a) The amount biennially available from the trust fund for the budget plan developed by the commission consists of the interest earnings from the trust fund generated in the preceding two fiscal years ending on the even-numbered year.

(b) For funding projects through fiscal year 1997, the following additional amounts are available from the trust fund for the budget plans developed by the commission:

- (1) for the 1991-1993 biennium, up to 25 percent of the revenue deposited in the trust fund in fiscal years 1989 and 1990;*
- (2) for the 1993-1995 biennium, up to 20 percent of the revenue deposited*

in the trust fund in fiscal year 1991 and up to 15 percent of the revenue deposited in the fund in fiscal year 1992; and

(3) for the 1995-1997 biennium, up to ten percent of the revenue deposited in the fund in fiscal year 1993 and up to five percent of the revenue deposited in the fund in fiscal year 1994.

(c) Any appropriated funds not encumbered in the biennium in which they are appropriated cancel and must be credited to the principal of the trust fund.

Sec. 16. [116P.12] [WATER SYSTEM IMPROVEMENT LOAN PROGRAM.]

Subdivision 1. [LOANS AUTHORIZED.] (a) If the principal of the trust fund equals or exceeds \$200,000,000, the commission may vote to set aside up to five percent of the principal of the trust fund for water system improvement loans. The purpose of water system improvement loans is to offer below market rate interest loans to local units of government for the purposes of water system improvements.

(b) The interest on a loan shall be calculated on the declining balance at a rate four percentage points below the secondary market yield of one-year United States treasury bills calculated according to section 549.09, subdivision 1, paragraph (c).

(c) An eligible project must prove that existing federal or state loans or grants have not been adequate.

(d) Payments on the principal and interest of loans under this section must be credited to the trust fund.

(e) Repayment of loans made under this section must be completed within 20 years.

(f) The Minnesota public facilities authority must report to the commission each year on the loan program under this section.

Subd. 2. [APPLICATION AND ADMINISTRATION.] (a) The commission must adopt a procedure for the issuance of the water system improvement loans by the public facilities authority.

(b) The commission also must ensure that the loans are administered according to its fiduciary standards and requirements.

Sec. 17. [116P.13] [MINNESOTA FUTURE RESOURCES ACCOUNT.]

Subdivision 1. [REVENUE SOURCES.] The money in the Minnesota future resources account consists of revenue credited under section 297.13, subdivision 1, clause (1).

Subd. 2. [INTEREST.] The interest attributable to the investment of the Minnesota future resources account must be credited to the account.

Subd. 3. [REVENUE PURPOSES.] Revenue in the Minnesota future resources account may be spent for purposes of natural resources acceleration and outdoor recreation, including but not limited to the development, maintenance and operation of the state outdoor recreation system under chapter 86A and regional recreation open space systems as defined under section 473.351, subdivision 1.

Sec. 18. Minnesota Statutes 1987 Supplement, section 297.13, subdivision 1, is amended to read:

Subdivision 1. [CIGARETTE TAX APPORTIONMENT.] Revenues received from taxes, penalties, and interest under sections 297.01 to 297.13 and from license fees and miscellaneous sources of revenue shall be deposited by the commissioner of revenue in a separate and special fund, designated as the tobacco tax revenue fund, in the state treasury and credited as follows:

(a) first to the general obligation special tax bond debt service account in each fiscal year the amount required to increase the balance on hand in the account on each December 1 to an amount equal to the full amount of principal and interest to come due on all outstanding bonds whose debt service is payable primarily from the proceeds of the tax to and including the second following July 1; and

(b) after the requirements of paragraph (a) have been met:

(1) the revenue produced by one mill of the tax on cigarettes weighing not more than three pounds a thousand and two mills of the tax on cigarettes weighing more than three pounds a thousand must be credited to a *the Minnesota future resources fund account for purposes of natural resources acceleration as provided in chapter 86*;

(2) the revenue produced by two mills of the tax on cigarettes weighing not more than three pounds a thousand and four mills of the tax on cigarettes weighing more than three pounds a thousand must be credited to the Minnesota state water pollution control fund created in section 116.16, provided that, if the tax on cigarettes imposed by United States Code, title 26, section 5701, as amended, is reduced after June 1, 1985, an additional one mill of the tax on cigarettes weighing not more than three pounds a thousand and two mills of the tax on cigarettes weighing more than three pounds a thousand must be credited to the Minnesota state water pollution control fund created in section 116.16 less any amount credited to the general obligation special tax debt service account under paragraph (a), with respect to bonds issued for the prevention, control, and abatement of water pollution;

(3) the revenue produced by one mill of the tax on cigarettes weighing not more than three pounds a thousand and two mills of the tax on cigarettes weighing more than three pounds a thousand must be credited to a public health fund, provided that if the tax on cigarettes imposed by United States Code, title 26, section 5701, as amended, is reduced after June 1, 1985, an additional two-tenths of one mill of the tax on cigarettes weighing not more than three pounds a thousand and an additional four-tenths of one mill of the tax on cigarettes weighing more than three pounds a thousand must be credited to the public health fund;

(4) the balance of the revenues derived from taxes, penalties, and interest under sections 297.01 to 297.13 and from license fees and miscellaneous sources of revenue shall be credited to the general fund.

Sec. 19. [PERSONNEL TRANSFER.]

All unclassified positions associated with the responsibilities of the legislative commission on Minnesota resources are transferred with their incumbents to the Minnesota future resources commission.

Sec. 20. [TRANSFER OF RIGHTS AND OBLIGATIONS.]

The Minnesota future resources commission is the legal successor in all respects to the legislative commission on Minnesota resources. The rights and obligations under all existing contracts and any right of action to

which the legislative commission on Minnesota resources is a party or beneficiary are transferred to the Minnesota future resources commission upon creation.

Sec. 21. [INSTRUCTION TO REVISOR.]

(a) The revisor shall change references to "legislative commission on Minnesota resources" to "Minnesota future resources commission" wherever it appears in the 1988 edition of Minnesota Statutes.

(b) The revisor shall renumber sections 86.33, subdivision 2, as 84.965, subdivision 1; 86.33, subdivision 3, as 84.965, subdivision 2; and 86.78 as 84.966 in the next edition of Minnesota Statutes.

Sec. 22. [REPEALER.]

Minnesota Statutes 1986, sections 86.01; 86.02; 86.03; 86.06; 86.07; 86.08; 86.10; 86.11; 86.12; 86.31; 86.32; 86.33, subdivision 1; 86.34; 86.35; 86.41; 86.42; 86.51; 86.53; 86.61; and 86.75 are repealed.

Sec. 23. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day after final enactment. Sections 3 to 22 are effective the day following adoption by the voters of the constitutional amendment proposed by section 1.

ARTICLE 2

GREATER MINNESOTA CORPORATION

Section 1. Minnesota Statutes 1987 Supplement, section 16A.1541, is amended to read:

16A.1541 [ADDITIONAL REVENUES; PRIORITY.]

If on the basis of a forecast of general fund revenues and expenditures the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money in the following order of priority:

(1) the amount necessary to reduce the property tax levy recognition percent under section ~~121.904~~, subdivision 4c, to 24 percent;

(2) the remainder (i) one-half to the greater Minnesota fund, but not to exceed \$120,000,000 and (ii) one-half to the budget and cash flow reserve account until the total amount in the account equals \$550,000,000.

The amounts necessary to meet the requirements of clauses (1) and (2) are appropriated from the general fund.

Sec. 2. [TRANSFER RETURNED.]

The Greater Minnesota Corporation shall return to the state treasury \$80,500,000 of the money transferred to it under Minnesota Statutes 1987 Supplement, section 16A.1541. The return must be made to the commissioner of finance, who shall credit the receipt to the general fund. The return must be made as soon as is practical, while minimizing any investment losses that might result from early redemption.

Sec. 3. Minnesota Statutes 1987 Supplement, section 116O.12, is amended to read:

116O.12 [GREATER MINNESOTA FUND.]

(a) The Greater Minnesota fund is created in the state treasury. The board may require the commissioner of finance to create separate accounts within the fund for use in accordance with the fund's purposes. Money in the fund not needed for the immediate purposes of the corporation may be invested by the corporation in any way authorized by section 11A.24. Money in the fund is appropriated to the corporation to be used as provided in this chapter.

(b) The fund consists of:

- (1) money appropriated and transferred from other state funds;
- (2) fees and charges collected by the corporation;
- (3) income from investments and purchases;
- (4) revenue from loans, rentals, royalties, dividends, and other proceeds collected in connection with lawful corporate purposes; ~~and~~
- (5) gifts, donations, and bequests made to the corporation; *and*

(6) through the first five full fiscal years, during which proceeds from the lottery are received, one-half of the net proceeds of the state-operated lottery must be credited to the greater Minnesota corporation fund. Thereafter, up to one-half, as determined by law each biennium, of the net proceeds from the state-operated lottery must be credited to the greater Minnesota corporation fund.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment. Section 3 is effective the day following adoption by the voters of the constitutional amendment proposed by article 1, section 2."

Delete the title and insert:

"A bill for an act relating to public administration; proposing amendments to the Minnesota Constitution: adding a section to article XI establishing an environmental and natural resources trust fund and article XIII, section 5 permitting state-run lotteries; providing for the distribution of lottery proceeds; providing implementing legislation for the trust fund; creating a legislative commission, an advisory committee, and a resources congress; providing for trust fund expenditures; providing for water system improvement loans; creating a Minnesota future resources account; transferring certain functions; requiring a biennial report; changing the distribution of general fund balances; returning certain transferred money to the state treasury; amending Minnesota Statutes 1986, sections 88.80, subdivision 2; Minnesota Statutes 1987 Supplement, sections 16A.1541; 116C.69, subdivision 3; 116O.012; and 297.13, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 116P; repealing Minnesota Statutes 1986, sections 86.01; 86.02; 86.03; 86.06; 86.07; 86.08; 86.10; 86.11; 86.12; 86.31; 86.32; 86.33, subdivision 1; 86.34; 86.35; 86.41; 86.42; 86.51; 86.53; 86.61; and 86.75."

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

House Conferees: (Signed) Willard Munger, Ann Wynia, Glen H. Anderson, David T. Bishop, Tom Osthoff

Senate Conferees: (Signed) Roger D. Moe, Donna C. Peterson, Fritz Knaak, Bob Lessard

Mr. Moe, R.D. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2182 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.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate for the balance of the proceedings on H.F. No. 2182. The Sergeant at Arms was instructed to bring in the absent members.

H.F. No. 2182 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.

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

The roll was called, and there were yeas 37 and nays 28, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Hughes	Moe, R.D.	Samuelson
Beckman	DeCramer	Johnson, D.J.	Morse	Solon
Berg	Dicklich	Knaak	Novak	Stumpf
Bertram	Diessner	Kroening	Pehler	Vickerman
Brataas	Frank	Langseth	Peterson, D.C.	Wegscheid
Cohen	Frederick	Lantry	Piper	
Dahl	Frederickson, D.J.	Lessard	Pogemiller	
Davis	Frederickson, D.R.	Metzen	Purfeerst	

Those who voted in the negative were:

Anderson	Freeman	Larson	Moe, D.M.	Schmitz
Belanger	Gustafson	Luther	Olson	Spear
Benson	Johnson, D.E.	Marty	Peterson, R.W.	Storm
Bernhagen	Jude	McQuaid	Ramstad	Taylor
Brandl	Knutson	Mehrken	Reichgott	
Chmielewski	Laidig	Merriam	Renneke	

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

RECONSIDERATION

Mr. Frank moved that the vote whereby H.F. No. 2008 failed to pass the Senate on April 20, 1988, be now reconsidered. The motion prevailed.

H.F. No. 2008: A bill for an act relating to elections; clarifying certain public campaign financing limits; amending Minnesota Statutes 1986, section 10A.25, subdivision 10; Minnesota Statutes 1987 Supplement, sections 10A.255, subdivision 1; 10A.32, subdivision 3; repealing Minnesota Statutes 1986, section 10A.32, subdivision 3b.

RECONSIDERATION

Mr. Frank moved that the vote whereby the Frank amendment to H.F. No. 2008 was adopted by the Senate on April 20, 1988, be now reconsidered. The motion prevailed.

Mr. Frank withdrew his amendment.

Mr. Frank then moved to amend H.F. No. 2008, as amended pursuant to Rule 49, adopted by the Senate March 14, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1780.)

Page 2, line 18, after "(b)" insert "*except for an amount equal to 25 percent of the expenditure limits set forth in section 10A.25, but not exceeding \$15,000, any amount by which the aggregate contributions and approved expenditures agreed to under this clause exceed the difference shall be returned to the state treasurer in the manner provided in subdivision 2,*"

Page 2, line 25, strike "in excess of 25 percent"

Page 2, strike line 26

Page 2, line 27, strike "exceeding \$15,000,"

The motion prevailed. So the amendment was adopted.

RECONSIDERATION

Mr. Frank moved that the vote whereby the Pogemiller amendment to H.F. No. 2008 was adopted by the Senate on April 20, 1988, be now reconsidered.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 23 and nays 39, as follows:

Those who voted in the affirmative were:

Adkins	Frederickson, D.J.	Metzen	Pehler	Schmitz
Beckman	Jude	Moe, D.M.	Peterson, R.W.	Spear
DeCramer	Luther	Moe, R.D.	Piper	Vickerman
Diessner	Marty	Morse	Reichgott	
Frank	Merriam	Novak	Samuelson	

Those who voted in the negative were:

Anderson	Chmielewski	Gustafson	Langseth	Ramstad
Belanger	Cohen	Hughes	Lantry	Renneke
Benson	Dahl	Johnson, D.E.	Larson	Solon
Berg	Davis	Johnson, D.J.	McQuaid	Storm
Bernhagen	Decker	Knaak	Mehrkens	Stumpf
Bertram	Frederick	Knutson	Olson	Taylor
Brandl	Frederickson, D.R.	Kroening	Peterson, D.C.	Wegscheid
Brataas	Freeman	Laidig	Pogemiller	

The motion did not prevail.

H.F. No. 2008 was then progressed.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Chmielewski moved that H.F. No. 1999 be taken from the table. The motion prevailed.

H.F. No. 1999: A bill for an act relating to public safety; regulating boiler operation; amending Minnesota Statutes 1986, sections 183.411, subdivisions 1, 3, and by adding a subdivision; 183.466; 183.51, subdivisions 4, 7, and 10.

Mr. Chmielewski moved to amend H.F. No. 1999, as amended pursuant to Rule 49, adopted by the Senate March 10, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1718.)

Delete everything after the enacting clause and insert:

“ARTICLE 1

Section 1. Minnesota Statutes 1986, section 183.411, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] For the purpose of this section “stationary show boiler” means a boiler that is used only for display and demonstration purposes. *In recognition of the historical significance of show boilers in maintaining a working reminder of Minnesota’s agricultural and lumber industries, show boilers and engines are considered to be historical artifacts.*

Sec. 2. Minnesota Statutes 1986, section 183.411, subdivision 3, is amended to read:

Subd. 3. [LICENSES.] A license to operate steam farm traction engines, portable and stationary show engines and portable and stationary show boilers shall be issued to an applicant who:

- (a) is 18 years of age or older;
- (b) has two licensed second class, grade A engineers or steam traction engineers, or any combination thereof, cosign the application; attesting to the applicant’s competence in operating said devices;
- (c) passes a written test for competence in operating said devices; ~~and~~
- (d) *has at least 25 hours of actual operating experience on said devices;*
~~and~~
- (e) pays the required fee.

A license shall be valid for the lifetime of the licensee. A one time fee set by the commissioner pursuant to section 16A.128, shall be charged for the license.

Sec. 3. Minnesota Statutes 1986, section 183.411, is amended by adding a subdivision to read:

Subd. 5. [LICENSED OPERATOR; PRESENCE REQUIRED.] *An operator licensed under this section must be present when a traction engine, portable or stationary show engine, or portable or stationary show boiler is in operation and a member of the public is present.*

Sec. 4. Minnesota Statutes 1987 Supplement, section 183.42, is amended to read:

183.42 [INSPECTION EACH YEAR.]

Every owner, lessee, or other person having charge of boilers, pressure vessels or any boat subject to inspection under this chapter shall cause ~~the same~~ *them* to be inspected by the division of boiler inspection. Boilers and boats subject to inspection under this chapter ~~shall~~ *must* be inspected at least annually and pressure vessels inspected at least every two years *except as provided under section 183.45*. A person who fails to have the inspection required by this section shall pay to the commissioner a penalty in the amount of the cost of inspection up to a maximum of \$1,000.

Sec. 5. Minnesota Statutes 1986, section 183.45, is amended to read:

183.45 [INSPECTION.]

Subdivision 1. All boilers and steam generators ~~shall~~ *must* be inspected by the division of boiler inspection before ~~same~~ *they* are used and all boilers ~~shall must~~ be inspected at least once each year thereafter *except as provided under subdivision 2.* Inspectors may subject all boilers to hydrostatic pressure or hammer test, and shall ascertain by a thorough internal and external examination that they are well made and of good and suitable material; that the openings for the passage of water and steam, respectively, and all pipes and tubes exposed to heat, are of proper dimensions and free from obstructions; that the flues are circular in form; that the arrangements for delivering the feed water are such that the boilers cannot be injured thereby; and that such boilers and their connections may be safely used without danger to life or property. Inspectors shall ascertain that the safety valves are of suitable dimensions, sufficient in number, and properly arranged, and that the safety valves are so adjusted as to allow no greater pressure in the boilers than the amount prescribed by the inspector's certificate; that there is a sufficient number of gauge cocks, properly inserted, to indicate the amount of water, and suitable gauges that will correctly record the pressure; and that the fusible metals are properly inserted where required so as to fuse by the heat of the furnace whenever the water in the boiler falls below its prescribed limit; and that provisions are made for an ample supply of water to feed the boilers at all times; and that means for blowing out are provided, so as to thoroughly remove the mud and sediment from all parts when under pressure.

Subd. 2. [QUALIFYING BOILER.] (a) "Qualifying boiler" means a boiler of 200,000 pounds per hour or more capacity which has an internal continuous water treatment program approved by the department and which the chief boiler inspector has determined to be in compliance with paragraph (c).

(b) A qualifying boiler must be inspected at least once every 24 months internally and externally while not under pressure, and at least once every 18 months externally while under pressure. If the inspector considers it necessary to conduct a hydrostatic test to determine the safety of a boiler, the test must be conducted by the owner or user of the equipment under the supervision of an inspector.

(c) The owner of a qualifying boiler must keep accurate records showing the date and actual time the boiler is out of service, the reason or reasons therefore, and the chemical physical laboratory analysis of samples of the boiler water taken at regular intervals of not more than 48 hours of operation which adequately show the condition of the water, and any elements or characteristics thereof, capable of producing corrosion or other deterioration of the boiler or its parts.

(d) If an inspector determines there are substantial deficiencies in equipment or in operating procedures, inspections of a qualifying boiler may be required once every 12 months until such time as the chief boiler inspector finds that the substantial deficiencies have been corrected.

Sec. 6. Minnesota Statutes 1986, section 183.51, subdivision 4, is amended to read:

Subd. 4. [CHIEF ENGINEER, GRADE A.] A person seeking licensure as a chief engineer, Grade A, shall be at least 18 years of age and have ~~habits and~~ experience which ~~justify the belief verifies~~ that the person is competent to take charge of and be responsible for the safe operation and maintenance of all classes of boilers, steam engines, or turbines and their

appurtenances; and, before receiving a license, the applicant shall take and subscribe an oath attesting to at least five years actual experience in operating such boilers, *including at least two years experience in operating such engines or turbines.*

Sec. 7. Minnesota Statutes 1986, section 183.51, subdivision 7, is amended to read:

Subd. 7. [FIRST-CLASS ENGINEER, GRADE A.] A person seeking licensure as a first-class engineer, Grade A, shall be at least 18 years of age and have ~~habits and~~ experience which ~~justify the belief~~ *verifies* that the person is competent to take charge of and be responsible for the safe operation and maintenance of all classes of boilers, engines, or turbines and their appurtenances of not more than 300 horsepower or to operate as a shift engineer in a plant of unlimited horsepower. Before receiving a license, the applicant shall take and subscribe an oath attesting to at least three years actual experience in operating such boilers, *including at least two years experience in operating such engines; or turbines.*

Sec. 8. Minnesota Statutes 1986, section 183.51, subdivision 10, is amended to read:

Subd. 10. [SECOND-CLASS ENGINEER, GRADE A.] A person seeking licensure as a second-class engineer, Grade A, shall be at least 18 years of age and have ~~habits and~~ experience which ~~justify the belief~~ *verifies* that the person is competent to take charge of and be responsible for the safe operation and maintenance of all classes of boilers, engines, or turbines and their appurtenances of not more than 100 horsepower or to operate as a shift engineer in a plant of not more than 300 horsepower, or to assist the shift engineer, under direct supervision, in a plant of unlimited horsepower. Before receiving a license the applicant shall take and subscribe an oath attesting to at least one year of actual experience in operating such boilers, *including at least one year of experience in operating such engines; or turbines.*

Sec. 9. [EFFECTIVE DATE.]

Sections 4 and 5 are effective the day following final enactment.

ARTICLE 2

Section 1. Minnesota Statutes 1987 Supplement, section 176.155, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYER'S PHYSICIAN.] The injured employee must submit to examination by the employer's physician, if requested by the employer, and at reasonable times thereafter upon the employer's request. *The examination must be scheduled at a location within 150 miles of the employee's residence unless the employer can show cause to the department or a compensation judge to order an examination at a location further from the petitioner's residence.* The employee is entitled upon request to have a personal physician present at any such examination. Each party shall defray the cost of that party's physician. Any report or written statement made by the employer's physician as a result of an examination of the employee, regardless of whether the examination preceded the injury or was made subsequent to the injury, shall be made available, upon request and without charge, to the injured employee or representative of the employee. The employer shall pay reasonable travel expenses, *in advance if requested,* incurred by the employee in attending the examination including mileage,

parking, and, if necessary, lodging and meals. The employer shall also pay the employee for any lost wages resulting from attendance at the examination. A self-insured employer or insurer who is served with a claim petition pursuant to section 176.271, subdivision 1, or 176.291, shall schedule any necessary examinations of the employee, if an examination by the employer's physician or health care provider is necessary to evaluate benefits claimed. The examination shall be completed and the report of the examination shall be served on the employee and filed with the commissioner within 120 days of service of the claim petition.

No evidence relating to the examination or report shall be received or considered by the commissioner, a compensation judge, or the court of appeals in determining any issues unless the report has been served and filed as required by this section, unless a written extension has been granted by the commissioner or compensation judge. The commissioner or a compensation judge shall extend the time for completing the adverse examination and filing the report upon good cause shown. The extension must not be for the purpose of delay and the insurer must make a good faith effort to comply with this subdivision. Good cause shall include but is not limited to:

(1) that the extension is necessary because of the limited number of physicians or health care providers available with expertise in the particular injury or disease, or that the extension is necessary due to the complexity of the medical issues, or

(2) that the extension is necessary to gather addition information which was not included on the petition as required by section 176.291.

ARTICLE 3

WORKERS' COMPENSATION SYSTEM CHANGES

Section 1. Minnesota Statutes 1986, section 176.011, subdivision 11a, is amended to read:

Subd. 11a. [FAMILY FARM.] "Family farm" means any farm operation which (1) pays or is obligated to pay less than \$8,000 \$20,000 in cash wages, exclusive of machine hire, to farm laborers for services rendered during the preceding calendar year, and (2) *has total liability and medical payment coverage equal to \$250,000 and \$5,000, respectively, under a farm liability insurance policy.* For purposes of this subdivision, farm laborer does not include any spouse, parent or child, regardless of age, of a farmer employed by the farmer, or any executive officer of a family farm corporation as defined in section 500.24, subdivision 2, or any spouse, parent or child, regardless of age, of such an officer employed by that family farm corporation, or other farmers in the same community or members of their families exchanging work with the employer. Notwithstanding any law to the contrary, a farm laborer shall not be considered as an independent contractor for the purposes of this chapter; provided that a commercial baler or commercial thresher shall be considered an independent contractor.

Sec. 2. Minnesota Statutes 1986, section 176.011, subdivision 18, is amended to read:

Subd. 18. [WEEKLY WAGE.] "Weekly wage" is arrived at by multiplying the daily wage by the number of days and fractional days normally worked in the business of the employer for the employment involved. If the employee normally works less than five days per week or works an irregular number

of days per week, the number of days normally worked shall be computed by dividing the total number of days in which the employee actually performed any of the duties of employment in the last 26 weeks by the number of weeks in which the employee actually performed such duties, provided that the weekly wage for part time employment during a period of seasonal or temporary layoff shall be computed on the number of days and fractional days normally worked in the business of the employer for the employment involved. If, at the time of the injury, the employee was regularly employed by two or more employers, the employee's days of work for all such employments shall be included in the computation of weekly wage. Occasional overtime is not to be considered in computing the weekly wage, but if overtime is regular or frequent throughout the year it shall be taken into consideration. The maximum weekly compensation payable to an employee, or to the employee's dependents in the event of death, shall not exceed ~~66-2/3~~ 80 percent of the ~~product of the daily wage times the number of days normally worked~~ *employee's after-tax weekly wage*, provided that the compensation payable for permanent partial disability under section 176.101, subdivision 3, and for permanent total disability under section 176.101, subdivision 4, or death under section 176.111, shall not be computed on less than the number of hours normally worked in the employment or industry in which the injury was sustained, subject also to such maximums as are specifically otherwise provided.

Sec. 3. Minnesota Statutes 1986, section 176.011, is amended by adding a subdivision to read:

Subd. 18a. [AFTER-TAX WEEKLY WAGE.] After-tax weekly wage means the weekly wage reduced by the amounts required to be withheld by the Federal Insurance Contributions Act, United States Code, Title 16, sections 3101 to 3126, but without regard to the yearly maximum, and by state and federal income tax laws using as the number of allowances the number of exemptions that the employee is entitled to under federal law for the employee and the employee's dependents.

Sec. 4. Minnesota Statutes 1986, section 176.021, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION, COMMENCEMENT OF PAYMENT.] All employers shall commence payment of compensation at the time and in the manner prescribed by this chapter without the necessity of any agreement or any order of the division. Except for medical, burial, and other nonperiodic benefits, payments shall be made as nearly as possible at the intervals when the wage was payable, provided, however, that payments for permanent partial disability shall be governed by section ~~176.101~~ 13. If doubt exists as to the eventual permanent partial disability, payment ~~for the economic recovery compensation or impairment compensation, which ever is due, pursuant to section 176.101,~~ shall be then made when due for the minimum permanent partial disability ascertainable, and further payment shall be made upon any later ascertainment of greater permanent partial disability. Prior to or at the time of commencement of the payment of ~~economic recovery compensation or lump sum or periodic payment of impairment compensation~~ permanent partial disability compensation, the employee and employer shall be furnished with a copy of the medical report upon which the payment is based and all other medical reports which the insurer has that indicate a permanent partial disability rating, together with a statement by the insurer as to whether the tendered payment is for minimum permanent partial disability or final and eventual disability. After

receipt of all reports available to the insurer that indicate a permanent partial disability rating, the employee shall make available or permit the insurer to obtain any medical report that the employee has or has knowledge of that contains a permanent partial disability rating which the insurer does not already have. ~~Economic recovery compensation or impairment compensation pursuant to section 176.101 is payable in addition to but not concurrently with compensation for temporary total disability but is payable pursuant to section 176.101. Impairment compensation is payable concurrently and in addition to compensation for permanent total disability pursuant to section 176.101. Economic recovery compensation or impairment compensation pursuant to section 176.101 shall be withheld pending completion of payment for temporary total disability, and no credit shall be taken for payment of economic recovery compensation or impairment compensation against liability for temporary total or future permanent total disability. Liability on the part of an employer or the insurer for disability of a temporary total, temporary partial, and permanent total nature shall be considered as a continuing product and part of the employee's inability to earn or reduction in earning capacity due to injury or occupational disease and compensation is payable accordingly, subject to section 176.101. Economic recovery compensation or impairment compensation is payable for functional loss of use or impairment of function, permanent in nature, and payment therefore shall be separate, distinct, and in addition to payment for any other compensation, subject to section 176.101. The right to receive temporary total, temporary partial, or permanent total disability payments vests in the injured employee or the employee's dependents under this chapter or, if none, in the employee's legal heirs at the time the disability can be ascertained and the right is not abrogated by the employee's death prior to the making of the payment.~~

The right to receive economic recovery compensation or impairment permanent partial compensation vests in an injured employee or in the employee's dependents under this chapter or, if none, in the employee's legal heirs at the time the disability can be ascertained, provided that the employee lives for at least 30 days beyond the date of the injury. The right is not abrogated by the employee's death prior to the making of the payment. Upon the death of an employee who is receiving economic recovery compensation or impairment compensation, further compensation is payable pursuant to section 176.101. Impairment compensation is payable under this paragraph if vesting has occurred, the employee dies prior to reaching maximum medical improvement, and the requirements and conditions under section 176.101, subdivision 3e, are not met.

Disability ratings for permanent partial disability shall be based on objective medical evidence.

Sec. 5. Minnesota Statutes 1987 Supplement, section 176.041, subdivision 4, is amended to read:

Subd. 4. [OUT-OF-STATE EMPLOYMENTS.] (a) *Except as provided in paragraph (b), if an employee who regularly performs the primary duties of employment outside of this state or is hired to perform the primary duties of employment outside of this state, receives an injury within this state in the employ of the same employer, such injury shall be covered within the provisions of this chapter if the employee chooses to forego any workers' compensation claim resulting from the injury that the employee may have a right to pursue in some other state, provided that the special compensation fund is not liable for payment of benefits pursuant to section 176.183 if*

the employer is not insured against workers' compensation liability pursuant to this chapter and the employee is a nonresident of Minnesota on the date of the personal injury.

(b) An employee who has been hired outside of this state, or regularly performs the primary duties of employment outside of this state, and the employee's employer, are exempt from the provisions of this chapter while the employee is temporarily within this state performing work for the employer provided the employer has furnished workers' compensation insurance coverage under the workers' compensation law or other similar law of another state which covers the employee's employment while in this state. The benefits under the workers' compensation law or similar law of the other state, or other remedies under that state's law, are the exclusive remedy against the employer for any injury, whether resulting in death or not, received by the employee while working for that employer within this state. A certificate from the commissioner of labor and industry or other similar official of another state certifying that the employer is insured in that state and has provided extraterritorial coverage insuring its employees while working within this state is prima facie evidence that the employer carries workers' compensation insurance on those employees.

Sec. 6. Minnesota Statutes 1986, section 176.061, subdivision 10, is amended to read:

Subd. 10. [INDEMNITY.] Notwithstanding the provisions of chapter 65B or any other law to the contrary, an employer has a right of indemnity for any compensation paid or payable pursuant to this chapter, including temporary total compensation, temporary partial compensation, permanent partial disability, ~~economic recovery compensation, impairment compensation,~~ medical compensation, rehabilitation, death, and permanent total compensation.

Sec. 7. Minnesota Statutes 1986, section 176.081, subdivision 1, is amended to read:

Subdivision 1. (a) A fee for legal services of 25 percent of the first \$4,000 of compensation awarded to the employee and 20 percent of the next \$27,500 of compensation awarded to the employee is permissible and does not require approval by the commissioner, compensation judge, or any other party except as provided in ~~clause~~ paragraph (b). If the employer or the insurer or the defendant is given written notice of claims for legal services or disbursements, the claim shall be a lien against the amount paid or payable as compensation. In no case shall fees be calculated on the basis of any undisputed portion of compensation awards. Allowable fees under this chapter shall be based solely upon genuinely disputed portions of claims, including disputes related to the payment of rehabilitation benefits or to other aspects of a rehabilitation plan. Fees for administrative conferences under ~~section 176.242, 176.2421, 176.243, or 176.244~~ sections 176.106 and 176.239 shall be determined on an hourly basis, according to the criteria in subdivision 5.

(b) An attorney who is claiming legal fees ~~under this section~~ for representing an employee in a workers' compensation matter shall file a statement of ~~attorney's attorney~~ fees with the commissioner, compensation judge before whom the matter was heard, or workers' compensation court of appeals on cases before the court. A copy of the signed retainer agreement shall also be filed. The employee and insurer shall receive a copy of the statement. The statement shall be on a form prescribed by the commissioner

and shall clearly and conspicuously state that the employee or insurer has ten calendar days to object to the attorney fees requested. If no objection is timely made by the employee or insurer, the amount requested shall be conclusively presumed reasonable providing the amount does not exceed the limitation in subdivision 1. The commissioner, compensation judge, or court of appeals shall issue an order granting the fees and the amount requested shall be awarded to the party requesting the fee. If a timely objection is filed, or the fee is determined on an hourly basis, the commissioner, compensation judge, or court of appeals shall review the matter and make a determination based on the criteria in subdivision 5. If no timely objection is made by an employer or insurer, reimbursement under subdivision 7 shall be made if the statement of fees requested this reimbursement.

(c) An attorney representing employers or insurers shall file a statement of attorney fees or wages with the commissioner, compensation judge before whom the matter was heard, or workers' compensation court of appeals on cases before the court. The statement of attorney fees or wages must contain the following information: the average hourly wage or the value of hours worked on that case if the attorney is an employee of the employer or insurer, the number of hours worked on that case, and the average hourly rate or amount charged an employer or insurer for that case if the attorney is not an employee of the employer or insurer.

(d) Employers and insurers may not pay attorney fees or wages for legal services of more than \$6,500 per case unless the additional fees or wages are approved under subdivision 2.

Sec. 8. Minnesota Statutes 1987 Supplement, section 176.081, subdivision 2, is amended to read:

Subd. 2. An application for attorney fees in excess of the amount authorized in subdivision 1 shall be made to the commissioner, compensation judge, or district judge, before whom the matter was heard. An appeal of a decision by the commissioner, a compensation judge, or district court judge on additional fees may be made to the workers' compensation court of appeals. The application shall set forth the fee requested ~~and, the number of hours spent on the case,~~ the basis for the request, and whether or not a hearing is requested. The application, with affidavit of service upon the ~~employee attorney's client,~~ shall be filed by the attorney requesting the fee. If a hearing is requested by an interested party, a hearing shall be set with notice of the hearing served upon known interested parties. In all cases the employee shall be served with notice of hearing.

Sec. 9. Minnesota Statutes 1986, section 176.081, subdivision 3, is amended to read:

Subd. 3. ~~An employee who~~ A party that is dissatisfied with its attorney fees, may file an application for review by the workers' compensation court of appeals. Such application shall state the basis for the need of review and whether or not a hearing is requested. A copy of such application shall be served upon the party's attorney ~~for the employee~~ by the court administrator and if a hearing is requested by either party, the matter shall be set for hearing. The notice of hearing shall be served upon known interested parties. ~~The attorney for the employee shall be served with a notice of the hearing.~~ The workers' compensation court of appeals shall have the authority to raise the question of the issue of the attorney fees at any time upon its own motion and shall have continuing jurisdiction over attorney fees.

Sec. 10. Minnesota Statutes 1986, section 176.101, subdivision 1, is amended to read:

Subdivision 1. [TEMPORARY TOTAL DISABILITY.] (a) For an injury producing temporary total disability, the compensation is ~~66-2/3~~ 80 percent of the *after-tax* weekly wage at the time of injury.

~~(1) provided that during the year commencing on October 1, 1979, and each year thereafter, commencing on October 1;~~ (b) The maximum weekly compensation payable is 105 percent of the statewide average weekly wage for the period ending December 31, of the preceding year.

(2) (c) The minimum weekly compensation benefits for temporary total disability shall be not less than ~~50~~ 20 percent of the statewide average weekly wage or the injured employee's ~~actual~~ *after-tax* weekly wage, whichever is less. ~~In no case shall a weekly benefit be less than 20 percent of the statewide average weekly wage.~~

~~(d) Subject to subdivisions 3a to 3u~~ This compensation shall be paid during the period of disability, payment to be made at the intervals when the wage was payable, as nearly as may be, and shall cease whenever any one of the following occurs:

(1) the disability ends;

(2) the employee returns to work;

(3) the employee retires by withdrawing from the labor market;

(4) the employee refuses an offer of work that is consistent with a plan of rehabilitation filed with the commissioner, which meets the requirements of section 176.102, subdivision 1, or, if no plan has been filed, that the employee can do in the employee's physical condition; or

(5) 90 days have passed after the employee has reached maximum medical improvement, except as provided in section 176.102, subdivision 11, paragraph (b).

(e) For purposes of paragraph (d), clause (5), the 90-day period after maximum medical improvement commences on the earlier of:

(1) the date that the employee receives a written medical report indicating that the employee has reached maximum medical improvement; or

(2) the date that the employer or insurer serves the report on the employee and the employee's legal representative and files a copy with the division.

(f) Once compensation has ceased under paragraph (d), clauses (1), (2), and (3), it may be recommenced at a later date if: the employee returns to work, the employee is laid off due to economic conditions or is medically unable to continue at the job, and the layoff or inability to continue occurs prior to 90 days after the employee reaches maximum medical improvement. Compensation recommenced under this paragraph is subject to cessation under paragraph (d). Recommenced compensation may not be paid beyond 90 days after the employee reaches maximum medical improvement, except as provided under section 176.102, subdivision 11, paragraph (b).

(g) Once compensation has ceased under paragraph (d), clauses (4) and (5), it may not be recommenced at a later date except as provided under section 176.102, subdivision 11, paragraph (b).

Sec. 11. Minnesota Statutes 1986, section 176.101, is amended by adding a subdivision to read:

Subd. 1a. [EXTENDED DISABILITY COMPENSATION.] (a) If an employee, who has a permanent partial disability, is not working because of the personal injury after payment of permanent partial disability benefits is complete, the employee shall be eligible for extended disability compensation. If an employee received any permanent partial compensation in a lump sum, payment will be considered complete after expiration of the period that the employee would have received permanent partial compensation had it been paid periodically.

(b) Extended disability compensation is paid at the rate for temporary total compensation, escalated under section 176.645, for the number of weeks equal to 246 multiplied by the employee's percentage rating of permanent partial disability, determined according to the rules adopted by the commissioner pursuant to section 176.105, subdivision 4. The total extended compensation for any injury may not exceed this product.

(c) Extended disability compensation shall cease if the employee is no longer disabled, returns to work, refuses a job offer described in subdivision 1, paragraph (d), clause (4), or retires from the labor market.

(d) An employee is not eligible for extended disability compensation if, at any time before the employee would have become eligible:

(1) the employee refuses a job offer, as described in subdivision 1, paragraph (d), clause (4); or

(2) the employee returns to work and terminates employment, unless the employee was medically unable to continue work or was terminated without just cause.

(e) An employee is eligible for extended compensation at any time after payment of permanent partial benefits is complete so long as the employee meets the qualifications of this section and has not been paid the maximum number of weeks under paragraph (b) for that injury; provided that, extended compensation may not be paid beyond 350 weeks after the date of injury.

Sec. 12. Minnesota Statutes 1986, section 176.101, subdivision 2, is amended to read:

Subd. 2. [TEMPORARY PARTIAL DISABILITY.] (a) In all cases of temporary partial disability the compensation shall be ~~66-2/3 percent of the difference between the weekly wage of the employee at the time of injury and the wage the employee is able to earn in the employee's partially disabled condition;~~ paid as follows:

(1) for the first 26 weeks that the employee returns to work, the compensation shall be 80 percent of the difference between the after-tax weekly wage of the employee at the time of injury and the after-tax weekly wage the employee is earning in the employee's partially disabled condition;

(2) for the second 26 weeks that the employee returns to work, the compensation shall be 60 percent of the difference between the after-tax weekly wage of the employee at the time of injury and the after-tax weekly wage the employee is earning in the employee's partially disabled condition; and

(3) for the third 26 weeks that the employee returns to work, the compensation shall be 40 percent of the difference between the after-tax weekly

wage of the employee at the time of injury and the after-tax weekly wage the employee is earning in the employee's partially disabled condition.

(b) This compensation shall be paid during the period of disability except as provided in this section, payment to be made at the intervals when the wage was payable, as nearly as may be, and subject to a maximum compensation equal to 105 percent of the statewide average weekly wage.

(c) Temporary partial compensation may be paid only while the employee is working and earning less than the employee's weekly wage at the time of the injury. Except as provided in section 176.102, subdivision 11, paragraph (b), temporary partial compensation may not be paid after the employee has returned to work for 78 weeks or after 350 weeks after the date of injury, whichever occurs first.

Sec. 13. Minnesota Statutes 1986, section 176.101, is amended by adding a subdivision to read:

Subd. 3. [PERMANENT PARTIAL DISABILITY.] (a) Compensation for permanent partial disability is as provided in this subdivision. For permanent partial disability up to the percent of the whole body shown in the following schedule, the amount of compensation is equal to the proportion that the loss of function of the disabled part bears to the whole body multiplied by the amount aligned with that percent in the following schedule:

<i>Percent of Disability</i>	<i>Amount</i>
0-25	\$ 75,000
26-30	80,000
31-35	85,000
36-40	90,000
41-45	95,000
46-50	100,000
51-55	120,000
56-60	140,000
61-65	160,000
66-70	180,000
71-75	200,000
76-80	240,000
81-85	280,000
86-90	320,000
91-95	360,000
96-100	400,000

An employee may not receive compensation for more than a 100 percent disability of the whole body, even if the employee sustains disability to two or more body parts.

(b) Permanent partial disability is payable upon cessation of temporary total disability under subdivision 1. If the employee is not working, the compensation is payable in installments at the same intervals and in the same amount as the initial temporary total disability rate. If the employee returns to work, the remaining compensation is payable in a lump sum 30 days after the employee returned to work provided the employment has not been substantially interrupted by the injury for any part of the 30 days and the employee is still employed at the job at the end of the period.

Sec. 14. Minnesota Statutes 1986, section 176.101, subdivision 4, is amended to read:

Subd. 4. [PERMANENT TOTAL DISABILITY.] For permanent total disability, as defined in subdivision 5, the compensation shall be ~~66-2/3~~ 80 percent of the ~~daily~~ after-tax weekly wage at the time of the injury, subject to a maximum weekly compensation equal to the maximum weekly compensation for a temporary total disability and a minimum weekly compensation equal to the minimum weekly compensation for a temporary total disability. This compensation shall be paid during the permanent total disability of the injured employee but after a total of \$25,000 of weekly compensation has been paid, the amount of the weekly compensation benefits being paid by the employer shall be reduced by the amount of any disability benefits being paid by any government disability benefit program if the disability benefits are occasioned by the same injury or injuries which give rise to payments under this subdivision. This reduction shall also apply to any old age and survivor insurance benefits. Payments shall be made at the intervals when the wage was payable, as nearly as may be. In case an employee who is permanently and totally disabled becomes an inmate of a public institution, no compensation shall be payable during the period of confinement in the institution, unless there is wholly dependent on the employee for support some person named in section 176.111, subdivision 1, 2 or 3, in which case the compensation provided for in section 176.111, during the period of confinement, shall be paid for the benefit of the dependent person during dependency. The dependency of this person shall be determined as though the employee were deceased.

Sec. 15. Minnesota Statutes 1986, section 176.101, subdivision 5, is amended to read:

Subd. 5. [~~TOTAL DISABILITY DEFINITION.~~] (a) *For purposes of subdivision 4, permanent total disability means only:*

(1) the total and permanent loss of the sight of both eyes, the loss of both arms at the shoulder, the loss of both legs so close to the hips that no effective artificial members can be used, complete and permanent paralysis, total and permanent loss of mental faculties; or

(2) any other injury which totally and permanently incapacitates the employee from working at an occupation which brings the employee an income ~~constitutes total disability~~.

(b) *For purposes of paragraph (a), clause (2), totally and permanently incapacitated means that the employee's physical disability, in combination with the employee's age, education and training, and experience, causes the employee to be unable to secure anything more than sporadic employment resulting in an insubstantial income. Local labor market conditions may not be considered in making the total and permanent incapacitation determination.*

Sec. 16. Minnesota Statutes 1986, section 176.102, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] (a) *This section only applies to vocational rehabilitation of injured employees and their spouses as provided under subdivision 1a. Physical rehabilitation of injured employees is considered treatment subject to section 176.135.*

(b) ~~Rehabilitation is intended to restore the injured employee; through physical and vocational rehabilitation,~~ so the employee may return to a job related to the employee's former employment or to a job in another work area which produces an economic status as close as possible to that the

employee would have enjoyed without disability. Rehabilitation to a job with a higher economic status than would have occurred without disability is permitted if it can be demonstrated that this rehabilitation is necessary to increase the likelihood of reemployment. Economic status is to be measured not only by opportunity for immediate income but also by opportunity for future income.

Sec. 17. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATORS.] The commissioner shall hire a director of rehabilitation services in the classified service. The commissioner shall monitor and supervise rehabilitation services, including, but not limited to, making determinations regarding the selection and delivery of rehabilitation services and the criteria used to approve qualified rehabilitation consultants and rehabilitation vendors. The commissioner may also make determinations regarding fees for rehabilitation services *and shall by rule, subject to chapter 14, establish a fee schedule or otherwise limit fees charged by qualified rehabilitation consultants and vendors.* The commissioner may hire qualified personnel to assist in the commissioner's duties under this section and may delegate the duties and performance.

Sec. 18. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 3, is amended to read:

Subd. 3. [REVIEW PANEL.] There is created a rehabilitation review panel composed of the commissioner or a designee, who shall serve as an ex officio member and ~~two members~~ *one member each from representing employers, insurers, rehabilitation, and medicine, one member representing chiropractors, and four* ~~two members each representing labor and rehabilitation vendors, and six members who are qualified rehabilitation consultants.~~ The members shall be appointed by the commissioner and shall serve four-year terms which may be renewed. Compensation for members shall be governed by section 15.0575. The panel shall select a chair. The panel shall review and make a determination with respect to appeals from orders of the commissioner regarding certification approval of qualified rehabilitation consultants and vendors. The hearings are de novo and initiated by the panel under the contested case procedures of chapter 14, and are appealable to the workers' compensation court of appeals in the manner provided by section 176.421.

Sec. 19. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 3a, is amended to read:

Subd. 3a. [DISCIPLINARY ACTIONS.] The panel has authority to discipline qualified rehabilitation consultants and vendors and may impose a penalty of up to \$1,000 per violation, and may suspend or revoke certification. Complaints against registered qualified rehabilitation consultants and vendors shall be made to the commissioner who shall investigate all complaints. If the investigation indicates a violation of this chapter or rules adopted under this chapter, the commissioner may initiate a contested case proceeding under the provisions of chapter 14. In these cases, the rehabilitation review panel shall make the final decision following receipt of the report of an administrative law judge. The decision of the panel is appealable to the workers' compensation court of appeals in the manner provided by section 176.421. The panel shall continuously study rehabilitation services and delivery, develop and recommend rehabilitation rules to the commissioner, and assist the commissioner in accomplishing public

education.

The commissioner may appoint alternates for one-year terms to serve as a member when a member is unavailable. The number of alternates shall not exceed one labor member, one employer or insurer member, and one member representing medicine, ~~chiropractic~~, or rehabilitation vendors, and one member representing qualified rehabilitation consultants.

Sec. 20. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 4, is amended to read:

Subd. 4. [REHABILITATION PLAN; DEVELOPMENT.] (a) ~~An employer or insurer shall provide rehabilitation consultation by a qualified rehabilitation consultant or by another person permitted by rule to provide consultation to an injured employee within five days after the employee has 60 days of lost work time due to the personal injury, except as otherwise provided in this subdivision. Where an employee has incurred an injury to the back, the consultation shall be made within five days after the employee has 30 days of lost work time due to the injury. The lost work time in either case may be intermittent lost work time. If an employer or insurer has medical information at any time prior to the time specified in this subdivision that the employee will be unable to return to the job the employee held at the time of the injury rehabilitation consultation shall be provided immediately after receipt of this information.~~

For purposes of this section "lost work time" means only those days during which the employee would actually be working but for the injury. In the case of the construction industry, mining industry, or other industry where the hours and days of work are affected by seasonal conditions, "lost work time" shall be computed by using the normal schedule worked when employees are working full time. A rehabilitation consultation must be provided by the employer to an injured employee upon request of the employee, the employer, or the commissioner. If a rehabilitation consultation is requested, the employer shall provide a qualified rehabilitation consultant; except that, if the injured employee objects to the employer's selection, the employee may select a qualified rehabilitation consultant of the employee's own choosing within 30 days following the first in-person contact between the employee and the original qualified rehabilitation consultant. If the consultation indicates that rehabilitation services are appropriate pursuant to subdivision 1, the employer shall provide such services. If the consultation indicates that rehabilitation services are not appropriate pursuant to subdivision 1, the employer shall notify the employee of this determination within seven days after the consultation.

(b) In order to assist the commissioner in determining whether or not to request rehabilitation consultation for an injured employee, an employer must notify the commissioner whenever the employee's temporary total disability will likely exceed 13 weeks. The notification must be made within 90 days from the date of the injury or when the likelihood of at least a 13-week disability can be determined, whichever is earlier, and must include a current physician's report.

(c) The qualified rehabilitation consultant ~~appointed by the employer or insurer~~ shall disclose in writing at the first meeting or written communication with the employee any ownership interest or affiliation between the firm which employs the qualified rehabilitation consultant and the employer, insurer, adjusting or servicing company, including the nature and extent of the affiliation or interest. The consultant shall also disclose to all parties

any affiliation, business referral or other arrangement between the consultant or the firm employing the consultant and any other party to the case, including or to any attorneys, doctors, or chiropractors.

If the employee objects to the employer's selection of a qualified rehabilitation consultant, the employee shall notify the employer and the commissioner in writing of the objection. The notification shall include the name, address, and telephone number of the qualified rehabilitation consultant chosen by the employee to provide rehabilitation consultation.

(d) After the initial provision or selection of a qualified rehabilitation consultant as provided under paragraph (a), the employee may choose request a different qualified rehabilitation consultant as follows:

(1) once during the first 60 days following the first in-person contact between the employee and the original consultant;

(2) once after the 60-day period referred to in clause (1); and

(3) subsequent requests which shall be determined granted or denied by the commissioner or compensation judge according to the best interests of the parties.

(e) The employee and employer shall enter into a program if one is prescribed in develop a rehabilitation plan within 30 days of the rehabilitation consultation if the qualified rehabilitation consultant determines that rehabilitation is appropriate. A copy of the plan, including a target date for return to work, shall be submitted to the commissioner within 15 days after the plan has been developed.

(b) (f) If the employer does not provide rehabilitation consultation, or the employee does not select a qualified rehabilitation consultant, as required by this section provided under paragraph (a), the commissioner or compensation judge shall notify the employer that if the employer fails to appoint provide, or the employee fails to select, whichever is applicable, a qualified rehabilitation consultant or other persons as permitted by clause (a) within 15 days to conduct a rehabilitation consultation, the commissioner or compensation judge shall appoint a qualified rehabilitation consultant to provide the consultation at the expense of the employer unless the commissioner or compensation judge determines the consultation is not required.

(e) (g) In developing a rehabilitation plan consideration shall be given to the employee's qualifications, including but not limited to age, education, previous work history, interest, transferable skills, and present and future labor market conditions.

(d) (h) The commissioner or compensation judge may waive rehabilitation services under this section if the commissioner or compensation judge is satisfied that the employee will return to work in the near future or that rehabilitation services will not be useful in returning an employee to work.

Sec. 21. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 6, is amended to read:

Subd. 6. [PLAN, ELIGIBILITY FOR REHABILITATION, APPROVAL AND APPEAL.] The commissioner or a compensation judge shall determine eligibility for rehabilitation services and shall review, approve, modify,

or reject rehabilitation plans developed under subdivision 4. The commissioner or a compensation judge shall also make determinations regarding rehabilitation issues not necessarily part of a plan including, but not limited to, determinations regarding whether an employee is eligible for further rehabilitation and the benefits under subdivisions 9 and 11 to which an employee is entitled. *A plan that is not completed within six months or that will cost more than \$3,000 must be specifically approved by the commissioner. This approval may not be waived by the parties.*

Sec. 22. Minnesota Statutes 1986, section 176.102, subdivision 7, is amended to read:

Subd. 7. [PLAN IMPLEMENTATION; REPORTS.] (a) Upon request by the commissioner, insurer, employer or employee, medical and rehabilitation reports shall be made by the provider of the medical and rehabilitation service to the commissioner, insurer, employer, or employee.

(b) If a rehabilitation plan has not already been filed pursuant to subdivision 4, an employer shall report to the commissioner after 90 days from the date of the injury, but before 120 days therefrom, as to what rehabilitation consultation and services, if any, have been provided to the injured employee or why rehabilitation consultation and services have not been provided.

Sec. 23. Minnesota Statutes 1986, section 176.102, subdivision 11, is amended to read:

Subd. 11. [RETRAINING; COMPENSATION.] (a) Retraining is limited to 156 weeks. An employee who has been approved for retraining may petition ~~the commissioner~~ for additional compensation not to exceed 25 percent of the compensation otherwise payable. If the commissioner or compensation judge determines that this additional compensation is warranted due to unusual or unique circumstances of the employee's retraining plan, the commissioner or compensation judge may award additional compensation in an amount ~~the commissioner determines is appropriate~~, not to exceed the employee's request. This additional compensation shall cease at any time the commissioner or compensation judge determines the special circumstances are no longer present.

(b) Pursuant to section 176.101, subdivisions 1 and 2, temporary total disability or temporary partial disability shall be paid during a retraining plan that has been specifically approved under this section and for up to 90 days after the end of the plan; except that, payment during the 90-day period is subject to cessation in accordance with section 176.101, subdivision 1, paragraph (d), clauses (1) to (4). Compensation paid under this paragraph must cease if the employee terminates participation in the approved retraining plan without good cause.

Sec. 24. Minnesota Statutes 1986, section 176.105, subdivision 1, is amended to read:

Subdivision 1. (a) The commissioner of labor and industry shall by rule establish a schedule of degrees of disability resulting from different kinds of injuries. *The commissioner, in consultation with the medical services review board, shall annually review these rules to determine whether any injuries omitted from the schedule should be compensable and, if so, amend the rules accordingly.*

(b) Disability ratings for permanent partial disability must be based on

objective medical evidence.

Sec. 25. Minnesota Statutes 1986, section 176.111, subdivision 6, is amended to read:

Subd. 6. [SPOUSE, NO DEPENDENT CHILD.] If the deceased employee leaves a dependent surviving spouse and no dependent child, there shall be paid to the spouse weekly workers' compensation benefits at ~~50~~ 80 percent of the *after-tax* weekly wage at the time of the injury for a period of ten years, including adjustments as provided in section 176.645.

Sec. 26. Minnesota Statutes 1986, section 176.111, subdivision 7, is amended to read:

Subd. 7. [SPOUSE, ONE DEPENDENT CHILD.] If the deceased employee leaves a surviving spouse and one dependent child, there shall be paid to the surviving spouse for the benefit of the spouse and child ~~60~~ 80 percent of the *daily after-tax weekly* wage at the time of the injury of the deceased until the child is no longer a dependent as defined in subdivision 1. ~~At that time there shall be paid to the dependent surviving spouse weekly benefits at a rate which is 16 2/3 percent less than the last weekly workers' compensation benefit payment, as defined in subdivision 8a, while the surviving child was a dependent, for a period of ten years, including adjustments as provided in section 176.645.~~

Sec. 27. Minnesota Statutes 1986, section 176.111, subdivision 8, is amended to read:

Subd. 8. [SPOUSE, TWO DEPENDENT CHILDREN.] If the deceased employee leaves a surviving spouse and two dependent children, there shall be paid to the surviving spouse for the benefit of the spouse and children ~~66 2/3~~ 80 percent of the *daily after-tax weekly* wage at the time of the injury of the deceased until the last dependent child is no longer dependent. ~~At that time the dependent surviving spouse shall be paid weekly benefits at a rate which is 25 percent less than the last weekly workers' compensation benefit payment, as defined in subdivision 8a, while the surviving child was a dependent, for a period of ten years, adjusted according to section 176.645.~~

Sec. 28. Minnesota Statutes 1986, section 176.111, subdivision 12, is amended to read:

Subd. 12. [ORPHANS.] If the deceased employee leaves a dependent orphan, there shall be paid ~~55~~ 80 percent of the *after-tax* weekly wage at the time of the injury of the deceased, for two or more orphans there shall be paid ~~66 2/3~~ 80 percent of the *wages after-tax weekly wage*.

Sec. 29. Minnesota Statutes 1986, section 176.111, subdivision 14, is amended to read:

Subd. 14. [PARENTS.] If the deceased employee leave no surviving spouse or child entitled to any payment under this chapter, but leaves both parents wholly dependent on deceased, there shall be paid to such parents jointly ~~45~~ 80 percent of the *after-tax* weekly wage at the time of the injury of the deceased. In case of the death of either of the wholly dependent parents the survivor shall receive ~~35~~ 80 percent of the *after-tax* weekly wage thereafter. If the deceased employee leave one parent wholly dependent on the deceased, there shall be paid to such parent ~~35~~ 80 percent of the *after-tax* weekly wage at the time of the injury of the deceased employee. The compensation payments under this section shall not exceed the actual

contributions made by the deceased employee to the support of the employee's parents for a reasonable time immediately prior to the injury which caused the death of the deceased employee.

Sec. 30. Minnesota Statutes 1987 Supplement, section 176.111, subdivision 15, is amended to read:

Subd. 15. [REMOTE DEPENDENTS.] If the deceased employee leaves no surviving spouse or child or parent entitled to any payment under this chapter, but leaves a grandparent, grandchild, brother, sister, mother-in-law, or father-in-law wholly dependent on the employee for support, there shall be paid to such dependent, if but one, ~~30~~ 40 percent of the *after-tax* weekly wage at the time of injury of the deceased, or if more than one, ~~35~~ 45 percent of the *after-tax* weekly wage at the time of the injury of the deceased, divided among them share and share alike.

Sec. 31. Minnesota Statutes 1986, section 176.111, subdivision 20, is amended to read:

Subd. 20. [ACTUAL DEPENDENTS, COMPENSATION.] Actual dependents are entitled to take compensation in the order named in subdivision 3 during dependency until ~~66-2/3~~ 80 percent of the *after-tax* weekly wage of the deceased at the time of injury is exhausted. The total weekly compensation to be paid to full actual dependents of a deceased employee shall not exceed in the aggregate an amount equal to the maximum weekly compensation for a temporary total disability.

Sec. 32. Minnesota Statutes 1987 Supplement, section 176.111, subdivision 21, is amended to read:

Subd. 21. [DEATH, BENEFITS; COORDINATION WITH GOVERNMENTAL SURVIVOR BENEFITS.] The following provision shall apply to any dependent entitled to receive weekly compensation benefits under this section as the result of the death of an employee, and who is also receiving or entitled to receive benefits under any government survivor program:

The combined total of weekly government survivor benefits and workers' compensation death benefits provided under this section shall not exceed 100 percent of the *after-tax* weekly wage being earned by the deceased employee at the time of the injury causing death; provided, however, that no state workers' compensation death benefit shall be paid for any week in which the survivor benefits paid under the federal program, by themselves, exceed 100 percent of such weekly wage provided, however, the workers' compensation benefits payable to a dependent surviving spouse shall not be reduced on account of any governmental survivor benefits payable to decedent's children if the support of the children is not the responsibility of the dependent surviving spouse.

For the purposes of this subdivision "dependent" means dependent surviving spouse together with all dependent children and any other dependents. For the purposes of this subdivision, mother's or father's insurance benefits received pursuant to United States Code, title 42, section 402(g), are benefits under a government survivor program.

Sec. 33. Minnesota Statutes 1987 Supplement, section 176.131, subdivision 1, is amended to read:

Subdivision 1. If an employee incurs personal injury and suffers disability from that injury alone that is substantially greater, because of a preexisting physical impairment, than what would have resulted from the personal

injury alone, the employer or insurer shall pay all compensation provided by this chapter, but the employer shall be reimbursed from the special compensation fund for all compensation paid in excess of 52 weeks of monetary benefits and ~~\$2,000~~ \$3,500 in medical expenses, subject to the exceptions in paragraphs (a), (b), and (c):

(a) If the disability caused by the subsequent injury is made substantially greater by the employee's registered preexisting physical impairment, there shall be apportionment of liability among all injuries. The special compensation fund shall only reimburse for that portion of the compensation, medical expenses, and rehabilitation expenses attributed to the subsequent injury after the applicable deductible has been met.

(b) If the subsequent personal injury alone results in permanent partial disability to a scheduled member under the schedule adopted by the commissioner pursuant to section 176.105, the special compensation fund shall not reimburse permanent partial disability, medical expenses, or rehabilitation expenses.

(c) *Reimbursement for compensation paid shall be at the rate of 75 percent.*

Sec. 34. Minnesota Statutes 1986, section 176.131, subdivision 1a, is amended to read:

Subd. 1a. If an employee is employed in an on-the-job training program pursuant to an approved rehabilitation plan under section 176.102 and the employee incurs a personal injury that aggravates the personal injury for which the employee has been certified to enter the on-the-job training program, the on-the-job training employer shall pay the medical expenses and compensation required by this chapter, and shall be reimbursed from the special compensation fund for the compensation and medical expense that is attributable to the aggravated injury; *except that, reimbursement for compensation paid shall be at the rate of 75 percent.* The employer, at the time of the personal injury for which the employee has been approved for on-the-job training, is liable for the portion of the disability that is attributable to that injury.

Sec. 35. Minnesota Statutes 1986, section 176.131, subdivision 2, is amended to read:

Subd. 2. If the employee's personal injury results in disability or death, and if the injury, death, or disability would not have occurred except for the preexisting physical impairment registered with the special compensation fund, the employer shall pay all compensation provided by this chapter, and shall be ~~fully~~ reimbursed from the special compensation fund for the compensation, except that:

(1) this ~~full~~ reimbursement shall not be made for cardiac disease or a condition registered pursuant to subdivision 8, clause (t) or (u) unless the commissioner by rule provides otherwise; and

(2) *reimbursement for compensation paid shall be at the rate of 75 percent.*

Sec. 36. Minnesota Statutes 1987 Supplement, section 176.131, subdivision 8, is amended to read:

Subd. 8. As used in this section the following terms have the meanings given them:

"Physical impairment" means any physical or mental condition that is permanent in nature, whether congenital or due to injury, disease or surgery and which is or is likely to be a hindrance or obstacle to obtaining employment except that physical impairment is limited to the following:

- (a) Epilepsy,
- (b) Diabetes,
- (c) Hemophilia,
- (d) Cardiac disease, provided that objective medical evidence substantiates at least the minimum permanent partial disability listed in the workers' compensation permanent partial disability schedule,
- (e) Partial or entire absence of thumb, finger, hand, foot, arm or leg,
- (f) Lack of sight in one or both eyes or vision in either eye not correctable to 20/40,
- (g) Residual disability from poliomyelitis,
- (h) Cerebral Palsy,
- (i) Multiple Sclerosis,
- (j) Parkinson's disease,
- (k) Cerebral vascular accident,
- (l) Chronic Osteomyelitis,
- (m) Muscular Dystrophy,
- (n) Thrombophlebitis,
- (o) Brain tumors,
- (p) Pott's disease,
- (q) Seizures,
- (r) Cancer of the bone,
- (s) Leukemia,
- (t) Any other physical impairment resulting in a disability rating of at least ~~ten~~ 25 percent of the whole body if the physical impairment were evaluated according to standards used in workers' compensation proceedings, and
- (u) Any other physical impairments of a permanent nature which the commissioner may by rule prescribe;

"Compensation" has the meaning defined in section 176.011;

"Employer" includes insurer;

"Disability" means, unless otherwise indicated, any condition causing either temporary total, temporary partial, permanent total, permanent partial, death, medical expense, or rehabilitation.

Sec. 37. Minnesota Statutes 1986, section 176.131, is amended by adding a subdivision to read:

Subd. 13. [APPLICABLE LAW.] The right to reimbursement under this section is governed by the law in effect on the date of the subsequent injury.

Sec. 38. Minnesota Statutes 1986, section 176.132, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBLE RECIPIENTS.] (a) ~~An employee who has suffered personal injury prior to October 1, 1983 for which benefits are payable under section 176.101 and who has been totally disabled for more than 104 weeks shall be eligible for supplementary benefits as prescribed in this section after 104 weeks have elapsed and for the remainder of the total disablement. Regardless of the number of weeks of total disability, no totally disabled person is ineligible for supplementary benefits after four years have elapsed since the first date of the total disability, except as provided by clause (b), provided that all periods of disability are caused by the same injury.~~

(b) ~~An employee who has suffered personal injury after October 1, 1983, and before August 1, 1988, is eligible to receive supplementary benefits after the employee has been receiving temporary total or permanent total benefits for 208 weeks. Regardless of the number of weeks of total disability, no person who is receiving temporary total compensation shall be ineligible for supplementary benefits after four years have elapsed since the first date of the total disability, provided that all periods of disability are caused by the same injury.~~

~~(b) An employee who has suffered personal injury after August 1, 1988, that caused a permanent total disability, as defined in section 176.101, subdivision 5, is eligible to receive supplementary benefits after four years have elapsed since the first date of the total disability, provided that the employee continues to have a permanent total disability.~~

Sec. 39. Minnesota Statutes 1986, section 176.132, subdivision 2, is amended to read:

Subd. 2. [AMOUNT.] (a) ~~The supplementary benefit payable under this section shall be the difference between the amount the employee receives on or after January 1, 1976, under section 176.101, subdivision 1 or 4, and 65 percent of the statewide average weekly wage as computed annually. The supplementary benefit payable under this section is:~~

~~(1) the sum of the amount the employee receives under section 176.101, subdivision 4, plus the amount of any disability benefits being paid by any government disability benefit program if those benefits are occasioned by the same injury or injuries giving rise to payments under section 176.101, subdivision 4, plus any old age and survivor's insurance benefits, subtracted from~~

~~(2) 50 percent of the statewide average weekly wage, as computed annually.~~

~~(b) In the event an eligible recipient is currently receiving no compensation or is receiving a reduced level of compensation because of a credit being applied as the result of a third party liability or damages, the employer or insurer shall compute the offset credit as if the individual were entitled to the actual benefit or 65 50 percent of the statewide average weekly wage as computed annually, whichever is greater. If this results in the use of a higher credit than otherwise would have been applied and the employer or insurer becomes liable for compensation benefits which would otherwise not have been paid, the additional benefits resulting shall be handled according to this section.~~

~~(c) In the event an eligible recipient is receiving no compensation or is~~

receiving a reduced level of compensation because of a valid agreement in settlement of a claim, no supplementary benefit shall be payable under this section. Attorney's fees shall be allowed in settlements of claims for supplementary benefits in accordance with this chapter.

~~(d) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of prior limitations in the maximum amount payable for permanent total disability or because of reductions resulting from the simultaneous receipt of old age or disability benefits, the supplementary benefit shall be payable for the difference between the actual amount of compensation currently being paid and 65 percent of the statewide average weekly wage as computed annually.~~

~~(e)~~ (d) In the event that an eligible recipient is receiving simultaneous benefits from any government disability program, the amount of supplementary benefits payable under this section shall be reduced by five percent. If the individual does not receive the maximum benefits for which the individual is eligible under other governmental disability programs due to the provisions of United States Code, title 42, section 424a(d), this reduction shall not apply.

Sec. 40. Minnesota Statutes 1986, section 176.132, subdivision 3, is amended to read:

Subd. 3. [PAYMENT.] The payment of supplementary benefits shall be the responsibility of the employer or insurer ~~currently paying total disability benefits, or any other payer of such benefits. When the eligible individual is not currently receiving benefits because the total paid has reached the maximum prescribed by law the employer and insurer shall, nevertheless,~~ pay the supplementary benefits that are prescribed by law. The employer or insurer paying the supplementary benefit shall have the right of full reimbursement from the special compensation fund for the amount of such benefits paid.

Sec. 41. Minnesota Statutes 1986, section 176.136, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE.] (a) The commissioner shall by rule establish procedures for determining whether or not the charge for a health service is excessive. In order to accomplish this purpose, the commissioner shall consult with insurers, associations and organizations representing the medical and other providers of treatment services and other appropriate groups. The procedures established by the commissioner ~~shall~~ must limit the charges allowable for medical, chiropractic, podiatric, surgical, hospital and other health care provider treatment or services, as defined and compensable under section 176.135, to the 75th percentile of usual and customary fees or charges based upon billings for each class of health care provider during all of the calendar year preceding the year in which the determination is made of the amount to be paid the health care provider for the billing.

(b) The medical fee rules for providers other than hospitals, which are promulgated on October 1, 1987, and based upon 1986 medical cost data, must remain in effect until September 30, 1989; and the medical fee rules for providers other than hospitals, which are promulgated on October 1, 1989, must be based on the 1987 medical cost data and must remain in effect until September 30, 1990.

(c) The procedures established by the commissioner for determining

whether or not the charge for a health service is excessive ~~shall~~ *must* be structured to encourage providers to develop and deliver services for rehabilitation of injured workers. The procedures ~~shall~~ *must* incorporate the provisions of sections 144.701, 144.702, and 144.703 to the extent that the commissioner finds that these provisions effectively accomplish the intent of this section or are otherwise necessary to insure that quality hospital care is available to injured employees.

Sec. 42. Minnesota Statutes 1986, section 176.136, is amended by adding a subdivision to read:

Subd. 1a. [CHARGES FOR INDEPENDENT MEDICAL EXAMINATIONS.] The commissioner shall adopt rules that reasonably limit amounts which may be charged for, or in connection with, independent or adverse medical examinations requested by any party, including the amount that may be charged for depositions, witness fees, or other expenses. The scheduled amount for the examination itself may not exceed the scheduled amount for complex consultations by treating physicians, although additional reasonable charges may be permitted to reflect additional duties or activities. An insurer or employer may not pay fees above the amount in the schedule.

Sec. 43. Minnesota Statutes 1987 Supplement, section 176.221, subdivision 1, is amended to read:

Subdivision 1. [COMMENCEMENT OF PAYMENT.] Within 14 days of notice to or knowledge by the employer of an injury compensable under this chapter the payment of temporary total compensation shall commence. Within 14 days of notice to or knowledge by an employer of a new period of temporary total disability which is caused by an old injury compensable under this chapter, the payment of temporary total compensation shall commence; provided that the employer or insurer may file for an extension with the commissioner within this 14-day period, in which case the compensation need not commence within the 14-day period but shall commence no later than 30 days from the date of the notice to or knowledge by the employer of the new period of disability. Commencement of payment by an employer or insurer does not waive any rights to any defense the employer has on any claim or incident either with respect to the compensability of the claim under this chapter or the amount of the compensation due. Where there are multiple employers, the first employer shall pay, unless it is shown that the injury has arisen out of employment with the second or subsequent employer. Liability for compensation under this chapter may be denied by the employer or insurer by giving the employee written notice of the denial of liability. If liability is denied for an injury which is required to be reported to the commissioner under section 176.231, subdivision 1, the denial of liability must be filed with the commissioner within 14 days after notice to or knowledge by the employer of an injury which is alleged to be compensable under this chapter. If the employer or insurer has commenced payment of compensation under this subdivision but determines within ~~30~~ 60 days of notice to or knowledge by the employer of the injury that the disability is not a result of a personal injury, payment of compensation may be terminated upon the filing of a notice of denial of liability within ~~30~~ 60 days of notice or knowledge. After the ~~30-day~~ 60-day period, payment may be terminated only by the filing of a notice as provided under section 176.239. Upon the termination, payments made may be recovered by the employer if the commissioner or compensation judge finds that the employee's claim of work related disability was not made in good faith. A notice of denial of liability must state in detail specific reasons explaining why

the claimed injury or occupational disease was determined not to be within the scope and course of employment and shall include the name and telephone number of the person making this determination.

Sec. 44. Minnesota Statutes 1986, section 176.645, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] For injuries occurring after October 1, 1975 for which benefits are payable under section 176.101, subdivisions 1, 2 and 4, and section 176.111, subdivision 5, the total benefits due the employee or any dependents shall be adjusted in accordance with this section. On October 1, 1981, and thereafter on the anniversary of the date of the employee's injury the total benefits due shall be adjusted by multiplying the total benefits due prior to each adjustment by a fraction, the denominator of which is the statewide average weekly wage for December 31, of the year two years previous to the adjustment and the numerator of which is the statewide average weekly wage for December 31, of the year previous to the adjustment. For injuries occurring after October 1, 1975, all adjustments provided for in this section shall be included in computing any benefit due under this section. Any limitations of amounts due for daily or weekly compensation under this chapter shall not apply to adjustments made under this section. No adjustment increase made on October 1, 1977 or thereafter under this section shall exceed ~~six~~ four percent a year. In those instances where the adjustment under the formula of this section would exceed this maximum the increase shall be deemed to be ~~six~~ four percent.

Sec. 45. Minnesota Statutes 1986, section 176.645, subdivision 2, is amended to read:

Subd. 2. [TIME OF FIRST ADJUSTMENT.] For injuries occurring on or after October 1, 1981, the initial adjustment made pursuant to subdivision 1 ~~shall be~~ is deferred until the first anniversary of the date of the injury. *For injuries occurring on or after August 1, 1988, the initial adjustment under subdivision 1 is deferred until the third anniversary of the date of injury.*

Sec. 46. Minnesota Statutes 1986, section 176.66, subdivision 11, is amended to read:

Subd. 11. [AMOUNT OF COMPENSATION.] The compensation for an occupational disease is ~~66-2/3~~ 80 percent of the employee's *after-tax* weekly wage on the date of injury subject to a maximum compensation equal to the maximum compensation in effect on the date of last exposure. The employee shall be eligible for supplementary benefits notwithstanding the provisions of section 176.132, after four years have elapsed since the date of last significant exposure to the hazard of the occupational disease if that employee's weekly compensation rate is less than the current supplementary benefit rate.

Sec. 47. [176.90] [AFTER-TAX CALCULATION.]

For purposes of section 176.011, subdivision 18, section 176.101, subdivisions 1, 2, 3, and 4, section 176.111, subdivisions 6, 7, 8, 12, 14, 15, 20, and 21, and section 176.66, the commissioner shall publish by September 1 of each year tables or formulas for determining the after-tax weekly wage to take effect the following October 1. The tables or formulas must be based on the applicable federal income tax and social security laws and state income tax laws in effect on the preceding April 1. These tables or formulas are conclusive for the purposes of converting weekly

wage into after-tax weekly wage. The commissioner may contract with the department of revenue or any other person or organization in order to adopt the tables or formulas. The adoption of the tables or formulas is exempt from the administrative rulemaking provisions of chapter 14.

Sec. 48. [176.95] [ADMINISTRATIVE COSTS.]

The annual cost to the commissioner of labor and industry of administering the workers' compensation system under this chapter must be charged to the state general fund. Administrative costs include the cost of administering the workers' compensation division of the department of labor and industry and the workers' compensation division of the office of administrative hearings.

Sec. 49. [ADMINISTRATIVE COSTS CHANGE-OVER.]

For the biennium beginning July 1, 1989, 50 percent of the costs of administering the workers' compensation system must be charged to the state general fund and 50 percent to the special compensation fund.

Sec. 50. [EXISTING DISABILITY RATINGS.]

Existing disability ratings adopted under section 176.105, subdivision 1, may not be changed before June 30, 1991.

Sec. 51. [AFTER-TAX CALCULATION.]

Notwithstanding section 47, the commissioner of labor and industry shall publish by July 15, 1988, a table or formula for determining the after-tax weekly wage effective August 1, 1988, until October 1, 1988, as otherwise required under that section.

Sec. 52. [APPROPRIATION.]

\$434,800 is appropriated from the workers' compensation special compensation fund to the commissioner of labor and industry to administer the workers' compensation system in accordance with this article. \$124,800 is for fiscal year 1988 and is available until June 30, 1989. \$310,000 is for fiscal year 1989. The approved complement of the department of labor and industry is increased by ten positions.

Sec. 53. [REPEALER.]

Minnesota Statutes 1986, sections 176.011, subdivision 26; and 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 6, are repealed.

Sec. 54. [EFFECTIVE DATE.]

Sections 5, 17, 18, 19, 24, 43, 47, 50, and 51 are effective the day following final enactment. Section 48 is effective July 1, 1991. Notwithstanding section 176.1321, sections 1 to 4, 6 to 16, 20 to 23, 25 to 41, 44 to 46, 49, and 53 are effective August 1, 1988. Section 42 is effective January 1, 1989.

ARTICLE 4

WORKERS' COMPENSATION INSURANCE

Section 1. Minnesota Statutes 1986, section 79.095, is amended to read:
79.095 [APPOINTMENT OF ACTUARY.]

The commissioner ~~shall~~ may employ the services of a casualty ~~actuary~~

actuaries experienced in ~~worker's~~ workers' compensation whose duties shall include but not be limited to investigation of complaints by insured parties relative to rates, rate classifications, or discriminatory practices of an insurer. The salary of ~~the~~ an actuary employed pursuant to this section is not subject to the provisions of section 43A.17, subdivision 1.

Sec. 2. Minnesota Statutes 1986, section 79.55, subdivision 2, is amended to read:

Subd. 2. [EXCESSIVENESS.] ~~No premium is excessive in a competitive market. In the absence of a competitive market,~~ Premiums are excessive if the expected underwriting profit, together with expected income from invested reserves for the market in question, that would accrue to an insurer would be unreasonably high in relation to the risk undertaken by the insurer in transacting the business.

Sec. 3. Minnesota Statutes 1986, section 79.56, is amended by adding a subdivision to read:

Subd. 5. [RATE REGULATION.] (a) *Whenever an insurer files a change in its existing rate level or rating plan, the commissioner may hold a hearing to determine if the rate level or rating plan is excessive, inadequate, or unfairly discriminatory. The hearing must be conducted pursuant to chapter 14. The commissioner shall give notice of intent to hold a hearing within 90 days of the filing of the change. It is the responsibility of the insurer to show that the rate level or rating plan is not excessive, inadequate, or unfairly discriminatory. The rate level or rating plan is effective unless it is determined as a result of the hearing that the rate level or rating plan is excessive, inadequate, or unfairly discriminatory. Upon such a finding, the rate level or rating plan is retroactively rescinded and any premiums collected thereunder must be refunded. This subdivision does not apply to any changes resulting from assessments for the assigned risk plan, reinsurance association, guarantee fund, special compensation fund, or statutory benefit level changes to sections 176.101, subdivisions 1, 2, and 4, 176.111, 176.132, and 176.645 as a result of annual adjustments in the statewide average weekly wage. The disapproval of a rate level or rating plan under this subdivision must be done in the same manner as under section 70A.11, except that the standards of section 79.55 apply.*

(b) *Notwithstanding paragraph (a), if the commissioner of labor and industry petitions the commissioner for a hearing pursuant to this subdivision, the commissioner must hold a hearing if the commissioner of labor and industry certifies that the hearing is necessary because a decision of the supreme court or enactment of a statute has effected a substantial change in the basis upon which the existing rate levels or rating plan was filed. The commissioner of labor and industry must make a prima facie showing that law change has effected a substantial change in the basis upon which the existing rate levels or rating plan was filed.*

(c) *Notwithstanding paragraph (a), the commissioner may hold a hearing if the commissioner determines that the hearing is necessary because of circumstances which result in a substantial change in the basis upon which the existing rate levels or rating plan was filed. The commissioner must make a prima facie showing that the circumstances resulted in a substantial change in the basis upon which the existing rate levels or rating plan was filed.*

Sec. 4. [79.561] [PARTICIPATION.]

An employer, or person representing a group of employers, which will be directly affected by a change in an insurer's existing rate level or rating plan filed under section 3, and the commissioner of labor and industry, must be allowed to participate in any hearing under that subdivision challenging the change in rate level or rating plan as being excessive, inadequate, or unfairly discriminatory.

Sec. 5. Minnesota Statutes 1986, section 79.58, subdivision 2, is amended to read:

Subd. 2. [RATING PLANS.] The commissioner may disapprove a rating plan of a data service organization if, after a hearing conducted pursuant to chapter 14, the commissioner finds that it is *excessive, inadequate, or unfairly discriminatory*. *The rating plan is effective until disapproved. It is the responsibility of the data service organization to show that the rating plan is not excessive, inadequate, or unfairly discriminatory.* Any order of disapproval shall require the data service organization to use an alternative rating plan until approval of a rating plan by the commissioner. The commissioner shall not approve any rating plan based upon any data other than Minnesota data, except that other data may be utilized as a supplement to Minnesota data when the commissioner determines that an exceptional case requires such data to establish the statistical credibility of an occupational classification.

Sec. 6. Minnesota Statutes 1986, section 79.61, subdivision 1, is amended to read:

Subdivision 1. [REQUIRED ACTIVITY.] Any data service organization shall perform the following activities:

(a) File statistical plans, including classification definitions, amendments to the plans, and definitions, with the commissioner for approval, and assign each compensation risk written by its members to its approved classification for reporting purposes;

(b) Establish requirements for data reporting and monitoring methods to maintain a high quality data base;

(c) Prepare and distribute a periodic report, in a form prescribed by the commissioner, on ratemaking including, but not limited to the following elements:

(i) development factors and alternative derivations;

(ii) trend factors and alternative derivations and applications;

(iii) pure premium relativities for the approved classification system for which data are reported, provided that the relativities for insureds engaged in similar occupations and presenting substantially similar risks shall, if different, differ by at least ten percent; and

(iv) an evaluation of the effects of changes in law on loss data.

The report shall also include explicit discussion and explanation of methodology, alternatives examined, assumptions adopted, and areas of judgment and reasoning supporting judgments entered into, and the effect of various combinations of these elements on indications for modification of an overall pure premium rate level change. The pure premium relativities and rate level indications shall not include a loading for expenses or profit and no expense or profit data or recommendations relating to expense or profit shall be included in the report or collected by a data service organization;

(d) Collect, compile, summarize, and distribute data from members or other sources pursuant to a statistical plan approved by the commissioner;

(e) Prepare merit rating plan and calculate any variable factors necessary for utilization of the plan. Such a plan may be used by any of its members, at the option of the member provided that the application of a plan shall not result in rates that are unfairly discriminatory;

(f) Provide loss data specific to an insured to the insured at a reasonable cost;

(g) Distribute information to an insured or interested party that is filed with the commissioner and is open to public inspection; ~~and~~

(h) Assess its members for operating expenses on a fair and equitable basis;

(i) Separate the incurred but not reported losses of its members;

(j) Separate paid and outstanding losses of its members;

(k) Provide information indicating cases in which its members have established a reserve in excess of \$50,000;

(l) Provide information on the income on invested reserves of its members;

(m) Provide information as to policies written at other than the filed rates;

(n) File information based solely on Minnesota premium income of its members concerning investment income, legal expenses, subrogation recoveries, administrative expenses, and commission expenses;

(o) File information based solely on Minnesota data concerning its members' reserving practices, premium income, indemnity, and medical benefits paid; and

(p) Provide any records of the data service organizations that are requested by the commissioner or otherwise required by statute.

Sec. 7. [79.65] [CHAPTER APPLICABILITY TO DATA SERVICE ORGANIZATIONS.]

Subdivision 1. [EXAMINATION BY COMMISSIONER.] Data service organizations are subject to all the provisions of this chapter. The commissioner or an authorized representative of the commissioner may visit the rating association at any reasonable time and examine, audit, or evaluate the rating association's operations, records, and practices. For purposes of this section, "authorized representative of the commissioner" includes employees of the departments of commerce or labor and industry or other parties retained by the commissioner. Examination under this section may be done of any member of data service organizations for purposes of workers' compensation insurance regulation.

Subd. 2. [COSTS AND EXPENSES.] The commissioner may order and the data service organization shall pay the costs and expenses of any examination, audit, or evaluation conducted pursuant to subdivision 1. A sum sufficient to pay these costs and expenses is appropriated from the special compensation fund to the commissioner of commerce.

Sec. 8. [79.651] [INVESTIGATIONS AND SUBPOENAS.]

Subdivision 1. [GENERAL POWERS.] In connection with the administration of chapter 79, the commissioner of commerce may:

(1) make public or private investigations within or without this state as the commissioner considers necessary to determine whether any person has violated or is about to violate chapter 79 or any rule or order under chapter 79, or to aid in the enforcement of chapter 79, or in the prescribing of rules or forms under chapter 79;

(2) require or permit any person to file a statement in writing, under oath or otherwise as the commissioner determines, as to all the facts and circumstances concerning the matter being investigated;

(3) hold hearings, upon reasonable notice, in respect to any matter arising out of the administration of chapter 79;

(4) conduct investigations and hold hearings for the purpose of compiling information with a view to recommending changes in chapter 79 to the legislature;

(5) examine the books, accounts, records, and files of every licensee under chapter 79 and of every person who is engaged in any activity regulated under chapter 79; the commissioner or a designated representative shall have free access during normal business hours to the offices and places of business of the person, and to all books, accounts, papers, records, files, safes, and vaults maintained in the place of business;

(6) publish information which is contained in any order issued by the commissioner; and

(7) require any person subject to chapter 79 to report all sales or transactions that are regulated under chapter 79. The reports must be made within ten days after the commissioner has ordered the report. The report is accessible only to the respondent and other governmental agencies unless otherwise ordered by a court of competent jurisdiction.

Subd. 2. [POWER TO COMPEL PRODUCTION OF EVIDENCE.] For the purpose of any investigation, hearing, or proceeding under chapter 79, the commissioner or a designated representative may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of books, papers, correspondence, memoranda, agreements, or other documents or records that the commissioner considers relevant or material to the inquiry.

Subd. 3. [COURT ORDERS.] In case of a refusal to appear or a refusal to obey a subpoena issued to any person, the district court, upon application by the commissioner, may issue to any person an order directing that person to appear before the commissioner, or the officer designated by the commissioner, there to produce documentary evidence if so ordered or to give evidence relating to the matter under investigation or in question. Failure to obey the order of the court may be punished by the court as a contempt of court.

Subd. 4. [SCOPE OF PRIVILEGE.] No person is excused from attending and testifying or from producing any document or record before the commissioner, or from obedience to the subpoena of the commissioner or any officer designated by the commissioner or in a proceeding instituted by the commissioner, on the ground that the testimony or evidence required may tend to incriminate that person or subject that person to a penalty of forfeiture. No person may be prosecuted or subjected to a penalty or

forfeiture for or on account of a transaction, matter, or thing concerning which the person is compelled, after claiming the privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that the individual is not exempt from prosecution and punishment for perjury or contempt committed in testifying.

Subd. 5. [LEGAL ACTIONS; INJUNCTIONS; CEASE AND DESIST ORDERS.] Whenever it appears to the commissioner that any person has engaged or is about to engage in any act or practice constituting a violation of chapter 79, or any rule or order adopted under chapter 79, the commissioner has the following powers: (1) the commissioner may bring an action in the name of the state in the district court of the appropriate county to enjoin the acts or practices and to enforce compliance with chapter 79, or any rule or order adopted or issued under chapter 79, or the commissioner may refer the matter to the attorney general or the county attorney of the appropriate county. Upon a proper showing, a permanent or temporary injunction, restraining order, or other appropriate relief must be granted; (2) the commissioner may issue and cause to be served upon the person an order requiring the person to cease and desist from violations of chapter 79, or any rule or order adopted or issued under chapter 79. The order must be calculated to give reasonable notice of the rights of the person to request a hearing and must state the reasons for the entry of the order. A hearing must be held not later than seven days after the request for the hearing is received by the commissioner, after which and within 20 days after receiving the administrative law judge's report, the commissioner shall issue a further order vacating the cease and desist order or making it permanent as the facts require. If no hearing is requested within 30 days of service of the order, the order will become final and will remain in effect until it is modified or vacated by the commissioner. Unless otherwise provided, all hearings must be conducted in accordance with chapter 14. If the person to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the person is in default, and the proceeding may be determined against that person upon consideration of the cease and desist order, the allegations of which may be considered to be true. The commissioner may adopt rules of procedure concerning all proceedings conducted under this subdivision.

Subd. 6. [VIOLATIONS AND PENALTIES.] The commissioner may impose a civil penalty not to exceed \$2,000 per violation upon a person who violates chapter 79, unless a different penalty is specified.

Subd. 7. [ACTIONS AGAINST LICENSEES.] In addition to any other actions authorized by this section, the commissioner may, by order, deny, suspend, or revoke the authority or license of a person subject to chapter 79, or censure that person if the commissioner finds that:

- (1) the order is in the public interest; or
- (2) the person has violated chapter 79.

Subd. 8. [STOP ORDER.] In addition to any other actions authorized by this section, the commissioner may issue a stop order denying effectiveness to or suspending or revoking any registration subject to chapter 79.

Subd. 9. [POWERS ADDITIONAL.] The powers contained in subdivisions 1 to 8 are in addition to all other powers of the commissioner.

Sec. 9. [79.652] [ACCESS TO INSURER.]

The commissioner, or the designated person, shall have free access during normal business hours to all books, records, securities, documents, and any or all papers relating to the property, assets, business, and affairs of any company, applicant, association, or person which may be examined pursuant to this act for the purpose of ascertaining, appraising, and evaluating the assets, conditions, affairs, operations, ability to fulfill obligations, and compliance with all the provisions of law of the company or person insofar as any of the above pertain to the business of insurance of a person, organization, or corporation transacting, having transacted, or being organized to transact business in this state. Every company or person being examined, its officers, directors, and agents, shall provide to the commissioner or the designated person convenient and free access at all reasonable hours at its office to all its books, records, securities, documents, any or all papers relating to the property, assets, business, and affairs of the company or person. The officers, directors, and agents of the company or person shall facilitate the examination and aid in the examination so far as it is in their power to do so.

Sec. 10. Minnesota Statutes 1986, section 176A.03, is amended by adding a subdivision to read:

Subd. 3. [COVERAGE OUTSIDE STATE.] Policies issued by the fund pursuant to this chapter may also provide workers' compensation coverage required under the laws of states other than Minnesota, including coverages commonly known as "all states coverage." The fund may apply for and obtain any licensure required in any other state in order to issue such coverage.

Sec. 11. [MANDATED REDUCTIONS.]

(a) As a result of the workers' compensation law changes in article 3 and the resulting savings to the costs of Minnesota's workers' compensation system, an insurer's approved schedule of rates in effect on August 1, 1988, must be reduced by 16 percent and applied by the insurer to all policies issued, renewed, or outstanding on or after that date. An insurer may not adjust its filed rating plan to recoup the 16 percent mandated rate reduction under this section. The reduction must be computed on the basis of a 16 percent premium reduction prorated to the expiration of that policy. An insurer shall provide written notice by September 1, 1988, to all employers having an outstanding policy with the insurer as of August 1, 1988, to read as follows: "As a result of the changes in the workers' compensation insurance system enacted by the 1988 legislature, you are entitled to a credit or refund to your current premium in an amount of \$ which reflects a 16 percent mandated premium reduction prorated to the expiration of your policy."

(b) No rate increases may be filed between April 10, 1988, and January 1, 1989.

Sec. 12. [NOTICE OF INTENT TO CHALLENGE RATE LEVEL CHANGE.]

Notwithstanding section 3, the commissioner shall have an additional 90 days to give notice of intent to hold a hearing pursuant to that section. This section applies only to challenges to an insurer's change in existing rate levels or rating plan filed between the date the 1989 rate-making report is approved by the commissioner of commerce and six months thereafter.

Sec. 13. [RECORDS DEPOSITED WITH THE COMMISSIONER.]

All records of data services organizations authorized by section 79.61, or its predecessors, pertaining to proceedings before the department of commerce or its predecessors regarding rates or classifications must be deposited with the commissioner no later than August 1, 1988.

Sec. 14. [CONTINGENT APPROPRIATION.]

(a) \$250,000 is appropriated from the special compensation fund to a workers' compensation contingent account for the purposes of this article. The appropriation in this section may only be spent with the approval of the governor after consultation with the legislative advisory commission under Minnesota Statutes, section 3.30. The appropriation in this section does not cancel but is available until June 30, 1989.

(b) \$100,000 from the general contingent account for workers' compensation appropriated under Laws 1987, chapter 404, section 44, is available for the purposes of article 3.

Sec. 15. [REPEALER.]

Minnesota Statutes 1986, sections 79.54, 79.57, and 79.58, subdivision 1, are repealed.

Sec. 16. [EFFECTIVE DATE.]

Section 11, paragraph (b), is effective the day following final enactment.

ARTICLE 5

WORKERS' COMPENSATION COURT OF APPEALS ABOLISHED

Section 1. Minnesota Statutes 1986, section 176.421, subdivision 1, is amended to read:

Subdivision 1. [TIME FOR TAKING; GROUNDS.] When a petition has been heard before a compensation judge, within 30 days after a party in interest has been served with notice of an award or disallowance of compensation, or other order affecting the merits of the case, the party may appeal to the workers' compensation court of appeals on any of the following grounds:

- (1) the order does not conform with this chapter; or
- (2) the compensation judge committed an error of law; or
- (3) the findings of fact and order were *clearly erroneous* and unsupported by substantial evidence in view of the entire record as submitted; or
- (4) the findings of fact and order were procured by fraud, or coercion, or other improper conduct of a party in interest.

Sec. 2. Minnesota Statutes 1986, section 176.421, subdivision 6, is amended to read:

Subd. 6. [POWERS OF WORKERS' COMPENSATION COURT OF APPEALS ON APPEAL.] On an appeal taken under this section, the workers' compensation court of appeals' review is limited to the issues raised by the parties in the notice of appeal or by a cross-appeal. *On review, the court may not substitute its judgment for that of the compensation judge as to the weight or credibility of the evidence on any finding of fact. In these cases, on those issues raised by the appeal, the workers' compensation court of appeals may:*

- (1) grant an oral argument based on the record before the compensation

judge;

(2) examine the record;

(3) ~~substitute for the findings of fact made by the compensation judge findings based on the total evidence;~~

(4) sustain, reverse, make or modify an award or disallowance of compensation or other order based on the facts, findings, and law; and,

~~(5)~~ (4) remand or make other appropriate order.

Sec. 3. Minnesota Statutes 1986, section 480A.06, subdivision 3, is amended to read:

Subd. 3. [CERTIORARI REVIEW.] The court of appeals shall have jurisdiction to issue writs of certiorari to all agencies, public corporations and public officials, except the tax court ~~and the workers' compensation court of appeals~~. The court of appeals shall have jurisdiction to review decisions of the commissioner of jobs and training, pursuant to section 268.10.

Sec. 4. Minnesota Statutes 1986, section 480A.06, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATIVE REVIEW.] The court of appeals shall have jurisdiction to review on the record: the validity of administrative rules, as provided in sections 14.44 and 14.45; ~~and; the decisions of administrative agencies in contested cases, as provided in sections 14.63 to 14.69; and workers' compensation cases and peace officer death benefits cases, as provided under chapters 176 and 176A.~~

Sec. 5. [TRANSFER OF JURISDICTION AND PERSONNEL.]

The jurisdiction of the workers' compensation court of appeals, as provided under Minnesota Statutes, section 175A.01, subdivision 2, is transferred to the court of appeals. All contracts, books, plans, papers, records, and property of every description of the workers' compensation court of appeals relating to its transferred responsibilities and within its jurisdiction or control are transferred to the court of appeals; except that, all case files are transferred to the clerk of the appellate courts. All classified employees and staff attorneys of the workers' compensation court of appeals must be given preference in the employment of personnel required to staff the increased caseload of the court of appeals as a result of transfer of jurisdiction under this section.

Sec. 6. [INCREASED JUDGES.]

The number of judges on the court of appeals as of April 1, 1989, shall be increased by three. The three additional judges are subject to senate confirmation.

Sec. 7. [INSTRUCTION TO REVISOR.]

In every instance in Minnesota Statutes in which the term "workers' compensation court of appeals" appears, the revisor of statutes shall change that reference to the "court of appeals."

Sec. 8. [REAPPROPRIATION.]

\$190,000 is reappropriated from the special compensation fund, as a result of the savings to that fund in fiscal year 1989 due to the abolishment of the workers' compensation court of appeals, to the court of appeals for

the purposes of this article.

Sec. 9. [REPEALER.]

Minnesota Statutes 1986, sections 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07, subdivisions 1, 3, and 4; 175A.08; 175A.09; and 175A.10, are repealed. Minnesota Statutes 1987 Supplement, section 175A.07, subdivision 2, is repealed.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment. Sections 3 to 9 are effective April 1, 1989.

ARTICLE 6

REPORTS TO THE LEGISLATURE

Section 1. [REPORT TO THE LEGISLATURE ON MEDICAL ISSUES.]

The commissioner of labor and industry shall present a report to the legislature concerning medical issues in the workers' compensation system. Specifically, the report must include findings and recommendations designed to contain or reduce the cost of workers' compensation related medical services, including methods of controlling the cost of ongoing therapy treatments. The report must be presented by January 1, 1990.

The state fund mutual insurance company shall be consulted, as part of the medical services study, in order to assist the department in developing a proposal to collect and analyze all medical bills. The ultimate goal of this consultation will be the development of a flagging and monitoring system to identify cases which significantly deviate from normal utilization patterns, costs and outcomes. The department shall make a preliminary report on the progress of the proposal to the legislature on January 1, 1989. The department shall make a final recommendation on implementation of the proposal at the time it makes its report to the legislature concerning medical issues in the workers' compensation system on January 1, 1990.

Sec. 2. [REPORT TO THE LEGISLATURE ON USE OF NEUTRAL PHYSICIANS.]

The commissioner of labor and industry shall present a report to the legislature concerning workers' compensation before January 1, 1989, which develops and evaluates a detailed proposal for establishing a system of neutral doctors for use in such areas as determining maximum medical improvement and rating permanent partial disabilities. The report must contain a bill proposal to implement the commissioner's recommendations.

Sec. 3. [REPORT TO THE LEGISLATURE ON USE OF NEUTRAL QUALIFIED REHABILITATION CONSULTANTS.]

To reduce cost and contention in the rehabilitation system, the commissioner of labor and industry shall develop and evaluate a detailed proposal to establish a system to ensure that qualified rehabilitation consultants will not be aligned with either insurers or claimants. The commissioner shall consider alternative methods of selection and payment to ensure neutrality. The commissioner shall present a report and proposal to the legislature by January 1, 1989.

Sec. 4. [REPORT TO THE LEGISLATURE ON IMPLEMENTATION OF MANDATED RATE REDUCTIONS.]

The commissioner of labor and industry shall survey Minnesota employers to determine if the mandated workers' compensation insurance rate reductions required under article 4, section 11, have been implemented by insurers, both as to amount and in a manner that is uniform and non-discriminatory between employers having similar risks with respect to a particular occupational classification. The commissioner must present a report detailing findings and conclusions to the legislature by February 1, 1989.

Sec. 5. [REPORT TO THE LEGISLATURE ON RECODIFICATION OF WORKERS' COMPENSATION LAW.]

The revisor of statutes shall recodify the workers' compensation law, including Minnesota Statutes, chapter 176.

The recodification must not make any substantive changes but shall provide a comprehensive, accurate, and complete restatement.

Each state department agency and legislative staff, including senate counsel and house of representatives research, shall provide assistance in the recodification as requested by the revisor of statutes.

The revisor shall report to the legislature by January 1, 1989, on the progress of the recodification. The revisor shall prepare a bill to implement its recommendations for recodification by January 1, 1990.

Sec. 6. [HEARINGS AT THE OFFICE OF ADMINISTRATIVE HEARINGS; REPORT OF THE CHIEF ADMINISTRATIVE LAW JUDGE.]

The chief administrative law judge shall consider methods to reduce the formality and length of hearings in workers' compensation cases at the office of administrative hearings, with a goal of completing 50 percent of the hearings in less than two hours, 75 percent in less than four hours and nearly all of the cases in less than one day. Before January 1, 1989, the chief judge shall report to the legislature on the efforts to meet these goals, including any recommendations for legislation needed to achieve these goals.

Sec. 7. [REPORT TO THE LEGISLATURE ON STATE REGULATION OF WORKERS' COMPENSATION INSURANCE.]

Legislative staff shall prepare and present a report to the legislature surveying the different processes for regulation of workers' compensation insurance rating plans under other states' workers' compensation insurance laws. The report must be presented to the legislature by January 1, 1989.

Sec. 8. [APPROPRIATION.]

\$100,000 is appropriated from the special compensation fund to the commissioner of labor and industry for the purposes of sections 2, 3, and 4.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 8 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to labor and industry; regulating boiler operation and inspections; regulating workers' compensation benefits and administration; regulating workers' compensation insurance; providing for the

appointment of actuaries; abolishing the workers' compensation court of appeals and transferring its jurisdiction to the court of appeals; requiring certain reports relating to workers' compensation; appropriating money; amending Minnesota Statutes 1986, sections 79.095; 79.55, subdivision 2; 79.56, by adding a subdivision; 79.58, subdivision 2; 79.61, subdivision 1; 176.011, subdivisions 11a, 18, and by adding a subdivision; 176.021, subdivision 3; 176.061, subdivision 10; 176.081, subdivisions 1 and 3; 176.101, subdivisions 1, 2, 4, 5, and by adding subdivisions; 176.102, subdivisions 1, 7; and 11; 176.105, subdivision 1; 176.111, subdivisions 6, 7, 8, 12, 14, and 20; 176.131, subdivisions 1a, 2, and by adding a subdivision; 176.132, subdivisions 1, 2, and 3; 176.136, subdivision 1, and by adding a subdivision; 176.421, subdivisions 1 and 6; 176.645, subdivisions 1 and 2; 176.66, subdivision 11; 176A.03, by adding a subdivision; 183.411, subdivisions 1 and 3, and by adding a subdivision; 183.45; 183.51, subdivisions 4, 7, and 10; and 480A.06, subdivisions 3 and 4; Minnesota Statutes 1987 Supplement, sections 176.041, subdivision 4; 176.081, subdivision 2; 176.102, subdivisions 2, 3, 3a, 4, and 6; 176.111, subdivisions 15 and 21; 176.131, subdivisions 1 and 8; 176.155, subdivision 1; 176.221, subdivision 1; 183.42; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; repealing Minnesota Statutes 1986, sections 79.54; 79.57; 79.58, subdivision 1; 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07, subdivisions 1, 3, and 4; 175A.08; 175A.09; 175A.10; 176.011, subdivision 26; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 6; and Minnesota Statutes 1987 Supplement, section 175A.07, subdivision 2."

Mr. Kroening questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Benson appealed the ruling of the President.

CALL OF THE SENATE

Mr. Luther imposed a call of the Senate for the balance of the proceedings on H.F. No. 1999. 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?"

The roll was called, and there were yeas 33 and nays 30, as follows:

Those who voted in the affirmative were:

Beckman	Diessner	Lantry	Morse	Reichgott
Brandl	Frank	Luther	Novak	Samuelson
Chmielewski	Frederickson, D.J.	Marty	Pehler	Schmitz
Cohen	Hughes	Merriam	Peterson, D.C.	Spear
Dahl	Johnson, D.J.	Metzen	Peterson, R.W.	Taylor
Davis	Jude	Moe, D.M.	Piper	
Dicklich	Kroening	Moe, R.D.	Pogemiller	

Those who voted in the negative were:

Adkins	Bertram	Johnson, D.E.	Lessard	Renneke
Anderson	Brataas	Knaak	McQuaid	Solon
Belanger	Decker	Knutson	Mehrkens	Storm
Benson	Frederick	Laidig	Olson	Stumpf
Berg	Frederickson, D.R.	Langseth	Purfeerst	Vickerman
Bernhagen	Gustafson	Larson	Ramstad	Wegscheid

The decision of the President was sustained.

SUSPENSION OF RULES

Mr. Moe, R.D. moved that the rules of the Senate be so far suspended as to allow the Chmielewski amendment to be offered to H.F. No. 1999. The motion prevailed.

Mr. Chmielewski moved the adoption of his amendment. The motion prevailed. So the amendment was adopted.

H.F. No. 1999 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 44 and nays 20, as follows:

Those who voted in the affirmative were:

Adkins	Brataas	Johnson, D.E.	Mehrkens	Renneke
Anderson	Chmielewski	Jude	Moe, D.M.	Schmitz
Beckman	Davis	Knaak	Moe, R.D.	Solon
Belanger	Decker	Knutson	Morse	Storm
Benson	DeCramer	Laidig	Olson	Stumpf
Berg	Frederick	Langseth	Pehler	Taylor
Bernhagen	Frederickson, D.J.	Larson	Peterson, R.W.	Vickerman
Bertram	Frederickson, D.R.	Lessard	Purfeerst	Wegscheid
Brandl	Gustafson	McQuaid	Ramstad	

Those who voted in the negative were:

Cohen	Frank	Lantry	Metzen	Pogemiller
Dahl	Hughes	Luther	Novak	Reichgott
Dicklich	Johnson, D.J.	Marty	Peterson, D.C.	Samuelson
Diessner	Kroening	Merriam	Piper	Spear

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

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. introduced—

Senate Concurrent Resolution No. 26: A Senate concurrent resolution relating to adjournment for more than three days.

BE IT RESOLVED, by the Senate of the State of Minnesota, the House of Representatives concurring:

1. Upon its adjournment on Wednesday, April 20, 1988, the Senate may set its next day of meeting for Monday, April 25, 1988.

2. Upon its adjournment on Wednesday, April 20, 1988, the House of Representatives may set its next day of meeting for Monday, April 25, 1988.

3. Pursuant to the Minnesota Constitution, Article IV, Section 12, the Senate and House of Representatives each consents to the adjournment of the other for more than three days.

Mr. Moe, R.D. moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

MEMBERS EXCUSED

Ms. Berglin was excused from the Session of today. Mr. Frank was excused from this afternoon's Session. Mr. Waldorf was excused from the Session of today at 4:15 p.m. Mr. Freeman was excused from the Session of today at 11:40 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 3:00 p.m., Monday, April 25, 1988. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate