

TWENTY-NINTH DAY

St. Paul, Minnesota, Monday, April 10, 1989

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

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Bruce Krogstad.

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

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

The President declared a quorum present.

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

MEMBERS EXCUSED

Mr. Waldorf was excused from the Session of today. Mr. Hughes was excused from the Session of today at 2:30 p.m. Mr. DeCramer was excused from the Session of today at 2:45 p.m.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received and referred to the committee indicated.

March 3, 1989

The Honorable Jerome M. Hughes
President of the Senate

Dear Sir:

The following appointments to the Board of the Minnesota School and Resource Center for the Arts are hereby respectfully submitted to the Senate for confirmation as required by law:

H. Ted Grindal, 9517 Bennett Pl., Eden Prairie, Hennepin County, has been appointed by me, effective February 1, 1989, for a term expiring the first Monday in January, 1990.

Audrey Eickhof, R.R. 2, Box 17, Crookston, Polk County, has been appointed by me, effective February 1, 1989, for a term expiring the first Monday in January, 1993.

Owen Husney, 450 Lakeview Ave., Tonka Bay, Hennepin County, has been appointed by me, effective February 1, 1989, for a term expiring the first Monday in January, 1993.

Mary Ingebrand-Pohlad, 4101 W. 48th St., Edina, Hennepin County, has been appointed by me, effective February 1, 1989, for a term expiring the first Monday in January, 1993.

William Richards, Box 167A, Walnut Grove, Murray County, has been appointed by me, effective February 1, 1989, for a term expiring the first Monday in January, 1993.

(Referred to the Committee on Education.)

Sincerely,
Rudy Perpich, Governor

April 6, 1989

The Honorable Jerome M. Hughes
President of the Senate

Dear Sir:

I have the honor of informing you that I have received and deposited in the Office of the Secretary of State, S.F. No. 686.

Sincerely,
Rudy Perpich, Governor

April 7, 1989

The Honorable Jerome M. Hughes
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. No. 286.

Sincerely,
Rudy Perpich, Governor

April 7, 1989

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 1989 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.	Time and Date Approved 1989	Date Filed 1989
	410	22	0832 hours April 6	April 6
	897	24	0835 hours April 6	April 6
	210	26	0840 hours April 6	April 6
686		Res. No. 2		April 6

Sincerely,
Joan Anderson Growe
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 966.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 6, 1989

FIRST READING OF HOUSE BILLS

The following bill was read the first time and referred to the committee indicated.

H.F. No. 966: A bill for an act relating to transportation; providing for the recording of transportation corridors other than streets or highways; removing legislative route 249 from the trunk highway system; amending Minnesota Statutes 1988, section 505.1792, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 878, now on General Orders.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S.F. No. 1373. The motion prevailed.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 937: A bill for an act relating to Hennepin county; permitting the issuance of obligations by the county board of Hennepin county for a public safety building.

Reports the same back with the recommendation that the bill do pass

and be re-referred to the Committee on Taxes and Tax Laws. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1221: A bill for an act relating to the city of Hopkins; authorizing the establishment of special service districts.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Economic Development and Housing. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 933: A bill for an act relating to local government; providing for the board membership of the Moose Lake and Windemere sanitary sewer district; amending Laws 1974, chapter 400, section 4, subdivision 2, as amended.

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was re-referred

S.F. No. 477: A bill for an act relating to regional railroad authorities; permitting authorities to enter certain agreements; amending Minnesota Statutes 1988, section 398A.04, subdivision 9.

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

Mr. Solon from the Committee on Commerce, to which was referred

S.F. No. 1191: A bill for an act relating to political subdivisions; permitting participation in risk retention groups; amending Minnesota Statutes 1988, section 471.981, by adding a subdivision.

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

Page 1, line 9, delete "*If a political*"

Page 1, delete lines 10 to 12

Page 1, line 13, delete "*reasonable cost, the*" and insert "A"

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

Mr. Solon from the Committee on Commerce, to which was referred

S.F. No. 834: A bill for an act relating to consumer protection; requiring new motor vehicle damage disclosures; amending Minnesota Statutes 1988, sections 168A.04, subdivisions 1 and 4; and 168A.05, subdivisions 3 and 5; proposing coding for new law in Minnesota Statutes, chapter 325F

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

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 168A.04, subdivision 1, is amended to read:

Subdivision 1. The application for the first certificate of title of a vehicle in this state shall be made by the owner to the department on the form prescribed by the department and shall contain:

(1) the first, middle, and last names, the dates of birth, and addresses of all owners who are natural persons, the full names and addresses of all other owners;

(2) a description of the vehicle including, so far as the following data exists, its make, model, year, identifying number, type of body, and whether new or used;

(3) the date of purchase by applicant, the name and address of the person from whom the vehicle was acquired, the names and addresses of any secured parties in the order of their priority, and the dates of their respective security agreements;

(4) with respect to motor vehicles subject to the provisions of section 325E.15, the true cumulative mileage registered on the odometer or that the actual mileage is unknown if the odometer reading is known by the owner to be different from the true mileage; ~~and~~

(5) with respect to vehicles subject to sections 6 and 7, whether the vehicle was submerged or flooded above the floor level or sustained damage by collision or other occurrence which exceeded 70 percent of the actual cash value; and

(6) any further information the department reasonably requires to identify the vehicle and to enable it to determine whether the owner is entitled to a certificate of title, and the existence or nonexistence and priority of any security interest in the vehicle.

Sec. 2. Minnesota Statutes 1988, section 168A.04, subdivision 4, is amended to read:

Subd. 4. If the application refers to a vehicle last previously registered in another state or country, the application shall contain or be accompanied by:

(1) any certificate of title issued by the other state or country;

(2) any other information and documents the department reasonably requires to establish the ownership of the vehicle and the existence or nonexistence and priority of any security interest in it;

(3) the certificate of a person authorized by the department that the identifying number of the vehicle has been inspected and found to conform to the description given in the application, or any other proof of the identity of the vehicle the department reasonably requires; *and*

(4) with respect to vehicles subject to sections 6 and 7, whether the vehicle was submerged or flooded above the floor level or sustained damage by collision or other occurrence which exceeded 70 percent of actual cash value.

Sec. 3. Minnesota Statutes 1988, section 168A.05, subdivision 3, is amended to read:

Subd. 3. [CONTENT OF CERTIFICATE.] Each certificate of title issued by the department shall contain:

- (1) the date issued;
- (2) the first, middle, and last names, the dates of birth, and addresses of all owners who are natural persons, the full names and addresses of all other owners;
- (3) the names and addresses of any secured parties in the order of priority as shown on the application, or if the application is based on a certificate of title, as shown on the certificate, or as otherwise determined by the department;
- (4) the title number assigned to the vehicle;
- (5) a description of the vehicle including, so far as the following data exists, its make, model, year, identifying number, type of body, whether new or used, and if a new vehicle, the date of the first sale of the vehicle for use;
- (6) with respect to motor vehicles subject to the provisions of section 325E.15, the true cumulative mileage registered on the odometer or that the actual mileage is unknown if the odometer reading is known by the owner to be different from the true mileage; ~~and~~
- (7) *with respect to vehicles subject to sections 6 and 7, the appropriate term "flood damaged," "rebuilt," or "reconstructed"; and*
- (8) any other data the department prescribes.

Sec. 4. Minnesota Statutes 1988, section 168A.05, subdivision 5, is amended to read:

Subd. 5. [ASSIGNMENT AND WARRANTY OF TITLE FORMS.] The certificate of title shall contain forms for assignment and warranty of title by the owner, and for assignment and warranty of title by a dealer, and may contain forms for applications for a certificate of title by a transferee, the naming of a secured party, and the assignment or release of security interests, *and shall include language necessary to implement sections 6 and 7.*

Sec. 5. [325F664] [NEW MOTOR VEHICLE DAMAGE DISCLOSURES.]

Subdivision 1. [DEFINITION.] For the purposes of this section, the term "new motor vehicle" means a motor vehicle as defined in section 80E.03, subdivision 7, including vehicles driven for demonstration purposes.

Subd. 2. [DISCLOSURE OF DAMAGE EXCEEDING FOUR PERCENT OF RETAIL PRICE.] (a) Before the sale of a new motor vehicle, a dealer must disclose and describe to the buyer, in a clear and conspicuous written statement and orally in the course of the sales presentation, any damage to the vehicle of which the dealer had actual knowledge, if the dealer's cost of repairs exceeded four percent of the manufacturer's suggested retail price, or \$500, whichever is greater.

(b) A manufacturer, distributor, or importer must disclose and describe to its franchised dealers, in a clear and conspicuous written statement, any repaired damage exceeding four percent of the manufacturer's suggested retail price, or \$500, whichever is greater.

(c) Damaged or stolen glass, tires, wheels, bumpers, radios, and in-dash

audio components are excluded from the disclosure requirements of this subdivision if the damaged or stolen parts are replaced with identical manufacturer's original equipment.

Sec. 6. [325F6641] [DISCLOSURE OF MOTOR VEHICLE DAMAGE.]

Subdivision 1. [DAMAGE.] (a) If a motor vehicle has been submerged or flooded above floor level while parked on a licensed motor vehicle dealer's lot or if the vehicle has sustained damage by collision or other occurrence which exceeds 70 percent of its actual cash value so that the vehicle becomes a class C total loss vehicle, the seller must disclose that fact to the buyer, if the seller has actual knowledge of the flood damage.

(b) The disclosure required under this subdivision must be made in writing on the application for title and registration or other transfer document, in a manner prescribed by the registrar of motor vehicles. The registrar shall revise the certificate of title form, including the assignment by seller (transferor) and reassignment by licensed dealer sections of the form, the separate application for title forms, and other transfer documents to accommodate this disclosure. If the seller is a motor vehicle dealer licensed pursuant to section 168.27, the disclosure required by this section must be made orally by the dealer to the prospective buyer in the course of the sales presentation.

Subd. 2. [FORM OF DISCLOSURE.] The disclosure required in this section must be made in substantially the following form: "To the best of my knowledge, this vehicle has has not been submerged or flooded above floor level, has has not sustained damage in excess of 70 percent actual cash value."

Sec. 7. [325F6642] [TITLE BRANDING.]

Subdivision 1. [FLOOD DAMAGE.] If the application for title and registration indicates that the vehicle has been classified as a class B or C total loss vehicle because of water or flood damage or has been submerged or flooded above floor level while parked on a licensed motor vehicle dealer's lot, the registrar of motor vehicles shall record the term "flood damaged" on the certificate of title and all subsequent certificates of title issued for that vehicle.

Subd. 2. [CLASS C VEHICLES.] Upon transfer and application for title to all class C total loss vehicles, the registrar of motor vehicles shall record the term "rebuilt" on the first Minnesota certificate of title and all subsequent Minnesota certificates of title used for that vehicle.

Subd. 3. [OUT-OF-STATE VEHICLES.] (a) Upon transfer and application for title of all repaired vehicles with out-of-state titles that bear the term "damaged," "salvage," "rebuilt," "reconditioned," or any similar term, the registrar of motor vehicles shall record the term "rebuilt" on the first Minnesota certificate of title and all subsequent Minnesota certificates of title used for that vehicle.

(b) The registrar shall mark "rebuilt" on the first Minnesota certificate of title and all subsequent certificates of title issued for any vehicle which came into the state unrepaired and for which a salvage certificate of title was issued unless the person applying for the Minnesota title offers proof satisfactory to the registrar that the vehicle did not sustain damage equivalent to the 70 percent standard set forth in this section. The proof shall include photographs of the vehicle and either an insurance adjuster's written report

or a written repair estimate which details the parts and labor required to repair the vehicle.

(c) For vehicles with out-of-state titles which bear the term "flood damaged," the registrar of motor vehicles shall record the term "flood damaged" on the first Minnesota certificate of title and all subsequent Minnesota certificates of title issued for that vehicle.

Subd. 4. [RECONSTRUCTED VEHICLES.] For vehicles that are reconstructed within the meaning of section 168A.15, the registrar shall record the term "reconstructed" on the certificate of title and all subsequent certificates of title.

Subd. 5. [MANNER OF BRANDING.] The designation of "flood damaged," "rebuilt," or "reconstructed" on a certificate of title shall be made by the registrar of motor vehicles in a clear and conspicuous manner, in a color different from all other writing on the certificate of title.

Subd. 6. [CLASS C TOTAL LOSS VEHICLE; DEFINITION.] For the purposes of this section, a class C total loss vehicle means a vehicle for which a salvage certificate of title has been issued and vehicles with damage of at least 70 percent of the vehicle's actual cash value immediately prior to sustaining the damage, as determined by an insurer or dealer pursuant to section 168A.151 or by comparing an insurer's written estimate of damage or actual loss payout to the average trade-in value of the vehicle according to the National Automobile Dealers Association's Official Used Car Guide or other similar publication approved by the registrar.

Subd. 7. [DEALER DISCLOSURE.] If a licensed motor vehicle dealer offers for sale a vehicle with a branded title, the dealer shall orally disclose the existence of the brand in the course of the sales presentation.

Sec. 8. [325F6643] [REMEDIES; PENALTIES.]

(a) A person who violates sections 5 to 7 is subject to the remedies and penalties, including a private right of action, provided in section 8.31.

(b) A person injured by a violation of sections 5 to 7 shall recover the actual damages sustained, together with costs and disbursements, including reasonable attorney fees. In its discretion, the court may increase the award of damages to an amount not to exceed three times the actual damages sustained, or \$2,500, whichever is greater.

(c) The relief provided in this section is in addition to any remedies otherwise available under the common law or other statutes of this state.

Sec. 9. [325F6644] [APPLICATION.]

Sections 6 and 7 do not apply to vehicles that are six years old or older as calculated from the first day of January of the designated model year or to commercial motor vehicles with a gross vehicle rating of 26,000 pounds or more.

Sec. 10. [EFFECTIVE DATE AND TRANSITION.]

Section 5 is effective October 1, 1989. Sections 1 to 4 and 6 to 9 are effective July 1, 1990. All certificates of title issued after that date must include the disclosure language in the assignment by seller (transferor), reassignment by licensed dealer sections, and other transfer documents, and the appropriate designation "flood damaged," "rebuilt," or "reconstructed" as required by section 7. No title application or title transfer shall be rejected

by the registrar for failure to include the disclosures required by sections 1 to 7 if the application for title, the assignment by seller (transferor), reassignment by licensed dealer, or other transfer documents have not been revised to include the appropriate form for disclosure pursuant to section 6, subdivision 2."

Amend the title as follows:

Page 1, line 2, delete "new"

Page 1, line 3, after "disclosures" insert "and branding certificates of title"

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

Mr. Solon from the Committee on Commerce, to which was referred

S.F. No. 188: A bill for an act relating to commerce; requiring mortgage lenders and mortgage brokers to obtain a license from the commissioner of commerce; requiring certain disclosures by mortgage lenders and mortgage brokers; prohibiting certain practices by mortgage lenders and mortgage brokers; appropriating money; amending Minnesota Statutes 1988, sections 82.17, subdivision 4; and 82.18; proposing coding for new law as Minnesota Statutes, chapter 57; repealing Minnesota Statutes 1988, section 82.175.

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

Delete everything after the enacting clause and insert:

"Section 1. [57.01] [SHORT TITLE.]

This chapter may be cited as the "home buyers' bill of rights."

Sec. 2. [57.02] [SCOPE.]

Subdivision 1. [RESIDENTIAL MORTGAGE LOANS.] Except as provided in subdivision 2, this chapter shall apply to any entity that engages in the business of making, brokering, or servicing mortgage loans.

Subd. 2. [EXEMPTION.] This chapter shall not apply to:

(1) entities making or negotiating five or fewer mortgage loans in a period of 12 consecutive months;

(2) charitable or nonprofit corporations making mortgage loans to promote home ownership or improvements for the disadvantaged;

(3) agencies of the federal government, or a state government, or a quasi-governmental agency making mortgage loans under the specific authority of the laws of a state or the United States;

(4) entities acting as fiduciaries with respect to an employee pension benefit plan qualified under the Internal Revenue Code who make mortgage loans solely to plan participants from plan assets;

(5) persons licensed by the state of Minnesota as real estate brokers or salespersons who, in the course of representing a purchaser or seller of real estate, incidentally assist the purchaser or seller in obtaining financing for the real property in question if the licensee does not receive a separate commission, fee, or other valuable consideration including a referral fee for this service;

(6) an attorney authorized to practice law in this state, who incidentally acts as a mortgage broker in negotiating or placing a first mortgage loan in the normal course of legal practice if the attorney does not receive a separate commission, fee, or other valuable consideration including a referral fee for the service; and

(7) entities acting in a fiduciary capacity conferred by authority of a court.

Sec. 3. [57.03] [DEFINITIONS.]

Subdivision 1. [TERMS.] For purposes of this chapter, the terms in this section have the meanings given them unless the context requires a different meaning.

Subd. 2. [ADVERTISEMENT.] "Advertisement" means any oral, written, graphic, or pictorial statement made in the course of solicitation of business. Advertisement includes, without limitation, any statement or representation made in a newspaper, magazine, or other publication, or contained in any notice, sign, billboard, poster, display, circular, pamphlet, or letter, or on radio or television.

Subd. 3. [AGRICULTURAL PROPERTY.] "Agricultural property" has the meaning given the term in section 583.22.

Subd. 4. [BORROWER.] "Borrower" means a natural person who has submitted an application for a loan to a mortgage lender or has obtained a mortgage loan.

Subd. 5. [BUSINESS.] "Business" means a commercial or industrial enterprise that is carried on for the purpose of active or passive investment or profit.

Subd. 6. [COMMISSIONER.] "Commissioner" means the commissioner of commerce.

Subd. 7. [ENTITY.] "Entity" means an individual acting as a sole proprietorship, corporation, partnership, association, trust, or any other commercial organization or group of individuals, however organized.

Subd. 8. [EQUAL CREDIT OPPORTUNITY ACT.] "Equal Credit Opportunity Act" means United States Code, title 15, sections 1691 to 1691f, and any regulations adopted under those sections.

Subd. 9. [ESCROW ACCOUNT.] "Escrow account" means an escrow, agency, or similar account for the payment of taxes or insurance premiums with respect to a mortgaged one- to four-family, owner-occupied residence located in this state.

Subd. 10. [MORTGAGE BROKER.] "Mortgage broker" means an entity other than a mortgage lender who for a fee directly or indirectly offers to find or finds mortgage loans for another.

Subd. 11. [MORTGAGE LENDER.] "Mortgage lender" means an entity making or servicing a mortgage loan.

Subd. 12. [MORTGAGE LOAN OR LOAN.] "Mortgage loan" or "loan" means a loan or advance of credit to an individual secured by a mortgage or other encumbrance upon real property of less than ten acres located in the state and containing one to four residential units or upon which at the time the loan is made it is intended that one to four residential units are to be constructed. The term does not include:

(1) a loan or advance of credit that is made primarily for a business or commercial purpose;

(2) a loan for which less than 50 percent of the proceeds are intended to be used to acquire legal title to the property or used to refinance the balance due on a contract for deed; or

(3) a loan or extension of credit made by the seller of real property for the purchase of that property or the refinancing of a contract for deed on that property.

Subd. 13. [MORTGAGE LOAN SERVICER.] "Mortgage loan servicer" means any entity that is servicing a mortgage loan.

Subd. 14. [REAL ESTATE SETTLEMENT PROCEDURES ACT.] "Real Estate Settlement Procedures Act" means United States Code, title 12, sections 2601 to 2617, and any regulations adopted under those sections.

Subd. 15. [REFERRAL FEE.] "Referral fee" means the types of payments under the Real Estate Settlement Procedures Act.

Subd. 16. [SERVICING.] "Servicing" means the collection for any mortgage lender, noteowner, noteholder, or for the mortgage lender's own account, of payments, interest, principal, and escrow items such as hazard insurance and taxes on a residential mortgage loan in accordance with the terms of such residential mortgage loan. Servicing includes loan payment follow-up, delinquency loan follow-up, loan analysis, any notifications to the borrower which are necessary to enable the borrower to keep the loan current and in good standing, and the administration of escrow accounts for payment of such items as hazard insurance premiums and taxes on a residential mortgage loan.

Subd. 17. [SETTLEMENT SERVICES.] "Settlement services" includes any service provided in connection with a real estate settlement including, but not limited to, title searches, title examinations, the provision of title certificates, title insurance, services rendered by an attorney, the preparation of documents, property surveys, the rendering of credit reports or appraisals, pest and fungus inspections, services rendered by a real estate agent or broker, and the handling of the processing, and closing or settlement.

Subd. 18. [TRUTH-IN-LENDING ACT.] "Truth-in-Lending Act" means United States Code, title 15, sections 1601 to 1666j, and any regulations adopted under those sections.

Sec. 4. [57.04] [LICENSE REQUIREMENT; APPLICATION.]

Subdivision 1. [GENERALLY.] A person may not engage in business as a mortgage lender or mortgage broker unless that person or entity by whom the person is employed has first obtained a license under this chapter or is exempt from the licensing requirements of this chapter.

Subd. 2. [EXEMPTIONS.] The following entities are exempt from the licensing requirements of this section:

(1) banks, savings banks, savings associations, and credit unions organized under the laws of this state, and banks, savings banks, savings associations, and credit unions organized under the laws of the United States that have offices in this state from which deposits are accepted under the laws of this state or the United States, and their employees, provided, however, that subsidiaries and service corporations of these institutions are not exempt from the requirements of this chapter;

(2) *regulated lenders licensed under chapter 56, and industrial loan and thrift companies licensed under chapter 53;*

(3) *insurance companies licensed to do business in this state; and*

(4) *persons licensed by the state of Minnesota as real estate brokers or salespersons.*

Subd. 3. [MORTGAGE LENDERS.] A mortgage lender licensed under this section who brokers mortgage loans is not required to obtain a license as a mortgage broker.

Subd. 4. [FORM.] An application for a license under this section must be made in writing, and on a form approved by the commissioner.

Subd. 5. [CONTENTS.] The application for a mortgage lender or mortgage broker must set forth:

(1) the name and address of the applicant;

(2) if the applicant is a firm or partnership, the name and address of each member of the firm or partnership;

(3) if the applicant is a Minnesota corporation, the name and address of its officers and directors;

(4) if the applicant is a foreign corporation, a copy of its certificate of authority to transact business in this state and the name and address of its registered agent and each officer and director;

(5) the addresses of all offices in this state where business will be conducted by the applicant; and

(6) other information concerning the financial responsibility, background, experience, and activities of the applicant and its officers, directors, employees, and principal stockholders as the commissioner requires.

Subd. 6. [FINANCIAL RESPONSIBILITY FOR MORTGAGE LENDERS.] (a) An applicant for a mortgage lender license shall:

(1) demonstrate evidence of approval or certification by the United States Secretary of Housing and Urban Development, including as a loan correspondent mortgagee, or approval or certification of the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association;

(2) certify to the commissioner a bond; or

(3) provide evidence of, and continuously maintain, a line of credit for the funding of mortgage loans.

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

(c) If the applicant for a mortgage lender license provides a line of credit, it must be for at least \$250,000 with a lending institution whose

deposits are insured by the Federal Savings and Loan Insurance Corporation or the Federal Deposit Insurance Corporation, or a person who is otherwise acceptable to the commissioner.

The requirement of a line of credit may be waived by the commissioner if all loans originated by the applicant are either closed in the name of a licensed lender or other financial institution or entity approved by the commissioner under an agreement between the mortgage lender or other financial institution and the applicant, or assigned, under an agreement, to a licensed mortgage lender or other financial institution or entity approved by the commissioner, simultaneously with the closing.

The applicant shall provide the commissioner with a copy of the agreement, which must state the circumstances under which the mortgage lender or financial institution will be obligated to fund closings or purchase loans from the applicant. The licensee shall notify the commissioner of any modifications to the agreement.

(d) If there is any material change in any of the financial conditions upon which a license was granted under this section, the mortgage lender must notify the commissioner of that change within five business days of the change.

Subd. 7. [EXPERIENCE.] Any entity applying for a mortgage lender's license shall have at least one partner or employee, in a position to supervise the work of the entity, who shall have at least two years of mortgage origination experience within the previous four years. The experience requirement may be waived if the applicant is, in the opinion of the commissioner, otherwise qualified by reason of education or practical experience.

Subd. 8. [FEES.] An application must be accompanied by the payment of \$150.

All fees must be retained by the commissioner and are nonreturnable, except that an overpayment of a fee must be refunded upon proper application.

Subd. 9. [DENIAL OF LICENSE.] The commissioner may deny a license under this section if the applicant:

(1) fails to meet the criteria described under subdivisions 6 and 7;

(2) had an entry of a federal or state administrative order against the mortgage lender or mortgage broker for violation of any law or regulation applicable to the conduct of the licensed business; or

(3) had an entry of a judgment against the mortgage lender or mortgage broker involving fraud, misrepresentation, or deceit.

Subd. 10. [ANNUAL REPORT.] The commissioner may require a licensee to file an annual report with the commissioner that sets forth the information and is in the form the commissioner requires regarding the business conducted by the licensee during the preceding calendar year.

Sec. 5. [57.05] [RETENTION OF BOOKS, ACCOUNTS, AND RECORDS.]

Subdivision 1. [RECORDS MAINTAINED.] Each mortgage lender and mortgage broker shall maintain in the licensee's offices any books, accounts, and records the commissioner reasonably requires in order to determine whether the licensee is in compliance with this chapter and the rules adopted under it. The books, accounts, and records must be maintained

separately from any other business of the mortgage lender or mortgage broker.

Subd. 2. [RECORDS RETAINED.] A mortgage lender shall retain for at least two years after settlement of a mortgage loan, copies of the note, settlement statement, truth-in-lending disclosure, and other papers or records relating to the loan as may be required by rule. A mortgage broker must retain for at least two years after a mortgage loan is made the original contract for the individual mortgage broker's compensation, a copy of the settlement statement, and an account of fees received in connection with the loan, and other papers or records as may be required by rule.

Subd. 3. [OUT-OF-STATE LICENSEE.] A mortgage lender or mortgage broker may maintain the records required under this section in offices outside of this state if the licensee agrees to pay in advance for the cost of examination of those records by the commissioner.

Sec. 6. [57.06] [PROHIBITED PRACTICES; GENERAL.]

A mortgage lender or mortgage broker may not violate any provision of the Equal Credit Opportunity Act, Real Estate Settlement Procedures Act, or the Truth-in-Lending Act in the making or brokering of mortgage loans.

Sec. 7. [57.07] [ADVERTISING PRACTICES.]

Subdivision 1. [PROHIBITION.] Advertisements by mortgage lenders or mortgage brokers may not:

(1) state or imply that the advertised loan interest rates, points, terms, charges, or the contracts or services of the mortgage lender or mortgage broker are approved, recommended, or established by the state; or

(2) contain any statement that is false, misleading, or deceptive.

Subd. 2. [MORTGAGE BROKERS.] Advertisements by a mortgage broker must disclose that the mortgage broker does not make loans and that loan funds, if available, are provided by other entities to qualified borrowers.

Sec. 8. [57.08] [LOAN APPLICATION PRACTICES.]

Subdivision 1. [BORROWER INFORMATION DOCUMENT.] At the time of the loan application but before the borrower signs the application or pays any consideration to a mortgage lender, the mortgage lender must provide the borrower with a "borrower information document" which must contain, in plain language, the following:

(1) the statement: "This document is being provided to you as required under Minnesota law. Its purpose is to tell you about the documents you should be receiving in connection with your mortgage loan application.";

(2) an itemized list of all fees the borrower will be required to pay at the time of application, and a statement of those fees which will or will not be refunded if the application is withdrawn or denied;

(3) a copy of the loan application form;

(4) a description of the types of documents the borrower is usually requested to provide in order for the mortgage lender to provide the loan;

(5) a general description of the underwriting and other eligibility standards customarily used in determining whether a loan will be provided;

(6) a statement that the borrower may request the mortgage lender to provide the borrower:

(i) a copy of a sample blank mortgage note and mortgage contract that will be executed if the loan is approved;

(ii) a copy of a sample commitment letter, if offered by the mortgage lender; and

(iii) a sample interest rate or discount point agreement, if offered by the mortgage lender; and

(7) a statement that the mortgage lender may not require the borrower to contract with any specific person for any settlement services; provided the person providing settlement services is acceptable to the lender.

Subd. 2. [COPIES; SIGNED DOCUMENTS.] A copy of each document signed by the borrower must be provided to the borrower at the time of signing of the document, except for releases for credit information and verifications of employment, bank accounts, and current mortgage history.

Subd. 3. [CLOSING COSTS.] The mortgage lender must inform the borrower in a separate written document that the borrower may inspect the completed uniform settlement statement containing the information required under section 9, subdivision 4, one day prior to the settlement of the loan, excluding Saturdays, Sundays, and legal holidays.

Subd. 4. [CHANGING TERMS; PROHIBITED.] A mortgage lender may not obtain any agreement or instrument in which blanks are left to be filled in after execution by the parties, except for verifications of employment, bank accounts, and other credit verifications, or fill in or change the loan amount, interest rate, number of discount points, or other terms contained in an interest rate or discount point agreement after the interest rate or discount point agreement is executed by the parties.

Subd. 5. [SECURITY INTEREST; PERSONAL PROPERTY.] A mortgage lender may not accept in connection with a mortgage loan a security interest in the borrower's personal property as described in United States Code, title 16, section 444.2(4).

Subd. 6. [REFERRAL FEES.] (a) A mortgage lender may not pay or accept a referral fee in connection with making or processing a mortgage loan to the extent prohibited under the Real Estate Settlement Procedures Act.

(b) Any payments permitted under the Real Estate Settlement Procedures Act for services performed may not be paid to or accepted by a real estate broker or real estate salesperson unless written disclosure is made to and acknowledged by the borrower before the services are to be performed.

Subd. 7. [SETTLEMENT SERVICES.] A mortgage lender may not require a borrower to contract with any specific person for real estate settlement services other than credit reports, provided that the person providing settlement services is acceptable to the lender.

Subd. 8. [INSURANCE.] (a) A mortgage lender may not require a borrower to purchase any insurance from any designated company, agent, or agency. This does not prohibit a lender from requiring that insurance coverage be provided by companies with a certificate of authority to do business in the state of Minnesota or that meet financial criteria under section 72A.31, subdivision 1.

(b) A mortgage lender may not require a borrower to obtain a policy of insurance covering the property in an amount exceeding the amount of the mortgage.

Subd. 9. [COPIES OF REPORTS.] A mortgage lender must make available to the borrower or send or transmit to another person as directed by the borrower within two business days of a request, a copy of an appraisal report for which the borrower has paid, or other documents necessary to process the loan that the mortgage lender possesses excluding verifications of employment and other financial information. If a credit report is requested by the borrower, the lender must disclose the name, address, and telephone number of the entity who prepared the credit report and that the borrower has the right to receive a copy from that entity. If a lender does not possess a document or report that has been requested, the lender must inform the borrower where the document may be obtained.

Sec. 9. [57.09] [CLOSING PRACTICES.]

Subdivision 1. [ACCEPTANCE OF FEES NOT DISCLOSED; PROHIBITED.] A mortgage lender may not charge a fee, and a borrower may not be required to pay any fee, at settlement for an item that was not previously disclosed in writing to the borrower at least one day prior to the settlement, excluding Saturdays, Sundays, and legal holidays.

Subd. 2. [DISBURSAL OF FUNDS.] A mortgage lender must promptly upon closing disburse, or hold in an escrow account, all funds in accordance with the agreement, taking into account any applicable right of rescission.

Subd. 3. [CONFESSION OF JUDGMENT.] A mortgage lender may not take a confession of judgment or a power of attorney to confess judgment or appear for the borrower in any judicial proceeding.

Subd. 4. [SETTLEMENT STATEMENT.] A mortgage lender must make available to the borrower at least one day prior to settlement, excluding Saturdays, Sundays, and legal holidays, the uniform settlement statement containing the information required under the Real Estate Settlement Procedures Act.

Sec. 10. [57.10] [REFUNDS.]

Subdivision 1. [THIRD-PARTY SERVICES.] If a mortgage loan fails to close, the mortgage lender shall refund to the borrower the unused or unearned portion of any fees paid by the borrower to the mortgage lender for third-party services including, but not limited to, credit reports and appraisal fees.

Subd. 2. [LOCK-IN FEES.] If a borrower fails to qualify for the mortgage loan, the mortgage lender must refund any fee, including any discount points, paid by the borrower to the mortgage lender for entering into an interest rate or discount point agreement as defined under section 47.206. This subdivision does not apply to fees negotiated between the borrower and the lender for a period of price protection in excess of 90 days.

Sec. 11. [57.11] [LOAN SERVICING PRACTICES.]

Subdivision 1. [PROMPT CREDITING OF PAYMENTS.] In servicing a mortgage loan, a mortgage lender or mortgage loan servicer shall process and properly credit any regular scheduled payment from the borrower to the borrower's mortgage loan account no later than one business

day following receipt by the lender or servicer of such payment.

Subd. 2. [LATE PAYMENTS.] A mortgage lender or loan servicer shall not impose or collect any fee for late payments of principal, interest, or other sums due under a note, unless the late fee is authorized by the note and payment is not actually received by the lender by the due date stated in the mortgage instrument.

Subd. 3. [COMMUNICATIONS WITH BORROWER.] In servicing a mortgage loan, a mortgage lender or mortgage loan servicer shall make a good faith effort to respond within ten business days to oral or written communications from a borrower about the borrower's loan that reasonably indicate to the mortgage lender or loan servicer that a response is requested or needed.

Subd. 4. [TOLL-FREE NUMBER.] In servicing a mortgage loan, a mortgage lender or mortgage loan servicer shall establish a toll-free telephone number or provide an alternative toll-free telephone arrangement for receiving telephone calls from a Minnesota resident borrower calling from Minnesota to the mortgage lender or mortgage loan servicer, if the mortgage lender's or mortgage loan servicer's office is located in a different area code than the borrower's Minnesota residence.

Subd. 5. [PAYOFF REQUESTS.] A mortgage lender or mortgage servicer shall, within five business days of receipt of a written request from the borrower, provide a payoff amount for the principal and interest owed as of a specific date.

Sec. 12. [57.12] [ESCROW ANALYSIS.]

A mortgage lender or mortgage loan servicer administering an escrow account shall:

(1) perform an annual analysis of the escrow account except for the first analysis relating to loans for new construction, which may be made up to 18 months after settlement; and

(2) provide the borrower a statement of the annual escrow account listing the date and amount of each payment to and from the account and the balance of the account.

Sec. 13. [57.13] [MORTGAGE BROKERS.]

Subdivision 1. [WRITTEN AGREEMENT REQUIRED.] A mortgage broker may not receive compensation from a person for acting as a mortgage broker without first entering into a written contract with the person. The written contract must:

(1) be in plain language;

(2) identify the trust account into which the fees or consideration will be deposited;

(3) state the circumstances under which the mortgage broker will be entitled to disbursement from the trust account;

(4) state the circumstances under which a person will be entitled to a refund of all or part of the fee;

(5) specifically describe the services to be provided by the mortgage broker and the dates by which the services will be performed;

(6) state the maximum rate of interest to be charged on any loan obtained;

(7) state that the state of Minnesota does not recommend or approve mortgage broker contracts, fees, or charges;

(8) disclose the length of time the entity has been engaged in business as a mortgage broker;

(9) disclose with respect to the previous calendar year the percentage of the mortgage broker's customers for whom loans have actually been funded as a result of the mortgage broker's services; and

(10) disclose the cancellation rights and procedures set forth in subdivision 6.

Subd. 2. [TRUST ACCOUNT.] A mortgage broker must maintain a trust account in a depository financial institution located within Minnesota for deposit of fees collected and must deposit into that trust account within 48 hours of receipt all fees received prior to the time a loan is actually funded.

Subd. 3. [COMPENSATION PRIOR TO COMMITMENT.] A mortgage broker may not receive compensation from a person until a written commitment to make a mortgage loan is given to the person by a mortgage lender, except for documented out-of-pocket expenses paid to third parties and which are necessary to obtain a loan commitment.

Subd. 4. [COMPENSATION OUTSIDE AGREEMENT.] A mortgage broker may not receive compensation from a person relating to a mortgage loan, other than that specified in the written agreement signed by the person.

Subd. 5. [PROHIBITED PRACTICE.] A mortgage broker may not receive compensation from a person in connection with any mortgage loan transaction in which the mortgage broker is the mortgage lender, or a principal stockholder, partner, trustee, director, or officer of the mortgage lender.

Subd. 6. [CANCELLATION OF MORTGAGE BROKER CONTRACTS.] A customer of a mortgage broker who pays a fee before the time the loan is actually funded has an unconditioned right to rescind the contract for mortgage brokerage services at any time until midnight of the third business day after the day on which the contract is signed. Cancellation is evidenced by the customer giving written notice of cancellation to the mortgage broker at the address stated in the contract. Notice of cancellation, if given by mail, is effective upon deposit in a mailbox properly addressed to the mortgage broker with postage prepaid. Notice of cancellation need not take a particular form and is sufficient if it indicates by any form of written expression the intention of the customer not to be bound by the contract.

Sec. 14. [57.14] [WAIVER PROHIBITED.]

Any waiver, modification, or attempt to waive or modify any of the borrower's rights secured by this chapter is void as contrary to public policy.

Sec. 15. [57.15] [MISREPRESENTATION.]

A mortgage lender or mortgage broker may not:

(1) engage in any act or practice constituting consumer fraud, false promise, misrepresentation, misleading statement, or deceptive practice, as prohibited under sections 325D.44 and 325F.69, subdivision 1; or

(2) fail to state a material fact if the failure has the effect of misrepresenting the terms or conditions of a mortgage loan.

Sec. 16. [57.16] [ENFORCEMENT.]

For the purposes of the commissioner's authority to enforce this chapter, an act of an officer, employee, director, partner, or principal stockholder, if performed in connection with the operation of the lender's or broker's business, are considered acts of the mortgage lender or mortgage broker.

Sec. 17. [57.17] [PRIVATE REMEDY.]

A cause of action for violation of sections 2 to 18 may not arise unless the person has made a written demand to the mortgage lender or mortgage broker for damages and the lender or broker has not responded to the demand within ten days after the demand or has denied paying the full amount of damages demanded, and the person can show that actual damages have been sustained as a direct result of the violation. If actual damages have been sustained, the mortgage lender or mortgage broker is liable to that person for actual damages, plus reasonable attorney fees. A mortgage lender or mortgage broker may not be found liable under this section for any disclosure made in a form approved by the commissioner under section 19, or for any violation which the lender shows by a preponderance of the evidence that the violation was not intentional and resulted from a bona fide error under United States Code, title 15, section 1640.

Sec. 18. [57.18] [RULES.]

The commissioner may adopt rules to administer this chapter.

Sec. 19. [57.19] [APPROVAL OF FORMS.]

A mortgage lender or mortgage broker may request the commissioner approve any disclosure governed by this chapter. Any request for approval of a disclosure must be accompanied by a fee of \$100, or a fee of \$50 for an amendment to a disclosure that had been previously approved. The commissioner must approve or disapprove the disclosure within 60 days after receipt.

Sec. 20. Minnesota Statutes 1988, section 82.17, subdivision 4, is amended to read:

Subd. 4. "Real estate broker" or "broker" means any person who:

(a) for another and for commission, fee or other valuable consideration or with the intention or expectation of receiving the same directly or indirectly lists, sells, exchanges, buys or rents, manages, or offers or attempts to negotiate a sale, option, exchange, purchase or rental of an interest or estate in real estate, or advertises or holds out as engaged in these activities;

~~(b) for another and for commission, fee or other valuable consideration or with the intention or expectation of receiving the same directly or indirectly negotiates or offers or attempts to negotiate a loan, secured or to be secured by a mortgage or other encumbrance on real estate;~~

(c) for another and for commission, fee or other valuable consideration or with the intention or expectation of receiving the same directly or indirectly lists, sells, exchanges, buys, rents, manages, offers or attempts to negotiate a sale, option, exchange, purchase or rental of any business opportunity or business, or its good will, inventory, or fixtures, or any interest

therein;

~~(d) (c) for another and for commission, fee or other valuable consideration or with the intention or expectation of receiving the same directly or indirectly offers, sells or attempts to negotiate the sale of property that is subject to the registration requirements of chapter 83, concerning subdivided land;~~

~~(e) (d) engages in the business of charging an advance fee or contracting for collection of a fee in connection with any contract whereby the person undertakes to promote the sale of real estate through its listing in a publication issued primarily for this purpose;~~

~~(f) (e) engages wholly or in part in the business of selling real estate to the extent that a pattern of real estate sales is established, whether or not the real estate is owned by the person. A person shall be presumed to be engaged in the business of selling real estate if the person engages as principal in five or more transactions during any 12-month period, unless the person is represented by a licensed real estate broker or salesperson;~~

~~(g) offers or makes more than five loans secured by real estate during any 12-month period and who is not a bank, savings bank, mutual savings bank, building and loan association, or savings and loan association organized under the laws of this state or the United States, trust company, trust company acting as a fiduciary, or other financial institution subject to the supervision of the commissioner of commerce, or mortgagee or lender approved or certified by the secretary of housing and urban development or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the Farmers Home Administration, or approved or certified by the Federal Home Loan Mortgage Corporation, or approved or certified by the Federal National Mortgage Association;~~

Sec. 21. Minnesota Statutes 1988, section 82.18, is amended to read:

82.18 [EXCEPTIONS.]

Unless a person is licensed or otherwise required to be licensed under this chapter, the term real estate broker does not include:

(a) a licensed practicing attorney acting solely as an incident to the practice of law if the attorney complies in all respects with the trust account provisions of this chapter;

(b) a receiver, trustee, administrator, guardian, executor, or other person appointed by or acting under the judgment or order of any court;

(c) any person owning and operating a cemetery and selling lots therein solely for use as burial plots;

(d) any custodian, janitor, or employee of the owner or manager of a residential building who leases residential units in the building;

(e) any bank, trust company, savings and loan association, industrial loan and thrift company, regulated lender under chapter 56, public utility, or land mortgage or farm loan association organized under the laws of this state or the United States, when engaged in the transaction of business within the scope of its corporate powers as provided by law;

(f) public officers while performing their official duties;

(g) employees of persons enumerated in clauses (b), (e) and (f), when engaged in the specific performance of their duties;

(h) any person who acts as an auctioneer bonded in conformity with section 330.02, when that person is engaged in the specific performance of duties as an auctioneer, and when that person has been employed to auction real estate by a person licensed under this chapter or when the auctioneer has engaged a licensed attorney to supervise the real estate transaction;

(i) any person who acquires real estate for the purpose of engaging in and does engage in, or who is engaged in the business of constructing residential, commercial or industrial buildings for the purpose of resale if no more than 25 such transactions occur in any 12-month period and the person complies with section 82.24;

(j) any person who offers to sell or sells an interest or estate in real estate which is a security registered pursuant to chapter 80A, when acting solely as an incident to the sale of these securities;

(k) any person who offers to sell or sells a business opportunity which is a franchise registered pursuant to chapter 80C, when acting solely to sell the franchise;

(l) any person who contracts with or solicits on behalf of a provider a contract with a resident or prospective resident to provide continuing care in a facility, pursuant to the Continuing Care Facility Disclosure and Rehabilitation Act (chapter 80D), when acting solely as incident to the contract;

(m) any broker-dealer or agent of a broker-dealer when participating in a transaction in which all or part of a business opportunity or business, including any interest therein, is conveyed or acquired pursuant to an asset purchase, merger, exchange of securities or other business combination, if the agent or broker-dealer is licensed pursuant to chapter 80A; and

(n) any mortgage lender or mortgage broker licensed under sections 1 to 19 while engaged in the activities for which the license is required.

Sec. 22. [APPROPRIATION.]

\$ is appropriated from the general fund to the commissioner of commerce to administer sections 1 to 19. The approved complement of the department of commerce is increased by positions.

Sec. 23. [REPEALER.]

Minnesota Statutes 1988, section 82.175, is repealed.

Sec. 24. [EFFECTIVE DATE.]

Sections 1 to 21 and 23 are effective January 1, 1990. Section 22 is effective July 1, 1989."

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

Mr. Solon from the Committee on Commerce, to which was referred

S.F. No. 1169: A bill for an act relating to insurance; prohibiting insurance companies from terminating agents who contact the commerce department; amending Minnesota Statutes 1988, section 72A.20, by adding a subdivision.

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

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 1988, section 60A.172, is amended to read:

60A.172 [INSURANCE AGENCY CONTRACTS; CANCELLATION.]

(a) An insurer may not cancel a written agreement with an agent or, ~~without the agent's written approval at the time of a reduction or restriction,~~ reduce or restrict an agent's underwriting authority with respect to property or casualty insurance, based solely on the loss ratio experience on that agent's book of business, if: the insurer required the agent to submit the application for underwriting approval, all material information on the application was fully completed, and the agent has not omitted or altered any information provided by the applicant.

(b) For purposes of this section, "loss ratio experience" means the ratio of premiums paid divided by the claims paid during the previous two-year period.

(c) This section applies only to agents who write ~~insurance business exclusively~~ 80 percent or more of their gross annual insurance business for one company and are not in the direct employ of the company or any or all of its subsidiaries.

Sec. 2. [60A.175] [AGENT COMMISSIONS.]

An insurer that cancels a written agreement with an agent under section 60A.171 or 60A.172 must pay to the agent terminated all commissions earned by that agent prior to or after termination."

Page 1, line 11, delete "the commissioner or any" and insert "any government department or agency"

Page 1, line 12, delete "employee of the commerce department"

Page 1, line 15, delete "1" and insert "3"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "regulating cancellations of insurance agency contracts;"

Page 1, line 4, delete "section" and insert "sections 60A.172; and"

Page 1, line 5, before the period, insert "; proposing coding for new law in Minnesota Statutes, chapter 60A"

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

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

S.F. No. 486: A bill for an act relating to juvenile justice; requiring reasonable efforts to prevent placement of children in need of protection or services proceedings; amending duty of juvenile court to ensure placement prevention and family reunification; defining reasonable efforts; clarifying definitions, jurisdiction, and services for Indian children; requiring preference for racial or ethnic heritage for appointment of guardian ad litem; requiring consideration of reasonable efforts in factors determining

neglect; requiring that a child be in imminent danger for detention; permitting social services to release for detention; requiring finding of reasonable efforts at detention; and imposing requirements for disposition case plans; amending Minnesota Statutes 1988, sections 260.012; 260.015, subdivisions 11, 13, 14, and by adding subdivisions; 260.111, by adding a subdivision; 260.135, subdivision 2; 260.141; 260.155, subdivisions 4 and 7; 260.165, subdivision 1; 260.171, subdivision 1; 260.172, subdivisions 1 and 4; 260.173, subdivision 2; 260.181, subdivision 2; and 260.191, subdivisions 1a and 1e.

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

Page 1, line 28, before "If" insert "(a)"

Page 2, line 11, before "'Reasonable'" insert "(b)"

Page 2, line 12, delete "services that are"

Page 2, line 13, delete ", or may reasonably be developed," and insert "services"

Page 2, line 21, before "The" insert "(c)"

Page 2, after line 31, insert:

"(d) Nothing in this section prevents, delays, or limits out-of-home placement for treatment of a child with an emotional disturbance or mental disability when the child's diagnostic assessment or individual treatment plan indicates the placement is clinically appropriate."

Page 3, line 4, after "custom" insert ", as provided in section 257.351, subdivision 11"

Page 3, line 13, after "cousins" insert ", as provided in the Indian Child Welfare Act of 1978, United States Code, title 25, section 1903"

Page 3, line 23, after "child" insert ", as provided in section 257.351, subdivision 8"

Page 3, line 26, delete "'Indian'" and insert "'Indian,' consistent with section 257.351, subdivision 5,"

Page 3, line 33, delete "child'" and insert "child," consistent with section 257.351, subdivision 6,"

Page 4, line 3, before "When" insert "In a child in need of protection or services proceeding,"

Page 4, line 7, after "child" insert ", as provided in the Indian Child Welfare Act of 1978, United States Code, title 25, section 1911"

Page 4, line 21, delete "unless"

Page 4, delete line 22

Page 4, line 23, delete "and the child's tribe,"

Page 4, line 26, delete the comma and insert "of the pending proceedings and of their right of intervention. The notice must be provided"

Page 4, line 27, delete everything after "requested" and insert "unless personal service is accomplished"

Page 4, line 28, delete "intervention"

Page 5, line 26, delete "*If a guardian ad litem is appointed*" and insert "*The following factors shall be considered when appointing a guardian ad litem*"

Page 5, line 27, delete ", a guardian ad litem shall be" and insert a colon

Page 5, delete line 28

Page 5, lines 29 and 31, delete the paragraph coding and delete "a" and insert "*whether the*" and delete "*who*"

Page 6, line 4, delete "*caused*" and insert "*necessitates*"

Page 7, line 1, strike "*such*" and insert "*the*"

Page 7, lines 3 to 5, delete the new language

Page 7, line 7, delete "*imminently*" and after "*wellfare*" insert ". *If an Indian child is a resident of a reservation or is domiciled on a reservation but temporarily located off the reservation, the taking of the child under this clause shall be consistent with the Indian Child Welfare Act of 1978, United States Code, title 25, section 1922*"

Page 7, line 26, before the first "*the*" insert "*or*" and after "*attorney*" delete ", *or*" and insert ". *If*"

Page 7, line 27, delete "*if*" and insert "*has determined that*"

Page 7, line 29, after "*placement*" insert ", *the agency shall request authorization for the child's release from detention*"

Page 11, line 15, after "*with*" insert "*any foster parents, and consultation with*"

Page 11, line 16, delete "*foster parent,*"

Page 11, lines 24 to 29, delete the new language

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

Mrs. Lantry from the Committee on General Legislation and Public Gaming, to which was referred

S.F. No. 927: A bill for an act relating to charitable gambling; including within the definition of "lawful purpose" certain expenditures for the erection, acquisition, maintenance and repair of real property; amending Minnesota Statutes 1988, section 349.12, subdivision 11.

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

Page 2, line 3, after "*board*" insert "*has first*" and strike "*authorizes*" and insert "*authorized*"

Page 2, line 8, delete "*extensively*"

Page 2, line 16, strike "*may*" and insert "*shall*"

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

Mrs. Lantry from the Committee on General Legislation and Public Gaming, to which was referred

S.F. No. 1019: A bill for an act relating to animals; establishing a state program for spaying and neutering certain animals; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 346.

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

Delete everything after the enacting clause and insert:

"Section 1. [346.60] [ANIMAL CONTROL PROGRAM.]

Subdivision 1. [PROGRAM.] The board of animal health shall establish and implement an animal population control program, the purpose of which is to reduce the population of unwanted and stray dogs and cats by encouraging the owners of dogs and cats to have them permanently sexually sterilized, thereby reducing potential threats to public health and safety posed by the growing population of these unwanted and stray animals, and by providing low-cost animal sterilization services to animal owners.

Subd. 2. [RULES.] The board shall adopt any rules under chapter 14 necessary to carry out this section.

Sec. 2. [APPROPRIATION.]

\$ is appropriated from the general fund to the board of animal health for the biennium ending June 30, 1991, for the purposes of section 1."

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

Mr. Solon from the Committee on Commerce, to which was referred

S.F. No. 1014: A bill for an act relating to insurance; regulating agent licensing; regulating Medicare supplement plans; modifying required levels of coverages; amending Minnesota Statutes 1988, sections 60A.17, subdivision 6c, and by adding a subdivision; 62A.31, subdivision 2; 62D.104; 62D.121, subdivision 3; 62D.181, subdivision 4; and 62E.14, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 62A; repealing Minnesota Statutes 1988, sections 62A.32; 62A.33; 62A.34; and 62A.35.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 60A.17, subdivision 6c, is amended to read:

Subd. 6c. [REVOCATION OR SUSPENSION OF LICENSE.] (a) The commissioner may by order suspend or revoke an insurance agent's or agency's license issued to a natural person or impose a civil penalty appropriate to the offense, not to exceed \$5,000 upon that licensee, or both, if, after notice and hearing, the commissioner finds as to that licensee any one or more of the following conditions:

- (1) any materially untrue statement in the license application;
- (2) any cause for which issuance of the license could have been refused

had it then existed and been known to the commissioner at the time of issuance;

(3) violation of, or noncompliance with, any insurance law or violation of any rule or order of the commissioner or of a commissioner of insurance of another state or jurisdiction;

(4) obtaining or attempting to obtain any license through misrepresentation or fraud;

(5) improperly withholding, misappropriating, or converting to the licensee's own use any money belonging to a policyholder, insurer, beneficiary, or other person, received by the licensee in the course of the licensee's insurance business;

(6) misrepresentation of the terms of any actual or proposed insurance contract;

(7) conviction of a felony or of a gross misdemeanor or misdemeanor involving moral turpitude;

(8) that the licensee has been found guilty of any unfair trade practice, as defined in chapters 60A to 72A, or of fraud;

(9) that in the conduct of the agent's affairs under the license, the licensee has used fraudulent, coercive, or dishonest practices, or the licensee has been shown to be incompetent, untrustworthy, or financially irresponsible;

(10) that the agent's license has been suspended or revoked in any other state, province, district, territory, or foreign country;

(11) that the licensee has forged another's name to an application for insurance; or

(12) that the licensee has violated subdivision 6b.

(b) The commissioner may by order suspend or revoke an insurance agent's or insurance agency's license issued to a partnership or corporation or impose a civil penalty not to exceed \$5,000 upon that licensee, or both, if, after notice and hearing, the commissioner finds as to that licensee, or as to any partner, director, shareholder, officer, or employee of that licensee, any one or more of the conditions set forth in paragraph (a).

(c) A revocation of a license shall prohibit the licensee from making a new application for a license for at least ~~one year~~ *two years from the effective date of the revocation*. Further, the commissioner ~~may shall~~, as a condition of relicensure, require the applicant to file a reasonable bond for the protection of the citizens of this state, which bond shall be maintained by the licensee in full force for a period of five years immediately following issuance of the license, unless the commissioner at the commissioner's discretion shall after two years permit the licensee to sooner terminate the maintenance filing of the bond obtain a performance bond issued by an insurer authorized to transact business in this state in the amount of \$20,000 or a greater amount the commissioner considers appropriate for the protection of citizens of this state. The bond shall be filed with the commissioner, with the state of Minnesota as obligee, conditioned for the prompt payment to any aggrieved person entitled to payment of any amounts received by the licensee or to protect any aggrieved person from loss resulting from fraudulent, deceptive, dishonest, or other prohibited practices arising out of any transaction when the licensee was licensed or performed acts for which a license is required under this chapter. The bond

shall remain operative for as long as that licensee is licensed. A discharge in bankruptcy shall not relieve a person from the penalties and disabilities provided in this section. The bond required by this subdivision must provide coverage for all matters arising during the period of licensure.

(d) The commissioner may, in the manner prescribed by chapter 14, impose a civil penalty not to exceed \$5,000 upon a person whose license has lapsed, or been suspended, revoked, or otherwise terminated, for engaging in conduct prohibited by paragraph (a) before, during, or after the period of licensure.

Sec. 2. Minnesota Statutes 1988, section 60A.17, is amended by adding a subdivision to read:

Subd. 21. [SUITABILITY OF INSURANCE.] In recommending the purchase of any life, endowment, long-term care, annuity, life-endowment, or Medicare supplement insurance to a customer, an agent must have reasonable grounds for believing that the recommendation is suitable for the customer, and must make reasonable inquiries to determine suitability. The suitability of a recommended purchase of insurance will be determined by reference to the totality of the particular customer's circumstances, including, but not limited to, the customer's income, the customer's need for insurance, and the values, benefits, and costs of the customer's existing insurance program, if any, when compared to the values, benefits, and costs of the recommended policy or policies.

Sec. 3. Minnesota Statutes 1988, section 62A.31, subdivision 1, is amended to read:

Subdivision 1. [POLICY REQUIREMENTS.] No individual or group policy, certificate, subscriber contract or other evidence of accident and health insurance issued or delivered in this state shall be sold or issued to an individual age 65 or older covered by Medicare unless the following requirements are met:

(a) The policy must provide a minimum of the coverage set out in subdivision 2;

(b) The policy must cover preexisting conditions during the first six months of coverage if the insured was not diagnosed or treated for the particular condition during the 90 days immediately preceding the effective date of coverage;

(c) The policy must contain a provision that the plan will not be canceled or nonrenewed on the grounds of the deterioration of health of the insured; **and**

(d) *Before the policy is sold or issued, an offer of both categories of Medicare supplement insurance has been made to the individual, together with an explanation of both coverages; and*

(e) An outline of coverage as provided in section 62A.39 must be delivered at the time of application and prior to payment of any premium.

Sec. 4. Minnesota Statutes 1988, section 62A.31, subdivision 2, is amended to read:

Subd. 2. [GENERAL COVERAGE.] For a policy to meet the requirements of this section it must contain (1) a designation specifying whether the policy is ~~a~~ *an extended basic Medicare supplement* ~~1+1, 1, 2, or 3 plan~~

or a basic Medicare supplement plan, (2) a caption stating that the commissioner has established ~~four~~ two categories of Medicare supplement insurance and minimum standards for each, with the extended basic Medicare supplement ~~1+~~ being the most comprehensive and the basic Medicare supplement 3 being the least comprehensive, and (3) the policy must provide the minimum coverage prescribed in sections ~~62A.32 to 62A.35~~ 62A.315 and 62A.316 for the supplement specified, provided that an annual deductible of not more than \$200 is permissible for those covered charges not paid by Medicare or otherwise included in ~~paragraph (f) of sections 62A.32 and 62A.33~~ section 62A.315 or 62A.316.

Sec. 5. [62A.315] [EXTENDED BASIC MEDICARE SUPPLEMENT PLAN; COVERAGE.]

The extended basic Medicare supplement plan must have a level of coverage so that it will be certified as a qualified plan pursuant to chapter 62E, and will provide:

(1) coverage for all of the Medicare part A inpatient hospital deductible amount;

(2) coverage for the daily copayment amount of Medicare part A eligible expenses for the first eight days per calendar year incurred for skilled nursing facility care;

(3) coverage for the 20 percent copayment amount of Medicare eligible expenses excluding outpatient prescription drugs under Medicare part B regardless of hospital confinement up to the maximum out-of-pocket amount for Medicare part B and coverage of the Medicare deductible amount;

(4) 80 percent of usual and customary hospital and medical expenses, supplies, and prescription drug expenses, including home intravenous (IV) therapy drugs and immunosuppressive therapy drugs, not covered by Medicare's eligible expenses; and

(5) coverage for the reasonable cost of the first three pints of blood, or equivalent quantities of packed red blood cells as defined under federal regulations under Medicare parts A and B, unless replaced in accordance with federal regulations.

Sec. 6. [62A.316] [BASIC MEDICARE SUPPLEMENT PLAN; COVERAGE.]

(a) The basic Medicare supplement plan must have a level of coverage that, at a minimum, will provide:

(1) coverage for the daily copayment amount of Medicare part A eligible expenses for the first eight days per calendar year incurred for skilled nursing facility care;

(2) coverage for the 20 percent copayment amount of Medicare eligible expenses excluding outpatient prescription drugs under Medicare part B regardless of hospital confinement up to the maximum out-of-pocket amount for Medicare part B after the Medicare deductible amount;

(3) coverage for the reasonable cost of the first three pints of blood, or equivalent quantities of packed red blood cells as defined under federal regulations under Medicare parts A and B, unless replaced in accordance with federal regulations;

(4) coverage for the copayment amount of Medicare eligible expenses

for covered home intravenous (IV) therapy drugs, as determined by the Secretary of Health and Human Services, subject to the Medicare outpatient prescription drug deductible amount, if applicable; and

(5) coverage for the copayment amount of Medicare eligible expenses for outpatient drugs used in immunosuppressive therapy subject to the Medicare outpatient prescription drug deductible, if applicable.

(b) Only the following optional benefit riders may be added to this plan:

(1) coverage for all of the Medicare part A inpatient hospital deductible amount; and

(2) a minimum of 80 percent of usual and customary medical expenses and supplies not covered by Medicare part B eligible expenses. This does not include outpatient prescription drugs.

Sec. 7. Minnesota Statutes 1988, section 62A.41, is amended to read:

62A.41 [PENALTIES.]

Subdivision 1. [GENERALLY.] Any insurer, general agent, agent, or other person who knowingly or willfully, either directly or indirectly, makes or causes to be made or induces or seeks to induce the making of any false statement or representation of a material fact with respect to compliance of any policy with the standards and requirements set forth in this section; falsely assumes or pretends to be acting, or misrepresents in any way, including a violation of section 62A.37, that the person is acting, under the authority or in association with Medicare, or any federal agency, for the purpose of selling or attempting to sell insurance, or in such pretended character demands, or obtains money, paper, documents, or anything of value; or knowingly sells a health insurance policy to an individual entitled to benefits under part A or part B of Medicare with the knowledge that such policy substantially duplicates health benefits to which such individual is otherwise entitled under a requirement of state or federal law other than under medicare shall be guilty of a felony and subject to a civil penalty of not more than \$5,000 per violation, and the commissioner may revoke or suspend the license of any company, association, society, other insurer, or agent thereof.

Subd. 2. [SALES OF REPLACEMENT POLICIES.] An insurer or general agent, agent, manager's general agent, or other representative, who knowingly or willfully violates section 62A.40 is guilty of a felony and is subject to a civil penalty of not more than \$5,000 per violation.

Subd. 3. [SALES OF DUPLICATE POLICIES.] An agent who knowingly or willfully violates section 62A.43, subdivision 1, is guilty of a felony and is subject to a civil penalty of not more than \$5,000 per violation.

Subd. 4. [UNLICENSED SALES.] Notwithstanding section 60A.17, subdivision 1, paragraph (d), a person who acts or assumes to act as an insurance agent without a valid license for the purpose of selling or attempting to sell Medicare supplement insurance, and the person who aids or abets the actor, is guilty of a felony and is subject to a civil penalty of not more than \$5,000 per violation.

Sec. 8. Minnesota Statutes 1988, section 62A.43, subdivision 4, is amended to read:

Subd. 4. [OTHER POLICIES NOT PROHIBITED.] The prohibition in this section against the sale of duplicate Medicare supplement coverage

does not preclude the sale of insurance coverage, such as travel, accident and sickness coverage, or *hospital indemnity policies*, the effect or purpose of which is not to supplement Medicare coverage. Notwithstanding this provision, if the commissioner determines that the coverage being sold is in fact Medicare supplement insurance, the commissioner shall notify the insurer in writing of the determination. If the insurer does not thereafter comply with sections 62A.31 to 62A.44, the commissioner may, pursuant to chapter 14, revoke or suspend the insurer's authority to sell accident and health insurance in this state or impose a civil penalty not to exceed \$10,000, or both.

Sec. 9. [62A.436] [COMMISSIONS.]

The commission, sales allowance, service fee, or compensation to an agent for the sale of a Medicare supplement plan must be the same for each of the first four years of the policy. The commissioner may grant a waiver of this restriction on commissions when the commissioner believes that the insurer's fee structure does not encourage deceptive practices.

In no event may the rate of commission, sales allowance, service fee, or compensation for the sale of a basic Medicare supplement plan exceed that which applies to the sale of an extended basic Medicare supplement plan.

This section also applies to sales of replacement policies.

Sec. 10. Minnesota Statutes 1988, section 62D.104, is amended to read:
62D.104 [REQUIRED OUT-OF-AREA CONVERSION.]

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

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

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

Sec. 11. Minnesota Statutes 1988, section 62D.121, subdivision 3, is amended to read:

Subd. 3. If replacement coverage is not provided by the health maintenance organization, as explained under subdivision 2, the replacement coverage shall provide, for enrollees covered by title XVIII of the Social Security Act, coverage at least equivalent to a *basic* Medicare supplement ~~two~~ plan as defined in section ~~62A.34~~ 62A.316, except that the replacement coverage shall also cover the liability for any Medicare part A and part B deductible as defined under title XVIII of the Social Security Act. After satisfaction of the Medicare part B deductible, the replacement coverage shall be based on 120 percent of the Medicare part B eligible expenses less

the Medicare part B payment amount. The fee or premium of the replacement coverage shall not exceed the premium charged by the state comprehensive health plan as established under section 62E.08, for a qualified Medicare supplement plan. All enrollees not covered by Medicare shall be given the option of a number three qualified plan or a number two qualified plan as defined in section 62E.06, subdivisions 1 and 2, for replacement coverage. The fee or premium for a number three qualified plan shall not exceed 125 percent of the average of rates charged by the five insurers with the largest number of individuals in a number three qualified plan of insurance in force in Minnesota. The fee or premium for a number two qualified plan shall not exceed 125 percent of the average of rates charged by the five insurers with the largest number of individuals in a number two qualified plan of insurance in force in Minnesota.

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

Sec. 12. Minnesota Statutes 1988, section 62D.181, subdivision 4, is amended to read:

Subd. 4. [COVERAGE.] Alternative coverage issued under this section must be at least a number two qualified plan, as described in section 62E.06, subdivision 2, or for individuals over age 65, a *basic* Medicare supplement 2 plan, as described in section ~~62A.34~~ 62A.316.

Sec. 13. Minnesota Statutes 1988, section 62E.07, is amended to read:

62E.07 [QUALIFIED MEDICARE SUPPLEMENT PLAN.]

Any plan which provides benefits to persons over the age of 65 years may be certified as a qualified Medicare supplement plan if the plan is designed to supplement Medicare and provides coverage of ~~50~~ 100 percent of the ~~deductible and copayment~~ deductibles required under Medicare and 80 percent of the charges for covered services described in section 62E.06, subdivision 1, which charges are not paid by Medicare. The coverage shall include a limitation of \$1,000 per person on total annual out-of-pocket expenses for the covered services. The coverage may be subject to a maximum lifetime benefit of not less than ~~\$100,000~~ \$500,000.

Sec. 14. Minnesota Statutes 1988, section 62E.14, subdivision 4, is amended to read:

Subd. 4. Notwithstanding the above, any Minnesota resident holder of a policy or certificate of Medicare supplement coverages pursuant to sections ~~62A.32 to 62A.35~~ 62A.315 and 62A.316, or Medicare supplement plans previously approved by the commissioner, may enroll in the comprehensive health insurance plan as described in section 62E.07, with a waiver of the preexisting condition as described in subdivision 3, without interruption in coverage, provided, the policy or certificate has been terminated by the insurer for reasons other than nonpayment of premium and, provided further, that the option to enroll in the plan is exercised within 30 days of termination of the existing contract.

Coverage in the state plan for purposes of this section shall be effective on the date of termination upon completion of the proper application and payment of the required premium. The application must include evidence of termination of the existing policy or certificate.

Sec. 15. [REPEALER.]

(a) Minnesota Statutes 1988, sections 62A.32; 62A.33; 62A.34; and 62A.35, are repealed.

(b) Minnesota Rules, part 2795.0900, is repealed.

Sec. 16. [APPLICATION; EFFECTIVE DATE.]

Section 7 is effective the day following final enactment and applies to claims arising from incidents occurring on or after that date.

Sections 1, 2, 8, and 15, paragraph (b), are effective June 1, 1989. Sections 3, 4 to 6, 9 to 14, and 15, paragraph (a), are effective January 1, 1990, for policies, plans, or contracts subject to Minnesota Statutes, section 62A.31, which are issued or delivered in this state on or after that date. No policy of Medicare supplement 1+, 1, 2, or 3 may be sold or issued on or after that date. Policies, plans, and contracts in effect on or after June 1, 1989, must conform with federal Medicare benefit modifications and must provide appropriate premium adjustments to policyholders by January 1, 1990."

Amend the title as follows:

Page 1, line 6, delete "subdivision 2" and insert "subdivisions 1 and 2; 62A.41; 62A.43, subdivision 4"

Page 1, line 7, after "4;" insert "62E.07;"

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

Mrs. Lantry from the Committee on General Legislation and Public Gaming, to which was referred

S.F. No. 1255: A bill for an act relating to public safety; creating the Minnesota advisory council on fire protection systems; requiring licensing and certifying of the fire protection industry; providing for rules and an exemption; creating fire protection systems account; providing for fees and a surcharge; imposing a penalty; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 299K.

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

Page 1, line 19, delete everything after the period

Page 1, delete lines 20 and 21

Page 2, line 10, delete "when the" and insert ", or" and delete "is"

Page 2, line 11, after "purposes" insert a comma

Page 2, line 14, after the period, insert "*Persons properly licensed under section 326.40 may also sell, design, install, modify or inspect a standpipe, hose system only.*"

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

Mrs. Lantry from the Committee on General Legislation and Public Gaming, to which was referred

S.F. No. 1283: A bill for an act relating to local government; permitting a city or county to authorize and regulate casino nights; amending Minnesota Statutes 1988, sections 349.31, subdivision 1; 541.21; 609.75, subdivision 3; and 609.761; proposing coding for new law in Minnesota Statutes, chapter 349.

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

Page 1, line 20, after the period, insert "*A person may not be required to pay a fee to play a game at the casino night, and the person or organization conducting the casino night must make available, at no charge to a person, the scrip or redeemable tokens to be used to play the games.*"

Page 2, delete section 3

Page 3, delete section 6

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete "541.21;"

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 707 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
707	588				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 707 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 707 and insert the language after the enacting clause of S.F. No. 588, the second engrossment; further, delete the title of H.F. No. 707 and insert the title of S.F. No. 588, the second engrossment.

And when so amended H.F. No. 707 will be identical to S.F. No. 588, and further recommends that H.F. No. 707 be given its second reading and substituted for S.F. No. 588, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 770 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
770	740				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1056 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1056	901				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Pehler from the Committee on Education, to which was referred

S.F. No. 882: A bill for an act relating to education; appropriating money for lease of space at the College of St. Teresa by Winona State University.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Mr. Pehler from the Committee on Education, to which was referred

S.F. No. 783: A bill for an act relating to education; proposing a fifth year incentive plan for teachers in the Duluth school district.

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

Delete everything after the enacting clause and insert:

"Section 1. [NEGOTIATED INCENTIVE PLAN; PARTICIPATION IN RETIREMENT FUND.]

A teacher employed by independent school district No. 709, Duluth, who voluntarily participates in an incentive plan negotiated by the school board

and the exclusive representative of the teachers permitting 80 percent payment of salary over a five-year period, during which the teacher works four years and is on leave the fifth year, may receive service credit in the Duluth teachers retirement fund association for the entire five-year period of the incentive plan if the teacher and the employing board make employer and employee contributions for the period based on the annual salary the teacher would have received if teaching in the district during the period without the salary reduction to 80 percent."

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

Mr. Frank from the Committee on Economic Development and Housing, to which was referred

S.F. No. 977: A bill for an act relating to economic development; establishing the community and neighborhood development organization program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 116J.

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

Page 4, line 15, delete "PRIORITIZING" and insert "PRIORITY OF"

Page 4, line 16, delete "prioritize" and insert "*establish the priority of*"

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

Mr. Frank from the Committee on Economic Development and Housing, to which was referred

S.F. No. 938: A bill for an act relating to economic development; providing for funding of grants to nonprofit economic development organizations; appropriating money.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Mr. Frank from the Committee on Economic Development and Housing, to which was referred

S.F. No. 48: A bill for an act relating to economic development; authorizing counties to establish economic development authorities; amending Minnesota Statutes 1988, sections 469.090, by adding a subdivision; 469.091, subdivision 1, and by adding a subdivision; 469.092, subdivisions 1, 3, 4, and 5; 469.093, subdivision 1; 469.094, subdivisions 1, 2, and 3; 469.095; 469.097, subdivisions 3, 5, and 6; 469.099, subdivision 3; 469.100, subdivisions 2, 3, 4, 5, and 6; 469.101, subdivisions 1, 4, 15, and 16; 469.102, subdivisions 1, 2, 4, and 5; 469.103, subdivisions 1 and 6; 469.105, subdivisions 1 and 4; and 469.107.

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

Page 2, line 8, delete from "*that*" through page 2, line 11, to "469.091,"

Page 10, line 19, after "boundaries" insert "*of a home rule charter or*

statutory city economic development authority"

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

Mr. Frank from the Committee on Economic Development and Housing, to which was referred

S.F. No. 816: A bill for an act relating to economic development; designating a medical enterprise park opportunity zone in the city of Coon Rapids; providing tax benefits for the zone; appropriating money.

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

Page 1, lines 16 and 17, delete "*Minnesota medical enterprise park*" and insert "*zone*"

Page 1, line 18, after "*is*" insert "*a*" and after the second "*property*" insert "*that primarily produces medical products, medical research, or provides medical services.*"

Page 1, delete lines 19 to 25

Page 2, delete lines 1 to 9

Page 2, line 23, after "*zone*" insert "*designated under section 2*"

Page 2, line 34, delete "*15*" and insert "*ten*"

Page 3, line 1, delete "*shall*" and insert "*may,*"

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

Page 3, delete line 6 and insert "*prescribed by the city council and approved by the commissioner*"

Page 3, line 7, delete "*the city council*"

Page 3, line 12, delete "*probable*" and insert "*proposed*"

Page 4, line 36, delete "*may have been allowed*" and insert "*was stated in the approving resolution; or*"

Page 5, delete lines 1 to 3

Page 5, line 21, after "*businesses*" insert "*with qualifying property*" and delete "*an enterprise*" and insert "*the*"

Page 5, lines 24 and 25, delete "*if the purchase was made after January 1, 1988*"

Page 5, line 32, after the semicolon, insert "*and*"

Page 5, line 36, delete "*; and*" and insert a period

Page 6, delete lines 1 to 4

Page 6, line 22, delete "*\$10,000,000*" and insert "*\$2,500,000*"

Page 7, line 22, delete "*Notwithstanding any other law or charter provision,*"

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

Mr. Frank from the Committee on Economic Development and Housing, to which was referred

S.F. No. 613: A bill for an act relating to housing; regulating the powers and duties of the housing finance agency; amending Minnesota Statutes 1988, sections 462A.03, subdivision 12; 462A.05, subdivisions 4, 14a, 20, 21, and 27, and by adding subdivisions; 462A.07, subdivision 14, and by adding a subdivision; and 462A.21, subdivisions 4c and 12, and by adding a subdivision.

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

Page 3, line 6, reinstate the stricken "to"

Page 4, delete section 6 and insert:

"Sec. 6. Minnesota Statutes 1988, section 462A.05, subdivision 27, is amended to read:

Subd. 27. The agency, or the corporations referred to in subdivision 26, may acquire property or property interests under subdivisions 25 and 26 and section 462A.06, subdivision 7, for the following purposes: (1) to protect a loan or grant in which the agency or corporation has an interest; or (2) to preserve for the use of low- and moderate-income persons or families multifamily housing, ~~previously financed by the agency, which was (i) previously financed by the agency, or (ii) not financed by the agency~~ but is benefited by federal housing assistance payments or other rental subsidy or interest reduction contracts. Property or property interests acquired for the purpose specified in clause (1) may be acquired by foreclosure, deed in lieu of foreclosure, or otherwise.

Multifamily property acquired as provided in clause (2) must be managed on a fee basis by an entity other than the agency or corporation. The agency or corporation may manage the property on a temporary basis until an agreement is entered into with another entity to manage the property. The agency or corporation shall make the property available for sale at a purchase price and on terms that are mutually agreeable to the parties."

Page 6, line 10, delete "properties" and insert "property"

Page 6, line 11, delete "places" and insert "place"

Page 6, delete lines 31 to 36 and insert "*programs for American Indians who intend to reside on reservations and who are not persons of low and moderate income, provided that the aggregate dollar amount of the loans for each lender's fiscal year shall not exceed an amount equal to 25 percent of the total dollar amount of all loans made by that lender during the lender's fiscal year at the time of*"

Page 7, delete lines 1 and 2

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

Mr. Davis from the Committee on Agriculture and Rural Development, to which was referred

S.F. No. 1125: A bill for an act relating to agriculture; developing a portable computerized system adapting fertilization rates to soil characteristics; appropriating money.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Mr. Pehler from the Committee on Education, to which was referred

S.F. No. 704: A bill for an act relating to education; appropriating money to establish and expand post-secondary nursing programs and for nursing scholarships.

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

Delete everything after the enacting clause and insert:

"Section 1. [APPROPRIATION FOR GRANTS FOR NURSING EDUCATION.]

Subdivision 1. [NURSING EDUCATION.] There is appropriated from the general fund to the higher education coordinating board \$675,000 for fiscal year 1990 and \$500,000 for fiscal year 1991 for nursing education program grants and for nursing scholarships. The purpose is:

- (1) to address the shortage of registered nurses in Minnesota; and*
- (2) to promote recruitment and long-term retention of registered nurses by increasing access to nursing education.*

Subd. 2. [OUTREACH PROGRAM GRANTS.] \$175,000 is appropriated from the general fund to the higher education coordinating board for fiscal year 1990 for grants to establish or expand baccalaureate and masters completion programs for currently licensed registered nurses.

Public or private post-secondary institutions that have nursing programs are eligible to receive grants. To obtain a grant, an institution must submit an application to the higher education coordinating board. The board may award grants after consulting with the advisory task force. Grants may be awarded only to institutions that design programs that meet the following criteria:

- (1) assess and give credit for prior learning;*
- (2) provide opportunities for part-time enrollment; and*
- (3) are offered in regions of the state that demonstrate the greatest need for baccalaureate and masters completion programs.*

Subd. 3. [SCHOLARSHIPS.] Up to \$250,000 of the appropriation for each fiscal year is for scholarships for part-time or full-time students enrolled in programs designed to prepare individuals to become registered nurses. Up to \$250,000 of the appropriation for each fiscal year is for scholarships for part-time or full-time students enrolled in baccalaureate, masters, or doctorate degree programs in nursing. If the amount appropriated for either type of scholarship is insufficient, the appropriation for the other type of scholarship is available.

The higher education coordinating board shall establish a nursing scholarship program. The board may award scholarships after consulting with the advisory task force.

Subd. 4. [ADVISORY TASK FORCE.] The higher education coordinating board shall appoint an advisory task force to:

(1) review applications and make recommendations about the grants for nursing education programs;

(2) recommend to the board eligibility requirements for scholarship recipients, procedures for awarding scholarships, procedures for allowing the use of matching grants, and alternate methods of determining award amounts;

(3) recommend, as necessary, other policy matters concerning the nursing education program grants and nursing scholarships; and

(4) recommend the conditions under which a nursing scholarship would not be included in the calculation of awards under Minnesota Statutes, chapter 136A.

Subd. 5. [CARRYOVER.] Any unencumbered balance of the appropriation in this section for fiscal year 1990 does not cancel but is available for fiscal year 1991.

Subd. 6. [REPORT TO LEGISLATURE.] The higher education coordinating board shall submit a two-page report about the outreach program grants and the scholarship program to the education and appropriations or finance committees of the legislature by January 1, 1990, and January 1, 1991.

Sec. 2. [HEALTH PROFESSIONS STUDY.]

There is appropriated \$57,000 for fiscal year 1990 from the general fund to the higher education coordinating board for a study of the educational needs of health care professions. The board shall:

(1) determine where employee shortages are occurring; and

(2) study shortages resulting from changes in educational requirements for health practitioners other than registered nurses.

The board shall make recommendations about assistance that could be provided by post-secondary institutions to help alleviate the shortages. The board shall submit its report to the education committees and higher education finance divisions of the legislature by January 1, 1990."

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

Mr. Pehler from the Committee on Education, to which was referred

S.F. No. 607: A bill for an act relating to education; providing for notice of vacancies on the board of regents of the University of Minnesota; requiring use of the open appointments process; amending Minnesota Statutes 1988, section 137.0245, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 137.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 137.0245, subdivision 4, is amended to read:

Subd. 4. [RECOMMENDATIONS.] The advisory council shall recommend at least two and not more than four candidates for each open seat.

By February 1 of each odd-numbered year, the advisory council shall submit its recommendations to the president of the senate and the speaker of the house of representatives, *along with the names of people who submitted applications to the council. The names of applicants who are not interviewed by the council are private data on individuals, according to chapter 13.* The legislature shall not be bound by these recommendations.

Sec. 2. [137.0247] [NOTICE OF VACANCIES ON BOARD OF REGENTS.]

Subdivision 1. [NOTICE BY COMMITTEE CHAIRS.] The chairs of the senate and house of representatives committees on education shall, by October 15 of each even-numbered year, notify the secretary of state and the regent candidate advisory council of the vacancies on the board of regents of the University of Minnesota that will occur the following year. The chairs shall also give notice of the vacancies to each member of the legislature and each person who will be seated as a member of the legislature the following January so that current and future members may encourage people with knowledge of the university and interest in becoming a regent to furnish their names to the regent candidate advisory council.

Subd. 2. [NOTICE BY SECRETARY OF STATE.] The secretary of state shall proceed under the open appointments law, section 15.0597.

Subd. 3. [NOTICE BY REGENT CANDIDATE ADVISORY COUNCIL.] The regent candidate advisory council shall notify each public library of the vacancies. The council shall notify the media in a congressional district of each vacancy in a congressional district and media with state coverage of at-large vacancies. The regent candidate advisory council shall also notify each of the following of the vacancies:

(1) alumni associations of the University of Minnesota, each state university, and each community college;

(2) all state-level boards and agencies representing minority groups and protected classes, including but not limited to the Indian affairs council, legislative commission on the economic status of women, council on affairs of Spanish-speaking people, council on black Minnesotans, council on Asian-Pacific Minnesotans, and council for the handicapped;

(3) state business associations and local chambers of commerce in the congressional district in which a vacancy will occur;

(4) state labor organizations; and

(5) state organizations related to education, including but not limited to the state board of education, higher education coordinating board, state university board, state board for community colleges, higher education professional associations, and elementary and secondary professional associations."

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1079: A bill for an act relating to Ramsey county; increasing the size of the personnel board; permitting the personnel director to issue certain subpoenas; amending Minnesota Statutes 1988, sections 383A.287, subdivision 2; and 383A.294, by adding a subdivision.

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1205: A bill for an act relating to local government; regulating the development, imposition, and management of state mandates upon local political subdivisions; amending Minnesota Statutes 1988, section 3.981, subdivision 2, 8, and by adding subdivisions; 3.982; 3.983, subdivision 3; 14.11, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 3 and 14; repealing Minnesota Statutes 1988, section 3.981, subdivisions 4, 5, and 9.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Governmental Operations. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1258: A bill for an act relating to Martin county; permitting the county board to assign certain duties to the county recorder.

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1009: A bill for an act relating to Carver county; providing for the location of offices for the county attorney, court administrator, and sheriff, and for the location of the district court and the county jail.

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

Page 1, line 8, after "*board*" insert "*and the Scott county board*"

Page 1, lines 18 and 22, before "*shall*" insert "*and Scott county*"

Page 1, line 25, after "*effect*" insert "*for each county*"

Page 2, line 1, after "*board*" insert "*and the Scott county board*"

Amend the title as follows:

Page 1, line 2, delete "*county*" and insert "*and Scott counties*"

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1373: A bill for an act relating to local government; authorizing the city of St. Louis Park to change the name of the housing and redevelopment authority; permitting the recording of certain deeds.

Reports the same back with the recommendation that the bill do pass

and be re-referred to the Committee on Economic Development and Housing. Mr. Schmitz questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Schmitz from the Committee on Local and Urban Government, to which was re-referred

S.F. No. 278: A bill for an act relating to economic development; revising provisions governing regional development commissions; renaming regional development commissions; authorizing the establishment of area development alliances; appropriating money; amending Minnesota Statutes 1988, sections 462.381; 462.382; 462.383; 462.384, subdivisions 1, 2, 5, 6, 7, and by adding subdivisions; 462.385; 462.386; 462.387; 462.388; 462.389; 462.39; 462.393; 462.394; 462.395; 462.396; 462.397; and 462.398; proposing coding for new law in Minnesota Statutes, chapter 462; repealing Minnesota Statutes 1988, sections 462.384, subdivisions 3 and 4; 462.391; and 462.392.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1
AREA DEVELOPMENT ALLIANCE ACT

Section 1. Minnesota Statutes 1988, section 462.381, is amended to read:

462.381 [TITLE.]

Sections 462.381 to 462.398 may be cited as the "~~regional area development alliance act of 1969.~~"

Sec. 2. Minnesota Statutes 1988, section 462.382, is amended to read:

462.382 [APPLICATION.]

~~The provisions of Sections 462.381 to 462.398 have no application do not apply~~ to the metropolitan council created by or the region defined by Laws 1967, chapter 896.

Sec. 3. Minnesota Statutes 1988, section 462.383, is amended to read:

462.383 [PURPOSE.]

~~Subdivision 1. The legislature finds that problems of growth and development in urban and rural regions of the state so transcend the boundary lines of local government units that no single unit can plan for their solution without affecting other units in the region; that various multicounty planning activities conducted under various laws of the United States are presently being conducted in an uncoordinated manner; that intergovernmental cooperation on a regional basis is an effective means of pooling the resources of local government to approach common problems; and that the assistance of the state is needed to make the most effective use of local, state, federal, and private programs in serving the citizens of such urban and rural regions.~~

~~Subd. 2. It is the purpose~~ *The purposes* of sections 462.381 to 462.398 are:

(1) to facilitate intergovernmental cooperation and;

(2) to insure the orderly and harmonious coordination of state, federal,

and local comprehensive planning and development programs for the solution of economic, social, physical, and governmental problems of the state and its citizens by providing for the creation of regional development commissions;

(3) to provide assistance to local communities and governmental units on an areawide basis; and

(4) to identify and address rural issues and problems.

Sec. 4. Minnesota Statutes 1988, section 462.384, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY.] ~~For the purposes of The definitions in this section apply to sections 462.381 to 462.398 the terms defined in this section have the meanings given them.~~

Sec. 5. Minnesota Statutes 1988, section 462.384, subdivision 2, is amended to read:

Subd. 2. [GOVERNMENTAL UNIT.] "Governmental unit" means a county, home rule charter or statutory city, town, school district, or other political subdivision of the state.

Sec. 6. Minnesota Statutes 1988, section 462.384, subdivision 7, is amended to read:

Subd. 7. [COMMISSIONER.] "Commissioner" means the commissioner of the state planning agency exercising the authority conferred by under sections 116K.01 to 116K.13.

Sec. 7. Minnesota Statutes 1988, section 462.384, is amended by adding a subdivision to read:

Subd. 8. [ALLIANCE.] "Alliance" means an area development alliance established under section 462.387.

Sec. 8. Minnesota Statutes 1988, section 462.384, is amended by adding a subdivision to read:

Subd. 9. [ALLIANCE AREA.] "Alliance area" or "area" means a geographic area composed of at least three contiguous counties with a population of at least 50,000, established under section 462.387.

Sec. 9. Minnesota Statutes 1988, section 462.384, is amended by adding a subdivision to read:

Subd. 10. [CITY.] "City" means a home rule charter or statutory city.

Sec. 10. Minnesota Statutes 1988, section 462.386, is amended to read:

462.386 [MULTICOUNTY PLANNING AND DEVELOPMENT; CONFORMANCE WITH REGIONS AREAS.]

Subdivision 1. [MULTICOUNTY PLANNING AND DEVELOPMENT.] All coordination, planning, and development regions areas assisted or created by the state of Minnesota or pursuant to federal legislation shall must conform to the regions designated by the executive order areas established under section 462.387 except where, after review and approval by the commissioner, nonconformance is clearly justified. The commissioner shall develop working agreements with state and federal departments and agencies to insure conformance with this subdivision.

Subd. 3. [FEDERAL ECONOMIC DEVELOPMENT DISTRICTS.] The

boundaries of an economic development district established under the United States Public Works and Economic Development Act of 1965, as amended through December 31, 1988, United States Code, title 42, section 3171, may be modified with the approval of an affected county and the development district.

Sec. 11. Minnesota Statutes 1988, section 462.387, is amended to read:

462.387 [REGIONAL AREA DEVELOPMENT COMMISSIONS ALLIANCE; ESTABLISHMENT.]

Subdivision 1. [PETITION.] (1) Any combination of counties or ~~municipalities~~ *cities* representing a majority of the population of the ~~region~~ *area*, or (2) any combination of contiguous counties, upon approval by a majority of the governing bodies of the cities and towns of each county located within the area for which a ~~commission~~ *an area development alliance* is proposed: may petition the commissioner by formal resolution setting forth its desire to establish, and the need for, the establishment of a ~~regional an area development commission alliance~~. For purposes of ~~this section~~ *the petition requirement*, the population of a county does not include the population of a ~~municipality~~ *city* within the county. *The petition must include the geographic boundaries of the proposed area. The area must include a population of at least 50,000 and at least three contiguous counties. The area may include towns that are contiguous to the counties that are located in the proposed area. The area may also include cities that are located in more than one county and are contiguous to the proposed area. All counties, contiguous towns, and contiguous cities that were part of an alliance that has been terminated and are not part of an existing alliance must be allowed to petition to form the proposed alliance.*

Subd. 3. [ESTABLISHMENT.] ~~Upon~~ *Within 35 days of the receipt of a petition as provided in subdivision 1 a regional development commission shall be established by the commissioner and the notification of, the commissioner shall notify all local government governmental units within the region area for which the commission alliance is proposed. The notification shall be made within 60 days of the commissioner's receipt of a petition under subdivision 1; and fix a time and place within the proposed area for a public hearing. Notice and time requirements specified in section 462.398, subdivision 2, apply to the public hearing. After determining that the boundaries of the proposed alliance area do not overlap with another area development alliance, and within 60 days of the date of the public hearing, the commissioner shall establish the area development alliance by commissioner's order.*

Subd. 4. [SELECTION OF MEMBERSHIP.] The commissioner shall call together each of the membership classifications except ~~citizen groups~~ *the public members*, defined in section 462.388, within 60 days of the establishment of a ~~regional an area development commission alliance~~ for the purpose of selecting the ~~commission alliance~~ *membership*.

Sec. 12. [462.3871] [ANNEXATION PROCEDURE.]

Subdivision 1. [COUNTIES IN EXISTING ALLIANCE.] One or more counties comprising a part of an existing area development alliance may petition the commissioner by county board resolution to withdraw the county or counties from the alliance for the purpose of annexing the county or counties to a contiguous proposed or established area development alliance. The commissioner may order the annexation only if the following

conditions are met:

(1) the population of the area development alliance from which the county or counties request withdrawal is at least 50,000 after the county or counties withdraw;

(2) at least three contiguous counties remain in the alliance after the withdrawal;

(3) none of the petitioning counties have established an alliance or have been authorized to annex with the alliance that they are currently a part of in the past five years;

(4) the alliance with which the county or counties are requesting annexation must approve of the annexation; and

(5) the commissioner approves of the annexation, after making the determination that the population and economic patterns of the county or counties are consistent with the proposed annexation.

Subd. 2. [COUNTIES OR TOWNS NOT PART OF AN ALLIANCE.] Upon approval by a majority of the governing bodies of the cities and towns of a county, a county that is not part of an existing area development alliance may petition the commissioner by county board resolution for the purpose of annexing the county to a contiguous area development alliance. The commissioner may order the annexation only if the following conditions are met:

(1) the alliance with which the county is requesting annexation must approve of the annexation; and

(2) the commissioner approves of the annexation, after making the determination that the population and economic patterns of the county are consistent with the proposed annexation.

A town that is not part of an existing area development alliance may petition the commissioner by town board resolution for the purpose of annexing the town to a contiguous area development alliance. The commissioner may order the annexation if the town meets the conditions specified in clauses (1) and (2) of this subdivision.

If a county or town was not part of a regional development commission existing on January 1, 1989, the county or town may not petition the commissioner for the purpose of annexing to a regional development commission that was renamed and reconstituted as an area development alliance under section 23, until after January 1, 1994.

Subd. 3. [ANNEXATION BY COMMISSIONER'S INITIATIVE.] Within two years after a federal decennial census, the state demographer must review the boundaries of the areas and submit a report to the commissioner with boundary modification recommendations, taking into account the population and economic patterns of each area. Upon receiving boundary modification recommendations from the state demographer, the commissioner may order an annexation under subdivision 1 without meeting the petition requirements after determining that the other conditions specified in subdivision 1 have been met.

Subd. 4. [CITIES ANNEXATION.] A city that is located in more than one county may petition the commissioner by city council resolution for the purpose of annexing the entire city to a contiguous area development alliance. The commissioner may order the annexation if the city meets the

conditions specified in subdivision 2, clauses (1) and (2).

Subd. 5. [PUBLIC HEARING REQUIREMENTS.] The commissioner must hold a public hearing in the proposed annexation area before ordering an annexation under this section. Notice and time requirements specified in section 462.398, subdivision 2, apply to the public hearing.

Sec. 13. Minnesota Statutes 1988, section 462.388, is amended to read:

462.388 [COMMISSION ALLIANCE MEMBERSHIP]

Subdivision 1. [COMPOSITION.] A commission shall consist An alliance consists of the following members:

(1) one member from each county board of every county in the development region area, selected by each respective county board;

(2) one additional county board member from each county of over 100,000 with a population greater than 100,000, selected by each respective county board of these counties;

(3) the town clerk, town treasurer, or one member of a town board of supervisors from each county containing organized towns, selected by the town officers association in each respective county, or the town boards of supervisors in each county if a town officers association does not exist in the county;

(4) one additional member selected by the county board of any county containing no townships;

(5) one mayor or council member from a municipality of under 10,000 city with a population less than 10,000, from each county, selected by the mayors of all such municipalities the cities in the county;

(6) one mayor or council member from each municipality of over city with a population greater than 10,000 in from each county, selected by the mayor of each of these respective cities;

(7) two school board members elected by a majority of the chairs of school boards in the development region area;

(8) one member from each council of governments, selected by each council; and

(9) citizens at least one public member from each county or portion of a county in the area, selected by the other alliance members and representing public interests within the region including members of minority groups area, to be selected after adoption of the bylaws of the commission; and

(10) the chair, who shall be selected by the commission alliance. At least 30 percent of the alliance membership must consist of public members who are not members of the governing body of a county, city, or town.

The public membership of the alliance may consist of members of minority groups, post-secondary educational institutions, senior citizen groups, human service organizations, natural resource organizations, nonprofit economic development entities, local chambers of commerce, and the general public interested in community and economic development.

Subd. 2. [TERMS; SELECTION.] The terms of office and method of selection of members other than, including the chair shall and other officers, must be provided for in the bylaws of the commission which shall

~~not be inconsistent~~ alliance. The alliance must select a chair from its own membership. An alliance member may not serve more than ten consecutive years. The bylaws must be consistent with the provisions of subdivision 1. The ~~commission~~ alliance shall adopt ~~rules setting forth~~ bylaws providing for its procedures.

Subd. 5. [PER DIEM; EXPENSES.] Members of the ~~regional commission~~ alliance may receive a per diem of ~~not over \$35, the amount to be determined by the commission in the amount specified under section 15.0575,~~ subdivision 3, and shall must be reimbursed for their reasonable expenses as determined by the ~~commission~~ alliance. The ~~commission~~ alliance may provide for the election of a board of directors, who need not be ~~commission~~ alliance members, and provide, at its discretion, for a per diem of ~~not over \$35 a day in the amount specified under section 15.0575,~~ subdivision 3, for meetings of the board and expenses. A member of the board of directors ~~who is a member of the commission~~ shall may receive only the per diem payable to board members when meetings of the board of directors and the ~~commission~~ alliance are held on the same day.

Sec. 14. Minnesota Statutes 1988, section 462.389, is amended to read:

462.389 [DEVELOPMENT COMMISSION ALLIANCE CHAIR; OFFICERS AND STAFF]

Subdivision 1. [CHAIR.] The chair of the ~~commission~~ alliance shall have been a resident of the ~~region~~ area for at least one year and shall be a person experienced in the field of government affairs. The chair shall preside at the meetings of the ~~commission~~ alliance and board of directors, appoint all employees thereof, subject to the approval of the ~~commission~~ as provided in the personnel system adopted under subdivision 4, and be responsible for carrying out all policy decisions of the ~~commission~~ alliance. The chair's expense allowances shall must be fixed by the ~~commission~~ alliance. The term of the first chair shall be is one year, and the chair shall serve until a successor is selected and qualifies. At the expiration of the term of the first chair, the chair shall must be elected from the membership of the ~~commission~~ alliance according to procedures established in its bylaws.

Subd. 2. [OFFICERS.] Except as provided in subdivision 1, the ~~commission~~ alliance shall may elect such officers as it ~~deems~~ considers necessary for the conduct of its affairs. Times and places of regular and special meetings shall must be fixed by the ~~commission~~ alliance and may be provided in the ~~commission~~ alliance bylaws. In the performance of its duties the ~~commission~~ alliance may adopt bylaws; ~~rules governing its operation;~~ establish committees, divisions, departments, and bureaus; ~~and;~~ staff the ~~same~~ committees, divisions, departments, and bureaus as necessary to carry out its duties; and when specifically authorized by law, make appointments to other governmental agencies and districts. All officers and employees shall serve at the pleasure of the ~~commission~~ alliance and in accordance with this section.

Subd. 3. [EXECUTIVE DIRECTOR.] Upon the recommendation of the chair, the ~~commission~~ alliance may appoint an executive director to serve as the chief administrative officer. ~~The director may be chosen from among the citizens of the nation at large, and shall be selected on the basis of training and experience in the field of government affairs.~~

Subd. 4. [EMPLOYEES.] The ~~commission~~ alliance may prepare, in consultation with the state commissioner of employee relations, and may adopt

a ~~merit~~ personnel system for its officers and employees, including *hiring procedures and policies*, terms and conditions ~~for the~~ of employment, ~~the~~ fixing of compensation, ~~their~~ classification, benefits, and the filing of performance and fidelity bonds, and ~~such policies of insurance policies as it may deem considers~~ *advisable, the with premiums for which, however,* shall to be paid for by the ~~commission~~ alliance. Officers and employees are public employees within the meaning of chapter 353. The ~~commission~~ alliance shall make the employer's contributions to pension funds of its employees.

Subd. 5. [STAFF SERVICES.] To avoid duplication of staffs for various regional bodies assisted by federal government, the ~~commission~~ alliance may provide basic administrative, research, and planning services for all regional planning and development bodies ~~hereafter established~~ in Minnesota. The ~~commission~~ alliance may contract to obtain or perform services with state agencies, nonprofit regional groups, subdistricts organized as the result of federal programs, councils of governments organized under section 471.59, or ~~any~~ other law, and with ~~local governments~~ *governmental units*.

Subd. 6. [CONSULTANTS.] The ~~commission~~ alliance may contract for the services of consultants who perform engineering, legal, or other services of a professional nature for peak workloads, continuing advice on program direction, and for specialized and technical services. ~~Such~~ The contracts ~~shall are not be~~ subject to the requirements of any law relating to public bidding.

Sec. 15. Minnesota Statutes 1988, section 462.39, is amended to read:

462.39 [POWERS AND DUTIES.]

Subdivision 1. [GENERAL POWERS.] The ~~commission~~ alliance shall have and exercise all powers which may be necessary or convenient to enable it to perform and carry out the duties and responsibilities of sections 462.381 to 462.398 or which may hereafter be imposed upon it by law. ~~Such~~ The powers include the specific powers enumerated in this section. The ~~commission~~ alliance is an ~~instrumentality~~ *a political subdivision* of the state for purposes of section 297A.25, subdivision 11.

Subd. 2. [STATE AND FEDERAL PROGRAMS.] The ~~commission~~ is the authorized agency to ~~alliance~~ may receive state and federal grants for regional purposes from the following programs:

(1) ~~Section 403 of the Public Works and Economic Development Act of 1965, as amended through December 31, 1988, United States Code, title 42, section 3171~~ (economic development districts); and

(2) ~~Section 701 of the Housing Act of 1954, as amended~~ (multicounty comprehensive planning);

(3) Omnibus Crime Control Act of 1968;

and for the following to the extent feasible as determined by the governor:

(a) Economic Opportunity Act of 1964;

(b) Comprehensive Health Planning Act of 1965;

(c) Federal regional manpower planning programs;

(d) Resource, conservation, and development districts; or

(e) any other state and federal programs providing funds for local, multicounty, or regional planning, coordination, service delivery, and development purposes. The director shall, where consistent with state and federal statutes and regulations, review applications for all state and federal regional planning and development grants to a commission, to the extent determined feasible by the governor.

Subd. 3. [PLANNING.] The commission shall alliance may prepare and adopt, after appropriate study and such public hearings as may be necessary, a comprehensive development plan plans for the region area or portions of the area. The plan shall plans may consist of a compilation of policy statements, goals, standards, programs, and maps prescribing guides for an orderly and economic development, public and private, of the region area. The comprehensive development plan shall recognize and encompass physical, social, or economic needs of the region, and those future developments which will have an impact on the entire region including but not limited to such matters as land use, parks and open space land needs, access to direct sunlight for solar energy systems, the necessity for and location of airports, highways, transit facilities, public hospitals, libraries, schools, public and private, housing, and other public buildings. In preparing the development plan the commission shall use to the maximum extent feasible the resources studies and data available from other planning agencies within the region, including counties, municipalities, special districts, and subregional planning agencies, and it shall utilize the resources of the director to the same purpose. The plans may also include an outline of trends, issues, and problems occurring in rural areas of the state. No A development plan or portion thereof of a plan for the region shall area may not be adopted by the commission alliance until it has been submitted to the director commissioner for review and comment and a period of 60 days has elapsed after such the submission. When a development plan has been adopted, the commission alliance shall distribute it to all local government governmental units within the region area.

Subd. 4. [COMPREHENSIVE PLANNING.] The creation establishment of a regional development commission an area development alliance does not affect the right of counties or municipalities cities to conduct subregional or district planning under sections 462.371 to 462.375 or 471.59. It is the purpose of sections 462.381 to 462.398 to encourage local and subdistrict planning capability and the regional commission alliance shall as far as practical use the data, resources, and input of the local planning agencies.

Subd. 5. [PLANNING REVIEW.] The alliance may review all long-term comprehensive plans of each governmental unit, independent commission, board, or agency, but only if the plan is determined by the alliance to have an areawide effect, a multicomcommunity effect, or to have a substantial effect on development of the area. Each plan determined to have areawide significance by the alliance must be submitted to the alliance for review and comment before any action is taken to place the plan or any part of the plan into effect. No action shall be taken to place any plan or any part of a plan into effect until 60 days have elapsed after the date of its submission to the alliance or until the alliance reviews and comments on the plan. The alliance shall develop, in consultation with the commissioner, formal procedures for the review of plans required to be submitted to it under this subdivision. The procedures must be included in a formal resolution adopted after public hearing. After adoption, the resolution must be transmitted to

each governmental unit and independent agency, board, or commission within the area.

Subd. 6. [RESEARCH.] The alliance may research and study issues and concerns relating to water, land use, economic development, minority problems, governmental problems, human and natural resources, waste reduction and management, communication, transportation, and other subjects of concern to the general public of the area. The alliance may institute demonstration projects in connection with a study.

Subd. 7. [PROGRAM COORDINATION.] The alliance may coordinate civil defense, community shelter planning, flood plain management programs, and other programs of areawide significance within the area and contract with local governmental agencies and consultants for the purpose of program coordination.

Subd. 8. [LOCAL GOVERNMENT BOUNDARIES.] The alliance may participate as a party in any proceedings originating before the Minnesota municipal board under chapter 414, if the proceedings involve the change in a boundary of a governmental unit in the area.

Subd. 9. [DATA AND INFORMATION.] The alliance, in consultation with appropriate departments and agencies of the state, may develop, in cooperation with the public and private colleges and universities and governmental units, a center for data collection and storage to be used by it and other governmental and private users. The alliance may enter into agreements with any state or federal agency to provide information to the governmental units, and others, regarding federal and state programs and data sources.

Subd. 10. [SERVICES AND TECHNICAL ASSISTANCE.] The alliance may contract with governmental units and private organizations to provide them with services and technical assistance in the conduct of local planning and development activities. The alliance may also provide technical assistance to governmental units on a noncontractual basis.

Subd. 11. [REVOLVING LOAN FUND.] In order to promote and encourage local economic development, the alliance may establish a revolving loan fund to provide loans to businesses. If the alliance establishes a revolving loan fund, the alliance shall establish uniform application forms and procedures, minimum interest rates, security requirements, restrictions on the amount of the alliance's participation in a project, and other financial terms and conditions that the alliance determines are necessary in providing financial assistance. The alliance may sell, at private or public sale, loans made under this subdivision to a business, for profit or nonprofit organization, or an individual.

Sec. 16. [462.3925] [COUNTY ECONOMIC DEVELOPMENT AUTHORITY.]

Subdivision 1. [ESTABLISHMENT.] A county located in an alliance area may establish a county economic development authority that has the same powers as an economic development authority established under section 469.091. If a county establishes an economic development authority, the county shall exercise all of the powers relating to an economic development authority granted to a city under sections 469.090 to 469.108.

Subd. 2. [DISTRICTS.] A county economic development authority may create and define the boundaries of economic development districts at any

place or places within the county. Section 469.174, subdivision 10, and the contiguity requirement specified under section 469.101, subdivision 1, do not apply to county economic development districts.

Subd. 3. [LIMITATION.] A county economic development authority may only exercise its powers or levy authority within the boundaries of a city at the request of the city's governing body. A county economic development authority may not exercise its levy authority within the boundaries of a city that has established an economic development authority or port authority.

Subd. 4. [PROJECT REVIEW.] All county economic development authority projects must be submitted to the alliance for review and comment before any action may be taken on the project. No action may be taken on the project until after 45 days have elapsed from the date of submission of the project to the alliance or until the alliance reviews and comments on the project. For purposes of this subdivision, "project" means an economic development district as described in section 469.101, subdivision 1, a project as defined in section 469.002, subdivision 12, or a project as defined in section 469.153, subdivision 2, paragraph (a), (b), or (c).

Sec. 17. Minnesota Statutes 1988, section 462.393, is amended to read:

462.393 [REPORTS.]

Subdivision 1. [ANNUAL REPORT.] On or before August 1 of each year, the ~~commission~~ alliance shall prepare a report for the governmental units, the public within the ~~region~~ area, the legislature and the governor. The report ~~shall~~ must include:

(1) A statement of the ~~commission's~~ alliance's receipts and expenditures by category since the preceding report;

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

(3) A description of ~~any comprehensive plan~~ development plans adopted in whole or in part for the region area;

(4) Summaries and recommendations of any studies and the ~~recommen-~~ dations resulting therefrom made conducted for the region area;

(5) A listing of all applications for federal grants or loans made by governmental units within the region together with the action taken by the commission in relation thereto;

(6) A listing of plans of local governmental units submitted to the region, and actions taken in relationship thereto;

(7) Recommendations of the ~~commission~~ alliance regarding federal and state programs, cooperation, funding, and legislative needs; and

(8) (6) A summary of any report made during the previous year by the state auditor relative to the ~~commission~~ alliance.

Subd. 2. [PERFORMANCE REPORT.] In ~~1984~~ 1991 and every five years thereafter the ~~commission~~ alliance shall review its activities and issue a report ~~assessing its~~ to the commissioner, the governmental units within the area, and the general public within the area. The report must include:

(1) an assessment of the alliance's performance in fulfilling the purposes of the ~~regional area development alliance act of 1969~~. The report shall

~~state whether the existence of the commission is in the public welfare and interest. The report shall be included in the report required by subdivision 1;~~

(2) an assessment of the state of the alliance area, outlining trends and problems occurring within the alliance area; and

(3) recommendations addressing the trends and problems outlined.

Sec. 18. Minnesota Statutes 1988, section 462.394, is amended to read:
462.394 [CITIZEN PARTICIPATION AND ADVISORY COMMITTEES.]

The ~~commission~~ *alliance* may appoint advisory committees of interested and affected ~~citizens~~ *members of the general public* to assist in the review of plans, programs, and other matters referred for review by the ~~commission~~ *alliance*. Whenever a special advisory committee is required by ~~any~~ a federal or state regional program, the ~~commission~~ *alliance* chair shall, as far as practical, appoint ~~such advisory committees as advisory groups~~ to the ~~commission~~ *alliance*. Members of the advisory committees shall serve without compensation but shall be reimbursed for their reasonable expenses as determined by the ~~commission~~ *alliance*.

Sec. 19. Minnesota Statutes 1988, section 462.395, is amended to read:
462.395 [DUTIES OF STATE AGENCIES.]

All state departments and agencies shall cooperate with ~~regional area development commissions~~ *alliances* established under sections 462.381 to 462.398 and shall make available to them studies, reports, data, and other informational and technical assistance within financial and personnel limitations. The ~~director commissioner~~ shall coordinate the state's assistance programs to ~~regional planning and area development commissions~~ *alliances*.

Sec. 20. Minnesota Statutes 1988, section 462.396, is amended to read:
462.396 [FINANCIAL; STATE ASSISTANCE.]

Subdivision 1. [GRANTS.] The ~~director commissioner~~ shall determine the amount of and make grants to any ~~commission~~ *alliance* created under sections 462.381 to 462.398 from appropriations made available for those purposes, provided a work program is submitted acceptable to the ~~director commissioner~~. ~~Any regional commission~~ *An alliance* may levy a tax on all taxable property in the ~~region area~~ to provide money for the purposes of sections 462.381 to 462.398.

Subd. 2. [BUDGET, TAX LEVY.] On or before ~~August 20, 1971, and June 30 of each year thereafter~~, the ~~commission~~ *alliance* shall submit its proposed budget for the ~~ensuing calendar next fiscal year~~ showing anticipated receipts, disbursements and ad valorem tax levy with a written notice of the time and place of the public hearing on the proposed budget to each county auditor and ~~municipal city~~ clerk within the ~~region area~~ and those town clerks who in advance have requested a copy of the budget and notice of public hearing. On or before October 1, ~~1971, and of each year thereafter~~, the ~~commission~~ *alliance* shall adopt, after a public hearing held ~~not~~ no later than September 20, a budget covering its anticipated receipts and disbursements for the ~~ensuing next year~~ and shall decide upon the total amount necessary to be raised from ad valorem tax levies to meet its budget. After adoption of the budget and no later than October 1, the secretary of the ~~commission~~ *alliance* shall certify to the auditor of each county within the ~~region area~~ the county share of ~~such the tax, which shall be in an~~

amount bearing the same proportion to the total levy agreed on by the ~~commission~~ *alliance* as the gross tax capacity of the county bears to the gross tax capacity of the ~~region~~ *area*. The maximum amount of any levy made for the purposes of sections 462.381 to 462.398 shall not exceed one-sixth of one mill on each dollar of gross tax capacity of all taxable property in the ~~region~~ *area*. The auditor of each county in the ~~region~~ *area* shall add the amount of any levy made by the ~~commission~~ *alliance* within the limits imposed by this subdivision to other tax levies of the county for collection by the county treasurer with other taxes. When collected, the county treasurer shall make settlement of ~~such the~~ taxes with the ~~commission~~ *alliance* in the same manner as other taxes are distributed to political subdivisions. The levy authorized by this section ~~shall be~~ *is* in addition to any other county taxes authorized by law.

Subd. 3. [GIFTS; GRANTS; LOANS.] The ~~commission~~ *alliance* may accept gifts, apply for and use grants or loans of money or other property from the United States, the state, *private organizations*, or any person, local or governmental body for any ~~commission~~ *alliance* purpose and may enter into agreements required in connection therewith and may hold, use, and dispose of ~~such moneys~~ *money* or property in accordance with the terms of the gift, grant, loan, agreement, or contract ~~relating thereto~~.

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

Subd. 5. [UNIFORM MUNICIPAL CONTRACT LAW.] *Section 471.345 applies to every contract of the* ~~commission~~ *alliance* for the purchase of merchandise, materials, or supplies ~~shall be let in accordance with the provisions of section 471.345.~~

Subd. 6. [OFFICIAL DEPOSITORY.] The ~~commission~~ *alliance* shall from time to time designate one or more national or state banks, or trust companies authorized to do a banking business, as official depositories for money of the ~~commission~~ *alliance*, and ~~thereupon~~ shall require the treasurer to deposit all or part of ~~such the~~ money in ~~such the~~ bank or banks. ~~Such~~ The designation ~~shall~~ *must* be in writing ~~and set forth, must include~~ all the terms and conditions upon which the deposits are made, ~~and shall~~ *must* be signed by the chair and secretary, and ~~must be~~ made a part of the minutes of the ~~commission~~ *alliance*. ~~Any A designated bank or trust company so designated shall qualify~~ *qualifies* as a depository by furnishing a corporate surety bond or collateral as required by chapter 118, and ~~shall thereafter~~ *must*, as long as money of the ~~commission~~ *alliance* is on deposit ~~therein~~, maintain ~~such the~~ bond or collateral and ~~shall be required to~~ secure any deposit, insofar as it is insured under federal law, as provided in section 118.10.

Subd. 7. [RESERVE FUND.] The alliance may establish an undedicated reserve fund. The amount of an undedicated reserve fund may not exceed two times the amount of taxes levied during the past fiscal year.

Subd. 8. [STATE EQUALIZATION REVENUE.] In order to receive state equalization revenue, an alliance must levy a tax of at least one-sixth of one mill times the gross tax capacity of taxable property in the area. If an alliance levies one-sixth of one mill times the gross tax capacity of taxable property in the area, the amount of state equalization revenue is equal to the sum of \$100,000 minus the amount of the tax levied by the alliance and .50 times the area population of up to 100,000 and .30 times the amount of the area population over 100,000 or \$40,000, whichever is greater. The population must be determined by using the most recent population estimate of the state demographer, as provided under section 116K.04, subdivision 4. Equalization revenue may be used for any purpose authorized under sections 1 to 21.

Sec. 21. Minnesota Statutes 1988, section 462.397, is amended to read:

462.397 [BORROWING MONEY; CERTIFICATES OF INDEBTEDNESS.]

Subdivision 1. [AUTHORIZATION.] At any time after a tax has been levied by the ~~commission~~ alliance and certified to the county auditors to be spread on the next tax roll for collection, the ~~commission~~ alliance may borrow money and in evidence thereof issue and sell its certificates of indebtedness in anticipation of the collection of ~~such~~ the levy.

Subd. 2. [AMOUNT.] The aggregate principal amount of ~~such~~ the certificates then remaining outstanding, issued in anticipation of any levies whatsoever, plus the then unpaid accrued interest and interest to accrue to maturity on all ~~such~~ the certificates, ~~shall~~ may not exceed 50 percent of all taxes certified to the county auditors to be spread and collected which are not delinquent, less the amount ~~thereof~~ received by the ~~commission~~ alliance before the latest certificates were issued.

Subd. 3. [MATURITY.] All certificates ~~shall~~ must mature not later than April 1 following the close of the year of collection of the taxes in anticipation of which they were issued, and may be made subject to redemption before maturity.

Subd. 4. [TERMS.] The ~~commission~~ alliance shall, by the resolution authorizing each issue of certificates, fix the amount, date, maturity or maturities, prepayment provisions, form, denominations, interest rate or rates, and other details of the certificates, and also pledge the full faith and credit of the ~~commission~~ alliance for the payment ~~thereof~~ of the certificates. In ~~and by~~ ~~such~~ the resolution, the ~~commission~~ alliance shall also irrevocably appropriate to a special fund ~~such~~ the amount, stated in dollars, of the levy anticipated as will be required to pay the principal of and interest on the certificates when due.

Subd. 5. [ADDITIONAL LEVY.] If, due to delinquencies in collection ~~thereof~~, the levy is not received at the times and in the amounts sufficient to meet principal of and interest on certificates payable ~~therefrom~~, the ~~commission~~ alliance may levy and cause to be extended, assessed and collected upon all taxable property within the ~~region~~ area, ~~such~~ the ad valorem taxes as may be required to pay ~~such~~ the principal and interest and to restore to other funds advances made for that purpose.

Subd. 6. [SALE.] ~~All such~~ *The certificates may be negotiated and sold in such the manner as may be determined by the commission alliance.*

Sec. 22. Minnesota Statutes 1988, section 462.398, is amended to read:
462.398 [TERMINATION OF COMMISSION ALLIANCE.]

Subdivision 1. [PETITION.] *(1) Any combination of counties or municipalities cities representing a majority of the population of the region alliance area, or (2) a majority of counties within the alliance, upon approval by a majority of the governing bodies of the cities and towns of each county located within the area for which a commission alliance exists: may petition the director commissioner by formal resolution stating that the existence of the commission existing alliance is no longer in the public welfare and interest and is not needed to does not accomplish the purposes of the regional area development alliance act of 1969. For purposes of this section the petition requirement, the population of a county does not include the population of a municipality city within the county. Any formal resolution adopted by the governing body of a county or municipality, city, or town for the termination of a commission shall be an alliance is effective for a period of one year for the purpose of determining the requisite population of the region area or number of counties, cities, and towns needed to petition the director commissioner.*

Subd. 2. [HEARING; NOTICE.] Within 35 days of the receipt of the petition, the ~~director commissioner~~ shall fix a time and place within the region area for a hearing. The ~~director commissioner~~ shall give notice of the hearing by publication once each week for two successive weeks before the date of the hearing in a legal newspaper in each of the counties which the commission alliance represents. The hearing ~~shall must~~ be conducted by members of the commission alliance. If the commission alliance determines that the ~~existence of the commission existing alliance~~ is no longer in the public welfare and interest and that it ~~is not needed to does not~~ accomplish the purposes of the regional area development alliance act of 1969, the commission alliance shall recommend to the ~~director commissioner~~ that the ~~director commissioner~~ terminate the commission alliance. Within 60 days after receipt of the recommendation, the ~~director commissioner~~ shall terminate the commission alliance by giving notice of the termination to all ~~government governmental~~ units within the region area for which the commission alliance was established. Unless otherwise provided by this subdivision, the hearing ~~shall must~~ be in accordance with sections 14.01 to 14.69.

Subd. 3. [LIMITATION.] The ~~director commissioner~~ shall not accept a petition for termination more than once in 30 months for each regional development commission alliance.

Sec. 23. [SUCCESSOR STATUS.]

Each area development alliance is the legal successor in all respects of each respective regional development commission established under Laws 1969, chapter 1122, and all resolutions, contracts, and liabilities of each regional development commission are the resolutions, contracts, and liabilities of each respective area development alliance as renamed and reconstituted under Minnesota Statutes, sections 462.381 to 462.398. Each region for which a regional development commission exists on January 1, 1989, is an area as defined in section 8.

Sec. 24. [INSTRUCTION TO REVISOR.]

The revisor of statutes is directed to change the phrase "regional development commission" wherever it appears in Minnesota Statutes to "area development alliance" in the next and subsequent editions of the statutes.

Sec. 25. [INSTRUCTION TO REVISOR.]

The revisor of statutes is directed to change the phrase "development region" wherever it appears in Minnesota Statutes to "alliance area" in the next and subsequent editions of the statutes.

Sec. 26. [INSTRUCTION TO REVISOR.]

The revisor of statutes is directed to change the phrase "regional development act" wherever it appears in Minnesota Statutes to "area development alliance act" in the next and subsequent editions of the statutes.

Sec. 27. [APPROPRIATION; EQUALIZATION REVENUE.]

\$ is appropriated from the general fund to the commissioner of state planning for equalization revenue as provided under section 20.

Sec. 28. [APPROPRIATION; LEGISLATIVE AUDITOR.]

\$ is appropriated from the general fund to the legislative auditor to conduct a separate program evaluation of each regional development commission existing on January 1, 1989.

Sec. 29. [REPEALER.]

Minnesota Statutes 1988, sections 462.371; 462.372; 462.373; 462.374; 462.375; 462.384, subdivisions 3, 4, 5, and 6; 462.385; 462.391; and 462.392, are repealed.

Sec. 30. [EFFECTIVE DATE.]

Sections 1 to 29 are effective July 1, 1989. For purposes of determining the limit on consecutive years of office for alliance members under Minnesota Statutes, section 462.388, subdivision 2, each current member's term of office will be calculated as beginning on July 1, 1989.

ARTICLE 2 CONFORMING AMENDMENTS

Section 1. Minnesota Statutes 1988, section 110B.08, subdivision 2, is amended to read:

Subd. 2. [COMMENTS TO COUNTY BOARD.] (a) A local unit of government must review the comprehensive water plan and existing water and related land resources plans or official controls and in its comments describe in a general way possible amendments to its existing plans or official controls, and an estimate of the fiscal or policy effects that would be associated with those amendments, to bring them into conformance with the comprehensive water plan.

(b) A county or watershed management organization within the same watershed unit or groundwater system must review comprehensive water plans received and describe in its comments possible conflicts with its existing or proposed comprehensive water plan and suggest measures to resolve the conflicts.

~~(c) The regional development commission shall review the plan under section 462.391, subdivision 1.~~

Sec. 2. Minnesota Statutes 1988, section 115A.03, subdivision 8, is

amended to read:

Subd. 8. "~~Development region~~ *Alliance area*" means a ~~region designated pursuant to sections 462.381 to 462.397~~ *an area established under section 462.387.*

Sec. 3. Minnesota Statutes 1988, section 115A.03, subdivision 26, is amended to read:

Subd. 26. "~~Regional Area development commission~~ *alliance*" means a ~~commission an alliance established pursuant to sections 462.381 to 462.397 under section 462.387.~~

Sec. 4. Minnesota Statutes 1988, section 115A.09, subdivision 3, is amended to read:

Subd. 3. [PROCEDURES.] The board shall propose the inventory of areas by August 1, 1981 by publication in the state register and newspapers of general circulation in the state and by mail to each ~~regional area development commission~~ *alliance* or metropolitan council, and local government unit containing a proposed area. The publications and mailing shall include notice of hearings on the board's proposal. The hearings shall be conducted by the state office of administrative hearings in a manner determined by the administrative law judge to be consistent with the completion of the proceedings and the administrative law judge's report in the time allowed by this section. At the hearing, any local government unit in which an area is proposed for inclusion in the inventory may propose an alternative area or areas within its jurisdiction. The hearing shall afford all interested persons an opportunity to testify and present evidence on the subject of the hearing. The subject of the hearing shall be limited to information submitted by the board and additional information on the proposed area or alternative areas which is relevant to the board's decision on the areas to be included in the inventory. The rulemaking and contested case procedures of chapter 14 shall not apply to this hearing. The administrative law judge may consolidate hearings. The report of the administrative law judge shall contain findings of fact, conclusions, and recommendations on the subject of the hearing. When any area in the inventory becomes unavailable as a hazardous waste facility site, the inventory shall be amended, in the manner of its original adoption, provided, however, that during the period when the inventory is being amended any other area in the inventory may be reviewed and approved under sections 115A.32 to 115A.39. No action of the board shall be held invalid by reason of the board's failure to notify any of the entities listed in this subdivision.

Sec. 5. Minnesota Statutes 1988, section 115A.21, subdivision 2, is amended to read:

Subd. 2. [SEARCH PROCEDURE.] The board shall consult with the agency and the private waste management industry in selecting candidate sites. Any sites proposed in applications for permits for stabilization and containment facilities being reviewed by the agency may be included by the board as candidate sites, provided the agency certifies the intrinsic suitability of the sites. The agency shall suspend its review of any permit application being reviewed by the board for inclusion as a candidate site until the site is eliminated from consideration as a candidate site.

As soon as practicable, the board through its chair shall publish a request soliciting proposals and permit applications for hazardous waste stabilization and containment facilities from potential developers and operators

of such facilities. Notice of the request shall be published in the State Register and newspapers of general circulation in the state and shall be transmitted to all ~~regional area development commissions~~ *alliances*, the metropolitan council, and all counties in the state. The board may select conceptual design and operating specifications for a variety of hazardous waste stabilization and containment facilities in sufficient detail and extent in the judgment of the board to assist the evaluation of sites and the selection of candidate sites. By November 1, 1980, the board through its chair shall notify each ~~regional area development commission~~ *alliance*, or the metropolitan council, and each local government unit within whose jurisdiction the board intends to search for candidate sites. The notification shall explain the selection of the jurisdiction as a search area; shall summarize any conceptual specifications and the evaluation factors, criteria, standards, and procedures the board intends to use in selecting candidate sites; and shall describe the relationship of the candidate site selection process to the other review procedures under sections 115A.18 to 115A.30 and the hazardous waste reports and plans required under sections 115A.04 to 115A.15. The notification shall request recommendations and suggestions from each such ~~commission~~ *alliance*, the metropolitan council, and local government unit on the criteria, standards, and procedures the board should use in selecting candidate sites within the time allowed. The board through its chair shall make a written response to any recommendations, explaining its disposition of the recommendations. No action of the board may be held invalid by reason of the board's failure to notify any of the entities listed in this subdivision.

Sec. 6. Minnesota Statutes 1988, section 115A.45, is amended to read:
115A.45 [TECHNICAL ASSISTANCE.]

The board and metropolitan council shall provide for technical assistance to encourage and improve solid waste management and to assist political subdivisions in preparing the plans described in section 115A.46. The board and metropolitan council shall provide model plans for regional and local solid waste management. The board and metropolitan council may contract for the delivery of technical assistance by a ~~regional an area development commission~~ *alliance*, any state or federal agency, private consultants, or other persons. The board shall prepare and publish an inventory of sources of technical assistance for solid waste planning, including studies, publications, agencies, and persons available.

Sec. 7. Minnesota Statutes 1988, section 115A.52, is amended to read:
115A.52 [TECHNICAL ASSISTANCE FOR PROJECTS.]

The board shall ensure the delivery of technical assistance for projects eligible under the program. The board may contract for the delivery of technical assistance by any state or federal agency, a ~~regional an area development commission~~ *alliance*, the metropolitan council, or private consultants and may use program funds to reimburse the agency, ~~commission~~ *alliance*, council, or consultants. The board shall prepare and publish an inventory of sources of technical assistance, including studies, publications, agencies, and persons available. The board shall ensure statewide benefit from projects assisted under the program by developing exchange and training programs for local officials and employees and by using the experience gained in projects to provide technical assistance and education for other solid waste management projects in the state.

Sec. 8. Minnesota Statutes 1988, section 115A.64, subdivision 3, is amended to read:

Subd. 3. [LOCAL REVIEW AND COMMENT.] At least 60 days before submitting the petition to the board, the petitioners shall publish notice of the petition in newspapers of general circulation in the proposed district and shall cause a copy of the petition to be served upon the agency, the governing body of each political subdivision which is wholly or partly within the proposed district or is affected by the proposed alteration and each ~~regional area development commission~~ *alliance* affected by the proposed district or alteration. Each entity receiving service shall have 60 days within which to comment to the petitioners on the petition and the proposed district or alteration. Proof of service, along with any comments received, shall be attached to the petition when it is submitted to the board.

Sec. 9. Minnesota Statutes 1988, section 116E.02, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP; TERMS.] A state environmental education board, designated as the environmental education board, is hereby created. Regional environmental education councils, subordinate to the environmental education board and designated as regional environmental education councils are hereby created to represent the regions of the state designated by ~~the in governor pursuant to Minnesota Statutes 1971, section 462.385~~ *executive order 8, dated September 1, 1971, and 59, dated May 29, 1973*. The state board shall consist of three members appointed by the commissioner of natural resources and three members appointed by the commissioner of education, and one member from each of the regional councils. Each regional council shall elect one member to serve on the state board. Regional councils shall consist of 12 members, appointed by the chair of the state board with approval of the state board, with at least one person representing each of the following groups: (a) public school systems having grade levels kindergarten through 12, inclusive; (b) post-secondary educational institutions; (c) ~~regional economic area development commissions~~ *alliances*, where established; (d) voluntary organizations; (e) business, industry and agriculture; (f) labor organizations; and (g) elected local government officers. The term of a member of a regional council shall begin on July 1 and shall extend for a four-year term and until a successor is duly appointed and qualifies. A vacancy in the office of a member of any regional council shall be filled by the appointing authority, for the unexpired term.

The regional environmental education council corresponding to the metropolitan area ~~regional development commission~~ *region* as designated by ~~the governor pursuant to section 462.385~~ *executive order 8, dated September 1, 1971*, shall consist of one member from each of the five task forces hereafter created and seven public members. One task force consisting of seven members shall be appointed by the chair of the state board with the approval of the board to represent each of the following five geographic areas: the city of Minneapolis; the remainder of Hennepin county; Carver, Scott and Dakota counties; Ramsey county; and Anoka and Washington counties. Each task force shall select one of its members to serve on the metropolitan regional environmental education council. Members of the task forces shall be compensated and shall have terms similar to those of the regional environmental education councils.

Sec. 10. Minnesota Statutes 1988, section 116E.03, subdivision 8, is

amended to read:

Subd. 8. [CONTRACTS.] The chief administrative officer of the state board may contract with persons, firms, corporations, organizations, units of government or institutions of higher learning for doing any of the work of the chief administrative officer, and none of the provisions of chapter 16, relating to bids, shall apply to such contracts. The regional councils may contract with the ~~regional area development commissions designated by the governor pursuant to Minnesota Statutes 1971, section 462.385~~ *alliances established under section 462.387*, to accomplish the purposes of sections 116E.01 to 116E.04. All personnel employed and all contracts entered into pursuant to this subdivision shall be subject to the approval of the state board. Agreements to exercise delegated powers shall be by written order filed with the secretary of state.

Sec. 11. Minnesota Statutes 1988, section 116G.03, subdivision 5, is amended to read:

Subd. 5. ~~“Regional Area development commission alliance” means any regional an area development commission created pursuant to sections 462.381 to 462.396 alliance established under section 462.387 and the metropolitan council created by established under chapter 473.~~

Sec. 12. Minnesota Statutes 1988, section 116G.06, is amended to read:
116G.06 [DESIGNATION.]

Subdivision 1. (a) The board shall periodically study and assess the resources and development of the state and shall recommend to the governor those areas that should be designated as areas of critical concern in accordance with criteria established in section 116G.05. In its recommendations, the board shall specify the boundaries of the proposed area of critical concern, state the reasons why the particular area proposed is of critical concern to the state or region, the dangers that would result from uncontrolled or inappropriate development of the area and the advantages that would be achieved from the development of the area in a coordinated manner and shall recommend specific principles for guiding the development of the area.

(b) Each ~~regional area development commission alliance~~ may from time to time recommend to the board areas wholly or partially within its jurisdiction that meet the criteria for areas of critical concern as defined in section 116G.05. Each ~~regional area development commission alliance~~ shall solicit from the local units of government within its jurisdiction suggestions as to areas to be recommended. A local unit of government in an area where no ~~regional area development commission alliance~~ has been established may from time to time recommend to the board areas wholly or partially within its jurisdiction that meet the criteria for areas of critical concern as defined in section 116G.05. The board shall provide the ~~regional area development commission alliance~~ or local unit of government with a written statement of its decision and the reasons therefor.

(c) Prior to submitting any recommendations to the governor, under this subdivision, the board shall conduct a public hearing in the manner provided in chapter 14 on the proposed designation at a location convenient to those persons affected by such designation.

Subd. 2. (a) The governor may designate by written order all or part of

the recommended areas as areas of critical concern and specify the boundaries thereof and shall notify all local units of government in which any part or parts of a designated area or areas of critical concern are located.

(b) The order designating an area of critical concern shall (1) describe the boundaries of the area of critical concern, (2) indicate the reason that a particular area is of critical concern, (3) specify standards and guidelines to be followed in preparing and adopting plans and rules required in section 116G.07, and (4) indicate what development, if any, shall be permitted consistent with the policies of sections 116G.01 to 116G.14 pending the adoption of plans and rules.

(c) The order designating an area of critical concern shall be effective for no longer than three years pending approval by the legislature or by the ~~regional area development commission alliance~~, where one exists, of each ~~development region alliance~~ area in which a part of the area of critical concern is located. After a ~~regional area development commission alliance~~ has approved the designation of an area of critical concern, it shall not revoke or rescind its approval, except as necessary to update and re-evaluate plans and regulations under section 116G.10.

Sec. 13. Minnesota Statutes 1988, section 116G.07, is amended to read:

116G.07 [PREPARATION, REVIEW, AND APPROVAL OF PLANS AND REGULATIONS.]

Subdivision 1. (a) Within 30 days of receiving notification of the designation of an area or areas of critical concern within its jurisdiction, the local unit of government shall submit existing plans and regulations which deal with or affect the area or areas so designated to the appropriate ~~regional area development commission alliance~~ or to the board if no ~~regional area development commission alliance~~ has been established.

(b) If no plans or regulations exist, the local unit of government shall upon receiving notification of the designation of an area or areas of critical concern within its jurisdiction:

(1) Within six months of said notification prepare plans and regulations for the designated area or areas of critical concern and submit them to the appropriate ~~regional area development commission alliance~~ for review; or

(2) Within 30 days of said notification request that the appropriate ~~regional area development commission alliance~~ prepare plans and regulations for the area or areas of critical concern. Within six months of receipt of such request, the ~~regional area development commission alliance~~ shall prepare said plans and regulations and submit them to the board for review. If no ~~regional area development commission alliance~~ has been established, the local unit of government may request that the board prepare plans and rules for adoption by the local unit of government.

Subd. 2. Within 45 days of receiving plans and regulations from the local unit of government under the provisions of subdivision 1, the ~~regional area development commission alliance~~ shall review the plans and regulations to determine their consistency with regional objectives and the provisions of the order designating the areas of critical concern and transmit its recommendations, together with the plans and regulations, to the board.

Subd. 3. (a) Within 45 days of receiving plans and regulations from the local unit of government or a ~~regional area development commission alliance~~, the board shall review the plans and regulations to determine

their consistency with the provisions of the order designating the area, the recommendations of the ~~regional area development commission~~ *alliance*, and the review comments of such state agencies as the board shall deem appropriate, and shall either approve the plans and regulations by written order or return them to the local unit of government or ~~regional area development commission~~ *alliance* for modification along with a written explanation of the need for modification.

(b) Plans and regulations which are returned to the local unit of government or ~~regional area development commission~~ *alliance* for modification shall be revised consistent with the instructions of the board and resubmitted to the board within 60 days of their receipt, provided that final revision need not be made until a formal meeting has been held with the board on the plans and regulations if requested by the local unit of government or ~~regional area development commission~~ *alliance*.

(c) Plans or regulations prepared pursuant to this section shall become effective when enacted by the local unit of government or, following legislative or ~~regional area development commission~~ *alliance* approval of the designation, upon such date as the board may provide in its order approving said plans and regulations.

Sec. 14. Minnesota Statutes 1988, section 116G.08, is amended to read:
116G.08 [EXCEPTIONS.]

(a) If, in the opinion of the board, the local unit of government is making a conscientious attempt to develop plans and regulations for the protection of a designated area or areas of critical concern within its jurisdiction, but the scope of the project is of a magnitude that precludes the completion, review, and adoption of the plans and regulations within the time limits established in section 116G.07, the board may grant an appropriate extension of time.

(b) If the board determines that a designated area or areas of critical concern is of a size and complexity that precludes the development of plans and regulations by a local unit of government or a ~~regional area development commission~~ *alliance*, or that the development of plans and regulations requires the assistance of the state, the board shall direct the appropriate state agency or agencies to assist the local unit of government and the ~~regional area development commission~~ *alliance* in preparing the plans and regulations in accordance with a time schedule established by the board.

Sec. 15. Minnesota Statutes 1988, section 116J.971, subdivision 2, is amended to read:

Subd. 2. [RURAL REGION AREA REPRESENTATION.] The department of trade and economic development shall divide the part of the state located outside of the metropolitan area as defined in section 473.121, subdivision 2, into six regions. A region's boundaries must be coterminous with the boundaries of one or more of the ~~development regions alliance~~ *areas* established under section ~~462.385~~ 462.387.

Sec. 16. Minnesota Statutes 1988, section 116N.08, subdivision 2, is amended to read:

Subd. 2. [FUNDING REGIONS.] The board shall divide the state outside of the metropolitan area as defined in section 473.121, subdivision 2, into six regions. A region's boundaries must be coterminous with the boundaries of one or more of the ~~development regions alliance~~ *areas* established under

section ~~462.385~~ 462.387. The board shall designate up to \$1,000,000 for each region, to be awarded over a period of three years. The money designated to each region must be used for revolving loans authorized in this section.

Sec. 17. Minnesota Statutes 1988, section 123.58, subdivision 2, is amended to read:

Subd. 2. [ESTABLISHMENT OF EDUCATIONAL COOPERATIVE SERVICE UNITS.] (a) In furtherance of this policy, ten educational cooperative service units are designated. Each unit, should it become operational, shall be termed an educational cooperative service unit, hereafter designated as an ECSU. Geographical boundaries for each ECSU shall coincide with those identified in governor's executive orders 8, dated September 1, 1971, and 59, dated May 29, 1973, ~~issued pursuant to the regional development act of 1969, Minnesota Statutes, sections 462.381 to 462.397,~~ with the following exceptions:

(i) Development regions one and two shall be combined to form a single ECSU;

(ii) Development regions six east and six west shall be combined to form a single ECSU;

(iii) Development regions seven east and seven west shall be combined to form a single ECSU.

The ECSU shall cooperate with the ~~regional area development commission alliance~~ for the ~~region area~~ with which its boundaries *most closely* coincide but shall not be responsible to nor governed by that ~~regional area development commission alliance~~.

(b) The geographic location of the central administrative office of a school district shall determine the membership of the total school district in a particular ECSU. Existing school district boundaries shall not be altered as a result of this section.

(c) Two or more identified ECSU units may, upon approval by a majority of school boards of participating school districts in each affected ECSU, be combined and administered as a single ECSU unit but state assistance shall be allocated on the basis of two or more ECSU units.

(d) The initial organization of each ECSU may occur only upon petition to the state board of education by a majority of all school districts in an ECSU. The state board of education shall, upon receipt of this petition, invite representation from all public school districts and shall encourage the participation of nonpublic school administrative units to the extent allowed by law in an ECSU at a regional meeting. The state board of education shall then assist in the necessary organizational activities for establishment of an ECSU pursuant to the requirements of this section.

Sec. 18. Minnesota Statutes 1988, section 134.34, subdivision 3, is amended to read:

Subd. 3. Regional library basic system support grants shall be made only to those regional public library systems officially designated by the state board of education as the appropriate agency to strengthen, improve and promote public library services in the participating areas. The state board of education shall designate no more than one such regional public

library system located entirely within any single development region ~~existing under sections 462.381 to 462.396 or chapter 473 as designated in governor executive orders 8, dated September 1, 1971, and 59, dated May 29, 1973.~~

Sec. 19. Minnesota Statutes 1988, section 138.93, subdivision 1, is amended to read:

Subdivision 1. [STATE ASSISTANCE.] The state may pay part of the cost of construction of non-state-owned historical interpretive center projects. The state's share may not exceed 50 percent of the cost of any project. ~~In regions 3, 4, 9, 10, and 11, expenditures from appropriations by the 1977, 1978, and 1979 legislature shall be considered part of the state share of the project cost for the purposes of this section.~~ No more than ten percent of the state's share of future appropriations pursuant to this section may be used for professional services. Development regions are the regions designated ~~pursuant to section 462.385 in governor executive orders 8, dated September 1, 1971, and 59, dated May 29, 1973.~~ There shall not be more than one state assisted project in each region.

Sec. 20. Minnesota Statutes 1988, section 145A.09, subdivision 6, is amended to read:

Subd. 6. [BOUNDARIES OF COMMUNITY HEALTH SERVICE AREAS.] The community health service area of a multicounty or multicity community health board must be within ~~a region designated an alliance area established under sections 462.381 to 462.398, unless this condition is waived by the commissioner with the approval of the regional area development commission alliance directly involved or the metropolitan council, if appropriate. In a region an area without a regional an area development commission alliance, the commissioner of the state planning agency shall act in place of the regional area development commission alliance.~~

Sec. 21. Minnesota Statutes 1988, section 174.031, subdivision 1, is amended to read:

Subdivision 1. [STUDIES DIRECTED.] The commissioner of transportation shall establish and direct a series of highway jurisdiction studies at the regional and multicounty level. The studies must be so designed and conducted as to constitute a comprehensive review in each ~~development region, as designated under section 462.385 alliance area established under section 462.387, of the existing ownership of all roads and proposed changes in jurisdiction of those roads.~~

Sec. 22. Minnesota Statutes 1988, section 245.872, subdivision 2, is amended to read:

Subd. 2. [DISTRIBUTION OF FUNDS.] The commissioner shall allocate grant money appropriated for child care services among the 12 development regions designated by the governor ~~under section 462.385 executive orders 8, dated September 1, 1971, and 59, dated May 29, 1973, in proportion to the ratio of the number of children to the number of licensed child care slots available in each region. Out of the amount allocated for each development region, the commissioner shall award grants based on the recommendation of the grant review advisory task force. In addition, the commissioner shall:~~

- (1) award no more than 75 percent of the money either to child care

facilities for the purpose of facility improvement or interim financing or to child care workers for staff training expenses; and

(2) redistribute funds not awarded by January 1, 1989, without regard to the distribution formula in this subdivision.

Sec. 23. Minnesota Statutes 1988, section 252.46, subdivision 4, is amended to read:

Subd. 4. [NEW VENDORS.] Payment rates established by a county for calendar years 1988 and 1989, for a new vendor for which there were no previous rates must not exceed 125 percent of the average payment rates in the ~~regional development commission district under sections 462.381 to 462.396~~ *region, as designated in governor executive orders 8, dated September 1, 1971, and 59, dated May 29, 1973, in which the new vendor is located.*

Sec. 24. Minnesota Statutes 1988, section 252.46, subdivision 8, is amended to read:

Subd. 8. [COMMISSIONER'S NOTICE TO BOARDS, VENDORS.] The commissioner shall notify the county boards and vendors of:

(1) the average regional payment rates and 125 percent of the average regional payments rates for each of the ~~regional development commission districts designated in sections 462.381 to 462.396~~ *regions designated in governor executive orders 8, dated September 1, 1971, and 59, dated May 29, 1973; and*

(2) the projected inflation rate for the year in which the rates will be effective equal to the most recent projected change in the urban consumer price index, all items, published by the United States Department of Labor, for the upcoming calendar year over the current calendar year.

Sec. 25. Minnesota Statutes 1988, section 256E.08, subdivision 10, is amended to read:

Subd. 10. [INTERCOUNTY COOPERATION.] Two or more contiguous counties that are situated within the boundaries of the same ~~region designated~~ *alliance area established* pursuant to sections 462.381 to 462.396 or the metropolitan area as defined in section 473.121, subdivision 2, and that have not established a human services board may, by resolution of their respective county boards, agree to combine into one board for social service purposes to serve the counties that enter into the agreement. The joint board shall have the same powers, duties, and functions as the individual county boards. The term of the joint board, withdrawal from the joint board, composition of the board, and contribution to the expenses of the board shall be according to the terms of the agreement. Nothing in this section shall prevent a county board from purchasing services from an agency outside the boundaries of the ~~Minnesota economic development region~~ *alliance area* in which it is situated. A joint board established pursuant to this section may encompass completely two regions. Insofar as possible, social services which are jointly administered shall be equally accessible to all residents of the counties that are party to the agreement.

Sec. 26. Minnesota Statutes 1988, section 402.01, subdivision 1, is amended to read:

Subdivision 1. One or more contiguous counties situated within the

boundaries of the same ~~region designated~~ *alliance area established* pursuant to sections 462.381 to 462.396 or section 473.122, may, by resolution of their county boards of commissioners, designate a human services board having the composition, powers, and duties provided in sections 402.01 to 402.10.

Sec. 27. Minnesota Statutes 1988, section 462A.04, subdivision 1, is amended to read:

Subdivision 1. There is created a public body corporate and politic to be known as the "Minnesota housing finance agency," which shall perform the governmental functions and exercise the sovereign powers delegated to it in this chapter in furtherance of the public policies and purposes declared in section 462A.02. The agency shall consist of the commissioner of trade and economic development, state auditor, and five public members appointed by the governor with advice and consent of the senate. No more than two public members shall reside in the area of jurisdiction of the metropolitan council as provided in section 473.123, subdivision 1, and no more than one public member shall reside in any one of the ~~development regions~~ *alliance areas* established under the provisions of sections 462.381 to 462.396. Each member shall hold office until a successor has been appointed and has qualified. A certificate of appointment or reappointment of any member shall be conclusive evidence of the due and proper appointment of the member.

Sec. 28. [REPEALER.]

Minnesota Statutes 1988, section 116K.11, is repealed."

Delete the title and insert:

"A bill for an act relating to economic development; revising provisions governing regional development commissions; renaming regional development commissions; authorizing the establishment of area development alliances; appropriating money; amending Minnesota Statutes 1988, sections 110B.08, subdivision 2; 115A.03, subdivisions 8 and 26; 115A.09, subdivision 3; 115A.21, subdivision 2; 115A.45; 115A.52; 115A.64, subdivision 3; 116E.02, subdivision 1; 116E.03, subdivision 8; 116G.03, subdivision 5; 116G.06; 116G.07; 116G.08; 116J.971, subdivision 2; 116N.08, subdivision 2; 123.58, subdivision 2; 134.34, subdivision 3; 138.93, subdivision 1; 145A.09, subdivision 6; 174.031, subdivision 1; 245.872, subdivision 2; 252.46, subdivisions 4 and 8; 256E.08, subdivision 10; 402.01, subdivision 1; 462.381; 462.382; 462.383; 462.384, subdivisions 1, 2, 7, and by adding subdivisions; 462.386; 462.387; 462.388; 462.389; 462.39; 462.393; 462.394; 462.395; 462.396; 462.397; 462.398; and 462A.04, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 462; repealing Minnesota Statutes 1988, sections 116K.11; 462.371; 462.372; 462.373; 462.374; 462.375; 462.384, subdivisions 3, 4, 5, and 6; 462.385; 462.391; and 462.392."

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was re-referred

S.F. No. 105: A bill for an act relating to appropriations; requiring recommendations of the legislative advisory commission to be made at a meeting of the commission except in certain circumstances; amending Minnesota Statutes 1988, section 3.30, subdivisions 1 and 2.

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

Page 3, line 6, after "item" insert "*except that a recommendation under section 298.2213, subdivision 4, or section 298.296, subdivision 1, need only be signed by a majority of the members entitled to vote on the item*"

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

Mr. Frank from the Committee on Economic Development and Housing, to which was referred

S.F. No. 625: A bill for an act relating to economic development; establishing a toll free provider referral system for small businesses; amending Minnesota Statutes 1988, section 116J.68, subdivision 2.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1
DEPARTMENT OF TRADE AND
ECONOMIC DEVELOPMENT PROGRAMS

Section 1. Minnesota Statutes 1988, section 116J.58, subdivision 1, is amended to read:

Subdivision 1. [ENUMERATION.] The commissioner shall:

(1) investigate, study, and undertake ways and means of promoting and encouraging the prosperous development and protection of the legitimate interest and welfare of Minnesota business, industry, and commerce, within and outside the state;

(2) locate markets for manufacturers and processors and aid merchants in locating and contacting markets;

(3) investigate and study conditions affecting Minnesota business, industry, and commerce and collect and disseminate information, and engage in technical studies, scientific investigations, and statistical research and educational activities necessary or useful for the proper execution of the powers and duties of the commissioner in promoting and developing Minnesota business, industry, and commerce, both within and outside the state;

(4) plan and develop an effective business information service both for the direct assistance of business and industry of the state and for the encouragement of business and industry outside the state to use economic facilities within the state;

(5) compile, collect, and develop periodically, or otherwise make available, information relating to current business conditions;

(6) conduct or encourage research designed to further new and more extensive uses of the natural and other resources of the state and designed to develop new products and industrial processes;

(7) study trends and developments in the industries of the state and analyze the reasons underlying the trends; study costs and other factors affecting successful operation of businesses within the state; and make recommendations regarding circumstances promoting or hampering business and industrial development;

(8) serve as a clearing house for business and industrial problems of the state; and advise small business enterprises regarding improved methods of accounting and bookkeeping;

(9) cooperate with interstate commissions engaged in formulating and promoting the adoption of interstate compacts and agreements helpful to business, industry, and commerce;

(10) cooperate with other state departments, and with boards, commissions, and other state agencies, in the preparation and coordination of plans and policies for the development of the state and for the use and conservation of its resources insofar as the use, conservation, and development may be appropriately directed or influenced by a state agency;

(11) assemble and coordinate information relative to the status, scope, cost, and employment possibilities and the availability of materials, equipment, and labor in connection with public works projects, state, county, and municipal; recommend limitations on the public works; gather current progress information with reference to public and private works projects of the state and its political subdivisions with reference to conditions of employment; inquire into and report to the governor, when requested by the governor, with respect to any program of public state improvements and the financing thereof; and request and obtain information from other state departments or agencies as may be needed properly to report thereon;

(12) study changes in population and current trends and prepare plans and suggest policies for the development and conservation of the resources of the state;

(13) confer and cooperate with the executive, legislative, or planning authorities of the United States and neighboring states and of the counties and municipalities of such neighboring states, for the purpose of bringing about a coordination between the development of such neighboring states, counties, and municipalities and the development of this state;

(14) generally, gather, compile, and make available statistical information relating to business, trade, commerce, industry, transportation, communication, natural resources, and other like subjects in this state, with authority to call upon other departments of the state for statistical data and results obtained by them and to arrange and compile that statistical information in a manner that seems wise;

(15) publish documents and convene annual regional meetings to inform businesses, local government units, assistance providers and other interested persons of changes in state and federal law related to economic development; and

(16) convene annual conferences of providers of economic development-related financial and technical assistance for the purposes of exchanging information on economic development assistance, coordinating economic

development activities, and formulating economic development strategies.

Sec. 2. Minnesota Statutes 1988, section 116J.68, subdivision 2, is amended to read:

Subd. 2. The bureau shall:

(a) provide information and assistance with respect to all aspects of business planning and business management related to the start-up, operation, or expansion of a small business in Minnesota;

~~(b) refer persons interested in the start-up, operation, or expansion of a small business in Minnesota to assistance programs sponsored by federal agencies, state agencies, educational institutions, chambers of commerce, civic organizations, community development groups, private industry associations, and other organizations;~~

(c) plan, develop, and implement a master file of information on small business assistance programs of federal, state, and local governments, and other public and private organizations so as to provide comprehensive, timely information to the bureau's clients;

~~(d)~~ (c) employ staff with adequate and appropriate skills and education and training for the delivery of information and assistance;

~~(e)~~ (d) seek out and utilize, to the extent practicable, contributed expertise and services of federal, state, and local governments, educational institutions, and other public and private organizations;

(f) (e) maintain a close and continued relationship with the director of the procurement program within the department of administration so as to facilitate the department's duties and responsibilities under sections 16B.19 to 16B.22 relating to the small business set aside program of the state;

~~(g)~~ (f) develop an information system which will enable the commissioner and other state agencies to efficiently store, retrieve, analyze, and exchange data regarding small business development and growth in the state. All executive branch agencies of state government and the secretary of state shall to the extent practicable, assist the bureau in the development and implementation of the information system;

~~(h) establish and maintain a toll free telephone number so that all small business persons anywhere in the state can call the bureau office for assistance. An outreach program shall be established to make the existence of the bureau well known to its potential clientele throughout the state;~~

~~(i)~~ (g) conduct research and provide data as required by state legislature;

~~(j)~~ (h) develop and publish material on all aspects of the start-up, operation, or expansion of a small business in Minnesota;

~~(k)~~ (i) collect and disseminate information on state procurement opportunities, including information on the procurement process;

(j) (j) develop a public awareness program through the use of newsletters, personal contacts, and electronic and print news media advertising about state assistance programs for small businesses, including those programs specifically for socially disadvantaged small business persons;

~~(m)~~ (k) publicize to small businesses the provisions of Laws 1983, chapter 188 section 14.115, requiring the consideration of small business issues in state agency rulemaking; and

(1) enter into agreements with the federal government and other public and private entities to serve as the statewide coordinator or host agency for the federal small business development center program under United States Code, title 15, section 648.

Sec. 3. Minnesota Statutes 1988, section 116J.68, is amended by adding a subdivision to read:

Subd. 3. [BUSINESS ASSISTANCE REFERRAL SYSTEM.] The bureau shall develop and administer a referral system for persons interested in the start-up, operation, or expansion of small business in Minnesota. In establishing the system, the bureau must perform the following functions:

(1) create and maintain a data base of technical and financial assistance providers or programs sponsored by federal agencies, state agencies, educational institutions, chambers of commerce, civic organizations, community development groups, local governments, private industry associations and other organizations and individuals that provide assistance;

(2) establish and maintain a toll-free telephone number operated by trained staff familiar with the referral system and data base;

(3) maintain a marketing and outreach program informing persons interested in starting, operating, or expanding a small business and assistance providers of the bureau and the business assistance referral system;

(4) establish an evaluation mechanism to determine if assistance providers have adequate expertise and resources to deliver quality services. Evaluation of assistance providers may be based on the ability of the provider to offer the advertised service, the training and experience of the provider, and the formal evaluation process used by the provider;

(5) assist providers in the evaluation of their programs and the assessment of their service area needs; and

(6) establish, where possible, regional data bases and referral systems.

Sec. 4. [ECONOMIC DEVELOPMENT ASSISTANCE STUDY.]

The commissioner of trade and economic development must study the current statewide system of providing economic development-related assistance services to businesses and individuals interested in starting a business. The study must address the following:

(1) the types of assistance services currently provided in the state;

(2) the agencies or other entities that provide the assistance services;

(3) whether there is duplication or an absence of assistance services in specific regions of the state;

(4) the mechanisms that are in place to evaluate the services and the service providers;

(5) the mechanisms that are in place to coordinate the provision of assistance services among providers;

(6) factors that might impede the adequate evaluation and coordination of services;

(7) the current strategies or policies that govern the overall economic development system in the state; and

(8) recommendations to improve the evaluation and coordination of

economic development-related assistance services in the state. The commissioner may request the assistance of other state agencies, local government units, and other entities involved in economic development in the state to prepare this study.

The commissioner must submit a report to the governor and legislature by January 15, 1990, that contains the results of the study and recommendations to improve the overall provision of economic development-related services in the state.

Sec. 5. [APPROPRIATION.]

\$250,000 is appropriated from the general fund for the biennium ending June 30, 1991, to the commissioner of trade and economic development for the statewide coordination and host agency duties of the federal small business development center program under section 2.

\$ is appropriated from the general fund for the biennium ending June 30, 1991, to the commissioner of trade and economic development for the business assistance information system established in section 3.

ARTICLE 2 CAPITAL ACCESS PROGRAM

Section 1. [116J.876] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] The definitions in this section apply to sections 1 to 11.

Subd. 2. [AGREEMENT.] "Agreement" means an agreement between a lender and the commissioner under which a lender may participate in the program.

Subd. 3. [BORROWER.] "Borrower" means the recipient of a loan enrolled under the program who meets the following requirements:

(a) the borrower is a corporation, partnership, joint venture, sole proprietorship, cooperative, or other entity, whether profit or nonprofit, which is authorized to conduct business in the state; and

(b) the borrower is not an executive officer, director, or principal shareholder of the lender, or a member of the immediate family of an executive officer, director or principal shareholder of the lender, or an entity controlled by an executive officer, director, principal shareholder or member of the immediately family.

Subd. 4. [CAPITAL ACCESS ACCOUNT; ACCOUNT.] "Capital access account" means the account created in section 11.

Subd. 5. [CLAIM.] "Claim" means any claim filed by the lender pursuant to section 7.

Subd. 6. [COMMISSIONER.] "Commissioner" means the commissioner of trade and economic development.

Subd. 7. [EARLY LOAN.] "Early loan" means an enrolled loan where at the time of enrollment the amount of previously enrolled loans made by the lender under the program is less than \$5,000,000.

Subd. 8. [ELIGIBLE LOAN.] "Eligible loan" means a loan made by the lender to a borrower that meets the requirements of section 4.

Subd. 9. [ENROLLED LOAN.] "Enrolled loan" means a loan enrolled

by the commissioner as provided in section 5.

Subd. 10. [LENDER.] "Lender" means a financial institution as defined in section 13A.01, subdivision 2, that has entered into an agreement with the commissioner to participate in the program.

Subd. 11. [PASSIVE REAL ESTATE OWNERSHIP.] "Passive real estate ownership" means ownership of real estate for the purpose of deriving income from speculation, trade or rental, except that the term does not include (1) the ownership of that portion of real estate being used or intended to be used for the operation of the business of the owner of the real estate; or (2) ownership of real estate for the purpose of construction or renovation, until the completion of the construction or renovation phase.

Subd. 12. [PROGRAM.] "Program" means the capital access program.

Subd. 13. [RESERVE ACCOUNT.] "Reserve account" means the account maintained by the commissioner with the lender for funds accumulated as provided in the agreement with the commissioner to cover losses sustained by the lender on enrolled loans.

Sec. 2. [116J.8761] [CAPITAL ACCESS PROGRAM ADMINISTRATION.]

The capital access program must provide capital loans to businesses, particularly small and medium-sized businesses, to encourage economic development. Program loans must carry a higher degree of risk than conventional loans made by the lender. The commissioner shall administer the program and may enter into contracts and take action reasonably necessary to ensure compliance with the program. The lender shall provide the commissioner with information regarding its participation in the program. Upon notice to the lender, the commissioner may inspect the files of the lender relating to any loans enrolled under the program. A lender is eligible to participate in the program upon entering into an agreement with the commissioner governing the duties of the commissioner and the lender under the program.

Sec. 3. [116J.8762] [COMMISSIONER; DUTIES.]

Subdivision 1. [DUTIES.] The commissioner must:

(a) publicize the capital access program; and

(b) establish a reservation or allocation system so that lenders may reserve an allocation of funds in the account before or after the lender enters into a loan agreement or contract with a borrower.

Subd. 2. [INTERESTS OF COMMISSIONER.] Except upon the exercise of the commissioner's right of subrogation under section 8, the commissioner has no legal or equitable interest in any collateral, security, or other right of recovery in connection with any loan enrolled in the program, and the commissioner's consent is not necessary for any amendment to the lender's loan documents.

Sec. 4. [116J.8763] [ELIGIBLE LOANS.]

Subdivision 1. [LOAN TYPES.] Eligible loans may include:

(1) loans made for industrial, commercial or agricultural purposes;

(2) refinancing of loans made for the purposes outlined under clause (1); and

(3) lines of credit agreements established between the lender and borrower which are used for the purposes outlined under clause (1).

Subd. 2. [LOAN RESTRICTIONS.] Eligible loans must meet the following criteria:

(1) the lender has not made the loan in order to enroll in the program prior debt which is not covered under the program and which is or was owed by the borrower to the lender;

(2) the proceeds of the loan will not be used for that portion of a project or development devoted to housing;

(3) the proceeds of the loan will not be used to finance passive real estate ownership; and

(4) the proceeds of the loan will be used to finance a project or enterprise located within this state which will encourage economic development in Minnesota.

Subd. 3. [LOAN PROVISIONS.] An eligible loan may provide for an interest rate, fees, and other terms and conditions as the lender and borrower may agree. If the loan amount to be borrowed is determined by a commitment agreement that establishes a line of credit, the amount of the loan is the maximum amount available to the borrower as provided in the agreement.

Sec. 5. [116J.8764] [ENROLLMENT OF LOANS IN PROGRAM.]

Subdivision 1. [REQUIREMENTS.] To enroll a loan under this program, the lender must submit a completed loan enrollment form to the commissioner. The lender must also certify the following to the commissioner:

(1) the borrower meets the requirements of section 1, subdivision 3;

(2) the lender has received from the borrower a written representation, warranty, pledge and waiver stating that borrower has no legal, beneficial or equitable interest in the nonrefundable premium charges or any other funds credited to the reserve fund established to cover losses sustained by the lender on enrolled loans;

(3) the loan being filed for enrollment is an eligible loan; and

(4) premium charges required of the borrower and lender have been deposited in the reserve account.

The lender shall submit the loan enrollment form to the commissioner within ten business days after the lender makes the loan. The date on which the lender makes a loan is the date on which the lender first disburses proceeds of the loan to the borrower or an earlier date on which the loan documents have been executed and the lender has obligated itself to disburse proceeds of the loan. The date of submission of a loan enrollment form is the date on which the lender delivers the required documentation to the commissioner, delivers it to a professional courier service for delivery to the commissioner, or mails it to the commissioner by certified mail.

Subd. 2. [COMMISSIONER ENROLLMENT; ACKNOWLEDGMENT.] When the commissioner receives the loan enrollment form, the commissioner shall enroll the loan, unless the information provided under subdivision 1 indicates that the loan is not an eligible loan, and shall deliver to the lender within five business days of receipt an acknowledgment of

enrollment, signed by the commissioner or designee, including documentation of the amount being transferred by the commissioner into the reserve account.

Subd. 3. [AMOUNT COVERED.] When submitting a loan enrollment form, the lender may specify an amount to be covered under the program. The amount may be less than the total amount of the loan. Unless the context clearly requires otherwise, when used in connection with a loan or loans, the words "amount" and "proceeds" refer only to the amount covered under the agreement.

Subd. 4. [AMOUNT COVERED IN REFINANCINGS.] (a) In the case of a loan to refinance a loan previously made to the borrower by the lender that was not enrolled under the program, the lender may obtain coverage under the program for an amount not exceeding the amount of additional financing.

(b) If an enrolled loan is refinanced and the total amount to be covered under the program does not exceed the covered amount of the loan as previously enrolled, the refinanced loan may continue as an enrolled loan without payment of additional premium charges or transfers by the commissioner to the reserve account.

(c) If an enrolled loan is refinanced in an amount exceeding the amount of the loan as previously enrolled, the lender may obtain coverage of the amount of the refinanced loan that exceeds the amount covered when the loan was previously enrolled by refiling the loan for enrollment as provided in subdivision 1.

(d) Fluctuations in the outstanding balance of a line of credit, without increasing the enrolled amount under the program, is not a refinancing of the loan.

Subd. 5. [TERMINATION OF ENROLLMENT.] If the outstanding balance of an enrolled loan which is not a line of credit is reduced to zero, the loan is no longer an enrolled loan. If an enrolled loan which is a line of credit has an outstanding balance of zero for a 12-month period, the line of credit is no longer an enrolled loan, unless, before the expiration of the 12-month period, the lender reaffirms in writing to the borrower that the line of credit will remain open and the borrower acknowledges the reaffirmation in writing.

Sec. 6. [116J.8765] [RESERVE ACCOUNT; PREMIUMS.]

Subdivision 1. [CREATION.] Upon execution of an agreement between the lender and the commissioner, the commissioner shall establish a reserve account at the lender in the name of the commissioner for the purpose of receiving all required premium charges to be paid by the lender and the borrower and transfers made by the commissioner.

Subd. 2. [PREMIUM PAYMENTS AND TRANSFERS TO RESERVE ACCOUNT.] The premium charges payable to the reserve account by the lender and the borrower in connection with a loan filed for enrollment are determined by the lender. The premium paid by the borrower may not be less than 1.5 percent nor greater than 3.5 percent of the amount of the loan. The premium paid by the lender must be equal to the amount of the premium paid by the borrower. When enrolling a loan, the commissioner shall transfer into the reserve account from the capital access account an amount equal to the combined premiums paid into the reserve account by

the borrower and the lender for each enrolled loan.

Subd. 3. [LIMITATION OF TRANSFERS.] A maximum premium amount of \$150,000 may be transferred into the reserve accounts of all lenders participating in the program by the commissioner over any three-year period in connection with any one borrower or any group of borrowers among which a common enterprise exists. This maximum premium amount may be exceeded upon the written request by a lender only if the commissioner approves in writing the transfer of an amount in excess of \$150,000. For the purpose of this paragraph the term "common enterprise" has the meaning given it in the Code of Federal Regulations, title 12, part 32, as amended through December 31, 1988.

Subd. 4. [CONTROL AND INVESTMENT OF RESERVE ACCOUNT.] (a) Money credited to the reserve account is under the exclusive control of the commissioner. The commissioner may not withdraw money from the reserve account except as provided in this subdivision and sections 7 and 9.

(b) Money in the capital access account must be deposited by the commissioner in an account at the lender, unless the commissioner determines that the lender is not in substantial compliance with the requirements of the agreement. If money in the capital access account is not deposited by the commissioner in an account at the lender, the money must be invested or reinvested by the commissioner in: (1) direct obligations of the United States or the state of Minnesota or in obligations the principal and interest of which are unconditionally guaranteed by the United States or the state of Minnesota, or (2) a deposit account at a depository institution whose deposits are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

(c) Interest or income earned on the money credited to the reserve account is part of the reserve account. The commissioner may withdraw at any time from the reserve account 50 percent of all interest or income that has been credited to the reserve account. After the first withdrawal, the commissioner may not withdraw more than 50 percent of all interest or income that has been credited to the reserve account since the time of the last withdrawal. Any withdrawal made as provided in this subdivision may be made before paying a claim. None of the amounts withdrawn need to be transferred back to the reserve account. A withdrawal under this subdivision must be credited to the capital access account.

Subd. 5. [PLEDGE OF THE RESERVE ACCOUNT.] The commissioner shall pledge to the lender that: the money in the reserve account will be available to pay claims as provided in section 7; the lender will have a first security interest in the money in the reserve account to pay the claims; and the commissioner will not encumber or pledge the money to any other party.

Subd. 6. [QUARTERLY REPORTS; INSPECTIONS.] (a) If the reserve account is not maintained at the lender, the commissioner shall provide to the lender quarterly transaction reports indicating the balance in the reserve account, payments and transfers into the reserve account, withdrawals from the reserve account, and interest or income earned on money credited to the reserve account.

(b) The records of the commissioner with respect to all payments and transfers into the reserve account, withdrawals from the reserve account,

and interest or income earned on the money credited to the reserve account, are available to the lender.

Sec. 7. [116J.8766] [CLAIMS BY LENDER TO RESERVE ACCOUNT.]

Subdivision 1. [CLAIM PROCESS.] (a) If the lender charges off all or part of an enrolled loan, the lender may submit a claim to the commissioner. The claim must be submitted contemporaneously with the charge-off.

(b) The lender's claim may include the amount of principal charged off plus accrued interest. The amount of principal and accrued interest included in the claim may not exceed the principal amount covered under the program upon enrollment, plus accrued interest attributable to the covered principal amount.

(c) The lender shall determine when and how much to charge off on an enrolled loan in a manner consistent with its normal method for making these determinations on similar loans which are not enrolled loans.

(d) If the lender submits two or more claims contemporaneously and there are insufficient funds in its reserve account at that time to cover the entire amount of the claims, the lender may designate the order of priority in which the commissioner shall pay the claims.

Subd. 2. [DISBURSEMENT OF RESERVE ACCOUNT.] (a) Upon receipt by the commissioner of a claim submitted by the lender, the commissioner shall, within ten business days, pay or authorize the lender to withdraw from the reserve account the amount of the claim as submitted, unless the information provided by the lender was known by the lender to be false at the time the loan was submitted for enrollment.

(b) If there is insufficient money in the reserve account to cover the entire amount of the lender's claim, the commissioner shall pay to the lender or authorize the lender to withdraw an amount equal to the current balance in the reserve account and the following applies:

(1) If the enrolled loan for which the claim has been submitted is not an early loan, the payment fully satisfies the claim, and the lender has no right to receive any further amount from the reserve account with respect to that claim.

(2) If the loan is an early loan, the partial payment does not satisfy the lender's claim, and, at any time that the remaining balance of the claim is not greater than 75 percent of the balance in the reserve account at the time of the loss, the commissioner, upon request of the lender, shall pay the remaining balance of the claim when sufficient money is available in the reserve account.

Subd. 3. [RECOVERY BY LENDER SUBSEQUENT TO CLAIM.] If the lender recovers from a borrower any amount for which payment of a claim is made, the lender shall promptly pay to the commissioner for deposit in the reserve account the amount recovered. The lender need pay to the commissioner for deposit in the reserve account only amounts in excess of the amount of recovery needed to cover the lender's loss on an enrolled loan.

For the purposes of this subdivision and section 8, the lender's loss on an enrolled loan includes principal and accrued interest.

Sec. 8. [116J.8767] [SUBROGATION OF CLAIMS.]

Subdivision 1. [LIMITATION.] The commissioner may exercise the right of subrogation under this section if the commissioner determines that the lender has not exercised reasonable care and diligence in its collection activities with respect to the loan or that there is a reasonable basis for believing that the lender will not exercise reasonable care and diligence in the future with respect to the collection activities.

Subd. 2. [ASSIGNMENT OF RIGHTS.] If the payment of a claim has fully covered the lender's loss on an enrolled loan, or if the payment of a claim when combined with any recovery from the borrower has fully covered the lender's loss, the commissioner, upon request, is subrogated to the rights of the lender with respect to any collateral, security or other right of recovery in connection with the loan that has not been realized by the lender. The lender thereafter shall assign to the commissioner any right, title, or interest to any collateral, security, or other right of recovery in connection with the loan.

Subd. 3. [LENDER OBLIGATIONS.] If an assignment has been made, the commissioner is not required to undertake any obligations of the lender as provided in its loan documents, except for any obligations directly related to the commissioner's assigned rights of recovery in connection with the loan. The lender shall fulfill any other obligations it may have under the loan documents in the same manner and to the same degree as required had the assignment not been made. The lender shall provide the commissioner with all reasonable assistance the commissioner requests in proceeding with respect to any collateral, security, or other right of recovery.

Subd. 4. [PAYMENT OF LENDER'S LOSS.] The commissioner may exercise the right of subrogation in connection with an enrolled loan if the lender's loss has not been fully covered and the commissioner pays money from the reserve account in an amount sufficient to fully cover the lender's loss. Upon making the payment, the commissioner is subrogated to the rights of the lender.

Subd. 5. [RECOVERED FUNDS.] Money received by the commissioner as a result of enforcement actions taken with respect to any collateral, security, or other rights of recovery must be promptly deposited by the commissioner in the reserve account, less any out-of-pocket expenses incurred by the commissioner in taking enforcement actions.

Sec. 9. [116J.8768] [EXCESS RESERVE AMOUNTS.]

Subdivision 1. [REPORTS.] The lender shall submit quarterly reports with the commissioner indicating the number and aggregate outstanding balance of all enrolled loans as of the end of each quarter. A quarterly report is not required for any quarter that ends with a balance in the reserve account of zero, except that a calendar year-end report must be submitted. In computing the aggregate outstanding balance of all enrolled loans, the balance of any loan may not be greater than the covered amount of the loan as enrolled.

Subd. 2. [WITHDRAWAL OF EXCESS RESERVE AMOUNTS.] (a) If reports required under this section indicate that for the immediately preceding 24-month period the balance in the reserve account continually exceeded the aggregate outstanding balance of all enrolled loans, the commissioner may withdraw from the reserve account, on or before the last day of the month for which a report is due, an amount not greater

than the amount by which the reserve account balance exceeded the aggregate outstanding balance of all enrolled loans as of the most recent report. Amounts withdrawn from the reserve account must be transferred to the capital access account.

(b) If a report is not submitted within 30 days of its original due date, the commissioner may withdraw from the reserve account based on the commissioner's determination from an inspection of the lender's files an amount not greater than the amount by which the reserve account balance exceeded the aggregate outstanding balance of all enrolled loans as of the date for which the report was required to be submitted.

Sec. 10. [116J.8769] [TERMINATION.]

The commissioner may terminate the obligation to a lender to enroll loans under the program if the commissioner determines that the lender is not in substantial compliance with the requirements of the program. The termination takes effect on the date specified in the notice of termination, except that the termination does not apply to any loan made on or before the date on which the notice of termination is received by the lender. If the commissioner is terminating the enrollment of loans for all participating lenders under the program, the commissioner shall provide notice of at least 90 days to the lender. After termination, the amount covered under the program may not be increased beyond the covered amount as previously enrolled.

Sec. 11. [116J.877] [CAPITAL ACCESS ACCOUNT.]

A capital access account is created in the general fund. The account consists of all appropriations to the account, repayments from the reserve accounts, interest and investment earnings of the reserve accounts, gifts and grants to the capital access account, and the interest and investment earnings of the capital access account. Section 16A.28 does not apply to the capital access account.

Sec. 12. [APPROPRIATION.]

\$2,000,000 is appropriated from the general fund to the capital access account for the capital access program."

Delete the title and insert:

"A bill for an act relating to economic development; establishing a referral system for small businesses, coordinating, and marketing technical assistance in the state; establishing the capital access program; appropriating money; amending Minnesota Statutes 1988, sections 116J.58, subdivision 1; and 116J.68, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 116J."

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

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 983: A bill for an act relating to capital improvements; providing money to acquire open space in the city of Maplewood; authorizing sale of state bonds; appropriating money.

Reports the same back with the recommendation that the bill do pass

and be re-referred to the Committee on Finance. Report adopted.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 970: A bill for an act relating to wild animals; removing authority to offer a bounty on rattlesnakes; amending Minnesota Statutes 1988, sections 348.12 and 348.13.

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

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 564: A bill for an act relating to natural resources; increasing the amount of levy for the Kanaranzi-Little Rock watershed district administrative fund.

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

Page 1, line 10, delete everything after "exceed" and insert "*a gross tax capacity rate of 1.64 percent for taxes levied in 1988 or a net tax capacity rate of 2.04 percent for taxes levied in 1989 and thereafter on*"

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

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 598: A bill for an act relating to natural resources; changing certain provisions relating to the acquisition, disposition, and exchange of state lands; amending Minnesota Statutes 1988, sections 84.0272; 84.0274, by adding a subdivision; 94.09, subdivision 2; and 94.342, subdivision 3.

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

Page 2, line 8, delete everything after "ACQUISITIONS.]"

Page 2, delete lines 9 and 10 and insert "*When the commissioner of natural resources acquires abandoned railroad right-of-way from a railroad, railroad holding company, or similar entity, any or all of the provisions of this section may be waived by mutual agreement of the commissioner and the landowner.*"

Sec. 3. Minnesota Statutes 1988, section 92.19, is amended to read:

92.19 [ASSIGNMENT; EXTENSIONS OF PAYMENT.]

When a certificate or partial interest in a certificate is assigned, the assignment must be ~~executed like a deed of land and acknowledged made by deed or instrument of assignment of an equitable interest of record, executed by the assignor, and consented to by the commissioner.~~ An assignment of a partial interest shall recite that payment in full has been made to the commissioner.

When the assignee satisfies the terms of the assignment and corresponding terms of the certificate, the commissioner shall issue a deed or patent

to the assignee. When an extension of time of payment is agreed upon, the agreement must be in writing, executed like a deed, and recorded in the office of the commissioner."

Page 2, line 13, before "On" insert "(a)"

Page 2, line 23, before "If" insert:

"(b)"

Page 2, line 26, delete ", including" and insert a period

Page 2, delete lines 27 to 29

Page 3, after line 25, insert:

"Sec. 6. Minnesota Statutes 1988, section 94.343, subdivision 3, is amended to read:

Subd. 3. Except as otherwise herein provided, Class A land shall be exchanged only for land of at least substantially equal value to the state, as determined by the commissioner, with the approval of the board. For the purposes of such determination, the commissioner shall cause the state land and the land proposed to be exchanged therefor to be examined and appraised by qualified state appraisers as provided in section ~~92.12 in like manner as school trust land to be offered for sale~~ 84.0272; provided, that in exchanges with the United States or any agency thereof the examination and appraisal may be made in such manner as the land exchange board may direct. The appraisers shall determine the fair market value of the lands involved, disregarding any minimum value fixed for state land by the state constitution or by law, and shall make a report thereof, together with such other pertinent information respecting the use and value of the lands to the state as they deem pertinent or as the commissioner or the board may require. Such reports shall be filed and preserved in the same manner as other reports of appraisal of state lands. The appraised values shall not be conclusive, but shall be taken into consideration by the commissioner and the board, together with such other matters as they deem material, in determining the values for the purposes of exchange.

Sec. 7. Minnesota Statutes 1988, section 94.344, subdivision 3, is amended to read:

Subd. 3. Except as otherwise provided, Class B land may be exchanged only for land of substantially equal value or greater value to the state, as determined by the county board, with the approval of the commissioner and the land exchange board. For an exchange involving Class B land for Class A or Class C land, the value of the lands shall be determined by the commissioner, with approval of the land exchange board. For purposes of the determination, the commissioner shall appraise the state and tax-forfeited land proposed to be exchanged in the same manner as ~~school trust~~ Class A land. For all other purposes, the county board shall appraise the state land and the land in the proposed exchange in the same manner as tax-forfeited land to be offered for sale. The appraised values shall not be conclusive, but shall be taken into consideration, together with such other matters as may be deemed material, in determining the values for the purposes of exchange."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after the first semicolon, insert "92.19;" and delete "and"

Page 1, line 7, before the period, insert "; 94.343, subdivision 3; and 94.344, subdivision 3"

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

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 1085: A bill for an act relating to natural resources; changing certain provisions relating to the taking of turtles; amending Minnesota Statutes 1988, sections 97C.605, subdivision 3; and 97C.611; repealing Minnesota Statutes 1988, section 97C.615.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 97C.605, subdivision 2, is amended to read:

Subd. 2. [SALES LICENSE.] A person may not take, *possess*, transport, or purchase unprocessed turtles for sale without a turtle seller's license. ~~A person with a turtle seller's license may take turtles for sale as prescribed by the commissioner.~~

Sec. 2. Minnesota Statutes 1988, section 97C.605, subdivision 3, is amended to read:

Subd. 3. [TAKING; METHODS PROHIBITED.] *(a) Except as allowed in paragraph (b), a person may take turtles in any manner, except by use of:*

(1) explosives, drugs, poisons, lime, and other harmful substances; ~~or by the use of;~~

(2) turtle hooks or traps; or

(3) nets other than anglers' fish landing nets.

(b) A person with a turtle seller's license may take turtles for sale as prescribed by the commissioner.

Sec. 3. Minnesota Statutes 1988, section 97C.611, is amended to read:
97C.611 [SNAPPING TURTLES; LIMITS.]

A person may not possess more than ~~ten~~ three snapping turtles of the species *Chelydra serpentina* without a turtle seller's license. ~~The size of the turtles must have a dorsal surface of the shell that measures at least ten inches long.~~ A person may not take snapping turtles of a size less than ten inches wide including the curvature, measured from side to side across the shell at the midpoint.

Sec. 4. [REPEALER.]

Minnesota Statutes 1988, section 97C.615, is repealed."

Amend the title as follows:

Page 1, line 4, delete "subdivision" and insert "subdivisions 2 and"

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

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 470: A bill for an act relating to environment; regulating municipal wastewater treatment funding; amending Minnesota Statutes 1988, sections 116.18, subdivisions 3a and 3b; 446A.02, subdivision 4; and 446A.07, subdivision 8; proposing coding for new law in Minnesota Statutes, chapter 115.

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

Delete everything after the enacting clause and insert:

"Section 1. [115.55] [CAPITAL REPLACEMENT FUND.]

Subdivision 1. [FUND REQUIREMENT.] (a) Each wastewater treatment facility permittee shall annually set aside from user fees or another source a minimum of five cents per 1,000 gallons of wastewater flow through the facility to be deposited in a dedicated fund administered by the permittee for future capital improvements or replacement of the facility.

(b) For purposes of this section, "permittee" means a statutory or home rule charter city, sanitary district, or other political subdivision or public corporation that has been issued a permit as required under Minnesota Rules, part 7001.0030.

Subd. 2. [FEE COLLECTION.] (a) If a political subdivision that receives wastewater treatment services from a permittee ceases to receive the services, the permittee maintaining the fund shall refund any available funds with applicable interest in proportion to the receiving political subdivision's contribution.

(b) If a private vendor is a joint permittee with a public entity, the public entity is responsible for collection of the fees.

Subd. 3. [CAPITAL IMPROVEMENTS.] Capital improvements include major components and structural additions that have a design life of more than 20 years. The need for capital improvements may result from a change in water quality standards, a need for increased capacity, or a failure of the facility or parts of the facility to provide adequate treatment. This fund shall not be used for the annual operation, maintenance, or replacement of equipment, accessories, parts, and appurtenances necessary to maintain the capacity and performance for which the existing treatment facility was designed and constructed, which ordinarily would be included in the facility's replacement schedule. Failure of a permittee to annually set aside the specified funds may constitute grounds for the state to deny financial assistance under chapters 116 and 446A.

Subd. 4. [REPORTING REQUIREMENTS.] A permittee that does not submit an annual financial report to the state auditor must submit an annual report on the fund to the public facilities authority.

Subd. 5. [EXEMPTION.] (a) A permittee may apply to the public facilities authority for an exemption from subdivision 1. The public facilities authority may grant an exemption upon a showing by the permittee that there are adequate municipal financial resources or bond reserve capacity

for future capital improvements or replacement of the facility.

(b) The metropolitan waste control commission is not subject to this section.

Sec. 2. Minnesota Statutes 1988, section 116.18, subdivision 3a, is amended to read:

Subd. 3a. [STATE INDEPENDENT GRANTS PROGRAM.] (a) *The public facilities authority must adopt the objective of maintaining financial assistance to municipalities that the agency has listed on its annual municipal project list of approximately 50 percent of the eligible cost of construction for municipalities with populations over 25,000 and 80 percent of the eligible cost for municipalities with populations of 25,000 or less. Financial assistance may be provided by the public facilities authority through a combination of low interest loans under the state revolving fund under chapter 446A, independent state grants, and other financial assistance available to the municipality. The public facilities authority shall determine the appropriate combination of grants and loans. The Minnesota public facilities authority may award independent grants for projects certified by the state pollution control commissioner for 50 up to 35 percent or, if the population of the municipality is 25,000 or less, 80 up to 65 percent of the eligible cost of construction. These grants may be awarded in separate steps for planning and design in addition to actual construction. Until December 31, 1990, Not more than 20 percent \$2,000,000 of the total amount of grants awarded under this subdivision in any single fiscal year may be awarded to a single grantee.*

(b) Up to ten percent \$1,000,000 of the money to be awarded as grants under this subdivision in any single fiscal year shall be set aside for municipalities having substantial economic development projects that cannot come to fruition without municipal wastewater treatment improvements. The agency shall forward its municipal needs list to the authority at the beginning of each fiscal year, and the authority shall review the list and identify those municipalities having substantial economic development projects. After the first 90 percent of the total available money is allocated to municipalities in accordance with agency priorities, the set-aside shall be used by the authority to award grants to remaining municipalities that have been identified.

(c) Grants may also be awarded under this subdivision to reimburse municipalities willing to proceed with projects and be reimbursed in a subsequent year conditioned upon appropriation of sufficient money under subdivision 1 for that year at the grant percentage determined in paragraph (a).

(d) A municipality that applies for a state independent grant to be reimbursed for a project must receive an additional five percent of the total eligible cost of construction beyond the normal percentage to which the municipality is entitled under paragraph (a). Municipalities that entered into an intent to award agreement with the agency under paragraph (c), in the state fiscal years 1985 to 1988, will be reimbursed at 55 percent or, if the population of the municipality is 25,000 or less, 85 percent of the eligible cost of construction.

Sec. 3. Minnesota Statutes 1988, section 116.18, subdivision 3b, is amended to read:

Subd. 3b. [CAPITAL COST COMPONENT GRANT.] (a) The definitions of "capital cost component," "capital cost component grant," "service fee,"

“service contract,” and “private vendor” in section 471A.02 apply to this subdivision.

(b) Beginning in fiscal year 1989, up to \$1,500,000 of the money to be awarded as grants under subdivision 3a in any single fiscal year may be set aside for the award of capital cost component grants to municipalities on the municipal needs list for part of the capital cost component of the service fee under a service contract for a term of at least 20 years with a private vendor for the purpose of constructing and operating wastewater treatment facilities.

(c) The amount granted to a municipality shall be 50 percent of the average total eligible costs of municipalities of similar size recently awarded state and federal grants under the provisions of subdivisions 2a and 3a and the Federal Water Pollution Control Act, United States Code, title 33, sections 1281 to ~~1289~~ 1299. Federal and state eligibility requirements for determining the amount of grant dollars to be awarded to a municipality are not applicable to municipalities awarded capital cost component grants. Federal and state eligibility requirements for determining which cities qualify for state and federal grants are applicable, except as provided in this subdivision.

(d) Except as provided in this subdivision, municipalities receiving capital cost component grants shall not be required to comply with federal and state regulations regarding facilities planning and procurement contained in sections 116.16 to 116.18, except those necessary to issue a National Pollutant Discharge Elimination System permit or state disposal system permit and those necessary to assure that the proposed facilities are reasonably capable of meeting the conditions of the permit over 20 years. The municipality and the private vendor shall be parties to the permit. Municipalities receiving capital cost component grants may also be exempted by rules of the agency from other state and federal regulations relating to the award of state and federal grants for wastewater treatment facilities, except those necessary to protect the state from fraud or misuse of state funds.

(e) Funds shall be distributed from the set-aside to municipalities that apply for the funds in accordance with these provisions in the order of their ranking on the municipal needs list.

(f) The authority shall award capital cost component grants to municipalities selected by the state pollution control commissioner upon certification by the state pollution control commissioner that the municipalities' projects and applications have been reviewed and approved in accordance with this subdivision and agency rules adopted under paragraph (g).

(g) The agency shall adopt permanent rules to provide for the administration of grants awarded under this subdivision.

(h) The commissioner of trade and economic development may adopt rules containing procedures for administration of the authority's duties as set forth in paragraph (f).

Sec. 4. Minnesota Statutes 1988, section 446A.02, subdivision 4, is amended to read:

Subd. 4. [FEDERAL WATER POLLUTION CONTROL ACT.] “Federal Water Pollution Control Act” means the Federal Water Pollution Control Act, as amended, United States Code, title 33, sections ~~1281 to 1299~~ 1251 *et seq.*

Sec. 5. Minnesota Statutes 1988, section 446A.07, subdivision 8, is amended to read:

Subd. 8. [OTHER USES OF REVOLVING FUND.] The water pollution control revolving fund may be used as provided in title VI of the Federal Water Pollution Control Act, including the following uses:

(1) to buy or refinance the debt obligation of governmental units for treatment works *where debt was incurred and construction begun* after March 7, 1985, at or below market rates;

(2) to guarantee or purchase insurance for local obligations to improve credit market access or reduce interest rates;

(3) to provide a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the authority if the bond proceeds are deposited in the fund;

(4) to provide loan guarantees for similar revolving funds established by a governmental unit other than state agencies;

(5) to earn interest on fund accounts; and

(6) to pay the reasonable costs incurred by the authority and the agency of administering the fund and conducting activities required under the Federal Water Pollution Control Act, including water quality management planning under section 205(j) of the act and water quality standards continuing planning under section 303(e) of the act.

Amounts spent under clause (6) may not exceed the amount allowed under the Federal Water Pollution Control Act. ~~Five percent of the revolving loan fund repayments may be used by the agency and~~ The authority may assess a service fee of up to five percent of revolving loan fund repayments for use by the agency and the authority for the purposes listed in clause (6).

Sec. 6. Minnesota Statutes 1988, section 446A.12, is amended by adding a subdivision to read:

Subd. 5. [EXEMPTION.] *The notes and bonds of the authority are not subject to section 16B.06.*

Sec. 7. [EFFECTIVE DATE.]

Section 1 is effective January 1, 1991."

Delete the title and insert:

"A bill for an act relating to environment; regulating municipal wastewater treatment funding; amending Minnesota Statutes 1988, sections 116.18, subdivisions 3a and 3b; 446A.02, subdivision 4; 446A.07, subdivision 8; and 446A.12, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 115."

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

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 84: A bill for an act relating to watercraft; providing for titling and licensing of watercraft; providing procedures for notification of liens

on watercraft; providing for enforcement of liens on watercraft; amending Minnesota Statutes 1988, sections 336.9-402; and 336.9-411; proposing coding for new law as Minnesota Statutes, chapter 361A; repealing Minnesota Statutes 1988, sections 361.03; and 579.01 to 579.08.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 336.9-302, is amended to read:

336.9-302 [WHEN FILING IS REQUIRED TO PERFECT SECURITY INTEREST; SECURITY INTERESTS TO WHICH FILING PROVISIONS OF THIS ARTICLE DO NOT APPLY.]

(1) A financing statement must be filed to perfect all security interest except the following:

(a) A security interest in collateral in possession of the secured party under section 336.9-305;

(b) A security interest temporarily perfected in instruments or documents without delivery under section 336.9-304 or in proceeds for a 20 day period under section 336.9-306;

(c) A security interest created by an assignment of a beneficial interest in a trust or a decedent's estate;

(d) A purchase money security interest in consumer goods; but filing is required for a motor vehicle required to be registered; and fixture filing is required for priority over conflicting interests in fixtures to the extent provided in section 336.9-313;

(e) An assignment of accounts which does not alone or in conjunction with other assignments to the same assignee transfer a significant part of the outstanding accounts of the assignor;

(f) A security interest of a collecting bank (section 336.4-208) or in securities (section 336.8-321) or arising under the article on sales (see section 336.9-113) or covered in subsection (3) of this section;

(g) An assignment for the benefit of all the creditors of the transferor, and subsequent transfers by the assignee thereunder.

(2) If a secured party assigns a perfected security interest, no filing under this article is required in order to continue the perfected status of the security interest against creditors of and transferees from the original debtor.

(3) The filing of a financing statement otherwise required by this article is not necessary or effective to perfect a security interest in property subject to the following statutes or treaties; except that to the extent such statutes or treaties are silent on a specific matter, the provisions of this article shall govern:

(a) a statute or treaty of the United States which provides for a national or international registration or a national or international certificate of title or which specifies a place of filing different from that specified in this article for filing of the security interest; or

(b) the following statutes of this state;

(i) Sections 168A.01 to 168A.31 and sections 2 to 22; but during any period in which collateral is inventory held for sale by a person who is in the business of selling goods of that kind, the filing provisions of this article (part 4) apply to a security interest in that collateral created by the person as a debtor; or

(ii) Sections 300.11 to 300.115.

(c) a certificate of title statute of another jurisdiction under the law of which indication of a security interest on the certificate is required as a condition of perfection (subsection (2) of section 336.9-103).

(4) Compliance with a statute or treaty described in subsection (3) is equivalent to the filing of a financing statement under this article, and a security interest in property subject to the statute or treaty can be perfected only by compliance therewith except as provided in section 336.9-103 on multiple state transactions. A security interest perfected by compliance with such a statute or treaty is governed by this article in all respects not inconsistent with the provisions of the statute or treaty under which it was perfected, provided that this article shall not be deemed inconsistent if it provides for a more extensive duration of effectiveness.

CHAPTER 361A

WATERCRAFT TITLING

Sec. 2. [361A.01] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to this chapter.

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of natural resources.

Subd. 3. [DEALER.] "Dealer" means a person who: (1) is in the business of manufacturing, distributing, selling, or purchasing new or used watercraft; (2) has an established place of business for the sale, trade, and display of watercraft; and (3) possesses watercraft for the purpose of sale or trade.

Subd. 4. [DEPARTMENT.] "Department" means the department of natural resources.

Subd. 5. [DEPUTY REGISTRAR.] "Deputy registrar" means a person appointed or hired by the commissioner of public safety under section 168.33.

Subd. 6. [MANUFACTURER.] "Manufacturer" means a person engaged in the business of constructing or assembling watercraft required to have a certificate of title.

Subd. 7. [MANUFACTURER'S OR IMPORTER'S CERTIFICATE OF ORIGIN.] "Manufacturer's or importer's certificate of origin" means a certificate with the authorized signature of the manufacturer or importer of a watercraft, describing and identifying the watercraft, giving the name and address of the person to whom the watercraft is first sold by the manufacturer or importer, and containing executed assignments of the watercraft to an applicant for a certificate of title on the watercraft in this state.

Subd. 8. [OWNER.] "Owner" means a person, other than a secured party, having the title to a watercraft. "Owner" includes a person entitled

to use or possess the watercraft, subject to a security interest in another person, reserved or created by agreement and securing payment of performance of an obligation, but "owner" does not include a lessee under a lease not intended as security.

. Subd. 9. [PERSON.] "Person" means an individual, firm, partnership, association, corporation, or governmental organization.

Subd. 10. [SECURED PARTY.] "Secured party" means a secured party as defined in section 336.9-105, subsection (1)(m), having a security interest in a watercraft and includes a lienholder.

Subd. 11. [SECURITY AGREEMENT.] "Security agreement" has the meaning given it in section 336.9-105, subsection (1)(l).

Subd. 12. [SECURITY INTEREST.] "Security interest" has the meaning given it in section 336.1-201, subsection (37), and includes statutory liens for which lien statements are filed.

Subd. 13. [TITLED WATERCRAFT.] "Titled watercraft" means a watercraft required to have a certificate of title under section 3, subdivision 1, or for which a certificate of title has been issued under section 3, subdivision 3.

Subd. 14. [WATERCRAFT.] "Watercraft" means a device used or designed for navigation on water that is greater than 14 feet in length, as defined in section 361.02, subdivision 14, but does not include:

(1) a row-type fishing boat of single hull construction, with oar locks and an outboard motor capacity rating of 40 horsepower or less;

(2) a canoe;

(3) a ship's lifeboat;

(4) a vessel of at least five net tons measured in Code of Federal Regulations, title 46, part 69, that is documented under Code of Federal Regulations, title 46, subpart 67.01; or

(5) a seaplane.

Subd. 15. [WATERS OF THIS STATE.] "Waters of this state" means waters capable of substantial public use and waters to which the public has access, that are within the territorial limits of this state, including boundary waters.

Sec. 3. [361A.02] [CERTIFICATE OF TITLE REQUIRED.]

Subdivision 1. [REQUIREMENT.] Except as provided in subdivision 2, a watercraft used on the waters of the state must have a certificate of title if:

(1) the watercraft is owned by a resident of this state and is kept in the state for more than 90 consecutive days; or

(2) the watercraft is kept in the state for more than 60 consecutive days and has not been issued a certificate of title or similar document from another jurisdiction.

Subd. 2. [EXEMPT WATERCRAFT.] A watercraft is not required to have a certificate of title if the watercraft is:

(1) owned by a manufacturer or dealer and held for sale;

(2) *used by a manufacturer solely for testing;*

(3) *owned by the United States, a state, this state, or political subdivision;*
or

(4) *watercraft manufactured prior to August 1, 1979.*

Subd. 3. [VOLUNTARY TITLING.] The owner of a device used or designed for navigation on water and used on the waters of this state may obtain a certificate of title for the device, even though it is not a watercraft as defined in section 2, subdivision 14, in the same manner and with the same effect as the owner of a watercraft required to be titled under this act. Once titled, the device is a titled watercraft as defined in section 2, subdivision 13, and is and remains subject to this act to the same extent as a watercraft required to be titled.

Subd. 4. [TITLE REQUIRED FOR TRANSFER.] A person may not sell or otherwise transfer a titled watercraft without delivering to the person acquiring the watercraft a certificate of title with an assignment on it to show title in the person acquiring the watercraft. A person may not acquire a watercraft required to have a certificate of title without obtaining a certificate of title for the watercraft in the person's name.

Subd. 5. [NO LEGAL TITLE WITHOUT CERTIFICATE.] A person acquiring a watercraft through a sale or gift does not acquire a right, title, claim, or interest in the watercraft until the person has been issued a certificate of title to the watercraft or has received a manufacturer's or importer's certificate. A waiver or estoppel does not operate in favor of that person against another person who has obtained possession of the certificate of title or manufacturer's or importer's certificate for the watercraft for valuable consideration.

Subd. 6. [WATERCRAFT LICENSE MAY NOT BE ISSUED WITHOUT TITLE.] The commissioner may not issue or renew a watercraft license to an owner of a titled watercraft unless the owner has been issued or has applied for a certificate of title for the watercraft.

Sec. 4. [361A.03] [APPLICATION AND ISSUANCE OF CERTIFICATE OF TITLE.]

Subdivision 1. [APPLICATION.] The owner of a titled watercraft must apply for the first certificate of title of a watercraft in this state to the commissioner or a deputy registrar on a form prescribed by the commissioner. The appropriate fee under section 12 must accompany the application. The application must be signed by the owner and contain:

(1) the full names, dates of birth, and addresses of owners who are natural persons and the full names and addresses of other owners;

(2) a description of the watercraft including its make, model, year, length, the principal material used in construction, the builder's hull identification number, and the manufacturer's inboard engine serial number;

(3) the date of purchase by the applicant, the name and address of the person from whom the watercraft was acquired;

(4) the name and address of the person who is to possess the title and any conditions of possession; and

(5) other information required by the commissioner to determine whether the owner is entitled to a certificate of title and whether security interests

exist in the watercraft.

Subd. 2. [ISSUANCE.] (a) The commissioner shall issue a certificate of title for a watercraft upon verification that:

- (1) the application is genuine;*
- (2) the applicant is the owner of the watercraft; and*
- (3) payment of the required fee.*

(b) The original certificate of title must be mailed to the first secured party disclosed in the application or, if none, to the owner named in the application.

Subd. 3. [CONTENTS.] (a) A certificate of title issued by the commissioner must contain:

- (1) the date issued;*
- (2) the full names, dates of birth, and addresses of owners who are natural persons and the full names and addresses of other owners;*
- (3) the names and addresses of secured parties;*
- (4) the title number assigned to the watercraft;*
- (5) a description of the watercraft including its make, model, year of manufacture, length, principal material used in construction, registration number, and manufacturer's hull identification number or, if none, the builder's hull identification number assigned to the watercraft by the commissioner;*
- (6) spaces for assignment of title by the owner or by the dealer and for warranting that the signer is the owner and that the watercraft is not subject to security interests, liens, or encumbrances except as noted on the face of the certificate of title;*
- (7) spaces on the certificate for application of title by a new owner subject to the security interests of secured parties named and for the assignment or release of the security interest of a secured party; and*
- (8) other information the commissioner may require.*

(b) A certificate of title issued by the commissioner is prima facie evidence of the facts appearing on it.

Subd. 4. [ISSUANCE WITHOUT ABSOLUTE PROOF OF OWNERSHIP.] (a) If application is made for a certificate of title for a watercraft and the commissioner is not satisfied of the ownership of the watercraft or the existence of security interests in the watercraft, the watercraft may be assigned a title number but the commissioner must:

- (1) withhold issuance of a certificate of title until the applicant presents documents that satisfy the commissioner of the applicant's ownership of the watercraft and of security interest in the watercraft; or*
- (2) require the applicant to file a bond in the form prescribed by the commissioner and executed by the applicant as a condition to issuing a certificate of title.*

(b) A bond filed under this subdivision must be accompanied by the deposit of cash or executed by a surety company authorized to do business in this state. The bond must be in an amount equal to 1-1/2 times the value

of the watercraft as determined by the commissioner. The bond must be conditioned to indemnify prior owners, secured parties, and later purchasers of the watercraft or persons acquiring a security interest in the watercraft, or successors in interest of the persons, against expenses, losses, or damages, including reasonable attorney fees, by reason of the issuance of the certificate of title to the watercraft or on account of a defect in or undisclosed security interest upon the right, title, and interest of the applicant in the watercraft.

(c) An interested person has a right of action to recover on the bond for a breach of its conditions, but the aggregate liability of the surety to all persons may not exceed the amount of the bond.

(d) The commissioner shall return the bond and any deposit accompanying the bond if:

(1) the commissioner has not been notified of the pendency of an action to recover on the bond;

(2) questions of ownership and outstanding security interests have been resolved to the satisfaction of the commissioner;

(3) the bond has been posted for three years or the watercraft is not registered for license purposes in this state under section 361.03; and

(4) the currently valid certificate of title is surrendered.

Subd. 5. [RECORDS.] (a) The commissioner shall maintain records of certificates of title issued under this section according to one of the following systems:

(1) under a distinctive title number assigned to a watercraft;

(2) under the registration number awarded to a watercraft in accordance with the registration and numbering law of the state where it is registered;

(3) alphabetically, under the name of the owner; or

(4) under another system determined by the commissioner.

(b) Records relating to watercraft titling maintained by the commissioner are public records and are open to public inspection during regular office hours.

Subd. 6. [GROUNDS FOR REFUSAL TO ISSUE CERTIFICATE OF TITLE.] The commissioner may not issue a certificate of title if a required fee is not paid or the commissioner has reasonable grounds to believe that:

(1) the applicant is not the owner of the watercraft;

(2) the application contains a false statement; or

(3) the applicant failed to furnish required information or documents or additional information the commissioner reasonably requires.

Sec. 5. [361A.04] [DEALER ACQUISITION AND TRANSFER.]

Subdivision 1. [CERTIFICATE OF ORIGIN REQUIRED.] (a) A dealer may not purchase or acquire a new titled watercraft without obtaining a manufacturer's or importer's certificate of origin from the seller.

(b) A manufacturer, importer, dealer, or other person may not sell or otherwise dispose of a new titled watercraft to a dealer for purposes of display and resale without delivering to the dealer a manufacturer's or

importer's certificate of origin.

Subd. 2. [CONTENTS OF CERTIFICATE.] The manufacturer's or importer's certificate of origin must be of a form prescribed by the commissioner and contain:

(1) a description of the watercraft, including its trade name, if any, year, series or model, hull material, length, and hull identification number;

(2) certification of the date of transfer of the watercraft and the name and address of the person to whom the watercraft was transferred;

(3) certification that the transfer of the watercraft was in ordinary trade and commerce;

(4) the signature and address of a representative of the person transferring the watercraft;

(5) an assignment form, including the name and address of the person the watercraft is to be transferred to, a certification that the watercraft is new, and a warranty that the title at the time of delivery is subject only to the security interests stated on the title; and

(6) other information required by the commissioner.

Subd. 3. [SALE OF NEW WATERCRAFT.] A dealer selling or exchanging a new titled watercraft, before delivering the watercraft to a purchaser, shall apply to the commissioner for a new title in the name of the purchaser. The application must contain the name and address of any secured party holding a security interest created or reserved at the time of sale and the date of the security agreement and must be accompanied by a manufacturer's or importer's certificate of origin. The application must be signed by the dealer and the owner, and the dealer shall promptly mail or deliver the application to the commissioner or a deputy registrar.

Subd. 4. [USED WATERCRAFT ACQUIRED FOR RESALE.] (a) If a dealer buys or acquires a used titled watercraft for resale, the dealer must apply to the commissioner or deputy registrar and obtain a title number before selling or exchanging the watercraft in the same manner as a new watercraft on forms the commissioner provides or apply for and obtain a certificate of title.

(b) If a dealer acquires a used titled watercraft for resale and the watercraft is covered by a certificate of title that is surrendered to the dealer by the owner at the time of delivery of the watercraft, the dealer need not send the certificate of title to the commissioner. Upon transferring the watercraft to another person, the dealer must promptly execute the assignment, showing the name and address of the person to whom the watercraft is transferred and forward the certificate to the commissioner or deputy registrar with the application for a new certificate of title.

Subd. 5. [WATERCRAFT WITH FOREIGN REGISTRATION.] (a) Except as provided in paragraph (b), an application for a certificate of title for a watercraft last registered in another state or foreign country must contain or be accompanied by:

(1) a certificate of title or registration issued by the other state or foreign country; and

(2) other information or documents the commissioner requires to establish the ownership of the watercraft and the existence or nonexistence of

security interests.

(b) If the state or foreign country where the watercraft was last registered does not issue certificates of title, the application must contain or be accompanied by:

(1) a proper bill of sale or sworn statement of ownership, certificate of registration, or evidence of ownership as required by the law of the state or foreign country; and

(2) any other information or documents the commissioner requires to establish the ownership of the watercraft and the existence or nonexistence of security interests.

Sec. 6. [361A.05] [TRANSFER BY OWNER.]

Subdivision 1. [VOLUNTARY TRANSFER.] (a) An owner who transfers a titled watercraft must execute the assignment and warranty of title to the person to whom the watercraft is transferred in the space provided on the certificate of title where the watercraft is delivered.

(b) The person acquiring the watercraft must obtain a new certificate of title by applying to the commissioner or a deputy registrar on a form prescribed by the commissioner, and submitting the required fee. The application for certificate of title must be filed within 15 days after delivery of the watercraft to the person acquiring the watercraft.

(c) Upon request of the owner or the person who acquired the watercraft, a secured party in possession of the certificate of title must deliver the certificate to the person acquiring the watercraft, the commissioner, or a deputy registrar, unless the transfer is a breach of the security agreement. The delivery of the certificate does not affect the rights of the secured party under the security agreement.

(d) If a security interest or encumbrance is first created at the time of transfer of ownership, the certificate must be retained by or delivered to the secured party.

Subd. 2. [TRANSFER BY LAW.] (a) Except as otherwise provided in this chapter, if the ownership of a titled watercraft is transferred by operation of law, including inheritance or bequest, order in bankruptcy, insolvency, replevin, execution, sale, or satisfaction of mechanic's lien, or repossession upon default in performance of the terms of a security agreement, the person acquiring the watercraft by operation of law must promptly submit the last certificate of title, if available, or the manufacturer's or importer's certificate or other satisfactory proof of the transfer of ownership to the commissioner or deputy registrar with the application for a new certificate of title and the required fee.

(b) If a secured party acquires a titled watercraft under the terms of a security agreement or by operation of law, the secured party must promptly submit to the commissioner, a deputy registrar, or the person acquiring the watercraft from the secured party the last certificate of title, if available, an application for a new certificate of title with the required fee, and an affidavit by the secured party or an authorized representative stating the facts entitling the secured party to possession and ownership of the watercraft, including a copy of the journal entry, court order, or instrument upon which the claim of possession and ownership is founded. If the secured party cannot produce the required proof of ownership, the secured party may submit other evidence with the application and the commissioner may

issue a new certificate of title if the evidence provides satisfactory proof of ownership.

Sec. 7. [361A.06] [TEMPORARY WATERCRAFT USE PERMITS.]

Subdivision 1. [ISSUANCE TO TITLE APPLICANT.] (a) The commissioner may issue a temporary watercraft use permit to a person applying for a certificate of title for a new or used watercraft to allow that person to operate the watercraft on the waters of this state pending completion of the titling and watercraft licensing process.

(b) The watercraft use permit must be carried aboard the watercraft to allow immediate inspection. The watercraft use permit must contain a description of the watercraft, including its trade name, if any, year, series or model, hull material, length, hull identification number, and other information prescribed by the commissioner. A permit is valid only for the watercraft for which it is issued.

Subd. 2. [DISTRIBUTION TO DEALERS.] The commissioner may distribute permits in booklet form to licensed dealers. If the dealer issues a permit, the dealer must submit a watercraft use permit information form to the commissioner. The commissioner must provide information forms that require the name of the person to whom the watercraft use permit was issued, the watercraft description, dates of issue and expiration, and other information prescribed by the commissioner.

Sec. 8. [361A.07] [DUPLICATE CERTIFICATE.]

Subdivision 1. [FORM AND ISSUANCE.] (a) The commissioner may issue a duplicate certificate of title under this section. The duplicate certificate of title must be a certified copy plainly marked "duplicate" across its face and must contain the legend: "This duplicate certificate of title may be subject to the rights of a person under the original certificate." It must be mailed to the first secured party named in it or, if none, to the owner. The commissioner shall indicate in the department records that a duplicate has been issued.

(b) As a condition to issuing a duplicate certificate of title, the commissioner may require a bond from the applicant in the manner and form prescribed in section 4, subdivision 4, paragraph (b).

Subd. 2. [WAITING PERIOD TO ISSUE NEW CERTIFICATE OF TITLE.] The commissioner may not issue a new certificate of title to a person acquiring a watercraft under an application made on a duplicate certificate of title until at least 15 days after receiving the application.

Subd. 3. [DISAPPEARANCE OF ORIGINAL CERTIFICATE.] If a certificate of title is lost, stolen, or destroyed, the owner or legal representative of the owner named in the certificate may obtain a duplicate by applying to the commissioner, furnishing information the commissioner requires concerning the original certificate, and the circumstances of its loss or destruction.

Subd. 4. [MUTILATED OR ILLEGIBLE CERTIFICATE.] If an original certificate of title is mutilated or rendered illegible, the person in possession of the title must return it to the commissioner with the application for a duplicate.

Subd. 5. [RECOVERY OF LOST OR STOLEN CERTIFICATE.] If a lost

or stolen certificate of title for which a duplicate has been issued is recovered, the lost or stolen certificate of title must be surrendered promptly to the commissioner for cancellation.

Sec. 9. [361A.08] [SUSPENSION OR REVOCATION OF CERTIFICATE.]

Subdivision 1. [SUSPENSION OR REVOCATION.] The commissioner shall suspend or revoke a certificate of title upon notice and reasonable opportunity to be heard if authorized by law or if the commissioner finds that:

(1) the certificate of title was fraudulently procured or erroneously issued; or

(2) the watercraft has been scrapped, dismantled, or destroyed.

Subd. 2. [DUTIES OF OWNER.] If the commissioner suspends or revokes a certificate of title, the owner or person in possession of the certificate of title, immediately upon receiving notice of the suspension or revocation, shall mail or deliver the certificate to the commissioner.

Subd. 3. [SEIZURE OR IMPOUNDMENT.] The commissioner may seize and impound a certificate of title that has been suspended or revoked.

Subd. 4. [SUBSEQUENT GOOD FAITH PURCHASER.] Suspension or revocation of a certificate of title does not affect the validity of a subsequent transfer to a purchaser relying in good faith on the assignment of a suspended or revoked title if the certificate of title was not surrendered to or seized by the commissioner under subdivisions 2 and 3, and the commissioner shall issue a new certificate of title to an applicant who is a good faith purchaser for value in those circumstances.

Sec. 10. [361A.09] [RESPONSIBILITIES OF COMMISSIONER.]

The commissioner shall prescribe and provide suitable forms of applications, certificates of title, notices of security interests, and other notices and forms necessary to implement this chapter. In addition, the commissioner may:

(1) make necessary investigations to procure information required to implement this chapter;

(2) assign a new hull identification number to a watercraft if the watercraft does not have a number or the number is destroyed or obliterated; or

(3) adopt and enforce rules necessary to implement this chapter.

Sec. 11. [361A.10] [PENALTIES.]

Subdivision 1. [FELONY.] A person is guilty of a felony and punishable by imprisonment for a term of not more than four years, or payment of a fine of not more than \$5,000, or both, if the person with fraudulent intent:

(1) uses a false or fictitious name or address, makes a material false statement, fails to disclose a security interest, or conceals any other material fact in an application for a certificate of title; or

(2) submits a false, forged, or fictitious document in support of an application for a certificate of title.

Subd. 2. [MISDEMEANOR.] A person is guilty of a misdemeanor if that person:

(1) with fraudulent intent permits another to use or possess a certificate of title who is not entitled to use or possess the certificate of title;

(2) willfully fails to mail or deliver a certificate of title to the commissioner or a deputy registrar within ten days after the time required;

(3) willfully fails to deliver to a person acquiring a watercraft a certificate of title within ten days after the time required;

(4) commits a fraud in an application for a certificate of title; or

(5) fails to notify the commissioner of a fact as required by law.

Sec. 12. [361A.11] [TITLE FEES.]

Subdivision 1. [FEES.] (a) The fee to be paid to the commissioner:

(1) for issuing an original certificate of title, including the concurrent notation of an assignment of the security interest and its subsequent release or satisfaction, is \$10.50;

(2) for each security interest when first noted upon a certificate of title, including the concurrent notation of an assignment of the security interest and its subsequent release or satisfaction, is \$7;

(3) for transferring the interest of an owner and issuing a new certificate of title, is \$7;

(4) for each assignment of a security interest when first noted on a certificate of title, unless noted concurrently with the security interest, is \$1; and

(5) for issuing a duplicate certificate of title, is \$4.

(b) In addition to other statutory fees and taxes, a filing fee of \$3.25 is imposed on every application. The filing fee must be shown as a separate item on title renewal notices sent by the commissioner.

Subd. 2. [CONCURRENT APPLICATIONS.] If a person applies for an original or a new certificate of title for a watercraft concurrently with an application for transfer of license of the watercraft to the applicant, the fee prescribed in subdivision 1 is in lieu of the fee prescribed by section 361.03 for a transfer of ownership or license of the watercraft to the applicant.

Subd. 3. [FEES PAID BEFORE TITLE ISSUED.] Subject to subdivision 2, the commissioner may not issue a certificate of title for a watercraft until the fees prescribed by subdivision 1 and section 361.03 for a prior transfer of ownership or license of the watercraft have been paid.

Subd. 4. [DEPOSIT OF FEE.] Fees collected under this section must be deposited in the state treasury and credited to the water recreation account, except a deputy registrar who originates an application shall retain the filing fee under subdivision 1, paragraph (b).

Sec. 13. [361A.12] [INAPPLICABLE LIENS AND SECURITY INTERESTS.]

The requirements of this chapter relating to security interests and certificate of title do not apply to or affect:

(1) a lien given by statute or rule of law to a supplier of services or materials for the watercraft while the watercraft is in the possession of the lienholder;

(2) a lien given by statute to the United States, this state, or a political subdivision of this state; or

(3) a security interest in a watercraft created by a manufacturer or dealer who holds the watercraft for sale.

Sec. 14. [361A.13] [SECURITY INTERESTS.]

Subdivision 1. [VALIDITY.] Unless excepted by section 13, a security interest in a titled watercraft is not valid against creditors of the owner or subsequent transferees or secured parties of the watercraft unless perfected as provided in this chapter.

Subd. 2. [PERFECTION.] A security interest is perfected by the delivery to the commissioner of the existing certificate of title, if any, or an application for a certificate of title, containing the name and address of the secured party, the date of the security agreement, and the required fee. It is perfected as of the time of its creation if the delivery is completed within the following ten days. In other instances it is perfected as of the time of the delivery. The method provided in this chapter is exclusive.

Sec. 15. [361A.14] [OWNER-CREATED SECURITY INTEREST.]

Paragraphs (a) to (d) apply if an owner creates a security interest in a titled watercraft.

(a) The owner shall immediately execute the application in the space provided on the certificate of title or on a separate form prescribed by the commissioner, show the name and address of the secured party on the certificate, and have the certificate, application, and required fee delivered to the secured party.

(b) The secured party shall immediately have the certificate, application, and required fee mailed or delivered to the commissioner.

(c) Upon request of the owner or subordinate secured party, a secured party in possession of the certificate of title shall either (1) mail or deliver the certificate to the subordinate secured party for delivery to the commissioner, or (2) upon receiving from the subordinate secured party the owner's application and the required fee, mail or deliver them to the commissioner with the certificate. The delivery of the certificate does not affect the rights of the first secured party under the security agreement.

(d) Upon receiving the certificate of title, application, and required fee, the commissioner shall either endorse on the certificate or issue a new certificate containing the name and address of the new secured party, and mail or deliver the certificate to the first secured party named on it.

Sec. 16. [361A.15] [LICENSED WATERCRAFT PREVIOUSLY PERFECTED.]

If a security interest in a previously licensed watercraft is perfected under other applicable Minnesota law on January 1, 1991, the security interest continues perfected:

(1) until its perfection lapses under the law under which it was perfected or would lapse in the absence of a further filing; or

(2) until a certificate of title for the watercraft is issued and the security interest is perfected under section 14.

The assignment, release, or satisfaction of a security interest in a previously licensed watercraft is governed by the laws under which it was perfected.

Sec. 17. [361A.16] [SATISFACTION OF SECURITY INTEREST.]

Subdivision 1. [RELEASE.] Upon the satisfaction of a security interest in a watercraft for which the certificate of title is in the possession of the secured party, the secured party, within 15 days, shall execute a release of the security interest in the space provided on the certificate or as prescribed by the commissioner, and mail or deliver the certificate and release to the next secured party named or, if none, to the owner or a person who delivers to the secured party an authorization from the owner to receive the certificate. The owner, other than a dealer holding the watercraft for resale, shall promptly have the certificate, the release, and the required fee mailed or delivered to the commissioner, who shall release the secured party's rights on the certificate or issue a new certificate.

Subd. 2. [RELEASE OF SUBORDINATE SECURITY INTEREST.] Upon the satisfaction of a security interest in a watercraft for which the certificate of title is in the possession of a prior secured party, the secured party whose security interest is satisfied shall execute a release in the form prescribed by the commissioner and, within 15 days after satisfaction, deliver the release to the owner or a person who delivers to the secured party.

Sec. 18. [361A.17] [DISCLOSURE OF SECURITY AGREEMENT.]

A secured party named in a certificate of title, upon written request of the owner or other secured party named on the certificate, must disclose pertinent information about the security agreement and the indebtedness secured by it.

Sec. 19. [361A.18] [EFFECT OF SUSPENSION OR REVOCATION ON SECURITY INTEREST.]

Suspension or revocation of a certificate of title does not, in itself, affect the validity of a security interest noted on it.

Sec. 20. [361A.19] [PREVIOUSLY LICENSED WATERCRAFT UNDISCLOSED SECURITY INTERESTS.]

If the commissioner is not satisfied that there are no undisclosed security interests created before the watercraft is initially titled, the commissioner may, in addition to its options under section 4, subdivision 4, issue a distinctive certificate of title for the watercraft containing the legend: "This watercraft may be subject to an undisclosed lien," and any other information the commissioner prescribes.

Sec. 21. [361A.20] [LIENS ATTACHING TO WATERCRAFT.]

(a) A nonpossessory lien on a titled watercraft is not perfected unless a lien statement is filed with the commissioner.

(b) The lien statement must include:

- (1) the watercraft owner's name and address;*
- (2) the statute under which the lien is taken;*
- (3) the name and address of the lienholder; and*
- (4) the title number of the watercraft.*

(c) The commissioner shall note the time and date of filing the lien statement.

Sec. 22. [361A.21] [STOLEN WATERCRAFT.]

Subdivision 1. [DUTY OF PEACE OFFICERS.] A peace officer aware of a stolen or converted watercraft shall immediately furnish the commissioner with information concerning the theft or conversion.

Subd. 2. [DUTY OF COMMISSIONER.] The commissioner, upon receiving a report of the theft or conversion of a watercraft, shall record the report information, including the make of the stolen or converted watercraft and its builder's hull identification number, if any. The commissioner shall prepare a list of watercraft reported stolen and those recovered as disclosed by the reports submitted. The report may be distributed as the commissioner deems advisable.

Subd. 3. [DUTY OF OWNER.] If a stolen or converted watercraft is recovered, the owner shall immediately notify the commissioner.

Sec. 23. [EFFECTIVE DATE.]

Subdivision 1. [GENERALLY.] Except as provided in subdivision 2, sections 1 to 22 are effective January 1, 1991.

Subd. 2. [PHASE-IN PROVISIONS.] A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title under this act until the owner transfers part of an interest in the watercraft, grants a security interest in the watercraft, or renews the license.

Sec. 24. [INSTRUCTION TO REVISOR.]

If legislation is enacted in the 1989 legislature to change section numbers of provisions governing watercraft licensing or to recodify those provisions into chapter 361A, the revisor of statutes shall correct cross-references to those provisions in this act and renumber the sections of Minnesota Statutes in this act consistent with those changes."

Delete the title and insert:

"A bill for an act relating to watercraft; providing for titling of watercraft; providing for perfection of security interests in watercraft; amending Minnesota Statutes 1988, section 336.9-302; proposing coding for new law as Minnesota Statutes, chapter 361A."

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

Mr. Davis from the Committee on Agriculture and Rural Development, to which was referred

S.F. No. 542: A bill for an act relating to agriculture; changing the agricultural land preservation law; amending Minnesota Statutes 1988, sections 40A.02, subdivision 10; 40A.04, subdivision 1; 40A.10; 40A.11, subdivision 4; 40A.17; and 273.119; proposing coding for new law in Minnesota Statutes, chapter 40A; repealing Minnesota Statutes 1988, section 40A.123, subdivision 3.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 40A.02, subdivision 10, is amended to read:

Subd. 10. ~~[EXCLUSIVE AGRICULTURAL USE ZONE PRESERVE.]~~
"Exclusive Agricultural use zone preserve" or "zone preserve" means a zone preserve created under this chapter.

Sec. 2. Minnesota Statutes 1988, section 40A.04, subdivision 1, is amended to read:

Subdivision 1. ~~[COUNTIES.]~~ After January 1, 1987, a county located outside of the metropolitan area may submit to the commissioner and to the regional development commission in which it is located, if one exists, a proposed agricultural land preservation plan and proposed official controls implementing the plan. To the extent practicable, submission of the proposal must coincide with the completion of the county soil survey. The commissioner, in consultation with the regional development commission, shall review the plan and controls for consistency with the elements in this chapter and shall submit written comments to the county within ~~90~~ 60 days of receipt of the proposal. The comments must include a determination of whether the plan and controls are consistent with the elements in this chapter. The commissioner shall notify the county of its determination. If the commissioner determines that the plan and controls are consistent, the county shall adopt the controls within ~~60~~ 90 days of completion of the commissioner's review. If the commissioner determines that the plan and controls are not consistent, the comments must include the additional elements that must be addressed by the county. The county shall amend its plan and controls to include the additional elements and adopt the amended controls within ~~90~~ 120 days of completion of the commissioner's review.

Sec. 3. Minnesota Statutes 1988, section 40A.10, subdivision 1, is amended to read:

Subdivision 1. ~~[CONTENTS.]~~ (a) An eligible person may apply to the county in which the land is located for the creation of an ~~exclusive agricultural use zone preserve~~ on forms provided by the commissioner. In case a ~~zone preserve~~ is located in more than one county, the application must be submitted to the county in which the majority of the land is located. The application must contain at least the following information and other information the commissioner requires:

~~(a)~~ (1) legal description of the area to be designated and parcel identification numbers where designated by the county auditor;

~~(b)~~ (2) name and address of the owner;

~~(c)~~ (3) a witnessed signature of the owner covenanting that the land will be kept in exclusive agricultural use and will be used in accordance with the provisions of this chapter that exist on the date of application; and

~~(d)~~ (4) a statement that the restrictive covenant will be binding on the owner or the owner's successor or assignee, and will run with the land.

(b) In the case of registered property, the owner shall submit the owner's duplicate certificate of title along with the application.

Sec. 4. Minnesota Statutes 1988, section 40A.10, subdivision 2, is amended to read:

Subd. 2. [REVIEW AND NOTICE.] Upon receipt of an application, the county shall determine if all material required by subdivision 1 has been submitted and, if so, shall determine that the application is complete. *When used in this chapter, the term "date of application" means the date the application is determined to be complete by the county.* The county shall send a copy of the application to the county assessor, the regional development commission, where applicable, and the soil and water conservation district where the land is located. The district shall prepare an advisory statement of existing and potential conservation problems in the zone. The district shall send the statement to the owner of record and to the commissioner. *A copy of the application and a legal description of the property must also be sent to the commissioner.*

Sec. 5. Minnesota Statutes 1988, section 40A.10, is amended by adding a subdivision to read:

Subd. 6. [MAPS.] *The commissioner shall maintain agricultural preserve maps illustrating land covenanted as agricultural preserves.*

Sec. 6. Minnesota Statutes 1988, section 40A.11, subdivision 4, is amended to read:

Subd. 4. [NOTICE AND RECORDING; TERMINATION.] When the county receives notice under subdivision 2 or serves notice under subdivision 3, the county shall forward the original notice to the county recorder for recording and shall notify the regional development commission, the commissioner, and the county soil and water conservation district of the date of expiration. Designation as an ~~exclusive agricultural use zone preserve~~ and the benefits and limitations contained in this chapter and the restrictive covenant filed with the application cease on the date of expiration. ~~In the case of~~ For registered property, the county recorder shall cancel the restrictive covenant upon the certificate of title and the owner's duplicate certificate of title on the effective date of the expiration.

Sec. 7. Minnesota Statutes 1988, section 40A.122, subdivision 7, is amended to read:

Subd. 7. [TERMINATION OF ~~ZONE PRESERVE~~.] Designation as an ~~exclusive agricultural use zone preserve~~ and all benefits and limitations under this chapter, including the restrictive covenant for the portion of the zone taken, ends on the date the ~~final certificate is filed with the administrator of district court under section 117.205~~ condemning authority is entitled to title and possession of the property in accordance with the terms of section 117.042.

Sec. 8. Minnesota Statutes 1988, section 40A.17, is amended to read:
40A.17 [REPORT.]

The commissioner shall report to the legislature on January 1 ~~and July 1~~ of each year on activities under this chapter. ~~By July 1, 1985,~~ The report must include the survey of public awareness in the awareness program. The report shall include recommendations for funding levels and other necessary legislative action.

Sec. 9. [40A.18] [LAND USE.]

Subdivision 1. [AGRICULTURAL PRODUCTION.] *Land within an agricultural preserve must be maintained for agricultural production. The average maximum density of residential structures within an agricultural*

preserve and the location of a new structure must conform to the locally applicable plan or zoning regulations. Commercial and industrial uses are not permitted except as provided in subdivision 2 after the user is issued a permit by the local government. The local government is responsible for enforcing this section.

Subd. 2. [ALLOWED COMMERCIAL AND INDUSTRIAL OPERATIONS.] *Commercial and industrial operations are not allowed on land within an agricultural preserve except:*

(1) small on-farm commercial or industrial operations normally associated with and important to farming in the agricultural preserve area;

(2) storage use of existing farm buildings that does not disrupt the integrity of the agricultural preserve; and

(3) small commercial use of existing farm buildings for trades not disruptive to the integrity of the agricultural preserve such as a carpentry shop, small scale mechanics shop, and similar activities that a farm operator might conduct.

"Existing" in clauses (2) and (3) means existing on August 1, 1989.

Subd. 3. [DENSITY RESTRICTION AFTER SUBDIVISION.] *If a separate parcel is created for a residential structure, commercial, or industrial use permitted under subdivision 1, the parcel is no longer an agricultural preserve unless the eligibility requirements of section 40A.09 and county eligibility requirements are met. The separate parcel must remain under the maximum residential density restrictions in effect for the original preserve at the time it was placed into the preserve until the agricultural preserve status for the original parcel ends.*

Sec. 10. Minnesota Statutes 1988, section 473H.15, subdivision 10, is amended to read:

Subd. 10. [TERMINATION OF PRESERVE.] *The agricultural preserve designation and all benefits and limitations accruing through sections 473H.02 to 473H.17 for the preserve and the restrictive covenant for that portion of the preserve taken, shall cease on the date the final certificate is filed with the court administrator of district court in accordance with section 473.205 condemning authority is entitled to title and possession in accordance with the terms of section 473.042.*

Sec. 11. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall change the words "exclusive agricultural use zone" wherever they appear in Minnesota Statutes to "agricultural preserve."

Amend the title as follows:

Page 1, line 5, after "40A.10" insert ", subdivisions 1, 2, and by adding a subdivision" and after "4;" insert "40A.122, subdivision 7;"

Page 1, line 6, delete "273.119" and insert "473H.15, subdivision 10"

Page 1, line 7, delete everything after "40A" and insert a period

Page 1, delete line 8

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

Mr. Davis from the Committee on Agriculture and Rural Development, to which was referred

S.F. No. 583: A bill for an act relating to agriculture; regulating the manufacture of cultured dairy food; requiring pasteurization for certain dairy products; amending Minnesota Statutes 1988, section 32.486, subdivision 1, and by adding a subdivision.

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

Page 1, line 12, delete "*non-grade A*"

Page 1, delete lines 13 and 14 and insert "*other than a grade A cultured dairy product.*"

Page 1, line 22, before "*Milk*" insert "*(a)*"

Page 1, line 23, delete "*must be less*" and insert "*may not be more*"

Page 1, line 25, before "*Pasteurization*" insert "*(b)*"

Page 1, line 26, delete "*or*" and insert "*and facilities making 70,000 pounds or less of*" and delete "*, except that*" and insert "*per year.*"

Page 2, delete lines 1 and 2 and insert:

"Sec. 3. [EFFECTIVE DATE.]

Section 2 is effective August 1, 1989, except persons processing Minnesota farmstead cheese or cultured dairy food need not have pasteurization until July 1, 1991."

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

Mr. Davis from the Committee on Agriculture and Rural Development, to which was referred

S.F. No. 1042: A bill for an act relating to the environment; requiring the use of soy-based ink for some printing operations; proposing coding for new law in Minnesota Statutes, chapter 115A.

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

Delete everything after the enacting clause and insert:

"Section 1. [16B.125] [PRINTING INKS; STATE PRINTING.]

Subdivision 1. [DEFINITION; SOY-BASED INK.] For the purposes of this section "soy-based ink" means printing ink made from soy oil.

Subd. 2. [STATE PRINTER.] Whenever practical and feasible, the state printer shall use soy-based ink for all printing orders or projects. The printer shall also advise state agencies on and encourage them to use materials and printing processes that allow for the use of soy-based ink.

Subd. 3. [STATE AGENCIES; PRINTING CONTRACTS.] When a state agency seeks to enter a contract for printing with, or otherwise purchases printing from, the state or another printer, the agency shall, when feasible, specify use of soy-based ink at least when it can specify use of a newsprint product that is printed on a non-heat-set web press or a sheet-fed press. Whenever practical, a state agency shall specify materials and printing

processes that enable use of soy-based ink.

Subd. 4. [DETERMINATION OF USE.] When the state printer or a state agency is making a determination whether to use soy-based ink or not, the state printer or agency shall consider the practicality of soy-based ink with regard to the type of paper to be used in the project, the production schedule required, the type of printing equipment likely to be used, the availability of ink, and any other relevant considerations."

Amend the title as follows:

Page 1, line 2, delete "the environment" and insert "agriculture"

Page 1, line 4, delete "115A" and insert "16B"

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

Mr. Davis from the Committee on Agriculture and Rural Development, to which was referred

S.F. No. 49: A bill for an act relating to agriculture; authorizing grazing or haying of certain land under conservation easements with the approval of the governor; amending Minnesota Statutes 1988, section 40.43, subdivision 4.

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

Page 1, line 15, delete "*or haying*" and strike "unless" and delete "*in the case of*"

Page 1, lines 16 and 17, delete the new language and strike the old language

Page 1, line 18, delete "*restrictions*" and strike "by the" and delete "*governor*" and strike "after consultation"

Page 1, line 19, strike "with" and delete "*and receiving the recommendation of*" and strike "the"

Page 1, line 20, delete "*commissioners*" and strike "of natural resources"

Page 1, lines 21 to 23, delete the new language

Page 2, after line 7, insert:

"Sec. 2. [APPLICATION.]

Section 1 applies to conservation easements entered after the effective date of section 1. The board of water and soil resources may allow grazing of livestock on conservation easements entered before the effective date of section 1 in case of a severe drought or a local emergency declared under Minnesota Statutes, section 12.29."

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

Mr. Davis from the Committee on Agriculture and Rural Development, to which was re-referred

S.F. No. 237: A bill for an act relating to pollution; regulating the disposal of infectious and pathological wastes; providing for penalties for violation;

appropriating money; amending Minnesota Statutes 1988, section 609.671, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 116.

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

Page 2, line 21, after "*are*" insert "*generated from a certified laboratory and are*"

Page 3, line 6, after "*animals*" insert "*knowingly and*"

Page 3, line 34, before the colon, insert "*except those generated from a household or from a farm operation or agricultural business*"

Page 8, line 10, after the period, insert "*The agency before adopting rules affecting animals or research animal waste must consult the commissioner of agriculture and the board of animal health.*"

Page 8, line 14, after the period, insert "*The commissioner of health before adopting rules affecting animals or research animal waste must consult the commissioner of agriculture and the board of animal health.*"

Page 9, line 22, delete "*commissioner*" and insert "*commissioners*"

Page 9, line 23, delete the comma and insert "*and agriculture, and the board of animal health*"

Page 10, line 15, delete everything after the period

Page 10, delete line 16

Page 10, line 20, delete everything after the period

Page 10, delete line 21

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

Mr. Davis from the Committee on Agriculture and Rural Development, to which was referred

S.F. No. 744: A bill for an act relating to agriculture; making technical changes in the seed and dairy inspection laws; amending Minnesota Statutes 1988, sections 21.89, subdivisions 2 and 4; and 32.103.

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

Delete everything after the enacting clause and insert:

"Section 1. [21.891] [SEED PERMITS AND FEES.]

Subdivision 1. [SEED PERMIT REQUIRED.] (a) Except as provided in subdivision 3, a person who is the initial labeler may not sell agricultural seed, vegetable seed, or flower seed for use in this state without a seed permit. A seed permit is valid as long as seed fees under subdivision 2 are paid.

(b) The commissioner may revoke the seed permit of a person who violates a provision of sections 21.80 to 21.92 or rules adopted under those sections.

Subd. 2. [SEED FEES.] Except as provided in subdivision 3, an initial

labeler of seed must pay a seed fee, based on the weight, for the agricultural seed, vegetable seed, and flower seed sold for use in this state.

Subd. 3. [EXEMPTION.] An initial labeler is not required to have a permit under subdivision 1 or pay seed fees under subdivision 2:

(1) for agricultural, vegetable, or flower seeds that are of the breeder or foundation seed classes of varieties developed by publicly financed research agencies intended to increase the quantity of seed available; or

(2) for agricultural seed other than lawn and turf grass seed, if less than 50,000 pounds of agricultural seed other than lawn and turf grass seed are sold annually in this state.

Subd. 4. [RULES.] The commissioner shall set a permit fee and seed fees under section 16A.128 to cover the administrative cost of administering and enforcing sections 21.80 to 21.92. The commissioner may set a penalty fee to be assessed against an initial labeler who does not comply with seed permit requirements. The commissioner shall prescribe the procedures by rule for seed permits and seed fees.

Sec. 2. [REPEALER.]

Minnesota Statutes 1988, section 21.89, is repealed."

Amend the title as follows:

Page 1, line 3, delete "amending" and insert "proposing coding for new law in Minnesota Statutes, chapter 21; repealing"

Page 1, line 4, delete "sections" and insert "section" and delete everything after "21.89" and insert a period

Page 1, delete line 5

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

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

S.F. No. 1444: A bill for an act relating to appropriations; providing emergency relief for Red River Valley area flooding.

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

Page 1, line 7, delete "\$" and insert "\$250,000"

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

Ms. Berglin from the Committee on Health and Human Services, to which was re-referred

S.F. No. 605: A bill for an act relating to corrections; authorizing the commissioner of corrections to take photographs of juveniles committed to the commissioner for management and law enforcement purposes; amending Minnesota Statutes 1988, section 260.161, subdivision 3.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Judiciary. Report adopted.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 530: A bill for an act relating to waste management; defining "waste reduction"; extending the expiration date of waste advisory councils; authorizing counties to designate waste to landfills; requiring financial reports from landfills; clarifying the limits of political subdivision liability for superfund cleanup at landfills; authorizing the pollution control agency to acquire interests in real estate necessary for superfund; authorizing superfund to reimburse political subdivisions for costs incurred in responding to emergency releases of hazardous materials; making claims for injuries due to petroleum contamination eligible for compensation by the harmful substances compensation fund; authorizing transfer of money from the petroleum tank release cleanup fund; altering the metropolitan council's authority for solid waste planning; raising the solid waste disposal fee in the metropolitan area; clarifying the 1990 ban on disposal of unprocessed waste in the metropolitan area; extending the date until which metal finishers are not liable for payment of hazardous waste generator fees; requiring a study of solid waste management district legislation; amending Minnesota Statutes 1988, sections 115A.03, by adding a subdivision; 115A.12, subdivision 1; 115A.14, subdivision 2; 115B.04, subdivision 4; 115B.17, by adding a subdivision; 115B.20, subdivision 2; 115B.25, subdivisions 1, 2, and 7, and by adding four subdivisions; 115B.26; 115B.27, subdivision 1; 115B.28, subdivision 2; 115B.29, subdivision 1; 115B.30, subdivision 3; 115B.34, subdivision 2; 115C.08, subdivision 4 and by adding a subdivision; 446.04, subdivision 1; 473.149, subdivisions 2d and 2e; 473.803, by adding a subdivision 1a; 473.845, subdivision 2; and 473.848; amending Laws 1987, chapter 348, section 50; proposing coding for new law in chapter 115A; repealing Minnesota Statutes 1988, sections 115A.98 and 115B.29, subdivision 2.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 115A.01, is amended to read:

115A.01 [CITATION.]

~~Sections 115A.01 to 115A.72~~ Chapter 115A shall be known as the waste management act ~~of 1980~~.

Sec. 2. Minnesota Statutes 1988, section 115A.02, is amended to read:

115A.02 [LEGISLATIVE DECLARATION OF POLICY; PURPOSES.]

(a) It is the goal of ~~sections 115A.01 to 115A.72~~ *this chapter* to improve waste management in the state to serve the following purposes:

- ~~(a)~~ (1) Reduction in waste generated;
- ~~(b)~~ (2) Separation and recovery of materials and energy from waste;
- ~~(c)~~ (3) Reduction in indiscriminate dependence on disposal of waste;
- ~~(d)~~ (4) Coordination of solid waste management among political subdivisions; *and*
- ~~(e)~~ (5) Orderly and deliberate development and financial security of waste facilities including disposal facilities.

(b) The waste management goal of the state is to foster an integrated waste management system in a manner appropriate to the characteristics of the waste stream. The following waste management practices are in order of preference:

- (1) waste reduction and reuse;*
- (2) waste recycling and yard waste composting;*
- (3) resource recovery through mixed municipal solid waste composting or incineration; and*
- (4) land disposal.*

Sec. 3. Minnesota Statutes 1988, section 115A.03, is amended by adding a subdivision to read:

Subd. 36a. [WASTE REDUCTION.] "Waste reduction" means an activity that prevents generation of waste including reusing a product in its original form, increasing the life span of a product, reducing material used in production or packaging, or changing procurement, consumption, or waste generation habits to result in smaller quantities of waste generated.

Sec. 4. Minnesota Statutes 1988, section 115A.12, subdivision 1, is amended to read:

Subdivision 1. [SOLID AND HAZARDOUS WASTE MANAGEMENT.] The chair of the board shall establish a solid waste management advisory council and a hazardous waste management planning council broadly representative of the geographic areas and interests of the state. The councils shall have not less than nine nor more than 18 members each. The membership of the solid waste council shall consist of one-third citizen representatives, one-third representatives from local government units, and one-third representatives from private solid waste management firms. The solid waste council shall contain at least one member experienced in each of the following areas: state and municipal finance; solid waste collection, processing, and disposal; and solid waste reduction and resource recovery. The membership of the hazardous waste advisory council shall consist of one-third citizen representatives, one-third representatives from local government units, and one-third representatives of hazardous waste generators and private hazardous waste management firms. The chairs of the advisory councils shall be appointed by the chair of the board. The chair of the board shall provide administrative and staff services for the advisory councils. The advisory councils shall have such duties as are assigned by law or the chair of the board. The solid waste advisory council shall make recommendations to the board on its solid waste management activities. The hazardous waste advisory council shall make recommendations to the board on its activities under sections 115A.08, 115A.09, 115A.10, 115A.11, 115A.20, 115A.21, and 115A.24. Members of the advisory councils shall serve without compensation but shall be reimbursed for their reasonable expenses as determined by the chair of the board. The solid waste management advisory council and the hazardous waste management planning council expire as provided in section 15.059, subdivision 5 June 30, 1994.

Sec. 5. Minnesota Statutes 1988, section 115A.14, subdivision 2, is amended to read:

Subd. 2. [STAFF] The commission is authorized, without regard to the civil service laws and rules, to appoint and fix the compensation of such additional legal and other personnel and consultants as may be necessary

to enable it to carry out its functions, or to contract for services to supply necessary data, except that any state employees subject to the civil service laws and rules who may be assigned to the commission shall retain civil service status without interruption or loss of status or privilege. ~~The staff shall be hired and supervised for the commission by the executive director of the legislative commission on Minnesota resources.~~

Sec. 6. Minnesota Statutes 1988, section 115A.46, subdivision 2, is amended to read:

Subd. 2. [CONTENTS.] (a) The plans shall describe existing collection, processing, and disposal systems, including schedules of rates and charges, financing methods, environmental acceptability, and opportunities for improvements in the systems.

(b) The plans shall include an estimate of the land disposal capacity in acre-feet which will be needed through the year 2000, on the basis of current and projected waste generation practices. *In assessing the need for additional capacity for resource recovery or land disposal, the plans shall take into account the characteristics of waste stream components and shall give priority to waste reduction, separation, and recycling.*

(c) The plans shall require the most feasible and prudent reduction of the need for and practice of land disposal of mixed municipal solid waste.

(d) The plans shall address at least waste reduction, separation, recycling, and other resource recovery options, and shall include *specific and quantifiable* objectives, immediately and over specified time periods, for reducing the land disposal of mixed municipal solid waste *and for the implementation of feasible and prudent reduction, separation, recycling, and other resource recovery options. These objectives shall be consistent with statewide objectives as identified in statute.* The plans shall describe specific functions to be performed and activities to be undertaken to achieve the abatement, *reduction, separation, recycling, and other resource recovery* objectives and shall describe the estimated cost, proposed manner of financing, and timing of the functions and activities.

(e) The plans shall include a comparison of the costs of the activities to be undertaken, including capital and operating costs, and the effects of the activities on the cost to generators and on persons currently providing solid waste collection, processing, and disposal services. The plans shall include alternatives which could be used to achieve the abatement objectives if the proposed functions and activities are not established.

(f) The plans shall designate how public education shall be accomplished. The plans shall, to the extent practicable and consistent with the achievement of other public policies and purposes, encourage ownership and operation of solid waste facilities by private industry. For solid waste facilities owned or operated by public agencies or supported primarily by public funds or obligations issued by a public agency, the plans shall include criteria and standards to protect comparable private and public facilities already existing in the area from displacement unless the displacement is required in order to achieve the waste management objectives identified in the plan.

(g) The plans shall establish a siting procedure and development program to assure the orderly location, development, and financing of new or expanded solid waste facilities and services sufficient for a prospective ten-year period,

including estimated costs and implementation schedules, proposed procedures for operation and maintenance, estimated annual costs and gross revenues, and proposals for the use of facilities after they are no longer needed or usable.

(h) The plans shall describe existing and proposed county and municipal ordinances and license and permit requirements relating to solid waste management and shall describe existing and proposed regulation and enforcement procedures.

Sec. 7. Minnesota Statutes 1988, section 115A.80, is amended to read:

115A.80 [DESIGNATION OF ~~RESOURCE RECOVERY~~ SOLID WASTE MANAGEMENT FACILITIES; PURPOSE.]

In order to further the state policies and purposes expressed in section 115A.02, and to advance the public purposes served by ~~resource recovery~~ *effective solid waste management*, the legislature finds and declares that it may be necessary pursuant to sections 115A.80 to 115A.89 to authorize a qualifying solid waste management district or county to designate a ~~resource recovery~~ *solid waste processing or disposal* facility.

Sec. 8. Minnesota Statutes 1988, section 115A.81, subdivision 2, is amended to read:

Subd. 2. [DESIGNATION.] "Designation" means a requirement by a waste management district or county that all or any portion of the mixed municipal solid waste that is generated within its boundaries or any service area thereof be delivered to a ~~resource recovery~~ *solid waste processing or disposal* facility identified by the district or county.

Sec. 9. Minnesota Statutes 1988, section 115A.83, is amended to read:

115A.83 [EXEMPTION.]

The designation may not apply to or include:

(1) materials that are separated from solid waste and recovered for reuse in their original form or for use in manufacturing processes; or

(2) materials that are processed at ~~another~~ a resource recovery facility at the capacity in operation at the time that the designation plan is approved by the reviewing authority.

Sec. 10. Minnesota Statutes 1988, section 115A.84, is amended to read:

115A.84 [DESIGNATION PLAN.]

Subdivision 1. [REQUIREMENT.] Before commencing the designation procedure under section 115A.85, the district or county shall adopt a comprehensive solid waste management plan or, under chapter 473, a master plan. ~~The comprehensive or master plan must include county or district shall then submit a plan for designation to be approved under this section. A county's or district's designation plan must be consistent with its solid waste management plan or master plan and with statewide and regional waste management goals.~~

Subd. 2. [DESIGNATION; PLAN CONTENTS.] (a) The designation plan must evaluate:

(1) the benefits of the designation, including the public purposes achieved by the conservation and recovery of resources, the furtherance of local and any district or regional waste management plans and policies, and the

furtherance of the state policies and purposes expressed in section 115A.02; and

(2) the estimated costs of the designation, including the direct capital, operating, and maintenance costs of the facility designated, the indirect costs, and the long-term effects of the designation.

(b) In particular the designation plan must evaluate:

(1) whether the designation will result in the recovery of resources or energy from materials which would otherwise be wasted;

(2) whether the designation will lessen the demand for and use of *indiscriminate* land disposal;

(3) whether the designation is necessary for the financial support of the facility;

(4) whether less restrictive methods for ensuring an adequate solid waste supply are available; ~~and~~

(5) other feasible and prudent waste ~~processing~~ *management* alternatives for accomplishing the purposes of the proposed designation, the direct and indirect costs of the alternatives, including capital and operating costs, and the effects of the alternatives on the cost to generators; ~~and~~

(6) *whether the designation takes into account and promotes local, regional, and state waste management goals.*

(c) *When the plan proposes designation to disposal facilities, the designation plan must also evaluate:*

(1) *whether the disposal facility is part of an integrated waste management system involving a processing facility and the designation is necessary for the financial support of the processing facility;*

(2) *whether the designation will better serve to protect public health and safety;*

(3) *the impacts on other disposal facilities in the area;*

(4) *whether the designation is necessary to promote regional waste management programs and cooperation; and*

(5) *the extent to which the design and operation of the disposal facility protects the environment.*

Subd. 3. [PLAN APPROVAL.] (a) A district or county planning a designation for waste generated wholly within the metropolitan area defined in section 473.121 shall submit its designation plan to the metropolitan council for review and approval or disapproval. Other districts or counties shall submit the designation plan to the waste management board for review and approval or disapproval.

(b) The reviewing authority shall complete its review and make its decision within 120 days following submission of the plan for review. The reviewing authority shall approve the designation plan if the plan satisfies the requirements of subdivision 2 *and, in the case of designation to disposal facilities, if the reviewing authority finds that the plan has demonstrated that the designation is necessary and is consistent with section 115A.02.* The reviewing authority may attach conditions to its approval that relate to matters required in a designation ordinance under section 115A.86,

subdivision 1, paragraph (a), clauses (1) to (4), and paragraph (b). Amendments to plans must be submitted for review in accordance with this subdivision.

Subd. 4. [EXCLUSION OF CERTAIN MATERIALS.] (a) When ~~it the~~ reviewing authority approves the designation plan ~~the reviewing authority~~ it shall exclude from the designation materials that the reviewing authority determines will be processed at ~~another~~ a resource recovery facility ~~separate from the designated facility~~ if:

(1) the ~~other~~ resource recovery facility ~~requesting the exclusion~~ is substantially completed or will be substantially completed within 18 months of the time that the designation plan is approved by the reviewing authority; ~~and~~

(2) the ~~other~~ facility ~~requesting the exclusion~~ has or will have contracts for purchases of its product; and

(3) the materials are or will be under contract for delivery to the ~~other~~ facility ~~requesting the exclusion~~ at the time ~~the other~~ that facility is completed.

(b) In order to qualify for the exclusion of materials under this subdivision, the operator or owner of the ~~other~~ resource recovery facility ~~requesting the exclusion~~ shall file with the reviewing authority and the district or county or counties a written description of the facility, its intended location, its waste supply sources, purchasers of its products, its design capacity and other information that the reviewing authority and the district or county or counties may reasonably require. The information must be filed as soon as it becomes available but not later than 30 days following the date when the county or district submits its designation plan for approval.

(c) The reviewing authority may revoke the exclusion granted under this subdivision when it approves the designation ordinance under section 115A.86 if in its judgment the excluded materials will not be processed at the other facility.

Sec. 11. Minnesota Statutes 1988, section 115A.85, subdivision 2, is amended to read:

Subd. 2. [HEARING.] (a) The district or county shall hold a public hearing to take testimony on the designation. Notice of the hearing must be:

(1) published in a newspaper of general circulation in the area for two successive weeks ending at least 15 days before the date of the hearing; ~~and must be~~

(2) mailed to political subdivisions, ~~landfill~~ processing and disposal facility operators, and licensed solid waste collectors who may be expected to use the facility.

(b) The notification must:

(1) describe the area in which the designation will apply and the plans for the use of the solid waste;

(2) specify the point or points of delivery of the solid waste;

(3) estimate the types and quantities of solid waste subject to the designation; and

(4) estimate the fee to be charged for the use of the facilities and for any

products of the facilities.

(c) A designation or contract for use is not invalid by reason of the failure of the district or county to provide written notice to an entity listed in this subdivision.

Sec. 12. Minnesota Statutes 1988, section 115A.86, subdivision 3, is amended to read:

Subd. 3. [IMPLEMENTATION.] The designation may *not* be placed into effect ~~no less than before~~ 60 days ~~following~~ after the approval required in subdivision 2. The effective date of the designation must be specified at least 60 days in advance. If the designation is not placed into effect within two years of approval, the designation must be resubmitted to the reviewing authority for approval or disapproval under subdivision 2, unless bonds have been issued to finance the ~~resource recovery~~ facility to which the designation applies.

Sec. 13. Minnesota Statutes 1988, section 115A.86, subdivision 5, is amended to read:

Subd. 5. [AMENDMENTS.] (a) Amendments to a designation ordinance must be submitted to the reviewing authority for approval. The reviewing authority shall approve the amendment if the amendment is in the public interest and in furtherance of the state policies and purposes expressed in section 115A.02. *If the reviewing authority finds that the proposed amendment is a substantive change from the existing designation plan, the reviewing authority may require that the county or solid waste management district submit a revised designation plan to the reviewing authority for approval. After receiving approval for the designation plan amendment from the reviewing authority, the county or district shall follow the procedure outlined in section 115A.85 prior to submitting the amended designation ordinance to the reviewing authority for approval.* If the reviewing authority does not act within 90 days after receiving the proposed amendment to the designation ordinance, the amendment is approved.

(b) *Prior to amending an ordinance to designate solid waste to a disposal facility, a county or district shall submit an amended designation plan to the reviewing authority for approval, and shall follow the procedures outlined in section 115A.85.*

Sec. 14. Minnesota Statutes 1988, section 115A.893, is amended to read:

115A.893 [PETITION FOR EXCLUSION.]

Subdivision 1. [PETITION FOR EXCLUSION.] Any person proposing to own or operate a ~~resource recovery~~ processing facility using waste materials subject to a designation ordinance may petition the waste district or county for exclusion of the materials from the designation ordinance. In order to qualify for the exclusion of materials under this section, the petitioner shall submit with the petition a written description of the proposed facility, its intended location, its waste supply sources, purchasers of its products, its design capacity, and other information that the district or county may reasonably require.

Subd. 2. [DECISION.] The district or county, after appropriate notice and hearing, shall issue a written decision with findings of fact and conclusions on all material issues. The district or county shall grant the petition if it determines that:

(a) (1) the materials will be processed at the ~~resource recovery~~ facility; and

(b) (2) the exclusion can be implemented without impairing the financial viability of the designated facility or impairing contractual obligations or preventing the performance of contracts by the facility owner or operator, the district or county, or users of the facility.

Subd. 3. [APPEAL OF DECISION.] ~~Any~~ A person aggrieved by the decision of the district or county may appeal to the reviewing authority. The review is confined to the record. The decision of the reviewing authority must be based on the standards stated in this section.

Subd. 4. [CONFORMANCE OF DESIGNATION ORDINANCE.] If the reviewing authority approves the petition, the designation ordinance must be amended in conformance with the decision of the reviewing authority. The petition may be amended during the proceedings by agreement between the petitioner and the district or county.

Sec. 15. Minnesota Statutes 1988, section 115A.906, is amended by adding a subdivision to read:

Subd. 2a. [EMERGENCY ABATEMENT.] (a) The commissioner may take emergency action to abate a waste tire nuisance without following the procedures of subdivision 2 if the commissioner determines that the nuisance constitutes a clear and immediate danger of uncontrollable fire or other hazard requiring immediate action to prevent, minimize, or mitigate damage to the public health and welfare or the environment.

(b) Before taking an action under this subdivision, the commissioner shall make all reasonable efforts, taking into account the urgency of the situation and any historical pattern of responses by the tire collector to any past problems or abatement orders, to follow as much of the procedure in subdivision 2 as is practical.

(c) Emergency action under this subdivision may include all of the activities authorized for an abatement order.

Sec. 16. Minnesota Statutes 1988, section 115A.921, is amended to read:

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

A city or town may impose a fee, not to exceed ~~35 cents~~ \$1 per cubic yard of waste, or its equivalent, on operators of facilities for the disposal of mixed municipal solid waste located within the city or town. The revenue from the fees must be credited to the city or town general fund. Revenue produced by 25 cents of the fee must be used only for purposes of landfill abatement or for purposes of mitigating and compensating for the local risks, costs, and other adverse effects of facilities. Revenue produced by ~~ten cents~~ the balance of the fee may be used for any general fund purpose. Waste residue from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse shall be exempt from one-half the amount of the fee imposed by a city or town under this section if there is at least an 85 percent volume reduction in the solid waste processed. Before any fee is reduced, the verification procedures of section 473.843, subdivision 1, paragraph (c), must be followed and submitted to the appropriate city or town.

Sec. 17. [115A.922] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 17 to 22.

Subd. 2. [CLOSURE.] "Closure" means actions that will prevent, mitigate, or minimize the threat to public health and the environment posed by a closed solid waste disposal facility including application of final cover; grading and seeding of final cover; installation of an adequate monitoring system, if necessary; and construction of ground and surface water diversion structures.

Subd. 3. [MIXED MUNICIPAL SOLID WASTE DISPOSAL FACILITY.] "Mixed municipal solid waste disposal facility" means a waste facility used for the disposal of mixed municipal solid waste.

Subd. 4. [OPERATOR.] "Operator" means:

(1) the permittee of a mixed municipal solid waste disposal facility that has an agency permit; or

(2) the person in control of a mixed municipal solid waste disposal facility that does not have an agency permit.

Subd. 5. [POSTCLOSURE, POSTCLOSURE CARE.] "Postclosure" and "postclosure care" mean actions taken for the care, long-term maintenance, and monitoring of a solid waste disposal facility after closure that will prevent, mitigate, or minimize the threat to public health and environment posed by the closed facility.

Subd. 6. [RESPONSE.] "Response" has the meaning given it in section 115B.02, subdivision 18.

Subd. 7. [SOLID WASTE DISPOSAL FACILITY.] "Solid waste disposal facility" means a waste facility which is used for the disposal of solid waste.

Sec. 18. [115A.923] [GREATER MINNESOTA LANDFILL CLEANUP FEE.]

Subdivision 1. [AMOUNT OF FEE.] (a) The operator of a mixed municipal solid waste disposal facility outside of the metropolitan area shall pay a fee on solid waste accepted and disposed of at the facility as follows:

(1) a facility that weighs the waste that it accepts must pay a fee of \$2 per cubic yard based on equivalent cubic yards of waste accepted at the entrance of the facility;

(2) a facility that does not weigh the waste but that measures the volume of the waste that it accepts must pay a fee of \$2 per cubic yard of waste accepted at the entrance of the facility; and

(3) waste residue from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse is exempt from the fee imposed by this subdivision if there is at least an 85 percent volume reduction in the solid waste processed.

(b) To qualify for exemption under paragraph (a), clause (3), waste residue must be brought to a disposal facility separately. The commissioner of revenue, with the advice and assistance of the agency, shall prescribe procedures for determining the amount of waste residue qualifying for

exemption.

Subd. 2. [DISPOSITION OF PROCEEDS.] After reimbursement to the department of revenue for costs incurred in administering this section, the proceeds of the fees imposed under this section, including interest and penalties, must be deposited as follows:

(1) three-quarters of the proceeds must be deposited in the greater Minnesota landfill maintenance fund; and

(2) one-quarter of the proceeds must be deposited in the greater Minnesota landfill contingency action fund.

Subd. 3. [PAYMENT OF FEE.] On or before the 20th day of each month each operator shall pay the fee due under this section for the previous month, using a form provided by the commissioner of revenue.

Subd. 4. [EXCHANGE OF INFORMATION.] Notwithstanding the provisions of section 116.075, the agency may provide the commissioner of revenue with the information necessary for the enforcement of this section. Information disclosed in a return filed under this section is public information. Information exchanged between the commissioner and the agency is public unless the information is of the type determined to be for the confidential use of the agency under section 116.075 or is trade secret information classified under section 13.37. Information obtained in the course of an audit by the department of revenue is private or nonpublic data to the extent that it would not be directly divulged in a return.

Subd. 5. [PENALTIES AND ENFORCEMENT.] The audit, penalty, and enforcement provisions applicable to taxes imposed under chapter 290 apply to the fees imposed under this section. The commissioner of revenue shall administer and enforce the provisions.

Subd. 6. [RULES.] The commissioner of revenue may adopt rules necessary to implement this section.

Sec. 19. [115A.924] [GREATER MINNESOTA LANDFILL MAINTENANCE FUND.]

Subdivision 1. [ESTABLISHMENT.] The greater Minnesota landfill maintenance fund is established as an account in the state treasury to assist counties and sanitary districts with authority to regulate solid waste with landfill maintenance responsibilities, including closure and postclosure care. The fund consists of revenue deposited in the fund under section 18, subdivision 2, clause (1), and interest earned on investment of money in the fund.

Subd. 2. [USE OF FUNDS.] The money in the greater Minnesota landfill maintenance fund may be spent only for landfill maintenance assistance related to closure and postclosure activities to counties and sanitary districts with authority to regulate solid waste outside of the metropolitan area that:

(1) host, or have hosted, solid waste disposal facilities or are responsible for landfill maintenance expenditures under a joint powers agreement; and

(2) have incurred or will incur expenses relating to closure and postclosure activities.

Subd. 3. [DISTRIBUTION OF FUNDS.] The commissioner of revenue shall distribute the funds to counties and sanitary districts with authority

to regulate solid waste qualifying under subdivision 2. Of the amount in the fund:

(1) 50 percent must be distributed based on a qualifying county's population; and

(2) 50 percent must be distributed based on a qualifying county's share of mixed municipal solid waste disposal facilities.

Subd. 4. [COUNTY REPORTING REQUIREMENT.] A county that receives money from the greater Minnesota landfill maintenance fund shall submit to the agency a fiscal report on the county's use of the funds. The fiscal report must be submitted by the end of the first quarter of each even-numbered year. The fiscal report must describe separately the fiscal activities of the previous two years.

Sec. 20. [115A.925] [GREATER MINNESOTA LANDFILL CONTINGENCY ACTION FUND.]

Subdivision 1. [ESTABLISHMENT.] The greater Minnesota landfill contingency action fund is established as an account in the state treasury. The fund consists of:

(1) revenue deposited in the fund under section 18, subdivision 2, clause (2);

(2) amounts recovered under subdivision 6; and

(3) interest earned on investment of money in the fund.

Subd. 2. [EXPENDITURES FROM THE FUND.] Money in the greater Minnesota landfill contingency action fund may only be appropriated to the agency for expenditure for:

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

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

Subd. 3. [COMMISSION RECOMMENDATION.] The legislative commission on waste management shall make recommendations to the standing legislative committees on finance and appropriations about appropriations from the fund.

Subd. 4. [DUTY TO PROVIDE INFORMATION.] The operator or owner of a mixed municipal solid waste disposal facility or a solid waste disposal facility shall provide the necessary information to the agency required by sections 17 to 22 or by agency rules.

Subd. 5. [ACCESS TO INFORMATION AND PROPERTY.] The commissioner of the pollution control agency or a member, employee, or agent of the agency authorized by the agency, upon presentation of credentials, may:

(1) examine and copy any books, papers, records, memoranda, or data

of any person who has a duty to provide information to the agency under sections 17 to 22; and

(2) enter upon any property, public or private, for the purpose of taking an action authorized by this section including obtaining information from a person who has a duty to provide the information, conducting surveys or investigations, and taking response action.

Subd. 6. [RECOVERY OF EXPENSES.] If the agency incurs expenses for response actions at a facility, the agency is subrogated to any right of action that the operator or owner of the facility may have against any other person for the recovery of the expenses. The attorney general may bring an action to recover amounts spent by the agency under this section from persons who may be liable for them. Amounts recovered, including money paid under any agreement, stipulation, or settlement must be credited to the greater Minnesota landfill contingency action fund.

Subd. 7. [CIVIL PENALTIES.] A person who violates this section is subject to the civil penalties of section 115.071. All money recovered by the state under any statute or rule related to the regulation of solid waste outside of the metropolitan area, including civil penalties and money paid under any agreement, stipulation, or settlement, shall be credited to the greater Minnesota landfill contingency action fund.

Sec. 21. [115A.927] [REPORT TO THE LEGISLATURE.]

By July 1 of each even-numbered year, the agency shall report to the legislative commission on waste management, the house of representatives appropriations committee, and the senate finance committee on the activities for which money from the greater Minnesota landfill maintenance fund and the greater Minnesota landfill contingency action fund has been spent during the previous two years.

Sec. 22. [115A.928] [OPERATOR OR OWNER LIABILITY FOR RESPONSE EXPENSES.]

The operator or owner of a mixed municipal solid waste disposal facility is not liable under any other law for response costs incurred by the agency at that facility under section 20, if the facility has been closed for 20 years in compliance with the closure and postclosure rules of the agency. A provision of this section that relieves the operator or owner of a facility from liability for the payment of the agency's response costs must not be construed to affect the liability of any other person who may be liable for those costs.

Sec. 23. Minnesota Statutes 1988, section 115A.94, is amended by adding a subdivision to read:

Subd. 6. [ORGANIZED COLLECTION NOT REQUIRED OR PREVENTED.] Except as provided in subdivision 5, a city, town, or county is not:

(1) required to organize collection; or

(2) prevented from organizing collection of solid waste or recyclable material.

Sec. 24. Minnesota Statutes 1988, section 115A.94, is amended by adding a subdivision to read:

Subd. 7. [LEGISLATIVE INTENT.] It is the intention of the legislature

that the organized collection systems established under this chapter, including the activities related to organized collection of governmental bodies, organizations of collectors, individual collectors, and their officers, members, employees, and agents, shall be exempt from challenge under federal or state antitrust laws or other similar laws in regulation of trade or commerce.

Sec. 25. [115A.981] [SOLID WASTE DISPOSAL FACILITIES ANNUAL REPORTING.]

Subdivision 1. [RECORDKEEPING REQUIREMENTS.] The owner or operator of a solid waste disposal facility must maintain the records necessary to comply with the requirements of subdivisions 2 and 3.

Subd. 2. [ANNUAL REPORTING.] (a) The owner or operator of a solid waste disposal facility must:

(1) submit an annual report to the agency under section 115A.32;

(2) annually certify that it has established financial assurance for closure, postclosure care, and corrective action at the facility by using one or more of the financial assurance mechanisms specified by rule; and

(3) file a fee schedule with the agency with the annual report.

(b) The fee schedule must list all tipping fees, rates, charges, surcharges, and any other fees charged by each classification of customer. The agency may suspend the operation of a disposal facility whose permittee fails to file the information required under this subdivision. The owner or operator of a facility may not increase fees until 30 days after the owner or operator has submitted a fee schedule amendment to the agency.

Subd. 3. [CLASSIFICATION OF DATA.] Information declared proprietary information by the submitter that is received by the agency under subdivision 2 is nonpublic data as defined in section 13.02, subdivision 9, except that the attorney general has access to the information.

Subd. 4. [AGENCY REPORT.] The agency shall report to the legislative commission on waste management by July 1 of each year on the viability of the state's waste processing and disposal capability, the status of competitive forces in the market including recycling, composting, waste reduction and incineration, the extent to which existing fees for services are sufficient for facility development, engineering, environmental and safety factors, the progress of the industry in meeting the state's waste management goals, and recommendations for regulations to ensure protection of human health and the environment. In preparing the report, the agency shall consider information received under subdivision 2.

Sec. 26. Minnesota Statutes 1988, section 115B.04, subdivision 4, is amended to read:

Subd. 4. [LIABILITY OF POLITICAL SUBDIVISIONS.] (a) The liability of a political subdivision under this section is subject to the limits imposed under section 466.04, subdivision 1, except when the political subdivision is liable under this section as the owner or operator of a disposal facility as defined in section 115A.03, subdivision 10.

(b) When a political subdivision is liable as an owner or operator of a disposal facility, the liability of each political subdivision is limited to \$400,000 at each facility unless the facility was owned or operated under a valid joint powers agreement by three or more political subdivisions, in

which case the aggregate liability of all political subdivisions that are parties to the joint powers agreement is limited to \$1,200,000.

(c) The limits on the liability of a political subdivision for ownership or operation of a disposal facility apply to the costs of remedial action incurred between the date a request for response action is issued by the agency and the date one year after the construction certificate of completion is approved by the commissioner, excluding costs incurred during negotiation of a consent order agreement.

(d) When a political subdivision takes remedial action as the owner or operator of a disposal facility between the dates in paragraph (c), it may receive, after approval by the agency, reimbursement of any amount spent pursuant to an approved work plan that exceeds the applicable liability limit specified in this subdivision.

Sec. 27. Minnesota Statutes 1988, section 115B.17, is amended by adding a subdivision to read:

Subd. 15. [ACQUISITION OF PROPERTY.] The agency may acquire an interest in real property that the agency determines is necessary for response action. The agency may acquire an interest by condemnation only if the agency is unable, after reasonable efforts, to acquire an interest in real property by purchase or donation. A donation of an interest in real property to the agency is not effective until the agency executes a certificate of acceptance. The state is not liable under this chapter solely as a result of acquiring an interest in real property under this subdivision.

Sec. 28. Minnesota Statutes 1988, section 115B.20, subdivision 2, is amended to read:

Subd. 2. [PURPOSES FOR WHICH MONEY MAY BE SPENT.] Subject to appropriation by the legislature the money in the fund may be spent for any of the following purposes:

(a) Preparation by the agency for taking removal or remedial action under section 115B.17, including investigation, monitoring and testing activities, enforcement and compliance efforts relating to the release of hazardous substances, pollutants or contaminants under section 115B.17 or 115B.18;

(b) Removal and remedial actions taken or authorized by the agency or the commissioner of the pollution control agency under section 115B.17, including related enforcement and compliance efforts under section 115B.17 or 115B.18, and payment of the state share of the cost of remedial action which may be carried out under a cooperative agreement with the federal government pursuant to the Federal Superfund Act, under United States Code, title 42, section 9604(c)(3) for actions related to facilities other than commercial hazardous waste facilities located under the siting authority of chapter 115A;

(c) Reimbursement to any private person for expenditures made before July 1, 1983 to provide alternative water supplies deemed necessary by the agency and the department of health to protect the public health from contamination resulting from the release of a hazardous substance;

(d) Removal and remedial actions taken or authorized by the agency or the commissioner of the pollution control agency under section 115B.17 including related enforcement and compliance efforts under section 115B.17 or 115B.18, and payment of the state share of the cost of remedial action which may be carried out under a cooperative agreement with the federal

government pursuant to the Federal Superfund Act, under United States Code, title 42, section 9604(c)(3) for actions related to commercial hazardous waste facilities located under the siting authority of chapter 115A;

(e) Compensation as provided by law, after submission by the waste management board of the report required under section 115A.08, subdivision 5, to mitigate any adverse impact of the location of commercial hazardous waste processing or disposal facilities located pursuant to the siting authority of chapter 115A;

(f) Planning and implementation by the commissioner of natural resources of the rehabilitation, restoration or acquisition of natural resources to remedy injuries or losses to natural resources resulting from the release of a hazardous substance;

(g) Inspection, monitoring and compliance efforts by the agency, or by political subdivisions with agency approval, of commercial hazardous waste facilities located under the siting authority of chapter 115A;

(h) Grants by the agency or the waste management board to demonstrate alternatives to land disposal of hazardous waste including reduction, separation, pretreatment, processing and resource recovery, for education of persons involved in regulating and handling hazardous waste;

(i) Intervention and environmental mediation by the legislative commission on waste management under chapter 115A; and

(j) Grants by the agency to study the extent of contamination and feasibility of cleanup of hazardous substances and pollutants or contaminants in major waterways of the state-;

(k) Acquisition of a property interest under section 27;

(l) Reimbursement, in an amount to be determined by the agency in each case, to a political subdivision that is not a responsible person under section 115B.03, for reasonable and necessary expenditures resulting from an emergency caused by a release or threatened release of a hazardous substance, pollutant, or contaminant; and

(m) Reimbursement to a political subdivision for expenditures in excess of the liability limit under section 26.

Sec. 29. Minnesota Statutes 1988, section 115B.25, subdivision 1, is amended to read:

Subdivision 1. ~~[GENERAL APPLICABILITY.] The terms used in sections 115B.25 to 115B.37 have~~ The definitions given them in section 115B.02 and this section apply to sections 115B.25 to 115B.37.

Sec. 30. Minnesota Statutes 1988, section 115B.25, subdivision 2, is amended to read:

Subd. 2. [BOARD.] "Board" means the hazardous harmful substance injury compensation board established in section 115B.27.

Sec. 31. Minnesota Statutes 1988, section 115B.25, is amended by adding a subdivision to read:

Subd. 6a. [FACILITY.] "Facility" has the meaning given it in section 115B.02, subdivision 5.

Sec. 32. Minnesota Statutes 1988, section 115B.25, subdivision 7, is amended to read:

Subd. 7. [FUND.] "Fund" means the ~~hazardous harmful substance injury~~ compensation fund established in section 115B.26.

Sec. 33. Minnesota Statutes 1988, section 115B.25, is amended by adding a subdivision to read:

Subd. 7a. [HARMFUL SUBSTANCE.] "Harmful substance" means:

(1) any commercial chemical designated under the Federal Water Pollution Control Act, United States Code, title 33, section 1321(b)(2)(A);

(2) any hazardous air pollutant listed under the Clean Air Act, United States Code, title 42, section 7412;

(3) any hazardous waste; and

(4) petroleum as defined in section 115C.02, subdivision 10.

Sec. 34. Minnesota Statutes 1988, section 115B.25, is amended by adding a subdivision to read:

Subd. 7b. [HAZARDOUS WASTE.] "Hazardous waste" has the meaning given in section 115B.02, subdivision 9.

Sec. 35. Minnesota Statutes 1988, section 115B.25, is amended by adding a subdivision to read:

Subd. 7c. [PERSON.] "Person" has the meaning given in section 115B.02, subdivision 12.

Sec. 36. Minnesota Statutes 1988, section 115B.25, is amended by adding a subdivision to read:

Subd. 9. [RELEASE.] "Release" has the meaning given in section 115B.02, subdivision 15. Release does not include discharges or designed venting of petroleum from a tank allowed under rules of the pollution control agency.

Sec. 37. Minnesota Statutes 1988, section 115B.26, is amended to read:

115B.26 [~~HAZARDOUS HARMFUL SUBSTANCE INJURY~~ COMPENSATION FUND.]

Subdivision 1. [ESTABLISHMENT.] A ~~hazardous harmful substance injury~~ compensation fund is established as an account in the state treasury. Earnings, such as interest, dividends, and any other earnings arising from fund assets, must be credited to the fund.

Subd. 2. [APPROPRIATION.] The amount necessary to pay for staff assistance, administrative services, and office space under section 115B.28, subdivision 4, and to pay claims of compensation granted by the board under sections 115B.25 to 115B.37 is appropriated to the board from the ~~hazardous harmful substance injury~~ compensation fund.

Subd. 3. [PAYMENT OF CLAIMS WHEN FUND INSUFFICIENT.] If the amount of the claims granted exceeds the amount in the fund, the board shall request a transfer from the general contingent account to the ~~hazardous harmful substance injury~~ compensation fund as provided in section 3.30. If no transfer is approved, the board shall pay the claims which have been granted in the order granted only to the extent of the money remaining in the fund. The board shall pay the remaining claims which have been granted after additional money is credited to the fund.

Subd. 4. [FUND TRANSFER REQUEST.] At the end of each fiscal year,

the board shall submit a request to the petroleum tank release compensation board for transfer to the harmful substance compensation fund from the petroleum tank release cleanup fund under section 44 of an amount equal to the compensation granted by the board for claims related to petroleum releases plus administrative costs related to determination of those claims

Sec. 38. Minnesota Statutes 1988, section 115B.27, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT OF BOARD.] The ~~hazardous~~ harmful substance ~~injury~~ compensation board is established. The board consists of five members who will serve part time and who will be appointed by the governor with the advice and consent of the senate. One member must be a physician knowledgeable in toxicology; one member must be a member of the bar of this state; one member must be a health professional knowledgeable in the area of ~~hazardous~~ harmful substance injuries; and two members must be members of the general public. The board shall annually elect a member to serve as chair for a term of one year. Filling of vacancies on the board and removal of members are governed by section 15.0575.

Sec. 39. Minnesota Statutes 1988, section 115B.28, subdivision 2, is amended to read:

Subd. 2. [POWERS.] In addition to exercising any powers specified in sections 115B.25 to 115B.37 or in other law, the board may:

(1) in reviewing a claim, consider any information relevant to the claim, in accordance with the evidentiary standards contained in section 115B.35;

(2) contract for consultant or other services necessary to carry out the board's duties under sections 115B.25 to 115B.37;

(3) grant reasonable partial compensation on an emergency basis pending the final decision on a claim; ~~subject to the adoption of rules by the board;~~ if the claim is one with respect to which an award will probably be made and undue hardship will result to the claimant if immediate payment is not made;

(4) limit access to information collected and maintained by the board and take any other action necessary to protect ~~privileged or confidential~~ not public data as defined in section 13.02, subdivision 8a, and protected information, in accordance with the limitations contained in section 115B.35.

Sec. 40. Minnesota Statutes 1988, section 115B.29, subdivision 1, is amended to read:

Subdivision 1. [PERSONAL INJURY AND CERTAIN PROPERTY CLAIMS.] A person may file a claim with the board pursuant to this section for compensation for an eligible injury, or for eligible property damage ~~described in section 115B.34, subdivision 2, paragraph (a), clause (1);~~ that could reasonably have resulted from an exposure in Minnesota to a ~~hazardous~~ harmful substance released from a facility.

Sec. 41. Minnesota Statutes 1988, section 115B.30, subdivision 3, is amended to read:

Subd. 3. [TIME FOR FILING CLAIM.] (a) A claim is not eligible for compensation from the fund unless it is filed with the board within the time provided in this subdivision.

~~(a)~~ (b) A claim for compensation for personal injury must be filed within

two years after the injury and its connection to exposure to a ~~hazardous~~ *harmful* substance was or reasonably should have been discovered.

~~(b)~~ (c) A claim for compensation for property damage must be filed within ~~six~~ two years after the ~~damage was or reasonably should have been discovered~~ *full amount of compensable losses can be determined*.

(d) Notwithstanding the provisions of this subdivision, claims for compensation that would otherwise be barred by any statute of limitations provided in sections 115B.25 to 115B.37 may be filed not later than January 1, ~~1988~~ 1992.

Sec. 42. Minnesota Statutes 1988, section 115B.34, subdivision 2, is amended to read:

Subd. 2. [PROPERTY DAMAGE LOSSES.] (a) Losses compensable by the fund for property damage are limited to the following losses caused by damage to the principal residence of the claimant:

(1) the reasonable cost of replacing or decontaminating the primary source of drinking water for the property not to exceed the amount actually expended by the claimant or assessed by a local taxing authority, if the department of health has ~~determined~~ *confirmed that the remedy provides safe drinking water and advised that the water is contaminated not be used for drinking or has included the property in a well advisory area and has certified determined* that the replacement or decontamination of the source of drinking water ~~effectively has or will eliminate the contamination~~ *was necessary*, up to a maximum of \$25,000; ~~and~~

(2) losses incurred as a result of a bona fide sale of the property at less than the appraised market value under circumstances that constitute a hardship to the owner, limited to 75 percent of the difference between the appraised market value and the selling price, but not to exceed \$25,000-; *and*

(3) *losses incurred as a result of the inability of an owner in hardship circumstances to sell the property due to the presence of harmful substances, limited to the increase in costs associated with the need to maintain two residences, but not to exceed \$25,000.*

(b) In computation of the loss under paragraph (a), clause (3), the board shall offset the loss by the amount of any income received by the claimant from the rental of the property.

~~(b)~~ (c) For purposes of paragraph (a), the following definitions apply:

(1) "appraised market value" means an appraisal of the market value of the property disregarding any decrease in value caused by the presence of a ~~hazardous~~ *harmful* substance in or on the property; and

(2) "hardship" means an urgent need to sell the property based on a special circumstance of the owner including catastrophic medical expenses, inability of the owner to physically maintain the property due to a physical or mental condition, and change of employment of the owner or other member of the owner's household requiring the owner to move to a different location.

~~(e)~~ (d) Appraisals are subject to board approval. The board may adopt rules governing approval of appraisals, criteria for establishing a hardship, and other matters necessary to administer this subdivision.

Sec. 43. Minnesota Statutes 1988, section 115C.08, subdivision 4, is amended to read:

Subd. 4. [EXPENDITURES.] Money in the fund may only be spent:

(1) to administer the petroleum tank release cleanup program established in sections 115C.03 to 115C.10;

(2) for agency administrative costs under sections 116.46 to 116.50, sections 115C.03 to 115C.06, and costs of corrective action taken by the agency under section 115C.03, including investigations;

(3) for costs of recovering expenses of corrective actions under section 115C.04; ~~and~~

(4) for training, certification, and rulemaking under sections 116.46 to 116.50; ~~and~~

(5) ~~for reimbursement of the harmful substance compensation fund under sections 37, subdivision 4; and 44.~~

Sec. 44. Minnesota Statutes 1988, section 115C.08, is amended by adding a subdivision to read:

Subd. 5. [FUND TRANSFER.] *The board shall authorize the commissioner of finance to transfer to the harmful substance compensation fund the amount requested by the harmful substance compensation board under section 37, subdivision 4. Transfer of the amount must be made at the earliest practical date after authorization by the board. If the unexpended balance in the fund is less than \$1,000,000 the transfer must be made at the earliest practical date after the unexpended balance in the fund exceeds that amount.*

Sec. 45. Minnesota Statutes 1988, section 116.07, is amended by adding a subdivision to read:

Subd. 4j. [PERMITS; SOLID WASTE FACILITIES.] *(a) The agency may not issue a permit for new or additional capacity for a mixed municipal solid waste resource recovery or disposal facility as defined in section 115A.03 unless each county projected in the permit to use the facility has in place a solid waste management plan approved under section 115A.46 or 473.803. The agency shall issue the permit only if the capacity of the facility is consistent with the needs for resource recovery or disposal capacity identified in the approved plan or plans. Consistency shall be determined by the metropolitan council for counties in the metropolitan area and by the agency for counties outside the metropolitan area. Plans approved before January 1, 1990, need not be revised if the capacity sought in the permit is consistent with the approved plan or plans.*

(b) The agency shall require as part of the permit application for a waste incineration facility identification of preliminary plans for ash management and ash leachate treatment or ash utilization. The permit issued by the agency shall include requirements for ash management and ash leachate treatment.

Sec. 46. Minnesota Statutes 1988, section 466.04, subdivision 1, is amended to read:

Subdivision 1. [LIMITS; PUNITIVE DAMAGES.] *(a) Liability of any municipality on any claim within the scope of sections 466.01 to 466.15 shall not exceed:*

(a) (1) \$200,000 when the claim is one for death by wrongful act or omission and \$200,000 to any claimant in any other case;

(b) (2) \$600,000 for any number of claims arising out of a single occurrence; or

(c) (3) twice the limits provided in clauses (a) (1) and (b), ~~but not less than \$300,000 per claim~~; (2) when the claim arises out of the release or threatened release of a hazardous substance, whether the claim is brought under sections 115B.01 to 115B.15 or under any other law.

(b) No award for damages on any such claim shall include punitive damages.

Sec. 47. Minnesota Statutes 1988, section 473.149, subdivision 2d, is amended to read:

Subd. 2d. [LAND DISPOSAL ABATEMENT PLAN.] ~~By January 1, 1985,~~ (a) After considering any county land disposal abatement proposals and waste stream analysis that have been submitted ~~by that date, pursuant to~~ under section 473.803, subdivision 1b, the council shall amend its policy plan to include specific and quantifiable metropolitan objectives for abating to the greatest feasible and prudent extent the need for and practice of land disposal of mixed municipal solid waste and of specific components of the solid waste stream, *including residuals and ash*, either by type of waste or class of generator.

(b) The objectives must be stated in annual increments through the year 1990 and thereafter in five-year increments ~~through the year 2000 for a period of at least 20 years from the date of adoption of policy plan revisions. The plan must include a reduced estimate of the capacity, based on the council's abatement objectives, needed for the disposal of various types of waste in each five-year increment and the general area of the region where the capacity should be developed. The plan must include a reduced estimate, based on the council's abatement objectives, of the added solid waste disposal capacity needed in appropriate sectors of the metropolitan area, stated in annual increments through the year 1990 and thereafter in five year increments through the year 2000.~~

(c) The plan must include *objectives for waste reduction and* measurable objectives for local abatement of solid waste through resource recovery ~~and waste reduction, recycling, and source separation programs and activities~~ for each metropolitan county ~~and for cities of the first class, the second class, and the third class, respectively,~~ stated in annual increments through the year 1990 and in five-year increments ~~through the year 2000 for a period of at least 20 years.~~

(d) The standards must be based upon and implement the council's metropolitan abatement objectives. The council's plan must include standards and procedures to be used by the council in determining whether a metropolitan county ~~or class of cities within a metropolitan county~~ has implemented the council's metropolitan land disposal abatement plan and has achieved the objectives for local abatement.

Sec. 48. Minnesota Statutes 1988, section 473.149, subdivision 2c, is amended to read:

Subd. 2c. [SOLID WASTE DISPOSAL FACILITIES DEVELOPMENT SCHEDULE.] (a) By January 1, 1985, after requesting and considering recommendations from the counties, cities, and towns, the council as part

of its policy plan shall determine the number of sites and the capacity of sites to be acquired within each metropolitan county for solid waste disposal facilities in accordance with section 473.833.

(b) The council shall adopt a schedule of disposal capacity to be developed in each county through the year 2000. The schedule may not allow capacity in excess of the council's reduced estimate of the disposal capacity needed because of the council's land disposal abatement plan, except as the council deems necessary to allow reallocation of capacity as required by this subdivision.

(c) The council shall make the implementation of elements of the schedule, including the disposal capacity allocated to each county, contingent on actions of each county and class of city in that county in adopting and implementing abatement plans pursuant to section 473.803, subdivision 1b. The council shall review the development schedule every year and shall revise the development schedule and the allocation of disposal capacity required for each county based on the progress made in that county in the implementation of the council's abatement plans and achievement of metropolitan and local abatement objectives. *The council shall review and revise, by resolution following public hearing, the development schedule and the allocation of disposal capacity required based on significant changes in the landfill capacity of the metropolitan area. The schedule must include procedures and criteria for making revisions. A site for which an environmental impact statement was being prepared as of January 1, 1989, under section 473.833, subdivision 2a, and that is not selected under section 473.833, subdivision 3, must be eliminated from the inventory of solid waste disposal sites established under section 473.149, subdivision 2b, and may not be considered as a waste disposal site in the future.*

(d) The schedule may include procedures to be used by counties in selecting sites for acquisition pursuant to section 473.833. The schedule must include standards and procedures for council certification of need pursuant to section 473.823. The schedule must include a facility closure schedule and plans for postclosure management and disposition, for the use of property after acquisition and before facility development, and for the disposition of property and development rights, as defined in section 473.833, no longer needed for disposal facilities. The schedule must also include a closure schedule and plans for postclosure management for facilities in existence before the adoption of the development schedule.

Sec. 49. Minnesota Statutes 1988, section 473.149, is amended by adding a subdivision to read:

Subd. 2f. [FUTURE SOLID WASTE DISPOSAL CAPACITY.] The council, as part of its policy plan, shall determine the number and capacity of solid waste disposal sites needed in the metropolitan area, including sites for disposal of solid waste residuals and ash, for a period of at least 20 years from the date of adoption of policy plan revisions. The plan must include a reduced estimate of capacity, based on the council's waste abatement objectives, needed for the disposal of various types of waste in five-year increments and the general area of the metropolitan area where the capacity should be developed.

Sec. 50. Minnesota Statutes 1988, section 473.803, is amended by adding a subdivision to read:

Subd. 2a. [WASTE ABATEMENT.] The council may require any county

that fails to meet the waste abatement objectives contained in the council's policy plan to amend its master plan to address methods to achieve the objectives. The master plan amendment is subject to council review and approval as provided in subdivision 2 and must consider at least:

- (1) minimum recycling service levels for solid waste generators;*
- (2) mandatory generator participation in recycling programs including separation of recyclable material from mixed municipal solid waste;*
- (3) use of organized solid waste collection under section 115A.94; and*
- (4) waste abatement participation incentives including provision of storage bins, weekly collection of recyclable material, expansion of the types of recyclable material for collection, collection of recyclable material on the same day as collection of solid waste, and financial incentives such as basing charges to generators for waste collection services on the volume of waste generated and discounting collection charges for generators who separate recyclable material for collection separate from their solid waste.*

Sec. 51. [473.8061] [ELIMINATION OF SOLID WASTE DISPOSAL SITE INVENTORY.]

The inventory of sites suitable for mixed municipal solid waste disposal facilities under sections 473.803, subdivision 1a, and 473.806, is eliminated and metropolitan counties may release the proposed sites.

Sec. 52. Minnesota Statutes 1988, section 473.811, subdivision 1a, is amended to read:

Subd. 1a. [RIGHT OF ACCESS.] Whenever the county or county site selection authority deems it necessary to the evaluation of a waste facility for enforcement purposes ~~or to the evaluation of a site or buffer area for inclusion in the inventory of disposal sites pursuant to section 473.149, subdivision 2b, and section 473.803, subdivision 1a;~~ or for selection or final acquisition under section 473.833, or for the accomplishment of any other purpose under sections 473.149, 473.153, and 473.801 to 473.834, the county, county site selection authority or any member, employee, or agent thereof, when authorized by it, may enter upon any property, public or private, for the purpose of obtaining information or conducting surveys or investigations, provided that the entrance and activity is undertaken after reasonable notice and during normal business hours and provided that compensation is made for any damage to the property caused by the entrance and activity.

Sec. 53. Minnesota Statutes 1988, section 473.823, subdivision 3, is amended to read:

Subd. 3. [SOLID WASTE FACILITIES; REVIEW PROCEDURES.] (a) The agency shall request applicants for solid waste facility permits to submit all information deemed relevant by the council to its review, including without limitation information relating to the geographic areas and population served, the need, the effect on existing facilities and services, *the effectiveness of proposed buffer areas to ensure, at a minimum, protection of surrounding land uses from adverse or incompatible impacts due to landfill operation and related activities,* the anticipated public cost and benefit, the anticipated rates and charges, the manner of financing, the effect on metropolitan plans and development programs, the supply of waste, anticipated markets for any product, and alternative means of disposal or energy production. ~~No~~

(b) A permit may *not* be issued for the operation of a solid waste facility in the metropolitan area which is not in accordance with the metropolitan council's solid waste policy plan. The metropolitan council shall determine whether a permit is in accordance with the policy plan. In making its determination, the council shall consider the areawide need and benefit of the applicant facility *and the effectiveness of proposed buffer areas to adequately protect surrounding land uses in accordance with its policy plan*, and may consider, without limitation, the effect of the applicant facility on existing and planned solid waste facilities described in a waste control commission implementation plan or county report or master plan.

(c) If the council determines that a permit is in accordance with its policy plan, the council shall approve the permit. If the council determines that a permit is not in accordance with its policy plan, it shall disapprove the permit. The council's approval of permits may be subject to conditions necessary to satisfy criteria and standards in its policy plan, including conditions respecting the type, character, and quantities of waste to be processed at a solid waste facility used primarily for resource recovery and the geographic territory from which a resource recovery facility or transfer station serving such a facility may draw its waste.

(d) For the purpose of this review and approval by the council, the agency shall send a copy of each permit application and any supporting information furnished by the applicant to the metropolitan council within 15 days after receipt of the application and all other information requested from the applicant. Within 60 days after the application and supporting information are received by the council, unless a time extension is authorized by the agency, the council shall issue to the agency in writing its determination whether the permit is disapproved, approved, or approved with conditions. If the council does not issue its determination to the agency within the 60-day period, unless a time extension is authorized by the agency, the permit shall be deemed to be in accordance with the council's policy plan. ~~Ne~~

(e) A permit ~~shall~~ *may not* be issued in the metropolitan area for a solid waste facility used primarily for resource recovery or a transfer station serving ~~such a~~ *the* facility, if the facility or station is owned or operated by a public agency or if the acquisition or betterment of the facility or station is secured by public funds or obligations issued by a public agency, unless the council finds and determines that adequate markets exist for the products recovered and that establishment of the facility is consistent with the criteria and standards in the metropolitan and county plans respecting the protection of existing resource recovery facilities and transfer stations serving such facilities.

Sec. 54. Minnesota Statutes 1988, section 473.823, subdivision 6, is amended to read:

Subd. 6. [COUNCIL; CERTIFICATION OF NEED.] No new mixed municipal solid waste disposal facility or capacity shall be permitted in the metropolitan area without a certificate of need issued by the council indicating the council's determination that the additional disposal capacity planned for the facility is needed in the metropolitan area. The council shall amend its policy plan, adopted pursuant to section 473.149, to include standards and procedures for certifying need that conform to the certification standards stated in this subdivision. The standards and procedures shall be based on the council's disposal abatement plan adopted pursuant

to section 473.149, subdivision 2d, the council's solid waste disposal facilities development schedule adopted under section 473.149, subdivision 2e, and the provisions of any master plans of counties that have been approved by the council under section 473.803, subdivision 2, and that are consistent with the council's abatement plan and development schedule. The council shall certify need only to the extent that there are no feasible and prudent alternatives to the disposal facility, including waste reduction, source separation and resource recovery which would minimize adverse impact upon natural resources. Alternatives that are speculative or conjectural shall not be deemed to be feasible and prudent. Economic considerations alone shall not justify the certification of need or the rejection of alternatives. In its certification the council shall not consider alternatives which have been eliminated from consideration by the adoption of the inventory pursuant to section 473.149, subdivision 2b, or the selection of sites under section 473.833, subdivision 3.

Sec. 55. Minnesota Statutes 1988, section 473.831, subdivision 2, is amended to read:

Subd. 2. [USE OF PROCEEDS.] (a) The proceeds of bonds issued under subdivision 1 shall be used by the council:

(a) (1) to provide funds for the environmental analysis of solid waste disposal sites; and

(b) (2) to make grants to metropolitan counties to pay for: (1) (i) the cost of the environmental review of sites, (2) the acquisition of development rights for all or part of the period that the development limitation imposed by section 473.806 is in effect, (3) (ii) the acquisition of permanent or temporary right, title, or interests in property, including easements and development rights, for solid waste disposal sites and surrounding buffer areas required to be acquired by the county, pursuant to sections 473.833 and 473.840, by the council's policy plan and development schedule adopted pursuant to section 473.149, subdivision 2e, and (4) (iii) the acquisition and improvement of resource recovery facilities; and

(3) to reimburse a city or town that contains a solid waste disposal site identified by the council under section 473.149, subdivision 2b, for costs incurred by the city or town after publication of an environmental impact statement preparation notice for the site.

(b) Under paragraph (a), clause (3):

(1) reimbursement may not exceed \$100,000 for a city or town;

(2) costs eligible for reimbursement are those incurred for data collection, technical review and analysis necessary to evaluate the draft environmental impact statement prepared by the county under section 473.833, subdivision 2a, and the site selection decision made under section 473.833, subdivision 3; and

(3) legal fees are not eligible for reimbursement.

(c) If the council is required by law or rule to prepare environmental analyses on one or more solid waste disposal sites and surrounding buffer areas, the council may use the proceeds of the bonds issued under subdivision 1 to contract for consultant services in the preparation of such analyses only upon a finding that equivalent expertise is not available among its own staff.

Sec. 56. Minnesota Statutes 1988, section 473.833, subdivision 2a, is amended to read:

Subd. 2a. [ENVIRONMENTAL IMPACT STATEMENT.] (a) Each metropolitan county shall complete an environmental impact statement on the environmental effects of the decision required by subdivision 3. The statement shall be prepared and reviewed in accordance with chapter 116D and the rules issued pursuant thereto under chapter 116D, except as otherwise required by section 473.149 and this section. The determination of adequacy must be made within one year following the council's adoption of the facilities development schedule pursuant to section 473.149, subdivision 2e. The statement must be consistent with the establishment of facilities in accordance with the requirements of the council's development schedule, must not address or reconsider alternatives eliminated from consideration under sections 473.149, 473.803, subdivisions 1, 1a, and 1b, and this section, and must not address matters to be determined by the council under section 473.823, subdivision 6. The statement must address matters respecting permitting under section 473.823 only to the extent deemed necessary for the siting decision required by subdivision 3.

(b) The pollution control agency and the council shall assist and advise counties in the scoping decision and the preparation notice.

(c) *The site selection authority established in subdivision 3, or the council, if it makes the selection under subdivision 3, shall prepare a record of decision, including specific findings of fact, that identifies how the environmental impact statement required by this subdivision was used by the site selection authority to make its site selection decision.*

Sec. 57. Minnesota Statutes 1988, section 473.840, subdivision 2, is amended to read:

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

(b) An "eligible owner" is a person who: (1) owns the entire parcel of qualifying property; (2) owned the entire parcel of property at the time the site was selected as a candidate site or included in the metropolitan inventory; and (3) has not previously entered a contract under subdivision 4 for the sale of any or all of the parcel.

Sec. 58. Minnesota Statutes 1988, section 473.843, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF FEE; APPLICATION.] The operator of a mixed municipal solid waste disposal facility in the metropolitan area shall pay a fee on solid waste accepted and disposed at the facility as follows:

(a) A facility that weighs the waste that it accepts must pay a fee of ~~50 cents~~ \$2 per cubic yard based on equivalent cubic yards of waste accepted at the entrance of the facility.

(b) A facility that does not weigh the waste but that measures the volume of the waste that it accepts must pay a fee of ~~50 cents~~ \$2 per cubic yard of waste accepted at the entrance of the facility.

(c) Waste residue, from recycling facilities at which recyclable materials

are separated or processed for the purposes of recycling, or from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse, is exempt from ~~one-half of the amount of fee imposed by this subdivision if there is at least an 85 percent volume reduction in the solid waste processed.~~ To qualify for exemption under this clause, waste residue must be brought to a disposal facility separately. The commissioner of revenue, with the advice and assistance of the council and the agency, shall prescribe procedures for determining the amount of waste residue qualifying for exemption.

Sec. 59. Minnesota Statutes 1988, section 473.843, subdivision 2, is amended to read:

Subd. 2. [DISPOSITION OF PROCEEDS.] After reimbursement to the department of revenue for costs incurred in administering this section, the proceeds of the fees imposed under this section, including interest and penalties, must be deposited as follows:

~~(a) one-half~~ (1) *three-fourths* of the proceeds must be deposited in the landfill abatement fund established in section 473.844; and

~~(b) one-half~~ (2) *one-fourth* of the proceeds must be deposited in the metropolitan landfill contingency action fund established in section 473.845.

Sec. 60. Minnesota Statutes 1988, section 473.844, subdivision 1a, is amended to read:

Subd. 1a. [USE OF FUNDS.] (a) The money in the fund may be spent only for the following purposes:

(1) assistance to any person for resource recovery projects funded under subdivision 4 or projects to develop *and coordinate* markets for reusable or recyclable waste materials, including related public education, planning, and technical assistance;

(2) grants to counties under section 473.8441; ~~and~~

(3) program administration by the metropolitan council;

(4) *public education on solid waste reduction and recycling; and*

(5) *solid waste research.*

(b) *The council shall allocate at least 50 percent of the annual revenue received by the fund for grants to counties under section 473.8441.*

Sec. 61. Minnesota Statutes 1988, section 473.8441, subdivision 5, is amended to read:

Subd. 5. [GRANT ALLOCATION PROCEDURE.] (a) The council shall distribute the funds *annually* so that each qualifying county receives ~~a base amount of \$25,000~~ *an equal share of 50 percent of the council's allocation to the program described in this section,* plus a proportionate share of the remaining funds available for the program. A county's *proportionate* share is an amount that has the same proportion to the total remaining funds as the number of households in the county has to the total number of households in all metropolitan counties. ~~The council shall distribute the funds in two parts.~~

(b) ~~The first distribution consists of the base amount plus one-third of the county's proportionate share. To qualify for the first distribution, a~~

county must submit an application for council approval before December 1, 1987. Not more than one-half of the first distribution may be spent for planning and consultants.

(e) The second distribution consists of the remaining funds available for the program. To qualify for the second distribution, a county must have received funds under the first distribution and must submit for council approval by December 1, 1988, a report on expenditures and activities under the program; a local recycling implementation strategy as required by section 473.803, subdivision 1e, and a proposed performance funding system that will allocate all of the remaining funds available under the program for recycling implementation activities in accordance with performance.

(b) To qualify for distribution of funds, a county, by August 15 of each year, must submit for council approval a report on expenditures and activities under the program during the preceding fiscal year and any proposed changes in its recycling implementation strategy or performance funding system.

Sec. 62. Minnesota Statutes 1988, section 473.845, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The metropolitan landfill contingency action fund is created as an account in the state treasury. The fund consists of revenue deposited in the fund under section 473.843, subdivision 2, clause (b); amounts recovered under subdivision 6 7; and interest earned on investment of money in the fund.

Sec. 63. Minnesota Statutes 1988, section 473.845, subdivision 2, is amended to read:

Subd. 2. [WATER SUPPLY MONITORING AND HEALTH ASSESSMENTS.] Up to ten percent of the money in the fund may be appropriated to the commissioner of health for water supply monitoring and health assessments. The commissioner shall monitor the quality of water in public water supply wells and may monitor private water supply wells in the metropolitan area that may be affected by their location in relation to a facility for mixed municipal solid waste. Testing under this subdivision must be for substances not funded under the Federal Safe Drinking Water Act. *The health assessments must be conducted in areas that may be affected by contaminants from mixed municipal solid waste facilities.*

Sec. 64. Minnesota Statutes 1988, section 473.848, is amended to read:
473.848 [RESTRICTION ON DISPOSAL.]

Subdivision 1. [RESTRICTION.] (a) After January 1, 1990, a person may not dispose of unprocessed mixed municipal solid waste at waste disposal facilities located in the metropolitan area ~~may not accept mixed municipal solid waste for disposal~~ unless:

(1) the waste has been certified as unprocessable by a county under subdivision 2; or

(2)(i) the waste has been transferred to the disposal facility from a resource recovery facility ~~identified by the council~~;

(ii) no other resource recovery facility in the metropolitan area is capable of processing the waste; and

(iii) *the waste has been certified as unprocessable by the operator of the resource recovery facility under subdivision 3.*

(b) *For purposes of this section, mixed municipal solid waste does not include street sweepings, construction debris, mining waste, foundry sand, and other materials, if they are not capable of being processed by resource recovery as determined by the council.*

Subd. 2. [COUNTY CERTIFICATION; COUNCIL APPROVAL.] (a) *Each county that has not implemented designation of all or a portion of its mixed municipal solid waste to a resource recovery facility shall submit a semi-annual certification report to the council detailing:*

(1) *the quantity of waste generated in the county that was not processed prior to transfer to a disposal facility during the six months preceding the report;*

(2) *the reasons the waste was not processed;*

(3) *a strategy for development of techniques to ensure processing of waste including a specific timeline for implementation of those techniques; and*

(4) *any progress made by the county in reducing the amount of unprocessed waste.*

(b) *The council shall approve a county's report if it determines that the county is reducing and will continue to reduce the amount of unprocessed waste, based on the report and the county's progress in development and implementation of techniques to reduce the amount of unprocessed waste transferred to disposal facilities. If the council does not approve a county's report, it shall negotiate with the county to develop and implement specific techniques to reduce unprocessed waste. If the council does not approve three or more consecutive reports from any one county, the council shall develop specific reduction techniques that are designed for the particular needs of the county. The county shall implement those techniques by specific dates to be determined by the council.*

Subd. 3. [FACILITY CERTIFICATION; COUNTY REPORTS.] (a) *The operator of each resource recovery facility that receives waste from counties in the metropolitan area shall certify as unprocessable each load of mixed municipal solid waste it does not process. Certification must be made to each county that sends its waste to the facility at intervals specified by the county. Certification must include at least the number and size of loads certified as unprocessable and the reasons the waste is unprocessable. Loads certified as unprocessable must include the loads that would otherwise have been processed but were not processed because the facility was not in operation.*

(b) *A county that sends its waste to a resource recovery facility shall submit a semiannual report to the council detailing the quantity of waste generated within the county that was not processed during the six months preceding the report, the reasons the waste was not processed, and a strategy for reducing the amount of unprocessed mixed municipal solid waste.*

Subd. 4. [COUNCIL REPORT.] *The council shall include, as part of its report to the legislative commission on waste management required under section 473.149, an accounting of the quantity of unprocessed waste transferred to disposal facilities, the reasons the waste was not processed, a*

strategy for reducing the amount of unprocessed waste, and progress made by counties to reduce the amount of unprocessed waste. The council may adopt standards for determining when waste is unprocessable and procedures for expediting certification and reporting of unprocessed waste.

Sec. 65. Laws 1984, chapter 644, section 85, as amended by Laws 1987, chapter 348, section 50, is amended to read:

Sec. 85. [EFFECTIVE DATE.]

Sections 1 to 45, 48 to 51, 56 to 72, and 78 to 84 are effective the day following final enactment. Sections 46, 47, and 73 to 77 are effective January 1, 1985, except that the fees imposed in sections 46, 47, and 73 shall be effective January 1, ~~1990~~ 1991, with respect to nonhazardous solid waste from metalcasting facilities. Prior to January 1, ~~1990~~ 1991, an operator of a facility that is located in the metropolitan area for the disposal of mixed municipal solid waste shall deduct from the disposal charge for nonhazardous solid waste from metalcasting facilities the fee imposed under sections 46, 47, and 73.

Section 52 is effective for taxable years after December 31, 1983. Section 55 is effective for sales after June 30, 1984. Sections 53 and 54 are effective for taxable years after December 31, 1984.

Sec. 66. [SOLID WASTE MANAGEMENT DISTRICT; STUDY.]

The pollution control agency shall conduct a study of the legislation authorizing the establishment of solid waste management districts, Minnesota Statutes 1988, sections 115A.62 to 115A.72, and related mechanisms, such as joint powers agreements authorized by Minnesota Statutes, section 471.59, to determine their effectiveness in the area of solid waste management. By December 1, 1989, the agency shall report its findings, together with any recommendation for legislation, to the legislative commission on waste management.

Sec. 67. [METROPOLITAN COUNCIL; SOLID WASTE POLICY PLAN.]

At the earliest practical date, the metropolitan council shall amend its solid waste management policy plan, required under Minnesota Statutes, section 473.149, to include a definition of buffer area as that term is used in relation to the inventory of solid waste disposal sites in section 473.149, subdivision 2b, and other related state law. The definition of buffer area must ensure, at a minimum, protection of surrounding land uses from adverse or incompatible impacts due to landfill operation and related activities.

Sec. 68. [DISPOSAL FACILITIES IN ST. LOUIS COUNTY.]

Notwithstanding Minnesota Statutes, section 116.07, subdivision 4g, up to ten solid waste disposal facilities in St. Louis county may come under the closure rules that were in effect prior to November 14, 1988, if the facility accepts no solid waste after May 14, 1990.

Sec. 69. [INTERIM PERMITTING AND USE REQUIREMENTS FOR COMBUSTION OF REFUSE DERIVED FUEL.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Refuse derived fuel" means a product resulting from the processing of mixed municipal solid waste in a manner that reduces the quantity of

noncombustible material present in the waste, reduces the size of waste components through shredding or other mechanical means, and produces a fuel suitable for combustion in existing or new solid fuel fired boilers.

(c) "Solid fuel fired boiler" means a device that is designed to combust solid fuel, including but not limited to: wood, coal, biomass, or lignite to produce steam or heat water.

(d) "Minor physical or operational modifications" means physical or operational changes that do not increase the rated energy production capacity of a solid fuel fired boiler and which do not involve capital costs in excess of 20 percent of a new solid fuel fired boiler having the same rated capacity.

Subd. 2. [INTERIM PERMITTING AND USE OF REFUSE DERIVED FUEL.] (a) *The provisions in this subdivision are applicable to the permitting and use of refuse derived fuel in solid fuel fired boilers for an interim period that expires on occurrence of the earliest of the following events:*

(1) *final promulgation of rules by the United States Environmental Protection Agency establishing new permitting, emissions or performance requirements for municipal waste combustion facilities;*

(2) *final promulgation of rules by the pollution control agency establishing new standards of performance for incinerators or solid waste energy recovery facilities; or*

(3) *June 30, 1991.*

(b) *Existing or new solid fuel fired boilers may utilize refuse derived fuel for up to 50 percent of their rated heat input capacity during the interim period under the following conditions:*

(1) *utilization of refuse derived fuel involves no modification or only minor modification to the solid fuel fired boiler;*

(2) *utilization of refuse derived fuel does not cause a violation of existing emissions limitations or ambient air quality standards applicable to the solid fuel fired boiler; and*

(3) *the solid fuel fired boiler has a valid permit to operate.*

Sec. 70. [REPEALER.]

Minnesota Statutes 1988, sections 115A.98; 115B.29, subdivision 2; 473.149, subdivision 2b; 473.803, subdivision 1a; and 473.806, are repealed.

Sec. 71. [INSTRUCTION TO REVISOR.]

The revisor of statutes is directed to change the words "hazardous substance" whenever they appear in Minnesota Statutes 1988, sections 13.771 and 115B.28 to 115B.33, to "harmful substance" in the 1990 edition of Minnesota Statutes and subsequent editions to the statutes.

Sec. 72. [EFFECTIVE DATE; APPLICATION.]

Section 6 is effective January 1, 1990.

Section 25 is effective June 30, 1989.

Sections 26 and 46 are effective the day following final enactment and apply to all response actions initiated or pending on or after that date.

Section 28 is effective the day following final enactment and section 28, paragraph (l), applies to expenditures resulting from emergencies that occur after January 1, 1988.

Sections 51, 52, 54, and 57 are effective July 1, 1989.

Sections 56 and 67 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to waste management; defining waste reduction; extending the expiration date of waste advisory councils; authorizing counties to designate waste to landfills; requiring financial reports from landfills; clarifying the limits of political subdivision liability for superfund cleanup at landfills; authorizing the pollution control agency to acquire interests in real estate necessary for superfund; authorizing superfund to reimburse political subdivisions for costs incurred in responding to emergency releases of hazardous materials; making claims for injuries due to petroleum contamination eligible for compensation by the harmful substance compensation fund; authorizing transfer of money from the petroleum tank release cleanup fund; altering the metropolitan council's authority for solid waste planning; raising the solid waste disposal fee in the metropolitan area; clarifying the 1990 ban on disposal of unprocessed waste in the metropolitan area; extending the date until which metalcasters are not liable for payment of solid waste generator fees; requiring a study of solid waste management district legislation; amending Minnesota Statutes 1988, sections 115A.01; 115A.02; 115A.03, by adding a subdivision; 115A.12, subdivision 1; 115A.14, subdivision 2; 115A.46, subdivision 2; 115A.80; 115A.81, subdivision 2; 115A.83; 115A.84; 115A.85, subdivision 2; 115A.86, subdivisions 3 and 5; 115A.893; 115A.906, by adding a subdivision; 115A.921; 115A.94, by adding subdivisions; 115B.04, subdivision 4; 115B.17, by adding a subdivision; 115B.20, subdivision 2; 115B.25, subdivisions 1, 2, 7, and by adding subdivisions; 115B.26; 115B.27, subdivision 1; 115B.28, subdivision 2; 115B.29, subdivision 1; 115B.30, subdivision 3; 115B.34, subdivision 2; 115C.08, subdivision 4, and by adding a subdivision; 116.07, by adding a subdivision; 466.04, subdivision 1; 473.149, subdivisions 2d and 2e, and by adding a subdivision; 473.803, by adding a subdivision; 473.811, subdivision 1a; 473.823, subdivisions 3 and 6; 473.831, subdivision 2; 473.833, subdivision 2a; 473.840, subdivision 2; 473.843, subdivisions 1 and 2; 473.844, subdivision 1a; 473.8441, subdivision 5; 473.845, subdivisions 1 and 2; and 473.848; Laws 1984, chapter 644, section 85, as amended; proposing coding for new law in Minnesota Statutes, chapters 115A and 473; repealing Minnesota Statutes 1988, sections 115A.98; 115B.29, subdivision 2; 473.149, subdivision 2b; 473.803, subdivision 1a; and 473.806."

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

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 95: A bill for an act relating to environment; requiring counties to provide an opportunity to recycle; requiring transportation of recyclable materials to processing and markets; requiring haulers of solid waste and recyclable materials to be licensed by local governments; requiring a charge for solid waste collection on a volume basis; providing financial assistance

to counties for collection, transportation, processing, handling, and secondary market development of recyclables; imposing fees for land disposal of solid waste; assessing recycling fees to property owners based on generation of solid waste; developing a recycling and waste reduction program for use in schools; establishing a recycling account; requiring public agency purchase of recycled materials; reviewing barriers to recycling in public buildings; prohibiting incineration and land disposal of recyclable materials; prioritizing incineration and land disposal of waste; authorizing local governments to prohibit and remove unauthorized deposit of solid waste; providing a plan for processing and disposal of solid waste problem materials; appropriating money; amending Minnesota Statutes 1988, sections 16B.61, by adding a subdivision; 115A.919; 115A.95; 368.01, subdivision 14; 375.19, by adding a subdivision; and 412.221, subdivision 22; proposing coding for new law in Minnesota Statutes, chapters 16B and 115A.

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

Delete everything after the enacting clause and insert:

“ARTICLE 1

RECYCLING REQUIREMENTS AND PROGRAMS

Section 1. [16B.121] [PURCHASE OF RECYCLED, REPAIRABLE, AND DURABLE MATERIALS.]

The commissioner shall take the recycled content and recyclability of commodities to be purchased into consideration in bid specifications. The commissioner shall apply weighting factors to the recycled content and recyclability criteria in order to give a preferential treatment to those criteria. State agencies shall purchase recycled materials when specifications allow the practical use of the recycled materials and the price does not exceed the price of nonrecycled materials by more than ten percent. If possible, state agencies should purchase materials recycled from waste generated in this state.

Sec. 2. [16B.122] [PURCHASE OF PAPER STOCK.]

Subdivision 1. [DEFINITIONS.] The definitions in this subdivision apply to this section.

(a) “Office paper” means notepads, loose-leaf fillers, tablets, and other paper commonly used in offices.

(b) “Practicable” means capable of being used, consistent with performance, in accordance with applicable specifications, and availability within a reasonable time.

(c) “Printing paper” means paper designed for printing, other than newsprint, such as offset and publication paper.

(d) “Public agency” means the state, an office, agency, or institution of the state, a county, a statutory or home rule charter city, a town, a school district, another special taxing district, or any contractor acting pursuant to a contract with a public agency.

(e) “Uncoated” means not coated with plastic, clay, or other material used to create a glossy finish.

Subd. 2. [PURCHASE REQUIRED.] A public agency shall purchase uncoated office paper and printing paper whenever practicable.

Sec. 3. Minnesota Statutes 1988, section 115A.03, subdivision 25a, is amended to read:

Subd. 25a. "Recyclable materials" means materials that are separated from mixed municipal solid waste for the purpose of recycling, including paper, glass, *plastics*, metals, automobile oil, and batteries. Refuse derived fuel or other material that is destroyed by incineration is not a recyclable material.

Sec. 4. Minnesota Statutes 1988, section 115A.12, subdivision 1, is amended to read:

Subdivision 1. [SOLID AND HAZARDOUS WASTE MANAGEMENT.]

(a) The chair of the board shall establish a solid waste management advisory council and a hazardous waste management planning council broadly representative of the geographic areas and interests of the state.

(b) The ~~councils~~ *solid waste council* shall have not less than nine nor more than ~~48~~ *21* members ~~each~~. The membership of the solid waste council shall consist of one-third citizen representatives, one-third representatives from local government units, and one-third representatives from private solid waste management firms. The solid waste council shall contain at least *three members experienced in the private recycling industry and at least one member experienced in each of the following areas: state and municipal finance; solid waste collection, processing, and disposal; and solid waste reduction and resource recovery.*

(c) *The hazardous waste council shall have not less than nine nor more than 18 members.* The membership of the hazardous waste advisory council shall consist of one-third citizen representatives, one-third representatives from local government units, and one-third representatives of hazardous waste generators and private hazardous waste management firms.

(d) The chairs of the advisory councils shall be appointed by the chair of the board. The chair of the board shall provide administrative and staff services for the advisory councils. The advisory councils shall have such duties as are assigned by law or the chair of the board. The solid waste advisory council shall make recommendations to the board on its solid waste management activities. The hazardous waste advisory council shall make recommendations to the board on its activities under sections 115A.08, 115A.09, 115A.10, 115A.11, 115A.20, 115A.21, and 115A.24. Members of the advisory councils shall serve without compensation but shall be reimbursed for their reasonable expenses as determined by the chair of the board. The solid waste management advisory council and the hazardous waste management planning council expire as provided in section 15.059, subdivision 5.

Sec. 5. Minnesota Statutes 1988, section 115A.15, subdivision 5, is amended to read:

Subd. 5. [REPORTS.] (a) By January 1 of each odd-numbered year, the commissioner of administration shall submit a report to the governor and to the legislative commission summarizing past activities and proposed goals of the program for the following biennium. *The report shall include at least:*

(1) *a summary list of product and commodity purchases that contain recycled materials;*

(2) *the results of any performance tests conducted on recycled products*

and agencies' experience with recycled products used;

(3) a list of all organizations participating in and using the cooperative purchasing program; and

(4) a list of products and commodities purchased for their recyclability and of recycled products reviewed for purchase.

(b) By July 1 of each even-numbered year commissioner of the pollution control agency and the commissioner of public service shall submit recommendations to the commissioner regarding the operation of the program.

Sec. 6. Minnesota Statutes 1988, section 115A.15, is amended by adding a subdivision to read:

Subd. 7. [WASTE REDUCTION PROCUREMENT MODEL.] To reduce the amount of solid waste generated by the state and to provide a model for other public and private procurement systems, the commissioner, in cooperation with the chair of the waste management board, shall develop waste reduction procurement programs, including an expanded life cycle costing system for procurement of durable and repairable items. On implementation of the model procurement system, the commissioner, in cooperation with the chair of the waste management board, shall develop and distribute informational materials for the purpose of promoting the procurement model to other public and private entities under article 4, section 1, subdivision 4.

Sec. 7. Minnesota Statutes 1988, section 115A.15, is amended by adding a subdivision to read:

Subd. 8. [RECYCLED MATERIALS PURCHASING.] The commissioner of administration shall develop and implement a cooperative purchasing program under section 471.59 to include state agencies, local governmental units, and, where feasible, other state governments and the federal government, for the purpose of purchasing materials made from recycled materials. By January 1, 1991, the commissioner shall develop a program to promote the cooperative purchasing program to those units of government and other persons.

Sec. 8. Minnesota Statutes 1988, section 115A.15, is amended by adding a subdivision to read:

Subd. 9. [RECYCLING GOAL.] By January 1, 1993, the commissioner shall recycle at least 40 percent by weight of the solid waste generated by state offices and other operations located in the metropolitan area. The commissioner must keep records of the recycling and composting operation and share them annually with the metropolitan council and counties to assist the council and the counties in their data collection efforts.

Sec. 9. [115A.151] [STATE AND LOCAL FACILITIES.]

By July 1, 1990, a state agency or local unit of government or school district in the metropolitan area or by July 1, 1992, a state agency or local unit of government or school district outside of the metropolitan area shall:

(1) ensure that facilities under its control, from which mixed municipal solid waste is collected, have containers for at least four recyclable materials; and

(2) transfer all recyclable materials collected to a recycler.

Sec. 10. Minnesota Statutes 1988, section 115A.48, subdivision 3, is amended to read:

Subd. 3. [PUBLIC PROCUREMENT.] The board shall provide technical assistance and advice to political subdivisions and other public agencies to encourage solid waste reduction and development of markets for recyclable materials and compost through procurement policies and practices. *Political subdivisions, educational institutions, and other public agencies shall aggressively pursue procurement practices that encourage solid waste reduction, recycling, and development of markets for recyclable materials and compost and shall, whenever practical, procure products containing recycled materials.*

Sec. 11. Minnesota Statutes 1988, section 115A.48, is amended by adding a subdivision to read:

Subd. 4. [RECYCLABLE MATERIAL MARKET DEVELOPMENT.]
(a) *The board shall make grants and loans and shall provide technical assistance to persons for research and development or for the acquisition and betterment of projects that develop markets or end uses for recyclable materials. The board may use any means specified in section 115A.52 to provide technical assistance.*

(b) *A project may receive a loan for up to 50 percent of the capital cost of the project or \$2,000,000, whichever is less.*

(c) *A project may receive a grant for up to 25 percent of the capital cost of the project or \$500,000, whichever is less.*

(d) *The board shall adopt rules for the program.*

Sec. 12. [115A.551] [RECYCLING.]

Subdivision 1. [DEFINITION.] (a) *The definition in this section applies to this section.*

(b) *"Total solid waste generation" means the total by weight of:*

(1) *materials separated for recycling; and*

(2) *mixed municipal solid waste plus used oil, tires, lead acid batteries, and major appliances.*

Subd. 2. [COUNTY RECYCLING GOALS.] *By July 1, 1993, each county outside of the metropolitan area will have as a goal to recycle a minimum of 25 percent by weight of total solid waste generation; and by July 1, 1993, each county within the metropolitan area will have as a goal to recycle a minimum of 35 percent by weight of total solid waste generation. Each county will develop and implement or require political subdivisions within the county to develop and implement programs, practices, or methods designed to meet its recycling goal. Nothing in this section or in any other law may be construed to prohibit a county from establishing a higher recycling goal.*

Subd. 3. [INTERIM GOALS; NONMETROPOLITAN COUNTIES.] *The board shall establish interim recycling goals for the nonmetropolitan counties to assist them in meeting the 1993 goals, established in subdivision 2.*

Subd. 4. [INTERIM MONITORING.] *The board, for counties outside of the metropolitan area, and the metropolitan council, for counties within the metropolitan area, shall monitor the progress of each county toward*

meeting the recycling goal in subdivision 2 and shall report to the legislative commission on waste management on the progress of the counties by November 1 of each year. If the board or the council finds that a county is not progressing toward the goal in subdivision 2, it shall negotiate with the county to develop and implement solid waste management techniques designed to assist the county in meeting the goal, such as organized collection, curbside collection of source-separated materials, and volume-based pricing.

Subd. 5. [FAILURE TO MEET GOAL.] (a) A county failing to meet the interim goals in subdivision 3 shall, as a minimum:

(1) notify county residents of the failure to achieve the goal and why the goal was not achieved; and

(2) provide county residents with information on recycling programs offered by the county.

(b) If, based on the recycling monitoring described in subdivision 4, the board or the metropolitan council finds that a county will be unable to meet the recycling goal established in subdivision 2, the board or council shall, after consideration of the reasons for the county's inability to meet the goal, recommend legislation for consideration by the legislative commission on waste management to establish mandatory recycling standards and to authorize the board or council to mandate appropriate solid waste management techniques designed to meet the standards in those counties that are unable to meet the goal.

Subd. 6. [COUNTY SOLID WASTE PLANS.] Each county shall include in its solid waste management plan described in section 115A.46, or its solid waste master plan described in section 473.803, a plan for implementing the recycling goal established in subdivision 2 along with mechanisms for providing financial incentives to solid waste generators to reduce the amount of waste generated and to separate recyclable materials from the waste stream. The recycling plan must include detailed recycling implementation information to form the basis for the strategy required in subdivision 7.

Each county required to submit its plan to the board under section 115A.46 shall amend its plan to comply with this subdivision within one year after the effective date of this section.

Subd. 7. [RECYCLING IMPLEMENTATION STRATEGY.] Within one year of board approval of the portion of the plan required in subdivision 6, each nonmetropolitan county shall submit for board approval a local recycling implementation strategy. The local recycling implementation strategy must:

(1) be consistent with the approved county solid waste management plan;

(2) identify the materials that are being and will be recycled in the county to meet the goals under this section and the parties responsible and methods for recycling the material; and

(3) define the need for funds to ensure continuation of local recycling, methods of raising and allocating such funds, and permanent sources and levels of local funding for recycling.

Sec. 13. [115A.552] [OPPORTUNITY TO RECYCLE.]

Subdivision 1. [COUNTY REQUIREMENT.] *Counties shall ensure that*

residents have an opportunity to recycle. At least one recycling center shall be available in each county. Opportunity to recycle means availability of recycling and curbside pickup or collection centers for recyclable materials at sites that are convenient for persons to use. Counties shall also provide for the recycling of problem materials and major appliances.

Subd. 2. [RECYCLING OPPORTUNITIES.] *An opportunity to recycle must include:*

(1) a local recycling center in the county and sites for collecting recyclable materials that are located in areas convenient for persons to use them;

(2) curbside pickup, centralized dropoff, or a local recycling center for at least four kinds of recyclable materials in cities with a population of 5,000 or more persons; and

(3) monthly pickup of at least four recyclable materials in cities of the first and second class and cities with 5,000 or more population in the metropolitan area.

Subd. 3. [RECYCLING INFORMATION, EDUCATION, AND PROMOTION.] *(a) Each county shall provide information on how, when, and where materials may be recycled, including a promotional program that publishes notices at least once every three months and encourages source separation of residential, commercial, industrial, and institutional materials.*

(b) The board shall develop materials for counties to use in providing information on and promotion of recycling.

(c) The board shall provide technical assistance to counties to help counties implement recycling programs.

Sec. 14. [115A.553] [COLLECTION AND TRANSPORTATION OF RECYCLABLE MATERIALS.]

Subdivision 1. [COLLECTION CENTERS AND TRANSPORTATION REQUIRED.] *Each county must ensure alone or in conjunction with other counties that materials separated for recycling are taken to markets for sale or to recyclable material processing centers.*

Subd. 2. [LICENSING OF RECYCLABLE MATERIALS COLLECTION.] *Counties may require county or municipal licenses for collection of recyclable materials.*

Subd. 3. [TRANSPORTATION SYSTEMS.] *The board and the commissioner of transportation shall develop an efficient transportation system for recyclable materials to reach markets and processing centers that may be used by counties. The system may include regional collection centers.*

Sec. 15. [115A.554] [AUTHORITY OF SANITARY DISTRICTS.]

A sanitary district with the authority to regulate solid waste has the authority and duty of counties within the district's boundary for purposes of sections 12, 13, and 14; article 2; article 3, sections 4, 12, 15, 17, 23, and 24; and section 115A.919.

Sec. 16. [115A.555] [RECYCLING CENTER DESIGNATION.]

The board shall designate recycling centers for the purpose of section 18. To be designated as a recycling center, a recycling facility must be open a minimum of 12 operating hours each week, 12 months each year, and must accept for recycling at least four different materials such as

paper, glass, plastic, and metal.

Sec. 17. Minnesota Statutes 1988, section 116K.04, is amended by adding a subdivision to read:

Subd. 6. [MODEL ZONING CRITERIA.] The waste management board shall, in consultation with the advisory council on state and local relations, develop and disseminate model zoning criteria for use by local units of government in siting recycling facilities.

Sec. 18. [173.086] [RECYCLING CENTER SIGNS.]

Subdivision 1. [AUTHORITY TO ERECT.] A recycling facility that has complied with the permitting rules of the waste management board and has been designated a recycling center by the agency under section 5 may erect a recycling center sign upon payment of a fee to the department of transportation or to the local road authority required to cover all costs of fabrication and installation of the signs.

Subd. 2. [SIGN STANDARDS.] The department of transportation shall design and manufacture the recycling center sign to specifications not contrary to other federal and state highway sign standards. The sign must contain the international three arrow recycling symbol followed by the words "recycling center."

Subd. 3. [LOCATION.] Each local road authority shall permit recycling center signs to be located on roads in its jurisdiction, subject to sign placement and distance requirements of the local authority in conformance with standard policies for placement of signs for other traffic generators.

Sec. 19. [REPORT ON RECYCLING IN PUBLIC BUILDINGS.]

The commissioner of administration and the commissioner of public safety shall review the availability of the opportunity to recycle in buildings, including those in the capitol area, and address barriers to recycling systems that may be caused by building, safety, and fire codes and historical preservation. The commissioners shall prepare a report on the barriers to recycling systems and the progress in overcoming the barriers and submit it to the legislative commission on waste management by November 1, 1990.

Sec. 20. [EFFECTIVE DATE.]

Section 13 is effective April 1, 1990.

ARTICLE 2

REVENUE FOR RECYCLING AND SOLID WASTE PROGRAMS

Section 1. [115A.557] [COUNTY WASTE REDUCTION AND RECYCLING FUNDING.]

Subdivision 1. [DISTRIBUTION; FORMULA.] Any funds appropriated to the board for the purpose of distribution to counties under this section must be annually distributed by the board based on population, except a county may not receive less than \$50,000 annually nor more than \$1,800,000 annually. For purposes of this subdivision, "population" has the definition given in section 477A.011, subdivision 3.

Subd. 2. [PURPOSES FOR WHICH MONEY MAY BE SPENT.] A county receiving money distributed by the board under this section may use the money only for the development and implementation of programs to:

- (1) reduce the amount of solid waste generated;*
- (2) recycle the maximum amount of solid waste technically feasible;*
- (3) create and support markets for recycled products;*
- (4) remove problem materials from the solid waste stream and develop proper disposal options for them;*
- (5) inform and educate all sectors of the public about proper solid waste management procedures;*
- (6) provide technical assistance to public and private entities to ensure proper solid waste management; and*
- (7) provide educational, technical, and financial assistance for litter prevention.*

Subd. 3. [ELIGIBILITY TO RECEIVE MONEY.] (a) To be eligible to receive money distributed by the board under this section, a county shall within one year of the effective date of this section:

(1) create a separate account in its general fund in which to deposit the money; and

(2) set up accounting procedures to ensure that money in the separate account is spent only for the purposes in subdivision 2.

(b) In each following year, each county shall also:

(1) have in place an approved solid waste management plan or master plan including a recycling implementation strategy under article 1, section 12, subdivision 7, or section 473.803, subdivision 1e, and a household hazardous waste management plan under article 3, section 15, by the dates specified in those provisions; and

(2) submit a report by August 1 of each year to the board detailing how the money was spent and the resulting gains achieved in solid waste management practices during the previous fiscal year.

Subd. 4. [REPORT.] By November 1 of each year, the board shall report on how the money was spent and the resulting statewide improvements in solid waste management to the house of representatives and senate appropriations and finance committees and the legislative commission on waste management.

Sec. 2. Minnesota Statutes 1988, section 115A.919, is amended to read:

115A.919 [COUNTY FEE AUTHORITY SOLID WASTE DISPOSAL FEES.]

Subdivision 1. [COUNTY LANDFILL ABATEMENT FEE.] A county ~~may~~ shall impose a fee of at least \$1, by cubic yard of waste or its equivalent, on ~~operators of facilities for the disposal of~~ mixed municipal solid waste accepted by operators of disposal facilities located within the county. The portion of the fee in excess of \$1 may be reduced for resource recovery facility waste as provided in subdivision 4. The revenue from the fee must be used for the purposes described in subdivision 3. The fee in this subdivision does not apply to ash placed in disposal facilities owned and operated by private businesses.

Subd. 2. [COLLECTION OF FEES.] (a) The fee under subdivision 1 shall be collected by an operator of a disposal facility and is in addition

to the city or town fee imposed under section 115A.921.

(b) The operator of a facility for the disposal of mixed municipal solid waste shall collect the fee imposed by counties under subdivision 1. At least once per month the operator of the disposal facility shall:

(1) remit the fee collected under subdivision 1 to the county treasurer of the county where the facility is located; and

(2) report the amount of solid waste that was collected by the facility to the commissioner of revenue and the county treasurer.

Subd. 3. [USE OF COUNTY FEE.] The revenue from the county fees shall be credited to the county general fund and shall be used only for landfill abatement purposes, including providing county residents with the opportunity to recycle, or costs of closure, postclosure care, and response actions or for purposes of mitigating and compensating for the local risks, costs, and other adverse effects of facilities.

Subd. 4. [REDUCTION OF COUNTY FEE FOR RESOURCE RECOVERY FACILITY WASTE.] Waste residue from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse shall be exempt from one-half the amount of the fee imposed by a county under this section subdivision 1 if there is at least an 85 percent volume reduction in the solid waste processed. Before any fee is reduced, the verification procedures of section 473.843, subdivision 1, paragraph (c), must be followed and submitted to the appropriate county.

Sec. 3. Minnesota Statutes 1988, section 116P.13, is amended to read:

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); and section 297A.44, subdivision 1, paragraph (d).

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; *except that revenue credited under section 297A.44, subdivision 1, paragraph (d), must be spent for research on recycling and to develop markets for recyclables.*

Sec. 4. Minnesota Statutes 1988, section 275.51, subdivision 1, is amended to read:

Subdivision 1. Notwithstanding any provisions of law or municipal charter to the contrary which authorize ad valorem levies in excess of the limitations established by sections 275.50 to 275.56, but subject to section 275.56, the provisions of this section shall apply to the levies by governmental subdivisions for all purposes other than those for which special levies and special assessments are made, *and for solid waste abatement purposes under chapters 115A, 400, and 473 and landfill maintenance responsibilities including closure and postclosure care.*

Sec. 5. Minnesota Statutes 1988, section 297A.01, subdivision 3, is amended to read:

Subd. 3. A "sale" and a "purchase" includes, but is not limited to, each of the following transactions:

(a) Any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, and the leasing of or the granting of a license to use or consume tangible personal property other than manufactured homes used for residential purposes for a continuous period of 30 days or more, for a consideration in money or by exchange or barter;

(b) The production, fabrication, printing or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing;

(c) The furnishing, preparing, or serving for a consideration of food, meals or drinks, not including meals or drinks served to patients, inmates, or persons residing at hospitals, sanitariums, nursing homes, senior citizens homes, and correctional, detention, and detoxification facilities, meals or drinks purchased for and served exclusively to individuals who are 60 years of age or over and their spouses or to the handicapped and their spouses by governmental agencies, nonprofit organizations, agencies, or churches or pursuant to any program funded in whole or part through 42 USCA sections 3001 through 3045, wherever delivered, prepared or served, meals and lunches served at public and private schools, universities or colleges. "Sales" also includes meals furnished by employers to employees at less than fair market value, except meals furnished at no charge to employees of hospitals, nursing homes, boarding care homes, sanitariums, group homes, and correctional, detention, and detoxification facilities, who are required to eat with the patients, residents, or inmates residing in them. Notwithstanding section 297A.25, subdivision 2, taxable food or meals include, but are not limited to, the following:

(i) heated food or drinks;

(ii) sandwiches prepared by the retailer;

(iii) single sales of prepackaged ice cream or ice milk novelties prepared by the retailer;

(iv) hand-prepared or dispensed ice cream or ice milk products including cones, sundaes, and snow cones;

(v) soft drinks and other beverages prepared or served by the retailer;

(vi) gum;

(vii) ice;

(viii) all food sold in vending machines;

(ix) party trays prepared by the retailers; and

(x) all meals and single servings of packaged snack food, single cans or bottles of pop, sold in restaurants and bars;

(d) The granting of the privilege of admission to places of amusement, recreational areas, or athletic events and the privilege of having access to and the use of amusement devices, tanning facilities, reducing salons, steam

baths, turkish baths, massage parlors, health clubs, and spas or athletic facilities;

(e) The furnishing for a consideration of lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp and of the granting of any similar license to use real property other than the renting or leasing thereof for a continuous period of 30 days or more;

(f) The furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state, or local exchange telephone service, intrastate toll service, and interstate toll service, if that service originates from and is charged to a telephone located in this state; the tax imposed on amounts paid for telephone services is the liability of and shall be paid by the person paying for the services. Sales by municipal corporations in a proprietary capacity are included in the provisions of this clause. The furnishing of water and sewer services for residential use shall not be considered a sale;

(g) The furnishing for a consideration of cable television services, including charges for basic monthly service, charges for monthly premium service, and charges for any other similar television services;

(h) Notwithstanding subdivision 4, and section 297A.25, subdivision 9, the sales of horses including claiming sales and fees paid for breeding a stallion to a mare. This clause applies to sales and fees with respect to a horse to be used for racing whose birth has been recorded by the Jockey Club or the United States Trotting Association or the American Quarter Horse Association;

(i) The furnishing for a consideration of parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(j) The furnishing for a consideration of services listed in this paragraph:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin-operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting and exterminating services;

(iv) services provided by detective agencies, security services, burglar, fire alarm, and armored car services not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1;

(v) pet grooming services; ~~and~~

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; arborist services; tree, bush, and shrub planting, pruning, bracing, spraying, and surgery; and tree trimming for public utility lines.

The services listed in this paragraph are taxable under section 297A.02 if

the service is performed wholly within Minnesota or if the service is performed partly within and partly without Minnesota and the greater proportion of the service is performed in Minnesota, based on the cost of performance. In applying the provisions of this chapter, the terms "tangible personal property" and "sales at retail" include taxable services and the provision of taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable under this paragraph. Services performed by a partnership or association for another partnership or association are not taxable under this paragraph if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of this section, "affiliated group of corporations" includes those entities that would be classified as a member of an affiliated group under United States Code, title 26, section 1504, and who are eligible to file a consolidated tax return for federal income tax purposes; and

(vii) *solid waste collection and disposal services as described in section 8;*

(k) A "sale" and a "purchase" includes the transfer of computer software, meaning information and directions that dictate the function performed by data processing equipment. A "sale" and a "purchase" does not include the design, development, writing, translation, fabrication, lease, or transfer for a consideration of title or possession of a custom computer program; and

(l) The granting of membership in a club, association, or other organization if:

(1) the club, association, or other organization makes available for the use of its members sports and athletic facilities (without regard to whether a separate charge is assessed for use of the facilities); and

(2) use of the sports and athletic facilities is not made available to the general public on the same basis as it is made available to members.

Granting of membership includes both one-time initiation fees and periodic membership dues. Sports and athletic facilities include golf courses, tennis, racquetball, handball and squash courts, basketball and volleyball facilities, running tracks, exercise equipment, swimming pools, and other similar athletic or sports facilities. The provisions of this paragraph do not apply to camps or other recreation facilities owned and operated by an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1986, for educational and social activities for young people primarily age 18 and under.

Sec. 6. Minnesota Statutes 1988, section 297A.02, is amended by adding a subdivision to read:

Subd. 5. [SOLID WASTE COLLECTION AND DISPOSAL SERVICES.] Notwithstanding the provisions of subdivision 1, for solid waste collection and disposal services the excise tax rate imposed is four percent.

Sec. 7. Minnesota Statutes 1988, section 297A.44, subdivision 1, is amended to read:

Subdivision 1. (a) Except as provided in paragraphs (b) ~~and~~, (c), *and* (d), all revenues, including interest and penalties, derived from the excise

and use taxes imposed by sections 297A.01 to 297A.44 shall be deposited by the commissioner in the state treasury and credited to the general fund.

(b) All excise and use taxes derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project, from and after the date on which a conditional commitment for a loan guaranty for the project is made pursuant to section 41A.04, subdivision 3, shall be deposited in the Minnesota agricultural and economic development fund. The commissioner of finance shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty fund shall be reduced by any refunds and by the costs incurred by the department of revenue to administer and enforce the assessment and collection of the taxes.

(c) All revenues, including interest and penalties, derived from the excise and use taxes imposed on sales and purchases included in section 297A.01, subdivision 3, paragraphs (d) and (l), clauses (1) and (2), must be deposited by the commissioner of revenue in a separate and special fund, designated as the sports and health club sales tax revenue fund in the state treasury and credited as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance must be credited to the general fund.

(d) The revenues, including interest and penalties, derived from the taxes imposed on solid waste collection services as described in section 8 shall be deposited by the commissioner in the state treasury and credited as follows: 97 percent must be credited to a solid waste reduction and recycling account; three percent must be credited to the Minnesota future resources account.

Sec. 8. [297A.45] [SOLID WASTE COLLECTION AND DISPOSAL SERVICES.]

Subdivision 1. [APPLICATION.] The tax imposed by section 297A.02 applies to all public and private mixed municipal solid waste collection and disposal services. Notwithstanding section 297A.25, subdivision 11, a political subdivision that purchases collection or disposal services on behalf of its citizens shall pay the tax. A political subdivision that provides collection or disposal services to its citizens without a direct charge to the citizens for the service shall pay the tax based on the cost to the political subdivision of providing the service.

Subd. 2. [EXEMPTION.] The cost of a service or the portion of a service to collect recyclable materials separated from mixed municipal solid waste by the waste generator is exempt from the tax imposed in section 297A.02.

ARTICLE 3

SOLID WASTE COLLECTION AND DISPOSAL

Section 1. Minnesota Statutes 1988, section 115A.03, is amended by adding a subdivision to read:

Subd. 17a. [MAJOR APPLIANCES.] "Major appliances" means clothes washers and dryers, dishwashers, hot water heaters, garbage disposals, trash compactors, conventional ovens, ranges and stoves, air conditioners,

refrigerators, and freezers.

Sec. 2. Minnesota Statutes 1988, section 115A.03, is amended by adding a subdivision to read:

Subd. 24a. [PROBLEM MATERIAL.] "Problem material" means a material that, when it is processed or disposed of with mixed municipal solid waste, contributes to one of the following results:

(1) the release of a hazardous substance, or pollutant or contaminant, as defined in section 115B.02, subdivisions 8, 13, and 15;

(2) pollution of water as defined in section 115.01, subdivision 5;

(3) air pollution as defined in section 116.06, subdivision 3; or

(4) a significant threat to the safe or efficient operation of a solid waste processing facility.

Sec. 3. Minnesota Statutes 1988, section 115A.46, subdivision 2, is amended to read:

Subd. 2. [CONTENTS.] The plans shall describe existing collection, processing, and disposal systems, including schedules of rates and charges, financing methods, environmental acceptability, and opportunities for improvements in the systems. The plans shall include an estimate of the land disposal capacity in acre-feet which will be needed through the year 2000, on the basis of current and projected waste generation practices. The plans shall require the most feasible and prudent reduction of the need for and practice of land disposal of mixed municipal solid waste. The plans shall address at least waste reduction, separation, and resource recovery; ~~and~~; shall include objectives, immediately and over specified time periods, for reducing the land disposal of mixed municipal solid waste; *and shall describe proposed mechanisms for complying with the recycling requirements of article 1, section 12, and the household hazardous waste management requirements of section 15.* The plans shall describe specific functions to be performed and activities to be undertaken to achieve the abatement objectives and shall describe the estimated cost, proposed manner of financing, and timing of the functions and activities. The plans shall include a comparison of the costs of the activities to be undertaken, including capital and operating costs, and the effects of the activities on the cost to generators and on persons currently providing solid waste collection, processing, and disposal services. The plans shall include alternatives which could be used to achieve the abatement objectives if the proposed functions and activities are not established. The plans shall designate how public education shall be accomplished. The plans shall, to the extent practicable and consistent with the achievement of other public policies and purposes, encourage ownership and operation of solid waste facilities by private industry. For solid waste facilities owned or operated by public agencies or supported primarily by public funds or obligations issued by a public agency, the plans shall include criteria and standards to protect comparable private and public facilities already existing in the area from displacement unless the displacement is required in order to achieve the waste management objectives identified in the plan. The plans shall establish a siting procedure and development program to assure the orderly location, development, and financing of new or expanded solid waste facilities and services sufficient for a prospective ten-year period, including estimated costs and implementation schedules, proposed procedures for operation and maintenance, estimated annual costs and gross revenues, and proposals for the

use of facilities after they are no longer needed or usable. The plans shall describe existing and proposed county and municipal ordinances and license and permit requirements relating to solid waste management and shall describe existing and proposed regulation and enforcement procedures.

Sec. 4. Minnesota Statutes 1988, section 115A.46, is amended by adding a subdivision to read:

Subd. 4. [DELEGATION; SOLID WASTE RESPONSIBILITIES.] A county or a solid waste management district established under sections 115A.62 to 115A.72 may not delegate to another governmental unit or other person any portion of its responsibility for solid waste management unless it establishes a funding mechanism to assure the ability of the entity to which it delegates responsibility to adequately carry out the responsibility delegated.

Sec. 5. [115A.55] [SOLID WASTE REDUCTION.]

Subdivision 1. [BOARD COORDINATION.] The board shall develop and coordinate solid waste reduction programs to include at least public education, promotion of waste reduction, and technical and financial assistance to solid waste generators.

Subd. 2. [TECHNICAL ASSISTANCE.] The board shall provide technical assistance to solid waste generators to enable the waste generators to implement programs or methods to reduce the amount of solid waste generated. The board may use any means specified in section 115A.52 to provide technical assistance.

Subd. 3. [FINANCIAL ASSISTANCE.] (a) The board shall make loans and grants to any person for the purpose of developing and implementing projects or practices to prevent or reduce the generation of solid waste including those that involve reuse of items in their original form or procuring, using, or producing products with long useful lives. Grants may be used to fund studies needed to determine the technical and financial feasibility of a waste reduction project or practice or for the cost of implementation of a waste reduction project or practice that the board has determined is technically and financially feasible.

(b) In making grants or loans, the board shall give priority to waste reduction projects or practices that have broad application in the state and that have the potential for significant reduction of the amount of waste generated.

(c) All information developed as a result of a grant or loan shall be made available to other solid waste generators through the public information program established in subdivision 2.

(d) The board shall adopt rules for the administration of this program. Board rules must prescribe the level or levels of matching funds required for grants or loans under this subdivision.

Sec. 6. Minnesota Statutes 1988, section 115A.915, is amended to read:

115A.915 [LEAD ACID BATTERIES; LAND DISPOSAL PROHIBITED.]

A person may not place a lead acid battery in mixed municipal solid waste or dispose of a lead acid battery after January 1, 1988. A person who violates this section is guilty of a misdemeanor. This section may be enforced by the agency pursuant to section 115.071.

Sec. 7. [115A.9152] [TRANSPORTATION OF USED LEAD ACID

BATTERIES.]

(a) A person who transports used lead acid batteries from a retailer must deliver the batteries to a recycling facility.

(b) A person who violates paragraph (a) is guilty of a misdemeanor. The failure to deliver each used lead acid battery to a recycler is a separate violation.

Sec. 8. [115A.93] [LICENSING OF SOLID WASTE COLLECTION.]

Subdivision 1. [LICENSE REQUIRED.] A person may not collect mixed municipal solid waste for hire without a license from the jurisdiction where the mixed municipal solid waste is collected.

Subd. 2. [LICENSING.] (a) Each city and town may issue licenses for persons to collect mixed municipal solid waste for hire within their jurisdictions.

(b) County boards shall by resolution adopt the licensing authority of a city or town that does not issue licenses. A county may delegate its licensing authority to a consortium of counties or to municipalities to license collection of mixed municipal solid waste within the county.

Subd. 3. [LICENSE REQUIREMENTS.] (a) A licensing authority shall require to the extent possible that charges for collection of mixed municipal solid waste vary with the volume or weight of the waste collected.

(b) A licensing authority may impose requirements that are consistent with the county's solid waste policies as a condition of receiving and maintaining a license.

Sec. 9. [115A.945] [VISIBLE SOLID WASTE MANAGEMENT COSTS.]

Any political subdivision that provides or pays for the costs of collection or disposal of solid waste shall, through a billing or other system, make the prorated share of those costs for each solid waste generator visible and obvious to the generator.

Sec. 10. [115A.952] [RETAIL SALE OF PROBLEM MATERIALS; UNIFORM LABELING AND CONSUMER INFORMATION.]

Subdivision 1. [DUTIES OF AGENCY; RULES.] The agency may adopt rules to identify products that are used primarily for personal, family, or household purposes and that constitute a problem material or contain a problem material as defined in section 2. The rules may also prescribe a uniform label to be affixed by retailers of identified products as provided in subdivision 4.

Subd. 2. [DUTIES OF COMMISSIONER OF AGRICULTURE.] The commissioner of agriculture may adopt rules to provide consumer information and retail handling practices for pesticides, as defined in section 18B.01, subdivision 18; fertilizer material, plant amendments, and soil amendments, as defined in section 17.713; subdivisions 6, 15a, and 19; and wood preservatives.

Subd. 3. [PREPARATION AND SUPPLY OF MATERIALS.] The agency and the commissioner of agriculture shall prepare and the agency shall supply to retailers, without charge to the retailers, the labels and informational materials required to comply with subdivision 4. Informational materials must include specific instructions on environmentally sound ways to use identified products and to handle them when the products or their

containers are discarded.

Subd. 4. [DUTIES OF RETAILERS.] A person who sells or offers for sale at retail any product that is identified pursuant to rules of the agency adopted under subdivision 1 or under rules of the commissioner of agriculture under subdivision 2 shall:

(1) affix a uniform label as prescribed by the rules in a prominent location upon or near the display area of the product. If the adjacent display area is a shelf, the label shall be affixed to the price information for the product on the shelf;

(2) maintain and prominently display informational materials supplied by the agency at the location where identified products covered by the materials are sold or offered for sale; and

(3) comply with the handling practices required under subdivision 2.

Sec. 11. [115A.953] [IDENTIFICATION OF ENVIRONMENTALLY SOUND MATERIALS.]

The board shall prepare and submit a report to the legislature and the legislative commission on waste management by December 31, 1990, on a mechanism to indicate that products are environmentally sound.

Sec. 12. [115A.956] [SOLID WASTE DISPOSAL PROBLEM MATERIALS.]

Subdivision 1. [PROBLEM MATERIAL PROCESSING AND DISPOSAL PLAN.] The board shall develop a plan that designates problem materials and available capacity for processing and disposal of problem materials including household hazardous waste that should not be in mixed municipal solid waste.

Subd. 2. [PROBLEM MATERIAL SEPARATION AND COLLECTION PLAN.] After the board certifies that sufficient processing and disposal capacity is available, the board shall develop a plan for separating problem materials from mixed municipal solid waste, collecting the problem materials, and transporting the problem materials to a processing or disposal facility and may by rule prohibit the disposal of the designated problem materials in mixed municipal solid waste.

Sec. 13. [115A.9561] [MAJOR APPLIANCES.]

A person may not place major appliances in mixed municipal solid waste or dispose of major appliances in a solid waste processing or disposal facility after January 1, 1990. The agency may enforce this section pursuant to section 115.071.

Sec. 14. Minnesota Statutes 1988, section 115A.96, subdivision 2, is amended to read:

Subd. 2. [MANAGEMENT PROGRAM.] (a) The agency shall establish a statewide program to manage household hazardous wastes. The program must include:

(1) the establishment and operation of collection sites; and

(2) the provision of information, education, and technical assistance regarding proper management of household hazardous wastes.

(b) The agency shall report on its progress on establishing permanent collection sites to the legislative commission on waste management by

November 1, 1991.

Sec. 15. Minnesota Statutes 1988, section 115A.96, is amended by adding a subdivision to read:

Subd. 6. [HOUSEHOLD HAZARDOUS WASTE MANAGEMENT PLANS.] (a) Each county shall include in its solid waste management plan required in section 115A.46 or its solid waste master plan required in section 473.803 a household hazardous waste management plan. The plan must at least:

- (1) include a broad based public education component;*
- (2) include a strategy for reduction of household hazardous waste; and*
- (3) address separation of household hazardous waste from mixed municipal solid waste and the collection, storage, and disposal of that waste.*

(b) Each county required to submit its plan to the board under section 115A.46 shall amend its plan to comply with this subdivision within one year after the effective date of this section.

(c) Each county in the state shall implement its household hazardous waste management plan by December 31, 1991.

Sec. 16. [115A.99] [LITTER PENALTIES AND DAMAGES.]

Subdivision 1. [CIVIL PENALTY.] (a) A person who unlawfully places any portion of solid waste in or on public or private lands, shorelands, roadways, or waters is subject to a civil penalty of not less than twice nor more than five times the amount of cost incurred by a state agency or political subdivision to remove, process, and dispose of the waste.

(b) A state agency or political subdivision that incurs cost as described in this section may bring an action to recover the civil penalty, related legal, administrative, and court costs, and damages for injury to or pollution of the lands, shorelands, roadways, or waters where the waste was placed if owned or managed by the entity bringing the action.

Subd. 2. [DEPOSIT OF PENALTIES.] Civil penalties collected under this section must be deposited in the general fund of the jurisdiction enforcing the penalties.

Subd. 3. [PRIVATE ACTION FOR DAMAGES.] A private person may join an action by the state or a political subdivision to recover a civil penalty to allow the person to recover damages for waste unlawfully placed on the person's property.

Sec. 17. [115A.991] [LITTER GRANTS.]

The board may make grants to each county that has included in its solid waste plan required in section 115A.46, or its solid waste master plan required in section 473.803, programs to prevent, control, or abate litter. The board shall establish eligibility criteria for grants including the required level of matching funds from applicants.

Sec. 18. Minnesota Statutes 1988, section 116.07, is amended by adding a subdivision to read:

Subd. 4j. [HOUSEHOLD HAZARDOUS WASTE MANAGEMENT.] (a) The agency shall adopt rules to require the owner or operator of a solid waste disposal facility or resource recovery facility to submit a management plan for the separation of household hazardous waste from solid

waste prior to disposal or processing and for the proper disposal of the waste.

(b) After January 1, 1992, the agency may not grant or renew a permit for a facility that has not submitted a household hazardous waste management plan.

Sec. 19. [325E.035] [UNIFORM LABELING AND PACKAGING REQUIRED.]

It is the policy of this state to manage packaging and labeling in a uniform manner throughout the state. Political subdivisions may not adopt and are preempted from adopting or enforcing labeling or packaging requirements that are different than state law.

Sec. 20. Minnesota Statutes 1988, section 325E.115, subdivision 1, is amended to read:

Subdivision 1. [SURCHARGE; COLLECTION; NOTICE.] (a) A person selling lead acid batteries at retail or offering lead acid batteries for retail sale in this state shall:

(1) accept, at the point of transfer, lead acid batteries from customers;
and

(2) *charge a fee of \$5 per battery sold unless the customer returns a used battery to the retailer; and*

(3) post written notice, which must be at least 8-1/2 inches by 11 inches in size and must contain the universal recycling symbol and the following language:

(i) "It is illegal to put a motor vehicle battery in the garbage.";

(ii) "Recycle your used batteries."; and

(iii) "State law requires us to accept motor vehicle batteries for recycling."

(b) Any person selling lead acid batteries at wholesale or offering lead acid batteries for sale at wholesale must accept, at the point of transfer, lead acid batteries from customers.

Sec. 21. [325E.1151] [LEAD ACID BATTERY PURCHASE AND RETURN.]

Subdivision 1. [PURCHASERS MUST RETURN BATTERY OR PAY \$5.] (a) *A person who purchases a lead acid battery at retail must:*

(1) *return a lead acid battery to the retailer; or*

(2) *pay the retailer a \$5 surcharge.*

(b) *A person who has paid a \$5 surcharge under paragraph (a) must receive a \$5 refund from the retailer if the person returns a lead acid battery with a receipt for the purchase of a new battery from that retailer within 30 days after purchasing a new lead acid battery.*

(c) *A retailer may keep the unrefunded surcharges for lead acid batteries not returned within 30 days.*

Subd. 2. [RETAILERS MUST ACCEPT BATTERIES.] (a) *A person who sells lead acid batteries at retail must accept lead acid batteries from consumers and may not charge to receive the lead acid batteries. A consumer may not deliver more than five lead acid batteries to a retailer at*

one time.

(b) A retailer of lead acid batteries must recycle the lead acid batteries received from consumers.

(c) A retailer who violates paragraph (b) is guilty of a misdemeanor. Each lead acid battery that is not recycled is a separate violation.

Subd. 3. [RETAILERS MUST POST NOTICES.] (a) A person who sells lead acid batteries at retail must post the notice in paragraph (b) in a manner clearly visible to a consumer making purchasing decisions.

(b) The notice must be at least 8-1/2 inches by 11 inches and contain the universal recycling symbol and state:

"NOTICE: USED BATTERIES

This retailer is required to accept your used lead acid batteries, EVEN IF YOU DO NOT PURCHASE A BATTERY. When you purchase a new battery, you will be charged an additional \$5 unless you return a used battery within 30 days.

Improper disposal of a lead acid battery is a crime."

Subd. 4. [NOTICES REQUIRED IN NEWSPAPER ADVERTISEMENTS.] (a) An advertisement for sale of new lead acid batteries at retail in newspapers published in this state must contain the notice in paragraph (b).

(b) The notice must state:

"\$5 additional charge unless a used lead acid battery is returned. Improper disposal of a lead acid battery is a crime."

Sec. 22. Minnesota Statutes 1988, section 368.01, subdivision 14, is amended to read:

Subd. 14. [HEALTH.] (a) The town board of supervisors shall have power by ordinance:

(1) to prohibit or regulate slaughterhouses;

(2) to prevent the bringing, depositing, or leaving within the town of any unwholesome substance or deposit of solid waste within the town not otherwise authorized by law, to require the owners or occupants of lands to remove unwholesome substances ~~therefrom~~ or the unauthorized deposit of solid waste and ~~in default thereof~~ if it is not removed to provide for its removal at the expense of the owner or occupant, which expense shall be a lien upon the property and may be collected as a special assessment;

(3) to provide for or regulate the disposal of sewage, garbage, and other refuse; and

(4) to provide for the cleaning of, and removal of obstructions from, any waters in the town and to prevent their obstruction or pollution.

(b) The town board may establish a board of health under section 145A.07, subdivision 2, with all the powers of such boards under the general laws.

Sec. 23. Minnesota Statutes 1988, section 375.18, is amended by adding a subdivision to read:

Subd. 14. [UNAUTHORIZED DEPOSIT OF SOLID WASTE.] Each county board may by ordinance:

(1) prohibit the deposit of solid waste within the county not otherwise authorized by law;

(2) require the owners or occupants of property to remove the unauthorized deposit of solid waste;

(3) if it is not removed, provide for removal of the solid waste at the owner's or occupant's expense; and

(4) provide for the expense to be a lien on the property and collected as a special assessment.

Sec. 24. Minnesota Statutes 1988, section 400.08, is amended by adding a subdivision to read:

Subd. 5. [FINANCIAL INCENTIVES TO RECYCLE.] A county may:

(1) charge or may require any person who collects solid waste in the county to charge solid waste generators rates for collection or disposal that vary depending on the volume of waste generated;

(2) require collectors to provide financial incentives to solid waste generators who separate recyclable materials from their waste; or

(3) require use of any other mechanism to provide encouragement or rewards to solid waste generators who reduce their waste generation or who separate recyclable materials from their waste.

Sec. 25. Minnesota Statutes 1988, section 412.221, subdivision 22, is amended to read:

Subd. 22. [HEALTH.] (a) The council shall have power by ordinance:

(1) to prohibit or regulate slaughterhouses;

(2) to prevent the bringing, depositing, or leaving within the city of any unwholesome substance or deposit of solid waste within the city not otherwise authorized by law, to require the owners or occupants of lands to remove unwholesome substances ~~therefrom~~ or the unauthorized deposit of solid waste and in default thereof if it is not removed to provide for its removal at the expense of the owner or occupant, which expense shall be a lien upon the property and may be collected as a special assessment;

(3) to provide for or regulate the disposal of sewage, garbage, and other refuse; and

(4) to provide for the cleaning of, and removal of obstructions from, any waters in the city and to prevent their obstruction or pollution.

(b) The council may establish a board of health as defined in section 145A.02, subdivision 2, with all the powers of such boards under the general laws.

Sec. 26. Minnesota Statutes 1988, section 473.149, subdivision 1, is amended to read:

Subdivision 1. [POLICY PLAN; GENERAL REQUIREMENTS.] The metropolitan council shall prepare and by resolution adopt as part of its development guide a long range policy plan for solid waste management in the metropolitan area. When adopted, the plan shall be followed in the metropolitan area. The plan shall address the state policies and purposes expressed in section 115A.02. The plan shall substantially conform to all

policy statements, purposes, goals, standards, maps and plans in development guide sections and plans adopted by the council, provided that no land shall be thereby excluded from consideration as a solid waste facility site except land determined by the agency to be intrinsically unsuitable for such use. The plan shall include goals and policies for solid waste management, *including recycling consistent with article 1, section 12, and household hazardous waste management consistent with section 15*, in the metropolitan area and, to the extent appropriate, statements and information similar to that required under section 473.146, subdivision 1. The plan shall include criteria and standards for solid waste facilities and solid waste facility sites respecting the following matters: general location; capacity; operation; processing techniques; environmental impact; effect on existing, planned, or proposed collection services and waste facilities; and economic viability. The plan shall, to the extent practicable and consistent with the achievement of other public policies and purposes, encourage ownership and operation of solid waste facilities by private industry. For solid waste facilities owned or operated by public agencies or supported primarily by public funds or obligations issued by a public agency, the plan shall include additional criteria and standards to protect comparable private and public facilities already existing in the area from displacement unless the displacement is required in order to achieve the waste management objectives identified in the plan. In developing the plan the council shall consider the orderly and economic development, public and private, of the metropolitan area; the preservation and best and most economical use of land and water resources in the metropolitan area; the protection and enhancement of environmental quality; the conservation and reuse of resources and energy; the preservation and promotion of conditions conducive to efficient, competitive, and adaptable systems of waste management; and the orderly resolution of questions concerning changes in systems of waste management. Criteria and standards for solid waste facilities shall be consistent with rules adopted by the pollution control agency pursuant to chapter 116 and shall be at least as stringent as the guidelines, regulations, and standards of the federal environmental protection agency.

Sec. 27. Minnesota Statutes 1988, section 473.803, subdivision 1, is amended to read:

Subdivision 1. [COUNTY MASTER PLANS; GENERAL REQUIREMENTS.] Each metropolitan county, following adoption or revision of the council's solid waste policy plan and in accordance with the dates specified therein, and after consultation with all affected local government units, shall prepare and submit to the council for its approval, a county solid waste master plan to implement the policy plan. The master plan shall be revised and resubmitted at such times as the council's policy plan may require. The master plan shall describe county solid waste activities, functions, and facilities; the existing system of solid waste generation, collection, and processing, and disposal within the county; *proposed mechanisms for complying with the recycling requirements of article 1, section 12, and the household hazardous waste management requirements of section 15*; existing and proposed county and municipal ordinances and license and permit requirements relating to solid waste facilities and solid waste generation, collection, and processing, and disposal; existing or proposed municipal, county, or private solid waste facilities and collection services within the county together with schedules of existing rates and charges to users and statements as to the extent to which such facilities and services will or may be used to implement the policy plan; and any solid waste

facility which the county owns or plans to acquire, construct, or improve together with statements as to the planned method, estimated cost and time of acquisition, proposed procedures for operation and maintenance of each facility; an estimate of the annual cost of operation and maintenance of each facility; an estimate of the annual gross revenues which will be received from the operation of each facility; and a proposal for the use of each facility after it is no longer needed or usable as a waste facility. The master plan shall, to the extent practicable and consistent with the achievement of other public policies and purposes, encourage ownership and operation of solid waste facilities by private industry. For solid waste facilities owned or operated by public agencies or supported primarily by public funds or obligations issued by a public agency, the master plan shall contain criteria and standards to protect comparable private and public facilities already existing in the area from displacement unless the displacement is required in order to achieve the waste management objectives identified in the plan.

Sec. 28. [473.804] [HOUSEHOLD HAZARDOUS WASTE MANAGEMENT.]

By December 31, 1991, each metropolitan county shall develop and implement a permanent program to manage household hazardous waste. Each program must include regular collection of wastes. Each program must be consistent with the council's policy plan and must be described as part of each county's solid waste master plan revision as required under section 473.803, subdivision 1.

ARTICLE 4

WASTE EDUCATION

Section 1. Minnesota Statutes 1988, section 115A.072, is amended to read:

115A.072 [PUBLIC EDUCATION ON WASTE MANAGEMENT.]

Subdivision 1. [WASTE EDUCATION; COALITION.] (a) The board shall provide for the development and implementation of a program of general public education on waste management in cooperation and coordination with the pollution control agency, metropolitan council, department of education, department of agriculture, state planning agency, environmental quality board, environmental education board, educational institutions, and other public agencies with responsibility for waste management or public education, and three other persons who represent private industry and who have knowledge of or expertise in recycling and solid waste management issues. The objectives of the program are to: develop increased public awareness of and interest in environmentally sound waste management methods; encourage better informed decisions on waste management issues by business, industry, local governments, and the public; and disseminate practical information about ways in which households and other institutions and organizations can improve the management of waste.

(b) The board shall appoint an advisory task force, to be called the waste education coalition, of up to 18 members to advise the board in carrying out its responsibilities under this section and whose membership represents the agencies and entities listed in this subdivision.

Subd. 2. [BOARD DUTIES.] In addition to its general duties established in subdivision 1, the board shall:

(1) develop a statewide waste management public education campaign

with materials that may be easily adapted by political subdivisions to meet their program needs; and

(2) develop and make available to schools educational curricula on waste education for grades kindergarten to 12 to address at least waste reduction, recycling, litter, and proper management and disposal of problem materials.

Subd. 3. [EDUCATION GRANTS.] (a) The board shall provide grants to persons for the purpose of developing and distributing waste education information.

(b) The board shall provide grants and technical assistance to formal and informal education facilities to develop and implement a model program to incorporate waste reduction, recycling, litter prevention, and proper management of problem materials into educational operations.

(c) The board shall provide grants or awards to formal and informal education facilities to develop or implement ongoing waste reduction, recycling, litter prevention, and proper management of problem materials programs.

Subd. 4. [EDUCATION, PROMOTION, AND PROCUREMENT.] The board shall include waste reduction as an element of its program of public education on waste management required under section 115A.072. The waste reduction education program must include dissemination of information and may include an award program for model waste reduction efforts. Waste reduction educational efforts must also include provision of information about and promotion of the model procurement program developed by the commissioner of administration under article 1, section 6, or any other model procurement program that results in significant waste reduction.

Sec. 2. [WASTE EDUCATION CURRICULUM.]

The state board of education shall amend its rules adopted pursuant to Laws 1984, chapter 463, article 7, section 26, subdivisions 1 and 2, to require a waste education component developed pursuant to section 1, subdivision 2, clause (2), as part of the minimum comprehensive educational programs for both secondary and elementary levels. The amended rules adopted by the state board must go into effect beginning in the 1990-1991 school year.

ARTICLE 5

WASTE SPENDING

Section 1. [MAJOR APPLIANCE DISPOSAL REPORT.]

The waste management board shall prepare and submit a report to the legislature and the legislative commission on waste management by January 15, 1990, on how major appliances in the state are being disposed of and should be disposed of.

Sec. 2. [SAFETY GUIDE.]

The pollution control agency, in cooperation with the waste management board and the metropolitan council, shall prepare and distribute to all interested persons a guide for operation of a recycling or yard waste composting facility to protect the environment and public health.

Sec. 3. [SOLID WASTE COMPOSITION STUDY.]

The agency, in cooperation with the board and the council, shall study and comprehensively analyze the composition of solid waste on a statewide and regional basis during each of the four seasons of the year. The study must include and not duplicate existing waste composition information previously gathered and must provide information on recyclables and non-combustibles in the waste, generation of the waste, and other solid waste characteristics. The agency shall present its findings to the legislative commission on waste management by November 1991.

Sec. 4. [STUDY; PURCHASE AND USE OF RECYCLED MATERIALS.]

The commissioner of administration shall conduct a study and evaluation of practices, procedures, and methods to ensure that state contracts and purchasing be structured to encourage the procurement and use of recycled materials and to meet the requirements of article 1, section 6.

By January 1, 1991, the commissioner shall develop a plan and implementation strategy based on the study and shall present it, along with any proposals for legislative action, to the legislative commission on waste management.

Sec. 5. [PLASTICS STUDY.]

The waste management board shall conduct a study on appropriate waste management of plastic material. The study shall analyze for the different types of plastic, based on resin grade:

- (1) the trends in use and new plastics being developed;*
- (2) the impacts on waste processing technologies;*
- (3) the material composition, including heavy metals and additives;*
- (4) opportunities for reduction and recycling; and*
- (5) market development.*

The study shall also analyze and make recommendations on the impact from the use of degradable plastics on reuse and recycling opportunities. The board shall report its findings and recommendations to the legislature by July 1, 1990.

ARTICLE 6

PESTICIDE CONTAINERS

Section 1. [PESTICIDE CONTAINER COLLECTION AND RECYCLING PILOT PROJECT.]

Subdivision 1. [PESTICIDE; DEFINITION.] For the purposes of this section, "pesticide" means a substance as defined in section 18B.01, subdivision 18.

Subd. 2. [PROJECT.] The department of agriculture, in consultation and cooperation with the commissioner of the pollution control agency and the waste management board, shall design and implement a pilot collection project, to be completed by June 30, 1991, to:

- (1) collect and recycle empty, triple-rinsed pesticide containers;*
- (2) develop, demonstrate, and promote proper pesticide container management; and*
- (3) evaluate the current pesticide container management methods and*

the cause and extent of the problems associated with pesticide containers.

Subd. 3. [COLLECTION AND DISPOSAL.] The department of agriculture shall provide for the establishment and operation of temporary collection sites for pesticide containers. The department of agriculture may limit the type and quantity of pesticide containers acceptable for collection.

Subd. 4. [INFORMATION AND EDUCATION.] The department of agriculture shall develop informational and educational materials to promote proper methods of pesticide container management.

Subd. 5. [REPORT.] During the pilot project, the department of agriculture shall conduct surveys and collect information on proper and improper pesticide container storage and disposal. By November 30, 1991, the department of agriculture shall report to the legislature its conclusions from the project and recommendations for additional legislation or rules governing management of pesticide containers.

Subd. 6. [MANAGEMENT AND DISPOSAL.] The department of agriculture or other entity collecting pesticide containers must manage and dispose of the containers in compliance with applicable federal and state requirements.

ARTICLE 7

Section 1. [APPROPRIATIONS.]

The following amounts are appropriated from the solid waste reduction and recycling account to the agencies and for the purposes and fiscal years specified:

	1990	1991
<i>(a) To the waste management board:</i>		
<i>(1) for solid waste reduction programs</i>	\$	\$
<i>(2) for solid waste recycling programs</i>	\$	\$
<i>(3) for market development programs</i>	\$	\$
<i>(4) for grants for litter prevention control and abatement</i>	\$	\$
<i>(5) for public education</i>	\$	\$
<i>(6) for distribution to the counties directly for solid waste reduction and recycling</i>	\$	\$
<i>(b) To the pollution control agency:</i>		
<i>(1) for programs to identify and manage problem materials</i>	\$	\$
<i>(2) for recycling programs</i>	\$	\$
<i>(c) To the department of administration for waste reduction, procurement, and recycling</i>	\$	\$
<i>(d) To the department of agriculture for the pesticide activities</i>	\$	\$
<i>(e) To the department of revenue to administer the taxes</i>	\$	\$

Amounts unexpended in one fiscal year are available for expenditure in the other fiscal year."

Delete the title and insert:

"A bill for an act relating to environment; requiring counties to provide an opportunity to recycle; requiring transportation of recyclable materials to processing and markets; requiring haulers of solid waste and recyclable materials to be licensed by local governments; requiring a charge for solid waste collection on a volume basis; providing financial assistance to counties for collection, transportation, processing, handling, and secondary market development of recyclables; imposing fees for land disposal of solid waste; assessing recycling fees to property owners based on generation of solid waste; developing a recycling and waste reduction program for use in schools; establishing a recycling account; requiring public agency purchase of recycled materials; reviewing barriers to recycling in public buildings; prohibiting incineration and land disposal of recyclable materials; prioritizing incineration and land disposal of waste; authorizing local governments to prohibit and remove unauthorized deposit of solid waste; providing a plan for processing and disposal of solid waste problem materials; appropriating money; amending Minnesota Statutes 1988, sections 115A.03, subdivision 25a, and by adding subdivisions: 115A.072; 115A.12, subdivision 1; 115A.15, subdivision 5, and by adding subdivisions: 115A.46, subdivision 2, and by adding a subdivision; 115A.48, subdivision 3, and by adding a subdivision; 115A.915; 115A.919; 115A.96, subdivision 2, and by adding a subdivision; 116.07, by adding a subdivision; 116K.04, by adding a subdivision; 116P.13; 275.51, subdivision 1; 297A.01, subdivision 3; 297A.02, by adding a subdivision; 297A.44, subdivision 1; 325E.115, subdivision 1; 368.01, subdivision 14; 375.18, by adding a subdivision; 400.08, by adding a subdivision; 412.221, subdivision 22; 473.149, subdivision 1; and 473.803, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 16B; 115A; 173; 297A; 325E; and 473."

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

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

H.F. No. 300: A bill for an act relating to occupational safety and health; increasing certain penalties; proposing changes to the employee right-to-know act of 1984; amending Minnesota Statutes 1988, sections 182.651, subdivisions 7, 14, 15, and by adding a subdivision; and 182.653, subdivisions 4b, 4c, and 4f; repealing Minnesota Statutes 1988, section 182.651, subdivision 16.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 182.651, subdivision 7, is amended to read:

Subd. 7. "Employer" means a person who ~~has~~ employs one or more employees and includes any person ~~acting~~ who has the power to hire, fire, or transfer, or who acts in the interest of, or as a representative of, an employer and includes a corporation, partnership, association, group of persons, and the state and all of its political subdivisions.

Sec. 2. Minnesota Statutes 1988, section 182.651, subdivision 16, is amended to read:

Subd. 16. (a) "Technically qualified individual" means a ~~person physician, lead research individual, pharmacist, or other class of professionals or technicians who qualify under paragraph (c),~~ who, because of professional or technical education, training or experience, understands, at the time of exposure, the health risks and the necessary safety precautions associated with each hazardous substance, harmful physical agent, infectious agent or mixture handled or utilized by the person.

(b) The commissioner shall by rule adopt a standard which specifies the criteria to be considered in determining whether or not a person is a technically qualified individual *under this subdivision*.

(c) Any statewide organization or association whose membership consists of a class of professionals or technicians not otherwise qualifying as a "technically qualified individual" under paragraph (a), may, through its authorized representative, petition the commissioner to qualify as a "technically qualified individual" under this subdivision for the purposes of chapter 182. The commissioner shall make this determination under the standards set forth in paragraph (a) and pursuant to the rules adopted under paragraph (b).

Sec. 3. Minnesota Statutes 1988, section 182.651, is amended by adding a subdivision to read:

Subd. 20. [INFECTIOUS AGENT.] "*Infectious agent*" means a communicable bacterium, rickettsia, parasites, virus, or fungus determined by the commissioner by rule, with approval of the commissioner of health, which according to documented medical or scientific evidence causes substantial acute or chronic illness or permanent disability as a foreseeable and direct result of any routine exposure to the infectious agent. Infectious agent does not include an agent in or on the body of a patient before diagnosis.

Sec. 4. Minnesota Statutes 1988, section 182.653, subdivision 4f, is amended to read:

Subd. 4f. Each employer ~~who operates a hospital or clinic~~ shall provide training according to a program developed by the commissioner by rule with approval of the commissioner of health to its employees ~~who are~~ routinely exposed to an infectious agent. The training shall include the information required by the rule for that agent as developed by the commissioner and shall include, if known, names of infectious agents to which the employee is routinely exposed, proper techniques for the employee to avoid self-contamination, and symptoms and effects of contamination. Training shall be provided upon the initial assignment of the employee to a job where that person will be routinely exposed to an infectious agent. Existing in-service, hospital licensure or certification programs which the commissioner determines substantially comply with the rules adopted pursuant to this subdivision may be certified by the commissioner to satisfy all or a part of the rules. "*Infectious agent*" means a communicable bacterium, rickettsia, parasites, virus, or fungus determined by the commissioner by rule, with approval of the commissioner of health, which according to documented medical or scientific evidence causes substantial acute or chronic illness or permanent disability as a foreseeable and direct result of any routine exposure to the infectious agent. Infectious agent does not include

an agent in or on the body of a patient before diagnosis.

Infectious agent does not include an agent being developed or regularly utilized by a technically qualified individual in a research, medical research, medical diagnostic or medical educational laboratory or in a health care facility or in a clinic associated with a laboratory or health care facility, or in a pharmacy registered and licensed under chapter 151.

Employees who have been routinely exposed to an infectious agent prior to the effective date of Laws 1983, chapter 316 and who continue to be routinely exposed to that infectious agent after the effective date of Laws 1983, chapter 316, shall be trained with respect to that infectious agent within six months of the effective date of Laws 1983, chapter 316.

Training to update the information required to be provided under this subdivision shall be repeated at intervals no greater than one year.

Any technically qualified individual shall be notified of and may elect to participate in any training or update programs required to be provided under this subdivision to employees who are not technically qualified individuals. The employer shall make a reasonable attempt to allow technically qualified individuals to attend training or update programs which may be held during the employee's scheduled work hours.

Sec. 5. Minnesota Statutes 1988, section 182.669, subdivision 1, is amended to read:

Subdivision 1. Any employee believed to have been discharged or otherwise discriminated against by any person because such employee has exercised any right authorized under the provisions of sections 182.65 to 182.674, may, within 30 days after such alleged discrimination occurs, file a complaint with the commissioner alleging the discriminatory act. Upon receipt of such complaint, the commissioner shall cause such investigation to be made as the commissioner deems appropriate. If upon such investigation the commissioner determines that a discriminatory act was committed against an employee the commissioner shall refer the matter to the office of administrative hearings for a hearing before an administrative law judge pursuant to the provisions of chapter 14. ~~The administrative law judge may order rehiring of the employee, reinstatement of the employee's former position, fringe benefits, seniority rights, back pay, recovery of compensatory damages, and reasonable attorney fees, or other appropriate relief. In all cases where the administrative law judge finds that an employee has been discharged or otherwise discriminated against by any person because the employee has exercised any right authorized under sections 182.65 to 182.674, the administrative law judge may order payment to the employee of back pay and compensatory damages. The administrative law judge may also order rehiring of the employee; reinstatement of the employee's former position, fringe benefits, and seniority rights; and other appropriate relief. In addition, the administrative law judge may order payment to the commissioner or to the employee of costs, disbursements, witness fees, and attorney fees. Interest shall accrue on, and be added to, the unpaid balance of an administrative law judge's order from the date the order is signed by the administrative law judge until it is paid, at the annual rate provided in section 549.09, subdivision 1, paragraph (c). An employee may bring a private action in the district court for relief under this section.~~

Sec. 6. [TRANSITION TRAINING PERIOD.]

This section applies to employees who are subject to the training requirements of section 182.653, subdivision 4f, because of the amendment in section 4. Employees who have been routinely exposed to an infectious agent prior to August 1, 1989, and who continue to be exposed after August 1, 1989, must be trained with respect to that infectious agent by no later than February 1, 1990.

Sec. 7. [REPEALER.]

Minnesota Statutes 1988, section 182.651, subdivision 16, is repealed."

Delete the title and insert:

"A bill for an act relating to occupational safety and health; proposing changes to the employee right-to-know act of 1983; amending Minnesota Statutes 1988, sections 182.651, subdivisions 7, 16, and by adding a subdivision; 182.653, subdivision 4f; and 182.669, subdivision 1; repealing Minnesota Statutes 1988, section 182.651, subdivision 16."

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

Mr. Frank from the Committee on Economic Development and Housing, to which was referred

S.F. No. 522: A bill for an act relating to housing; authorizing the establishment of affordable housing programs under the administration of the Minnesota housing finance agency; establishing a neighborhood preservation program; revising certain tenant damage provisions in landlord-tenant actions; regulating tenant screening services; establishing housing courts, rent escrow systems, and building repair fines as demonstration projects in Hennepin and Ramsey counties; reducing property taxes on certain types of residential rental property; authorizing a tax levy for public housing; establishing a fair housing education and public information program; requiring housing impact statements; revising certain housing receivership provisions; changing notice and redemption provisions for certain types of properties; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 273.13, subdivision 25; 462A.05, subdivision 27, and by adding subdivisions; 462A.201, subdivision 5; 462A.21, subdivisions 4k, 12, and by adding subdivisions; 463.21; 469.012, subdivision 1; 504.255; 504.26; 566.175, subdivision 1; 566.29, subdivisions 1, 4, and by adding subdivisions; 580.031; and 580.23, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 256; 462C; 471; 504; and 566.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

AFFORDABLE HOUSING PROGRAMS

Section 1. [129A.11] [ACCESSIBLE HOUSING INFORMATION.]

The commissioner of jobs and training may make accessible housing information grants to eligible organizations to develop, maintain, and publicize a list of accessible housing units within their area of operation,

based on recommendations of the disability council. In making grant recommendations to the commissioner, the disability council must consider the area of operation of the recommended grant recipients to ensure that every county in the state is within the area of operation of one of the organizations. For purposes of this section, accessible housing unit means an accessible housing unit that meets the handicapped facility requirements of the state building code, Minnesota Rules, chapter 1340. The list may also include housing units that do not meet handicapped facility code requirements, but that are accessible to disabled persons. The list must be made available at no cost to persons seeking accessible housing and must be updated at least every two months. An eligible organization must have the capability to develop, maintain, and publicize a list of accessible housing units within the organization's area of operation.

Sec. 2. [268.44] [EMERGENCY MORTGAGE AND RENTAL ASSISTANCE PILOT PROJECT.]

Subdivision 1. [ADMINISTRATION.] The commissioner of jobs and training shall administer an emergency mortgage and rental assistance pilot project for individuals who are in imminent danger of losing their housing as a result of having insufficient income to allow payment of their rental or mortgage costs. Eligible project participants are individuals ineligible for emergency assistance or general assistance for housing and whose income does not exceed 80 percent of the area median income during the previous two years. No individual or family may receive more than six months of rental or mortgage assistance. The commissioner of jobs and training may establish eligibility priorities for emergency rental or mortgage assistance among the categories of persons needing assistance, including persons subject to immediate eviction for nonpayment of rent or foreclosure for nonpayment of mortgage installments or property taxes, when nonpayment is attributable to illness, unemployment, underemployment, or any other failure of resources beyond the person's control.

Subd. 2. [LOCAL RESPONSIBILITIES.] The commissioner of jobs and training must disburse funds to local agencies responsible for the distribution of emergency assistance. The local agencies may distribute funds to eligible project participants and may determine the amount of assistance on a case-by-case basis. Local agencies must provide program participants with referral services relating to housing and other resources and programs that may be available to them.

Subd. 3. [MORTGAGE ASSISTANCE.] Eligible homeowners at risk of losing their housing as a result of a short-term disruption or decrease in income may receive monthly mortgage or mortgage arrears assistance interest-free loans. The local distributing agency must determine repayment schedules on a case-by-case basis. The commissioner of jobs and training must inform mortgagees of the mortgage assistance project.

Subd. 4. [RENTAL ASSISTANCE.] Eligible applicants who are in imminent danger of losing their housing may receive monthly rental or rental arrears assistance payments. Monthly rental assistance payments may not exceed the fair market value of the rental housing unit. Persons may be required to repay the rental assistance based on their financial ability to pay, as determined by the local distributing agency.

Sec. 3. Minnesota Statutes 1988, section 462A.03, is amended by adding a subdivision to read:

Subd. 21. [CITY.] "City" has the meaning given in section 462C.02, subdivision 6.

Sec. 4. Minnesota Statutes 1988, section 462A.05, is amended by adding a subdivision to read:

Subd. 14c. [NEIGHBORHOOD PRESERVATION.] It may agree or enter commitments to purchase, make, or participate in making loans described in subdivision 14 for programs approved by the agency for the preservation of designated neighborhoods. A designated neighborhood must meet the following requirements:

(1) at least 70 percent of the residential buildings are at least 35 years old;

(2) at least 60 percent of the residential buildings are owner-occupied;

(3) the average market value of the neighborhood's owner-occupied housing is not more than 100 percent of the purchase price limit for existing homes eligible for purchase in the neighborhood under the agency's home mortgage loan program; and

(4) the geographic area of the neighborhood consists of contiguous parcels of land.

To achieve the policy of economic integration stated in section 462A.02, subdivision 6, the programs may authorize loans to borrowers having ownership interests in properties in the neighborhood who are not eligible mortgagors as defined in section 462A.03, subdivision 13. The aggregate original principal balances of noneligible mortgagor loans in a neighborhood benefiting from financing under this subdivision must not exceed 25 percent of the total amount of neighborhood preservation loan funds allocated to the neighborhood under the program.

Sec. 5. Minnesota Statutes 1988, section 462A.05, subdivision 27, is amended to read:

Subd. 27. The agency, or the corporations referred to in subdivision 26, may acquire property or property interests under subdivisions 25 and 26 and section 462A.06, subdivision 7, for the following purposes: (1) to protect a loan or grant in which the agency or corporation has an interest; or (2) to preserve for the use of low- and moderate-income persons or families multifamily housing, ~~previously financed by the agency,~~ which ~~was (i) previously financed by the agency, or (ii) not financed by the agency~~ but is benefited by federal housing assistance payments or other rental subsidy or interest reduction contracts. Property or property interests acquired for the purpose specified in clause (1) may be acquired by foreclosure, deed in lieu of foreclosure, or otherwise.

Multifamily property acquired as provided in clause (2) must be managed on a fee basis by an entity other than the agency or corporation. The agency or corporation may manage the property on a temporary basis until an agreement is entered into with another entity to manage the property. The agency or corporation shall make the property available for sale at a purchase price and on terms that are mutually agreeable to the parties. In the sale of property benefited by federal housing assistance, priority must be given to a buyer who agrees to maintain the federal housing assistance.

Sec. 6. Minnesota Statutes 1988, section 462A.05, is amended by adding a subdivision to read:

Subd. 30. [HOME EQUITY CONVERSION LOANS.] (a) The agency may make or purchase home equity conversion loans for low- or moderate-income elderly homeowners. Loan recipients must be at least 62 years of age, have substantial equity in their home, and have an income at or below 50 percent of the greater of statewide or area median income. The agency must inform a program participant of available home equity conversion loan counseling services before making a loan.

(b) Repayment of a home equity conversion loan may not be required until at least one of the following conditions occurs:

- (1) the sale or conveyance of the mortgaged property;*
- (2) the mortgaged property is no longer the mortgagor's principal residence;*
- (3) the death of the mortgagor; or*
- (4) a violation of an obligation of the mortgagor under the mortgage.*

For purposes of this section, an obligation of the mortgagor under the mortgage does not include immediate repayment upon completion of loan disbursements at the end of a specified term.

Sec. 7. Minnesota Statutes 1988, section 462A.08, is amended by adding a subdivision to read:

Subd. 4. [REVENUE BONDS.] The agency may issue revenue bonds on behalf of two or more cities for city housing rehabilitation loan and grant programs.

Sec. 8. [462A.202] [AFDC RENTAL HOUSING SUBSIDY DEMONSTRATION PROJECT.]

Subdivision 1. [AUTHORIZATION.] The agency may develop a demonstration project to provide monthly rental housing subsidies for recipients of aid to families with dependent children who participate in employment and training programs specifically designed to reduce long-term dependence on public assistance, and which are administered by the department of human services or the department of jobs and training. The agency shall coordinate the monthly rental housing subsidy program with the state agencies responsible for administering employment and training programs for recipients of aid to families with dependent children.

Subd. 2. [LOCAL ADMINISTRATION.] The agency may select local public housing agencies or housing and redevelopment authorities for distribution of the subsidy payments. The agency must select the local agencies or authorities based on the following criteria:

(1) demonstrated need for a rental housing subsidy program in conjunction with employment and training programs designed to reduce long-term dependence on public assistance;

(2) evidence of a cooperative working relationship among the public and private entities administering the employment and training programs within the jurisdiction of the local agency or authority; and

(3) demonstrated capability of the local agency or authority to administer a rental housing subsidy program, such as the federal section 8 housing assistance program.

Subd. 3. [HOUSEHOLD CRITERIA.] In order to be eligible to receive

a rental housing subsidy, a household must meet the following criteria:

(1) the household is not receiving housing assistance through a federal housing assistance program;

(2) 30 percent of the monthly income of the household, including the value of food stamps received, at the time of application for the housing subsidy, is less than the fair market rent for the unit size appropriate for the household, as established by the federal section 8 housing assistance program regulations; and

(3) the head of the household is certified by the administering entity to have been actively and effectively engaged for a minimum of one year in a program of employment and training designed to reduce the dependence of the household on public assistance.

Subd. 4. [PROJECT REQUIREMENTS.] A local agency or authority receiving funding must comply with the following requirements:

(1) the maximum period for which a household may receive a housing subsidy is 24 months;

(2) the housing subsidy must be discontinued if the head of the household ceases to be actively and effectively engaged in a program of employment and training, as certified by the administering entity. The housing subsidy may be continued if the head of the household successfully completes the program of employment or training;

(3) the maximum amount of the housing subsidy does not exceed the difference between 30 percent of household income, including the value of food stamps received, and the fair market rent for the unit size appropriate for the household as established by federal section 8 housing assistance program regulations; and

(4) the subsidy payment must be a vendor payment made directly to the property owner.

Up to ten percent of the funds received may be used to pay administration costs of the program.

Sec. 9. [462A.203] [HOUSING PRESERVATION PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The agency may establish a housing preservation program for the purpose of making housing preservation grants to cities. Cities may use the grants to establish revolving loan funds for the acquisition, improvement, or rehabilitation of residential buildings for the purpose of preserving eligible housing. To achieve the policy of economic integration stated in section 462A.02, subdivision 6, loans may be made to borrowers with ownership interests in property whose income is equal to or less than 110 percent of area median income. The aggregate original principal balances of those residential mortgagor loans must not exceed 25 percent of the total amount of housing preservation loan funds allocated to a city.

Subd. 2. [ELIGIBILITY REQUIREMENTS.] A city's application for a housing preservation grant must include a geographic description of the area for which the grant will be used. A city may designate only one area for each grant application submitted, but may submit more than one application. The application must include a city council resolution certifying that the designated area meets the following requirements:

(1) at least 70 percent of the residential buildings are at least 35 years old;

(2) at least 60 percent of the residential buildings are owner-occupied;

(3) the average market value of the area's owner-occupied housing is not more than 100 percent of the purchase price limit for existing homes eligible for purchase in the area under the agency's home mortgage loan program; and

(4) the geographic area consists of contiguous parcels of land.

Subd. 3. [LOCAL MATCH.] In order to qualify for a program grant, a city must match every dollar of state money with one dollar of city matching funds. City matching funds may consist of:

(1) money from the general fund or a special fund of the city;

(2) money paid or repaid to a city from the proceeds of a grant that the city has received from the federal government, a profit or nonprofit corporation, or another entity or individual;

(3) the greater of the fair market value or the cost to the city of acquiring land, buildings, equipment, or other real or personal property that a city contributes, grants, or loans to a profit or nonprofit corporation, or other entity or individual in connection with the implementation of the housing preservation program;

(4) money to be used to install, reinstall, repair, or improve the infrastructure facilities of an eligible area;

(5) money contributed by a city to pay issuance costs or to otherwise provide financial support for revenue bonds or obligations issued for a project or program related to the implementation of a housing preservation program; and

(6) money derived from fees received by a city in connection with its community development activities that are to be used in implementing a housing preservation program.

Subd. 4. [ADVISORY COMMITTEE.] Before a city may make any loans under the housing preservation program, the city must establish an advisory committee to advise and assist the city in implementing the housing preservation program.

Subd. 5. [BONDS.] The agency may issue general obligation bonds of the agency, revenue bonds, or a combination of both, the proceeds of which must be used for the housing preservation program.

Sec. 10. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 3a. [CAPACITY BUILDING REVOLVING LOAN FUND.] It may establish a revolving loan fund for predevelopment costs for nonprofit organizations and local government units engaged in the construction or rehabilitation of low- and moderate-income housing, and for the purposes specified in sections 462A.05, subdivision 5; and 462A.07, subdivisions 2, 3, 3a, 5, 5a, 6, 7, 11, and 16. The agency may delegate the authority to administer the revolving loan fund for designated areas in the state to existing nonprofit organizations. Nonprofit entities selected to exercise such delegated powers must have sufficient professional housing development expertise, as determined by the agency, to evaluate the economic

feasibility of an applicant's proposed project. Loans to nonprofit organizations or local government units under this subdivision may be made with or without interest as determined by the agency.

Sec. 11. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 3b. [CAPACITY BUILDING GRANTS.] It may make capacity building grants to nonprofit organizations, local government units, Indian tribes, and Indian tribal organizations to expand their capacity to provide affordable housing and housing-related services. The grants may be used to assess housing needs and to develop and implement strategies to meet those needs, including the creation or preservation of affordable housing and the linking of supportive services to the housing. The agency shall adopt rules specifying the eligible uses of grant money. Funding priority must be given to those applicants that include low-income persons in their membership, have provided housing-related services to low-income people, and demonstrate a local commitment of local resources, which may include in-kind contributions.

Sec. 12. Minnesota Statutes 1988, section 462A.21, subdivision 4k, is amended to read:

Subd. 4k. [HOUSING DEVELOPMENT FUND.] The agency may make grants for residential housing for low-income persons under section 462A.05, subdivision 28, ~~from funds specifically appropriated by the legislature for that purpose~~ and may pay the costs and expenses for the development and operation of the program.

Sec. 13. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 8b. [FAMILY RENTAL HOUSING.] It may establish a family rental housing assistance program to provide loans or direct rental subsidies for housing for families with incomes of up to 60 percent of area median income. Priority must be given to those developments with resident families with the lowest income. The development may be financed by the agency or other public or private lenders. Direct rental subsidies must be administered by the agency for the benefit of eligible families. Loans and direct rental subsidies under this subdivision may be made only with specific appropriations by the legislature.

Sec. 14. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 8c. [RENTAL HOUSING FOR INDIVIDUALS.] It may establish a rental housing assistance program for persons of low income or with a mental illness to provide loans or direct rental subsidies for housing for individuals with incomes of up to 25 percent of area median income. Priority must be given to developments with the lowest income residents. Housing for the mentally ill must be operated in coordination with social service providers who provide services to tenants. The developments may be financed by the agency or other public or private entities. Direct rental subsidies must be administered by the agency for the benefit of eligible tenants. Loans and direct rental subsidies under this subdivision may be made only with specific appropriations by the legislature.

Sec. 15. Minnesota Statutes 1988, section 462A.21, subdivision 12, is amended to read:

Subd. 12. [TEMPORARY HOUSING.] It may make *loans or grants* for the purpose of section 462A.05, subdivision 20, and may pay the costs and expenses necessary and incidental to the *loan or grant* program authorized therein. ~~Grants pursuant to section 462A.05, subdivision 20 may be made only with specific appropriations by the legislature.~~

Sec. 16. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 12a. [PROGRAM MONEY TRANSFER.] Grants authorized under section 462A.05, subdivisions 20, 28, and 29, may be made only with specific appropriations by the legislature, but unencumbered balances of money appropriated for the purpose of loans or grants for agency programs under these subdivisions may be transferred between programs created by these subdivisions or in accordance with section 462A.20, subdivision 3.

Sec. 17. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 15. [HOUSING INITIATIVE PROGRAMS.] It may spend money for the purpose of section 18, and may pay the costs and expenses necessary and incidental to the development and authorization of the programs described in that section.

Sec. 18. [462A.226] [HOUSING INITIATIVE PROGRAM.]

Subdivision 1. [PROGRAM ADMINISTRATION.] The agency may provide grants or loans to eligible applicants to administer grant and loan programs or to provide residential housing for low- and moderate-income persons and families. Eligible applicants may use grants and loans to acquire, rehabilitate, refinance, construct, and preserve residential housing; clear debris; obtain utility connections; repair and install wells and septic systems; remove architectural barriers; pay relocation costs; make energy-related improvements; pay administrative costs of housing programs; and other purposes designated by the agency. Eligible applicants include political subdivisions, nonprofit or cooperative organizations, housing and redevelopment authorities, and other organizations designated by the agency.

Subd. 2. [PRIORITY.] In awarding grants and loans, the agency shall give priority to applicants that:

(1) have experience in providing services to low- and moderate-income people and administering housing programs;

(2) include low- and moderate-income persons on their decision-making bodies;

(3) propose to address the housing needs of people with the lowest income in their service areas;

(4) use locally available resources;

(5) add to the supply of permanently affordable housing; and

(6) provide opportunities for low- and moderate-income people to participate in the ownership or management of their housing. The maximum amount of an annual grant is \$500,000 per applicant.

Subd. 3. [GRANTS AND LOANS TO LOW- AND MODERATE-INCOME PERSONS.] Applicants may make grants or loans to persons and families whose income is equal to or less than 80 percent of the area median income

as calculated by the United States Department of Housing and Urban Development and adjusted for family size, or for projects, as defined by the agency, principally benefiting such persons or families. The agency may determine the terms and conditions under which any or all of the loans must be repaid.

Subd. 4. [PROGRAM LIMITATIONS.] A program recipient may not use more than five percent of the funds allocated to it for costs of administering low- and moderate-income housing programs. At least 75 percent of the loan or grant must be used for housing programs for persons and families whose income is equal to or less than 60 percent of the area median income as calculated by the United States Department of Housing and Urban Development.

Subd. 5. [REPORTS.] Program recipients shall submit a report to the agency, as required by the agency. The report must include the following information:

- (1) the number of housing units created or assisted as a result of the program;*
- (2) the income and size of households affected by the program; and*
- (3) any other information requested by the agency.*

The agency shall submit a housing initiative program report summarizing the information required under this subdivision to the legislature.

Sec. 19. [462A.28] [HOME EQUITY CONVERSION LOAN COUNSELING PROGRAM.]

Subdivision 1. [PROGRAM ADMINISTRATION.] The Minnesota housing finance agency shall select and contract with a nonprofit corporation to administer a home equity conversion loan counseling program for senior homeowners. The organization selected must meet the following requirements:

- (1) its primary purpose is to assist elderly persons in obtaining and maintaining affordable housing;*
- (2) it is knowledgeable about reverse mortgage programs;*
- (3) it has experience in counseling older persons on housing, including knowledge of alternative living arrangements for older persons; and*
- (4) it has knowledge of existing public support programs for older persons.*

Subd. 2. [PROGRAM RESPONSIBILITIES.] The organization selected to administer the counseling program in subdivision 1 must perform the following program responsibilities with program clients:

- (1) conduct a review of reverse mortgage programs, including the advantages, disadvantages, and alternatives;*
- (2) explain the effects of the mortgage on the client's estate and public benefits;*
- (3) explain the lending process; and*
- (4) discuss the client's supplemental income needs.*

Sec. 20. [STATEWIDE AND SUBURBAN FUNDING ALLOCATION.]

The agency shall ensure that money appropriated under section 21 is distributed statewide and that the seven-county metropolitan area outside

of the cities of Minneapolis and Saint Paul receives an equitable distribution of the allocation.

Sec. 21. [APPROPRIATIONS; LOW-INCOME RENTAL HOUSING.]

\$ is appropriated from the general fund to the Minnesota housing finance agency for low-income family rental housing located outside of home rule charter or statutory cities of the first class.

\$ is appropriated from the general fund to the Minnesota housing finance agency for low-income individual rental housing located outside of home rule charter or statutory cities of the first class.
\$ is appropriated from the general fund to the Minnesota housing finance agency for rental housing for persons with a mental illness.

Sec. 22. [APPROPRIATION; TRANSITIONAL AND MIGRANT HOUSING.]

\$ is appropriated from the general fund to the Minnesota housing finance agency for the acquisition, rehabilitation, or construction of transitional housing units.

\$ is appropriated from the general fund to the Minnesota housing finance agency for the acquisition, rehabilitation, or construction of affordable housing units for migrant laborers.

Sec. 23. [APPROPRIATION; ACCESSIBLE HOUSING.]

\$ is appropriated from the general fund to the Minnesota housing finance agency for the construction or adaptation of units accessible to the physically handicapped for family rental housing.

\$ is appropriated from the general fund to the Minnesota housing finance agency for single family home accessibility modification.

Sec. 24. [APPROPRIATION; RENTAL SUBSIDY.]

\$ is appropriated from the general fund to the Minnesota housing finance agency for the AFDC rental housing subsidy program.

Sec. 25. [APPROPRIATION; LOAN COUNSELING.]

\$ is appropriated from the general fund to the Minnesota housing finance agency for the home equity conversion loan counseling program.

Sec. 26. [APPROPRIATION; CAPACITY BUILDING GRANTS.]

\$ is appropriated from the general fund to the Minnesota housing finance agency for capacity building grants.

Sec. 27. [APPROPRIATION; HOUSING INITIATIVES.]

\$ is appropriated from the general fund to the commissioner of the Minnesota housing finance agency for the housing initiative programs.

Sec. 28. [APPROPRIATION; HOUSING PRESERVATION.]

\$ is appropriated from the general fund to the Minnesota housing finance agency for the housing preservation program.

Sec. 29. [APPROPRIATION; HOME ENERGY LOANS.]

\$ of the money received by the state as a result of litigation or settlements of alleged violations of federal petroleum pricing regulations

is appropriated to the Minnesota housing finance agency for the purpose of making home energy loans.

Sec. 30. [APPROPRIATIONS; COMMISSIONER OF JOBS AND TRAINING.]

\$ is appropriated from the general fund to the commissioner of jobs and training for accessible housing information grants.

\$ is appropriated from the general fund to the commissioner of jobs and training for the emergency mortgage and rental assistance program.

\$ is appropriated from the general fund to the commissioner of jobs and training for the temporary housing demonstration program established under Minnesota Statutes, section 268.38.

ARTICLE 2

LANDLORD-TENANT PROVISIONS

Section 1. [504.181] [ESCROW OF RENT TO REMEDY VIOLATIONS.]

Subdivision 1. [DEFINITIONS.] The definitions in section 566.18 apply to this section.

Subd. 2. [ESCROW OF RENT.] If a violation exists in a building, a tenant may deposit the amount of rent due to the owner with the court administrator using the following procedure:

(a) For a violation of section 566.18, subdivision 6, clause (a), the tenant may deposit with the court administrator the rent due the owner along with a copy of the written notice of the code violation as provided in section 566.19, subdivision 2. The tenant may not deposit the rent or file the written notice of the code violation until the time granted to make repairs has expired without satisfactory repairs being made, unless the tenant alleges that the time granted is excessive.

(b) For a violation of section 566.18, subdivision 6, clause (b) or (c), the tenant must give written notice to the owner specifying the violation. The notice must be delivered personally or sent to the person or place where rent is normally paid. If the violation is not corrected within 14 days, the tenant may deposit the amount of rent due to the owner with the court administrator along with an affidavit specifying the violation. The court must provide a simplified form affidavit for use under this clause.

As long as proceedings are pending under this section, the tenant must pay rent as directed by the court and may not withhold rent to remedy a violation.

Subd. 3. [COUNTERCLAIM FOR POSSESSION.] The owner may file a counterclaim for possession of the premises in cases where the owner alleges that the tenant did not deposit the full amount of rent with the court administrator. The court must set the date for a hearing on the counterclaim not less than seven nor more than 14 days from the day of filing the counterclaim. If the rent escrow hearing and the hearing on the counterclaim for possession cannot be heard on the same day, the matters must be consolidated and heard on the date scheduled for the hearing on the counterclaim. The contents of the counterclaim for possession must meet the requirements for a complaint in unlawful detainer under section 566.05. The owner must serve the counterclaim as provided in section 566.06,

except that the affidavits of service or mailing may be brought to the hearing rather than filed with the court before the hearing. The court must provide a simplified form for use under this section.

Subd. 4. [FILING FEE.] The court administrator may charge a filing fee in the amount set for complaints and counterclaims in conciliation court, subject to the filing of an inability to pay affidavit.

Subd. 5. [NOTICE OF HEARING.] A hearing must be held within ten to 14 days of the day a tenant deposits rent with the court administrator. If the cost of remedying the violation, as estimated by the tenant, is within the jurisdictional limit for conciliation court, the court administrator shall notify the owner and the tenant of the time and place of the hearing by first class mail. The notice of hearing must be mailed within one business day of the day the tenant deposits the rent with the court administrator. The tenant must provide the court administrator with the owner's name and address. If the owner has disclosed a post office box as the owner's address under section 504.22, notice of the hearing may be mailed to the post office box. If the cost of remedying the violation, as estimated by the tenant, is above the jurisdictional limit for conciliation court, the tenant must serve the notice of hearing according to the rules of civil procedure. The notice of hearing must specify the amount the tenant has deposited with the court administrator, and must inform the owner that possession of the premises will not be in issue at the hearing unless the owner files a counterclaim for possession or an action under sections 566.01 to 566.17.

Subd. 6. [HEARING.] The hearing shall be conducted by a court without a jury. The court normally shall receive only evidence admissible under the rules of evidence, but in the interest of justice and the summary determination of the case, the court may receive evidence not so admissible, including certified copies of inspection reports.

Subd. 7. [RELEASE OF RENT PRIOR TO HEARING.] If the tenant gives written notice to the court administrator that the violation has been remedied, the court administrator must release the rent to the owner and, unless the hearing has been consolidated with another action, must cancel the hearing. If the tenant and the owner enter into a written agreement signed by both parties apportioning the rent between them, the court administrator must release the rent in accordance with the written agreement and cancel the hearing.

Subd. 8. [CONSOLIDATION WITH UNLAWFUL DETAINER.] Actions under this section and actions in unlawful detainer brought under sections 566.01 to 566.17 which involve the same parties must be consolidated and heard on the date scheduled for the unlawful detainer.

Subd. 9. [JUDGMENT.] (a) Upon finding that a violation exists, the court may, in its discretion, do any or all of the following:

(1) order relief as provided in section 566.25, including retroactive rent abatement;

(2) order that all or a portion of the rent in escrow be released for the purpose of remedying the violation;

(3) order that rent be deposited with the court as it becomes due to the owner or abate future rent until the owner remedies the violation; or

(4) impose fines as required in section 15.

(b) When a proceeding under this section has been consolidated with a counterclaim for possession or an action in unlawful detainer under sections 566.01 to 566.17, and the owner prevails, the tenant may redeem the tenancy as provided in section 504.02.

(c) When a proceeding under this section has been consolidated with a counterclaim for possession or an action under an unlawful detainer under sections 566.01 to 566.17 on the grounds of nonpayment, the court may not require the tenant to pay the owner's filing fee as a condition of retaining possession of the premises when the tenant has deposited with the court the full amount of money found by the court to be owed to the owner.

Subd. 10. [RELEASE OF RENT AFTER HEARING.] Upon finding, after a hearing on the matter has been held, that no violation exists in the building or that the tenant did not deposit the full amount of rent due with the court administrator, the court shall order the immediate release of the rent to the owner. Upon finding that a violation existed, but was remedied between the commencement of the action and the hearing, the court may order rent abatement and must release the rent to the parties accordingly. Any rent found to be owed to the tenant must be released to the tenant.

Subd. 11. [RETALIATION; WAIVER; RIGHTS AS ADDITIONAL.] The provisions of section 566.28 apply to proceedings under this section. The tenant rights under this section may not be waived or modified and are in addition to and do not limit other rights or remedies which may be available to the tenant and owner.

Sec. 2. Minnesota Statutes 1988, section 504.255, is amended to read:

504.255 [UNLAWFUL OUSTER OR EXCLUSION; DAMAGES.]

If a landlord, an agent, or other person acting under the landlord's direction or control, unlawfully and in bad faith removes ~~or~~, excludes, *or forcibly keeps out* a tenant from a residential premises, the tenant may recover from the landlord ~~up to~~ *treble damages or \$500, whichever is greater*, and reasonable attorney's fees.

Sec. 3. Minnesota Statutes 1988, section 504.26, is amended to read:

504.26 [UNLAWFUL TERMINATION OF UTILITIES.]

Except as otherwise provided in this ~~subdivision~~ *section*, if a landlord, an agent or other person acting under the landlord's direction or control, interrupts or causes the interruption of electricity, heat, gas, or water services to the tenant, the tenant may recover from the landlord *treble damages or \$500, whichever is greater*, and reasonable attorney's fees. It is a defense to any action brought under this ~~subdivision~~ *section* that the interruption was the result of the deliberate or negligent act or omission of a tenant or anyone acting under the direction or control of the tenant. The tenant may recover only actual damages under this ~~subdivision~~ *section* if:

(a) the tenant has not given the landlord, an agent or other person acting under the landlord's direction or control, notice of the interruption; or

(b) the landlord, an agent or other person acting under the landlord's direction or control, after receiving notice of the interruption from the tenant and within a reasonable period of time after the interruption, taking into account the nature of the service interrupted and the effect of the interrupted service on the health, welfare and safety of the tenants, has reinstated or made a good faith effort to reinstate the service or has taken

other remedial action; or

(c) the interruption was for the purpose of repairing or correcting faulty or defective equipment or protecting the health and safety of the occupants of the premises involved and the service was reinstated or a good faith effort was made to reinstate the service or other remedial action was taken by the landlord, an agent, or other person acting under the landlord's direction or control within a reasonable period of time, taking into account the nature of the defect, the nature of the service interrupted and the effect of the interrupted service on the health, welfare and safety of the tenants.

Sec. 4. [504.29] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 5 and 6.

Subd. 2. [OWNER.] "Owner" has the meaning given it in section 566.18, subdivision 3.

Subd. 3. [TENANT.] "Tenant" has the meaning given it in section 566.18, subdivision 2.

Subd. 4. [TENANT REPORT.] "Tenant report" means a written, oral, or other communication by a tenant screening service that includes information concerning an individual's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living, and that is collected, used, or expected to be used for the purpose of making decisions relating to residential tenancies or residential tenancy applications.

Subd. 5. [TENANT SCREENING SERVICE.] "Tenant screening service" means a person or business regularly engaged in the practice of gathering, storing, or disseminating information about tenants or assembling tenant reports for monetary fees, dues, or on a cooperative nonprofit basis.

Sec. 5. [504.30] [TENANT REPORTS; DISCLOSURE AND CORRECTIONS.]

Subdivision 1. [DISCLOSURES REQUIRED.] Upon request and proper identification, a tenant screening service must disclose the following information to an individual:

(1) the nature and substance of all information in its files on the individual at the time of the request; and

(2) the sources of the information.

A tenant screening service must make the disclosures to an individual without charge if information in a tenant report has been used within the past 30 days to deny the rental or increase the security deposit or rent of a residential housing unit to the individual. If the tenant report has not been used to deny the rental or increase the rent or security deposit of a residential housing unit within the past 30 days, the tenant screening service may impose a reasonable charge for making the disclosure required under this section. The tenant screening service must notify the tenant of the amount of the charge before furnishing the information. The charge may not exceed the amount that the tenant screening service would impose on each designated recipient of a tenant report, except that no charge may be made for notifying persons of the deletion of information which is found to be inaccurate or which can no longer be verified.

Subd. 2. [CORRECTIONS.] If the completeness or accuracy of an item of information contained in an individual's file is disputed by the individual, the tenant screening service must reinvestigate and record the current status of the information. If the information is found to be inaccurate or can no longer be verified, the tenant screening service must delete the information from the individual's file and tenant report. At the request of the individual, the tenant screening service must give notification of the deletions to persons who have received the tenant report within the past six months.

Subd. 3. [EXPLANATIONS.] The tenant screening service must permit an individual to explain any disputed item not resolved by reinvestigation in a tenant report. The explanation must be included in the tenant report. The tenant screening service may limit the explanation to no more than 100 words.

Subd. 4. [COURT FILE INFORMATION.] If a tenant screening service includes information from a court file on an individual in a tenant report, the outcome of the court proceeding must be accurately recorded in the tenant report, unless the outcome is not provided by the court. Whenever the court supplies information from a court file on an individual, in whatever form, the court shall include information on the outcome of the court proceeding when it is available. The tenant screening service is not liable under section 6 if the tenant screening service reports complete and accurate information as provided by the court.

Subd. 5. [INFORMATION TO TENANT.] If the owner uses information in a tenant report to deny the rental or increase the security deposit or rent of a residential housing unit, the owner must inform the prospective tenant of the name and address of the tenant screening service that provided the tenant report.

Sec. 6. [504.31] [TENANT REPORT; REMEDIES.]

The remedies provided in section 8.31 apply to a violation of section 5. A tenant screening service or owner in compliance with the provisions of the Fair Credit Reporting Act, United States Code, title 15, section 1681, et seq., is considered to be in compliance with section 5.

Sec. 7. [504.32] [NOTICE REQUIREMENT.]

Subdivision 1. [DEFINITIONS.] The definitions of "owner" and "tenant" in section 566.18 apply to this section.

Subd. 2. [NOTICE.] The owner of federally subsidized rental housing must give tenants a one-year written notice under the following conditions:

- (1) a federal section 8 contract will expire;*
- (2) the owner will exercise the option to terminate or not renew a federal section 8 contract and mortgage;*
- (3) the owner will prepay a mortgage and the prepayment will result in the termination of any federal use restrictions that apply to the housing; or*
- (4) the owner will terminate a housing subsidy program.*

Sec. 8. Minnesota Statutes 1988, section 566.175, subdivision 1, is amended to read:

Subdivision 1. [UNLAWFUL EXCLUSION OR REMOVAL.] *For purposes of this section, "unlawfully removed or excluded" means actual or*

constructive removal or exclusion. Actual or constructive removal or exclusion may include the termination of utilities, or the removal of doors, windows, or locks. Any tenant who is unlawfully removed or excluded from lands or tenements which are demised or let to the tenant may recover possession of the premises in the following manner:

(a) The tenant shall present a verified petition to the county or municipal court of the county in which the premises are located, which petition shall:

(1) describe the premises of which possession is claimed and the owner, as defined in section 566.18, subdivision 3, of the premises;

(2) specifically state the facts and grounds that demonstrate that the removal or exclusion was unlawful including a statement that no judgment and writ of restitution have been issued under section 566.09 in favor of the owner and against petitioner as to the premises and executed in accordance with section 566.17; and

(3) ask for possession thereof.

(b) If it clearly appears from the specific grounds and facts stated in the verified petition or by separate affidavit of petitioner or the petitioner's counsel or agent that the removal or exclusion was unlawful, the court shall immediately order that petitioner have possession of the premises.

(c) The petitioner shall furnish monetary or other security if any as the court deems appropriate under the circumstances for payment of all costs and damages the defendant may sustain if the order is subsequently found to have been obtained wrongfully. In determining the appropriateness of any security the court shall consider petitioner's ability to afford monetary security.

(d) The court shall direct the order to the sheriff or any constable of the county in which the premises is located and the sheriff or constable shall execute the order immediately by making a demand upon the defendant, if found, or the defendant's agent or other person in charge of the premises, for possession of the premises. If the defendant fails to comply with the demand, the officer shall take whatever assistance may be necessary and immediately place the petitioner in possession of the premises. If the defendant or the defendant's agent or other person in control of the premises cannot be found and if there is no person in charge of the premises detained so that no demand can be made, the officer shall immediately enter into possession of the premises and place the petitioner in possession of the premises. The officer shall also serve the order and verified petition or affidavit without delay upon the defendant or agent, in the same manner as a summons is required to be served in a civil action in district court.

Sec. 9. Minnesota Statutes 1988, section 566.29, subdivision 1, is amended to read:

Subdivision 1. [ADMINISTRATOR.] The administrator may be ~~any~~ a person, *local government unit or agency*, other than an owner of the building, the inspector, the complaining tenant or any person living in the complaining tenant's dwelling unit. If a ~~state, or court, or local~~ agency is authorized by statute, ordinance or regulation to provide persons to act as administrators under this section, the court may appoint such persons as administrators to the extent they are available.

Sec. 10. Minnesota Statutes 1988, section 566.29, subdivision 4, is amended to read:

Subd. 4. [POWERS.] The administrator ~~shall be empowered~~ *is authorized* to:

(a) Collect rents from tenants and commercial tenants, evict tenants and commercial tenants for nonpayment of rent or other cause, rent vacant dwelling units on a month to month basis, rent vacant commercial units with the consent of the owner and exercise all other powers necessary and appropriate to carry out the purposes of Laws 1973, chapter 611;

(b) Contract for the reasonable cost of materials, labor and services necessary to remedy the violation or violations found by the court to exist *and for the rehabilitation of the property in order to maintain safe and habitable conditions over the useful life of the property*, and make disbursements for payment therefor from funds available for the purpose;

(c) Provide any services to the tenants which the owner is obligated to provide but refuses or fails to provide, and pay for them from funds available for the purpose;

(d) Petition the court, after notice to the parties, for an order allowing the administrator to encumber the premise to secure funds to the extent necessary to cover the cost of materials, labor, and services necessary to remedy the violation or violations found by the court to exist *and for rehabilitation of the property in order to maintain safe and habitable conditions over the useful life of the property*, and to pay for them from funds derived from the encumbrance; and

(e) Petition the court, after notice to the parties, for an order allowing the administrator to receive funds made available for this purpose by the municipality to the extent necessary to cover the cost of materials, labor, and services necessary to remedy the violation or violations found by the court to exist *and for rehabilitation of the property in order to maintain safe and habitable conditions over the useful life of the property*, and pay for them from funds derived from the municipal sources. The municipality shall recover disbursements by special assessment on the real estate affected, bearing interest at the rate determined by the municipality, not exceeding the rate established for finance charges for open-end credit sales under section 334.16, subdivision 1, clause (b), with the assessment, interest and any penalties to be collected the same as special assessments made for other purposes under state statute or municipal charter.

Sec. 11. Minnesota Statutes 1988, section 566.29, is amended by adding a subdivision to read:

Subd. 6. [BUILDING REPAIRS AND SERVICES.] The administrator must first contract and pay for building repairs and services necessary to keep the building habitable before other expenses may be paid. If sufficient funds are not available for paying other expenses, such as tax and mortgage payments, after paying for necessary repairs and services, the owner is responsible for the other expenses.

Sec. 12. Minnesota Statutes 1988, section 566.29, is amended by adding a subdivision to read:

Subd. 7. [ADMINISTRATOR'S LIABILITY.] The administrator may not be held personally liable in the performance of duties under this section except for misfeasance, malfeasance, or nonfeasance of office.

Sec. 13. Minnesota Statutes 1988, section 566.29, is amended by adding a subdivision to read:

Subd. 8. [DWELLING'S ECONOMIC VIABILITY.] In considering whether to grant the administrator funds under subdivision 4, the court must consider factors relating to the long-term economic viability of the dwelling. The court's analysis must consider factors including the causes leading to the appointment of an administrator, the repairs necessary to bring the property into code compliance, the market value of the property, and whether present and future rents will be sufficient to cover the cost of repairs or rehabilitation.

Sec. 14. [566.291] [RECEIVERSHIP REVOLVING LOAN FUND.]

The Minnesota housing finance agency may establish a revolving loan fund to pay the administrative expenses of receivership administrators under section 566.29 for properties for occupancy by low- and moderate-income persons or families. Property owners are responsible for repaying administrative expense payments made from the fund.

Sec. 15. [HOUSING CALENDAR CONSOLIDATION PILOT PROJECT.]

Subdivision 1. [ESTABLISHMENT.] A three-year pilot project may be established in the second and fourth judicial districts to consolidate the hearing and determination of matters related to residential rental housing and to ensure continuity and consistency in the disposition of cases.

Subd. 2. [JURISDICTION.] The housing calendar project may consolidate the hearing and determination of all proceedings under Minnesota Statutes, chapters 504 and 566; criminal and civil proceedings related to violations of any state, county or city health, safety, housing, building, fire prevention or housing maintenance code; escrow of rent proceedings; landlord-tenant damage actions; and actions for rent and rent abatement.

Subd. 3. [REFEREE.] The chief judge of district court may appoint a referee for the housing calendar project. The referee must be learned in the law. The referee must be compensated according to the same scale used for other referees in the district court. Minnesota Statutes, section 484.70, subdivision 6, applies to the housing calendar project.

Subd. 4. [REFEREE DUTIES.] The duties and powers of the referee in the housing calendar project are as follows:

(1) to hear and report all matters within the jurisdiction of the housing calendar project and as may be directed to the referee by the chief judge; and

(2) to recommend findings of fact, conclusions of law, temporary and interim orders, and final orders for judgment.

All recommended orders and findings of the referee are subject to confirmation by a judge.

Subd. 5. [TRANSMITTAL OF COURT FILE.] Upon the conclusion of the hearing in each case, the referee must transmit to the district court judge, the court file together with the referee's recommended findings and orders in writing. The recommended findings and orders of the referee become the findings and orders of the court when confirmed by the district court judge. The order of the court is proof of the confirmation.

Subd. 6. [CONFIRMATION OF REFEREE ORDERS.] Review of any recommended order or finding of the referee by a district court judge may be had by notice served and filed within ten days of effective notice of the recommended order or finding. The notice of review must specify the grounds

for the review and the specific provisions of the recommended findings or orders disputed, and the district court judge, upon receipt of the notice of review, must set a time and place for the review hearing.

Subd. 7. [PROCEDURES.] The chief judge of the district must establish procedures for the implementation of the pilot project, including designation of a location for the hearings. The chief judge may also appoint other staff as necessary for the project.

Subd. 8. [EVALUATION.] The state court administrator must establish a procedure in consultation with the chief judge of each district, each district administrator, and an advisory group for evaluating the efficiency and the effectiveness of consolidating the hearing of residential rental housing matters, and must report to the legislature by January 1, 1993. An advisory group must be established in each judicial district to provide ongoing oversight and evaluation of the housing calendar consolidation project. The advisory group must be appointed by the chief judge of each district and must be composed of at least one representative of the following groups: the state court administrator's office; the district court administrator's office; the district judges; owners of rental property; and tenants.

Sec. 16. [VIOLATIONS OF BUILDING REPAIR ORDERS.]

Subdivision 1. [DEFINITIONS.] The definitions in Minnesota Statutes, section 566.18, apply to subdivision 2.

Subd. 2. [NONCOMPLIANCE; FINES.] Upon finding an owner has failed to comply with a court order for building repairs, the court shall fine the owner according to the following schedule:

- (1) \$250 for the first violation;*
- (2) \$500 for the second violation; and*
- (3) \$750 for the third and subsequent violations.*

The court must find that there has been a willful disregard of a court order before a fine may be imposed. An owner fined twice in a period of three years for failure to comply with a court order for repairs on any building owned is guilty of a gross misdemeanor for a third or subsequent violation and may be sentenced accordingly.

Subd. 3. [FINES COLLECTED.] Fines collected under this section in Hennepin county must be used for expenses of the fourth judicial district, housing calendar consolidation project. Fines collected under this section in Ramsey county must be used for expenses of the second judicial district, district court, housing calendar consolidation project.

Sec. 17. [DEMONSTRATION PROJECTS.]

The establishment of a housing calendar project under section 15 is a demonstration project to evaluate the effectiveness of coordinating the adjudication of all housing-related cases in one court.

Sec. 18. [APPROPRIATION; HOUSING CALENDAR PILOT PROJECT.]

\$ is appropriated from the general fund to the second judicial district and \$ is appropriated from the general fund to the fourth judicial district for the housing calendar consolidation project. \$ is appropriated from the general fund to the state court administrator for evaluation of the housing calendar pilot project.

Sec. 19. [REPEALER.]

Section 15 is repealed July 1, 1992.

ARTICLE 3

PROPERTY TAX

Section 1. Minnesota Statutes 1988, section 273.13, subdivision 25, is amended to read:

Subd. 25. [CLASS 4.] (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property has a tax capacity of 4.1 percent of market value.

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal residential, recreational, and a structure having five or more stories that is constructed with materials meeting the requirements for type I or II construction as defined in the state building code, 90 percent or more of which is used or is to be used as apartment housing for a period of 40 years from the date of completion of original construction, or the date of initial though partial use, whichever is the earlier date, *which has a tax capacity of 2.5 percent of market value;*

(2) post-secondary student housing not to exceed one acre of land which is owned by a nonprofit corporation organized under chapter 317 and is used exclusively by a sorority or fraternity organization for housing;

(3) manufactured homes not classified under any other provision;

(4) a dwelling, garage, and surrounding one acre of property on a non-homestead farm classified under subdivision 23, paragraph (b), which has a tax capacity of 2.7 percent of market value.

Class 4b property has a tax capacity of 3.5 percent of market value, except as provided in ~~clause~~ *clauses (1) and (4).*

(c) Class 4c property includes:

(1) a structure that is situated on real property that is used for housing for the elderly or for low and moderate income families as defined by Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant thereto and financed by a *local government unit loan*, direct federal loan ~~or~~, federally insured loan, or a loan made by the Minnesota housing finance agency pursuant to the provisions of either of those acts and acts amendatory thereof. This clause applies ~~only~~ to: property of a nonprofit or limited dividend entity *and property upon which restrictions are enforced by a public agency or governmental unit to ensure the affordability of rents for persons and families of low and moderate income, as defined in section 462A.03, subdivision 10.* Property is classified as class 4c under this clause for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan;

(2) a structure that is:

(i) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended; and

(ii) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel. Property is classified as class 4c under this clause for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter; and

(3) a qualified low-income building that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1987; or (ii) meets the requirements of that section. Classification pursuant to this clause is limited to buildings the construction or rehabilitation of which began after May 1, 1988, and to a term of 15 years.

For all properties described in clauses (1), (2), and (3) and in paragraph (d), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents. The land on which these structures are situated has a tax capacity of 3.5 percent of market value if the structure contains fewer than four units, and 4.1 percent of market value if the structure contains four or more units.

(4) a parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families or individuals. This clause does not apply to any portion of the land or improvements used for nonresidential purposes. For purposes of this clause, a lower income family is a family with an income that does not exceed 65 percent of the median family income for the area, and a lower income individual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this clause, "neighborhood real estate trust" means an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics: (a) it is a nonprofit corporation organized under chapter 317; (b) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws; (c) it limits membership with voting rights to residents of the designated community; and (d) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust; and

(5) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment. For this purpose, property is devoted to commercial use on a specific day if it is used, or offered for use, and a fee is charged for the use. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary

and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 200 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in clauses (5) and (6) also includes the remainder of class 1c resorts and has a tax capacity of 2.6 percent of market value, except that noncommercial seasonal recreational property has a tax capacity of 2.3 percent of market value; and

(6) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1986. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or nonintoxicating malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity; and

(7) a structure situated on real property that is used exclusively for housing for persons and families of low and moderate income, as defined in section 462A.03, subdivision 10, and that has undergone substantial rehabilitation. "Substantial rehabilitation" means the repair, reconstruction, or improvement of existing residential housing that has a total cost of at least ten percent of the value of the structure. Property is classified as 4c under this clause for five years from the date of completion of the rehabilitation.

Class 4c property classified under clauses (1), (2), (3), ~~and~~ (4), and (7) has a tax capacity of 2.5 percent of market value.

(d) Class 4d property includes any structure:

(i) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the farmers home administration;

(ii) located in a municipality of less than 10,000 population; and

(iii) financed by a direct loan or insured loan from the farmers home administration. Property is classified under this clause for 15 years from the date of the completion of the original construction or for the original term of the loan.

The 1.5 percent and 2.5 percent tax capacity assignments apply to the properties described in paragraph (c), clauses (1), (2), and (3) and this clause, only in proportion to occupancy of the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. Classification under this clause is only available to property of a nonprofit or limited dividend entity.

Class 4d property has a tax capacity of 1.5 percent of market value.

Sec. 2. [462C.13] [PUBLIC HOUSING TAX LEVY.]

A home rule charter or statutory city as defined in section 462C.02, subdivision 6, may levy a tax for the development, improvement, and operation of publicly owned housing. The tax must not exceed one percent of the net tax capacity of taxable property in the city. The tax is not subject to levy limits.

ARTICLE 4

MISCELLANEOUS

Section 1. [363.032] [AFFIRMATIVE MARKETING REGULATIONS.]

To promote and encourage open housing policies, the commissioner must establish affirmative marketing regulations for housing developers that receive more than \$50,000 in state or local funds. The regulations must require the management or marketing agency for the housing development to adopt an information distribution or marketing plan for actively informing minorities and other protected groups of available housing opportunities. For purposes of this subdivision, "protected groups" has the meaning given it in section 43A.02, subdivision 33. The commissioner may adopt rules to carry out the purposes of this section. This section does not apply to Minnesota housing finance agency mortgages provided to individual home buyers.

Sec. 2. [363.033] [RENTAL HOUSING PRIORITY; ACCESSIBLE UNITS.]

Subdivision 1. [DEFINITIONS.] The definitions in this subdivision apply to this section.

(a) "Accessible unit" means an accessible rental housing unit that meets the handicapped facility requirements of the state building code, Minnesota Rules, chapter 1340.

(b) "Owner" has the meaning given it in section 566.18, subdivision 3.

Subd. 2. [PRIORITY REQUIREMENT.] An owner of rental housing that contains accessible units must give priority for the rental of an accessible unit to a disabled person or a family with a disabled family member who will reside in the unit. If a nondisabled person or a family that does not include a disabled person is living in an accessible unit, the person or family must be offered a nonhandicapped equipped unit if the following conditions occur:

(1) the nondisabled person or family has lived in the unit for a period of at least six months;

(2) a disabled person or a family with a disabled family member who will reside in the unit has signed a rental agreement to rent the accessible unit; and

(3) a similar nonaccessible unit in the same rental housing complex is available at the same rent.

The owner must inform nondisabled persons and families that do not include a disabled family member of the possibility of being offered a nonhandicapped equipped unit as provided under this section before a rental agreement to rent an accessible unit is entered.

Sec. 3. [363.034] [FAIR HOUSING PROGRAM.]

The commissioner may establish a fair housing education and public information program. The purpose of the program is to educate persons on fair housing laws and policies and promote open housing practices. The fair housing education and public information program consists of:

(1) a public information advertising campaign;

(2) a fair housing information library;

(3) a fair housing education campaign for children in grades kindergarten through 12; and

(4) fair housing education and training seminars for realtors, lenders, housing developers, and rental property owners.

Sec. 4. Minnesota Statutes 1988, section 463.21, is amended to read:

463.21 [ENFORCEMENT OF JUDGMENT.]

If a judgment is not complied with in the time prescribed, the governing body may cause the building to be repaired, razed, or removed or the hazardous condition to be removed or corrected as set forth in the judgment, or acquire the building and real estate on which the building or hazardous condition is located by eminent domain as provided in section 463.152. The cost of ~~such~~ the repairs, razing, or removal ~~shall~~ *may be*: a lien against the real estate on which the building is located or the hazardous condition exists ~~and, or recovered by obtaining a judgment against the owner of the real estate on which the building is located or the hazardous condition exists.~~ A lien may be levied and collected only as a special assessment in the manner provided by Minnesota Statutes 1961, sections 429.061 to 429.081, but the assessment shall be payable in a single installment. When the building is razed or removed by the municipality, the governing body may sell the salvage and valuable materials at public auction upon three days' posted notice.

Sec. 5. Minnesota Statutes 1988, section 469.012, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE OF POWERS.] An authority shall be a public body corporate and politic and shall have all the powers necessary or convenient to carry out the purposes of sections 469.001 to 469.047, except that the power to levy and collect taxes or special assessments is limited to the power provided in sections 469.027 to 469.033. Its powers include the following powers in addition to others granted in sections 469.001 to 469.047:

(1) to sue and be sued; to have a seal, which shall be judicially noticed, and to alter it; to have perpetual succession; and to make, amend, and repeal

rules consistent with sections 469.001 to 469.047;

(2) to employ an executive director, technical experts, and officers, agents, and employees, permanent and temporary, that it requires, and determine their qualifications, duties, and compensation; for legal services it requires, to call upon the chief law officer of the city or to employ its own counsel and legal staff; so far as practicable, to use the services of local public bodies in its area of operation, provided that those local public bodies, if requested, shall make the services available;

(3) to delegate to one or more of its agents or employees the powers or duties it deems proper;

(4) within its area of operation, to undertake, prepare, carry out, and operate projects and to provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or part thereof;

(5) subject to the provisions of section 469.026, to give, sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein and to execute leases, deeds, conveyances, negotiable instruments, purchase agreements, and other contracts or instruments, and take action that is necessary or convenient to carry out the purposes of these sections;

(6) within its area of operation, to acquire real or personal property or any interest therein by gifts, grant, purchase, exchange, lease, transfer, bequest, devise, or otherwise, and by the exercise of the power of eminent domain, in the manner provided by chapter 117, to acquire real property which it may deem necessary for its purposes, after the adoption by it of a resolution declaring that the acquisition of the real property is necessary to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section 469.003 or to provide decent, safe, and sanitary housing for persons of low and moderate income, or is necessary to carry out a redevelopment project. Real property needed or convenient for a project may be acquired by the authority for the project by condemnation pursuant to this section. This includes any property devoted to a public use, whether or not held in trust, notwithstanding that the property may have been previously acquired by condemnation or is owned by a public utility corporation, because the public use in conformity with the provisions of sections 469.001 to 469.047 shall be deemed a superior public use. Property devoted to a public use may be so acquired only if the governing body of the municipality has approved its acquisition by the authority. An award of compensation shall not be increased by reason of any increase in the value of the real property caused by the assembly, clearance or reconstruction, or proposed assembly, clearance or reconstruction for the purposes of sections 469.001 to 469.047 of the real property in an area;

(7) within its area of operation, and without the adoption of an urban renewal plan, to acquire, by all means as set forth in clause (6) but without the adoption of a resolution provided for in clause (6), real property, and to demolish, remove, rehabilitate, or reconstruct the buildings and improvements or construct new buildings and improvements thereon, or to so provide through other means as set forth in Laws 1974, chapter 228, or to grade, fill, and construct foundations or otherwise prepare the site for improvements. The authority may dispose of the property pursuant to section 469.029, provided that the provisions of section 469.029 requiring conformance to an urban renewal plan shall not apply. The authority may finance these activities by means of the redevelopment project fund or by means of tax increments or tax increment bonds or by the methods of

financing provided for in section 469.033 or by means of contributions from the municipality provided for in section 469.041, clause (9), or by any combination of those means. Real property with buildings or improvements thereon shall only be acquired under this clause when the buildings or improvements are substandard. The exercise of the power of eminent domain under this clause shall be limited to real property which contains buildings and improvements which are vacated and substandard. For the purpose of this clause, substandard buildings or improvements mean hazardous buildings as defined in section 463.15, subdivision 3, or buildings or improvements that are dilapidated or obsolescent, faultily designed, lack adequate ventilation, light, or sanitary facilities, or any combination of these or other factors that are detrimental to the safety or health of the community;

(8) within its area of operation, to determine the level of income constituting low or moderate family income. The authority may establish various income levels for various family sizes. In making its determination, the authority may consider income levels that may be established by the federal housing administration or a similar or successor federal agency for the purpose of federal loan guarantees or subsidies for persons of low or moderate income. The authority may use that determination as a basis for the maximum amount of income for admissions to housing development projects or housing projects owned or operated by it;

(9) to provide in federally assisted projects any relocation payments and assistance necessary to comply with the requirements of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and any amendments or supplements thereto;

(10) to make, or agree to make, payments in lieu of taxes to the city or the county, the state or any political subdivision thereof, that it finds consistent with the purposes of sections 469.001 to 469.047;

(11) to cooperate with or act as agent for the federal government, the state or any state public body, or any agency or instrumentality of the foregoing, in carrying out any of the provisions of sections 469.001 to 469.047 or of any other related federal, state, or local legislation; and upon the consent of the governing body of the city to purchase, lease, manage, or otherwise take over any housing project already owned and operated by the federal government;

(12) to make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, and plans for the enforcement of laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements. The authority may develop, test, and report methods and techniques, and carry out demonstrations and other activities for the prevention and elimination of slums and blight;

(13) to borrow money or other property and accept contributions, grants, gifts, services, or other assistance from the federal government, the state government, state public bodies, or from any other public or private sources;

(14) to include in any contract for financial assistance with the federal government any conditions that the federal government may attach to its financial aid of a project, not inconsistent with purposes of sections 469.001

to 469.047, including obligating itself (which obligation shall be specifically enforceable and not constitute a mortgage, notwithstanding any other laws) to convey to the federal government the project to which the contract relates upon the occurrence of a substantial default with respect to the covenants or conditions to which the authority is subject; to provide in the contract that, in case of such conveyance, the federal government may complete, operate, manage, lease, convey, or otherwise deal with the project until the defaults are cured if the federal government agrees in the contract to reconvey to the authority the project as then constituted when the defaults have been cured;

(15) to issue bonds for any of its corporate purposes and to secure the bonds by mortgages upon property held or to be held by it or by pledge of its revenues, including grants or contributions;

(16) to invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control or in the manner and subject to the conditions provided in section 475.66 for the deposit and investment of debt service funds;

(17) within its area of operation, to determine where blight exists or where there is unsafe, unsanitary, or overcrowded housing;

(18) to carry out studies of the housing and redevelopment needs within its area of operation and of the meeting of those needs. This includes study of data on population and family groups and their distribution according to income groups, the amount and quality of available housing and its distribution according to rentals and sales prices, employment, wages, desirable patterns for land use and community growth, and other factors affecting the local housing and redevelopment needs and the meeting of those needs; to make the results of those studies and analyses available to the public and to building, housing, and supply industries;

(19) if a local public body does not have a planning agency or the planning agency has not produced a comprehensive or general community development plan, to make or cause to be made a plan to be used as a guide in the more detailed planning of housing and redevelopment areas;

(20) to lease or rent any dwellings, accommodations, lands, buildings, structures, or facilities included in any project and, subject to the limitations contained in sections 469.001 to 469.047 with respect to the rental of dwellings in housing projects, to establish and revise the rents or charges therefor;

(21) to own, hold, and improve real or personal property and to sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest therein;

(22) to insure or provide for the insurance of any real or personal property or operations of the authority against any risks or hazards;

(23) to procure or agree to the procurement of government insurance or guarantees of the payment of any bonds or parts thereof issued by an authority and to pay premiums on the insurance;

(24) to make expenditures necessary to carry out the purposes of sections 469.001 to 469.047;

(25) to enter into an agreement or agreements with any state public body

to provide informational service and relocation assistance to families, individuals, business concerns, and nonprofit organizations displaced or to be displaced by the activities of any state public body;

(26) to compile and maintain a catalog of all vacant, open and undeveloped land, or land which contains substandard buildings and improvements as that term is defined in clause (7), that is owned or controlled by the authority or by the governing body within its area of operation and to compile and maintain a catalog of all authority owned real property that is in excess of the foreseeable needs of the authority, in order to determine and recommend if the real property compiled in either catalog is appropriate for disposal pursuant to the provisions of section 469.029, subdivisions 9 and 10;

(27) to recommend to the city concerning the enforcement of the applicable health, housing, building, fire prevention, and housing maintenance code requirements as they relate to residential dwelling structures that are being rehabilitated by low or moderate income persons pursuant to section 469.029, subdivision 9, for the period of time necessary to complete the rehabilitation, as determined by the authority;

(28) to recommend to the city the initiation of municipal powers, against certain real properties, relating to repair, closing, condemnation, or demolition of unsafe, unsanitary, hazardous, and unfit buildings, as provided in section 469.041, clause (5); ~~and~~

(29) to sell, at private or public sale, at the price or prices determined by the authority, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual; ~~and~~

(30) *within its area of operation, to acquire and sell real property that is benefited by federal housing assistance payments, other rental subsidies, or interest reduction contracts for the purpose of preserving the affordability of low- and moderate-income multifamily housing.*

Sec. 6. [471.9997] [HOUSING IMPACT STATEMENT.]

Before public funds may be released for any development project that causes the removal of five or more units of low-income housing, a housing impact statement must be prepared and made available for public inspection by the state agency, board, commission, or local government unit providing the public funds. A housing impact statement must include the following:

(1) the adverse impact on low-income housing as a result of a development project's activity;

(2) whether or not the affected community has a sufficient amount of affordable housing to accommodate low-income persons displaced by the development project; and

(3) the amount, type, and cost of replacement housing that is necessary.

This section does not apply to property that has been vacant for two or more years.

Sec. 7. Minnesota Statutes 1988, section 580.031, is amended to read:

580.031 [MINIMUM NOTICE.]

Subdivision 1. [EIGHT WEEKS' NOTICE.] Notwithstanding the provisions of any other law to the contrary and except as otherwise provided in subdivision 2, eight weeks' published notice must be given prior to the foreclosure sale of a homestead to which sections 583.01 to 583.12 apply if the notice is published for the first time after May 24, 1983, and prior to May 1, 1985, after June 8, 1985, and prior to May 1, 1987, or after the effective date of Laws 1987, chapter 292, and prior to May 1, 1989. The notice must contain the information specified in section 580.04.

At least eight weeks before the appointed time of sale, a copy of the notice must be served upon the person in possession of the mortgaged premises, if the premises are actually occupied.

Subd. 2. [FOUR WEEKS' NOTICE.] Notwithstanding subdivision 1, four weeks' published notice may be given prior to the foreclosure sale of an abandoned nonagricultural residential dwelling consisting of less than five units; provided that the following conditions are met:

(1) the mortgage on the property is in default for more than 60 days;

(2) the mortgagee conducts a personal inspection of the mortgaged property;

(3) the sheriff or deputy in the county in which the mortgaged property is located posts on the mortgaged premises a notice stating that the mortgagee has conducted a personal inspection of the mortgaged property and the inspection revealed that the mortgaged property is unoccupied;

(4) the mortgagee mails a notice by certified mail to the mortgagor at the mortgagor's last known address. The notice must specify that the mortgagee considers the premises abandoned and that the mortgagor will lose all rights of ownership 30 days after the foreclosure sale unless the mortgagor, the mortgagor's heirs, executor, administrator, personal representative or assign or a person lawfully claiming from or under one of them provides the notice required under clause (5);

(5) the mortgagor, mortgagor's heirs, executor, administrator, personal representatives or assigns, or a person lawfully claiming from or under one of them, does not provide written notice within 15 days after receipt of the notice required by clause (4), that the mortgaged premises are not abandoned; and

(6) the mortgagee has filed an affidavit in the office of the county recorder or registrar of titles in the county in which the mortgaged property is located, stating that the conditions in clauses (1) to (5) have been met, along with a legal description of the mortgaged property.

Subd. 3. [ABANDONMENT; PRESUMPTION.] If foreclosure proceedings have been brought under subdivision 2, the mortgaged property is conclusively presumed to be abandoned if the conditions in subdivision 2 have been met.

Subd. 4. [APPLICABILITY.] The four-week notice provision under subdivision 2 applies only to abandoned nonagricultural residential dwellings consisting of less than five units for which a mortgage is recorded after December 31, 1989.

Sec. 8. Minnesota Statutes 1988, section 580.23, is amended by adding a subdivision to read:

Subd. 1a. [UNOCCUPIED PROPERTY.] Notwithstanding subdivision 1, the mortgagor, the mortgagor's heirs, executor, administrator, personal representatives or assigns, or a person lawfully claiming from or under one of them, within 30 days after a sale, may redeem abandoned non-agricultural residential dwellings consisting of less than five units foreclosed under section 7, subdivisions 2 to 4.

Sec. 9. Minnesota Statutes 1988, section 580.23, is amended by adding a subdivision to read:

Subd. 4. [APPLICABILITY OF 30-DAY REDEMPTION.] The 30-day redemption period for an abandoned nonagricultural residential dwelling consisting of less than five units as provided in section 8 applies only to property for which a mortgage is recorded after December 31, 1989.

Sec. 10. Laws 1971, chapter 333, as amended by Laws 1973, chapter 534, is amended by adding a section to read:

Sec. 3a. [DAKOTA COUNTY HOUSING AND REDEVELOPMENT AUTHORITY; PERFORMANCE BONDS.]

Notwithstanding Minnesota Statutes, section 469.015, subdivision 3, a performance bond is not required for any works of single family housing construction undertaken by the authority if the authority determines that the cost of a performance bond is greater than the benefit of the bond.

Sec. 11. Laws 1974, chapter 475, is amended by adding a section to read:

Sec. 2a. [WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY; PERFORMANCE BONDS.]

Notwithstanding Minnesota Statutes, section 469.015, subdivision 3, a performance bond is not required for any works of single family housing construction undertaken by the authority if the authority determines that the cost of a performance bond is greater than the benefit of the bond.

Sec. 12. [APPROPRIATION.]

\$ is appropriated from the general fund to the commissioner of human rights for the fair housing education and public information program.

Sec. 13. [EFFECTIVE DATE.]

Section 10 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the Dakota county housing and redevelopment authority.

Section 11 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the Washington county housing and redevelopment authority.

ARTICLE 5

SPECIAL LAWS

Section 1. [DEFINITION.]

"City" means the city of Saint Paul and the city of Minneapolis for purposes of sections 2 to 5.

Sec. 2. Laws 1974, chapter 285, section 2, is amended to read:

Sec. 2. [~~CITY OF MINNEAPOLIS; HOUSING REHABILITATION LOAN PROGRAM.~~] The city of ~~Minneapolis~~ is authorized to develop and administer a housing rehabilitation loan program with respect to property located anywhere within its boundaries on such terms and conditions as it determines; provided that in approving applications for ~~this such a~~ program, the following factors shall be considered:

(1) The availability of other governmental programs affordable by the applicant;

(2) The availability and affordability of private market financing;

(3) Whether the housing is required, pursuant to an urban renewal program or a code enforcement program, to be repaired, improved, or rehabilitated;

(4) Whether the housing is required, pursuant to a court order issued under Minnesota Statutes, 1973 Supplement, Section 566.25, Clauses (b), (c), and (e), to be repaired, improved, or rehabilitated;

(5) Whether the housing has been determined to be uninsurable because of physical hazards after inspection pursuant to a statewide property insurance plan approved by the United States Department of Housing and Urban Development under Title XII of the National Housing Act; and ~~further provided that all loans and grants shall be issued primarily for rehabilitating housing so that it meets applicable housing codes.~~

(6) *Whether rehabilitation of the housing will maintain or improve the value of the housing and will help to stabilize the neighborhood in which the housing is located.*

Sec. 3. Laws 1974, chapter 285, is amended by adding a section to read:

Sec. 2a. [~~NEW SINGLE FAMILY RESIDENCES.~~]

Any housing rehabilitation loan program undertaken under section 2 may also provide for the city to make or purchase loans made to finance the acquisition of single family residences that have been newly constructed in established neighborhoods on land owned by the city or any agency of the city. For purposes of this section, land shall be considered to be owned by the city if the city or one of its agencies previously owned the land and conveyed it to an individual under a development agreement in which the individual has agreed to construct single family housing on such land. In approving applications for a loan to be made under this section, the following factors shall be considered:

(1) the availability and affordability of other governmental programs or private market financing; and

(2) whether the construction of such housing enhances the stability of the neighborhood in which it is located.

Sec. 4. Laws 1974, chapter 285, section 3, is amended to read:

Sec. 3. [~~CITY OF MINNEAPOLIS; HOUSING REHABILITATION GRANT PROGRAM.~~] The city of ~~Minneapolis~~ is authorized to develop and administer a housing rehabilitation grant program with respect to property within its boundaries, on such terms and conditions as it determines; provided that in approving applications for *grants under this program*, all of the considerations and limitations enumerated in section 2 for loans must be considered ~~in making grants under this program~~; and the following

factors must also be considered:

(1) Whether the housing unit is a single family dwelling or homesteaded unit and

(2) Whether the applicant is a person of low income; and further provided that the city council ~~of the city of Minneapolis~~ shall by ordinance set forth the regulations for ~~this~~ its grant program; and further provided that the dollar value of grants made shall not exceed five percent of the total value of the bonds issued for the loan and grant program together, *and that all grants shall be made primarily to rehabilitate housing so that it meets applicable housing codes.*

Sec. 5. Laws 1974, chapter 285, section 4, is amended to read:

Sec. 4. [ISSUANCE OF BONDS.] To finance the programs authorized in sections 2, 2a, and 3 of this act, the governing body of the city ~~of Minneapolis~~ may by resolution authorize, issue, and sell general obligation bonds of the city ~~of Minneapolis~~ in accordance with the provisions of Minnesota Statutes, Chapter 475. The total amount of all bonds outstanding for the programs shall not exceed ~~\$10,000,000~~ \$25,000,000. The amount of all bonds issued shall be included in the net indebtedness of the city for the purpose of any charter or statutory debt limitation.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective the day after enactment without local approval in accordance with Minnesota Statutes, section 645.023, subdivision 1, clause (a)."

Delete the title and insert:

"A bill for an act relating to housing; authorizing the establishment of affordable housing programs under the administration of the Minnesota housing finance agency; establishing a neighborhood preservation program; revising certain tenant damage provisions in landlord-tenant actions; regulating tenant screening services; establishing a rent escrow system; providing mandatory building repair fines; authorizing a housing calendar consolidation pilot project in Hennepin and Ramsey counties; reducing property taxes on certain types of residential rental property; authorizing a tax levy for public housing; establishing a fair housing education and public information program; requiring housing impact statements; revising certain housing receivership provisions; changing notice and redemption provisions for certain types of properties; providing for city housing rehabilitation loan programs; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 273.13, subdivision 25; 462A.03, by adding a subdivision; 462A.05, subdivision 27, and by adding subdivisions; 462A.08, by adding a subdivision; 462A.21, subdivisions 4k, 12, and by adding subdivisions; 463.21; 469.012, subdivision 1; 504.255; 504.26; 566.175, subdivision 1; 566.29, subdivisions 1, 4, and by adding subdivisions; 580.031; and 580.23, by adding subdivisions; Laws 1971, chapter 333, as amended; Laws 1974, chapters 285, sections 2, 3, 4, and by adding a section; and 475; proposing coding for new law in Minnesota Statutes, chapters 129A; 268; 363; 462A; 462C; 471; 504; and 566."

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

SECOND READING OF SENATE BILLS

S.F. Nos. 933, 477, 1191, 834, 1169, 486, 927, 1014, 1283, 783, 613, 1079, 1258, 1009, 105, 970, 598, 1085, 542, 583, 1042, 49, 744 and 1444 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 707, 770 and 1056 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Ramstad moved that the name of Mr. Marty be added as a co-author to S.F. No. 283. The motion prevailed.

Mr. DeCramer moved that the name of Mr. Bertram be added as a co-author to S.F. No. 678. The motion prevailed.

Mr. Knaak moved that the name of Mr. Larson be added as a co-author to S.F. No. 1385. The motion prevailed.

Ms. Peterson, D.C. moved that the name of Mr. Marty be added as a co-author to S.F. No. 1392. The motion prevailed.

Mr. Waldorf moved that the name of Mr. Schmitz be added as a co-author to S.F. No. 1419. The motion prevailed.

Mr. Schmitz moved that the names of Mr. Taylor and Mrs. Adkins be added as co-authors to S.F. No. 1441. The motion prevailed.

Mr. Pogemiller moved that the names of Messrs. Merriam and Dahl be added as co-authors to S.F. No. 1442. The motion prevailed.

Mr. Vickerman introduced—

Senate Resolution No. 97: A Senate resolution commending Jason Gaes, 11 years old, of Worthington, Minnesota, for the hope and encouragement he has given to cancer patients and their families.

Referred to the Committee on Rules and Administration.

Mrs. Lantry and Mr. Bertram introduced—

Senate Resolution No. 98: A Senate resolution commending Richard J. Carroll, of St. Paul, Minnesota, on his effective and dedicated community service.

Referred to the Committee on Rules and Administration.

Messrs. Moe, R.D.; Benson; Waldorf; Pehler and Taylor introduced—

Senate Concurrent Resolution No. 7: A Senate concurrent resolution commending retiring University of Minnesota Regents: the Honorable Wally Hilke, the Honorable David M. Lebedoff, the Honorable Charles F. McGuiggan, and the Honorable Wenda W. Moore.

Mr. Moe, R.D. moved that Senate Concurrent Resolution No. 7 be laid on the table. The motion prevailed.

Mr. Cohen moved that the name of Mr. Marty be added as a co-author to S.F. No. 993. The motion prevailed.

Mr. Johnson, D.J. moved that the name of Mr. Dicklich be added as a co-author to S.F. No. 1289. The motion prevailed.

Mr. Frank moved that the name of Ms. Piper be added as a co-author to S.F. No. 1334. The motion prevailed.

Mr. Spear moved that the name of Ms. Piper be added as a co-author to S.F. No. 1375. The motion prevailed.

Mr. Luther moved that the name of Ms. Piper be added as a co-author to S.F. No. 1382. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the Consent Calendar. The motion prevailed.

CONSENT CALENDAR

S.F. No. 936: A bill for an act relating to state lands; authorizing exchange of state property with city of St. Cloud.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S.F. No. 1080: A bill for an act relating to state lands; conveying title to state land in St. Cloud.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 778 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 778: A bill for an act relating to human services; authorizing general assistance medical care payments for patients in facilities determined to be institutions for mental diseases; creating an exception to negotiated rate facility limits for institutions for mental diseases; appropriating money.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

GENERAL ORDERS

The Senate resolved itself into a Committee of the Whole, with Mr. Hughes in the chair.

After some time spent therein, the committee arose, and Mr. Chmielewski reported that the committee had considered the following:

S.F. No. 1051, which the committee recommends to pass.

S.F. No. 223, which the committee recommends to pass, after the following motion:

The question was taken on the recommendation to pass S.F. No. 223.

The roll was called, and there were yeas 32 and nays 31, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Langseth	Moe, D.M.	Samuelson
Belanger	Dicklich	Lantry	Moe, R.D.	Spear
Berg	Frederick	Lessard	Morse	Storm
Bertram	Frederickson, D.J.	Marty	Novak	Stumpf
Chmielewski	Freeman	Mehrkens	Peterson, D.C.	
Cohen	Johnson, D.J.	Merriam	Peterson, R.W.	
Davis	Kroening	Metzen	Piper	

Those who voted in the negative were:

Anderson	Dahl	Knaak	Olson	Renneke
Beckman	Decker	Knutson	Pariseau	Schmitz
Benson	Diessner	Laidig	Pehler	Vickerman
Berglin	Frank	Larson	Pogemiller	
Bernhagen	Frederickson, D.R.	Luther	Purfeerst	
Brandl	Gustafson	McGowan	Ramstad	
Brataas	Johnson, D.E.	McQuaid	Reichgott	

The motion prevailed. So S.F. No. 223 was recommended to pass.

S.F. No. 361, which the committee recommends to pass with the following amendment offered by Mr. Luther:

Page 2, line 15, strike "other than minor"

Page 2, line 16, strike "children" and delete the new language

Page 2, line 18, after the comma, insert "*other than adults who have been adjudicated as incompetent and minor children,*"

The motion prevailed. So the amendment was adopted.

S.F. No. 297, which the committee recommends to pass with the following amendment offered by Mr. Berg:

Page 1, after line 12, insert:

"Persons hunting in a party must:

(1) be hunting in the same area or field at the same time;

(2) be within unaided visual or unaided vocal contact; and

(3) have licenses and game readily available for inspection by an enforcement officer."

The motion prevailed. So the amendment was adopted.

S.F. No. 299, which the committee recommends to pass with the following amendment offered by Mr. Knaak:

Page 2, lines 10 and 16, delete "*must*" and insert "*may*"

Page 2, line 12, delete "*The*" and insert "*A*"

Page 2, delete line 18

Page 2, line 19, after the period, insert "*The court shall state a reason or reasons for failure to impose restitution.*"

The motion prevailed. So the amendment was adopted.

On motion of Mr. Moe, R.D., the report of the Committee of the Whole, as kept by the Secretary, was adopted.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Johnson, D.J. moved that S.F. No. 927, on General Orders, be stricken and re-referred to the Committee on Taxes and Tax Laws. The motion prevailed.

Mr. Dahl moved that S.F. No. 227 be taken from the table. The motion prevailed.

S.F. No. 227: A bill for an act relating to health; enacting the uniform determination of death act; proposing coding for new law in Minnesota Statutes, chapter 145.

Mr. Dahl moved that the Senate do not concur in the amendments by the House to S.F. No. 227, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S.F. No. 1444 and that the rules of the Senate be so far suspended as to give S.F. No. 1444, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

S.F. No. 1444: A bill for an act relating to appropriations; providing emergency relief for Red River Valley area flooding.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 227: Messrs. Dahl, Spear and Knaak.

H.F. No. 95: Ms. Peterson, D.C.; Messrs. Moe, D.M. and Belanger.

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

MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate proceed to the Order of Business of Introduction and First Reading of Senate Bills. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Johnson, D.J. introduced—

S.F. No. 1445: A bill for an act relating to taxation; providing for submission of tax expenditure budget every four years; repealing the Minnesota unfair cigarette sales act; removing requirement that owners file copies of certificate of rent paid with commissioner; changing cigarette distribution subjobber licensing fees and other requirements; eliminating certain surety bonds; appropriating money; amending Minnesota Statutes 1988, sections 270.06; 270.067, subdivisions 1 and 2; 290A.19; 297.01, subdivision 13, and by adding a subdivision; 297.03, subdivision 6; 297.04, subdivisions 4, 5, 6, and 9; 297.041, subdivision 1; 297.06, subdivision 3; 297.08, subdivision 1; 297.31, by adding a subdivision; 297.33, subdivisions 4, 5, 6, 7, and 8; 297C.03, subdivision 1; and 298.28, by adding a subdivision; repealing Minnesota Statutes 1988, sections 297.01, subdivision 15; 297.03, subdivision 12; 297.04, subdivision 10; 297.33, subdivision 13; 297C.03, subdivisions 4 and 4a; and 325D.30 to 325D.42.

Referred to the Committee on Taxes and Tax Laws.

Mr. Bertram introduced—

S.F. No. 1446: A bill for an act relating to human services; expanding the family subsidy program for families with children who have mental retardation or related conditions; providing for an evaluation of the program by families receiving a subsidy; amending Minnesota Statutes 1988, section 252.32, subdivisions 1, 2, and 3.

Referred to the Committee on Health and Human Services.

Messrs. Solon, Lessard and Metzen introduced—

S.F. No. 1447: A bill for an act relating to resource development; requiring a research study on the effect of aspen thinning; appropriating money.

Referred to the Committee on Environment and Natural Resources.

Messrs. Solon; Lessard; Johnson, D.J.; Benson and Luther introduced—

S.F. No. 1448: A bill for an act relating to tourism; authorizing the commissioner of trade and economic development to make or participate in tourism-related loans; appropriating money; proposing coding for new law in chapter 116J.

Referred to the Committee on Economic Development and Housing.

Mr. Schmitz introduced—

S.F. No. 1449: A bill for an act relating to taxation; increasing the maximum targeting credit for taxes payable in 1989; amending Minnesota Statutes 1988, section 290A.04, subdivision 2h.

Referred to the Committee on Taxes and Tax Laws.

Mr. Samuelson introduced—

S.F. No. 1450: A bill for an act relating to health care; establishing an employee health care corporation to provide health coverage for uninsured workers; establishing eligibility requirements for coverage; requiring employers who do not offer subsidized health coverage to contribute to the fund; requiring a plan and report; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 62E.

Referred to the Committee on Commerce.

Mr. Waldorf introduced—

S.F. No. 1451: A bill for an act relating to taxation; requiring payment of full six percent excise tax by buyer of collector vehicle who reregisters the vehicle for street use within one year of the sale; amending Minnesota Statutes 1988, section 297B.025, subdivision 2.

Referred to the Committee on Taxes and Tax Laws.

Mr. Waldorf introduced—

S.F. No. 1452: A bill for an act relating to education; requiring post-secondary education systems to include appropriate educational services for handicapped adults in their system plans; establishing a task force on education and training for handicapped adults; requiring a directory of education and training services for handicapped adults; amending Minnesota Statutes 1988, section 135A.06, subdivision 3.

Referred to the Committee on Education.

Ms. Berglin introduced—

S.F. No. 1453: A bill for an act relating to human services; providing for cost-based reimbursement for outpatient services provided by pediatric specialty hospitals to children under age 18 under the medical assistance and general assistance medical care programs; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256B.

Referred to the Committee on Health and Human Services.

Ms. Piper introduced—

S.F. No. 1454: A bill for an act relating to taxation; income; exempting tier one railroad retirement benefits; amending Minnesota Statutes 1988, section 290.01, subdivision 19b.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Bernhagen; Benson; Frederickson, D.R.; Johnson, D.E. and Storm introduced—

S.F. No. 1455: A bill for an act relating to taxation; income; providing indexing of tax brackets for taxable years beginning after December 31, 1988; amending Minnesota Statutes 1988, section 290.06, subdivision 2d.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Frederickson, D.J.; Pogemiller and Brandl introduced—

S.F. No. 1456: A bill for an act relating to food packaging; requiring certain packaging to be environmentally acceptable packaging; providing exemptions; prescribing penalties; proposing coding for new law in Minnesota Statutes, chapter 31.

Referred to the Committee on Environment and Natural Resources.

Mrs. Adkins introduced—

S.F. No. 1457: A bill for an act relating to education; reestablishing an equalized summer program aid and levy; amending Minnesota Statutes 1988, section 124.17, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 124A.

Referred to the Committee on Education.

Ms. Peterson, D.C. introduced—

S.F. No. 1458: A bill for an act relating to child abuse; including teachers among persons covered by laws prohibiting malicious punishment and unreasonable restraint of children; providing penalties; amending Minnesota Statutes 1988, sections 609.255, subdivision 3; and 609.377.

Referred to the Committee on Judiciary.

Ms. Peterson, D.C. introduced—

S.F. No. 1459: A bill for an act relating to financial institutions; establishing a system for the reporting and rating of community investment by financial institutions; proposing coding for new law in Minnesota Statutes, chapter 47.

Referred to the Committee on Commerce.

Mr. Waldorf introduced—

S.F. No. 1460: A bill for an act relating to economic development; regulating the jobs skills partnership program; amending Minnesota Statutes 1988, sections 116L.02; 116L.03, subdivision 7, and by adding a subdivision; 116L.04, subdivision 1; repealing Laws 1983, chapter 334, section 7, as amended.

Referred to the Committee on Governmental Operations.

Mr. Johnson, D.E. introduced—

S.F. No. 1461: A bill for an act relating to traffic regulations; prohibiting sales of certain trailers without service brakes; amending Minnesota Statutes 1988, section 169.67, subdivision 4, and by adding a subdivision.

Referred to the Committee on Transportation.

Messrs. DeCramer and Davis introduced—

S.F. No. 1462: A bill for an act relating to conservation; use of windbreaks on conservation acreage; amending Minnesota Statutes 1988, sections 40.43, subdivision 3; and 272.02, subdivision 1.

Referred to the Committee on Agriculture and Rural Development.

Mr. Solon introduced—

S.F. No. 1463: A bill for an act relating to commerce; securities; authorizing the issuance of stop orders on certain registration statements; amending Minnesota Statutes 1988, section 80A.13, subdivision 1.

Referred to the Committee on Commerce.

Ms. Peterson, D.C.; Mr. Pehler and Ms. Reichgott introduced—

S.F. No. 1464: A bill for an act relating to education; authorizing charter schools; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 129B.

Referred to the Committee on Education.

Ms. Piper introduced—

S.F. No. 1465: A bill for an act relating to education; requiring the commissioner of education to plan to establish four regional foreign language immersion schools and centers.

Referred to the Committee on Education.

Ms. Piper introduced—

S.F. No. 1466: A bill for an act relating to traffic regulations; school buses; requiring passenger seat belts on new school buses purchased after January 1, 1990; amending Minnesota Statutes 1988, section 169.44, subdivision 9.

Referred to the Committee on Transportation.

Mr. Spear introduced—

S.F. No. 1467: A bill for an act relating to state government; adding members to the council on Asian-Pacific Minnesotans; amending Minnesota Statutes 1988, section 3.9226, subdivision 1.

Referred to the Committee on Governmental Operations.

Mr. Metzen introduced—

S.F. No. 1468: A bill for an act relating to capital improvements; appropriating money for improvements for redevelopment in South St. Paul; providing for the issuance of state building bonds.

Referred to the Committee on Finance.

Mr. Davis introduced—

S.F. No. 1469: A bill for an act relating to agriculture; establishing a legislative commission on research in agriculture; providing for an advisory board on agricultural research; appropriating money; proposing coding for new law in Minnesota Statutes, chapters 3 and 17.

Referred to the Committee on Agriculture and Rural Development.

Messrs. Merriam, Freeman, Samuelson, Purfeerst and Mrs. McQuaid introduced—

S.F. No. 1470: A bill for an act relating to telecommunications devices for the deaf; requiring the metropolitan airports commission and certain bus stations to provide telecommunications devices for deaf people; amending Minnesota Statutes 1988, section 473.608, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 256C.

Referred to the Committee on Health and Human Services.

Mr. Metzen introduced—

S.F. No. 1471: A bill for an act relating to consumer protection; regulating deceptive trade practices; requiring manufacturers' rebates to be paid to purchasers within 30 business days; amending Minnesota Statutes 1988, section 325D.44, subdivision 1, and by adding a subdivision.

Referred to the Committee on Commerce.

Mrs. Bataas, Messrs. Samuelson, Dicklich, DeCramer and Knaak introduced—

S.F. No. 1472: A bill for an act relating to taxation; exempting from taxation the gasoline and special fuel purchased by certain transit systems; amending Minnesota Statutes 1988, sections 296.02, subdivision 1a; and 296.025, subdivision 1a.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Dahl, Frank, Davis, Merriam and Pehler introduced—

S.F. No. 1473: A bill for an act relating to the environment; providing for mitigation of the greenhouse effect by imposing a surcharge on motor vehicles and on facilities permitted by the pollution control agency; establishing a carbon dioxide tree planting account; proposing coding for new law in Minnesota Statutes, chapter 116.

Referred to the Committee on Environment and Natural Resources.

Mr. Bertram introduced—

S.F. No. 1474: A bill for an act relating to judgments; providing that certain employee retirement benefits are exempt from seizure or sale for the payment of a debt or liability to the extent the benefits are reasonably necessary for support; amending Minnesota Statutes 1988, section 550.37, subdivision 24.

Referred to the Committee on Judiciary.

Messrs. Johnson, D.J.; Frederick; Kroening; Dicklich and Lessard introduced—

S.F. No. 1475: A bill for an act relating to state government; extending the term of the citizens council on Voyageurs National Park; amending Minnesota Statutes 1988, section 84B.11, subdivision 4.

Referred to the Committee on Environment and Natural Resources.

Messrs. Dahl; Merriam; Frederickson, D.R.; Mrs. Brataas and Mr. Moe, R.D. introduced—

S.F. No. 1476: A bill for an act relating to appropriations; appropriating funds for programs to identify, protect and manage endangered natural resources, and the county biological survey.

Referred to the Committee on Finance.

Mr. Freeman introduced—

S.F. No. 1477: A bill for an act relating to individual income taxation; allowing a subtraction for certain post-secondary education expenses; amending Minnesota Statutes 1988, section 290.01, subdivision 19b.

Referred to the Committee on Taxes and Tax Laws.

Mr. Diessner introduced—

S.F. No. 1478: A bill for an act relating to highway traffic regulations; authorizing counties, cities, towns, and the state to establish roadblock programs designed to apprehend persons driving while under the influence of alcohol or a controlled substance; providing that fines collected from convictions obtained under the roadblock program will be used to fund the programs; requiring a chemical use assessment after conviction of driving while intoxicated or a related offense; requiring treatment of repeat offenders; appropriating money; amending Minnesota Statutes 1988, sections 169.124, subdivision 1; 169.125; 169.126, subdivisions 1, 4, 6, and by adding a subdivision; 299D.03, subdivision 5; 487.33, subdivision 5; 488A.03, subdivision 6; and 488A.20, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 169; repealing Minnesota Statutes 1988, sections 169.124, subdivision 3; and 169.126, subdivisions 2 and 3.

Referred to the Committee on Transportation.

Messrs. Marty, Spear and Cohen introduced—

S.F. No. 1479: A bill for an act relating to housing; requiring housing impact statements before displacement of certain low-income housing; requiring state government units to replace certain displaced low-income

housing; providing for enforcement; proposing coding for new law in Minnesota Statutes, chapter 504.

Referred to the Committee on Economic Development and Housing.

Mr. Peterson, R.W. introduced—

S.F. No. 1480: A bill for an act relating to education; proposing a formula allowance and general education tax capacity rate for fiscal year 1991; amending Minnesota Statutes 1988, sections 124A.22, subdivision 2; and 124A.23, subdivision 1.

Referred to the Committee on Education.

Mr. Lessard introduced—

S.F. No. 1481: A bill for an act relating to state government; appropriating money to the Minnesota amateur sports commission.

Referred to the Committee on General Legislation and Public Gaming.

Mr. Mehrkens introduced—

S.F. No. 1482: A bill for an act relating to state lands; authorizing commissioner of natural resources to convey certain land in Frontenac State Park to adjoining property owners.

Referred to the Committee on Environment and Natural Resources.

Mr. Luther introduced—

S.F. No. 1483: A bill for an act relating to courts; authorizing use of alternative dispute resolution statewide; authorizing the court to order binding alternative dispute resolution with a right to appeal; amending Minnesota Statutes 1988, section 484.74, subdivisions 1, 2, 3, and by adding a subdivision; repealing Minnesota Statutes 1988, section 484.74, subdivision 4.

Referred to the Committee on Judiciary.

Mr. Luther introduced—

S.F. No. 1484: A bill for an act relating to juvenile courts; extending a repealer of the exemption from the time limit on service as a juvenile court judge; amending Laws 1985, chapter 278, section 2.

Referred to the Committee on Judiciary.

Mr. Marty introduced—

S.F. No. 1485: A bill for an act relating to licensed occupations; providing for the licensure of private detectives and protective agents by the commissioner of public safety; requiring the registration of their employees; setting standards and training requirements for the employees of private detectives and protective agents; abolishing the board of private detective and protective agent services; directing the commissioner of public safety to appoint a private detective and protective agent advisory board; providing penalties; amending Minnesota Statutes 1988, sections 214.01, subdivision 3; and 626.88, subdivision 1; proposing coding for new law as Minnesota

Statutes, chapter 299K; repealing Minnesota Statutes 1988, sections 326.32 to 326.339.

Referred to the Committee on Judiciary.

Mr. Pogemiller introduced—

S.F. No. 1486: A bill for an act relating to retirement; public employees retirement association; clarifying certain provisions; changing administrative requirements; altering member eligibility requirements; changing disability benefit payments; amending Minnesota Statutes 1988, sections 353.01, subdivisions 2a and 2b, and by adding a subdivision; 353.27, subdivision 12; 353.28, subdivisions 5 and 6; 353.29, subdivisions 4 and 7; 353.33, subdivisions 1, 2, 5, 6, and 7; 353.34, subdivision 1; 353.35; 353.64, subdivisions 2 and 3; and 353.656, subdivision 4; repealing Minnesota Statutes 1988, sections 353.01, subdivision 2c; 353.661; and 353.662.

Referred to the Committee on Governmental Operations.

Messrs. Metzen and Novak introduced—

S.F. No. 1487: A bill for an act relating to education; modifying the eligibility for exceptional need revenue; amending Minnesota Statutes 1988, section 124.217, subdivision 1.

Referred to the Committee on Education.

Messrs. Metzen and Knutson introduced—

S.F. No. 1488: A bill for an act relating to education; providing aid to repair damage due to vandalism at Sibley High School; appropriating money.

Referred to the Committee on Education.

Messrs. Morse, Chmielewski and Benson introduced—

S.F. No. 1489: A bill for an act relating to transportation; repealing rule governing rental rates for trucks on highway projects; repealing Minnesota Rules, part 5200.1105.

Referred to the Committee on Employment.

Messrs. Belanger, Benson and Langseth introduced—

S.F. No. 1490: A bill for an act relating to transportation; imposing requirements on contracts for the repair, improvement, maintenance, and construction of highways and highway bridges; amending Minnesota Statutes 1988, section 16B.13.

Referred to the Committee on Transportation.

Messrs. Solon, Samuelson, Ms. Berglin and Mr. Benson introduced—

S.F. No. 1491: A bill for an act relating to human services; establishing a legislative task force to study community action programs in Minnesota; requiring a study.

Referred to the Committee on Health and Human Services.

Mr. Luther, Ms. Peterson, D.C.; Messrs. Cohen, Solon and Metzen introduced—

S.F. No. 1492: A bill for an act relating to commerce; regulating auto rental companies; providing licensing and bonding requirements; providing remedies; proposing coding for new law as Minnesota Statutes, chapter 65C.

Referred to the Committee on Commerce.

Mr. Luther, Ms. Peterson, D.C.; Messrs. Cohen and Knaak introduced—

S.F. No. 1493: A bill for an act relating to human services; clarifying requirements for third party liability for medical expenses paid by medical assistance; amending Minnesota Statutes, section 256B.042, subdivisions 1 and 5.

Referred to the Committee on Judiciary.

Ms. Peterson, D.C. introduced—

S.F. No. 1494: A bill for an act relating to the city of Minneapolis; giving the city certain powers pertaining to the delivery of energy and environmental services.

Referred to the Committee on Local and Urban Government.

Mr. Metzen introduced—

S.F. No. 1495: A bill for an act relating to public safety; establishing the board of jail employee training and standards; regulating jail employees; providing penalties; appropriating money; amending Minnesota Statutes 1988, sections 214.01, subdivision 3; 214.04, subdivisions 1 and 3; and 364.09; proposing coding for new law in Minnesota Statutes, chapter 214; proposing coding for new law as Minnesota Statutes, chapter 644.

Referred to the Committee on Health and Human Services.

Mr. Berg introduced—

S.F. No. 1496: A bill for an act relating to agriculture; providing coordination of aquiculture programs; requiring reporting to the commissioner of agriculture on aquiculture projects with state funding; defining aquiculture; declaring aquiculture an agricultural pursuit; amending Minnesota Statutes 1988, section 17.49; proposing coding for new law in Minnesota Statutes, chapter 17.

Referred to the Committee on Agriculture and Rural Development.

Mr. Pehler introduced—

S.F. No. 1497: A bill for an act relating to retirement; public employees retirement association; permitting the purchase of prior service by certain persons serving as elected members of a city council.

Referred to the Committee on Governmental Operations.

Mr. McGowan introduced—

S.F. No. 1498: A bill for an act relating to local government; planning and zoning; permitting limited duration for conditional use permits; making explicit the scope of certain statutes; amending Minnesota Statutes 1988, sections 462.358, subdivision 2a; and 462.3595, subdivision 3.

Referred to the Committee on Local and Urban Government.

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 Reports of Committees.

REPORTS OF COMMITTEES

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 262: A bill for an act relating to protection of groundwater; protecting sensitive areas; promoting and requiring certain best management practices; providing financial assistance for certain groundwater protection activities; authorizing local government groundwater and resource protection programs; providing for determination of water research needs; developing a water education curriculum; regulating wells, borings, and underground drillings and uses; regulating, enforcing violation, and establishing civil and criminal penalties for violations relating to pesticide, fertilizer, soil amendment, and plant amendment manufacture, storage, sale, use, and misuse; providing a mechanism to aid cleanup and response to incidents relating to agricultural chemicals; providing a task force relating to sustainable agriculture; providing penalties; appropriating money; amending Minnesota Statutes 1988, sections 18B.01, subdivisions 12 and 26, and by adding subdivisions; 18B.04; 18B.07, subdivisions 2, 4, and 5; 18B.08, subdivisions 1 and 4; 18B.17, subdivision 2; 18B.18; 18B.20, subdivisions 1, 2, and 3; 18B.21; 18B.25, subdivision 5; 18B.26, subdivisions 1, 3, and 5, and by adding a subdivision; 18B.31, subdivisions 3 and 5; 18B.32, subdivision 2; 18B.33, subdivisions 3 and 7; 18B.34, subdivisions 2 and 5; 18B.36, subdivisions 1 and 2; 18B.37, subdivisions 1, 2, and 3; 115B.20; 116C.41, subdivision 1; 116E.02; 116E.03; 144.381; 144.382, subdivision 1, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 17; 18B; and 144; proposing coding for new law as Minnesota Statutes, chapters 18C; 18D; 103A; 103B; 103H; and 103I; repealing Minnesota Statutes 1988, sections 17.711 to 17.73; 18A.49; 18B.05; 18B.15; 18B.16; 18B.19; 84.57 to 84.621; 105.51, subdivision 3; and 156A.01 to 156A.11.

Reports the same back with the recommendation that the report from the Committee on Environment and Natural Resources, shown in the Journal for April 6, 1989, be adopted; that committee recommendation being:

“the bill be amended and when so amended the bill do pass and be referred to the Committee on Agriculture and Rural Development”.

Mr. Moe, R.D. moved the adoption of the foregoing Committee Report. The motion prevailed. Amendments adopted. Report adopted.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Johnson, D.J. moved that the name of Mr. Brandl be added as a co-author to S.F. No. 1445. The motion prevailed.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 2:50 p.m., Wednesday, April 12, 1989. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate